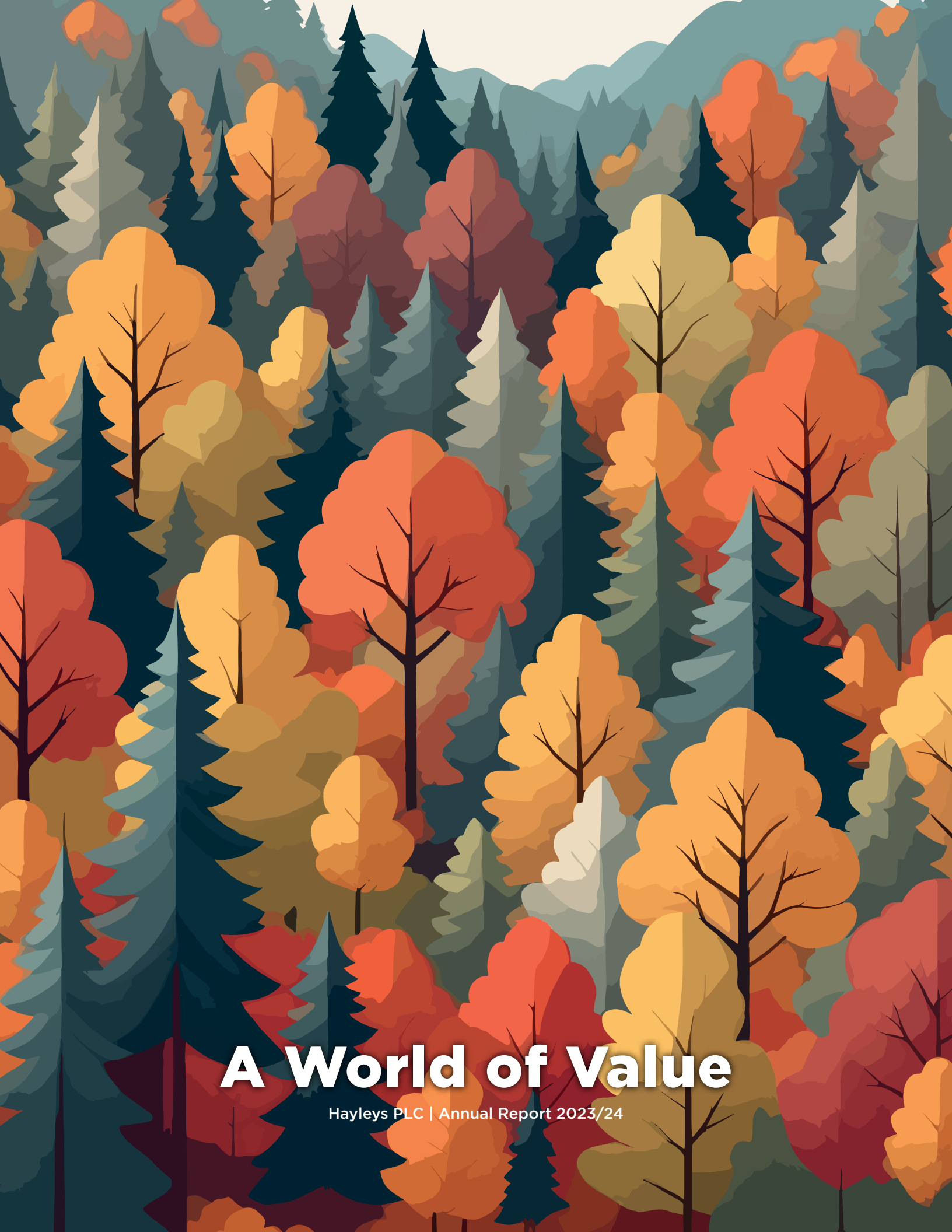


A World of Value

Hayleys PLC | Annual Report 2023/24





A World of Value

Hayleys PLC has long cultivated a powerful reputation as an indomitable entity – one which exhibits unwavering resilience and strength even in the midst of considerable adversity.

Ours is a vast network of partnerships that spans the world – preserving, generating, and distributing value in every climate. Strengthened by deep roots and robust structures, our sole purpose lies in safeguarding and sustaining our surroundings, while consistently generating economic growth and prosperity across an ever-shifting landscape.

Since inception, our dedication towards sharing and distributing resources across our vast network has remained the wellspring of our collective success. The pages that follow provide a detailed account of how in doing so, we have impacted countless sectors, individuals and entities – spurred onwards by our continuous quest to foster a sustainable future for the ever-expanding world of Hayleys.

The World of Hayleys. A World of Value.

Across every territory in which they are present, forests represent a unique world that's teeming with life. Individual trees unite to create a shared network that burgeons into a vast canopy designed to protect and sustain countless lives, while generating a positive impact on its surroundings. Forests support an ongoing journey of natural expansion, growth, and development, with the inherent ability to create a world of value in more ways than one.

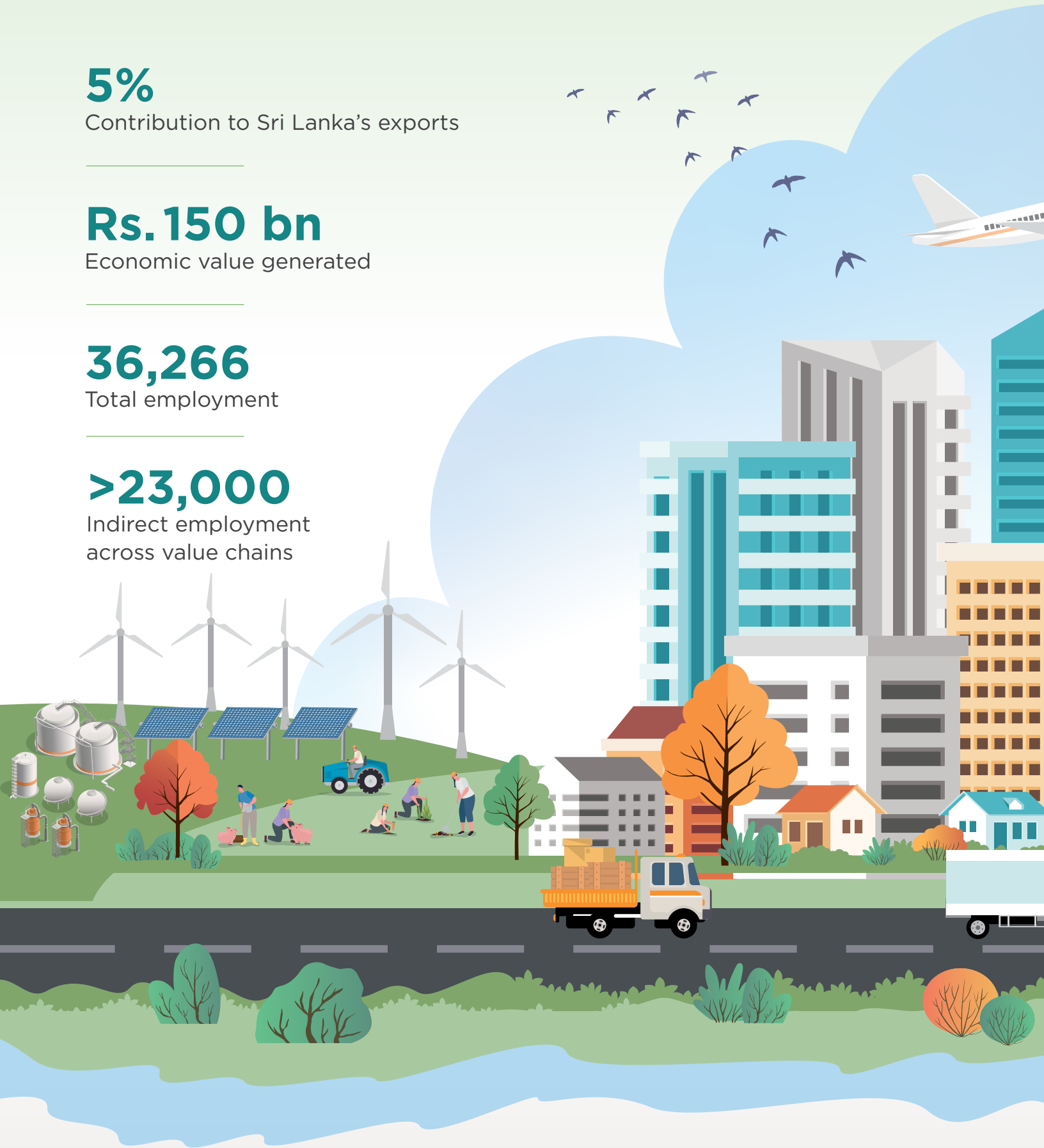
The World Of Hayleys® Since 1878

5%
Contribution to Sri Lanka's exports

Rs. 150 bn
Economic value generated

36,266
Total employment

>23,000
Indirect employment across value chains



Rs. 46 bn
Direct and indirect taxes paid

Rs. 53 bn
Payments to employees

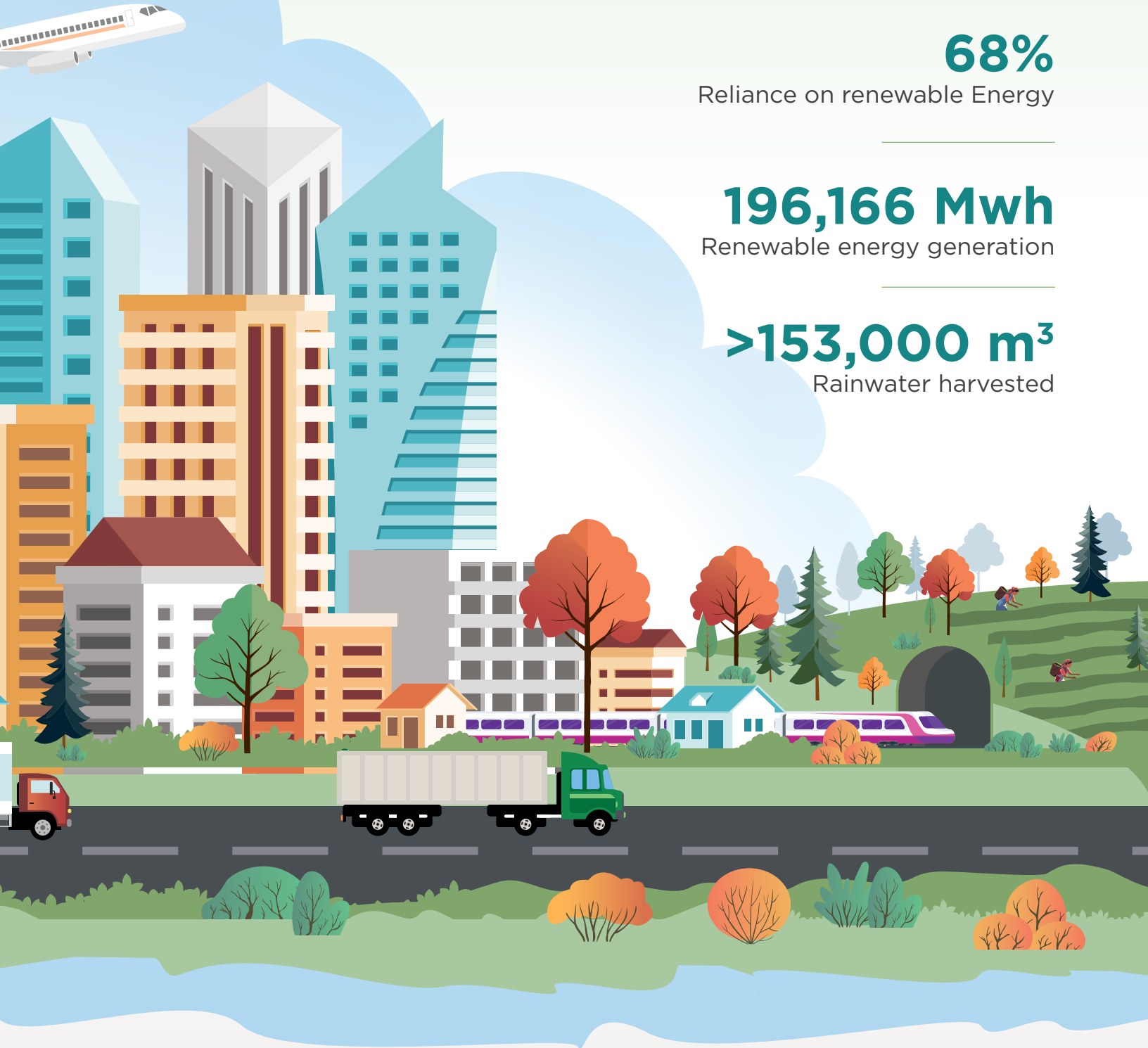
USD 685 mn
Foriegn currency brought into the country

Rs. 5 bn
Group-wide investments in solar

68%
Reliance on renewable Energy

196,166 Mwh
Renewable energy generation

>153,000 m³
Rainwater harvested



Rs. 325 bn
Payments to suppliers

Rs. 35 bn
Capital provider payments

Rs. 408 mn
Investment in CSR

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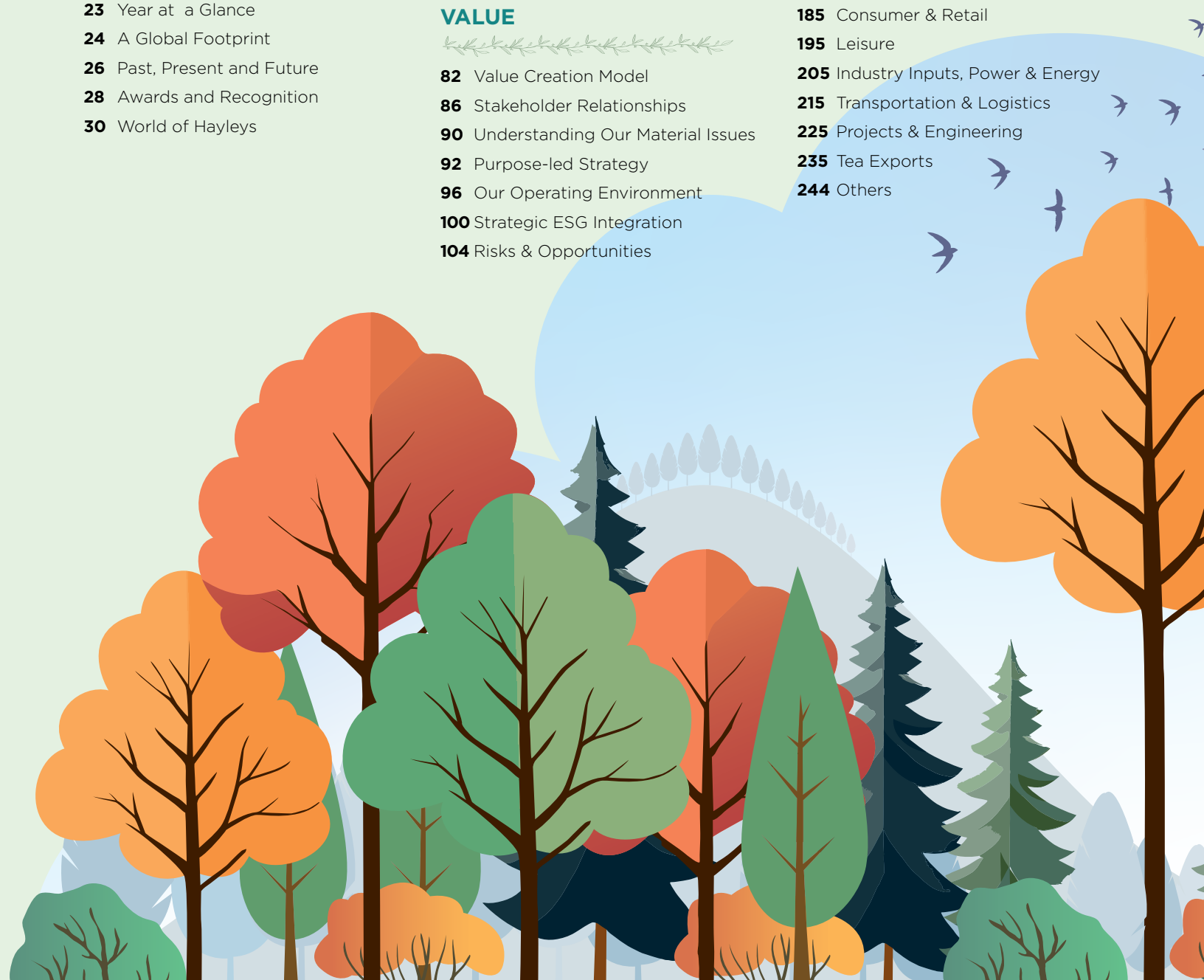
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Page 20 — Advancing Value

Page 26 — Past, Present and Future

Page 100 — Strategic ESG Integration

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SASB INDUSTRY STANDARDS

- Household and personal products (**Pg 134**)
- Chemical standard (**Pg 144**)
- Apparel, accessories and footwear (**Pg 154**)
- Construction materials (**Pg 164**)
- Agricultural products (**Pg 184**)
- Multiline and speciality retailers and distributors (**Pg 194**)
- Engineering and construction services (**Pg 234**)
- Hotels and Lodging (**Pg 203**)





Providing...

...essential services

Our diverse capabilities are designed to facilitate our stakeholders with the right solutions to navigate their journey through life.

Forests supply countless services to the species that reside within and around their territory and are integral towards building a healthier, self-supportive model of growth.



Connecting...

...countless lives

Over the years we have nurtured a vast, interdependent entity that relies on longstanding partnerships and connections to generate value.

Forests are home to intricate, ecological processes, i.e., interactions between living and non-living materials that drive long-term stability and sustainability.



Learning...

...from the past and present

Our time-tested insights and experience empower us to respond to change effectively and in a timely manner.

Trees possess the ability to learn from their experiences, and thus forests represent a vast repository of knowledge that enables them to remain responsive and resilient.

THE WORLD OF HAYLEYS

Transforming our World

At Hayleys PLC, we create a dynamic, agile, and self-sustaining environment in which all life is protected, with infinite opportunities to thrive.

Forests form microclimates that provide an indispensable service to the planet, by creating a constantly evolving ecosystem that influences and regulates external dynamics. This creates an optimised environment that protects and nurtures diverse communities and safeguards their future.



Nurturing...
...our future

We rely on an ongoing process of renewing, replenishing, and restoring our surroundings, while molding the next generation to ensure our continuity and long-term growth.

Forests undergo a cyclical process that enables continuous regeneration, ongoing development, and a natural progression that ensures their ability to sustain for the foreseeable future.

Influencing...
...our surroundings

We continue to moderate and adjust our controls to ensure we maximise our impact and create an ideal space that's conducive for growth.

The environment is often vastly different beyond the boundaries of a forest. Forests can even create rain, indicating the ecosystem's ability to nurture the ideal conditions for life even amid unfavourable circumstances, by merely regulating its internal climatic conditions.

Adapting...
...to changing dynamics

The world is changing, but so are we. We continue to remain in sync with changes

Trees possess the ability to survive for thousands of years, surviving harsh conditions and the impact of an evolving world. Some forests date back hundreds of millions of years, demonstrating their adaptability and longevity in the face of adversity.

OUR INTEGRATED ANNUAL REPORT

Our 11th Integrated Annual Report articulates the Hayleys Group's value creation story, demonstrating how the Group leveraged its resources and relationships to create and deliver stakeholder value while minimising value erosion. The report combines material information on our operating environment, strategy, performance, risks and opportunities, governance and future outlook in a holistic, yet concise manner.

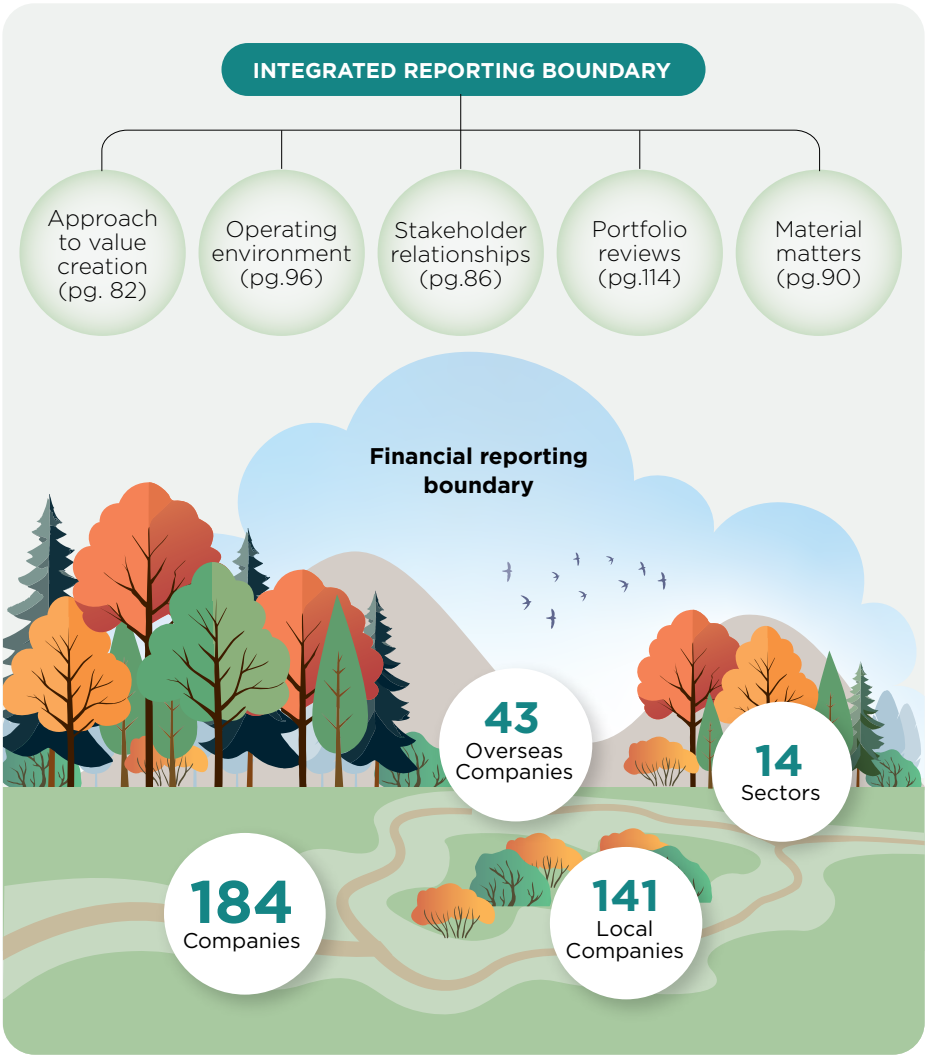
BASIS OF PREPARATION

Reporting period: The Group adopts an annual reporting cycle and this Report covers the period from 1st April 2023 to 31st March 2024 (herein referred to as 2023/24). Any material events after this date including board changes, macro-economic developments and post-balance sheet events up to the Board approval date of 17th May 2024 have also been included.

Reporting boundary: This Report covers the operations of Hayleys PLC and its 183 affiliates (collectively referred to as the "Group") based in Sri Lanka and overseas (refer to Note 1 of the Finance statements on page 341). Significant changes to the Group's organisational structure in 2023/24 were as follows:

- Following the acquisition of the majority stake of Horana Plantations PLC (HPL) by Hayleys subsidiary Hayleys Plantation Services (Private) Limited in March 2023, HPL has been consolidated into both the financial and non-financial reporting of the Group

- Four entities (including 2 listed entities) which previously operated as subsidiaries of Singer (Sri Lanka) PLC were amalgamated into the latter during the year under review.



Sector classifications:

- Hayleys Fentons which was previously included in the 'Others' Sector will be classified as a separate Sector titled Projects & Engineering from this financial year, reflecting its increasing financial contribution to the Group and the significance of its impacts.

- Meanwhile, the Group's tea export arms, Mabroc Teas (Pvt) Ltd and Martin Bauer Hayleys (Pvt) LTD which were previously categorised in the Plantations Sector, have been classified separately as the Tea Exports Sector.

Accordingly, historical Sector-level information in both financial and non-financial reporting has been adjusted to reflect this reclassification.

Non-financial/ESG metrics: Excluding several companies acquired/formed during the financial year, the reporting boundary for financial and non-financial reporting remains consistent.

STANDARDS AND FRAMEWORKS

FINANCIAL STATEMENTS	NARRATIVE REPORT	SUSTAINABILITY REPORTING	CORPORATE GOVERNANCE REPORT
• Sri Lanka Financial Reporting Standards • Companies Act No.7 of 2007 • Listing Requirements of the Colombo Stock Exchange • Sri Lanka Accounting Standards	• Integrated Reporting Framework • Guidelines for the presentation of Annual Reports issued by CA Sri Lanka	• SLFRS S1 and S2 IFRS Sustainability Reporting Standards (refer to page 13 for transitional relief adopted) • GRI Standards (2021) of the Global Reporting Initiative • Climate Disclosure Standards Board-Water related disclosures • Sustainability Accounting Standards Board (SASB) • Recommendations of the Task Force on Climate Related Financial Disclosures (TFCD)-Fully integrated into the SLFRS Sustainability Reporting Standards • Non-Financial Reporting Guidelines issued by CA Sri Lanka • Gender Parity Reporting Framework of CA Sri Lanka • Sustainable Development Goals (SDG) • 10 principles of the UN Global Compact • UNGC CEO's Water Mandate	• Listing Requirements of the Colombo Stock Exchange • Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2023) • Transparency International's assessments on Transparency in Corporate Reporting

STATEMENT OF COMPLIANCE

The consolidated non-financial information/sustainability reporting information of the Group have been prepared in line with the Sri Lanka Financial Reporting Standards as issued by CA Sri Lanka; the new sustainability reporting standards designated as SLFRS S1 and SLFRS S2 represent localized versions of the IFRS S1 and S2 Sustainability Reporting Standards.

ASSURANCE

We ensure the integrity of both our financial and non-financial information through a combined assurance model which includes oversight by the management and the use of an internal audit and external assurance providers as listed below.

	Internal assurance	External assurance
Financial information and relevant processes	Internal Audit Audit Committee	External assurance on financial information by Messrs.Ernst and Young (Page 326)
Integrated report	Group ESG Division Corporate Affairs Unit	External assurance on the Group's Integrated Reporting practices have been provided by Messrs. KPMG (Page 479)
Non-financial/ESG information	Group ESG Division Group ESG Steering Committee	
GHG inventory	Group ESG Steering Committee	Sri Lanka Climate Fund in line with ISO 14064-1(2018)



Changes to reporting

The Group obtained external assurance on its GHG inventory for 2022/23 during the year; resultantly emissions for 2022/23 have been restated, while reporting and computational improvements recommended by the verifier (in line with ISO 14064:2018) are reflected in the GHG inventory for 2023/24.

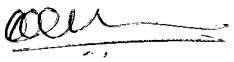
OUR INTEGRATED ANNUAL REPORT

BOARD RESPONSIBILITY STATEMENT

Hayleys PLC's Board of Directors hold ultimate responsibility for ensuring the integrity of this Report. We hereby confirm that the 2023/24 Report addresses all relevant material matters and fairly represents the Group's integrated performance. We also confirm that the Report has been prepared in accordance with the Integrated Reporting Framework of the International Integrated Reporting Council. The Report is approved and authorised for publication.



Chairman & Chief Executive



Chairman of Audit Committee



Group Chief Financial Officer

FORWARD LOOKING STATEMENTS

This Annual Report contains forward-looking statements which are based on the Group's current expectations and forecasts of future events. Readers can identify these statements through words such as anticipate, expect, estimate, intend, project, believe and other terms of similar meaning. These statements are subject to inherent risks and uncertainties and assumptions many of which relate to factors beyond the Group's control. The Group cautions investors that these factors could differ materially from those expressed in any forward-looking statement.

FORWARD-LOOKING INFORMATION IS AVAILABLE IN				
Reflections from Chairman (Page 32)	Operating Environment (Page 96)	Performance against Strategy (Page 92)	Portfolio Review (Page 114)	Way Forward (Page 305)

FEEDBACK

We are committed to consistently enhancing the quality and readability of our Annual Report and welcome your feedback, suggestions and other comments. Please direct your feedback to,

info@cau.hayleys.com

Corporate Affairs Unit-Hayleys PLC

Capitals

- Financial
- Manufactured
- Human
- Intellectual
- Social & Relationship
- Natural

Strategic pillars

- Building resilience through portfolio optimisation
- Customer centricity
- Inclusive business models
- Inspired teams
- ESG integration

Stakeholders

- Shareholders
- Employees
- Customers
- Suppliers
- Business Partners
- Communities
- Government

OUR APPROACH TO REPORTING

Our Integrated Report is the outcome of Groupwide integrated thinking, collaboration and robust reporting processes. This process is governed by the Board of Directors, Group Management Committee (GMC) and respective functions and assured through a combined assurance model

Integrated thinking



Crafting our strategy

The Group adopts a **double materiality lens** when determining reporting content and disclosures, thereby considering topics which could potentially impact the Group's ability to create value (financial materiality) as well as the impact on our stakeholders and the environment (impact materiality). Material matters have been grouped into 4 overarching themes to support improved clarity of reporting.



MATERIAL THEMES

Geopolitical and economic factors	Adapting business models	Sustainability and ESG integration	Stakeholder demands

Disclosures available in the following sections

Reflections from Chairman Operating environment, Portfolio Reviews	Portfolio Reviews Purpose-led Strategy Delivering Integrated Value	Strategic ESG Integration Portfolio Reviews	Stakeholder Engagement Portfolio Reviews

The Group Management Committee (GMC) and Sector-level leadership teams deliberate these material matters during the strategy planning and annual budgeting process.

Reporting processes

Compiling report	A cross-functional team, led by the Group CFO formulates the content in the Annual Report which is sourced from interviews with Sector leadership teams and other subject matter experts across the Group. Reporting is guided by alignment to international reporting frameworks on financial, corporate governance, sustainability and ESG reporting. Oversight is provided by the GMC and the Board.
Ensuring integrity of reporting	A combined assurance model is adopted, which ensures the integrity of financial, non-financial and integrated reporting.
Approval of report	The Board provides final approval of the Report with the Chairman of the Board and Chairman of the Audit Committee providing final sign-off for publication.

Communication

Accessibility

The Group's Integrated Annual Report is made accessible to our stakeholders through,

Shareholders	Circulation to all shareholders Release to the Colombo Stock Exchange
Non-executive employees/ Estate workers	Chairman's Message translated into Sinhalese and Tamil and made accessible at factories and estates
Other stakeholders	Publication of the Report on the Hayleys website Mobile-friendly quick-read version

Embracing digital reporting

- Persona-based interactive website
- Quick-read version
- ChatBot with generative AI
- Virtual tour of Annual Report

OUR APPROACH TO REPORTING

REPORTING IMPROVEMENTS

Stakeholder feedback on our Annual Report: During the year, we conducted a stakeholder survey on our 2022/23 Annual Report, the findings of which were a key input in the planning, content formulation and design of this year's Annual Report. Administered to both internal and external stakeholders, the survey sought to assess the Report on the following dimensions.



KEY INSIGHTS IDENTIFIED

- Comprehensive disclosures and good use of graphical elements
- Require focus on simplifying information presented
- Require more concise, summarised information
- Stakeholders require more insight on the Group's way forward and projections for the future
- Increased preference for easily accessible digital platforms



Reporting improvements featured in this year's Annual Report include the following:

CONTENT IMPROVEMENTS

- Separate supplement on the Group's climate-risk management, aligned to the reporting requirements of SLFRS S2 (based on IFRS S2)
- Compliance with new Listing Rules and voluntary adoption of Code of Best Practice on Corporate Governance 2023
- Risk Management report enhanced to widen disclosures on sustainability-related risks and opportunities (SRRO)

Climate Risk Report
Separate supplement capturing the Group's approach to identifying and managing climate-related risks and opportunities.

Qualitative approach to climate-scenario analysis

- Narrative structured and formulated to articulate the Group's holistic value addition process
- Improved disclosures relating to the Group's way forward

REPORTING FRAMEWORKS

- Early adoption of SLFRS S1 and S2 (based on IFRS S1 and S2) with permitted transition relief (refer to page 13 for further information)
- Commenced reporting under the Climate Standards Disclosure Board- Water-related disclosures

MATERIALITY

- The Group's materiality assessment tool was further refined throughout the year to reflect the early adoption of the SLFRS Sustainability Reporting Standards and the SASB Standards.

NON-FINANCIAL REPORTING

- Increased accuracy and scope of the Group's GHG inventory following third-party verification. The Group also widened its Scope 3 emission reporting. Accordingly the emissions for 2022/23 have been restated.
- Improved waste reporting to include waste by type, recovery method and disposal method

DIGITAL INNOVATIONS

- First-of-its-kind virtual tour of the Annual Report with virtual reality capabilities
- Chatbot with generative AI capabilities stimulating human interaction
- Persona-based interactive Annual Report website, providing readers easy access to stakeholder-specific information

This tool utilises advanced Chat GPT 4.0 technology and advanced module in Gen AI through Document Intelligence providing improved accuracy and an enhanced experience to users

ADOPTION OF SLFRS S1 AND S2 SUSTAINABILITY DISCLOSURE STANDARDS

GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS AND TARGETS
Establishment of Sector-level ESG Committees with Board representation Quarterly reporting of ESG metrics to Group Management Committee (GMC) Quarterly ESG risk reporting to Audit Committees	Formulation of Sector-level ESG Roadmaps by 4 key Sectors Climate strategy centered on, 1 Operational interventions 2 Value chain interventions 3 Leveraging opportunities 4 Integrating climate considerations	Sector-level ESG risk assessments conducted quarterly Integrated with business risk management processes	Group and Sector-level target setting through ESG Roadmaps three companies committed to Science-based-target-initiatives with 2 companies obtaining verification of their targets Improved emission reporting through, - Widening Scope 3 coverage - External assurance

The Hayleys Group opted for early adoption of the SLFRS Sustainability Disclosure Standards S1 and S2, applying the following transitional relief announced by CA Sri Lanka, as well as the IFRS Foundation and ISSB for first-time adopters.

- **Climate-first reporting:** Application of IFRS S2 in accordance with IFRS S1, to the extent that IFRS S1 refers to climate-related information
- **Proportionality:** Qualitative approach to determine anticipated financial effects of SRROs and climate-related scenario analysis
- **Information is limited to what is reasonable, supportable and available without undue cost or effort** in measurement of Scope 3 emissions and determination of the scope of the value chain.

In aligning with the IFRS Sustainability Disclosure Standards, the Group strengthened its sustainability-related governance, monitoring and reporting mechanisms as summarised below and explained in further detail in subsequent sections of the Report.

REPORTING CONSIDERATIONS

- **Time horizons:** The time horizons in which the Group classifies its short, medium and long-term sustainability-related-risks and opportunities (SRRO) and climate-related- risks and opportunities (CRRO) are as follows; short-term (less than 1 year), medium-term (1-5 years) and long-term (over 5 years)
- **Judgements and estimates:** In preparing the required disclosures under S1 and S2 the Group has used judgement in assessing SRROs and CRROs that are material to the Group as a whole (following Sector-level assessments), identifying material Scope 3 emission sources (refer to page 303 for further information) and selecting material information to be disclosed under each SRRO.
- **Sources of guidance:** In addition to the IFRS Sustainability Disclosure Standards, the Group has referred to the following sources in its disclosures.

Sources of guidance

	Identification of SRROs	Disclosure requirements
7 SASB industry standards	✓	✓
CDSB Framework Application Guidance for Water	✓	✓
GRI Standards	✓	✓

- Location of disclosures: Detailed information required under IFRS S2 is given in the Group's Climate Risk Report on page 288 of this Annual Report. Other information relating to SRROs is integrated across several other sections of the Report including Corporate Governance, Strategic ESG Integration, Portfolio Reviews and Capital Management Reports among others.

Roadmap for full implementation

The Group intends to gradually strengthen the processes, controls and reporting mechanisms required for the full implementation of IFRS S1 and S2, in line with the jurisdictional transitional relief announced for the implementation of the standards in Sri Lanka. The roadmap for full implementation is as follows:

2024/25

- Widen disclosures of relevant SRROs
- Further improvements in Scope 3 emission reporting
- Commence quantitative disclosures on financial effects

2025/26

- Quantitative disclosures on climate-related scenario analysis
- Complete reporting of Scope 3 emissions

2026/27

- Strengthen reporting across all Group entities
- External assurance on IFRS Sustainability Reporting Disclosure Standards

PORTFOLIO HIGHLIGHTS

01 **Transportation & Logistics**

The country's leading player in the transportation and logistics industry, offering the entire gamut of transportation-related services.

21% 11% 8% 22%

02 **Consumer & Retail**

Sri Lanka's leading supplier of consumer durables, Singer (Sri Lanka) PLC and exclusive distributor for P&G products in Sri Lanka and Maldives. Distributor for selected products of Hayleys Agriculture and Mabroc Teas.

19% 2% 9% 4%

03 **Textiles**

Sri Lanka's largest fabric mill and supplier of fabric to leading global fashion brands

11% 12% 9% 21%

04 **Hand Protection**

Manufacturer and exporter of household and industrial gloves, serving 5% of global demand

10% 13% 6% 12%

05 **Purification**

Global leader in coconut-shell-based activated carbon

10% 19% 5% 13%

06 **Agriculture**

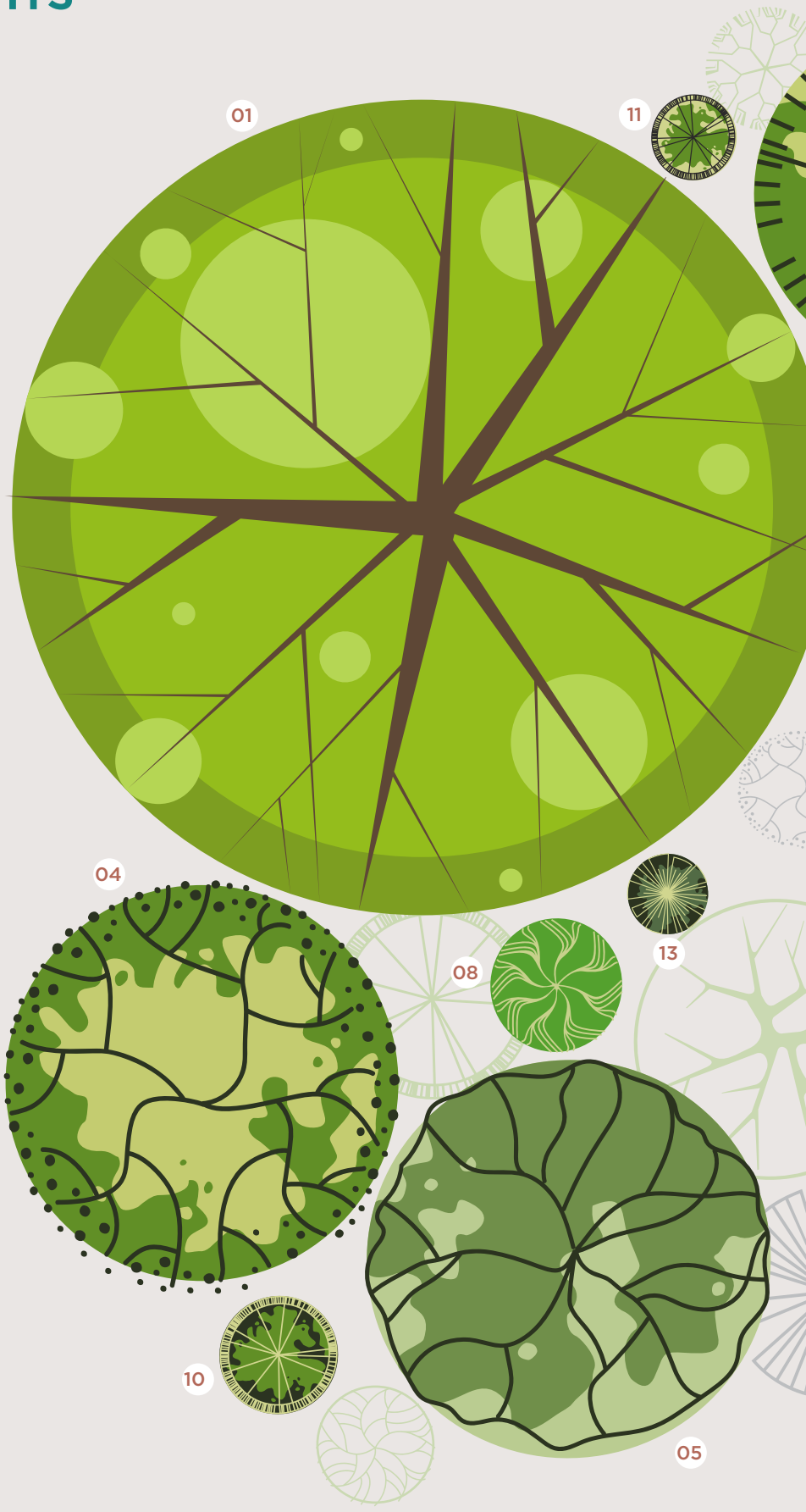
Industry pioneer in agricultural innovation, providing a wide range of agriculture-related solutions to the retail and export markets

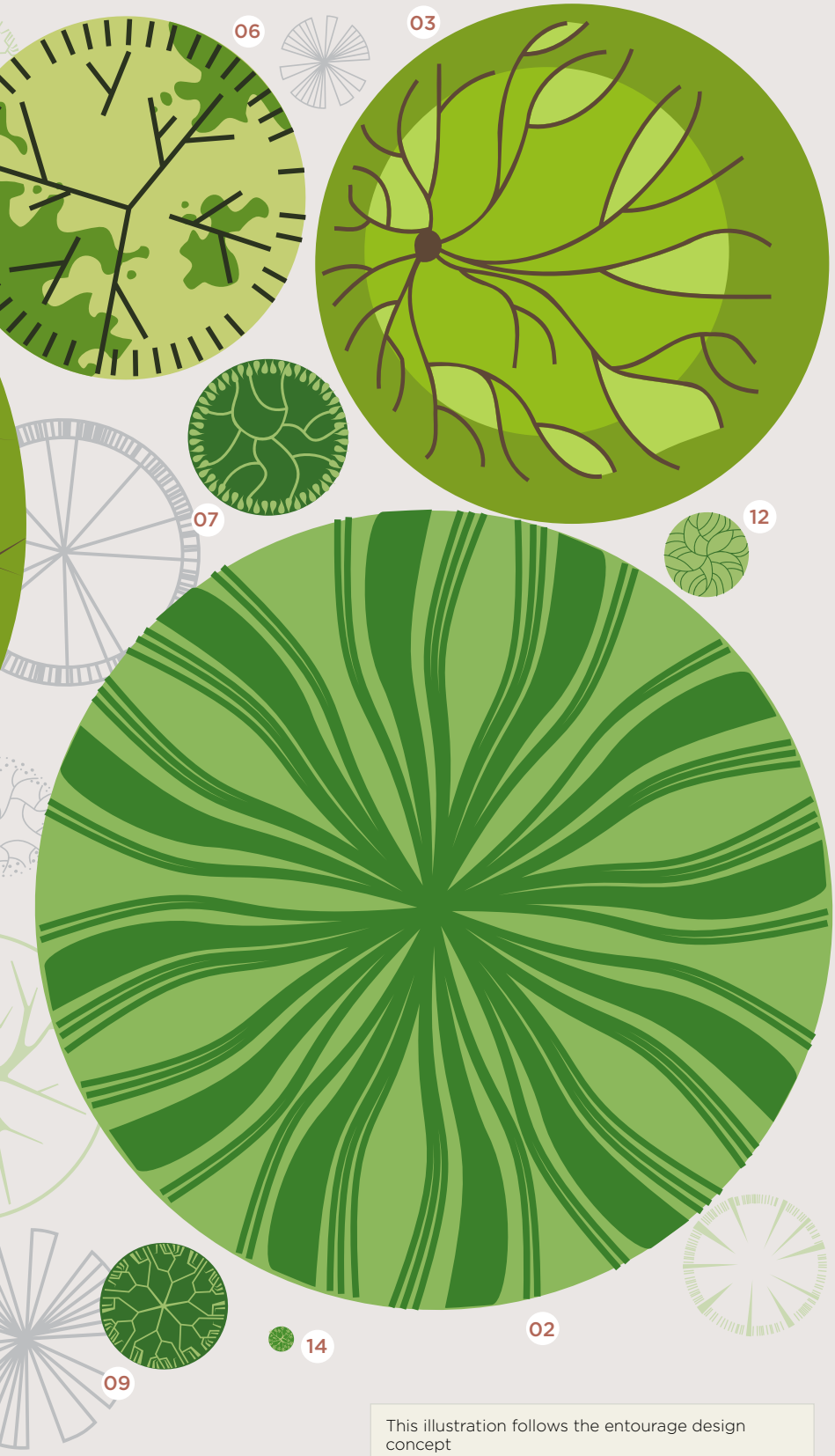
8% 9% 3% 2%

07 **Projects & Engineering**

Hayleys Fentons Limited- one of Sri Lanka's leading engineering solutions provider, offering an array of integrated solutions

5% 14% 4% 1%





This illustration follows the entourage design concept

Revenue PBT% Employees Carbon footprint

08 Plantations

Three leading Regional Plantation Companies (RPC) which collectively generate 4.6% and 4.1% of the country's tea and rubber production

4% 11% 42% 12%

09 Eco Solutions

Sri Lanka's leading manufacturer and exporter of value-added coconut fibre products.

3% 0% 3% 3%

10 Tea Exports

The Sector comprises Mabroc (Teas) Pvt Ltd a value-added tea exporter and Martin Bauer Hayleys (Pvt) Ltd a manufacturer of tea extracts and aroma

3% 3% 1% 1%

11 Construction Materials

Sri Lanka's leading manufacturer and exporter of aluminium extrusions to both residential and industrial segments

2% 1% 2% 4%

12 Industry Inputs, Power & Energy

Supplier of inputs to diverse industries and renewable energy generators with an installed capacity of 50MW of hydro, solar and wind power plants

2% 4% 1% 0%

13 Leisure

The five-star city hotel- The Kingsbury and owner, operator, and manager of hotel properties in Sri Lanka and Maldives through the Amaya Resorts chain.

2% -6% 5% 6%%

14 Others

The Sector includes Hayleys Group Services and Hayleys Business Solutions International (Pvt) Ltd- provider of BPO and shared services within the Group

7% 1% 0%

PERFORMANCE HIGHLIGHTS

		2024	Change %	2023	2022
EARNINGS HIGHLIGHTS AND RATIOS					
Revenue	Rs. mn	**436,833**	(10.38)	487,431	338,010
Earnings before interest, taxes, depreciation & amortization (EBITDA)	Rs. mn	**53,507**	(24.73)	71,088	42,013
Results from operating activities (EBIT)	Rs. mn	**42,723**	(30.05)	61,073	33,594
Profit before tax	Rs. mn	**25,336**	(40.73)	42,749	35,717
Income tax	Rs. mn	**10,489**	(30.43)	15,077	7,618
Profit after tax	Rs. mn	**14,847**	(46.35)	27,672	28,099
Profit attributable to owners of the parent	Rs. mn	**6,889**	(57.87)	16,352	18,257
Dividends	Rs. mn	**4,013**	0.00	4,013	3,000
Gross profit Margin	%	**25.05**	2.40	24.46	22.89
Operating Profit Margin	%	**9.78**	(21.94)	12.53	9.94
Net Profit Margin	%	**3.40**	(40.13)	5.68	8.31
Earnings per share (basic)	Rs.	**9.19**	(57.87)	21.80	24.34
Return on Assets (ROA)	%	**3.33**	(50.38)	6.70	6.97
Return on Capital Employed (ROCE)	%	**14.36**	(33.58)	21.63	12.12
Return on equity	%	**8.59**	(58.52)	20.72	27.09
Interest cover	No. of times	**1.94**	(9.58)	2.15	3.37
FINANCIAL POSITION HIGHLIGHTS AND RATIOS					
Total Assets	Rs. mn	**446,336**	8.14	412,742	403,076
Total Debt	Rs. mn	**171,883**	7.63	159,696	171,934
Equity attributable to equity holders of the parent	Rs. mn	**80,163**	1.56	78,930	67,390
Stated capital	Rs. mn	**1,575**	0.00	1,575	1,575
Revenue reserve	Rs. mn	**47,896**	6.13	45,130	35,026
Gearing	%	**57.79**	2.20	56.55	62.02
Debt/Equity	%	**136.93**	5.21	130.14	163.30
Equity Asset ratio	%	**28.12**	(5.40)	29.73	26.12
Net assets per share	Rs.	**106.88**	1.56	105.24	89.85
Current ratio	No. of times	**1.14**	(6.54)	1.22	1.16
Quick asset ratio	No. of times	**0.77**	(0.23)	0.77	0.77
No. of Shares in issue	No. mn	**750**	0.00	750	750
MARKET / SHAREHOLDER INFORMATION					
Market value per share	Rs.	**82.10**	14.03	72.00	76.90
Dividend per share	Rs.	**5.35**	0.00	5.35	4.00
Company market capitalisation	Rs. mn	**61,575**	14.03	54,000	57,675
Group market capitalisation	Rs. mn	**168,127**	18.02	142,458	146,134
Price earnings ratio	No. of times	**8.94**	170.66	3.30	3.16
Dividend yield ratio	%	**6.52**	(12.30)	7.43	5.20
Dividend payout ratio	%	**58.25**	137.36	24.54	16.43
Dividend Cover	No. of times	**1.72**	(57.87)	4.07	6.09
OTHERS					
Economic Value Generated	Rs. mn	**149,844**	4.59	143,263	103,092
Economic Value Distributed	Rs. mn	**138,599**	6.74	129,850	81,656
Government	Rs. mn	**46,360**	63.77	28,308	20,136
Employees	Rs. mn	**53,122**	13.82	46,671	33,794
Others	Rs. mn	**35,108**	(30.97)	50,859	27,725
Value Added per employee	Rs. mn	**4.13**	(9.20)	4.55	3.14
Group employment	Number	**36,266**	15.19	31,483	32,840
Average Revenue per employee	Rs. mn	**12.05**	(22.20)	15.48	10.29
Average operating income per employee	Rs. mn	**1.18**	(39.27)	1.94	1.02
Credit Ratings		**AAA(lka)**		AA-(lka)	A+(lka)

CONSOLIDATED STATEMENT OF ESG PERFORMANCE

		2024	Change %	2023	2022
ENVIRONMENTAL PERFORMANCE					
Total Energy Consumption	GJ mn	**5.29**	9.72	4.82	5.06
1-Renewable energy consumption	GJ mn	**3.59**	16.45	3.08	3.38
2-Non-Renewable energy consumption	GJ mn	**1.71**	(2.19)	1.74	1.68
% Renewable energy consumption	%	**68**	1.49	67	67
Renewable energy generation	MWh	**196,166**	15.75	169,471	185,875
Renewable energy generation %					
1-Out of total energy consumed	%	**11**	(11.29)	12	13
2-Out of total electricity consumed	%	**120**	11.73	107	114
Total Carbon footprint (GHG Emission)	tCO2e	**213,078**	1.68	209,565	230,053
Scope 1 emission	tCO2e	**106,524**	0.39	106,108	114,551
Scope 2 emission	tCO2e	**71,152**	(3.32)	73,594	94,117
Scope 3 emission	tCO2e	**35,402**	18.55	29,862	21,385
Biogenic emission	tCO2e	**282,951**	(0.89)	285,500	378,973
Total water withdrawal	m3 mn	**7.03**	3.48	6.79	6.59
Rainwater harvested	m3	**157,049**	7147.31	2,167	21,664
Recycled water usage	%	**14**	55.56	9	9
Solid waste	MT	**20,850**	8.43	19,229	23,120
Effluents discharged	m3 mn	**4.85**	(7.53)	5.24	5.07
Waste water treated through internal treatment plants	%	**51**	4.08	49	46
Energy intensity (energy per revenue)	GJ/Rs.mn	**12**	22.42	10	15
Emission intensity (emission per revenue)	tCO2e/Rs. mn	**0.49**	13.95	0.43	1
Water intensity (water withdrawal per revenue)	L/Rs.mn	**16,101**	15.53	13,937	19,494
SOCIAL PERFORMANCE					
EMPLOYEES					
Employees on payroll	No.	**36,266**	15.19	31,483	32,840
Female Representation	%	**35**	2.94	34	35
New Recruits	No.	**9,635**	96.99	4,891	5,739
Payment to Employees	Rs. mn	**53,122**	32.04	40,232	33,794
Investments in training	Rs. mn	**183**	1.67	180	69
Training hours	Hours	**369,589**	39.01	265,877	248,649
Average training hours per employee	Hours	**10.19**	20.66	8.45	7.60
Retention Rate	%	**74**	(7.50)	80	85
Workplace Injuries	No.	**390**	156.58	152	253
Lost working days	No.	**902**	(16.17)	1,076	2,111
CUSTOMERS					
Customer acquired	No.	**1,237,901**	32.26	935,928	1,788,842
Revenue generated	Rs. mn	**436,883**	(10.37)	487,431	338,010
No. of new products developed		**624**	13.66	549	749
No. of products in the pipeline		**695**	122.76	312	160
Investment in R&D		**548**	69.80	323	429
SUPPLIERS AND BUSINESS PARTNERS					
Payments to suppliers	Rs.mn	**325,356**	(17.04)	392,194	237,690
Proportion of spending on local suppliers	%	**54**	38.64	61	44
Suppliers supported through development programs	No.	**1,318**	(39.21)	2,168	2,422
COMMUNITY ENGAGEMENT					
Investment in CSR	Rs.mn	**408**	(5.68)	433	311
CSR beneficiaries	No.	**707,580**	(29.04)	997,089	540,576

PERFORMANCE HIGHLIGHTS

		2024	Change %	2023	2022
GOVERNANCE AND ETHICS PERFORMANCE					
Boards of Directors (in the Group)	No.	**367**	29.68	283	293
Audit Committees (in the Group)	No.	**19**	0.00	19	18
HR & Remuneration Committees (in the Group)	No.	**13**	44.44	9	4
Related Party Transaction Review Committees (in the Group)	No.	**13**	85.71	7	3
No. of Board meetings held	No.	**127**	(2.31)	130	128
No. of Audit Committee meetings held	No.	**82**	7.89	76	72
Female representation on Boards	%	**11**	(52.17)	23	28
Human rights violations	No.	**Nil**	-	Nil	Nil
Anti-corruption incidents	No.	**Nil**	-	Nil	Nil
Instances of socio-economic non-compliance	No.	**Nil**	-	Nil	Nil
Instances of environmental non-compliance	No.	**Nil**	-	Nil	Nil
ECONOMIC PERFORMANCE					
Foreign exchange income earned	USD mn	**591**	(9.22)	651	600
Indirect employment	No	**4,227**	(25.11)	5,644	5,960
CAPACITY BUILDING					
Construction Material (Training programmes)	No	**115**	(7.26)	124	339
Job creation outside the Western Province	No	**4,823**	156.13	1,883	1,694
Tax paid	Rs. mn	**46,360**	63.77	28,308	12,482
Innovations (total new product introduced)	No	**624**	13.66	549	349
Renewable energy generated	MWh	**196,166**	15.75	169,471	151,647

BASIS OF PREPARATION OF THE CONSOLIDATED STATEMENT OF ESG PERFORMANCE

Principles of consolidation: Environmental disclosures including energy consumption, emissions, water and waste covers all Group-wide manufacturing sites, plantations, corporate offices and other sites. Social and governance-related disclosures also relate to the Hayleys Group comprising all entities controlled by the Group.

Materiality: In assessing whether a disclosure is sufficiently material to be included in the Group's Statement of ESG Performance, the management considers its potential on the Group's ability to create value in the short, medium and long-term and the extent of its social and environmental impacts.

Policies: The methods of computation and information aggregation of the ESG disclosures are set out within the relevant capital reports and have been applied consistently in the preparation of the consolidated ESG Statement.



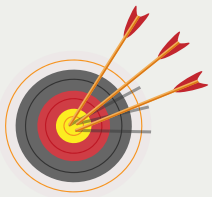
OUR PURPOSE

TO INSPIRE AN INCLUSIVE WORLD AND A THRIVING PLANET



VISION

TO BE SRI LANKA'S CORPORATE INSPIRATION AT ALL TIMES



MISSION

DELIVERING SUPERIOR SHAREHOLDER VALUE BY UNLEASHING THE FULL POTENTIAL OF OUR PEOPLE AND ACHIEVING LEADERSHIP IN ALL OUR DOMESTIC AND GLOBAL BUSINESSES



VALUES

H - Honesty and integrity - ethical and transparent in all our dealings.

A - Accountability - holding ourselves responsible to deliver what we promise.

Y - Yes, WE can! (Team Work) - working with each other and with our partners across boundaries, to make things happen.

L - Love for humanity - treating everyone with respect and dignity, providing for the development of our people and rewarding them for good performance.

E - Enduring Customer Value - enhancing experiences for every customer, from the rural farmer to the global consumer.

Y - Yes, we WILL WIN! (a Will to win) - exhibiting the will to win that which is important to Hayleys and its shareholders.

S - Social Responsibility as a Good Corporate Citizen - caring for the communities in which we work, actively supporting their growth and being environmentally responsible in all we do.

&

I - Innovation - transforming ideas into products and services to create economic, social and environmental value in the pioneering spirit of Hayleys

ADVANCING VALUE

ELEVATING QUALITY OF LIFE

Convenience, comfort and connectivity through world-class consumer durable solutions

143
SKUs

34
Global brands

5,782
Customers

Enriching lifestyles through

- Curating leisure experiences through our hospitality offerings
- Manufacture of high-quality, innovative fabrics



Purifying air and water through an array of activated carbon solutions in the Purification Sector.

Industrial water treatment → Personal protection → Renewable and potable water → Solvent recovery

Safety, hygiene and protection through producing an array of multi-purpose gloves catering to households and industries

Nutrition and dietary wellness through an array of sustainable, high-quality and innovative agricultural products including tea, spices, value-added vegetables and fruits.

The Group also plays a critical role in facilitating access to essential agricultural inputs and machinery, thereby strengthening the country's Agriculture industry.

ACCELERATING THE TRANSITION TO A GREEN ECONOMY

Leading the shift to renewable energy

- 50 MW installed capacity of renewable energy through the Power & Energy Sector
- 200MW of solar power installations across Sri Lanka through Hayleys Fentons
- 196,166 MWh generations of renewable energy across the Group.

Circularity

- 56% use of recycled aluminium by the Construction Materials Sector
- Biodegradable gloves created by the Hand Protection Sector
- Waste to dye initiatives at Hayleys Fabric



Commitment to reduce emissions

- 3 companies in the Group have committed to SBTI with 2 obtaining verification of its targets
- 68% reliance on renewable energy

Biodiversity

- Biodiversity regeneration within a 9-acre wetland park
- Replenishing Sri Lanka's blue carbon ecosystems through Advantis Blue Carbon Drive
- >69,000 trees planted during the year by Sectors

DRIVING NATIONAL ECONOMIC GROWTH

One of Sri Lanka's largest value-added exporters, accounting for **5%** of the country's export income

Strengthening the country's foreign exchange position through generating USD **591** mn forex income

Accounts for **4.6%** and **4.1%** of Sri Lanka's respective tea and rubber production



Sri Lanka's largest exporter of processed fruits and vegetables

Facilitating business growth through the development of essential infrastructure

National and international **logistics and transportation services** through Hayleys Advantis

IT and digital infrastructure through HBSI

A range of **industrial inputs and infrastructure** offered through Hayleys Aventura

Engineering and building solutions including solar power installation through **Hayleys Fentons**

PUSHING THE BOUNDARIES OF INNOVATION

Gloves

Development of advanced sports gloves, specialised gloves for the electric vehicle industry and high-cut resistant gloves





Purification

Innovation in energy storage and hard carbon solutions

Climate-smart agriculture solutions

Innovation which seeks to build climate resilience in the country's agriculture sector



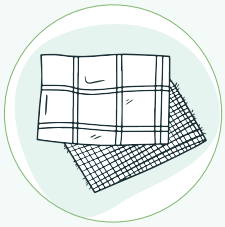


Eco Solutions

New applications of growing media solutions and coco-fibre

Sustainable textiles

Sustainable sportwear- Eco Stretch by Hayleys Fabric, centers on a closed-loop system and breaks away from traditional elastane





Aluminium profiles and products

Range of new solutions including balconies, fences, artificial walls and new satin finish product range

ADVANCING VALUE

SOCIAL AND ECONOMIC EMPOWERMENT

Injecting value across our extensive smallholder supplier base including,

>11,900
Out-growers

>6,000
Rubber farmers

345
Tea smallholders

Payments of over **Rs. 53.12 bn** made to **>36,200** employees

Payments of over **Rs. 325 bn** made to suppliers.



Suppliers and business partners developed through capacity building including,

Fabricators
Rubber farmers
Solar installers
Outgrowers

>129,000 estates communities and families supported through womb-to-tomb proposition

Rs. 408 mn investments in CSR activities including provision of medical equipment and infrastructure development

DRIVING INDUSTRIES FORWARD THROUGH COLLABORATION

Facilitating dialogue on critical industry-specific issues through **knowledge sharing** which includes,

- International Plantations Sustainability Summit 2023
- Congress for Sustainable Materials 2024
- Supplier development forums

Research and Development collaborations with international and national universities, institutes and other government bodies in,

- Collectively achieving sustainability aspirations in decarbonisation, circularity and ecosystem preservation
- New product developments
- Process improvements and resource efficiency



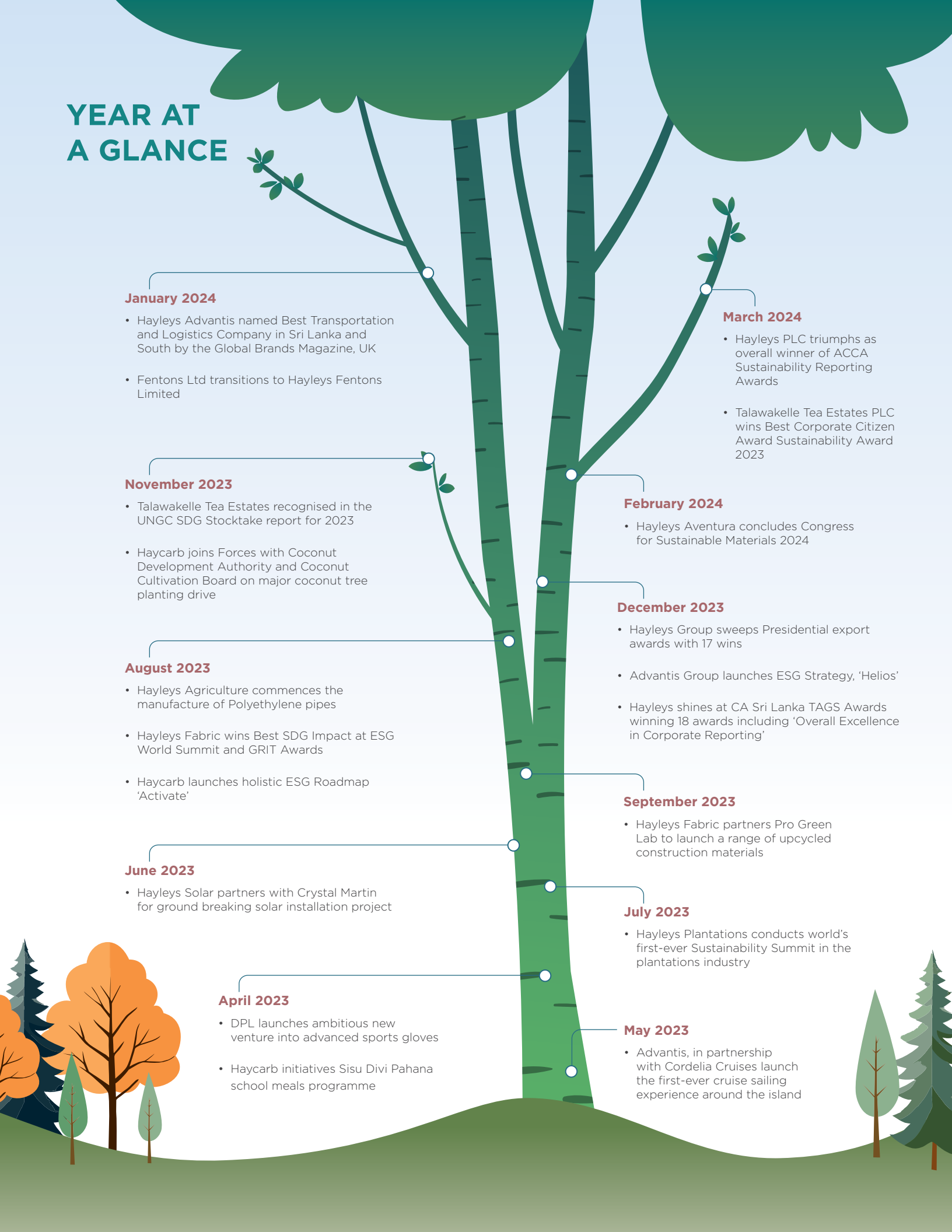
Leadership positions in industry bodies held by our employees including,

- Board Member of United Nations Global Compact
- Chairmanship of Sri Lanka Planters' Association
- Chairman of Industrial Association of Sri Lanka

Active representation in cross-sector and multi-stakeholder partnerships including,

- UNGC- Hayleys PLC and 9 organisations within the Group are members of the UNGC
- Partnerships with government and like-minded organisations to drive environmental preservation including protecting natural habitats, regenerating mangroves and preserving habitats among others

YEAR AT A GLANCE



January 2024

- Hayleys Advantis named Best Transportation and Logistics Company in Sri Lanka and South by the Global Brands Magazine, UK
- Fentons Ltd transitions to Hayleys Fentons Limited

March 2024

- Hayleys PLC triumphs as overall winner of ACCA Sustainability Reporting Awards
- Talawakelle Tea Estates PLC wins Best Corporate Citizen Award Sustainability Award 2023

November 2023

- Talawakelle Tea Estates recognised in the UNGC SDG Stocktake report for 2023
- Haycarb joins Forces with Coconut Development Authority and Coconut Cultivation Board on major coconut tree planting drive

February 2024

- Hayleys Aventura concludes Congress for Sustainable Materials 2024

December 2023

- Hayleys Group sweeps Presidential export awards with 17 wins
- Advantis Group launches ESG Strategy, 'Helios'
- Hayleys shines at CA Sri Lanka TAGS Awards winning 18 awards including 'Overall Excellence in Corporate Reporting'

August 2023

- Hayleys Agriculture commences the manufacture of Polyethylene pipes
- Hayleys Fabric wins Best SDG Impact at ESG World Summit and GRIT Awards
- Haycarb launches holistic ESG Roadmap 'Activate'

September 2023

- Hayleys Fabric partners Pro Green Lab to launch a range of upcycled construction materials

June 2023

- Hayleys Solar partners with Crystal Martin for ground breaking solar installation project

July 2023

- Hayleys Plantations conducts world's first-ever Sustainability Summit in the plantations industry

April 2023

- DPL launches ambitious new venture into advanced sports gloves
- Haycarb initiatives Sisu Divi Pahana school meals programme

May 2023

- Advantis, in partnership with Cordelia Cruises launch the first-ever cruise sailing experience around the island

A GLOBAL FOOTPRINT



18
countries

54%
of Group Revenue generated from exports

2,133
Employees in overseas locations

- Marketing offices
- Manufacturing locations
- Service operations

	Sri Lanka	Australia	Bangladesh	India	Indonesia	Italy	France	Poland
Revenue (Rs.Mn)	361,979	3,307	6,602	2,104	8,492	8,949	3,573	956
Profit before tax (Rs.Mn)	23,201	523	864	55	1,477	52	(450)	(3)
Tax (Rs.Mn)	9,238	157	366	7	364	12	-	-
CAPEX (Rs.Mn)	15,635	13	84	12	63	13	-	-
Total Assets (Rs.Mn)	387,760	1,447	5,872	890	5,253	9,070	2,174	389
Total Borrowings (Rs.Mn)	156,552	13	1,954	61	530	2,999	322	-
Employees (No.)	34,133	26	357	32	286	20	43	10



Maldives	Myanmar	Singapore	Thailand	United Kingdom	USA	Japan	Netherlands	British Virgin Islands	Kenya
6,867	1,714	1,995	15,702	4,579	8,816	914	-	-	283
(2,550)	115	19	1,504	(151)	221	41	9	387	19
91	25	3	195	(31)	38	13	-	-	11
1,041	5	39	917	10	-	-	-	-	7
10,208	870	2,054	12,642	1,846	4,684	221	138	636	184
8,227	95	0	189	21	840	-	-	-	80
211	176	23	932	14	2	-	-	-	1

PAST, PRESENT AND FUTURE

From its humble beginnings as a manufacturer of coconut fibre over 145 years ago, to Sri Lanka's most diversified conglomerate today, the Group's evolution has been characterised by a singular commitment to drive value addition and excellence across all spheres of its operations. Across its business lines, organic and inorganic growth has always centered on enhancing value through offering innovative and sophisticated solutions catering to increasingly complex customer needs. Today, our intrinsic link to every facet of the country's economy and our deep connections to international supply chains have allowed Hayleys to showcase the best Sri Lanka has to offer in the global arena

OUR PAST

1878
Formation of Chas.P.Hayleys & Co. in Galle

1913
Hayley & Kenny purchase 400, Deans Road premises

1954
Hayleys becomes a public company

1958
Shipping agency department formed (forerunner of Advantis)

1973
Haycarb pioneers manufacture and export of activated carbon and export of activated carbon

1976
Dipped Products Ltd. Incorporated to manufacture rubber gloves

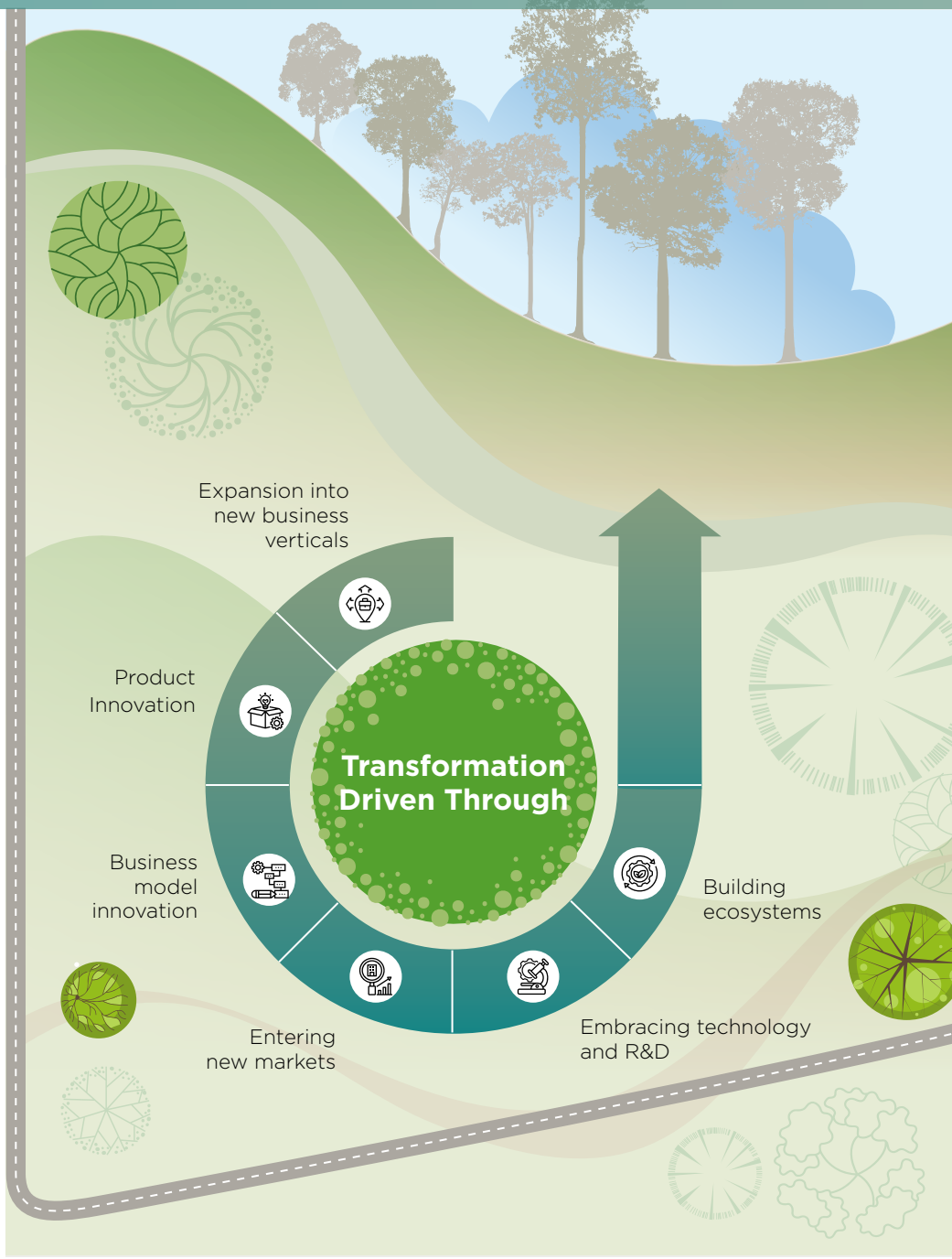
2011
Acquisition of Alumex Group

2017
Acquisition of majority stake in Singer (Sri Lanka) PLC and Sri Lanka Shipping Company Ltd

2019
Acquisition of Fentons Limited

2021
Hayleys Fabric acquires South Asia Textiles Ltd

2023
Acquisition of Horana Plantations PLC



THE PRESENT

FUTURE

Sri Lanka's most diversified conglomerate with unparalleled socio-economic impacts



Global leader in coconut-shell based activated carbon



Serves 5% of global demand for household and industrial gloves



Sri Lanka's leading supplier of consumer durables



Sri Lanka's largest exporter of processed fruits and vegetables



Sri Lanka's leading provider of integrated transportation and logistics solutions



Sri Lanka's largest exporter of fibre-based value added products



- Maintain global market leadership positions in key verticals
- Achieve maturity of new businesses entered into in recent years
- Pursue new opportunities across verticals and customer segments
- Value addition and contribution to the domestic economy
- Strategic integration of ESG
- Digitalisation and automation across key operations and processes

AWARDS AND RECOGNITION



HAYLEYS PLC REAFFIRMED ITS POSITION AS THE LEADER IN SRI LANKA'S CORPORATE REPORTING SPHERE, WINNING THE COVETED OVERALL EXCELLENCE IN CORPORATE REPORTING AWARD AT THE TAGS AWARDS 2023 AND EMERGING WINNER AT THE ACCA SUSTAINABILITY REPORTING AWARDS 2023



OVERALL EXCELLENCE

CNCI Achievers Awards 2023
Gold Awards
National Level Manufacturing Sector: Extra Large Category-Haycarb PLC
National Level Service sector- Hayleys Advantis

National Business Excellence Awards
Winner
Export Sector-Dipped Products PLC
Construction Sector- Hayleys Advantis

National Quality Awards 2022
Large Manufacturing Category-Dipped Products PLC

Slim Kantar People's Awards
People's brand of the year- Singer (Sri Lanka) PLC
Consumer Durable brand of the year- Singer (Sri Lanka) PLC

EXPORT CONTRIBUTION

Presidential Export Awards
Gold Awards
Coconut shell products- Haycarb PLC

Rubber products-Dipped Products PLC

Floriculture- Quality Seed Company

Processed foods, nuts and vegetables- HJS Condiments

Best SME exporter- Quality Seed Company

Hub Operations and Entrepot Trade- Advantis Free Zone

Marine and Offshore Services -Advantis Bunkering

CORPORATE REPORTING

TAGS Awards 2023
Gold Awards
Diversified Holdings (Group Turnover above LKR 50 bn)- Hayleys PLC

Integrated Reporting- Hayleys PLC

Manufacturing Sector (Group Turnover above LKR 10 bn)- Haycarb PLC

Manufacturing Sector (Group Turnover upto LKR 10 bn)- Singer (Sri Lanka) PLC

Plantations Sector- Kelani Valley Plantations PLC and Talawakelle Tea Estates PLC (joint gold)

Trading Companies- Singer (Sri Lanka) PLC

Service Sector-Hayleys Advantis Ltd

ACCA Sustainability Reporting Awards 2023
Winner:Diversified and Conglomerates Category-Hayleys PLC

Winner: Retail Category-Hayleys Fabric PLC

SAFA Awards 2022
Gold Award
Diversified Holdings- Hayleys PLC

Agriculture & Plantation sector-Horana Plantations PLC

Service Sector (Excluding Financial Services & Communication & IT)-Singer (Sri Lanka) PLC

9th Asia Integrated Reporting Awards
Gold Awards
Value Creation Category- Haycarb PLC

Integrated Thinking- Talawakelle Tea Estates PLC

SUSTAINABILITY

Best Corporate Citizen Sustainability Awards 2023
Overall winner-Talawakelle Tea Estates PLC

Retail Sector Winner- Singer (Sri Lanka PLC

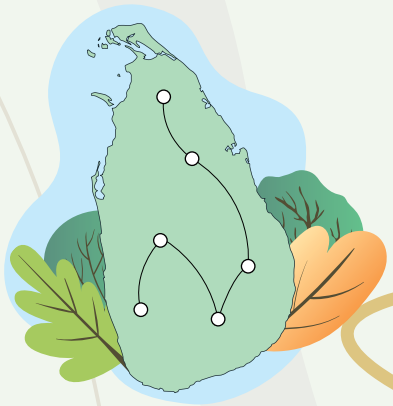
Best Project Sustainability Awards – Haritha Angara, Haycarb PLC -HJS Condiments Ltd

ESG World Summit & Awards 2023
Best SDG impact award for commitment contribution towards sustainability- Hayleys Fabric PLC

** Please refer page 472 to 476 for the full list of awards*

WORLD OF HAYLEYS

The Hayleys Group is Sri Lanka's leading diversified conglomerate and one of the country's most socio-economically impactful organisations. The Group's extensive business interests across 14 industry verticals, global market positions and unparalleled depth and breadth of relationships across Sri Lanka's diverse supply chains have enabled it to drive inclusive progress, integrating itself with the socio-economic fabric of the nation over an illustrious history of nearly 150 years.





Driving national economic growth

Tax Contribution
Rs.**46.36** bn

Economic Value Generated
Rs.**149.84** bn

Export Income Generated
USD **591** mn

Sri Lanka's most diversified conglomerate

Industry Sectors
14

Companies
184

Countries in Operation
18





Inclusive Progress

Employees
36,266

Indirect Employment
>29,000 along value chain

>4,000 indirect employment

Local Procurement
54%

Strength and Stability

Revenue
Rs. **436.83** bn

Profit before tax
Rs. **25.34** bn

Total Assets
Rs. **446.34** bn

Market Capitalisataion
Rs. **61.58** bn

PURPOSEFUL AND RESPONSIVE LEADERSHIP

Guiding our World

Our strong roots are the underlying structures that guide our future and support our resilience, enabling us to share our insights across our vast network, and respond to change.

Forests are built on an interconnected, complex and collaborative underground network known as the Wood Wide Web. This longstanding, mutualistic relationship empowers the real-time sharing of knowledge and resources, so that each entity within the network is able to rapidly anticipate and respond to external challenges and mitigate potential threats.





REFLECTIONS FROM THE CHAIRMAN & CHIEF EXECUTIVE

Mohan Pandithage

The Hayleys Group's evolution over the past 147 years has been inextricably linked to the country's trajectory and we have been privileged to witness and contribute to fostering Sri Lanka's resilience and unlocking its potential

Dear Stakeholder,

In my message to our valued stakeholders last year, I shared my optimism and hope for the future of Sri Lanka, the Hayleys Group and the economic climate we are operating in. As the country gradually but definitively emerges from the unprecedented economic vulnerabilities of 2022/23, today I am even more hopeful of what the future holds. I have experienced firsthand how remarkably our team persevered during this transitionary and volatile period, relying on their characteristic spirit and agility to anchor the Group's value creation. Against this backdrop, it is my pleasure to present to you the 11th Integrated Annual Report and the Audited Financial Statements of Hayleys PLC for the financial year ended 31st March 2024.

With today's global reality being one in which ambiguity and constancy of change outweighs any semblance of certainty, the Hayleys Group performed credibly to generate a Consolidated Revenue of Rs. 436.83 bn and a Profit Before Tax of Rs. 25.34 bn. While these numbers represent a normalisation from the record highs of the previous year, I believe this year it is important to look beyond the financial statements to truly appreciate the Group's underlying achievements, which have strengthened the Group's resilience and positioned it for transformational growth. We entered new markets with significant upside potential, debuted exciting innovations, strategically embedded environmental and social considerations into our processes and continued to invest in developing the capabilities of our people as well as across industry value chains.

As Sri Lanka's corporate inspiration, the Group continued to be recognised for excellence across numerous aspects of its operations. Hayleys solidified its position as a leader in Sri Lanka's corporate reporting arena winning the Overall Excellence in Corporate Reporting for the 2nd consecutive year at the TAGS Awards 2023 while securing 17 more awards across the Group. Hayleys was also ranked the overall winner at the ACCA Sustainability Reporting Awards 2023. Hayleys was also recognised for its contribution to exports at the 25th Presidential Export Awards, where the Group clinched an unmatched 17 awards across different industries.

Meanwhile, our plantation subsidiary Talawakelle Tea Estates PLC emerged victorious at the Best Corporate Citizen Sustainability Awards 2023 organised by the Ceylon Chamber of Commerce, marking the first time in history that a plantation sector entity achieved this feat.

OUR WORLD OF VALUE

The Hayleys Group's evolution over the past 147 years has been inextricably linked to the country's trajectory and we have been privileged to witness and contribute to fostering Sri Lanka's resilience and unlocking its potential. We are proud to be one of Sri Lanka's most socio-economically impactful organisations, with deep rooted relationships across value chains, customer networks and communities. We integrate rural farmers and outgrowers to global value chains of international brands, enabling Sri Lankan produce to reach the shelves of the world's leading retailers; our extensive product portfolio ranging from specialised gloves and advanced purification solutions to value-added agricultural products and consumer durables elevate quality of life across communities and facilitate the growth of industries; environmental interventions in our own operations as well as across value chains are accelerating the transition to a green economy and our strategic ESG initiatives are driving meaningful economic, social and environmental change across the country. At a time when social debate is rife on purpose vs profit, Hayleys has demonstrated how the two can go hand-in-hand. It is this ability to thrive as a business entity while injecting value across our ecosystem and catalyzing positive change that truly defines who we are and make us an integral part of Sri Lanka's growth trajectory.

RESET, RECOVERY AND RESILIENCE

While globally, the year 2023 marked a return to relative stability after consecutive years of material COVID-related disruptions, businesses find themselves in cascading and connected crises, resulting in persistently volatile and complex conditions. Geopolitical tensions escalating to active conflict in several regions led to supply chain disruptions, triggering a surge in inflation and synchronised monetary policy tightening across key markets. Major economies, however, demonstrated surprising resilience contributing towards an estimated 3.1% growth in the global economy in 2023.

Sri Lanka is on a path to recovery, with the economy showing initial, yet definitive signs of stabilisation in 2023. Structural and policy reforms, implemented under the IMF's Extended Fund Facility (EFF) program which included cost-reflective utility pricing and fiscal consolidation measures have contributed to macro-economic stability. The successful completion of the domestic debt restructuring in September 2023 led to increased confidence. Subsequently, in November 2023 an Agreement in Principle for debt restructuring was reached with official creditors and negotiations are currently ongoing with commercial creditors.

As a result of these coordinated interventions, Sri Lanka's economic contraction slowed to 2.3% in 2023, compared to the sharp degrowth of 7.3% experienced in 2022. The economy reversed its decelerating trend in the 3rd quarter of the year, with GDP recording an expansion in the 2nd half of the year following six consecutive quarters of contraction. While demand remained subdued reflecting lower disposable incomes, external and fiscal balances improved;

REFLECTIONS FROM THE CHAIRMAN & CHIEF EXECUTIVE

foreign exchange liquidity pressures eased significantly supported by the recovery of tourism and Workers' Remittances resulting in foreign exchange reserves improving to about 8-9 weeks of imports by end of 2023. The improved foreign exchange inflows led to the appreciation of the local currency, with the Sri Lankan Rupee appreciating by 8% during the financial year to close the year at Rs. 301.81/ USD.

Following soaring prices in 2022, inflation decelerated in 2023 reflecting improved supply conditions, the appreciation of the Rupee and the easing of monetary financing. Resultantly, inflation levels as measured by the Colombo Consumer Price Index (CCPI) fell from 35.30% in the beginning of the financial year to 0.90% in March 2024. As inflation moderated, the Central Bank of Sri Lanka (CBSL) adopted an easing monetary policy stance; the reduction in the policy rates resulted in the Standing Deposit Facility rate and Standing Lending Facility rate decreasing to 9% and 10% respectively. Monetary easing together with better clarity on domestic debt restructuring resulted in market interest rates trending downwards; accordingly, the Average Weighted Prime Lending Rate decreasing to 10.69% from 21.40% a year ago.

While the stabilisation of the country's macro-economic fundamentals were largely conducive to business growth, as an export-oriented business the Group was adversely impacted by the appreciation of the Sri Lankan Rupee during the year as most input costs settled around LKR350-360 per USD. That said, Hayleys continued to leverage its diversity to mitigate external impacts to a large degree, as adverse effects on a particular sector are typically countered by opposing impacts on a different sector.

PERFORMANCE OVERVIEW

Strategic interventions in recent years to build resilience through rationalising and optimising its businesses enabled the Group to navigate the challenges of the year with agility. Key areas of strategic focus during the year included diversification the Group's geographical footprints and customer segments while relentlessly pursuing customer-centric innovation and service excellence. Following its acquisition by the Group in March 2023, Horana Plantations PLC has been included in the consolidated financial statements of the period under review.

Despite volatile exchange rate dynamics, the Group contained the y-o-y decline in top line to 10% delivering a Consolidated Revenue of Rs.436.83 bn during the year. The Transportation and Logistics Sector maintained its position as the largest contributor to Group Revenue with a share of 21%, followed by Consumer & Retail which accounted for 19%. The Group's key export-oriented sectors recorded Revenue declines amidst unfavourable exchange rate, while Projects & Engineering, Leisure, Consumer & Retail, Plantations, Industry Inputs, Power & Energy and Agriculture recorded Revenue growth.

Group Earnings Before Interest and Tax (EBIT) decreased by 30% to Rs.42.72 bn during the year reflecting cost escalations, appreciation of the Sri Lankan Rupee and subdued demand across key verticals. That said, the Projects & Engineering (Hayleys Fentons) Sector delivered an EBIT growth of 90% while the Textiles Sector also demonstrated strong resilience to achieve an EBIT growth of 37%. Net Finance Cost declined by 8% to Rs.17.24 bn reflecting the downward trajectory of interest rates during the year.

The Group demonstrated resilience in a challenging year to deliver Profit Before Tax of Rs.25.34 bn, with the Purification, Projects & Engineering and Hand Protection Sectors emerging as key contributors to profitability. It is noteworthy that the Projects & Engineering Sector achieved a near tripling of Profits during the year led by the strong growth in solar energy, which saw the Sector moving up to the rank of 2nd highest profit contributor to the Group.

STRENGTH AND STABILITY

The Group's Total Assets increased by 8% to Rs.446.34 bn during the year, with Non-Current and Current Assets expanding by 5% and 11% respectively. The expansion in Property, Plant and Equipment represents upgrades to research and manufacturing capabilities in the Hand Protection and Purification Sectors, establishment of a pipe manufacturing facility by the Agriculture Sector and geographical expansion of the Tea Exports Sector. The Group has sought to increasingly diversify its geographical presence, through pursuing investments in new geographical locations, thereby further widening its footprint, strengthening foreign exchange generation capabilities and enhancing the resilience of its operating model.

Total equity as at 31 March 2024 increased by 2% to Rs.125.53 bn, supported by profit generation and retention during the year. Total borrowings increased by 8% to Rs.171.88 bn, translating to a Debt-to-Equity ratio of 1.37 compared to 1.30 the previous year. Despite this increase, the Group's financial profile remains solid reflecting a prudent-approach to debt-funded acquisitions in recent years, strong cash flow generation capabilities stemming from the Group's large and diversified businesses and relatively good debt coverage levels.

LOCAL ROOTS, GLOBAL MINDSET

With nearly 54% of the Group's Revenue generated through exports during the year, Hayleys continues to masterfully harness local capabilities, products, technology and talent to compete effectively in the global arena, offering the best of Sri Lanka to the world. For instance, the Purification Sector leverages the unparalleled capabilities of its local scientists and its prowess in R&D to develop world-

class supercapacitor products and hard carbons. The Hand Protection Sector introduced a range of advanced sports gloves, scientifically designed to suit the specific requirements of a range of sports activities including mountain biking, golf, winter sports and functional fitness among others. Meanwhile, tea produced in our estates are globally renowned for their quality and sustainability, consistently commanding premium pricing at the Colombo Tea Auction. Our value-added tea exports are skillfully curated by our local artisans to suit the taste palettes of our diverse, global customer base. Through this strategic blend of local authenticity and universal thinking, Hayleys has uniquely positioned itself as a global player in key verticals, supplying to the world's leading brands.

REDEFINING THE FUTURE

Accelerating customer-centric innovation is key to our strategic agenda as we seek to sharpen our competitive edge through focus on value-added solutions. In recent years, sustainability has assumed a greater relevance in our innovation drive and we have sought to adapt product capabilities and processes to shape futures that address key sustainability issues. During the year, we invested over Rs.500 mn across sectors in strengthening product development and innovation capabilities. Key success stories for the year include new product development in the Hand Protection Sector which includes high chemical resistance gloves and specialised sports gloves. In the Textiles Sector, the Group launched innovative fabrics featuring recyclable properties. In Construction Materials, Alumex PLC launched a range of aluminium balconies, decking and artificial walls catering to the export market. These innovations are discussed in further detail on page 275 of this Report.

The surge in generative artificial intelligence (AI) has ushered in a new era of technological innovation, with rapid advances in machine learning algorithms enabling AI systems to generate content across various domains. While potential job displacement, privacy issues and ethical concerns have prompted many people and organisations to view GenAI through a lens of doubt and uncertainty, at Hayleys we see it as a catalyst for efficiencies, richer data insights and new business opportunities. The Group's digital transformation roadmap which will be rolled out shortly seeks to proactively embed AI and data capabilities across our operations to support value creation through enhanced decision-making.

OUR PEOPLE: OUR POWERHOUSE

Today, for the Hayleys Group, nothing is more important than our people, from our team, and customers to value chain partners and communities across the localities in which we operate. It is these partnerships that drive everything of value, including profits, agility, sustainability, innovation and efficiency. The Hayleys Group's resilience and prosperity is driven by our remarkable team of over 36,000 employees who have the integrity, high standards of professional excellence and capabilities to ensure the Group's ongoing success and value creation. The world of work continues to evolve and during the year, the Group's people strategy centered on creating long-term value through equipping them with stronger skills enabling greater employability, nurturing talent pipelines to enable improved succession planning and increasing diversity around decision-making. During the year, we also introduced several initiatives aimed at creating a family-friendly work environment which included paternity leave, childcare support and access to counselling services, which is anticipated to support employees in effectively balancing their professional and personal responsibilities.

RESPONSIBLE AND RESPONSIVE GOVERNANCE

The Group's demonstrated ability to repeatedly rebound from disruption is anchored by its fit-for-purpose governance frameworks which have supported the creation of an organisational mindset centering on agility and adaptable leadership. Governance structures facilitate strong alignment and engagement between the Board and the GMC; the latter convenes weekly facilitating ongoing collaboration and collective decision-making. During the year, the Board heightened focus on navigating the volatile external environment, strengthening risk management and strategic integration of ESG. Board capabilities and composition were strengthened during the year with the appointment of Mr. Timothy Speldewinde and Mr.Yohan Perera as Independent Non-Executive Directors and I am certain that the knowledge, skills and experience they bring will further enhance the depth and effectiveness of Board deliberations.

The Securities and Exchange Commission announced revisions to the Corporate Governance Rules applicable to entities listed on the Colombo Stock Exchange, issuing Listing Rule No.9 on Corporate Governance. The Rules came into effective from 1st October 2023 with a phased timeline for compliance extending till 1st January 2025 and the Group is fully compliant with the provisions required by 1st April 2024. Changes effected included the implementation of a Bribery and Anti-Corruption Policy (which mandates a zero-tolerance approach) and Shareholder and Investor Communications Policy, formulation of a Nominations and Governance Committee, actioning meetings between the Senior Independent Director (SID) and the Non-Executive Directors and improved disclosures in the Annual Report.

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The Code of Best Practice on Corporate Governance (2023) by the Institute of Chartered Accountants of Sri Lanka was also revised during the year; key changes from the new Code include strengthening the assessment and management of ESG risks and opportunities, for which mechanisms are already in place within the Group.

ESG INTEGRATION: THE WORLD AS IT 'SHOULD' BE

The record-high temperatures and erratic weather we have experienced this year is a humbling reminder that the earth is a complex and fragile system and that nature is more powerful than all of us. As we look to the future, I believe we have a unique opportunity to define a new era for sustainable business leadership by making sustainability progress integral to business strategy and accelerating our interventions for greater impact.

The Group remains committed to achieving its target of driving a 30% reduction in Scope 1 & 2 GHG emissions by 2030, a target we are pursuing aggressively through transitioning to renewable energy sources, reducing reliance on fossil fuels and other decarbonisation activities. To date the Group has invested close to Rs. 5.00 bn in solar power generation across the Group, with a total generation capacity of nearly 28MW. Furthermore, as the market leader in solar power installation in Sri Lanka, Hayleys Fentons is driving the country's transition towards clean energy with total installations of solar power crossing 200 MW during the year.

Strategic efforts were made to strengthen the Group's ESG framework with the formation of Sector-level ESG Committees. Formed with Board representation, these committees are tasked with identifying, managing and mitigating Sector-specific ESG risks while driving the ESG roadmaps of the Sector aligned to the aspirations of the Hayleys Lifecode. Hayleys PLC along with 9 other companies within the Group have committed to the 10 principles of the United Nations Global Compact. Hayleys has also been an endorser of the CEO Water Mandate since 2008. The progress made against the Group's other environmental, social and governance targets are given on page 100 of this Report.

STAYING THE COURSE: REVIEW OF BUSINESS VERTICALS

The Group's Revenue composition tilted towards the domestic market during the year, reflecting growth in the Consumer & Retail and Projects & Engineering segments as well as moderation in the export-oriented sectors due to the appreciation of the Sri Lankan Rupee. Resultantly, Revenue contribution from inland business increased to 46%, compared to 38% the previous year. Despite these short-term dynamics, the Group continued to pursue growth opportunities outside the country as it seeks to increase contributions from foreign exchange and drive geographical diversification.

The following sections provide a high-level overview of the performance of the Group's business sectors. Please refer to pages 114 to 245 for detailed Portfolio Reviews.

Purification

The Purification Sector delivered a commendable performance in a challenging year, sustaining customer relationships, widening its portfolio of value-added products and driving strategic interventions to improve the security and resilience of its supply chain. The appreciation of the Sri Lankan Rupee and a reduction in prices offered to customers resulted in the Sector's Revenue declining by 29% to Rs.42.74 Bn while Profit Before Tax declined by 26% to Rs 6.11 bn.

Key strategic priorities for the year included pursuing deeper penetration in key markets and ongoing emphasis on developing high-value energy storage carbon including hard carbon for sodium ion batteries. The Sector also strengthened its manufacturing

ECO SOLUTIONS

Strategic focus

Market expansion
Supply chain management
Strategic integration of ESG

Economic Value (Rs. bn)	3,250
PBT (Rs. mn)	68
No. of employees	1,119
Carbon footprint (tCo_2e)	5,522

HAND PROTECTION

Strategic focus

Focus on value-added products
Regional expansion
Strategic integration of ESG

Economic Value (Rs. bn)	13,889
PBT (Rs. mn)	4,013
No. of employees	2,171
Carbon footprint (tCo_2e)	25,735

PURIFICATION

Strategic focus

Value added products and innovation
Supply chain resilience and security
Strategic integration of ESG

Economic Value (Rs. bn)	17,462
PBT (Rs. mn)	6,107
No. of employees	1,933
Carbon footprint (tCo_2e)	26,696

TEXTILES

Strategic focus

Value added product focus
Brand centered strategy
ESG as a strategic differentiator

Economic Value (Rs. bn)	12,054
PBT (Rs. mn)	3,719
No. of employees	3,285
Carbon footprint (tCo_2e)	43,953



and R&D capabilities and engaged in proactive negotiations with raw material suppliers to optimise costs. In diversifying its raw material sources, the Sector's 7th manufacturing facility will be commissioned in the Philippines. During the year, the Sector also strengthened its commitment to embedding ESG through the launch of 'Activate' – a holistic ESG roadmap aligned to the Hayleys Lifecode. The outlook for the Sector remains positive, reflecting the global transition to a low-carbon economy which is driving demand for energy storage solutions as well as increasingly stringent water and pollution control regulations.

Projects & Engineering

The Sector, represented by Hayleys Fentons delivered an impressive performance during the year, with Profit Before Tax more than tripling to Rs. 4.33 bn and emerging as the 2nd largest contributor to the Group. The Sector's performance was driven largely by significant growth in the renewable energy cluster; strategic foresight in entering the residential solar segment and pursuing aggressive penetration through the deployment of a stronger sales force augured well for the Company, as it reaffirmed its position as the market leader in the rooftop solar PV segment. Profitability margins also improved during the year reflecting scale efficiencies in line with volume growth.

The acquisition of Fentons, a family-owned company with an operating history of over 100 years in 2016, marked the beginning of a remarkable transformation. The Group revitalised Fentons through a strategic overhaul which included new leadership capabilities, nurturing a performance-driven organisational culture and a growth mindset. These interventions have enabled the Sector to record a dramatic turnaround in performance while emerging as a vibrant entity with significant growth potential. Reflecting Hayleys Fentons' growing significance to the Group's profitability, it has been classified as a separate Sector in this Report. We believe there is tremendous potential for renewable energy in the mid-to-long term given the government's aspirations to shift to a low-carbon economy and reach net by 2030.

Hand Protection

The performance of the Hand Protection Sector reflected the prevalent external pressures, with Revenue declining by 16% in view of the appreciation of the Sri Lankan Rupee and a marginal decline in volumes as global demand eased. Profitability margins were pressured by the increase in raw material and other cost escalations, resulting in the Sector's Profit Before Tax declining by 24% to Rs.4.01 bn during the year. The performance of the Sector's European operations were below expectations, reflecting subdued demand conditions from the region.

The Sector pursued penetration in to niche markets such as Middle East and Africa while India is also earmarked as a key market for growth. Innovation remains a strategic imperative and during the year, the Sector launched several exciting product propositions including a range of specialised sports gloves catering to leading international sports good retailers. With the launch of the Sector's ESG Roadmap, DPL Pulse, the Sector also intends to leverage ESG as a competitive edge to access new markets and customer segments. The medium to long-term outlook remains favourable given recovering demand conditions in key markets and the Sector's strategic interventions in strengthening product capabilities, particularly in specialised gloves.

Textiles

The strength of its relationships with Tier 1 brands together with strategic foresight in building agility, enabled the Textiles Sector to deliver impressive growth in a challenging year. While Revenue declined by 18% in view of the increased volatility in key markets and the resultant deferment of orders



CONSTRUCTION MATERIALS

Strategic focus

Export drive
Innovation and product development
Cost management and efficiencies

Economic Value (Rs. bn)	3,602
PBT (Rs. mn)	232
No. of employees	774
Carbon footprint (tCo_2e)	9,519

PLANTATIONS

Strategic focus

Regenerative agriculture
Quality focus
Transforming industry dynamics

Economic Value (Rs. bn)	13,717
PBT (Rs. mn)	3,525
No. of employees	15,360
Carbon footprint (tCo_2e)	26,122

AGRICULTURE

Strategic focus

Innovation
Diversification
Regional expansion

Economic Value (Rs. bn)	10,000
PBT (Rs. mn)	3,020
No. of employees	1,247
Carbon footprint (tCo_2e)	4,422

CONSUMER & RETAIL

Strategic focus

Proactive inventory management
Cost management and efficiencies
Customer centricity

Economic Value (Rs. bn)	25,591
PBT (Rs. mn)	611
No. of employees	3,316
Carbon footprint (tCo_2e)	9,293

LEISURE

Strategic focus

Strengthen product and service capabilities
Revenue diversification

Economic Value (Rs. bn)	3,773
PBT (Rs. mn)	(1,895)
No. of employees	1,660
Carbon footprint (tCo_2e)	12,744

REFLECTIONS FROM THE CHAIRMAN & CHIEF EXECUTIVE



as well as increasing price pressure, the Sector's relentless pursuit of leaner and agile ways of working enabled it to considerably reduce lead time to customers, thereby sustaining customer relationships and maintaining orders. Meanwhile, ongoing and proactive negotiations with yarn suppliers and cost optimisations derived through a focus on sustainability enabled the Sector to widen its profit margins, resulting in the Sector's Profit Before Tax increasing by 23% to Rs.3.72 bn during the year.

With innovation-led growth remaining a key strategic pillar, the Sector has sought to pivot from basic, conventional cotton-based fabrics to premium, value-added products in both natural and synthetic fibres. The Sector's competitive edge is sharpened by its positioning as a pioneer and leader in sustainability in the industry, having gained international recognition for its sustainable product and process innovations. In a key achievement in its sustainability journey, the Company obtained verification of its emission targets under the Science Based Targets Initiative, one of the first Sri Lankan organisations to do so. As the industry landscape evolves rapidly, manufacturers will be required to build agile operating models which can swiftly adapt to changing market dynamics. The Sector's key priorities in the short-to-medium term include retention of Tier 1 customers, strengthening market share in synthetic fibre and increasing contributions from its portfolio of sustainable products.

Plantations

The Sector demonstrated resilience to numerous adversities including persistent labour shortages and intensifying implications of climate change to record volume growth during the year. Revenue increased by 13% to Rs. 18.13 bn reflecting the consolidation of Horana Plantations PLC to the Sector. Profitability, was however affected by the normalisation of tea prices from the previous year's record highs, with prices falling by a near 18% (in Rupee terms) during the year. This coupled with escalating costs resulted in the Sector's Profit Before Tax declining by 34% to Rs. 3.53 bn.

During the year, the Sector's strategy was directed towards driving transformation in plantation management by creating social business enterprises through more equitable remuneration models and regenerative agriculture practices. As an industry leader in environmental sustainability, the Sector has in recent years sought to embrace regenerative agriculture practices aimed at revitalising ecosystems, soil conditions and crops. The short-to-medium term outlook of the country's tea industry remains somewhat uncertain reflecting labour challenges, declining yields and escalating cost of production. Against this backdrop, ongoing efforts to modernise and transform our estate operations, drive increased labour productivity and sustainable agriculture practices will position the Sector in good stead, enabling all three RPCs to maintain their position as the most profitable, sustainable and high-quality producers of tea in Sri Lanka.

Agriculture

The Agriculture Sector leveraged the diversity of its businesses and strength of its brands and relationships to remain resilient against external headwinds. Sector Revenue increased by 6% to Rs.34.88 bn during the year driven by the strong performance of the Crop Protection cluster and Overseas Operations. Profitability, however normalised from the record highs of last year, with the Sector's Profit Before Tax declining by 40% to Rs.3.02 bn during the year.

In Crop Protection, the Sector strengthened its product offering which swiftly gained traction to achieve market leadership status. Meanwhile, Overseas Operations (represented by Haychem Bangladesh)

INDUSTRY INPUTS, POWER & ENERGY

Strategic focus

Overseas expansion
Sustainable innovation
Strengthening digital capabilities

Economic Value (Rs. bn)	4,631
PBT (Rs. mn)	1,339
No. of employees	311
Carbon footprint (tCo_2e)	803

TRANSPORTATION & LOGISTICS

Strategic focus

Expansion of product and service portfolio
Regional expansion
Enhancing employee value proposition

Economic Value (Rs. bn)	26,003
PBT (Rs. mn)	3,671
No. of employees	2,899
Carbon footprint (tCo_2e)	45,863

PROJECTS & ENGINEERING

Strategic focus

Consolidate leadership position in solar
Expansion of product and service portfolio
Focus on quality assurance

Economic Value (Rs. bn)	9,586
PBT (Rs. mn)	4,333
No. of employees	1,492
Carbon footprint (tCo_2e)	1,432

TEA EXPORTS

Strategic focus

Innovation and product development
Regional expansion
Quality focus

Economic Value (Rs. bn)	1,480
PBT (Rs. mn)	824
No. of employees	312
Carbon footprint (tCo_2e)	384

OTHERS

Economic Value (Rs. bn)	12,023
PBT (Rs. mn)	2,380
No. of employees	387
Carbon footprint (tCo_2e)	592

was a key contributor to earnings, as it increased its market share and widened its product offering in new segments. During the year, the Sector entered a new market segment, through establishing a polyethylene pipe manufacturing facility thereby offering advanced irrigation solutions to Sri Lanka's Agriculture industry. Investments were also made in upgrading and revamping the coconut milk facility which was acquired in the previous year and commercial production commenced during the year. The outlook for Sri Lanka's Agriculture Sector is promising given its critical role in ensuring food security and supporting livelihoods. Consistent, conducive and evidence-based policy remains a key prerequisite in ensuring the sustainability of the industry and the livelihoods that depend on it. As a leading player in the industry, we will continue to support its long-term survival through propagating modern and sustainable agriculture practices across our ecosystem of farmers.

Transportation & Logistics

The Sector's performance reflects the multitude of challenges that prevailed during the year, including a decline in freight rates, appreciation of the Sri Lankan Rupee as well as volatile trade activity amidst escalating geopolitical tensions. Accordingly, Revenue declined by 32% to Rs.91.35 bn while Profit Before Tax also declined to Rs.3.67 bn from the record highs of Rs. 15.00 bn the previous year. Against this backdrop, the Sector's strategy reflected its efforts to consolidate operations while focusing on retaining relationships and building capabilities to drive future growth.

During the year, the Sector further refined its international expansion strategy, identifying the four markets of Bangladesh, India, Indonesia and Thailand as presenting the most significant opportunities for growth. The Sector intends to leverage its established relationships and market presence in these regions to offer a wider portfolio of services and drive deeper penetration. In a key achievement during the year, the Sector (through the Travel & Aviation cluster) won a competitive bid for the General Sales Agency to represent Air India, the flag carrier airline of India.

The short-term outlook for the Sector is clouded by a degree of uncertainty given recent escalation in geopolitical tensions and regional conflicts. That said, Sri Lanka's port activity is poised for strong long-term growth, supported by the gradual recovery of the economy and policy thrust towards exports. The Sector's regional strategy, strong brand name and extensive customer and principal relationships has positioned Hayleys Advantis to effectively leverage upside potential, retaining its position as Sri Lanka's undisputed leader in transportation and logistics.

Industry Inputs, Power & Energy

The Sector delivered a Revenue growth of 12% to Rs.9.73 bn, led by the Industrial Inputs cluster which saw good growth in regional markets for industrial raw materials. However, demand for domestic and export-oriented industries remained subdued given the decline in consumer spending, particularly during the first half of the year. Overall the Sector's Profit Before Tax declined by 10% to Rs.1.34 bn during the year.

In Industrial Raw Materials, the Sector continued to widen its sustainability-linked product portfolio, given the increasing consciousness of environmental factors in industries. It also widened its portfolio of global principals, successfully obtaining the Agency for Avery Weigh-Tronix (UK). The performance of Lifesciences improved during the year, while the performance of Engineering Solutions was dampened by weak demand, reflecting liquidity constraints across the construction value chains.

Meanwhile, the Power & Energy cluster saw Revenue declining marginally, although Profit Before Tax increased by 2% supported by favourable weather supporting power generation.

Tea exports

A new reporting segment that was constituted during the year, Tea Exports is represented by Mabroc Teas (Pvt) Ltd a leading value-added and bulk tea exporter and Martin Bauer Hayleys (Pvt) Ltd, an innovative manufacturer and exporter of Ceylon tea extract powders and tea aroma. The Sector demonstrated strong operational performance in a challenging year, with both Mabroc and Martin Bauer delivering volume growth through new customer acquisitions. Revenue, however, was impacted by the appreciation of the Sri Lankan Rupee which resulted in a 3% decline to Rs.12.20 bn. Sector profitability was further impacted by the relatively high cost of tea, amidst the low production volumes and escalating cost of production, which resulted in Sector Profit Before Tax declining by 41% to Rs.823.65 mn.

Mabroc maintained its position as the largest exporter of Sri Lankan tea to China, a market which is showing significant upside potential. The Company also pursued market expansion through an investment in a leading FMCG distributor in Poland while also establishing a fully-fledged tea export company in Mombasa-Kenya, thereby diversifying its supply chain. Meanwhile Martin Bauer strengthened its product capabilities to widen its portfolio of aroma and concentrations while leveraging the brand and market reach of the Martin Bauer Group to access new customers. The global demand dynamics for value-added tea and extracts remains favourable, although the short-to-medium term may be adversely impacted by complexities in the country's plantation sector. In navigating these challenges, the Sector will continue to focus on innovation and value-added offerings to sharpen its competitive edge while accessing new markets and diversifying its supply chains.

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Construction Materials

Strategic foresight in pursuing growth in export markets augured well for the Sector during the year, enabling it to counter the subdued local demand. Export volumes increased by 21% during the year, which contributed towards an overall volume growth of 17% during the year. Revenue declined by 2% to Rs.9.94 bn as the Sector passed on the benefit of cost reductions to customers in order to ensure customer retention; overall profitability was however upheld by a significant reduction in finance costs and tax expenses resulting in the Company's Profit Before Tax increasing 51% to Rs.231.72 mn.

Growing exports was a strategic imperative during the year and the Sector pursued new customer acquisition in key markets in the USA and Europe. The Sector also broadened its product range with the addition of several value-added products catering to the export market as well as enhancing the do-it-yourself range and industrial solutions segment. The outlook for Alumex remains promising given the gradual recovery of Sri Lanka's construction sector and the anticipated revival of industrial and residential development projects. The Sector's priorities over the short-to-medium term include strengthening value-added product offerings and driving deeper penetration in key export markets, while maintaining its market leadership position in the domestic market.

Consumer & Retail

The Sector is dominated by Singer (Sri Lanka) PLC which experienced two distinctly different halves of the financial year; the first half characterised by import restrictions and weak purchasing power of customers, while the second half benefitted from the relaxation of import controls, the appreciation of the Sri Lankan Rupee and the gradual recovery of economic conditions. Improving market conditions towards the latter part of the year, together with proactive efforts to clear high-cost inventory enabled the Sector to generate a Revenue growth of 28% to Rs.81.60 bn. However, narrower profit margins together with a higher tax expense resulted in the Sector's Profit Before Tax falling by 12% to Rs.611.29 mn.

Singer continued to evolve its product and brand offerings to cater to emerging customer needs. The Company also launched the 'Singer Premium Furniture' brand, the initial response for which has been very encouraging. Meanwhile, Singer was once again recognised as the People's Brand of the Year at the SLIM-KANTAR People's Awards 2024, attesting to its status as a household brand in the country. During the year, Singer (Sri Lanka) PLC also sought to amalgamate its subsidiaries other than Singer Finance, into one legal entity with the aim of streamlining processes and generating efficiencies. Accordingly listed entities of Regnis (Lanka) PLC, Singer Industries were delisted and amalgamated with the parent company, along with 3 other unlisted subsidiaries.

Singer Finance (Lanka) PLC continued to perform relatively well amidst challenging industry conditions. During the year, 2 branches were added bringing the total network to 52. The Company also maintained healthy portfolio quality, liquidity and capitalisation levels in comparison to industry peers. The Company emerged as a key contributor to Sector profitability generating a Profit Before Tax of Rs.652.40 mn during the year.

As market conditions gradually improve, we believe the outlook for the Sector is promising; Singer will place strategic emphasis on embedding customer centricity and delivering manufacturing and supply chain excellence through digitalisation with the aspirations of being a world-class brand. The rapid growth of the grey market for consumer electronics remains a key challenge in the short-to-medium term; the increase in the VAT rate has provided further impetus for the grey market, as the increasing price disparity between legal and illicit products serve as an incentive for consumers to shift towards the grey market.

Eco Solutions

The Sector's performance weakened during the year, reflecting adverse macro-economic and market conditions. Despite a 28% growth in volumes the Sector's Revenue declined by 9% to Rs.13.85 bn due to unfavourable exchange rate dynamics. Meanwhile operating cost escalations amidst intense price competition eroded the Sector's profit margins, resulting in Profit Before Tax declining by 97% to mn during the year.

In addressing these challenges, the Sector placed relentless focus on management and process efficiencies. The Sector also made considerable progress in its innovation drive with the launch of several new offerings in the growing media and value-added fibre products segment which present significant upside potential. Measures were taken to diversify raw material sources to build a more resilient supply chain, given the country's declining coconut production.

Long-term demand dynamics for the sector remain favourable particularly in categories such as growing media, erosion control and horticulture. The Sector will seek to aggressively pursue growth in new product applications and market segments while enhancing its value-added portfolio through innovation and product development.

Leisure

The Sector's performance strengthened in line with the recovery of the country's tourism sector with Revenue increasing by 35% to Rs.9.02 bn reflecting an overall improvement in average occupancy levels. Improvements in the core performance of The Kingsbury and the Sri Lankan Amaya properties resulted

in the reduction of losses at operating level; however, overall profitability continued to be hampered by the weak performance of Amaya Kuda Rah which was partially closed for repairs during the year.

The Sector's strategy in recent years has centered on sharpening its competitive advantage through mastering product delivery, which has allowed the properties to consistently record high customer ratings. The Kingsbury reaffirmed its position as the preferred venue for restaurants in the city, as evidenced by increased restaurant footfall. Sri Lanka's tourism sector is positioned for a surge in arrivals in 2024 and our properties are aptly positioned to capture the opportunities emerging from this revival. Key areas of focus include enhancing the corporate proposition at The Kingsbury, strengthening the service culture and enhancing the employee value proposition in order to drive increased retention.

Others

The Others Sector comprising Hayleys' Business International Solutions and Group Services of Hayleys PLC recorded a decline in Revenue to Rs.1.44 bn during the year. This, together with a 49% increase in tax expense resulted in the Sector's Profit Before Tax declining by 16% to Rs.2.38 bn during the year.

HBSI remained resilient during the year delivering a top line growth of 13%, supported by strong growth in the BPO operations, which benefited from increased penetration to Australia and a wider portfolio of services. The appreciation of the Sri Lankan Rupee, however, had an adverse impact on profitability which saw the cluster's Profit After Tax declining to Rs. 272.31 mn from 301.88 mn.

SHAREHOLDER VALUE

Despite a decline in the Earnings per Share to Rs.9.19 (From Rs.21.80 the previous year) the Group continued to deliver on its shareholder commitments, declaring an interim dividend of Rs.5.35 in March 2024. The Hayleys share price increased from Rs.72.50 in April 2023 to close the year at Rs.82.10, an increase of 13% during the period.

EXPECTATIONS AND AMBITIONS

The short-to-medium term is likely to be shaped by a large number of simultaneous and converging challenges and while this drives uncertainty in the short-term, it also allows room for hope. The reality is businesses such as Hayleys operate in dynamic, rapidly evolving, global markets in which conditions are rarely stagnant for long and in parallel to global risks and generational challenges lie unique opportunities to strengthen the resilience of our institutions.

The International Monetary Fund estimates global growth to continue at the same pace with GDP expanding by 3.2% in 2024. Despite the multitude of challenges and monetary and fiscal tightening by many economies, global economic activity has been surprisingly resilient. While downside risks include implications of geopolitical tensions and sticky inflation, the global economy is expected to approach a soft landing over the medium-term. On the domestic front, we are optimistic that the Sri Lankan economy will continue to stabilise in 2024, supported by the revival in the tourism industry, stronger remittance flows and improvements in fiscal and external balances. Notwithstanding the outcome of the upcoming national elections, continued implementation of a strong and credible structural reform program is vital for ensuring long-term economic resilience and stability. We firmly believe this is essential to encourage private sector investment which is a vital prerequisite for growth. Furthermore, a stable exchange rate and conducive tax policies are critical in fueling the growth of export-oriented businesses and encourage reinvestments. We further reiterate the critical importance of establishing a conducive operating landscape for exporters through establishing tax policies that enable exporters to compete effectively with neighboring counterparts, thereby generating much-needed foreign exchange to the country.

While we are likely to be faced with critical choices and opportunities which require our attention, the consequences of inaction are more serious than ever. The complexity of the challenges does not mean that they are insurmountable and as always, I reiterate my belief that optimism is critical for resilient and adaptable leadership and better outcomes, particularly in times of rapid change. We will continue to leverage the Group's unmatched human capital, product capabilities, brands and relationships to drive deeper penetration in selected markets. Strategically embedding ESG to derive a competitive advantage, access new markets and optimise resources while effectively addressing critical social and environmental issues we face as a society will also be a crucial priority in the next financial year.

APPRECIATION

As I reflect on the past year, I am inspired by the significant strides we have made together as a team and the exciting future we are building together. On behalf of the Board, I extend my heartfelt appreciation to each and every member of the Hayleys family, for their spirit, passion and resilience. I thank my colleagues on the Board and members of the Group Management Committee for their authentic leadership in navigating the Group through a challenging landscape. I also appreciate the confidence and trust of our shareholders, customers, suppliers and business partners who have partnered us in this journey.



Mohan Pandithage
Chairman and Chief Executive

17th May 2024

BOARD OF DIRECTORS



MR. MOHAN PANDITHAGE
Chairman & Cheif Executive



SARATH GANEGODA
Executive Director



RAJITHA KARIYAWASAN
Executive Director



HARSHA CABRAL, PC
Independent Non-Executive Director

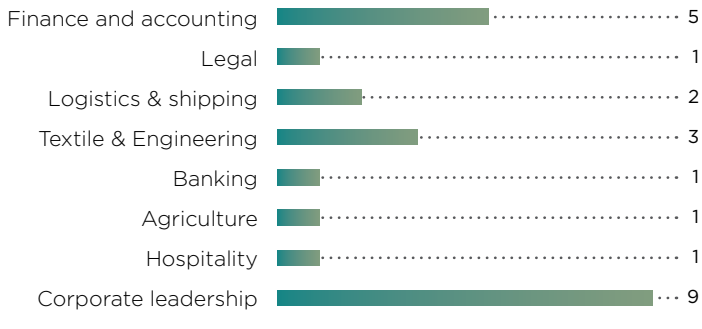


RUWAN WAIDYARATNE
Executive Director



HISHAM JAMALDEEN
Independent Non-Executive Director

DIVERSITY OF EXPERTISE





ARAVINDA PERERA
Independent Non-Executive Director



JAYANTHI DHARMASENA
Executive Director



ROHAN KARR
Executive Director



GAMINI GUNARATNE
Independent Non-Executive Director



TIMOTHY SPELDEWINDE
Independent Non-Executive Director



YOHAN PERERA
Independent Non-Executive Director

BOARD COMPOSITION

6 Executive Directors

6 Independent/ Non-Executive Directors

COMMITTEES

- Audit Committee
- Remuneration Committee
- Nomination Committee
- Related Party Transaction Review Committee

BOARD OF DIRECTORS

MOHAN PANDITHAGE
Chairman and Chief Executive
Appointed as Chairman and Chief Executive in July 2009
Appointed to the Board in 1998

Skills and experience
An accomplished industry veteran and respected leader in the field of transportation and logistics, Mr. Pandithage has been honoured with the prestigious 'Best Shipping Personality' Award by the Institute of Chartered Shipbrokers, in recognition of his outstanding contributions to the industry. He was also presented with a Lifetime Achievement Award by the Seatrade - Sri Lanka Ports, Trade and Logistics (SLPTL). He was the first Sri Lankan to be awarded the Pinnacle Lifetime Award by the Chartered Institute of Logistics and Transport (CILT). He was also inducted as a 'Legend of Logistics' by the Sri Lanka Logistics and Freight Forwarding Association in acknowledgement of his invaluable services to Sri Lanka's logistics industry. Mr. Pandithage serves as Honorary Consul of the United Mexican States (Mexico) to Sri Lanka.

He is a Fellow of the Chartered Institute of Logistics and Transport (UK) and a Member of the Advisory Council of the Ceylon Association of Shipping Agents (CASA). He also serves as a Council Member of the Employers' Federation of Ceylon.

Other appointments
Executive Chairman of Haycarb PLC Dipped Products PLC, Hayleys Fibre PLC, Talawakelle Tea Estates PLC, Kelani Valley Plantations PLC, Horana Plantations PLC, Alumex PLC, Hayleys Fabric PLC, Singer (Sri Lanka) PLC, Diesel and Motor Engineering PLC, The Kingsbury PLC, Hayleys Leisure PLC.

SARATH GANEGODA
Executive Director
Appointed to the Board in September 2009

Skills and experience
An accomplished corporate leader counting over 30 years of multi-faceted experience across diverse industries, Mr. Ganegoda has held several senior leadership positions in large private sector organisations in Sri Lanka and overseas. Having served the Hayleys Group between 1987 and 2002, he rejoined in 2007 and was appointed to the Group Management Committee the same year. He is currently responsible for the Strategic Business Development Unit and Group Information Technology of Hayleys PLC.

Mr. Ganegoda holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura. He is a Fellow Member of CA Sri Lanka and a Member of the Institute of Certified Management Accountants of Australia.

Other appointments
Deputy Chairman of Alumex PLC Director of Haycarb PLC, Dipped Products PLC, , Hayleys Fabric PLC, Hayleys Fibre PLC, Kelani Valley Plantations PLC, Horana Plantations PLC, Singer (Sri Lanka) PLC, The Kingsbury PLC and Hayleys Leisure PLC.

RAJITHA KARIYAWASAN
Executive Director
Appointed to the Board in June 2010

Skills and experience
Mr. Kariyawasan counts extensive leadership experience in the manufacturing sector, which includes over 14 years in the Hayleys Group.

He was appointed to the Group Management Committee in February 2010 and currently holds overall responsibility for the Purification Sector. Prior to joining Hayleys, Mr. Kariyawasan held the position of Director/ General Manager of Ansell Lanka (Pvt) Ltd. He has also served as the Chairman of the Manufacturing Association of the Export Processing Zone, Biyagama.

He holds a BSc. Eng. (Electronics and Telecommunications) from the University of Moratuwa, Sri Lanka and is a Fellow Member of the Chartered Institute of Management Accountants, UK. In addition, he is also a Six Sigma (Continuous Improvement Methodology) Black Belt, certified by the Motorola University, Malaysia.

Other appointments
Deputy Chairman of Dipped Products PLC and the Hayleys Group's Eco Solutions Sector.

Serves on the Board of Sri Lanka Institute of Nanotechnology (SLINTEC) as the nominee Director of Hayleys PLC.

DR. HARSHA CABRAL, PC
Independent Non-Executive Director
Appointed to the Board in February 2011

Skills and experience
A President's Counsel of Sri Lanka and a renowned lawyer with an illustrious practice in the Commercial High Courts and the Supreme Courts of Sri Lanka, Dr. Cabral counts over thirty-seven (37) years' experience in the field of Intellectual Property Law, Company Law, Commercial Law, Commercial Arbitration, Securities Laws and International Trade Law covering both civil and criminal aspects. He has been instrumental in drafting several key

legislations including the Arbitration Act, No. 11 of 1995, the current Companies Act No.7 of 2007 and the Intellectual Property Law.

Dr. Cabral served as a sitting member of the International Chamber of Commerce (ICC) International Court of Arbitration in Paris for a period of six years till 2021. He is also a member of the Corporate Governance Faculty and the Corporate Governance Committee of the Institute of Chartered Accountants of Sri Lanka, and University Grants Commission (UGC) nominee on the Post Graduate Institute of Medicine (PGIM). Further, he was appointed to the Board of Management of the Post Graduate Institute of Management. He is a member of the Law Commission of Sri Lanka, and a Member of the Advisory Committee on Intellectual Property Law.

In addition to his extensive practice in courts, Dr.Cabral also plays an active role in nurturing the next generation of legal professionals through ongoing engagement as a senior visiting lecturer in several local and international universities. He has also published several books on corporate law, intellectual property law and corporate governance among others.

Dr. Cabral holds a Doctorate in Corporate Law from the University of Canberra, Australia. He is also a Fellow of the Institute of Chartered Governance Institute (UK & Ireland).

Other appointments

Chairman of the Tokyo Cement Group and Independent Non-Executive Director of several subsidiaries of the Tokyo Group, Chairman of National Savings Bank, Independent Non-Executive Director of DIMO PLC, Alumex PLC, Ceylinco Life Insurance Company, World Export Centre Limited, Chevron Lubricants Lanka PLC, Darley Property Holdings (Private) Limited, CCC-ICLP International ADR Centre (Guarantee) Limited, Sri Lanka Institute of Information Technology (Guarantee) Limited (SLIIT), SLIIT International (Private) Limited, Nanadiriya (Guarantee) Limited (Chairman). Through these appointments he serves on several Audit Committees, Nominations and Governance Committees, Remuneration Committees, Recoveries Committees and Related Party Transactions Review Committees, chairing most of them.

RUWAN WAIDYARATNE

Executive Director

Appointed to the Board in April 2013

Skills and experience

Mr. Waidyaratne counts nearly 40 years of experience in the transportation and logistics industry, primarily in the Hayleys Advantis Group in which has held several senior leadership positions. He was appointed to the Hayleys Group Management Committee and Managing Director of the Hayleys Advantis Group in 2011. He is a former Chairman of the Ceylon Association of Shipping Agents (CASA) and the Sri Lanka Logistics and Freight Forwarders' Association (SLFFA).

He holds an MBA from the Edith Cowan University of Western Australia and has undergone executive development programmes with the National University of Singapore, Indian School of Business and INSEAD. He is also a Chartered Member of the Chartered Institute of Logistics & Transport of Sri Lanka.

Other appointments

Vice President of the Sri Lanka- Japan Business Council

Executive Committee Member of the Council for Business with Britain

Council Member representing the Transport & Logistics Group at the Council of the Employers' Federation of Ceylon (EFC)

Chairman of the EDB Advisory Committee on Logistics Sector

HISHAM JAMALDEEN

Independent Non-Executive Director

Appointed to the Board in February 2014

Skills and experience

Mr. Jamaldeen is a finance professional with multi-industry experience in accounting, corporate finance, acquisitions and disposals, business planning and restructuring and strategic business development among others. His expertise has been enriched by both local and global exposure, which includes stints as Finance Director of Newbridge Capital Investments Limited in London, Freeman & Partners Accountancy Practice (UK) and Barclays Capital, a British multinational investment bank.

Mr. Jamaldeen is the Founding Managing Director of Steradian Capital Investments, a boutique real estate advisory and consultancy firm. Serving both local and foreign clientele, his responsibilities include acquisitions, structuring debt financing and corporate structures. In 2020, Mr. Jamaldeen was recognized as a trailblazer and disruptor in the investments sector by Echelon for his contribution to the sector. He also formerly served as a Director of People's Bank, Atomic Energy Board and as a Member of the Interim Committee for Sri Lanka Cricket.

BOARD OF DIRECTORS

He holds a Degree in Engineering and Business from the University of Warwick and is a Fellow of the Association of Certified Chartered Accountants, UK.

Other appointments
Executive Director of Lanka Realty Investments PLC, Managing Director of On'ally Holdings PLC, Non-Executive Director of Singer (Sri Lanka) PLC, Haycarb PLC and Talawakelle Tea Estates PLC.

ARAVINDA PERERA
Independent Non-Executive Director
Appointed to the Board in September 2016

Skills and experience
A veteran banker with over 40 years of diverse experience in financial services, Mr. Perera functioned as the Managing Director of Sampath Bank PLC from January 2012 until his retirement in September 2016. He also formerly served as Chairman of Siyapatha Finance PLC, Director of Sampath Centre Ltd., Colombo Stock Exchange and Lanka Bangla Finance Limited in Bangladesh.

He has been the recipient of several local and international awards including the "CEO Leadership Achievement Award 2016" by the Asian Banker Magazine, "Platinum Honours-2014 Award" by the Postgraduate Institute of Management Alumni (PIMA) of Sri Jayewardenepura University and "Award for the Outstanding Contribution to the Banking Industry – 2015" by the Association of Professional Bankers. He was also awarded an Honorary Life Membership by the Association of Professional Bankers in October 2018.

Mr. Perera holds an MBA from the Postgraduate Institute of Management and Honours Degree in Mechanical Engineering from the University of Moratuwa. He is also a Member of the Institute of Engineers (Sri Lanka), a Chartered Engineer and a Fellow of the Institute of Bankers- Sri Lanka.

Other appointments
Chairman of Singer Finance (Lanka) PLC and Pan Asia Banking Corporation PLC, Managing Director of Royal Ceramics Lanka PLC, Director of Rocell Bathware Ltd, SNAPS Residencies (Pvt) Ltd, & Kosgulana Hydro Company Ltd. In addition to chairing the Audit committee of Hayleys PLC, Mr. Perera serves as the Audit Committee Chairman of Hayleys Aventura (Private) Limited, Hayleys Advantis Limited and Hayleys Fentons Limited.

JAYANTHI DHARMASENA
Executive Director
Appointed to the Board in April 2018

Skills and experience
Ms.Dharmasena joined the Hayleys Agriculture Sector as a Management Accountant in 1991, rising to the rank of Managing Director of Hayleys Agriculture Holdings and its subsidiary companies and to the Group Management Committee in 2018.

Ms. Dharmasena is a Fellow Member of the Chartered Institute of Management Accountants, UK.

ROHAN KARR
Executive Director
Appointed to the Board in June 2019

Skills and experience
Mr. Kaar is a veteran in the hospitality industry, counting over 40 years' experience including senior leadership positions at leading hotels in Sri Lanka and UK. He currently serves as the Managing Director of The Kingsbury PLC and Hayleys Leisure PLC.

He previously served as Regional Director - Revenue Management of Marriott Hotels for Whitbread Hotel Company – UK and General Manager of Bristol Marriott Hotel - UK and Marriott Marble Arch – London UK. He was instrumental in driving the local hospitality industry forward through revitalizing standards and establishing international best practices during his stint as Executive Vice President of John Keells Holdings, overlooking the Cinnamon City Hotels and Resorts chain and as Head of Brand Development for Cinnamon.

GAMINI GUNARATNE
Independent Non-Executive Director
Appointed to the Board in October 2019

Skills and experience
Mr. Gunaratne has held diverse leadership positions in both private and state sector organisations. He previously served as the Vice Chairman of the National Water Supply and Drainage Board.

Other appointments
Chairman of Lanka Hotels and Residencies (Pvt) Ltd (Sheraton Colombo), Director of Dipped Products PLC, Horana Plantations PLC, Lanka Walltiles PLC, Lanka Tiles PLC, Swisstek Ceylon PLC, Lanka Ceramic PLC, and SLIIT International (Pvt) Ltd.

TIMOTHY SPELDEWINDE
Independent Non-Executive Director
(Appointed in January 2024)

Skills and experience
Mr. Speldewinde is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants, UK. He possesses wide experience in managing local as well as international facilities and has been an

integral member of the MAS Group for over 26 years. He served as the CEO of Stretchline Holdings headquartered in Hong Kong, with manufacturing facilities in Sri Lanka and overseas.

Other appointments
Director of Horana Plantations PLC, Wealth Trust Securities Limited, Contemporary Ceylon (Pvt) Ltd and Consultant to the Board of MAS Holdings (Pvt) Ltd.

YOHAN PERERA
Independent Non-Executive Director
Appointed to the Board in April 2024

Skills and experience
Mr. Perera is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and a Fellow Member of the Chartered Institute of Management Accountants, UK. He served as the Managing Partner of KPMG Sri Lanka, while also serving on the KPMG Middle East & South Asia Board during his tenure as Managing Partner of the Firm. Prior to being appointed as Managing Partner, Mr.Perera functioned as the Head of HR, Risk Management Partner and Chief Operating Officer.

Mr. Perera counts over 40 years of experience in audits of conglomerates and listed companies with diversified business interests. He served as the President of the Institute of Chartered Accountants of Sri Lanka during the years 2006 and 2007. He also served as a Board Member of the Confederation of Asian and Pacific Accountants (CAPA), one of four regional organisations recognised by the International Federation of Accountants (IFAC).

Other appointments
Director of Haycarb PLC, Dipped Products PLC and E B Creasy & Company PLC. Has served as a Member of the Securities and Exchange Commission of Sri Lanka, Member of the Monetary Policy Consultative Committee of the Central Bank of Sri Lanka and Member of the Governing Council of the Post Graduate Institute of Management of the University of Sri Jayawardenapura.

GROUP MANAGEMENT COMMITTEE



ROSHAN RAJADURAI
Managing Director – Hayleys Plantations



ROHAN GOONETILLEKE
Managing Director – Hayleys Fabric Group



DARSHI TALPAHEWA
Head – Group Human Resources & Legal



PRAMUK DEDIWELA
Managing Director – Alumex Group



NIRAN RANATUNGA
Managing Director – Mabroc Group



HASITH PREMATILLAKE
Managing Director – Fentons Group

The following Executive Directors are also represented in the Group Management Committee

MOHAN PANDITHAGE, SARATH GANEGODA, RAJITHA KARIYAWASAN, RUWAN WAIDYARATNE, JAYANTHI DHARMASENA, ROHAN KARR

Please refer profiles in Board of Directors

MALE FEMALE RATIO

15 : 2



MAHESH WIJEWARDENE
Managing Director – Singer Group



RAJEEVE GOONETILEKE
Managing Director – Eco Solutions Group



WASABA JAYASEKERA
Managing Director – Industrial Inputs, Power & Energy and Hayleys Consumer

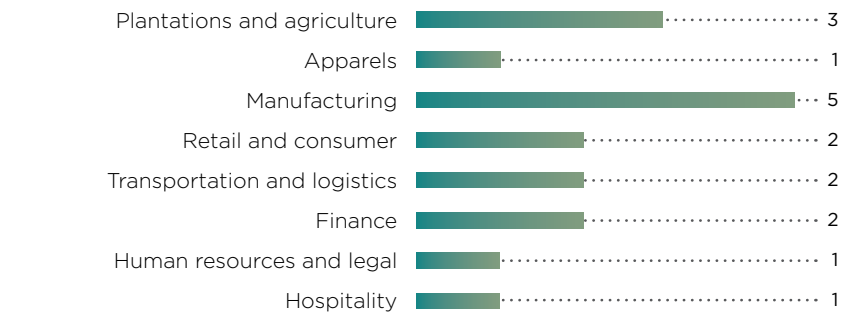


PUSHPIKA JANADHEERA
Managing Director – Hand Protection Group



MILINDA HEWAGAMA
Group Chief Financial Officer

DIVERSITY OF EXPERTISE



GROUP MANAGEMENT COMMITTEE

DR. ROSHAN RAJDURAI
Appointed to the GMC in January 2013

Skills and experience
An industry veteran with over 40 years of experience in the plantations sector, Dr. Rajadurai currently serves as the Managing Director of Hayleys Plantation Sector comprising Talawakelle Tea Estates PLC, Kelani Valley Plantations PLC and Horana Plantations PLC. He joined the Hayleys Group in 2013, prior to which he held senior leadership positions in several leading plantation companies. He was also formerly the Chairman of the Planters' Association of Ceylon, Board Member of the Sri Lanka Tea Board, Tea Research Institute, Rubber Research Board, Tea Small Holdings Development Authority and the Tea Council of Sri Lanka.

He holds a Ph.D in Management, B.Sc in Agriculture, MBA and M.Sc in Agriculture and Plantation Crops from the Postgraduate Institute of Agriculture and a M.Sc in Organisational Behaviour. He also holds a B.Sc Honors in Plantation Management.

Other appointments
Chairman of the Sustainability Working Group Serves on the Standing Committee on Agriculture of the University Grants Commission Serves as a Member of Public Expenditure Review Committee (PERC) in Ministry of Plantations.

ROHAN GOONETILLEKE
Appointed to the GMC in March 2013

Skills and experience
Mr. Eranga Rohan Peiris Goonetilleke has served as Managing Director/CEO of Hayleys Fabric PLC from 01st March 2013. He also serves as Managing Director/CEO of South Asia Textiles Limited with effect from April 2021. Prior to joining Hayleys Fabric PLC, Mr. Goonetilleke served as Director of Brandix X'pressions (Pvt) Ltd, and was appointed to the Board of CLT Apparel (India) (Pvt) Ltd in January 2011, a fully owned subsidiary of Brandix Lanka Ltd. He also served as the Managing Director/CEO of Textured Jersey Lanka (Pvt) Ltd, Linea Clothing (Pvt) Ltd, a subsidiary of MAS Holdings (Pvt) Ltd and the CEO of Elpitiya Plantations Ltd.

He received his higher education in the United Kingdom, receiving a B.Sc in Engineering qualifying as a Graduate Engineer (B. Sc. Eng.).

DARSHI TALPAHEWA
Appointed to the GMC in November 2015

Skills and experience
A lawyer by profession, Ms. Talpahewa is responsible for the Human Resources and Legal Services of the Hayleys Group. Her diverse experience spans across government, non-government, academia, private and the corporate sector including the banking sector.

She holds a LL. B from the University of Colombo and Attorneys-At-Law with First Class Honours from Sri Lanka Law College. She also holds Master's Degrees in Human Resource Management from the University of Northampton, Master's Degree in International Relations and a Master's Degree in Law from the University of Colombo.

Other appointments
Non-Executive Director Singer Finance (Lanka) PLC

PRAMUK DEDIWELA
Appointed to the GMC in July 2018

Skills and experience
Mr. Dediwela is the Managing Director of the Alumex Group, at which he commenced his career in 1989. He has over 35 years of diverse experience within the Alumex Group covering the areas of Marketing and Sales, Material and Logistics, Finance, Manufacturing and Administration and Human Resources.

A marketer and financial economist, Mr. Dediwela holds a Master's in Financial Economics from the University of Colombo, MBA from the University of Southern Queensland, Postgraduate Diploma in Business and Financial Administration (CA Sri Lanka/Cranfield UK), Postgraduate Diploma in Marketing from the Chartered Institute of Marketing, UK and Diploma in Management from the Open University of Sri Lanka.

Other appointments
Member of the Advisory Committees on Light Engineering sector & Metal Sector under EDB/Ministry of Industries.

Member of the Sri Lanka Economic Association.

Council Member of the Foundry Development & Services Institute of Sri Lanka.

NIRAN RANATUNGA
Appointed to the GMC in July 2018

Skills and experience
Mr. Ranatunga was appointed to the Group Management Committee in July 2018.

A founder of Mabroc Teas (Pvt) Ltd, Mr. Ranatunga held the position of Commercial Director with the responsibility for marketing bulk tea and branded teas in international markets, prior to his appointment as Managing Director in 2014. He commenced his career in tea tasting in 1980 serving as an auctioneer and tea broker at John Keells Ltd. He has received training in tea tasting and blending at UK's Lyons Tetley and R. Twinnings & Co. Ltd. He spearheaded the initiative to launch the world's first ethical tea brand at the United Nations Global Compact.

Other appointments
Director of Hayleys Plantation Services (Pvt) Ltd.

Member of the Committee of Management of the Tea Exporters Association of Sri Lanka.

HASITH PREMATILLAKE
Appointed to the GMC in October 2018

Skills and experience
Mr. Prematillake serves as the Managing Director of Hayleys Fentons Limited and its subsidiaries. Prior to this, he was the Country Director and General Manager of Ansell Lanka (Pvt) Ltd and Chief Executive Officer of Phoenix Industries Ltd. He also held a managerial position at Chevron Lubricants Lanka.

He holds a Master of Business Administration Degree (Merit pass) from the University of Colombo where he was awarded the prestigious Dr. Linus Silva Medal for Best Overall Performance. He also holds a B.Sc. Engineering Degree (Hon's.) from University of Moratuwa. He is a Fellow Member of the Chartered Institute of Management Accountants, Member of the Chartered Institute of Marketing, Passed Finalist of CA Sri Lanka and a Graduate of the British Computer Society. He is also a certified Lean Six Sigma Black Belt. He is also a Member of the Council of Chamber of Construction Industry Sri Lanka (CCISL).

MAHESH WIJEWARDENE

Appointed to the GMC in November 2018

Skills and experience

Mr. Wijewardene serves as an Executive Director and Group Chief Executive Officer of Singer (Sri Lanka) PLC and its subsidiary companies. He counts for over 30 years of managerial experience in diverse disciplines. He is a former Chairman of Ceylon Chamber of Commerce - import section and Sri Lanka - China Business Council

Mr. Wijewardene holds a Master's Degree in Business Administration from the University of Southern Queensland and received the Dean's Award for Outstanding Academic Achievement. He also holds a Diploma in General Management from the Open University of Sri Lanka and has attended Executive Business Studies at Harvard Business School - Boston & National University of Singapore.

Other appointments

Serves in the Executive Council of Sri Lanka Retailers' Association

Member of the International Chamber of Commerce - Policy Committee.

Director of Singer Finance (Lanka) PLC, Regnis Appliances (Private) Limited, Reality Lanka Limited and Equity Investments Lanka Limited.

RAJEEVE GOONETILEKE

Appointed to the GMC in September 2021

Skills and experience

Mr. Goonetileke serves as the Managing Director of the Eco Solutions Sector. Prior to joining the Group, he served Brandix as the CEO of Brandix Apparel Solutions - Deep Discounter and Supply Chain Director of Glaxo Smithkline - Sri Lanka. He also functioned as the Country Head/ General Manager of MAS Fashionline in Vietnam.

He holds a B.Sc Engineering (Mechanical) from University of Moratuwa and a M.Eng - Industrial Engineering from Asian Institute of Technology - Thailand.

WASABA JAYASEKERA

Appointed to the GMC August 2021

Skills and experience

Mr. Jayasekera is the Managing Director of both Hayleys Aventura (Pvt) Ltd and Hayleys Consumer Products Limited. Mr. Jayasekera counts extensive international and domestic experience in the areas of Marketing and Sales, Trading, Finance and Controlling, Business restructuring and Management Information Systems.

He holds a Master's Degree in Business Administration from the Postgraduate Institute of Management, University of Sri Jayewardenepura and a Bachelor's Degree in Physical Science, from the University of Kelaniya. He is a fellow Member of the Institute of Chartered Accountants of Sri Lanka and a Life Member of the Sri Lanka Institute of Marketing. He also holds a Diploma in Computer Systems & Design from the National Institute of Business Management (NIBM).

PUSHPIKA JANADHEERA

Appointed to the GMC in January 2023

Skills and experience

Mr. Janadheera is the Managing Director of Dipped Products PLC. Prior to his appointment in January 2023, he functioned as the Deputy Managing Director of DPL. He has over 20 years' experience in the field of manufacturing of value-added rubber products and marketing of tyres, rubber gloves and other rubber related products, both locally and internationally. Mr.Janadheera holds an MBA and a B.Sc in Accountancy (Special) Degree from the University of Sri Jayewardenepura. He is a Fellow member of the Institute of Chartered Accountants (CA) of Sri Lanka, Associate member of the Chartered Institute of Management Accountants (CIMA) of UK, Associate member of Global Management Accountants (CGMA) of UK and Associate member of the National Institute of Accountants of Australia.

Other appointments

Council Member of the Institute of Chartered Accountants of Sri Lanka

Member of the Institute of Directors

Advisor to the Export Development Board and Ministry of Industries on Rubber, Rubber Based Products and Plastic Products Sector.

Board Member of the Polymer Advisory Committee of the Ministry of Industries.

MILINDA HEWAGAMA

Appointed to the GMC in January 2023

Skills and experience

Mr. Hewagama is a skilled finance professional with over 18 years of diverse experience in Financial Management, Reporting, Budgeting, Financial Planning & Analysis. He joined the Corporate Affairs Unit of Hayleys in 2010. He holds an MBA and BBA (Special) in Finance from the University of Colombo, and is a Member of the Institute of Chartered Accountants of Sri Lanka.

Other appointments

Director of Hayleys Group Services (Pvt) Ltd, Volanka Insurance Brokers (Pvt) Ltd, and Dean Foster (Pvt) Ltd. He is a Board Member of UN Global Compact Network Sri Lanka Board and a Member of Professional Accountants in Business (PAIB) Committee of CA Sri Lanka.

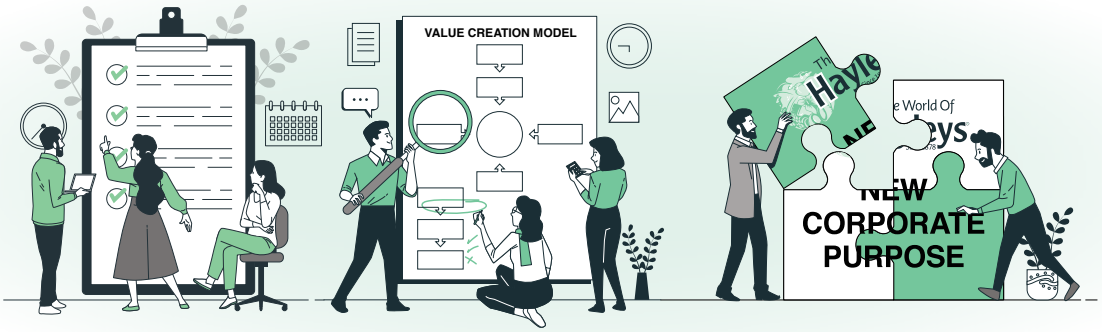
CORPORATE GOVERNANCE

BOARD COMPOSITION
- Appointment of two new Independent Non-Executive Directors, significantly strengthening the Board's skill profile

Skills added to the Board:
Corporate leadership, Finance and audit

ETHICAL LEADERSHIP
- Board approval of new Bribery and Anti-Corruption policy

RISK MANAGEMENT
- Introduction of Sector-level ESG risk assessments to identify and manage sustainability-related-risks and opportunities
- Strengthened IT and cyber security management framework



STAKEHOLDER ENGAGEMENT
- Board approval of new Shareholders and Investor Communication Policy
- Year-round engagement calendar with diverse stakeholders

STRUCTURES AND DELEGATION
- Widened the scope of the Audit Committee to expand risk-management related responsibilities
- Revised the Terms of Reference for Nominations and Governance Committee
- Formulation of Sector-level ESG Committees
- SID meetings with Independent/Non-Executive Directors

APPROACH TO CORPORATE GOVERNANCE

The Group's Board of Directors have long since embraced governance principles designed to ensure the longevity and continued excellence of the organisation to drive multi-stakeholder value creation. This approach has enabled the Group to move beyond incremental growth and advance transformational change-leveraging the power of an enterprise-wide approach to corporate governance to deliver on our purpose.

Governance practices which support ethical and effective leadership

COMPOSITION	EFFECTIVE DELEGATION	BOARD ENGAGEMENT	POLICIES	RISK MANAGEMENT
All Non-Executive Directors are Independent 50% of all Directors are Non-Executive Directors	Clear lines of delegation to Committees, supported by Charters	Active engagement with business through Executive Director insights, common directors in subsidiaries, frequent meetings and ongoing knowledge sharing sessions	Comprehensive and robust policy framework approved by the Board of Directors	Enterprise risk management framework Combined assurance model Embedding identification of Sustainability-Risks and Opportunities to existing risk management processes

GOVERNANCE FRAMEWORK

Hayleys subscribes to a Group-wide governance framework which reflects our commitment to comply with relevant legislations and regulations as well as voluntary frameworks and standards as set out below. During the year, the framework was strengthened to align with key changes in the governance landscape as set out alongside.

Developments in the governance landscape

- Enhanced corporate governance rules applicable to listed entities (Section 9)
- Issue of new Code of Best Practice on Corporate Governance by CA Sri Lanka (2023)
- Implementation of new Anti-Corruption Act No. 9 of 2023
- Issue of IFRS S1 and S2 sustainability reporting standards

Regulatory frameworks

- Companies Act No.7 of 2007
- Sri Lanka Accounting and Auditing Standards Act No.15 of 1995
- Continued Listing Requirements of the Colombo Stock Exchange
- Inland Revenue Act No. 10 of 2006 and amendments
- Inland Revenue Act No. 24 of 2017 and amendments thereto
- Customs Ordinance No. 17 of 1869
- Foreign Exchange Act No. 12 of 2017
- Industrial Disputes Act No. 43 of 1950
- The Shop and Office Employees Act No. 15 of 1954
- Factories Ordinance No. 45 of 1942
- Finance Business Act No.42 of 2011 and amendments thereto

Voluntary standards, codes and frameworks

- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants 2023
- IFRS S1 and S2 Sustainability Reporting Standards
- 10 principles of the United Nations Global Compact
- Integrated Reporting Framework
- Global Reporting Initiative Standards
- Sustainability Accounting Standards Board (SASB) Disclosures
- Non-Financial Reporting Guideline of CA Sri Lanka
- Requirements of Environmental & Social Certifications
- Quality standard certifications obtained by companies

Internal mechanisms

- Articles of Association
- Board and Sub-Committee Charters
- Hayleys Lifecode
- The Hayleys Way
- Policy framework

Governance Principles

- Structures and delegation
- Strategic leadership
- Controls and assurance
- Responsible corporate citizenship

Values

- Honesty & integrity
- Accountability
- Yes, WE can
- Love for humanity
- Enduring customer value
- Yes, we WILL WIN
- Social responsibility as a good corporate citizen
- Innovation

Hayleys Lifecode Targets

- 100% compliance to relevant laws and regulations
- Meaningful and impactful stakeholder relationships
- Internal and external reporting on ESG factors
- Holistic process to identify, measure and mitigate ESG risks
- Full compliance to the Hayleys Way

THE HAYLEYS WAY: ETHICAL ROADMAP FOR ALL EMPLOYEES

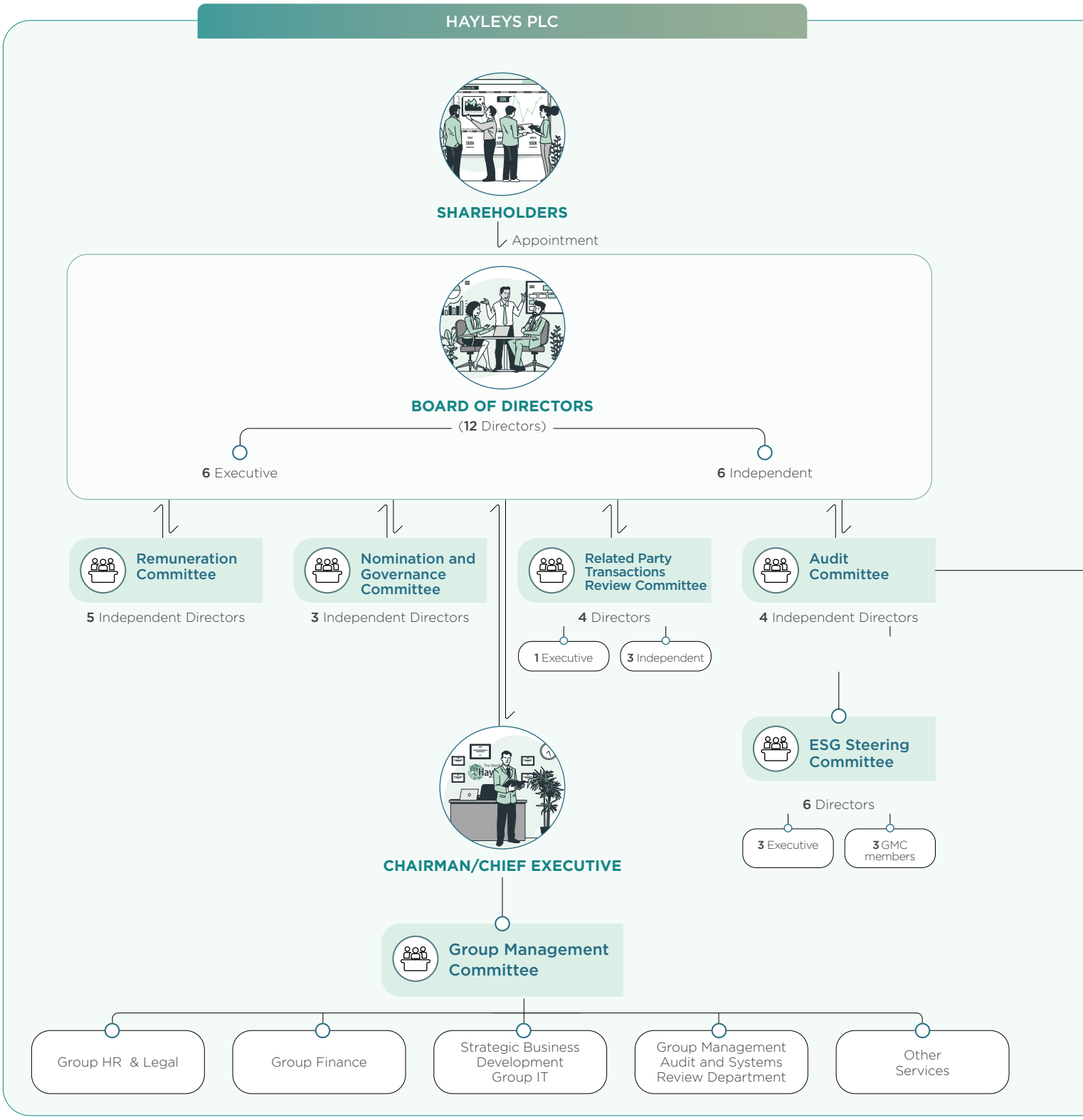
Governance outcomes

Oversight on strategy and performance (page 62) → Effective control (page 58) → Stakeholder relationships and legitimacy (page 67) → Ethics and culture (page 64) → ESG integration (page 64)

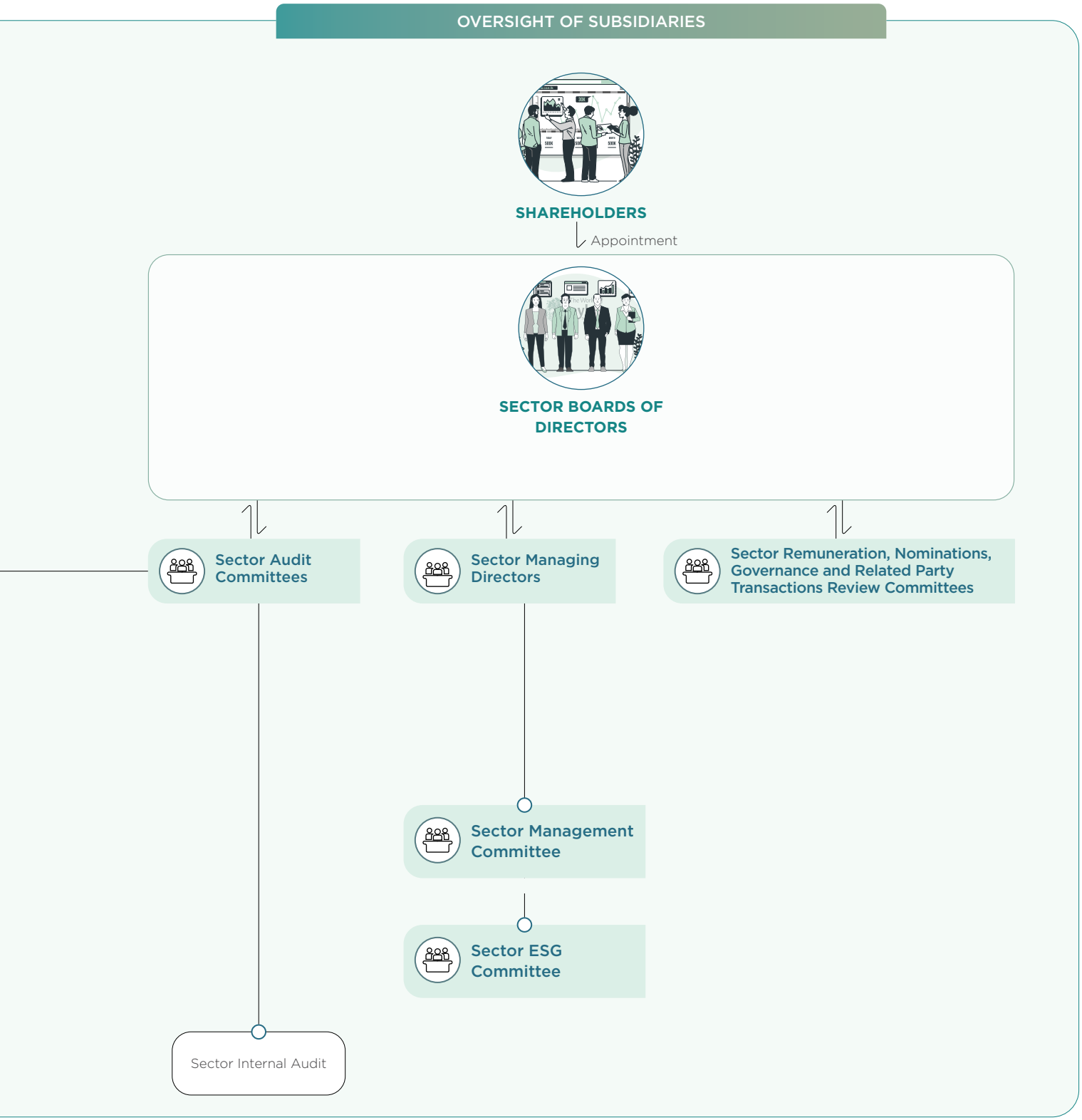
CORPORATE GOVERNANCE

STRUCTURES AND DELEGATION

The Group's governance structure has evolved over time to reflect the increasing diversity and depth of the Group's operations. As set out below, the Board of Hayleys PLC has line of sight to the Group's industrially and geographically diverse businesses. Arrangements



for delegation within the Board's structure assists in the effective discharge of duties while enabling balance of power and promoting independent judgement.



CORPORATE GOVERNANCE

BOARD SUB-COMMITTEES

The Group's governance structure and provisions for responsibility assignment strengthen independent judgement while providing opportunities to leverage director's expertise in specialised areas such as risk management, audit and sustainability. When determining committee composition, the Board considers relevant regulations, the skills and experience of its members and responsibilities of the Committee.

Audit Committee

(Refer pages 319 to 320 for Report of the Committee)

- Evaluating the integrity of the financial statements and adequacy of internal controls
- Review of the key risk exposures and measures in place to mitigate risks
- External audit
- Internal audit

% of committee members who are independent



Skill mix

- Finance
- Law and commercial arbitration
- Banking
- Corporate leadership

Relevance to value



Focus on strategic priorities

Portfolio optimisation/Customer centricity

Remuneration Committee

(Refer page 323 for Report of the Committee)

- Remuneration policy for Group with particular reference to Key Management Personnel
- Organisation structure
- HR Policy
- Goals and targets for Key Management Personnel
- Performance evaluation

% of committee members who are independent



Skill mix

- Finance
- Law and commercial arbitration
- Banking
- Corporate leadership

Relevance to value



Focus on strategic priorities

Nurturing inspired teams

Nominations and Governance Committee

(Refer pages 321 to 322 for Report of the Committee)

- Appointment of Key Management Personnel
- Establish and maintain a formal procedure for the appointment of new directors
- Succession planning
- Code of Ethics
- Effectiveness of the Board and its Sub-Committees

% of committee members who are independent



Skill mix

- Corporate leadership
- Law and commercial arbitration
- Banking
- Finance

Relevance to value



Focus on strategic priorities

Nurturing inspired teams

Related Party Transactions Review Committee

(Refer page 324 for Report of the Committee)

- Review of all proposed related party transactions of the Group
- Monitor that all related party transactions are transacted on normal commercial terms
- Oversight on disclosure of related party transactions

% of committee members who are independent



Skill mix

- Corporate leadership
- Law and commercial arbitration
- Banking
- Finance

Relevance to value



ESG Steering Committee

- Oversight and monitor the execution of the Hayleys Lifecode
- Review and provide guidance on ESG related policies and programmes
- Review emerging trends and issues in the ESG areas

Composition
3 Executive Directors
3 GMC Members



Skill mix
- Corporate leadership
- Business sustainability
- Human resource management
- Finance

Relevance to value

Focus on strategic priorities
ESG integration/Inclusive business models

- Setting strategic direction
- Ensuring integrity of financial controls
- Shaping organisational culture
- Identification and management of risks and opportunities
- Stakeholder management and reporting

BALANCE OF POWER

The Board ensures that delegation within its structures and mandates ensuring that balance of power is maintained while promoting independent judgement. The roles and responsibilities of the Board of Directors are clearly set out in the Board Charter and summarised below:

- Ensure formulation and implementation of business strategy
- Appointment of Chairman, Co-Chairman and Senior Independent Director
- Ensuring that Key Management Personnel have the required skills, experience and knowledge to implement strategy
- Succession planning
- Approval of budgets and major capital expenditure
- Ensuring effective systems to secure integrity of information, internal controls, business continuity and risk management
- Ensuring compliance with all laws, regulations and ethical requirements
- Ensuring that key stakeholder interests are considered in corporate decisions
- Ensuring that businesses are developed in a sustainable manner and adoption of integrated reporting framework
- Ensuring adoption of appropriate accounting policies and fostering compliance with financial regulations
- Establishing a process for monitoring and evaluation of progress on implementation of strategy, budgets, plans and risks

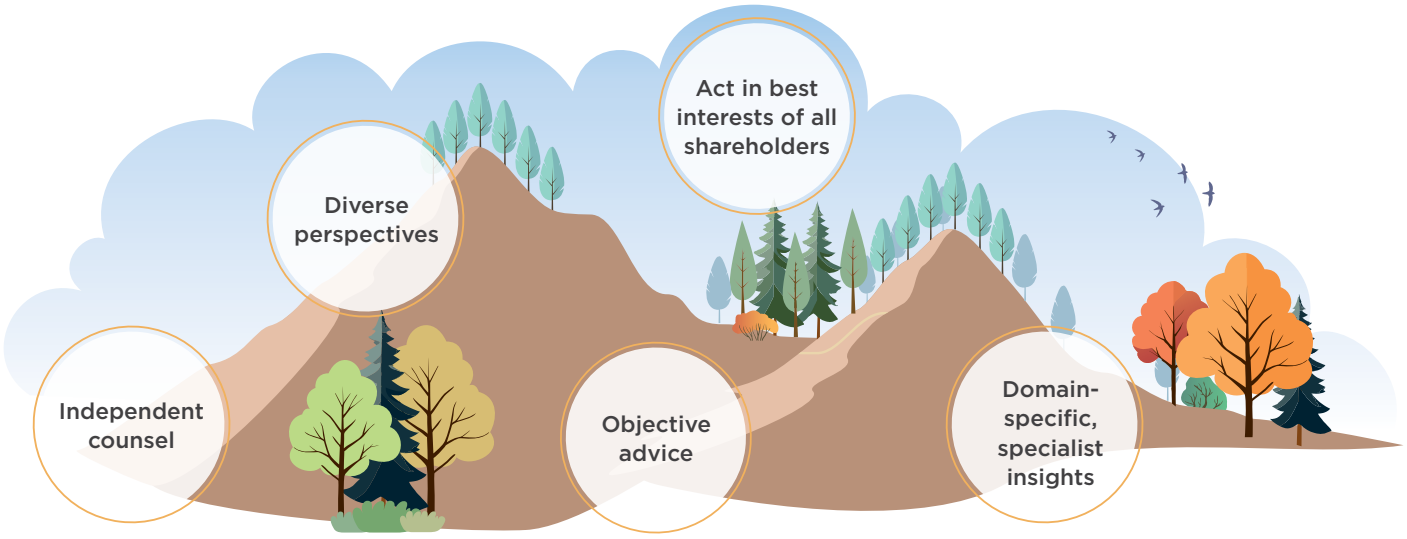
The functions of Chairman and Chief Executive are vested in one person due to the diversity and scale of operations of the Group and the Board is of the view that this is the most appropriate arrangement for Hayleys PLC.

Senior Independent Director (SID)

The Board has also appointed Dr H Cabral, PC Non- Executive Director as Senior Independent Director to facilitate board balance and ensure effective engagement with Non-Executive Directors. The appointed SID is a President's Counsel and renowned lawyer with an illustrious practice of over 37 years in the Commercial High Courts and the Supreme Courts of Sri Lanka. Key responsibilities of the SID are listed below and further details are available on the SID report on page 316 of this Annual Report.

- Set corporate values facilitating an equitable balance between key stakeholder interests
- Uphold high standards of ethics, integrity and probity
- Support executive leadership whilst monitoring their conduct
- Meet with NEDs at least twice a year and Independent Directors at least once a year to facilitate discussion and communication of governance matters and communicate same to Chairman
- Be available to shareholders in case they have concerns which cannot, or should not, be addressed by the Chairman or Executive Directors
- Act on the results of any performance evaluation of the Chairman
- Maintain sufficient contact with major, significant and minority shareholders, assisting the Board to develop a balanced understanding of their issues

CORPORATE GOVERNANCE



THE GROUP MANAGEMENT COMMITTEE (GMC)

The Hayleys Group Management Committee is the apex management committee of the Group. It is chaired by the Chairman & Chief Executive and includes the Group's Executive Directors, Sector Heads, Group Chief Financial Officer and Head of Group Human Resources. The GMC contributes towards effective governance through weekly meetings deliberating on,

- Sector-level developments including trends in the operating environment, monthly performance updates and other matters
- Updates from Hayleys PLC center functions including HR, Treasury, Corporate Communications, Group Tax, Strategic Business Development, IT, Frieght management, procument, Group finance and Group ESG
- Any emerging developments which are pertinent to the Group's performance

THE COMPANY SECRETARY

Company secretarial services are provided by Hayleys Group Services (Pvt) Ltd., who are competent secretarial professionals registered as company secretaries with the Registrar of Companies. The role of the Company Secretary has been defined in line with the provisions set out in the Code and include the following:

- Facilitating the efficient conduct of Board meetings and ensuring that all proceedings of meetings are properly minuted
- Ensuring that all Board Committees are properly constituted and provided with clear terms of reference
- Ensuring that an Annual General Meeting is held in line with regulatory requirements and that all notices, forms and reports necessary for the meeting are disseminated with approval of the Board
- Maintaining the registers required by regulations and filing of all statutory returns and documents with the Registrar of Companies
- Advising Directors with respect to their duties and responsibilities in compliance with regulatory requirements
- Ensuring good relationships with shareholders
- Making necessary disclosures on related parties and related party transactions

POLICY FRAMEWORK

The Group's comprehensive policy framework (listed below) facilitates the creation of an effective control environment and supports effective delivery of strategy. Policies are reviewed and revised annually to ensure relevance in evolving operating conditions. In aligning with the recent revisions to the CSE Listing Rules the Group introduced several new policies (listed alongside)

How we strengthened the policy framework during the year

- Introduced new Bribery and Anti-Corruption Policy

  (Weblink: Hayleys Bribery and Anti-corruption Policy (fliphtml5.com)
- Introduced Shareholder and Investor Communications Policy (Weblink: Shareholder and Investor Communications Policy - Hayleys PLC)

  Policies required by the CSE listing rules are on the corporate website of Hayleys PLC. All policies will be in place by October 2024

POLICY ARCHITECTURE

Environment		Social	Governance
• Material and waste management policy • Energy and emissions management policy • Water management policy • Biodiversity conservation policy • Chemical management policy	HR-related policies	• Industrial Relations policy • Disciplinary policy • Grievance handling policy • Recruitment policy • Learning & Development policy • Talent Management and Succession Planning policy • Performance Management Policy • Human Rights Policy • Whistleblower Policy • Anti-Sexual Harassment policy • Health and Safety Policy	• Board Charter • Board Committee Charters • Stakeholder Engagement • Information Disclosure Policies • Bribery and Anti-Corruption Policy • Shareholder and Investor Communications Policy • IT policy • Intellectual Capital Policy • Information Security policy • Business data back-up policy • Internal Code of Business Conduct and Ethics
	Social & Relationship Capital	• Customer Management Policy • Procurement Policy • CSR Policy	

* Reviewed and revised during the year

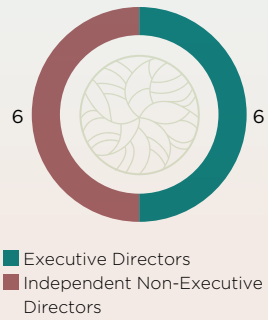
STRATEGIC LEADERSHIP

Board composition

The Board consistes of comprising 6 Executive Directors and 6 Non-Executive Directors. The size and skill composition of the Board is influenced by the demands of our diverse and complex business landscapes. An appropriate mix of skills, knowledge and experience ensures that the Board is collectively equipped to drive the Group's strategy and value creation (refer to pages 44 to 47 for detailed profiles of Directors)

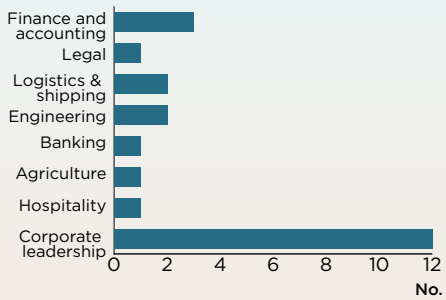
Board composition

50% of the Board comprises Independent Non-Executive Directors, thereby enriching discussions and bringing objective judgement to Board decisions



Skill composition

BOARD SKILL PROFILE



Gender diversity

11 males

1 female

Diversity of age

56.5 years

Average age

With 33% of Directors below the age of 60, the Board is diverse in its age representation, thereby combining both experience and fresh perspective

Diversity of tenure

Years of service	Number of Directors
< 3	2
3-5	2
5-9	1
>9	7

Periodic introduction of new members bringing in new perspectives and skills, while continuity and valuable industry expertise is retained through long-standing Directors.

CORPORATE GOVERNANCE

Changes to Board: During the period under review Mr. Timothy Speldewinde was appointed as an Independent Non-Executive Director (refer page 46 for profile). Meanwhile, Mr. Yohan Perera (refer page 47 for profile) was also appointed as an Independent Non-Executive Director on the 1st of April 2024. Following Mr.Perera's appointment, the Board now comprises 50% of Independent Non-Executive Directors.

Fit & Proper Assessment : The Group's fit and proper assessment for Directors is in line with the guidelines set out in the Listing Rules and include criteria on honesty, integrity and reputation, competence and capability and financial soundness. The Chairman and Directors satisfied the fit and proper assessment criteria stipulated in the Listing Rules of the CSE.

APPOINTMENTS TO THE BOARD

Board appointments follow a formal and transparent manner, as determined by the Nominations and Governance Committee, which assesses the Group's strategic demands as well as diversity, skills and competencies of the Board. The Board considers the recommendations of the Nominations and Governance Committee and recommends suitable candidates for appointment or re-election by the shareholders at the Annual General Meeting under the advisement of the Nomination and Governance Committee.

Board induction and training

Directors are kept updated on relevant developments through formal sessions, distributing of reading materials and deep dives into specific aspects. Directors are also encouraged to attend sessions conducted by the Sri Lanka Institute of Directors. Many of the Directors also conform to the Continuing Professional Development requirements of the respective professional organisations. During the year, director training was provided on,

- Developments in regulations including the new Bribery and Anti-Corruption Act and new Listing Rules of the CSE

Board appraisal

The Board evaluates its performance and that of its committees on an annual basis. Areas of assessment include appropriateness of the Board composition, mix of skills and ability to deliver strategic aspirations. The Chairman and Remuneration Committee are responsible for evaluating the performance of the Executive Directors and Committees through an annual self-evaluation of its own performance. The responses are submitted to the Chairman for discussion at a Board Meeting

How we strengthened the policy framework during the year

- 1/3rd of Directors in office retire at each AGM by rotation, with the directors who have served for the longest period since their appointment/re-appointment retiring first
- Retiring Directors are eligible for re-election
- The Board can appoint directors to fill any casual vacancies that may arise during the year and such directors can hold office until the next AGM and seek election by the shareholders

The Group is in the process of strengthening its Board appraisal mechanisms in line with the guidelines recommended by the new Code.

THE BOARD IN ACTION

The Board assumes apex responsibility for the Group's continued success and provides oversight on the value creation process aligned with emerging external developments and the Group's strategic aspirations. Ethical and responsible leadership is applied in directing the Group to achieve sustainable growth while preserving stakeholder interests. The Board engages with the business through the following structures and mechanisms

Board meetings

Board meetings are scheduled early and duly informed to the Directors at the beginning of each calendar year. During the year, the Board convened 12 times while 1 special meeting was also held to discuss the corporate plan for 2024/25. Clear guidelines and processes are defined and communicated to ensure effectiveness of Board meetings.

Board engagement with the business

- 5 Independent Directors serve on Board subcommittees, obtaining deeper insights on specific matters
- The 6 Executive Directors represent key sectors and Hayleys PLC center functions
- One Executive Director serves as the Chairman and Chief Executive
- Access to deeper insights at Sector level through common directors
- Regular monitoring of performance at monthly Board meetings
- Special meetings as and when required

Assessment questionnaires

- Strategies developed and implemented
- Compliance with laws and regulations
- Quality of participation at meetings
- Effectiveness of systems and processes

Review of responses

- Review of responses by the Chairman
- Report feedback to the Board of Directors

Formulation of response

- Implementation of remedial measures for improvement

Attendence at Board and Committee meetings

Directors	Board	Audit Committee	Remuneration Committee	Nominations & Governance Committee	Related Party Transactions Review Committee
Mr. A. M. Pandithage	13/13	-	-	7/7	-
Mr. H. S. R. Kariyawasan	12/13	-	-	-	-
Mr. S. C. Ganegoda	13/13	-	-	-	3/4
Dr. H. Cabral PC	13/13	4/4	2/2	11/11	4/4
Mr. M. H. Jamaldeen	12/13	2/4	2/2	-	-
Mr. M. Y. A. Perera	12/13	4/4	2/2	11/11	4/4
Mr. L. R. V. Waidyaratne	13/13	-	-	-	-
Ms. J. Dharmasena	13/13	-	-	-	-
Mr. R. J. Karunarajah	13/13	-	-	-	-
Mr. K. D. G. Gunaratne	13/13	4/4	2/2	4/4	-
Mr. T. A. B. Speldewinde (appointed on 3rd January 2024)	5/5	-	1/1	1/1	-
Mr. P. Y. S. Perera (appointed on 1st April 2024)	2/2	-	-	-	-

The total number of Board seats (excluding directorships in the Hayleys Group) held by each director as at 31st March 2024

Directors	No. of Board seats - Listed Companies		No. of Board seats - Unlisted Companies	
Directors	Executive	Non-Executive	Executive	Non-Executive
Mr. A. M. Pandithage	-	1	-	9
Mr. H. S. R. Kariyawasan	-	-	-	1
Mr. S. C. Ganegoda	-	-	-	-
Dr. H. Cabral PC	-	3	-	11
Mr. M. H. Jamaldeen	2	-	33	4
Mr. M. Y. A. Perera	1	-	1	2
Mr. L. R. V. Waidyaratne	-	-	-	1
Ms. J. Dharmasena	-	-	-	-
Mr. R. J. Karunarajah	-	-	-	2
Mr. K. D. G. Gunaratne	-	4	-	2
Mr. T. A. B. Speldewinde (appointed on 3rd January 2024)	-	-	-	2
Mr. P. Y. S. Perera (appointed on 1st April 2024)	-	1	-	-

CORPORATE GOVERNANCE

KEY AREAS OF FOCUS IN 2023/24

During the year, the following areas received heightened focus from the Board, reflecting both internal priorities and external developments in the operating landscape. Discussion areas are summarised in the following table and described in further detail in the Portfolio Review (page 114 to 245) and Capital Management Reports (page 248 to 287) of this Report.

Directors	Board	Audit Committee
Monitoring strategy execution and delivery of performance		
The Board monitored the execution of key strategic deliverables which included impact of external factors, entry into new markets, investments in new product capabilities, acquisitions and people-related initaitives among others. The Group's 6 Executive Directors, representing key business verticals play a vital role in this process, contributing their domain specific knowledge and deep industry insights.	Building resilience through portfolio optimisation Nurturing an inspired team Customer centricity	
Navigating the volatile external environment		
The Board considered the impact of global geopolitical tensions, monetary and fiscal policy, local political developments and other external drivers on strategy, business continuity and performance	Building resilience through portfolio optimisation	
Digital transformation		
The Board explored opportunities and risks stemming from emerging developments in digitalisation and technology, including AI, blockchain and robotics among others	Building resilience through portfolio optimisation Customer centricity	
Ethics and culture		
The Board considered the direct and indirect impact of the Group's operations on the economy, society and the environment while setting the tone at the top on how ethical behavior should be propagated	Inclusive business models Integrating ESG	
ESG integration		
The Board sought to strategically integrated ESG considerations into strategy, processes, decision-making and organisational culture	Integrated ESG	

STRATEGY AND PERFORMANCE MONITORING

The Board formulates and steers the Group's strategic direction, ensuring that specific areas of governance oversight are identified and addressed. The Board also approves policies and material processes which support the delivery of the Group's strategy while overseeing and monitoring management's implementation and execution of strategy.

Information shared with Board on a regular basis	Board deliberations in 2023/24
• Matters relating to the external environment including political, macro-economic and social matters	• Overseeing the Group's strategic direction and approval of Annual Corporate Plan and budgets
• Updates on the delivery of key projects	• Approving the annual, interim and quarterly financial results and stakeholder communications
• Performance against financial and operational targets and metrics	• Approval of major capex projects and acquisitions
• People-related developments including changes in headcount, health and safety and engagement initiatives	• Reviewing and evaluating the Group's risk exposures and scorings
• Key risk exposures	• Ensuring that appropriate governance structures, policies and procedures are in place
• Developments in the competitive landscape	
• Legal, regulatory and compliance matters across the Group	

DIGITAL TRANSFORMATION AND IT GOVERNANCE

Technology-driven transformation is a key medium-to-long priority of the Group and key areas of focus included evaluating the potential opportunities and risks of disruption presented by technology and building effective, secure and agile infrastructure. The Board holds apex responsibility for governing technology and information and during the year, continued emphasis was placed on embedding ICT governance standards across the Group. The Head of Group IT Services, supported by specialised resources across the Group supports the Board in discharging its IT-related duties and providing oversight on the management of technology assets. During the year, the Group also recruited a Head of Digital Transformation who holds responsibility for formulating and driving the Group's digital roadmap.

Digital transformation roadmap



- Driving operational efficiencies
- New revenue streams
- Risk mitigation
- Empower decision-makers through access to better data insights
- Enhance customer experience

The Group's approach to IT and cybersecurity management includes suitable governance structures, policies and processes as is given below:

IT GOVERNANCE STRUCTURE

Governance structure	IT Policies	Areas of focus
Clearly defined governance structures, mandates and responsibilities based on the globally accepted 3 lines of defense model	Board-approved policies which support IT and cybersecurity governance.	Measures taken to strengthen the Group's IT and cybersecurity governance during the year included,
1st line of Defense Management controls Internal control measures	Hayleys IT Policy	Vulnerability testing
2nd line of defense Financial control Security Security Risk Management Quality Inspection Compliance	Acceptable IT use policy	Patch Testing
3rd line of defense Internal Audit	Group Access policy	Penetration Testing

CORPORATE GOVERNANCE

ESG INTEGRATION

As an organisation with deep-rooted connections across communities, value chains and businesses that are closely linked to the natural environment, we are cutely aware of the interdependencies that exist between our commercial, social and environmental performance. The strategic integration of ESG remains a key priority for the Group, and its approach for doing so is summarised below and detailed further in 102 of this Annual Report.

- Align purpose, governance and strategy
- Set targets and measure performance planet
- Embed ESG in practice
- Transparency and engagement

ESG Governance: The Board holds overall responsibility of formulating the Group's aspirations, strategies and policies relating to ESG and sustainable development. The Group ESG Steering Committee (comprising 3 Executive Directors and 3 GMC members) assists the Board in the discharge of its ESG-related duties. The mandate of the ESG Steering Committee includes,

- Provide oversight and monitor the execution of the Group's ESG Framework-Hayleys Lifecode including progress against environmental, social and governance targets in the short, medium and long-term
- Identify ESG related risks, opportunities and impacts and recommend the implementation of appropriate measures to effectively address these dynamics.
- Review and provide guidance on ESG related policies and programmes required to drive the Group's ESG Framework and strategy.
- Review and approve the Group's stakeholder engagement strategy which allows management to identify, understand and respond to stakeholders' legitimate concerns.
- Review emerging trends and issues in the ESG areas and assess potential impact on the Group.

Group ESG Division: The Group ESG Division is responsible for the day-to-day implementation of the Hayleys Lifecode across the Group and ensuring that the metrics required to assess progress are reliable. The Group ESG Division is supported by Lifecode Champions in each sector who coordinates with the Centre and serve as a contact point for the Group ESG Division. Regular meetings are conducted by Group ESG to ensure that there is clear understanding about the objectives and progress made

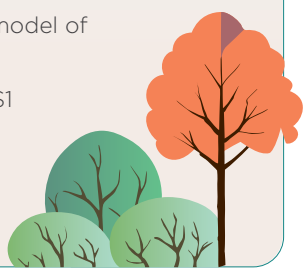
ETHICS AND CULTURE

Ensuring the effective implementation of the Group's strategy and continued resilience requires a strong ethical culture. The Board is collectively responsible for setting the ethical tone at the top, with all Directors, KMPs and employees required to demonstrate integrity, transparency and the highest ethical standards.

The Hayleys Way: The Hayleys Way functions as the Ethical Road Map for all employees of the Group including its key management personnel, clearly setting out the expectations of all Group employees. This code of conduct is reinforced through the orientation training which all employees joining the Group undertake, typically within one month of joining. It sets out explicit statements on anti-corruption and acceptable gifts

Actions taken to strengthen ESG oversight during the year included,

- **Governance:** Establishment of Sector-level ESG Committees, with defined mandates aligned with the Group ESG Steering Committee
- **Strategy:** 4 key sectors launched their ESG Roadmaps during the year, clearly setting out targets, action plans and deliverables to be achieved by 2030 along with annual deliverables
- **Risk Management:** Integration of ESG risk management processes to existing business risk processes, with ultimate oversight by the Audit Committee
- **Data integrity:** Strengthened combined assurance model of ESG metrics and reporting
- **Reporting:** Voluntary, early adoption of the SLFRS S1 and S2 Sustainability Reporting Standards
- **Culture building:** Group-wide training and awareness programmes on emerging ESG isks and opportunities



Key elements of the Group's ethics framework

The Hayleys Way
Corporate Values
Whistleblower Policy
Bribery and Anti-Corruption Policy
Commitment to the UNGC's 10 principles

ETHICS AND CULTURE

BUSINESS INTEGRITY
Continuous improvements in the management of environmental impacts and contributing positively to the natural environment

COMPETITION
Commitment towards supporting appropriate competition laws and ethical communication on competitors' products

CORPORATE REPOSINSBILITY
Continuous improvements in the management of environmental impacts and contributing positi



ENVIRONMENT
Continuous improvements in the management of environmental impacts and contributing positively to the natural environment

REGULATORY COMPLIANCE
Commitment to fully comply with all applicable laws and regulations in all territories they operate

CONFLICT OF INTEREST
Mitigating the risks of conflicts of interest in any business/personal association.

APPROACH TO BRIBERY AND ANTI-CORRUPTION

The Group launched a new Bribery and Anti-Corruption policy during the year, aligned to the new Anti-Corruption Act No.9 of 2023, revisions to the Corporate Governance Rules applicable to Listed entities and other regulations. The policy is applicable to all Directors, KMP and employees of the Group. Key highlights of the policy include,

- Zero tolerance to bribery and corruption
- Prohibition of political contributions, donations to political parties and election candidates
- Guidelines on gifts, hospitality and promotional expenses and charitable donations
- Prohibition of facilitation payments to government officials or other person t to expedite an action or process
- Due diligence of partners: inclusion of anti-bribery clauses in agreements/contracts with partners is required
- Retaliations or threats against whistleblowers and disciplinary action against reporting bribery is prohibited

Whistleblower Policy: The Group's Whistleblower Policy provides an effective mechanism for employees to raise concerns where the interest of the organisation is at risk. The Policy ensures confidentiality and anonymity and encourages the reporting of concerns such as fraud, improper conduct and breach of the Hayleys Way among others. Two-way communication is facilitated by providing the Whistleblower feedback on the actions taken if he/she so requests. Key elements of the policy are set out alongside:

Preserving Human Rights: As a signatory to the United Nations Global Compact, Hayleys has committed to Principle 1 and 2 of the UNGC Principles of Human Rights. The Group has also implemented a Human Rights Policy which aims to foster an organisational culture that embraces internationally recognised guidelines on human rights while eliminating the risk of human rights abuse. Key aspects of the Policy include the following:

- Fair treatment: Quality of opportunity and treatment for the purposes of eliminating discrimination
- Non-harassment: Creating an environment free of all forms of workplace harassment
- Abolishing child, forced and compulsory labour in both our operations and along our value chain in working with subcontractors and suppliers
- Freedom of Association and Collective Bargaining

CORPORATE GOVERNANCE

- Promoting health and safety by providing appropriate safety measures and precautions at all locations

OTHER AREAS OF OVERSIGHT

Risk Management

The Board governs risk in a manner that strengthens the Group's resilience and supports delivery of the strategy. Risks controls and procedures are constantly enhanced to enable better risk identification, assessment, mitigation and monitoring. The Board also considers emerging risks when approving corporate plans and budgets, setting strategies and monitoring performance against budgets.

In line with the requirements of the new Code, the mandate of the Audit Committee was widened during the year to increase focus on risk-related responsibilities. The Group's approach to risk management is described in further detail in the Risks & Opportunities chapter of this Annual Report on pages 104 to 112.

Measures taken to strengthen risk management during the year

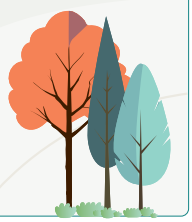
- Identification of Sustainability-Related-Risks and Opportunities (SRROs) with emphasis on Climate-Related-Risks and Opportunities (CRROs) which are reported to Sector ESG Committees and Audit Committees on a quarterly basis (Refer to page 100 for further information)
- Revision of risk assessments and risk templates to reflect emerging developments

Discharge of risk-related responsibilities

Function	Mandate and Activities
Board Audit Committee (Please refer to pages 319 to 320 for the Composition, Scope and functions of the Audit Committee)	• Oversight responsibility on selecting and applying accounting policies and maintaining an appropriate relationship with the external auditors • Reviews internal control issues and risk management measures identified by MA & SRD and evaluate the adequacy and effectiveness of the risk management and internal control systems including financial reporting **Engagement with Sectors** In addition to Audit Committees in listed subsidiaries, significant unlisted sectors have also established Audit Committees The annual Audit Committee Forum brings together all Audit Committee members of subsidiaries to discuss emerging concerns, trends and potential areas for improvement.
Internal Audit (Management Audit & System Review Department)	• Vital role in assessing the effectiveness of controls and strengthening them and establishing new controls where necessary • Direct channel between the Head of MA&SRD and the Chairman of the Audit Committee without the interference of any Directors or Executives. • Reports are made available to the Chairman & Chief Executive and the Chairman of the Audit Committee
External Audit and Auditor Independence	• The Group's external auditors (for financial reporting) are Messrs. Ernst and Young and the principal does not engage in any services which are in the restricted category as stipulated by the CSE for external auditors • The Audit Committee reviews the independence, the skills and experience and the work of the external auditors annually and recommends appointment accordingly to the Board • The Audit Committee conducts an in-camera meeting with the external auditors on completion of the audit to identify any areas of concern • The Audit Committee also monitors non-audit work done by the external auditors to ensure their independence

Board engagement with the business

- 5 Independent Directors serve on Board subcommittees, obtaining deeper insights on specific matters
- The 5 Executive Directors represent key sectors and Hayleys PLC center functions
- One Executive Director serves as the Chairman and Chief Executive
- Access to deeper insights at Sector level through common directors
- Regular monitoring of performance at monthly Board meetings
- Special meetings as and when required



COMPLIANCE

The Group's policy framework facilitates compliance with regulatory requirements and voluntarily adopted standards of best practice and which are verified by MA & SRD. The Group also has a whistle-blowing policy in place which is clearly communicated to all employees and the Audit Committee and Board receive information in this regard. During the year under review there were no significant instances of non-compliance with laws and regulations and/or monetary value of fines for non-compliance.

STAKEHOLDER RELATIONSHIPS

The Board consistently strives to ensure that communication with stakeholders is transparent, open and effective. In the execution of its governance responsibilities, the Board drives an inclusive approach that balances the often-conflicting interests of all stakeholders. Further details on the Group's stakeholder engagement is available on page 86 of this Report.

Shareholder engagement

The Group ensures that the rights of all shareholders are preserved and has established procedures to ensure the fair and equitable treatment of all shareholders. As described on page 86, an array of measures is also in place to ensure that shareholder views are identified and fully considered. Platforms driving shareholder communication are as follows:

- **Annual General Meeting:** The AGM is the main forum for engaging with shareholders and the Group has a history of well attended shareholder meetings
- **Quarterly results updates** with accompanying reviews and timely updates of price sensitive information to the Colombo Stock Exchange
- **Hayleys website:** Includes comprehensive information including Annual Reports, interim reports, investor presentations, ESG related information and department-level information
- **The Annual Report:** A track record of setting benchmarks for corporate reporting affirms the Group's commitment to disclosure and transparency. Assurance on financial statements, sustainability information and compliance with the Integrated Reporting Framework supports the reliability of the information contained in the annual report which provides comprehensive information on relevant matters to the shareholders. The Reports and other information are available on the Company's website and price sensitive information is also available on the Colombo Stock Exchange website.
- **Interaction through Corporate Secretarial Division:** Shareholders have the opportunity to directly address concerns, suggestions or any other queries to the Corporate Secretarial Division of Hayleys PLC.

Preserving the rights of minority shareholders

Individual investors are encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions. They are also encouraged to participate in General Meetings of companies and exercise their voting rights. Information is disseminated to all shareholders. Any information that the Board considered as price sensitive is disseminated to the shareholders by way of announcements to the CSE and press releases by either the Chairman and Chief Executive or the Company Secretaries as appropriate.

There are meetings with shareholders (based on their requests) on matters which are relevant and of concern to the general membership. Voting of the shareholders is critical in carrying out a resolution at the AGM.

Launch of Shareholder and Investor Communications Policy

Purpose of policy: Ensuring that all shareholders and investors have equal and timely access to accurate and publicly available information about the Company

Includes details on,

- Communication platforms
- Social media presence
- Shareholder enquiries
- Shareholder privacy
- Financial and ESG Reporting

REMUNERATION REVIEW

The Group's remuneration policies and procedures are relevant, fit-for-purpose and designed to ensure alignment with the Group's strategic aspirations. The performance criteria are set at a level which drives high performance, but precludes excessive risk-taking behavior.

- Driving the achievement of the Group's strategic aspirations
- Attracting and retaining high-performing talent
- Promote internal equity through fair and transparent remuneration schemes
- Optimum allocation of resources in driving positive outcomes
- Nurture an ethical culture and responsive and responsible corporate citizenry

CORPORATE GOVERNANCE

REMUNERATION GOVERNANCE

The Board Remuneration Committee provides oversight regarding remuneration-related matters within its mandate. The Committee thereby determines the remuneration of the Chairman/Chief Executive and the Executive Directors and sets guidelines for the remuneration of the management staff within the Group. The Report and summarized terms of reference the Remuneration Committee Report are set out on page 323. Additionally, some selected sector holding companies which are Groups in their own right, have also established their own remuneration committees to address the specific concerns within the industry in which it operates.

KEY DECISIONS AND ACTIVITIES OF THE REMUNERATION COMMITTEE

- Review the performance of the Chairman & Chief Executive, Executive Directors and Group Management Committee based on defined targets and determined the bonus payable and the annual increments.
- Reviewed Executives' compensation and implemented market corrections to Executives total compensation in line with the market median.
- 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.

The Board as a whole determines the remuneration of the NED's who receive a fee for being a Director of the Board and additional fee for being a member of a Committee. They do not receive any performance related incentive payments. Remuneration Committee consults the Chairman about its proposal relating to the remuneration of other Executive Directors and have access to professional advice from within and outside Hayleys PLC, in discharging their responsibilities. No Director is involved in deciding his own remuneration.

REMUNERATION PHILOSOPHY

Hayleys' remuneration processes are designed to ensure alignment with the Group's strategic aspirations. The performance criteria are set at a level which drives high performance, but precludes excessive risk-taking behavior. The performance review process is graphically illustrated below:

1 A goal-setting framework centered on,

- Impact goals aligned to the Group's competencies
- Learning and development goals

2 Two reviews during which ratings will be submitted

- Mid-year review
- Final appraisal

3 Performance rating

- that motivated high performance and addresses underperformance
- Performance-based remuneration

LEVEL AND MAKE-UP OF REMUNERATION

A performance-based incentive has been determined by the Remuneration Committee to ensure that the total earnings of the executives are aligned with the achievement of objectives and budgets of the Group companies. Presently the Group does not have an Executive Share Option Schemes. The Remuneration Committee follows the provisions set out in Schedule D of the Code as required. No special early termination clauses are included in the contract of employment contract of Executive Directors that would entitle them to extra compensation. However, any such compensation would be determined by the Board of Directors.

The Remuneration Committee determines the combination of remuneration needed to attract, retain and motivate Executive Directors of the quality required to achieve corporate goals. The Remuneration Committee ensures that the remuneration of executives of each level of management is competitive and in line with their performance. Surveys are conducted as and when necessary to ensure that the remuneration is competitive with those of comparative companies.

Remuneration for Non-Executive Directors reflect the time commitment and responsibilities of their role, taking into consideration market practices. Non-Executive Directors are not included in share options as there is no scheme in existence.

The Report of the Remuneration Committee is set out on page 323 which includes a statement on Remuneration Policy. Please refer page 369 for the total Directors' Remuneration.

REMUNERATION IN 2023/24

Employee remuneration consists of salaries and bonus, defined benefit charges and other related expenses. Given the conditions that prevailed during the year, the Group engaged in a market adjustment of salaries, ensuring continued financial security to all employees. Further details of this are available on page 369 to Notes 10 and the Financial Statements.

Rs.bn	2024	2023
Directors' emoluments	4.25	3.57
Personnel expenses		
Defined contribution plan cost	3.88	3.05
Employee benefit plan cost	3.16	2.22
Other staff cost	46.07	41.04

REMUNERATION PRINCIPLES

- Open and transparent
- Fair and free from discrimination
- Market competitive
- Created performance orientation

Aligning strategy to remuneration
Remuneration structures are designed to assist us in measuring our performance against our strategic objectives using relevant performance indicators

ROADMAP TO ALIGN WITH NEW CORPORATE GOVERNANCE RULES

The Corporate Governance Rules applicable to listed entities under Rule 7.10 and Section 9 of the Listing Rules of the Colombo Stock Exchange were revised during the year, with effect from 1st October 2023. Key changes applicable to the Group and our planned roadmap for aligning with these requirements are presented in the table below. Please refer to page 13 for further details on the compliance to the new Corporate Governance Rules. Meanwhile, the Group has also opted for early adoption of the revised Code of Best Practice on Corporate Governance (2023) by CA Sri Lanka

Rule	Summary of requirement	Effective date of implementation	Status of compliance
9.8.1	Board composition	October 2024	Complied
9.8.3	Revisions to independence criteria	January 2025	Will be compliant by December 2024
9.3.3, 9.11, 9.12 9.13, 9.14	Sub-committee composition, Chairmanship and mandate	October 2024	Complied
9.14.2	Composition of Related Party Transactions Review Committee	April 2024	Complied
9.6	Chairperson and CEO duality	October 2023	Senior Independent Director appointed
9.7	Fitness and proprietary of Directors	April 2024	Complied
9.2	New policies to be established	October 2024	Partially compliant, will be fully compliant by October 2024
9.13.4 9.13.5	Enhanced disclosures in the Annual Report	March 2024	Complied

CORPORATE GOVERNANCE

Compliance with CSE Continuing Listing Rules – Section 7.6

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Page Reference
7.6 (i), (ii)	Names of persons who during the financial year were Directors and principal activities during the year	Compliant	Report of the Board of Directors Pages 286 to 294
7.6 a(iii), (iv)	Twenty largest Shareholders, float adjusted market capitalization, public holding percentage, no. of public shareholders and minimum required public shareholding	Compliant	Share Information pages 459 to 461
7.6 (v)	Directors' and CEO's(MD's) holding in shares	Compliant	Report of the Board of Directors Pages 286 to 294
7.6.(vi)	Material foreseeable risk factors of the entity	Compliant	Risks and Opportunities on pages 104 to 112
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Compliant	Human Capital on pages 256 to 265
7.6 (viii)	Extents, locations, valuations, number of buildings	Compliant	Statement of Value of Real Estate Pages 454 to 457
7.6 (ix)	Number of shares representing the Entity's stated capital	Compliant	Report of the Board of Directors Pages 286 to 294
7.6 (x)	Shareholder Distribution Schedule including percentage of total holding in given categories	Compliant	Share Information pages 459 to 461
7.6 (xi)	Ratios and Market Price Information		Refer pages 459 to 461
7.6(xii)	Changes in Entity's and subsidiaries fixed assets and market value of land	Compliant	Please refer pages 454 to 457
7.6 (xiii)	If during the financial year the entity has raised funds either through a public issue, rights issue or private placement.	N/A	N/A
7.6(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	N/A	
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	Compliant	Corporate Governance Report pages 71 to 73
7.6 (xvi)	Related party transactions exceeding 10% of Equity or 5% of total assets of the Entity as per audited financial statements, whichever is lower	Compliant	Refer Related party transaction on page 433

Compliance with CSE Corporate Governance Principles – Revised Section 9 of the Listing Rules

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Hayleys' Extent of Adoption
9.2.1	Policies	Compliant	The Company has established and continues to maintain the policies on Board Committees, Corporate Governance, Nominations, Remuneration, Internal Code of Business Conduct and Ethics ('Hayleys Way'), Risk Management and Internal Control, Relations with Shareholders and Investors, Environment, Social Governance and Sustainability (Hayleys Lifecode'), Whistleblowing and Anti Bribery and Corruption.
9.3	Board Committees	Compliant	The Company continues to maintain the Nominations and Governance Committee, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee. Except for the Audit Committee, the Company's other committees acted as the Committees for the subsidiaries of the Company.
9.3.2	Composition and disclosures	Compliant	All the Committees comply with the required rules. Please refer the respective Committee Reports.
9.3.3	Chairperson of Board Committees	Compliant	Chairperson of Board Committees is not the Chairperson of the Board
9.4.1	Meeting Procedures	Complaint	Company maintains records of all resolutions passed at General Meetings.
9.4.2	Communication and Relations with shareholders	Complaint	The Company has a Shareholder Communication and Relations policy and it is published on the corporate website. The contact person is mentioned. The policy includes a process whereby Directors are informed of major issues and concerns of shareholders.
9.5.	Policy on matters relating to the Board of Directors	Complaint	The Company maintains a Policy on Matters relating to the Board of Directors which addresses the requirements in rules 9.5.1 and 9.5.2
9.6. 2	Chairperson and CEO	Complaint	Since the Chairperson and CEO of the Company is the same person, a market announcement was made on 1st November 2024 stating the rationale for combining the two roles.
9.6.3	Senior Independent Director	Complaint	The Company has a Senior Independent Director since the Chairperson and the CEO are the same person.
9.6.3. (b)	Senior Independent Director	N/A	Not applicable since all Non-Executive Directors are indepandent
9.6.3. (c)	Senior Independent Director	Complaint	The SID holds a meeting once a year with the Non Executive Directors without the presence of the Chairperson to appraise the Chairperson's performance.
9.6.3. (e)	Senior Independent Director	Complaint	The SID has made a disclosure demonstrating the effectiveness of duties of the SID in the Statement by the Senior Independent Director. Refer Page 316
9.6.4	Rationale for appointing a SID	Compliant	The rationale is given in the Statement of the Senior Independent Director.

CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Hayleys' Extent of Adoption
9.7.1	Fitness of Directors and CEO	Complaint	The Company ensures that the Directors and CEO at all times fulfill the fit and proper assessment criteria set out in the Listing Rules
9.7.4	Fitness of Directors and CEO	Complaint	The Directors and the CEO have provided the declaration confirming that they satisfy the Fit and Proper Assessment Criteria during the financial year and as at the date of such confirmation.
9.7.5	Disclosures in the Annual Report	Compliant	Page 60 of the Annual Report provides the relevant disclosure.
9.8.1	Minimum number of Directors	Compliant	The Board consisted of 11 Directors up to 31st March 2024. On 1st April 2024, an additional Independent Director was appointed.
9.8.2	Independent Directors ('IDs')	Compliant	Six Directors are Independent as at 1st April 2024
9.8.3	Independent Directors	Compliant	All NEDs have submitted their confirmations on Independence as per the criteria set by Hayleys PLC, which is in line with the regulatory requirements.
9.8.5	Disclosure relating to Directors	Compliant	Each ID signed and submitted a declaration regarding his independence. The Board assessed the independence declared by the Director. The Board having considered that the Independent Directors who have served over 9 years do not exert control over the Company and are capable of acting in an impartial and independent manner, determined that they are nevertheless independent. The same is disclosed on page 322.
9.9	Alternate Directors	Not Applicable	The Board does not have any alternate directors
9.10.(1)	Disclosure relating to Directors		Company Policy on maximum number of Directorships which a Director can hold in listed companies is 20.
9.10.2	Disclosure relating to Directors	Compliant	Disclosed the appointments of new Directors to the Colombo Stock Exchange, together with a brief resume of Director, capacity of directorship and if they hold any relevant interest in shares of the Listed Entity. Appointments are reviewed by the Nominations and Governance Committee and recommended to the Board. Please refer pages 44 to 47 for the brief resume of each Director.
9.10.3	Disclosure relating to Directors	Compliant	All changes to Board Committees were immediately informed to the Colombo Stock Exchange.
9.10.4	Disclosure relating to Directors	Compliant	Pages 286 to 294 of the Annual Report of the Board of Directors contains the relevant information
9.11.1-3	Nominations and Governance Committee	Compliant	Refer the Nominations and Governance Committee Report on pages 321 to 322.
9.11.4	Composition of the Nominations and Governance Committee	Compliant	The Nominations and Governance Committee comprised 3 Independent Non Executive Directors. On 17th May 2024 Mr. T.A.B. Speldewinde (Independent Director) was added to the Committee. There are no Executive Directors on the Committee. Please refer the Report on Pages 321 to 322.

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Hayleys' Extent of Adoption
9.12. 1	Remuneration Committee	Compliant	Refer the Remuneration Committee Report on page 323 and Principles B1 to B3 on page 78 of this Corporate Governance Report.
9.12.5	Remuneration Committee	Compliant	The Remuneration Committee has written Terms of Reference
9.12.7	Functions of Remuneration Committee	Compliant	The remuneration Committee recommends the remuneration payable to the Executive Directors and the CEO.
9.12.8	Disclosure in the Annual Report relating to Remuneration Committee	Compliant	
9.13.1	Composition of Audit Committee	Compliant	The Audit Committee comprises 4 Independent Non Executive Directors. The Committee has well defined Terms of Reference defining its scope, authority and duties. Refer Audit Committee Report on pages 319 to 320.
9.13.4	Audit Committee Functions	Compliant	
9.13.5	Disclosure in the Annual Report relating to Audit Committee	Compliant	
9.14. 1 and 9.14.2	Composition of the Related Party Transactions Review Committee (RPTRC)	Compliant	The Company has a RPTRC which comprises 3 Directors out of which 2 Directors are Independent. A new Independent Director was added to the Committee on 17th May 2024. Please see the Report of the Related Party Transaction Review Committee in page 324
9.14.3	Functions of RPTRC	Compliant	Please refer the Report of the Related Party Transaction Review Committee in page 324.
9.14.4	RPTRC Meetings	Compliant	RPTRC met 04 times during the year 2023/24.
9.14.7	Immediate Disclosures	Compliant	Please refer Note 38 of the Notes to the Accounts on pages 430 to 433
9.14.7	Disclosure of Non-Recurrent and Recurrent Related Party Transactions	Compliant	Please refer Notes 38.7 and 38.8 of the Notes to the Accounts on page 433
9.14.8	The Report by the Related Party Transaction Review Committee	Compliant	Please refer the Report of the Related Party Transaction Review Committee on page 324
9.14.8 (4)	An affirmative declaration by the Board of Directors	Compliant	Please refer the Annual Report of Board of Directors for an affirmative statement of compliance of the Board on pages 286 to 294
9.16	Additional Disclosures	Compliant	Please refer the Report of the Board of Directors on pages 286 to 294
9.11.5	Functions of the Nominations and Governance Committee	Compliant	Refer the Nominations and Governance Committee Report on pages 321 to 322
9.11.6	Disclosures in Annual Report	Compliant	Refer the Nominations and Governance Committee Report on pages 321 to 322

CORPORATE GOVERNANCE

Code Ref.	Compliance and Implementation	Compliance
A.1 An effective Board should direct, lead and control the Company	The Board meets on a monthly basis and attendance at meetings is given on page 61. Board packs are circulated one week prior to the Board meeting and typically include the following information:	☑
A.1.1 Regular meetings, structure and process of submitting information	• Financial and operational information including progress on agreed Key Performance Indicators and information on the external operating environment; • Financial statements for the relevant quarter and year to date together with comparatives for the corresponding period of the previous financial year and budgets; • Impacts of risk factors impact of risk factors on financial and operating results and actions to mitigate such risks • Forecast performance for the financial year • Compliance with laws and regulations and any non-compliances • Internal control breaches or frauds during the period • Financial and operational decisions taken by the CEO within his delegated authority • Share trading of the company • Sustainability/ESG related risks and opportunities during the period • Cyber security risks, mitigative measures and a security breach report (if any) • Any other matters the Board should be aware of	☑
A.1.2 Roles & Responsibilities of the Board	The Role and Responsibilities of the Board are inset on page 59 and encompass those set out in the Code .	☑
A.1.3 Act in Accordance with laws	The Board has set in place a framework of policies set out on pages 104 to 112, procedures and a risk management framework to ensure compliance with relevant laws, and international best practices with regards to the operations of the Group.	☑
A.1.4 Access to advise and services of Company Secretary	All Directors have access to the advice and services of the Company Secretarial function provided by Hayleys Group Service (Private) Limited which is responsible for ensuring follow up of Board procedures, compliance with rules and regulations, directions and statutes, keeping and maintaining minutes and relevant mandatory records of the Group. Hayleys PLC has obtained insurance cover for the Board of Directors and key management personnel.	☑
A.1.5 Independent judgement	Directors bring independent judgment to bearing on decisions taken by the Board on issues of strategy, performance, resources and business conduct. Composition of the Board ensures that there is a sufficient balance of power and contribution by all Directors. Many of the Board members are professionals who are required to conform to professional codes of conduct which require the exercise of independent judgement in discharge of their duties.	☑

Code Ref.	Compliance and Implementation	Compliance
A.1.6 Dedicate adequate time and effort to matters of the Board and the Company	Dates of regular Board meetings and Board Sub-Committee meetings are scheduled at the beginning of the year and the relevant papers are circulated a week prior to the meeting giving sufficient time for review. There is provision to circulate papers closer to the meeting on an exceptional basis. It is estimated that Non-Executive Directors dedicate not less than 16 days per annum for the affairs of the Group and those Directors who are also on Audit Committee dedicate a further 4 days for the affairs of the Group. In addition, they are available for any adhoc meetings or discussions at any time.	☑
A.1.7 Calls for resolutions	Any Director can call for a resolution to be presented to the Board if deemed necessary.	☑
A.1.8 Board induction and Training	Directors recognise the need for continuous training and expansion of their knowledge and skills to effectively discharge their duties and are encouraged to attend sessions of the Sri Lanka Institute of Directors and other corporate forums on relevant matters. As independent professionals, many of the Directors also conform to Continuing Professional Development requirements of their respective professional organisations. Board members are also given insights in to regulatory changes that may impact the industry at Board meetings.	☑
	Audit Committee members receive updates on regulatory changes relating to matters entrusted to the Committee on a semi-annual basis to ensure that they are updated on regulatory requirements impacting reporting and risk management processes. They are also given insights in to organisation wide initiatives to strengthen internal controls, risk management and financial reporting processes at the same meetings.	☑
	In accepting an appointment as a Director, consideration is given to the responsibilities of the role, ability to commit time, any existing or potential conflicts of interest and required competencies.	
A.2 Chairman & Chief Executive Officer	Functions of Chairman and Chief Executive are vested in one person as the Board is of the opinion that it is the most appropriate arrangement for Hayleys PLC considering the diversity and size of the Group. Dr H Cabral, PC, who is an Independent Non-Executive Director functions as the Senior Independent Director to facilitate Board balance.	☑
A.3. Chairman's role in preserving good corporate governance	See Role of Chairman in Corporate Governance Report.	☑
A.3.1 Conduct of Board Meetings	The Chairman ensures the following: a. Development of an appropriate agenda for Board meetings with the Company Secretaries taking in to consideration recommendations of the Directors, Best Practices in Corporate Governance, regulatory and other compliance requirements, and business needs of the company including performance review, resource allocation and risk management	☑

CORPORATE GOVERNANCE

Code Ref.	Compliance and Implementation	Compliance
	b. Sufficiency of information in Board packs and timely availability of the same c. Induction programmes for newly appointed Directors to acquaint them with their duties and responsibilities and Corporate Governance structure of the Group d. Effective participation of Executive and Non-Executive Directors, e. Directors are encouraged to seek additional information necessary to engage in discussion of agenda items and to request inclusion of matters of concern on the agenda f. Sufficient balance of power between Executive and Non-Executive Directors g. Views of directors are obtained and the minutes reflect the deliberations of the Board h. h. Board's control of the affairs of the company and its obligations to shareholders and stakeholders	
A.4 Availability of financial acumen	Refer Principle A.4. in Corporate Governance Report.	☑
A.5 Board Balance	With the appointment of 2 new directors there are now 6 Independent, Non-Executive Directors on the Board, similar to the number of Executive Directors.	☑
A.5.1 Majority of Non-Executive Directors	All six Non-Executive Directors are independent of any material business relationships.	☑
A.5.2 If only 3 NEDs, they should be independent	Independent Directors are independent of management and free of business dealings that may be perceived to materially interfere with the exercise of their unfettered and independent judgement. The Chairman holds a meeting at least once a year with only the NEDs without the presence of the Executive Directors. Directors' concerns regarding matters which are not resolved unanimously are recorded in the minutes.	☑
A.5.3 Independence of Directors	Independent directors are free of any business or other relationship that could materially interfere with their unfettered or independent judgement	☑
A.5.4 Annual declaration by Directors	The Board determines the independence of Directors on an annual basis based on annual declarations submitted by the Directors and other information based on the requirements of the Code as set out in A.5.5.	☑
A.5.5 Annual determination of independence	The Company does not have any alternate Directors	☑
A.5.7 & A.5.8 Senior Independent Directors	Dr. H. Cabral PC has been appointed as Senior Independent Director as disclosed in A.1. in the Corporate Governance Report. The role has beingbeen expanded to 2 meetings per annum with NEDs and 1 meeting with Executive Directors on governance matters and communicating matters discussed to the Chairman. The Report of the Senior Independent Director is available on page 316 of this Report.	☑

<table>
<tr><th>Code Ref.</th><th>Compliance and Implementation</th><th>Compliance</th></tr>
<tr><td>A.5.9 Annual In camera meeting with NED</td><td>The Chairman holds a meeting with only Non-Executive Directors at least once a year.</td><td>☑</td></tr>
<tr><td>A.5.10 Recording of dissent in minutes</td><td>Directors' concerns on matters which have not been resolved unanimously are recorded in the Board minutes and Directors have the opportunity to review minutes</td><td>☑</td></tr>
<tr><td>A.6. Supply of Information</td><td>The Chairman ensures that all Directors are briefed on issues arising at Board Meetings by requiring management to provide comprehensive information including both quantitative and qualitative information for the monthly Board meetings 7 days prior to the Board/Sub-Committee meetings. The Directors have free and open access to Management at all levels to obtain further information or clarify any concerns they may have. They also have the right to seek independent professional advice at the Company's expense and copies of advice obtained in this manner are circulated to other Directors who request it. Any Director who does not attend a meeting is updated on proceedings prior to the next meeting through:
Directors who are unable to attend meetings physically have the opportunity to participate through digital platforms.
Formally documented minutes of discussions.
By clarifying matters from the Board Secretary.
Separate discussions at start of meeting regarding matters arising for the previous meeting.
Archived minutes and Board papers accessible electronically at the convenience of the Directors.
Directors also have an open invitation to attend the meetings of the Management Committees and can interact with Senior Management after Board meetings. Directors are provided with monthly reports on performance, minutes of review meetings and such other reports and documents as necessary. Minutes of meetings are circulated with the Board packs for the next monthly meeting within the agreed time.</td><td>☑</td></tr>
<tr><td>A.7. Appointments to the Board: Nomination Committee</td><td>Refer Nomination, Appointment & Succession in Corporate Governance Report and Report of Nominations Committee on pages 321 to 322.</td><td>☑</td></tr>
<tr><td>A.8 Directors to submit themselves for re-election</td><td>At least once in 3 years the Directors submit themseves for re-election by Shareholders</td><td>☑</td></tr>
<tr><td>A.9 Appraisal of Board & Committee Performance</td><td>The Board undertakes an annual self-evaluation of its performance, that of its committees, Chairman, Non-Executive Directors and Executive Directors. Please refer to page 60 for further information.</td><td>☑</td></tr>
<tr><td>A.10 Annual Report to disclose specified information regarding directors</td><td><table><tr><th></th><th>Page</th></tr><tr><td>Profiles of Board members</td><td>44 - 47</td></tr><tr><td>Membership of sub-committees and attendance at Board and Subcommittee meetings</td><td>61</td></tr><tr><td>Remuneration paid to directors</td><td>369</td></tr><tr><td>Board seats held by each Director in listed and unlisted companies</td><td>61</td></tr><tr><td>Names of listed and non listed companies in Sri Lanka in which they serve as directors</td><td>44 - 47</td></tr></table></td><td>☑</td></tr>
</table>

CORPORATE GOVERNANCE

Code Ref.	Compliance and Implementation	Compliance
A.11 Appraisal of the CEO	Prior to the commencement of each financial year, the Board in consultation with the Chairman & Chief Executive, set reasonable financial and non-financial targets which are in line with short, medium and long-term objectives of Hayleys, achievement of which should be ensured by the Chairman & Chief Executive. A monthly performance evaluation is performed at which actual performance is compared to the budget. The Chairman & Chief Executive is responsible for providing the Board with explanations for any adverse variances together with actions to be taken.	☑
DIRECTORS' REMUNERATION		
B.1. Establish process for developing policy on executive and director remuneration.	Refer Remuneration on page 323	☑
B.2. Remuneration Committee	Refer to Remuneration Overview on page 67 of the Corporate Governance Report for information on the Group's approach towards remuneration. Also refer to page 323 for the Remuneration Committee Report.	
B.3 Disclosure of remuneration	The Report of the Remuneration Committee on page 323 provides a statement on Remuneration Policy. The total for Directors' Remuneration is given on page 308	☑
RELATIONS WITH SHAREHOLDERS		
C.1. Constructive use of the AGM & Other General Meetings	Refer Upholding rights of shareholders on 67	☑
C.2. Communication with shareholders		
C.3. Disclosure of major transactions	Transactions, if any, which materially affect the net asset base of Hayleys PLC, will be disclosed in the Quarterly / Annual Financial Statements. During the year, there were no major transactions as defined by Section 185 of the Companies Act No 07 of 2007 which materially affected the asset base of Hayleys PLC or consolidated Group asset base	☑
ACCOUNTABILITY & AUDIT		
D.1 Accountability & audit	The Board recognises its responsibility to present a balanced and understandable assessment of the Group's financial position, performance and prospects in accordance with the requirements of the Companies Act No 07 of 2007. The Financial Statements included in this Annual Report are prepared and presented in accordance with Sri Lanka Accounting Standards. The Annual Report also conforms to the GRI Standards published by the Global Reporting Initiative and the Integrated Reporting Framework published by the International Integrated Reporting Council. Hayleys PLC has complied with the reporting requirements prescribed by the Colombo Stock Exchange. ous loss of capital to convene an EGM in terms of the Companies Act.	☑

Code Ref.	Compliance and Implementation	Compliance
	The following specialised information requirements are also included in this Annual Report: • The Business model – on pages 82 to 85. • Industry structure and developments – on pages 114 to 245. • Opportunities & Threats – on pages 104 to 112. • Risk Management – on pages 104 to 112. • Internal control systems and their adequacy – on page 318 • Corporate and enterprise governance- on pages 52 to 80 • Stakeholder relationships on page 67. • Social and environmental, governance activities carried out by the Company- on pages 101 to 103 • Financial performance on pages 248 to 252 • Investment in physical and intellectual capital on pages 273 to 277 • Human resource management on pages 256 to 265 • Prospects for the future on pages 114 to 245 • The Annual Report of the Board of Directors on the Affairs of the Company given on pages 286 to 294 cover all areas of this section. • The "Statement of Directors' Responsibilities" is given on page 317. • The Directors' Statement on Internal Controls is given on page 318. • The "Independent Auditors' Report "on pages 326 to 329 For the Auditor's responsibility.	
D.2. Risk Management & Internal Control	The process adopted by the Board in identifying, assessing, monitoring and managing risks is presented on pages 104 to 112 of this Annual Report. The scope of the Audit Committee has been widened to include risk management duties. Refer to the Audit Committee Report on pages 319 to 320 of this Annual Report for further information.	☑
D.3. Audit Committee	Refer Audit Committee on pages 319 to 320	☑
D.4. Risk Committee	The Board's oversight on risk management aspects including identifying and assessing risks and managing exposures is given on pages 104 to 112 of this Report.	
D.5 Related Party Transactions Review Committee	Refer Report of the Related Party Transactions Review Committee on page 324 of this Annual Report.	☑
D.6. Code of Business Conduct and Ethics	The Hayleys Way serves as the ethical roadmap for all Directors, key management personnel and other employees. Refer to page 64 for further information.	☑
D.5 Corporate Governance Disclosures	The Corporate Governance Report from pages 52 to 80 and this Annex I: Compliance with the Code of Best Practice on Corporate Governance complies with the requirement to disclose the extent of compliance with the Code of Best Practice on Corporate Governance as specified in Principle D5.	☑
E. SHAREHOLDERS	Please refer Investor Relations on pages 251	☑
E.2 Evaluation of Governance Disclosures	All shareholders are provided sufficient information to facilitate and encourage effective shareholder participation including governance matters.	☑

CORPORATE GOVERNANCE

Code Ref.	Compliance and Implementation	Compliance
F. OTHER INVESTORS	Individual shareholders actively participate in the Group's AGM and exercise their voting rights.	☑
G. INTERNET OF THINGS AND CYBERSECURITY		
G.1 Identify connectivity and related cyber risks	This function was complied with by the Group Head of IT for the year under review.	☑
G.2 Appoint a CISO and allocate budget to implement a cybersecurity policy	A Group Information Security Deputy General Manager was recruited on 1st April 2021	☑
G.3 Include cyber security in Board agenda	It is a regular agenda item on the Board agenda	☑
G.4 Obtain periodic assurance to review effectiveness of cybersecurity risk management	A firm of external consultants were engaged to review the effectiveness of the Group's cybersecurity risk management during the year.	☑
H. SUSTAINABILITY: ESG RISKS AND OPPORTUNITIES		
H.1 Integration of ESG risks and opportunities	The Group has embedded the identification of ESG risks and opportunities to its existing business risk management processes. Please refer to the Climate Risk Report on pages 288 to 304 of this Report.	☑
H.2 Stakeholder engagement on ESG matters	The Group applies a systematic materiality assessment which includes formal and informal stakeholder engagement. This process is explained in the Materiality and Stakeholder Engagement sections on pages 86 to 89.	☑
H.3 & H.4 Sustainability governance	Group and Sector-level ESG Steering Committees have been established in line with the adoption of IFRS S1 and S2. Further information is available on page 290 of this Report. The Group's approach to managing the following elements are described in the given page references. • Health and safety: page 265 • Climate change: page 288 • Pollution prevention: page 288 • Effluent treatment: page 282 • Sustainable resource use: page 104 • Restoration of natural resources: page 277 • Renewable energy: page 279 • Biodiversity: page 286	☑
H.5 ESG related disclosures	The Group's Annual Report includes sustainability-related financial disclosures aligned to the IFRS Sustainability Reporting Disclosure Standards. Information on the business impacts of sustainability related risks and opportunities are available in the Group's Climate Risk Report on page 288	☑

UNLOCKING VALUE

Protecting our World

As we cascade value across every corner of our ecosystem, we are dedicated towards safeguarding our stakeholders under our canopy of protection, even amid times of adversity and change.

Over 80% of all land animals, plants, fungi, and bacteria in the world reside in forests – cementing its status as one of the richest terrestrial ecosystems. They are home to an incredibly diverse community; with many of these species seeking the protection of these forests owing to their ability to nurture collective growth, and extend shelter and protection against extreme events.



VALUE CREATION MODEL

Value Creation Model

The Group's value creation model is a graphical illustration of how Hayleys relies on its resources and relationships (classified into six capitals by the <IR> Framework) to create and preserve value through its diverse business activities. The transformation of these capitals enables the delivery of the Group's strategy, its ESG aspirations while contributing towards advancing the UN Sustainable Development Goals. Given the diversity of our businesses, in developing our value creation

INPUTS

OUR RESOURCES AND RELATIONSHIPS	AVAILABILITY & QUALITY OF CAPITAL
 **Financial Capital** Shareholders' funds: **Rs 125.53 bn** Debt: **Rs 171.78 bn** Page 248	Although interest rates have eased, accessing financial capital remains expensive, underscoring the importance of prudent financial management
 **Manufactured Capital** Property, plant and equipment including buildings, machinery & equipment: **Rs 133.79 bn** Advanced manufacturing capabilities Page 253	Technological transformation, evolving customer requirements and sustainable manufacturing necessitates improved agility of physical infrastructure
 **Human Capital** **36,266** permanent employees Skills, value and industry insights Strong leadership team Organisational culture- Hayleys Way Page 256	Against the backdrop of talent migration from the country, the competition for skills is intensifying, requiring emphasis on growing talent from within and retaining our high-performing employees.
 **Social & Relationship Capital** Partnerships with customers, suppliers, value chain partners and industry stakeholders Relationships with communities and civil society Page 266	Maintaining our social license to operate is critical in the current environment, underpinned by ethical and responsible behavior that earns stakeholder trust.
 **Intellectual Capital** Strong brands Innovation capabilities Systems, processes and standards Organisational capital Page 273	Building domain-specific, organisational knowledge through retaining talent, nurturing a culture of learning and enhancing agility of our team is critical to long-term success
 **Natural Capital** Land extent: **414.49 acres** Energy consumption: **5.29 GJ mn** Water use: **7.03 m³ mn** Raw materials Page 277	The country's ambitious emission reduction goals as well as increasing water stress and degradation of land continues to drive the business case for preserving and enriching our natural resources

model we have sought to disaggregate the Group into material operations and activities, based on the business models of each Sector. Businesses within the Group operate relatively independently of each other, reflecting the diverse nature of the industries in which we have a presence. Hayleys PLC- the holding company, offers services through several key centralized functions including Corporate Affairs, Legal, Human Resources, Corporate Communications, Central Treasury and ESG among others

VALUE CREATING PROCESSES

OPERATING CONTEXT

Key dynamics shaping the Group's operating landscape during the year included,

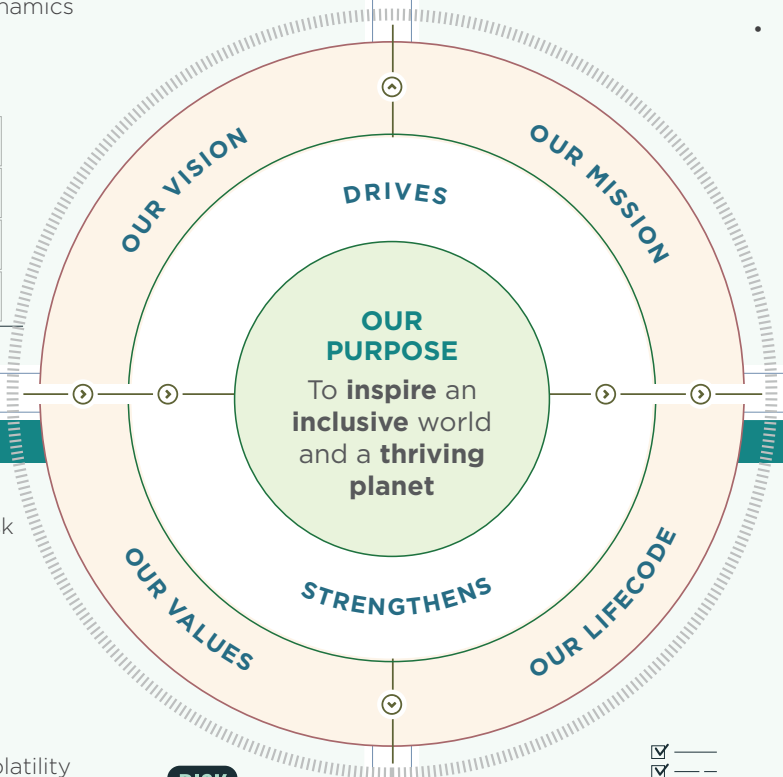
- Geopolitical tensions
- Macro-economic vulnerabilities
- Technology and automation
- Talent migration
- Supply chain disruptions
- Shifting customer dynamics
- Competition



BUSINESS SECTORS

- Eco Solutions
- Hand Protection
- Purification
- Textiles
- Construction Materials
- Plantations
- Agriculture
- Consumer & Retail
- Leisure
- Industry Inputs, Power & Energy
- Transportation and Logistics
- Projects and Engineering
- Tea exports
- Others





KEY RISKS

- Foreign currency and exchange rate risk
- Economic risk
- Geopolitical risk
- Local political risk
- Interest rate risk
- Employee retention
- Climate change
- Raw material price volatility and supply chain disruptions



STRATEGIC PRIORITIES

The Group's overall strategic direction is underpinned by 5 strategic pillars

- Portfolio optimisation
- Customer centricity
- Nurturing inspired teams
- Inclusive business mod els
- ESG integration

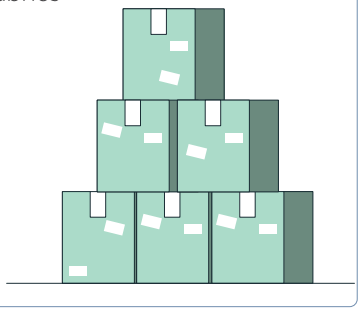


VALUE CREATION MODEL

OUTPUTS AND OUTCOMES

PRODUCTS

- Fibre-based products
- Protective hand-ware
- Tea, rubber and value-added tea
- Activated carbon
- Aluminium profiles
- Agricultural products
- Industrial raw materials
- Consumer durables
- Fabrics

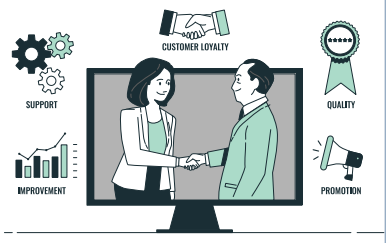


SERVICES

Hotels and resorts
Transportation and logistics services
MEP, Solar, BPO and shared services

Waste and emissions

- Total GHG emissions: **213,078 tCO2e**
- Biogenic emissions: **282,951 tCO2e**
- Total waste: **20,850 MT**
- Effluents: **4.85 m³ mn**



CAPITAL OUTCOMES



Financial Capital

> Net Asset Value per Share: **+2%**
> Earnings Before Interest and Tax: **Rs. 42.72 bn (-30%)**
> Profit After Tax: **Rs. 14.85 bn (-46%)**
> Company dividends: **Rs. 4.01 bn**
> Return on Capital Employed: **14.36%**

Page 248



Manufactured Capital

> Capital expenditure: **Rs. 19.83 bn (+15.75%)**
> PPE/Turnover ratio: **30.62%**
> Depreciation and amortisation: **Rs. 10.78 bn (+7.65%)**

Page 253



Human Capital

> Payments to employees: **Rs. 53.12 bn (+32%)**
> Training investment increased: **Rs. 183.28 mn (2%)**
> Turnover: **26%**
> Improvement in diversity indicators

Page 256



Intellectual Capital

> Investment in R&D: **Rs. 548.08 mn (+70%)**
> New products developed: **624**
> Commenced digital transformation processes

Page 266



Social & Relationship Capital

> Improvement in customer satisfaction levels
> Investment in CSR: **Rs. 408 mn (-6%)**
> Supplier payments: **Rs. 325.36 bn (-17%)**

Page 273



Natural Capital

> Recycled water used: **14%**
> Renewable energy generated: **196,166 MwH**
> Increase in total emissions: **2%**
> Trees planted: **69,382**

Page 277

STAKEHOLDER OUTCOMES AND SDG ALIGNMENT

SHAREHOLDERS	EMPLOYEES	CUSTOMERS	BUSINESS PARTNERS	COUNTRY & COMMUNITY
●	●	●	●	●
8				
●	●	●	●	●
9				
●	●	●	●	●
4	5	8		
●	●	●	●	●
●	●	●	●	●
1	10	17		
●	●	●	●	●
13	12	7	15	6

● Value Created ● Value Preserved

STAKEHOLDER RELATIONSHIPS

The diversity and depth of the Group's businesses have enabled it to build intricate and interconnected networks across extensive stakeholder groups and understanding and responding to the needs of these stakeholders is essential for commercial success and maintain our social license to operate.

GOVERNANCE OF STAKEHOLDER ENGAGEMENT

Stakeholder Engagement is a key element within the Governance (G) pillar of the Hayleys Lifecode, which articulates the Group's value proposition to stakeholders and includes specific policies for employees, suppliers and communities that offer guidelines on the approach to stakeholder engagement. The Lifecode also sets out the engagement measures under each selected approach as set out below;

Consult/ Collaborate	Satisfaction surveys Meetings/workshops Stakeholder forums Projects/ development programmes
Message	Corporate reporting Press releases Corporate website/ social media platforms Marketing campaigns Newsletter/mass e-mail
Monitor	Online/social media monitoring Tracking relevant research/news reports

ADDRESSING BARRIERS TO STAKEHOLDER ENGAGEMENT

The breadth and depth of the Group's relationships makes its stakeholder universe widely diverse, which in turn necessitates differentiated approaches in conducting stakeholder engagement. This diversity includes language, cultural differences, general differences, gender imbalances and divisions within communities. The Group adopts the following measures to address these barriers;

- Trilingual communication wherever possible
- Tailor-made engagement initiatives for selected groups
- Use of independent parties to conduct engagement

Results of the Group's stakeholder engagement during 2022/23 is set out below:

SHAREHOLDERS: Institutional shareholders and retail shareholders

Strength of relationship: Strong

METHODS OF ENGAGEMENT (TWO-WAY COMMUNICATION)

Providing feedback

- Quarterly financial results released to the CSE
- Press releases through the CSE (ongoing)
- Ongoing engagement with investment analysts stockbrokers and media
- Corporate website and social media

Receiving feedback

- Annual General Meeting
- Communication through the Company Secretarial Division
- Investor road shows

Integrating feedback to decision-making

Shareholders' concerns (including those of minority shareholders) are brought to the attention of the Board of Directors and GMC members through the Corporate Affairs Unit, Company Secretary and Strategic Business Development Unit which serve as points of contact for all shareholders.

Read more about our value creation to shareholders and the progress made against relevant metrics on page 252

ENGAGEMENT HIGHLIGHTS IN 2023/24

Key topics and concerns raised	Our response	Connectivity across report
• Implications of macro-economic uncertainty on performance • Growth opportunities in new market segments and business lines • Strength of corporate governance and risk management practices • Delivering on ESG commitments	• Ongoing monitoring of geopolitical, macro-economic and industry developments • Exploring new opportunities in market and product segments • Strengthening bribery and anti-corruption practices • Sector-wise formulation of ESG strategies in line with the Hayleys Lifecode	**Link to material topics** Macro-economic impacts Government policy Economic performance Operational efficiency and productivity Taxation **Link to capitals**

EMPLOYEES

Strength of relationship: Good

METHODS OF ENGAGEMENT (TWO-WAY COMMUNICATION)

Providing feedback

- Regular multi-level staff meetings
- Performance appraisals
- Year-round event calendar including work-life balance initiatives, sports activities and cultural activities
- Digital engagement

Receiving feedback

- Performance appraisals
- Periodic satisfaction surveys (Sector-level)
- Open-door policy and grievance mechanisms

Integrating feedback to decision-making

Identified employee concerns are escalated to the relevant GMC and Group HR Division which formulates the Group's overarching HR strategy for the year

Read more about our value creation to employees and the progress made against employee metrics on page 256

ENGAGEMENT HIGHLIGHTS IN 2023/24

Key topics and concerns raised	Our response	Connectivity across report
• Adequacy of remuneration given escalations in cost of living and higher tax regime • Conducive and stimulating work environment • Opportunities for skill and career development • Work-life balance	• Ensure financial security through market adjustments • Year-round engagement activities • Increased focus on leadership development • Measures to ensure better work-life balance through introducing family-friendly work policies	**Link to material topics** Employee value proposition Employee well-being **Link to capitals**

CUSTOMERS: Individuals, SMES and corporates in Sri Lanka and across the world

Strength of relationship: Strong

METHODS OF ENGAGEMENT (TWO-WAY COMMUNICATION)

Providing feedback

- Customer interaction at contact points
- Print and electronic media publications as and when required
- Social media interaction

Receiving feedback

- Engagement through marketing teams
- Periodic customer satisfaction surveys in certain sectors
- Open-door policy and grievance mechanisms

Integrating feedback to decision-making

Customer feedback is a key input in determining product development, marketing and sales strategy and pursuing opportunities in new markets

Read more about our value creation to and the progress made against customer metrics on page 266

ENGAGEMENT HIGHLIGHTS IN 2023/24

Key topics and concerns raised	Our response	Connectivity across report
• Concerns on affordability given escalating inflation • Customer service levels • New products catering to emerging requirements • Responsible and sustainable business practices • Ease of conducting business	• Increased focus on value-added product offerings • Ongoing engagement through active participation in exhibitions and roadshows • Embedding sustainable practices into processes and decision-making	**Link to material topics** Product quality and responsibility Customer satisfaction Evolving customer requirements **Link to capitals**

STAKEHOLDER RELATIONSHIPS

SUPPLIERS AND BUSINESS PARTNERS : Extensive network of suppliers and business partners across industries and geographies

Strength of relationship: Good

METHODS OF ENGAGEMENT (TWO-WAY COMMUNICATION)

Providing feedback
- Periodic supplier reviews and assessments
- Supplier development initiatives

Receiving feedback
- Periodic supplier reviews and assessments
- Community engagement initiatives
- Supplier conventions

Integrating feedback to decision-making

Identified concerns are communicated by relevant procurement departments to the respective leadership teams who provide due consideration when determining working capital management and procurement-related decisions.

Read more about our value creation to suppliers and business partners and the progress made against relevant metrics on page 268

ENGAGEMENT HIGHLIGHTS IN 2023/24

Key topics and concerns raised	Our response	Connectivity across report
• Fair and transparent pricing and timely payments • Opportunities for business growth and mutual value addition • Drive connectivity to global supply chains • Supplier development and transfer of technical knowledge	• Timely payments of all dues • Share insights on future demand conditions to support better visibility and planning • Ongoing investment in long-term supplier development programmes • Propagate sustainable practices along our supply chain	**Link to material topics** Best practices along the supply chain Community and livelihood development **Link to capitals**

GOVERNMENT: Multiple regulators through our diverse sectors

Strength of relationship: Strong

METHODS OF ENGAGEMENT (TWO-WAY COMMUNICATION)

Providing feedback
- Ongoing regulatory reporting in certain sectors
- Consultations and meetings when required
- Announcements to the CSE when required

Receiving feedback
- Consultations and meetings when required

Integrating feedback to decision-making

Regulatory developments are consistently monitored by the Sectors to which they are relevant and compliance is ensured through the Compliance/Internal Audit functions

ENGAGEMENT HIGHLIGHTS IN 2023/24

Key topics and concerns raised	Our response	Connectivity across report
• Employment generation and retention of skilled labour in the country • Generation of tax revenue and foreign currency • Support national economic development objectives • Compliance with all relevant laws, regulations, directions and guidance • Positive contribution to society and the environment	• Significant local value addition across our businesses • Full and timely payment of tax obligations • Compliance to all relevant laws and regulations during the year • Strengthening the Group's bribery and anti-corruption procedure	**Link to material topics** Economic performance Government policy Taxation Managing environmental impacts **Link to capitals**

COMMUNITIES : Relationships with communities in localities we operate in

Strength of relationship: Good

METHODS OF ENGAGEMENT (TWO-WAY COMMUNICATION)

Providing feedback

- Press releases and other publications
- Meetings with community representatives

Receiving feedback

- Meetings with beneficiaries of CSR initiatives and capacity building programmes
- Grievance mechanisms

Integrating feedback to decision-making

Identified community issues are swiftly addressed at operational site level or escalated to Sector Head Office/ Group level if required

Read more about our value creation to communities and the progress made against relevant metrics on page 271

ENGAGEMENT HIGHLIGHTS IN 2023/24

Key topics and concerns raised	Our response	Connectivity across report
• Generating employment and economic activity within communities • CSR initiatives and capacity building programmes to address community issues • Environmental preservation and minimising environmental impacts	• Ongoing investments in strategic CSR initiatives across our operations • Monitoring and measuring environmental KPIs to minimise adverse impacts	**Link to material topics** Community and livelihood development Managing environmental and ecological impacts **Link to capitals**

UNDERSTANDING OUR MATERIAL ISSUES

The Hayleys Group operates in persistently evolving and dynamic environments. An annual, comprehensive materiality assessment enables the Group to identify and continually assess issues that are most material to its business and stakeholders and prioritise matters that need to be addressed. The materiality analysis is conducted at Sector level and aggregated at Hayleys PLC.

DOUBLE MATERIALITY

The Group adopts a 'double materiality lens' to determining its material topics, considering the impact on the organisation as well as on economic, social and environmental impacts. The materiality filters have been revised accordingly.

IMPROVEMENTS TO THE MATERIALITY PROCESS

With the adoption of the IFRS Sustainability Reporting Standards, the Group's materiality assessment tool was further refined by

- Adding material topics of the relevant SASB standards
- Material topics have been grouped into four themes for better clarity

CHANGES TO MATERIALITY

- Increased significance of technology and product innovation, operational efficiency and taxation
- Reduced significance of skill migration in comparison to 2022/23, although it still remains material
- Climate change adaptation added as a new material topic

STAKEHOLDER GROUPS

- Customers
- Business Partners
- Employees
- Government
- Shareholders
- Communities
- Suppliers

ESTABLISH PROCESS PARAMETERS

List of possible material issues is selected as process parameters and a reference point in conducting the materiality assessment by the Group ESG Division.

1. Discussions with Sector leadership teams
2. Evaluation of the Group's business model and strategic aspirations
3. Stakeholder feedback
4. Emerging risks and opportunities

SECTOR-LEVEL PRIORITISATION OF MATERIAL TOPICS

The issues are prioritised at Sector level using the following filters to assess the relative importance of the topics to stakeholders and the importance to the organization.

Organisational materiality	Impact materiality
Financial impact	Stakeholder impact
Innovation opportunity	Environmental impacts
Reputation	
Externalities	
Strategic link	
Risk	

AGGREGATION AT HAYLEYS PLC LEVEL

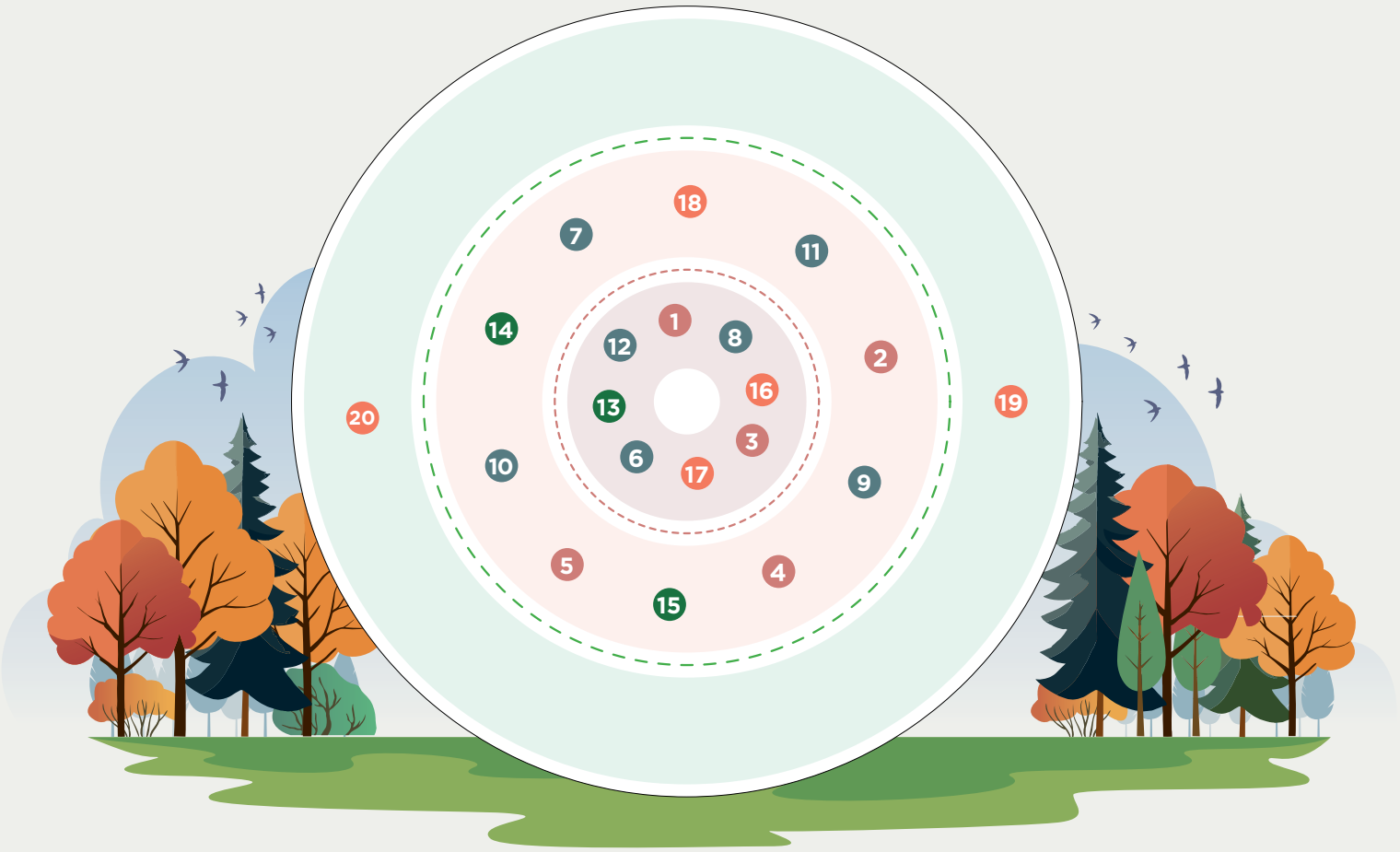
Sector level materiality matrices are aggregated at Hayleys PLC weighted using a suitable metric based on the importance of the Sector to the Group.

Economic factors: Revenue contribution to the Group

Social factors: Headcount of the Sector

Environmental factors: Relative impact to the Group's carbon footprint and water consumption

MATERIALITY RADAR



MATERIALITY THEMES

Geopolitical and economic factors	Sustainability and ESG integration
1. Macro-economic impacts 2. Government policy 3. Skill migration 4. Taxation 5. Economic performance	13. Evolving customer requirements 14. Managing environmental and ecological impacts 15. Best practices along supply chain
Adapting business models	**Addressing stakeholder demands**
6. Customer satisfaction 7. Manufacturing capabilities 8. Technology and product innovations 9. Climate change adaptation 10. Energy cost 11. Energy consumption 12. Operational efficiency and productivity	16. Product quality and responsibility 17. Employee well-being 18. Employee value proposition 19. Community and livelihood development 20. Principal relationships

PURPOSE-LED STRATEGY

The Group's overarching strategic aspirations are aligned to its corporate purpose. While Sectors adopt unique strategies which reflect the risks, opportunities, and core competencies of each business the Board sets the overall strategic direction. The strategy underpins five pillars, formulated by the Strategic Business Development Unit (SBDU) at Hayleys PLC and cascaded to each Sector under the leadership of the Group Management Committee.

OUR PURPOSE

To be Sri Lanka's corporate inspiration at all times

Delivering superior shareholder value by unleashing the full potential of our people and achieving leadership in all our domestic and global businesses.



HAYLEYS & I
Honesty & Integrity Accountability, Yes, WE can, Love for humanity, Enduring customer value, Yes we WILL WIN, Social responsibility as a good corporate citizen and Innovation

The Group's ESG roadmap that strives to create thriving businesses and shape better futures

STRATEGIC DRIVERS

OPERATING LANDSCAPE
Balancing opportunities for innovation and growth with risks for which we need to adapt and mitigate (Page 196)

STAKEHOLDER FEEDBACK
Open and ongoing engagement with stakeholders enable identification of material topics and provide insights that shape our strategy (Page 86)

RESOURCES AND RELATIONSHIPS
The Group's inherent strengths and capabilities which can be leveraged to drive value creation

- Portfolio optimisation
- Customer centricity
- Nurturing inspired teams
- Inclusive business models
- ESG integration

GOVERNANCE AND REMUNERATION PRACTICES SUPPORTING STRATEGY

Multiple layers of performance review from sector-level Executive Committees to the Group Management Committee, Board Committees and the Board ensure a high level of monitoring on delivery of strategy. The GMC meets weekly and additional meetings may be called at short notice whenever the need arises. Monthly and quarterly performance is monitored against defined targets, with active debate encouraging the exploration of new ideas and diverse perspectives. The remuneration of GMC members and Sector heads are linked to relevant strategies and KPIs, which are cascaded across relevant functions thereby driving goal congruence across the organisation.

Resource allocation framework

The Group's decisions on allocating resources in driving its strategic aspirations - which includes funding, expertise, people and natural resources is determined through the guidelines set out below:

Alignment to Purpose & Vision	Capabilities and competencies	Financial targets	Risks and vulnerabilities
We invest in opportunities that pave way to fulfil our aspirations of being a force for good in the broader economic, social and environmental context	Adequacy of current capabilities and competencies	The weighted average cost of capital adjusted to the risk premium attached to the relevant sector and business	Existing and emerging risks that are shaping the operating landscape

PERFORMANCE AGAINST STRATEGY

1 Building resilience through portfolio optimisation

Driving shared prosperity and value creation through building a resilient business portfolio which is centered on diversifying businesses, geographical footprint, customer segments and revenue streams. This has enabled the Group to remain relatively resilient to economic downturns, industry transformation and unforeseen challenges

Widening geographical reach	New manufacturing capabilities	New market and product segments
• Penetration of new markets by several Sectors including Eco Solutions, Hand Protection, Construction Materials and Tea exports • Hayleys Advantis refined its international strategy, directing focus to three selected markets	• Capacity expansion in Thailand factory by DPL • Purification Sector strengthened manufacturing capabilities in energy storage solutions • Agriculture Sector commenced manufacturing of PE pipes for irrigation	• Agriculture Sector's entry into poultry (animal health) sector and new market segments in Bangladesh • Hayleys Fentons leveraged growth opportunities in the residential solar segment • Diversification of services at Hayleys Fentons • Hayleys Advantis appointed as General Service Agent for Air India

Capitals impacted and utilised

Measuring success

Performance metric	2024
Revenue growth (%)	(10)
EBIT growth (%)	(30)
Customers acquired (mn)	1.24
Growth in economic value generated Rs. mn	149.84

Plans and prospects

Short-term

- Increased focus on productivity and cost efficiency
- New product applications across new market segments
- Strengthen value-added portfolio
- Develop existing and new export markets

Medium-to-long term

- Roll out Group-wide digital transformation agenda
- Regional investments in selected markets
- Widen product and brand portfolio

PURPOSE-LED STRATEGY

2 Customer Centricity

We aim to deliver innovative, cost-effective and sustainable solutions with excellent customer care across all our sectors to enhance the experience of every customer

Innovation and value-addition

- Value-added product development in key sectors including Eco Solutions, Hand Protection, Purification, Construction Materials
- Increased investments towards strengthening R&D infrastructure and skills

Customer service and engagement

- Strengthening after-sales service in key verticals including Consumer & Retail, Industry Inputs, Power & Energy and Hayleys Fentons
- Proactive engagement with customers through multiple platforms

Catering to customers' increasing sustainability consciousness

- Catering to customers' increasing focus on sustainability through,
  - Obtaining international ESG ratings (DPL)
  - 3rd party verification of carbon footprint
  - Sustainable innovation

Capitals impacted and utilised

Measuring success

Performance metric	2024
New products launched	624
Products in pipeline	695
Complaints resolved (%)	99

Plans and prospects

Short-term
- Strengthen customer acquisition and engagement through digital channels
- Ongoing focus on value-added product offerings
- Customer acquisition in new markets

Medium-to-long term
- Digital transformation to drive better customer service
- Technical product developments through collaborations
- Widen portfolio of sustainable solutions

3 Nurturing Inspired Teams

The people pillar of the Group's strategy centers on building a dynamic, diverse and high-performing team which drives the Group's value creation aspirations

Engagement

- Resumption of year-round employee engagement activities that were halted during the pandemic and economic crisis
- Diversity and inclusion training

Building leadership capabilities

- Multiple sectors engaged in leadership development programmes
- Succession planning and building talent pipelines

Employee well-being

- Launch of 'Momentum'- with the aim creating a family friendly workplace
- Range of mental and physical well-being interventions offered to employees

Capitals impacted and utilised

Measuring success

Performance metric	2024
Employee retention rate (%)	74
Average training hours	10.19
Value added per employee (Rs.mn)	1.46
Female representation (%)	35

Plans and prospects

Short-term
- Group-wide diversity and inclusion training to be rolled out
- Focus on talent retention through employee engagement and enhanced value proposition
- Focus on employee well-being

Medium-to-long term
- Development of leadership tiers and succession planning
- Digitalisation of HR processes

4 Inclusive Business Models

Create secure, sustainable and efficient ecosystems which uplift livelihoods and empower communities

Capacity development in ecosystems

- Strengthening capabilities across outgrower networks
- Fabricator training programmes by Alumex PLC
- Skill building through Singer Fashion Academy, Hayleys Leisure Training Academy and Hayleys Agriculture Training school

Building resilient supply chains

- Long-term strategic supplier initaitives including DPL Firstlight and Haycarb Haritha Angara
- Geographical diversification of supply chains by key sectors including Purification, Hand Protection and Tea exports

Impactful and meaningful CSR engagements

- Ongoing investments in long-term CSR projects by Sectors including,
  - Home for every Plantation Worker
  - Sisu Divi Pahana
  - Puritas Sath Diyawara: Going beyond
- Community projects targeting education and health and well-being

Capitals impacted and utilised

Measuring success

Performance metric	2024
Spending of local suppliers	54%
Supplier payments (Rs. bn)	325
Suppliers developed	1,318
CSR beneficiaries	707,580

Plans and prospects

Short-term
- Diversification of supply chains
- Propagation of good environmental practices to address climate change

Medium-to-long term
- Strengthen environmental and social screening across supply chains

5 ESG Integration

Embedding ESG considerations across the Group's strategy, business model, processes and decision-making.

Strengthening ESG Governance

- Formation of Sector-level ESG Committees across all Sectors
- ESG risk management integrated with existing risk management processes
- Launch of bribery and anti-corruption policy

Formulation of ESG Roadmaps

- Sector-level ESG Roadmaps (aligned to the Hayleys Lifecode) formulated by 04 key sectors
- Social and environmental initaitives in line with Hayleys Lifecode

ESG Reporting

- Voluntary adoption of SLFRS Sustainability Standards with transitional relief
- External verifications of Annual Reports in all key sectors
- Quarterly reporting of ESG metrics.

Capitals impacted and utilised

Measuring success

Performance metric	2024
Reliance on renewable energy (%)	68
Change in energy intensity (%)	+22
Change in water intensity (%)	+12
Change in emission intensity (%)	+14

Plans and prospects

Short-term
- Group-wide ESG systems and reporting audits
- ESG Roadmaps to be launched by 3 sectors
- Accelerate climate ambitions through investments in renewable energy

Medium-to-long term
- Sustainable innovation to drive increased circularity of operations
- Improve computation of Scope 3 emissions
- ESG ratings across key sectors

OUR OPERATING ENVIRONMENT

Our operating landscape is increasingly interconnected- driven by both traditional and emerging risks such as climate change, technological shifts, growing disparities and cyber threats. This increased volatility has led to a rapidly changing and evolving operating environment. Meanwhile, the Group's diversity enables it to withstand external impacts to a large degree, as the interplay between performance drivers has opposing impacts on sectors.



APPRECIATION OF SRI LANKAN RUPEE

Adverse impacts on export-oriented sectors and positive impacts on import dependent sectors



DECLINE IN INTEREST RATES

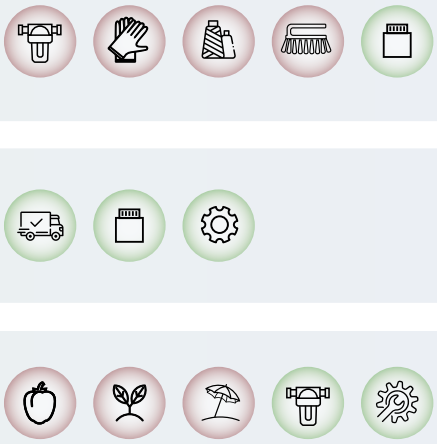
Positive implications on borrowing costs



IMPLICATIONS OF CLIMATE CHANGE

Transition-related opportunities for Projects & Engineering, Purification Sector Adverse implications on Sectors exposed to physical risks including Plantations and Agriculture

Sectors Impacted



Red circle denotes negative impact on the Sector and green circle denotes the positive implications of the relevant external factor

KEY DEVELOPMENTS

GEOPOLITICAL DYNAMICS

RELATED RISKS
Geopolitical Risk

IMPACTS

- Supply chain disruptions and implications on costs
- Demand uncertainty
- Implications on commodity and energy prices

STRATEGIC PILLARS
Portfolio optimisation
Customer centricity

Escalating armed conflicts: With active conflicts being at the highest levels in decades, interstate armed conflict has emerged as a new entrant to the World Economic Forum's top global risks for 2024. Underlying geopolitical tensions and an eruption of hostilities led to an unstable global order leading to severe humanitarian crises and rising economic fragility. This has led to, soaring food and energy prices thereby undermining real incomes and triggering economic hardship for vulnerable groups. Implications on businesses have stemmed primarily from supply chain disruptions, shipping delays and increased volatility in commodity prices and demand supply dynamics.

RESPONSE

- Geographical diversification of supply chains and markets
- Focus on reducing lead times through increased agility and operational efficiencies
- Focus on relatively price inelastic value-added propositions

MACRO-ECONOMIC CONDITIONS

RELATED RISKS
Economic risk

IMPACTS

- Adverse impacts of exchange rate appreciation on export revenue
- Reduction in borrowing costs
- Subdued domestic demand

STRATEGIC PILLARS
Portfolio optimisation



Global economic context: The global economy is estimated to have grown by 3.1% in 2023, with several major economies demonstrating resilience to the cost-of-living crisis and geopolitical tensions. Government and private spending contributed towards the growth, driving consumption amidst the faster-than expected decline in inflation. While the USA as well as several major emerging markets and developing economies recorded commendable growth, economic activity in the European region was subdued, reflecting weak consumer sentiments and prolonged impacts of high energy prices.

Sri Lankan economy: Following the harshest economic crisis encountered in decades, the country entered a path of recovery in 2023 characterised by continued disinflation and improved fiscal and external conditions. The recovery was driven by coordinated policy measures by the Government, access to the International Monetary Fund's Extended Fund Facility (IMF-EFF) and political stability.

Although the economy recorded an overall contraction of 2.3% in 2023, the second half of the year posted a turnaround with agriculture, industry and services recording growth y-o-y. Growth was driven by improved harvests across key crops, surge in tourist arrivals gradual deceleration of inflation. Consumption, however, declined by 2.2% in 2023, with the still high prices and constrained fiscal space impacting private and public sector spending respectively.

Monetary policy: Inflation which peaked in September 2022 recorded rapid deceleration reaching lower single-digit levels by 2023 supported by lower fuel prices, improved supply dynamics and relatively subdued demand. As inflation eased, the Central Bank adopted an expansionary monetary policy for the first time in two years reducing the policy rate and the statutory reserve ratio resulting in market interest rates falling below 15%.

Exchange rate dynamics: After significant depreciation in 2022, the Sri Lankan Rupee appreciated by 8% against the US Dollar in 2023, reflecting improved liquidity conditions stemming from tourism earnings, net inflows to the services sector and a rebound in workers' remittances.

Following approval of the International Monetary Fund's Extended Fund Facility programme of USD 3.0 bn, a total of USD 670 million was disbursed in two tranches in March and December 2023.

Key elements of the Government's Domestic Debt Optimisation programme was concluded in September 2023. The Government is also currently in negotiation with external creditors to obtain relief on external debt and in November 2023, an in-principle agreement was reached between the Official Creditors Committee (OCC) and the China Exim Banka. Negotiations are also ongoing with external commercial creditors.

OUR OPERATING ENVIRONMENT

	Sri Lanka	
	2023	2022
GDP growth (%)	**(2.3)**	(7.3)
Per capita GDP (USD)	**3,830**	
Year-end exchange rate (Rs/USD)	**323.92**	363.11
AWPR (%)	**12.13**	27.24
Fiscal deficit (% of GDP)	**(8.3)**	(10.2)
External debt (% of GDP)	**65**	64.5
Growth projection for 2024%	**+1.9**	+2.7

RESPONSE

- Geographical diversification of operations through regional expansion
- Proactive and timely management of pricing strategies to mitigate exposure to exchange rate volatility
- Measures to safeguard employees and ensure their financial security

TECHNOLOGY



IMPACTS

- Opportunities in efficiency and productivity improvements
- Increased cybersecurity and reputational risks
- Embracing new ways of working

STRATEGY

Portfolio Optimisation
Customer Centricity

Technological developments: Advances in technology and emergence of new capabilities such as data analytics, robotics, blockchain technology and artificial intelligence offer considerable opportunities for organisations to drive efficiencies while adopting new ways of working.

Escalating cybersecurity vulnerabilities: The ubiquity of technology has led to increased vulnerabilities to Cyber-attacks and loss of data, requiring organisations to invest in security systems and infrastructure.

Misinformation and disinformation: The proliferation of sophisticated technologies has accelerated the risk of information manipulation. Easily accessible AI interfaces have enabled the surge in falsified and misleading information, with increased scale, reach and efficacy. For governments, risks stem from widening political and societal divide, often leading to polarization and undermining of elections. For organisations the ubiquity of social media and failures of platforms to ensure information integrity can lead to considerable reputational risks.

RESPONSE

- Roll-out of digital roadmap to leverage advances in technology to drive efficiencies and enrich decision making
- Strengthen digital reputational management
- Leverage online presence to drive customer acquisition and business growth

HUMAN CAPITAL DYNAMICS AND WAYS OF WORKING

RELATED RISKS
High staff turnover and employee relations

IMPACTS

- Challenges in employee attraction and retention
- Opportunity to adapt new and agile working models

STRATEGY
Nurturing Inspired Teams



Talent migration and brain drain: While migration-related employee turnover decelerated in comparison to the previous year, talent retention remains a key challenge for organisations with the country's recent economic woes prompting an exodus of young professionals from the country. This has added pressure on remaining individuals and teams, requiring them to manage the same workload with restricted resources.

Changing aspirations of younger generations: With Gen Z employees expected surpassing baby boomers by mid-decade, the values, aspirations and expectations of the workforce is undergoing significant change. These dynamics include expectations of continuous change, increased emphasis on work-life balance and different perspectives on loyalty to organisations.

Importance of diversity, equity and inclusion (DEI): Employees are increasingly demanding organisations to embrace diversity, equity and inclusion in creating more conducive work cultures. Diverse workplaces foster increased creativity and richer insights, contributing towards high-performing cultures.

RESPONSE

- Strategic focus on leadership development and succession planning
- Resumption of employee engagement activities
- Introduce measures to create a family-friend workplace Refer to page XX for further information

THE CLIMATE CRISIS

RELATED RISKS
Physical and transitional risks of climate change

IMPACTS

- Direct implications on yield and production quantity of Agriculture and Plantations Sector
- Disruptions along supply chains which rely on agricultural material

STRATEGIC PILLARS
ESG integration



Escalating implication of climate change: Implications of climate change including erratic weather conditions, rising temperature and natural disasters are becoming increasingly frequent, impacting value chains, agricultural commodities, communities and organisational performance.

Global shift to a low-carbon economy: Transitional risks are featuring increasingly prominently in risk landscapes and include emerging sustainability related regulations, buyers' increasing eco-consciousness, energy policies and energy pricing among others.

Biodiversity loss: Unprecedented ecosystem and biodiversity loss, caused by human activity including land use, bio degradation and climate change. has a direct impact on businesses through affecting raw material availability and driving increases in commodity prices.

RESPONSE

- Sector-level carbon reduction goals including commitment to SBTI by 3 companies
- Group-wide push towards renewable energy
- Numerous biodiversity initiatives conducted by sectors

STRATEGIC ESG INTEGRATION

As an organisation with intricate and deeply-rooted linkages with nature and society, sustainability has always been part of Group's DNA. In recent years, however, Hayleys has sought to embrace ESG in a strategic manner, integrating environmental, social and governance considerations across all aspects of its strategy, processes and decision-making. On the one hand, we are acutely aware of the need to effectively manage increasingly pronounced ESG risks in building a more resilient business model; on the other hand, as a Group we understand that climate change is the defining challenge of this generation and regaining balance with nature will require rapid, deep and sustained mitigation and adaptation measures. The Group's sustainability context and the disruptive forces that are shaping it is graphically illustrated below:

CLIMATE CHANGE

Escalating implications of climate change have led to increased vulnerabilities to physical risks (such as operational impacts of natural disasters and impacts on agricultural produce among others)

WIDENING INEQUALITIES

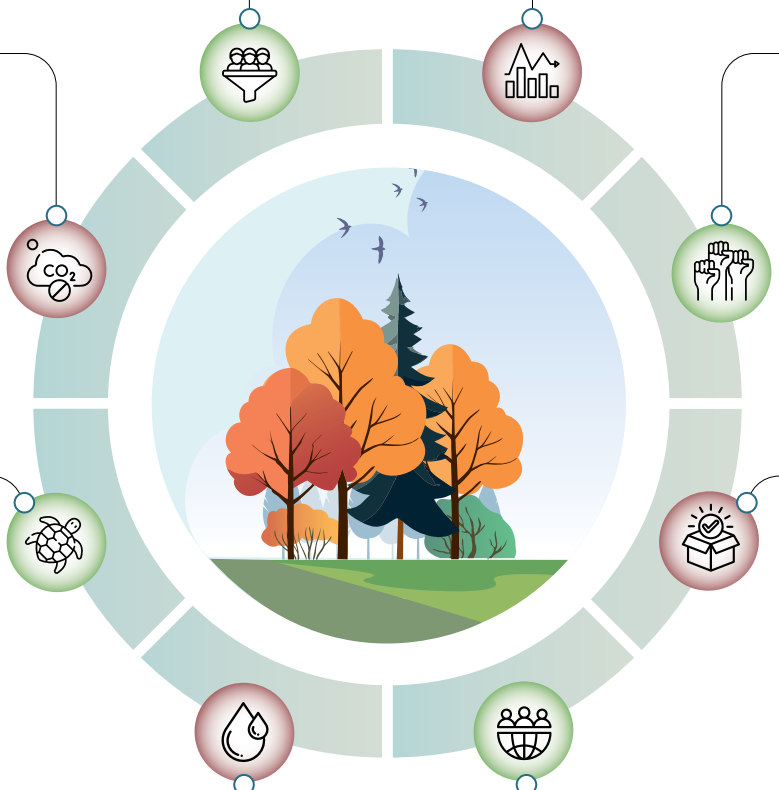
Widening economic and social inequalities can constrain consumer spending and growth, disruption supply chains and affect businesses' social license to operate

TRANSITION TO A LOW CARBON ECONOMY

Transition risks arising from society's response to climate change including technological changes, regulations and viability of existing products and services

HUMAN RIGHTS

Increasing focus on preserving workplace rights including discrimination, privacy and security as well as safeguarding human rights across supply chains



LOSS OF BIODIVERSITY

The accelerated destruction of ecosystems and species impacts supply chains and can drive higher volatility of raw material costs

IMPACTS OF PRODUCTS AND SERVICES

Following the 'eco-awakening' of customers, social and environmental impacts of products are emerging as key considerations in the purchasing decision

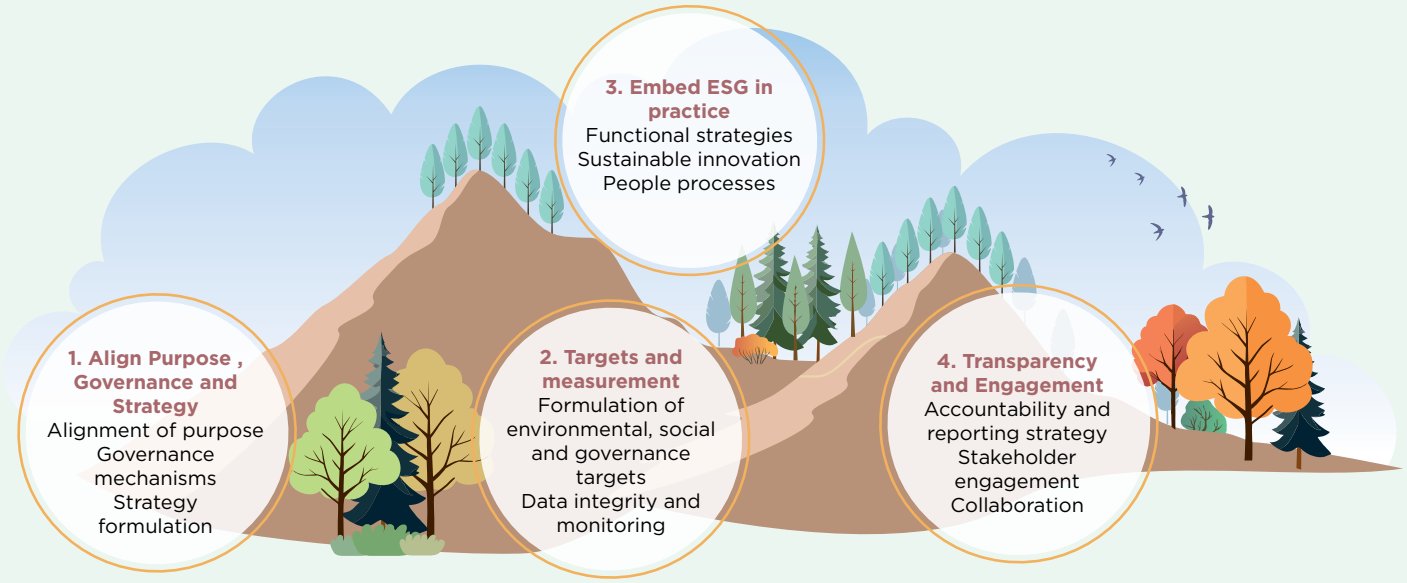
WATER STRESS

Sri Lanka is reaching critical levels of water stress, with the FAO estimating water stress to be 90.8%. Further stress could lead to considerable impacts on agricultural value chains and water-intensive sectors

DIVERSITY AND EQUITY

The growing recognition that a diverse and inclusive workforce can strengthen decision-making, improve engagement and attract and retain talent

ESG INTEGRATION: AMBITION TO ACTION

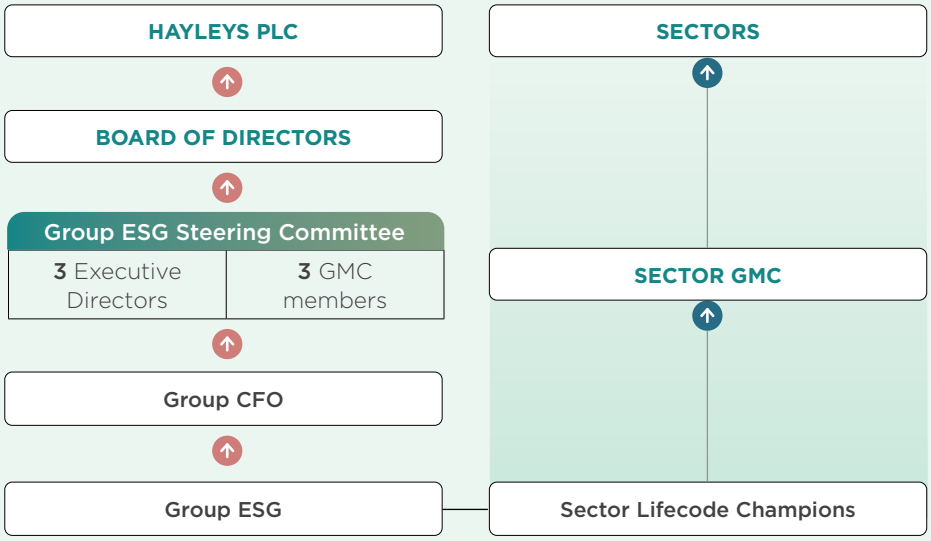


ALIGNMENT OF PURPOSE, GOVERNANCE AND STRATEGY:

Corporate Purpose: The Corporate Purpose of 'Inspiring an Inclusive World and a Thriving Planet' embodies its aspirations to be a force for good in the broader economic, social and environmental context, thereby aligning directly with the Group's ESG agenda

ESG Governance: The Board is the highest decision-making authority in the Group and has overall responsibility for formulating the Group's sustainability-related policies and goals and implementing the Group's ESG Framework. The Board has established an ESG Steering Committee in discharging its sustainability and ESG related duties and during the year, ESG Committees were established at Sector-level, facilitating deeper analysis of industry-specific ESG developments.

Strategy Formulation: Following the launch of the Group's ESG Roadmap-the Hayleys Lifecode in 2022, several key sectors rolled out their sector-specific ESG strategies in line with the aspirations of the Lifecode. The Sector-specific roadmaps set out clear targets, actions and deliverables for environmental, social and governance aspects.



SECTORS WHICH LAUNCHED ESG ROADMAPS IN 2023/24

- Hand Protection-DPL Pulse
- Purification- Activate
- Transportation-Helios
- Eco Solutions-Entwine

DEVELOPMENTS IN 2023/24

Formation of Sector-level ESG Committees with the following mandate;

- Provide oversight and monitor the execution of ESG strategies
- Identify ESG related risks, opportunities and impacts and recommend response
- Review and provide guidance on ESG related policies and programmes
- Receive updates at least quarterly or as and when required, on ESG matters including progress against targets, key KPIs and strategy implementation.

ESG INTEGRATION: AMBITION TO ACTION

TARGETS AND MEASUREMENTS

Monitoring metrics: Performance against the Lifecode targets as well as other social and environmental metrics are tracked through the Hayleys CUBE- the Group's sustainability information portal. The web-based system enables over 400 users across the Group's operating locations to submit relevant social and environmental information quarterly, which is aggregated and reported to the ESG Steering Committees at both Sector level and Group level.

Data integrity: In addition to controls built into the CUBE system, which includes multiple levels of approval and error flagging, the integrity of the non-financial information is ensured through third-party assurance (as part of the Integrated Reporting assurance).

ESG IN PRACTICE

ESG is embedded across organisational processes and decision-making, as described furthermore in the Portfolio Reviews and Capital Management Report on pages 114 to 245 respectively. Key mechanisms of embedding ESG include the following:

- Quarterly monitoring of performance against ESG targets
- Consideration of ESG aspects in key investment decisions
- ESG risks are assessed quarterly and submitted to the Audit Committee
- Awareness and culture building through employee induction and ongoing programmes

TRANSPARENCY AND ENGAGEMENT

ESG Reporting: As detailed on page 9 of this Report, the Group's sustainability and ESG reporting complies with multiple international and local sustainability reporting frameworks. Hayleys PLC is frequently recognised for excellence in corporate reporting, both in domestic and regional reporting competitions. A combined assurance model (as detailed on page 9) is used to ensure the integrity of the quantitative and qualitative disclosures in the Report.

Collaboration and knowledge sharing: As industry pioneers in sustainability across several of our verticals, the Group plays an active role in collaborating with like-minded organisations and communities to advance sustainability efforts. These collaborations have facilitated the leveraging of diverse expertise, knowledge sharing and innovation and enabled the scaling of impact.

214
Locations

68
Indicators tracked

CROSS-SECTOR NETWORKS

Hayleys PLC, together with 9 companies within the Group are members of the United Nations Global Compact

ACADEMIC-INDUSTRY PARTNERSHIPS

Partnerships with universities and other academic bodies in developing and implementing sustainable technologies, products and practices



KNOWLEDGE SHARING

- International Plantations Sustainability Summit 2023
- Congress for Sustainable Materials 2024
- Supplier development forums across our verticals

MULTI-STAKEHOLDER INITAITIVES

- Hayleys Plantations partnership with WNPS PLANT to enrich forest ecosystems and biodiversity
- KVPL partnership with IUCN and the Government to protect habitat connected to Kelani River Weoya catchment- Surakimu Ganga program
- Hayleys Advantis collaboration with Department of Wildlife Conversation, CEA and WNPS to accelerate the regeneration of mangroves

DELIVERING RESULTS

FOCUS AREAS- ENVIRONMENT				
	Climate action	**Biodiversity**	**Water**	**Materials and waste**
Target	30% reduction in Scope 1&2 GHG emissions by 2030	Increase biodiversity enhancing programme to cover 5 times the area occupied by the Group	50% sustainable water sourcing	Zero waste to landfill
	90% sustainable and renewable energy applications		75% total wastewater recycled and reclaimed	30% recycled/ reclaimed material usage
	30% reduction in energy intensity		30% reduction in water intensity	
Reference to further information	Natural Capital Portfolio Reviews	Natural Capital Portfolio Reviews	Natural Capital Portfolio Reviews	Natural Capital Portfolio Reviews
Performance	2% increase in GHG emissions (2% reduction in emissions excluding the new acquisitions during the year) 68% Sustainable and renewable energy applications 22% increase in energy intensity	69,382 trees planted	49% Sustainable water sourcing 14% Total wastewater recycled and reclaimed 16% increase in water intensity	Improved reporting and monitoring of waste
Relevant SDG				

FOCUS AREAS- SOCIAL					
	Engaged team	**Health, safety and well-being**	**Supplier relationships**	**Customer relationships**	**Community relationships**
Target	5% attrition rate across the Groupww	Zero significant workplace injuries/diseases!	40% of suppliers to be screened on social and environmental criteria	Customer satisfaction surveys and grievance mechanisms across 100% of operations	50% increase in CSR beneficiaries
	Each employee to receive an average of 40 hours training		All Sectors to establish at least one supplier development programme		
	100% employees to receive performance appraisals				
Reference to further information	Human Capital Portfolio Reviews	Human Capital	Social & Relationship Capital	Social & Relationship Capital Portfolio Reviews	Social & Relationship Capital Portfolio Reviews
Performance	14% Attrition rate 10.19 Average training hours per employee	390 Injuries- first aid cases	3 Sectors engaged in strategic supplier development programmes	99% customer complaints resolved	707,580 CSR beneficiaries
Relevant SDG					

RISKS & OPPORTUNITIES

The Group's risk and opportunity landscape is shaped by the political, economic, social, technological and environmental context in which it operates. The increasingly dynamic and rapidly evolving environment underscores the importance of a proactive and agile approach towards risk management, which can drive long-term value creation through building a more resilient operating model.

The global order during the year was characterised by underlying geopolitical tension, active hostilities in several regions and escalation of climate change implications- both in terms of scale and intensity of impact. On the domestic front, economic fundmentals recorded a gradual improvement following the unprecedented economic crisis of last year; inflation and interest rates tapered off, the Sri Lankan Rupee strengthened and the country's reserve position improved reflecting difficult but necessary policy choices.

WIDENING THE LENS OF RISK

The issue of the IFRS S1 and S2 Sustainability Disclosure Standards in June 2023 compels organisations to widen its risk lens through requiring the disclosure of material information relating to the financial implications of sustainability-related risks and opportunities.

A phased approach: The Group is cognisant that truly embedding this new dimension of risk to our processes, controls and most importantly, the risk culture will require adequate time. Accordingly, this year, the Group has focused primarily on climate-related risks and opportunities with the relevant reporting structures and identification mechanisms being implemented across the Sectors.

Connectivity of risks: Sustainability risks are typically pervasive in nature, demonstrating interactions across other types of risks. By adopting a unitary risk framework which integrates ESG risk assessments with existing business risk processes, the Group seeks to better understand these interactions, thereby providing leadership with the insights required to embed sustainability considerations into strategic decision-making.

Time horizons: The time horizons in which the Group classifies its short, medium and long-term SRROs and CRROs are as follows; short term (less than 1 year), medium term (1-5 years) and long term (over 5 years)

Interaction of risks

The following infographic demonstrates the link between these strategic, operational and other risks and the climate-related risks identified above. The size of the circle represents the magnitude of the risk.

HOW HAYLEYS VIEWS SRROS

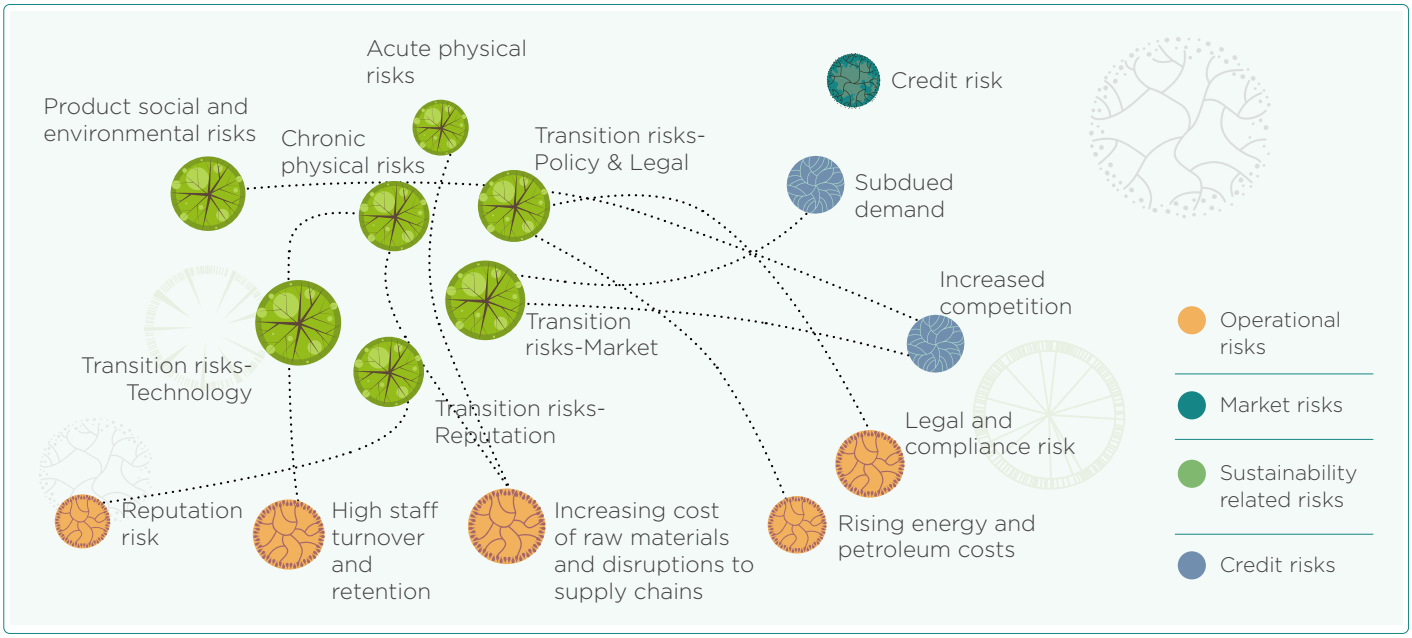
INSIDE OUT

How external sustainability issues affect the Group's financial performance

OUTSIDE IN

The Group's impacts on the environment and society

Connectivity between risks

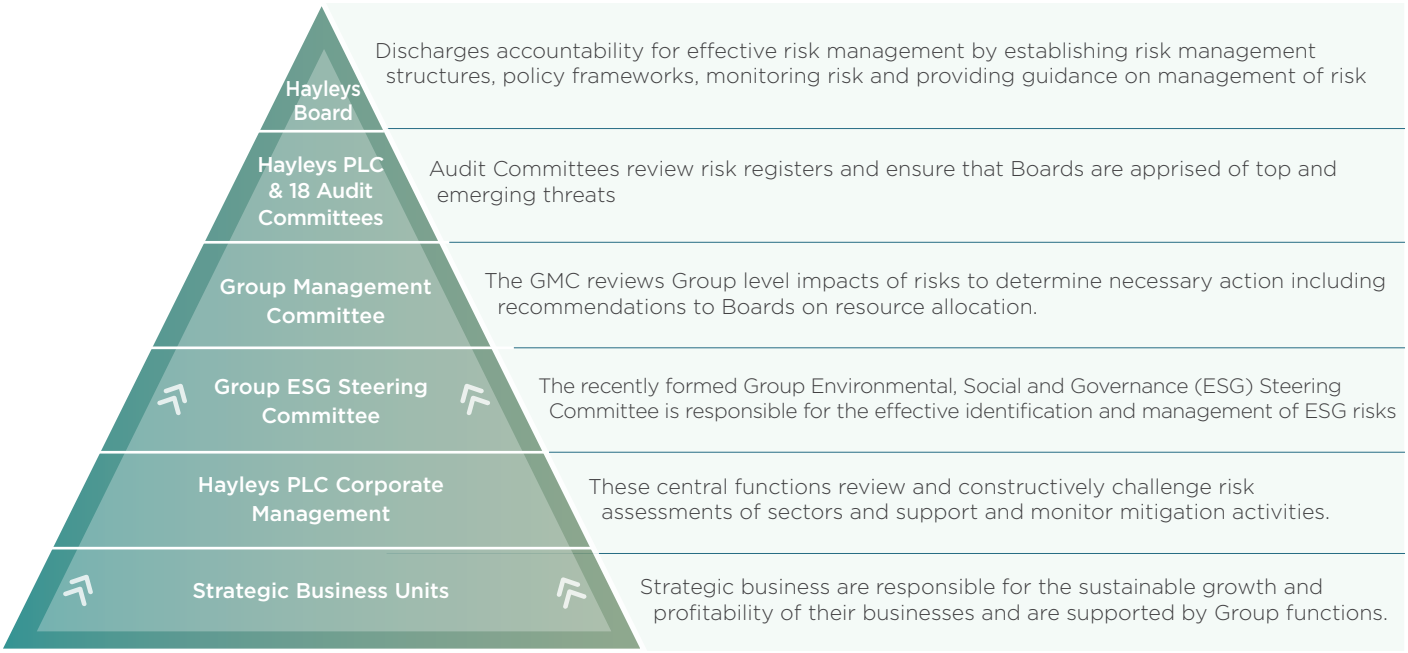


APPROACH TO RISK MANAGEMENT

The Group's Enterprise Risk Management framework supports strategic and operational resilience as we pursue our strategic aspirations and deliver stakeholder value through economic cycles. The Group follows a bottom-up approach to identify, prioritise and mitigate risks- which is subject to quarterly review to ensure completeness, relevance, robustness of mitigating actions as well as Board oversight.

Risk Governance

The Board serves as the focal point for management of risk and is assisted by the Audit Committee in discharge of this duty. The diverse business sectors of the Group have high levels of autonomy in driving their businesses with Group governance structures playing a key role in harmonizing policies, sharing best practice, guiding strategic direction, managing risks and optimizing resource allocation across the Group as depicted below. The Group also adopts the three-lines of defense model (as illustrated below) which ensures effective segregation and discharge of duties.



1

1ST LINE DEFENSE

- Individual Businesses
- Risk Identification, Acceptance & Mitigation

2

2ND LINE DEFENSE

- Sector Level Boards & Audit Committees
- Risk Monitoring & Management

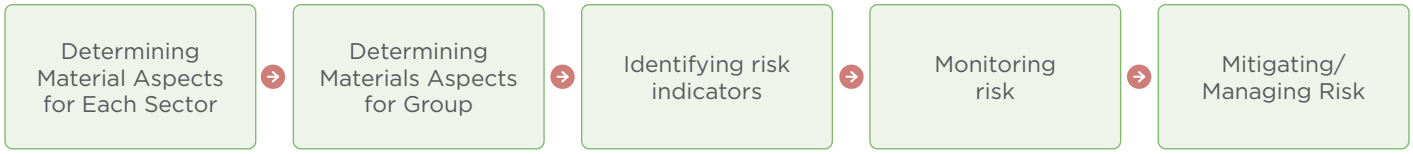
3

3RD LINE DEFENSE

- Hayleys PLC Board, Audit Committee and Group ESG Steering Committee
- Assurance and policy formulation

RISKS & OPPORTUNITIES

The Group adopts the COSO Framework in assessing potential risks which are ranked and prioritised based on impact and likelihood of occurrence. The risk management process is as follows;



SUSTAINABILITY AND CLIMATE-RELATED RISKS AND OPPORTUNITIES (CRRO)

- Roles and responsibilities: The Group ESG Steering Committee is responsible for the management of sustainability and climate-related risks and opportunities CRROs including formulating response strategies and assessing progress against the Group's ESG roadmap (including the climate strategy).
- Sector-level ESG Steering Committees were established during the year under review, facilitating more focused and systematic management of industry-specific SRROs and CRROs
- Risk identification: Self-assessment of ESG risks and opportunities at Sector level through ESG risk templates
- Data inputs: An array of operational data and non-financial performance indicators (based on reporting frameworks) which are monitored on a monthly basis

Roadmap for progress in managing SRROs

	Where we are now	Where we want to be
Maturity of SRRO and CRRO practices	Basic systems for identifying SRROs and CRROs, based primarily management insights	Proactive identification, assessment, quantification and management of SRROs
Integration	Risk and compliance as the second line of defense	Risk and compliance of SRROs embedded in the business value and chain
Strategic value enabler	Fragmented approach in incorporating ESG into risk management	ESG as an enabler in driving strategic value

INTEGRATED THINKING & EFFICIENT RESOURCE ALLOCATION

Several Hayleys PLC Centre functions monitor external developments and a variety of internal factors for early warning signs of threats and opportunities to align plans and ensure strategic relevance. The following functions come together at Group level to identify risks and opportunities and to mitigate them and manage them. The Group Management Committee plays a critical role as well, providing insights in to diverse areas of expertise, enabling early identification of potential risks, sometimes when it's just a whisper. The diagram below sets out the effective risk management structure of Hayleys Group, reflecting the evolving nature of this increasingly important function.

Department & Area of Focus
CORPORATE AFFAIRS UNIT • Manages Group financial performance and resilience • Monitor external landscape to identify emerging threats including impending regulations, pressure points and evolving customer considerations
GROUP HEAD OF RISK AND INSURANCE • Formulation and negotiation of the Group's insurance programme • Monitoring risk exposures across the Group
MANAGEMENT SYSTEM AUDIT & REVIEW DEPARTMENT (MSA&RD) Manage risks at a strategic level whereas MSA&RD approach it primarily from a risk mitigation and management perspective Responsible for collating risk registers, constructively challenging them and presenting to Group Management Committee, Audit Committee and Board   
STRATEGIC BUSINESS DEVELOPMENT UNIT • Monitoring the PESTEL factors to identify new opportunities as well as assess risks related to the opportunities • Review risk from a portfolio perspective      **PESTEL ANALYSIS** **P**olitical **E**conomic **S**ocial **T**echnological **E**nvironmental **L**egal
GROUP TREASURY • Management of Group liquidity including Foreign Exchange liquidity • Managing Group funding including costs of funding
GROUP SOURCING • Manage risks across the supply chain and ensure availability of raw materials • Ensure that finished goods are shipped out on time
GROUP IT • Responsible for safeguarding the digital infrastructure and information assets of the Group • Surveillance to assess cyber threats • Cybersecurity

RISKS & OPPORTUNITIES

TOP RISKS OF 2023/24

Market risks

Economic Risk					
Impact	3	Likelihood	3	Risk rating FY 2023	9 9

Strategic pillar	Portfolio optimisation/Customer centricity
Capitals impacted	Financial
Material matters	Government policy/macro-economic risk

Context and potential impact

Economic instability stemming from upcoming elections which could lead to impacts on fiscal policy and reform implementation

Mitigating actions

- Reduce dependency on domestic market through expanding export-orientation
- Maintain strong relationships with stakeholders, lobby groups and banks

Foreign currency and rate risk					
Impact	3	Likelihood	3	Risk FY 2023	9 9

Strategic pillar	Portfolio optimisation/Customer centricity
Capitals impacted	Financial
Material matters	Macro-economic risks

Context and potential impact

Implications of exchange rate volatility on both transaction and translation risk. The recent appreciation in the Sri Lankan Rupee has impacted performance of export businesses through reduced global competitiveness

Mitigating actions

- Forward foreign exchange contracts in hedging payables and receivables
- Use of currency swaps in managing the forex risk
- Close monitoring of forex movements to adopt hedging

Geopolitical risk					
Impact	2	Likelihood	2	Risk rating FY 2023	4 2

Strategic pillar	Portfolio optimisation/Customer centricity
Capitals impacted	Financial/S&R
Material matters	Geopolitical dynamics

Context and potential impact

Implications of the global escalation in geopolitical tensions and armed conflict including potential trade sanctions, supply chain disruptions, rate volatility and demand fluctuations. During the year 54% of the Group's turnover was derived from exports

Mitigating actions

- Pursuing increased diversification of export markets
- Focused growth in selected markets
- Value-added product propositions which are relatively price inelastic

Liquidity and financial stability					
Impact	2	Likelihood	3	Risk FY 2023	6 9

Strategic pillar	Portfolio optimisation/Nurturing inspired teams
Capitals impacted	Financial/S&R
Material matters	Geopolitical dynamics

Context and potential impact

With 46% of the Group's Revenue derived locally and manufacturing facilities across the island, local political instability can have a direct and significant impact on continuity of operations

Mitigating actions

- Revenue diversification through focus on export markets
- Geographical diversification of operations

Increased competition					
Impact	2	Likelihood	1	Risk rating FY 2023	2 2

Strategic pillar	Portfolio optimisation/Customer centricity
Capitals impacted	Financial/S&R/IC
Material matters	Evolving customer requirements

Context and potential impact

Players in the Asian region in most of our verticals have ramped and production, with oversupply conditions leading to intense price competition. This can impact both the domestic and export markets.

Mitigating actions

- Aggressive client acquisition in new and existing export markets
- Diversification of export markets
- Differentiating customer value proposition to sharpen competitive edge
- Accessing new markets through unlocking value of strategic ESG

Subdued demand					
Impact	2	Likelihood	3	Risk FY 2023	6 6

Strategic pillar	Portfolio optimisation
Capitals impacted	Financial/S&R
Material matters	Geopolitical dynamics

Context and potential impact

Adverse implications of reduced disposable incomes and purchasing power on domestic demand. Declining growth in the global economy amidst fears of recession could impact demand from major international markets.

Mitigating actions

- Diversification across markets and product categories
- Forward contracts with buyers
- New customer acquisition
- Strengthening distribution capabilities in major markets

OPERATIONAL RISKS

High staff turnover and employee relations					
Impact	2	Likelihood	2	Risk rating FY 2023	4 4

Strategic pillar	Nurturing inspired teams
Capitals impacted	Financial/Human
Material matters	Employee value proposition/Skill migration

Context and potential impact

Loss of skilled employees from the country due to prevalent economic conditions and resultant talent migration.

Mitigating actions

- Enhancing employee value proposition through an array of retention, welfare and development strategies
- Proactive and close engagement with employees to ensure that concerns are swiftly identified and addressed

Compliance risk					
Impact	2	Likelihood	3	Risk FY 2023	6 9

Strategic pillar	ESG integration/Portfolio optimisation
Capitals impacted	Financial/S&R
Material matters	Product quality and responsibility/ Taxation

Context and potential impact

Compliance to all relevant laws and guidelines is essential in ensuring business continuity, preserving reputation and customer retention. Regulatory requirements from the sustainability/ESG sphere continue to escalate, particularly from the EU.

Mitigating actions

- Clear and defined allocation of responsibilities at Sector level and Centre functions
- Regular compliance training

RISKS & OPPORTUNITIES

Rising energy and petroleum costs					
Impact	3	Likelihood	2	Risk rating FY 2023	6 9

Strategic pillar	Portfolio optimisation/ESG integration
Capitals impacted	Financial/Manufactured
Material matters	Energy consumption/Energy cost

Context and potential impact

Sri Lanka's electricity tariffs were increased considerably in 2023 with major implications on transport and manufacturing costs. Sri Lanka's anticipated transition to a low-carbon economy could result in further increases in fossil-fuel based energy pricing.

Mitigating actions

- Increased focus on renewable energy to reduced dependence on fossil fuels
- Maintaining adequate stocks/inventory of fuel

Increasing cost of raw materials and disruptions to supply chains					
Impact	2	Likelihood	3	Risk FY 2023	6 9

Strategic pillar	Portfolio optimisation/Inclusive business models
Capitals impacted	Financial/S&R
Material matters	Best practices along supply chain/Operational efficiency and productivity

Context and potential impact

Potential volatilities in commodity prices and supply chain disruptions amidst global geopolitical tensions could exert pressure on margins and affect visibility of future performance.

Mitigating actions

- Proactive and daily monitoring of raw material pricing
- Raw material planning and effective inventory management
- Diversification of supply chains
- Building long-term relationships with suppliers through strategic initaitives

Credit risk					
Impact	2	Likelihood	2	Risk rating FY 2023	4 4

Strategic pillar	Portfolio optimisation/Customer centricity
Capitals impacted	Financial/S&R
Material matters	-

Context and potential impact

With intercompany receivables of Rs.5.4 bn from subsidiaries and Rs.7.6 mn from associates, non-receipt of receivables could have a significant impact on liquidity. Credit risk from external parties primarily stem from exposure to government receivables

Mitigating actions

- Close and proactive monitoring on amounts due from subsidiaries and associates
- Additional charge on companies which have long-term outstanding receivables

SUSTAINABILITY-RELATED RISKS

Physical risks of climate change					
Impact	3	Likelihood	2	Risk rating FY 2023	6

Strategic pillar	Portfolio optimisation/ESG integration
Capitals impacted	Financial/Natural
Material matters	Climate change adaptation

Context and potential impact

As a Group which has extensive interests in plantations and agriculture as well as a high degree of reliance on agricultural input materials, the Group is directly exposed to physical impacts of climate change including fluctuations in rainfall and precipitation levels, rise in temperatures and increasingly erratic weather patterns

Mitigating actions

- Close monitoring of weather patterns and potential impacts
- Climate adaptation measures across sectors
- Environmental targets centered on emission reductions, water consumption and waste management
- Strengthen environmental management systems through certifications

Transitional risks of climate change					
Impact	2	Likelihood	3	Risk FY 2023	6

Strategic pillar	Portfolio optimisation/Inclusive business models
Capitals impacted	Financial/S&R
Material matters	Evolving customer requirements

Context and potential impact

The Group is exposed to climate-related transition risks, as reflected by increasingly stringent environmental and emission regulations, energy policies and customers' escalating requirements on sustainability

Mitigating actions

- Close engagement with clients on identifying and responding to sustainability-related demands
- Gradual transition to renewable energy sources

Water scarcity					
Impact	3	Likelihood	2	Risk rating FY 2023	6

Strategic pillar	ESG integration
Capitals impacted	Financial/Natural
Material matters	Managing environmental impacts

Context and potential impact

Sri Lanka is considered a water-stressed country resulting from escalating implications of climate change. With several water-intensive sectors, this could have a significant impact on business continuity and profitability

Mitigating actions

- Increase reliance on sustainable water sourcing including rainwater and recycled waste water
- Ongoing efforts to increase water efficiency

Product social and environmental impacts					
Impact	2	Likelihood	3	Risk FY 2023	6

Strategic pillar	Customer centricity/Inclusive business models
Capitals impacted	Financial/S&R/Intellectual capital
Material matters	Evolving customer requirements

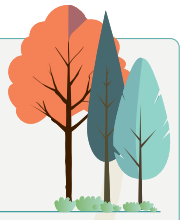
Context and potential impact

Export customers are placing increased focus on sustainability considerations in products including lifecycle emissions, social impacts, responsible sourcing and end-of-life disposal. Inability to keep pace with these requirements could impact market access and competitive edge

Mitigating actions

- Assessing product lifecycle emissions across several sectors
- Incorporating principles of environmental sustainability, resource optimisation

RISKS & OPPORTUNITIES



Regional expansion

Acquisitions

Diversification

- Geographic
- Sectors
- Markets
- Products

Invest in Renewable energy

Expand presence along value chain

- Forward integration
- Backward integration

Capacity Expansion

Digitalisation

Talent Development & Succession

Sustainable Innovations

Hnouring our commitment to ESG

OPPORTUNITIES

An analysis of the PESTLE factors, Group risks and its resources have identified the following potential areas and opportunities for growth.

Regional expansion – The Group is actively pursuing regional opportunities across its key business lines, as it seeks to expand its geographical reach thereby building further resilience.

Acquisitions – The Group has a strong history of growth through acquisition and has a finely-honed team in place for the purpose with the expertise required. A strengthened cashflow position supports our aspirations for growth together with a strong talent pool of leaders and aspiring leaders who are eager for opportunities for growth. The year under review saw the acquisition of Horana Plantations PLC, further strengthening the Group's position in Plantations.

Diversification – Strategic investments to further diversify the Group geographically and by investing into emerging sectors. Geographical diversification also enables movement to sources of raw material, markets, more favorable business climates and cost structures. It is also a potential opportunity to further strengthen the value proposition of the Group to customers.

Investment in renewable energy – The Group has a portfolio of investments in renewable energy and there are opportunities for investments in this sector in line with the country's long-term power generation plan. Additionally, the increasing cost of fuel and electricity will reduce payback periods of investments in alternative energy solutions at manufacturing locations, supporting investments in solar energy that will reduce dependency on the main grid and fuel.

Expand Presence Along Value Chain - The sectors have potential to widen their presence along the value chain through backward or forward integration, improving synergies, margins, stability of supply chains and market presence.

Expand Capacity – Investments in expanding capacity where there is a sustainable growth forecast is also an option, as it enables us to leverage our knowledge and expertise to drive volume growth.

Digitalisation – This is a key area of focus for the Group as we have had some success in this area as well. Digital applications have become mainstream, benefitting a number of stakeholders and enabling differentiation beyond the product. An inclusive approach to digitalisation has seen a wide range of stakeholders benefitting from the applications, like tide that lifts all boats. We will be looking to invest in digital applications that builds bridges to understanding and addressing stakeholder concerns.

Talent Pipeline & Succession – A strong talent pipeline supports our growth aspirations, enabling us to invest with confidence as a number of potential leaders remain eager for growth opportunities.

Sustainable Innovation– We innovate products with a purpose and work closely with customers to identify their needs to make them customer centric. It is a key opportunity that has propelled our growth and we will continue to invest in research and development to drive innovation. A number of our products are necessary to address issues such as water and air pollution and environmental degradation. We will continue to stay at the cutting edge of sustainable innovation to drive growth in our businesses.

Integrating ESG - Although we have made progress, there is much to achieve in identifying and capitalizing on ESG related opportunities, that will be mutually beneficial for the planet, the people and our bottom line. This is a fast-evolving area of focus as we believe it will unlock value for all stakeholders. We are committed to drive the change that is necessary to achieve our sustainability goals.

PORTFOLIO REVIEW

Expanding our World

Our widespread presence has positioned us to deliver multifaceted value across our sphere of influence. These myriad spaces rely on diverse strategies that fulfil one core purpose – to nurture and protect our stakeholders across every climate and territory in which we operate.

Across the world, different forests are armed with their own unique strategies and structures that enable them to respond to their environment and its respective dynamics. Boreal forests are adapted to thrive in harsh conditions, while tropical rainforests are built to align with environmental fluctuations, and mangrove and kelp forests are built to maintain resilience against turbulence.

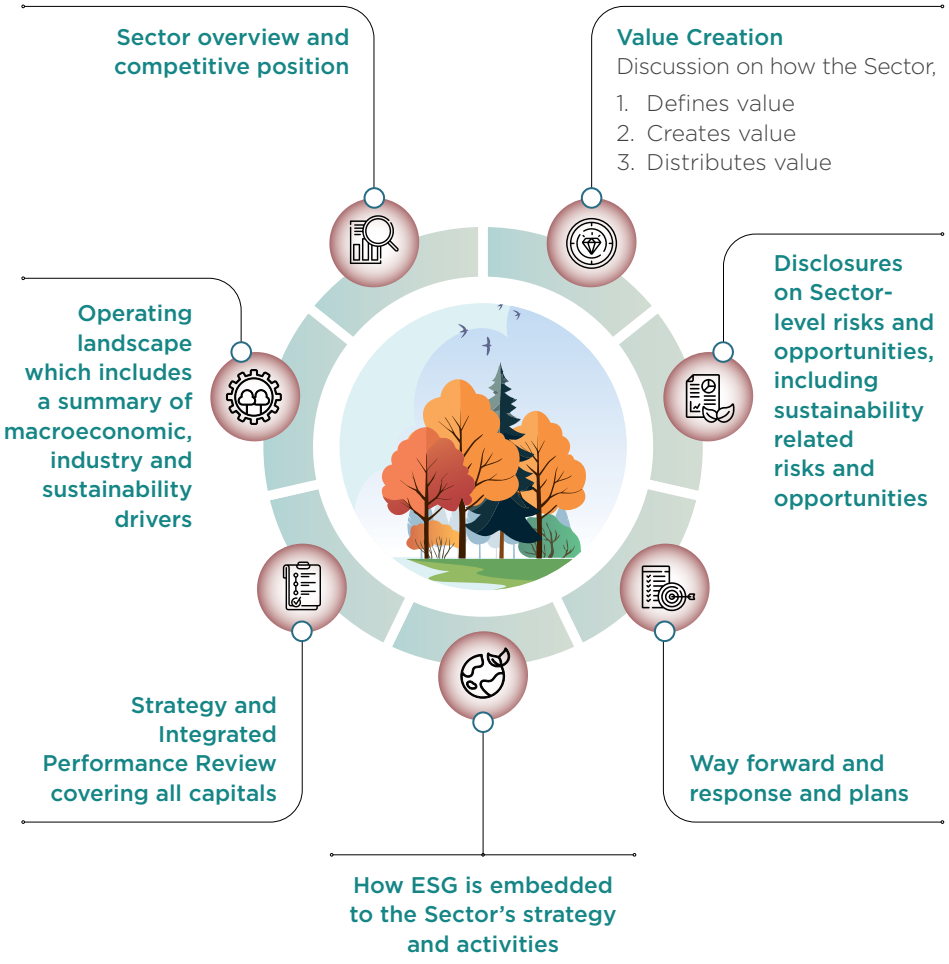


PORTFOLIO REVIEW

The Group's portfolio review set out in the following pages, provides a concise yet comprehensive, yet concise and balanced overview of the value creation of our Sectors for the period under review. In line with the principles of Integrated Reporting, we have included material information relating to the Sectors' resource allocation, strategy, performance, external environment and stakeholder value creation among others.

FEATURED CONTENT IN OUR PORTFOLIO REVIEWS

This year, the in line with the overall theme of our Annual Report the narrative in our portfolio reviews are structured to demonstrate the value creation story of our Sectors.



GRAPHICAL REPRESENTATIONS

Integrated Performance Chart to demonstrate connectivity and trade-offs between the financial, social and environmental performance of each Sector

Sankey Diagram: Visual depiction of how Revenue and Other Income flows are absorbed through costs and other overheads, ultimately generating profit

CHANGES/ IMPROVEMENTS TO THE PORTFOLIO REVIEWS

Improvements to Sector classification

Given changes to the Group's earnings profile and the increasing significance of several sectors, we have reclassified the previous 12 reporting segments into 14 as follows:

- Projects & Engineering (representing Hayleys Fentons and previously reported under the Others segment) presented as a separate cluster
- New reporting segment of Tea Exports (consisting of Mabroc Teas and Martin Bauer Hayleys)

Previous years have been restated to reflect this change

SLFRS S1 and S2 disclosures

Sector-level disclosures on the potential sustainability related risks and opportunities that could impact the Sector. While focus is on climate related disclosures, other SRROs have also been considered

Wider disclosures on the operating landscape

Clarity through materiality

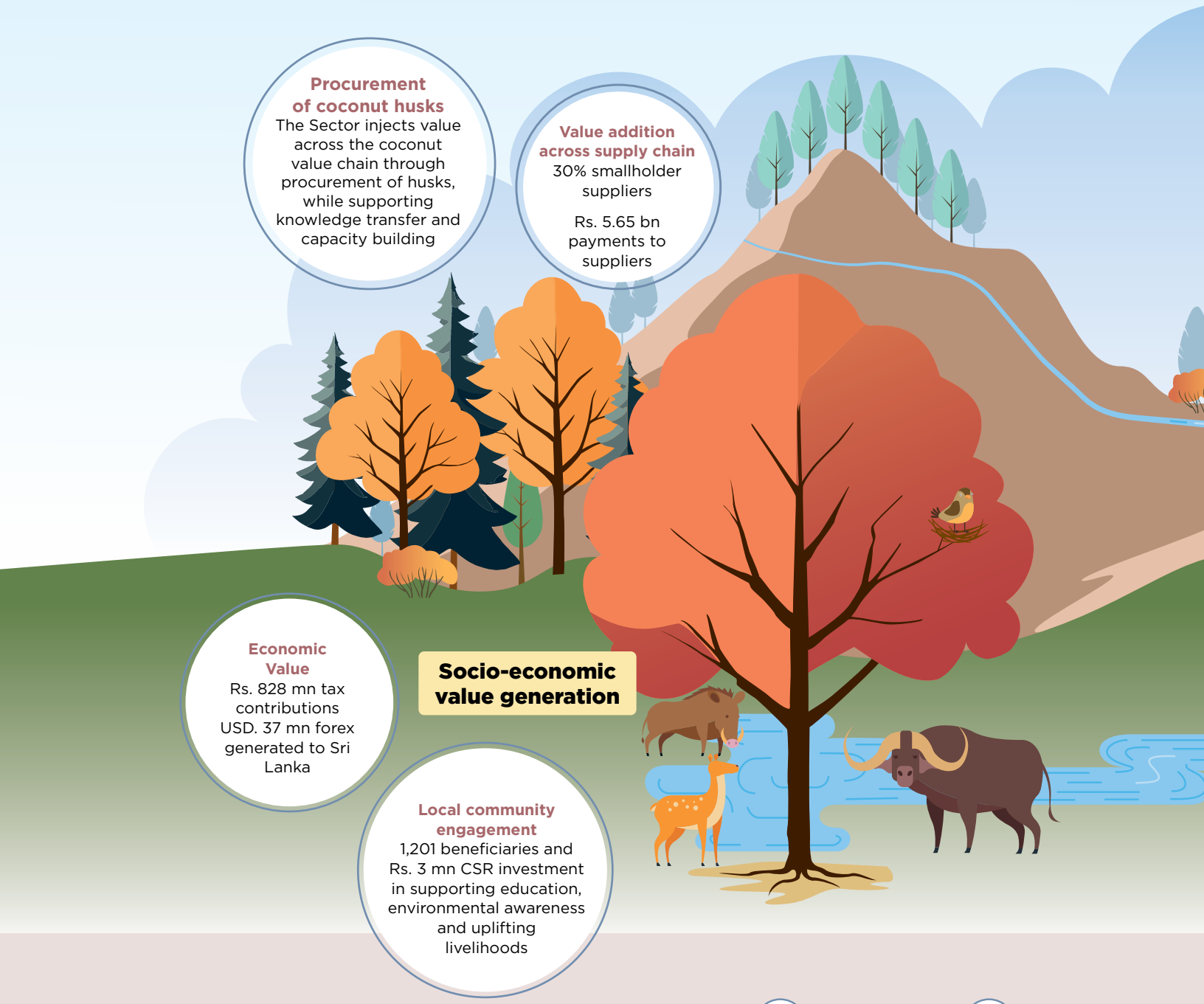
Sector-level disclosures have been carefully selected based on the Group's materiality assessment. Accordingly, only material social and environmental indicators are reported in the Sector review, thereby improving clarity



ECO SOLUTIONS

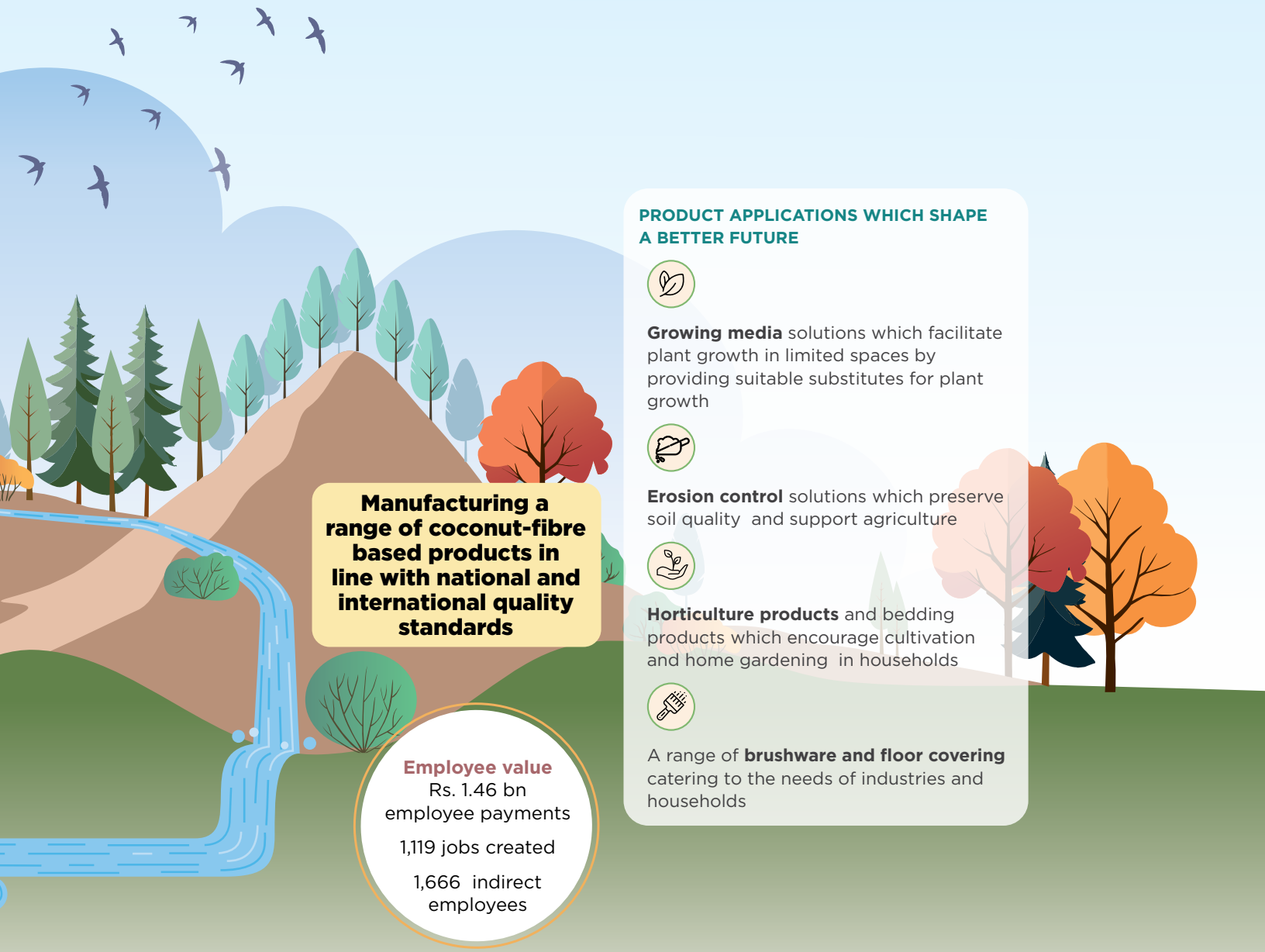
The Sector is a leading exporter of traditional and value-added coconut fibre products, generating significant local value addition through procurement of various types of coconut coir fibre from local supply chains and manufacturing a range of innovative and sustainable solutions catering to a global network of retailers, industries and households.

ECO SOLUTIONS



Rs. 3.25 bn
Economic value creation

2%
Contribution to Group's value creation



Manufacturing a range of coconut-fibre based products in line with national and international quality standards

Employee value
Rs. 1.46 bn employee payments

1,119 jobs created

1,666 indirect employees

PRODUCT APPLICATIONS WHICH SHAPE A BETTER FUTURE

Growing media solutions which facilitate plant growth in limited spaces by providing suitable substitutes for plant growth

Erosion control solutions which preserve soil quality and support agriculture

Horticulture products and bedding products which encourage cultivation and home gardening in households

A range of **brushware and floor covering** catering to the needs of industries and households

Revenue	**Profit Before Tax**	**Loss After Tax**	**Assets**	**Liabilities**	**Employees**	**Carbon footprint**
Rs. 13.85 bn (-9%)	Rs. 68.09 mn (-97%)	Rs. 16.77 mn (-101%)	Rs. 19.91 bn (+7%)	Rs. 8.77 bn (+14%)	1,119 (+23%)	5,522 tCO2e (-22%)

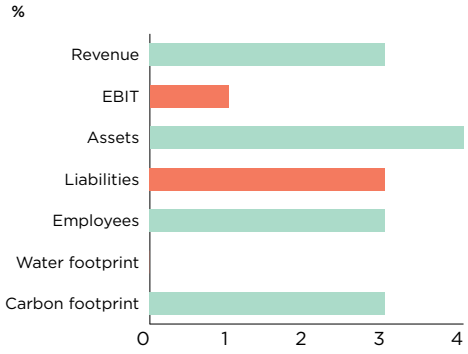
+ denotes y-o-y growth *- denotes y-o-y decline*

ECO SOLUTIONS

SECTOR OVERVIEW

The Group's Eco Solutions Sector is a pioneering and leading manufacturer of value-added coconut fibre products, offering an array of tailor-made, innovative and environmentally sustainable solutions across several product categories. The Sector was the first business interest of the Hayleys Group, and has over the past 147 years sharpened its product capabilities, domain knowledge and competitive edge thereby catering to the rapidly evolving requirements of its global customer base.

CONTRIBUTION TO GROUP



ECO FIBRE

Manufacture a range of value-added coir fibre products

Contribution to Sector
Revenue: 67%
PBT: 574%

Performance 2023/24
Revenue: 40% growth
PBT: 73% decline

FLOOR COVERING & MATTRESSES

Manufacturer of coir, rubber, flocked door mats and PU mattresses

Contribution to Sector
Revenue: 18%
PBT: -221%

Performance 2023/24
Revenue: 18% decline
PBT: 420% decline

BRUSHWARE

Pioneer in the brush market, catering to both the local and international markets

Contribution to Sector
Revenue: 15%
PBT: -454%

Performance 2023/24
Revenue: 28% decline
PBT: 452% decline

OPERATING ENVIRONMENT

Global demand dynamics for eco-fibre products remained somewhat subdued during the year, with the retail sector witnessing a downturn in view of unfavorable geopolitical conditions and tightening global monetary conditions. Meanwhile, global geopolitical tensions continued to disrupt global trade flows leading to oscillating freight rates.

While Sri Lanka's macro-economic conditions stabilised compared to the preceding year, the volatility and appreciation of the Sri Lanka Rupee towards the latter part of the financial year adversely affected exporters. Meanwhile persistently escalating cost of production driven by adjustments to fuel prices and rising labour costs continued to pressure margins, given the highly price sensitive nature of the Sector's key product verticals. Supply chain dynamics also remained challenging during the year, with Sri Lanka's coconut industry plagued by escalating implications of climate change, relatively low yields and limited application of technology. The long-term outlook for eco-fibre products, however, remain optimistic, reflecting increased eco-consciousness of customers and more stringent environmental regulations in major export markets.

COMPETITIVE POSITION

A portfolio of **leading brands** including Ravi, Rileys, Hayleys Fibre and Hayleys Mattresses

Over **1000 product varieties** across our key verticals of Eco Fibre (value-added coir fibre products), brushware and floor coverings.

12 manufacturing facilities Overseas Locations including 1 manufacturing location in India, and regional marketing offices in the UK, Netherlands and Japan

The Sector caters to a global base of over **300 customers across 80 markets** ranging from Fortune 500 companies to international supermarket chains and local customers.

7%
Decrease in Sri Lanka's coconut production in 2023

8%
Appreciation of the Sri Lankan Rupee

13%
Industry growth forecast (2021- 2026)

Summary of external drivers

	Driver	Driver Significance of impact	Implications on Sector
Economic and geo-political context	Appreciation of Sri Lankan Rupee	H	- Reduced competitiveness in the global market and adverse implications on volume and market share
	Global geopolitical tensions	M	- Subdued demand and disruptions to trade flows
	Gradual decline in interest rates	H	+ Reduction in borrowing costs
Industry context	Escalation in cost of production	H	- Adverse impact on competitiveness and profitability margins
	Increasing demand for growing media products amidst limited availability of land and prevalence towards healthy diets	H	+ Potential for business growth
	Increasing stringency of global environmental regulations	H	+ Growth opportunities in new market segments and applications
Sustainability context	Migration of talent	M	- Challenges in business continuity
	Implications of climate change on coconut crop	H	- Disruptions to the supply chain - Volatility in raw material pricing - Adverse implications on water security
	Escalating customer requirements on sustainability considerations	H	+ Opportunity to strengthen competitive position by catering to emerging requirements + Cost efficiencies

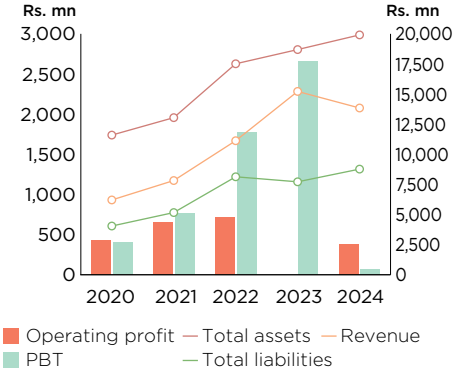
H-High, M-Medium, L-Low. *Brown circle represents adverse effect while yellow circle represents positive affect*

STRATEGY AND INTEGRATED PERFORMANCE REVIEW

The Sector's performance was adversely affected by adverse macro-economic and market conditions during the year, resulting in Revenue and Profit Before Tax declining by 9% and 97% respectively. The Sector demonstrated resilience in the face of global challenges to record a 28% increase in volumes; however top line growth was affected by the appreciation of the Sri Lankan Rupee during the year. Profitability margins were impacted by challenges in passing on cost increases to customers given the price sensitive nature of several products in key verticals. In order to counter these externalities, the Sector placed strategic focus on cost management, process efficiencies and backward integration which softened adverse impacts to a certain extent.

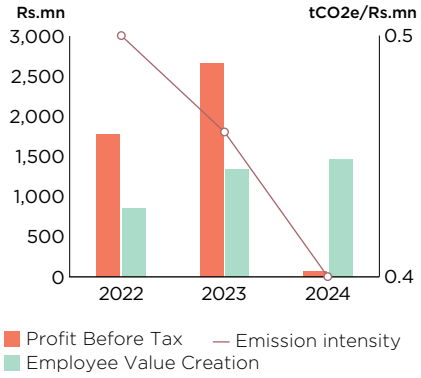
In terms of products, growing media recorded commendable growth supported by favorable demand dynamics and penetration in new markets such as Mediterranean, Middle East and CIS regions. The Sector has strengthened

SECTOR FINANCIAL PERFORMANCE



ECO SOLUTIONS

INTEGRATED PERFORMANCE



its global market position in this category, now ranking within the top 3 exporters in Sri Lanka for value-added growing media. Brushware experienced a challenging year due to subdued demand conditions as well as unfavorable exchange rate dynamics and the Sector focused on sustaining customer relationships in this segment. In floor covering, emphasis was placed on improving product design and quality while increasing efficiencies to offer attractive pricing. Despite a decline in profitability in view of subdued domestic demand, the mattress business performed commendably amidst challenges.

Innovation remains a key priority for the Sector and during the year considerable progress was made in the growing media and value-added fibre products segments. In the former, the Sector launched a specialised range of grow bags for tomatoes, strawberries, cucumbers and chilies. During the year, the Sector also obtained a patent for its new water proof coir pots. New applications in coco fibre, including horticulture, rubberised coir car seats are also showing considerable upside potential and the Sector sought to drive increased penetration in these segments.

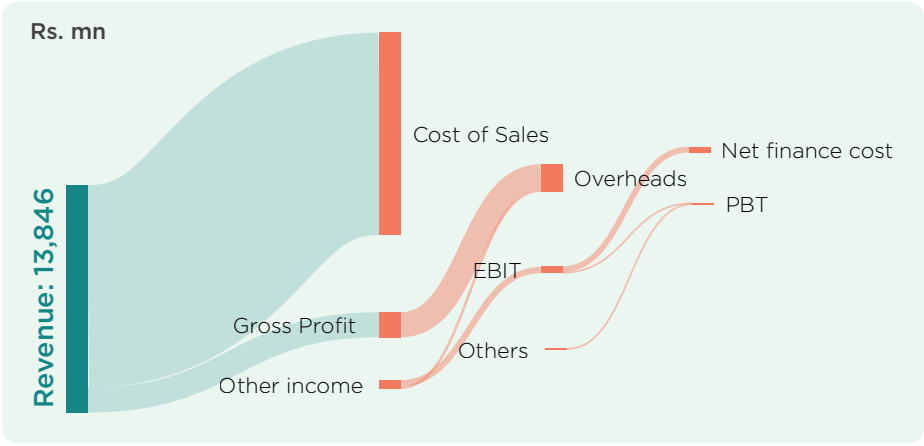
Strategic emphasis on proactive inventory planning enabled the Sector to mitigate the impact of supply chain disruptions during the year, although persistent declines in the country's coconut yield and crop poses a significant medium-term risk to the Sector. During the year, the Sector sought to diversify its supply chains through commencing backward integration in the Jaffna region. The Sector has established a palmyrah fibre processing plant in Jaffna, supporting both supply chain security while contributing to socio-economic empowerment of women among these communities.

The Sector's people strategy for the year was centered on increasing retention among shop floor teams and strengthening leadership tiers through leadership development programmes and effective succession planning. Rs. 1.19 mn was invested in training and development during the year, with employees receiving a total of 4,880 training hours.

ESG IN ACTION

In aligning its ESG agenda with that of the Hayleys Group, the Sector launched its 2030 ESG Roadmap, 'Entwine' during the year, marking a step change in its sustainability aspirations. Entwine offers a blueprint for shared responsibility and collective action in embedding environmental and social consciousness into the Sector's strategy and processes, serving as a guiding framework for sustainable business. The Roadmap is directly aligned to the Sector's corporate purpose of "inspiring innovative and eco-friendly living" and centers on the four pillars of nurturing the planet, optimising resources, improving lives and responsible leadership.

- Establishment of Sector ESG Steering Committee
- Strengthen ESG risk assessment and integration with existing risk processes
- Monthly and quarterly monitoring and reporting of performance against ESG targets
- Third-party verification of GHG emissions (2022/23)



HOW WE DEFINE VALUE

SHAREHOLDERS
Sustainable growth in returns commensurate with risk undertaken

CUSTOMERS
Sustainable and affordable solutions which address critical environmental issues

SUPPLIERS
Continued demand for material at equitable pricing, technical support and capacity development

GOVERNMENT
Generation of tax revenue, export income and job creation

COMMUNITY
Positive social and environmental impacts and contribution to economic prosperity

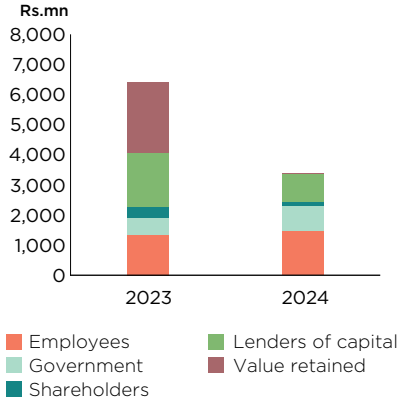
HOW WE CREATE VALUE

Strategic priorities	Market expansion	Supply chain management	Strategic integration of ESG
Resource Allocation	**Rs. 329 mn** Sales and marketing expenses	**Rs. 202 mn** Investment in backward integration	Launch of '**Entwine**'- the Sector's ESG Roadmap
Strategic KPI/ Pre-financials	**CIS/ Middle East** New markets entered **60** New customers acquired	**Rs. 5.94 bn** Payments to suppliers **8** New suppliers added	**67%** Reliance on renewable energy **Rs. 3 mn** Community investment

HOW WE DELIVER AND PRESERVE VALUE

- Total economic value generated during the year declined by 46% in view of challenging operating conditions
- Payments to employees increased by 9% demonstrating continued commitment to employees.
- Value generated to Governments (in Sri Lanka and overseas) increased by 53%
- Value retained in the business amounted to Rs. 64 mn

VALUE DISTRIBUTION



ECO SOLUTIONS

FINANCIAL PERFORMANCE

Rs.mn	2024	2023	% y-o-y	2022
Revenue	13,846	15,221	(9)	11,131
Earnings before interest and tax	384	2,430	(84)	718
Net finance income/(cost)	(357)	134	(366)	984
Profit before tax	68	2,656	(97)	1,768
Profit after tax	(17)	2,471	(101)	1,500
Assets	19,911	18,694	7	17,515
Liabilities	8,775	7,722	15	8,131
Operating cash flow	(494)	3,555	(114)	(436)
Performance against targets				
	Target	**Actual**		**Reason for variance**
ROE	>10%	-0.2%		Challenging exchange rate dynamics and intense price competition
Gearing	<55%	41%		In line with target
OPERATIONAL HIGHLIGHTS	**2024**	**2023**	**% y-o-y**	**2022**
Production volumes (MT)	6,157	4,901	26	6,291
Energy intensity (GJ/Revenue Rs.mn)	9.6	6.4	49	8.3
Water intensity (Litres/Revenue Rs.mn)	1,331	1,195	11	1,347
Carbon intensity (tCO2e/Revenue Rs.mn)	0.4	0.5	(14)	0.5
No. of employees	1,119	908	23	844
Revenue per employee (Rs.mn)	12.4	16.8	(27)	13.2
Remuneration per employee (Rs.mn)	1.3	1.5	(13)	1.0

ESG HIGHLIGHTS

CLIMATE ACTION

The Sector relies primarily on renewable energy (biomass) which has enabled it to gradually reduce its carbon footprint over the years.

	2024	2023	Y-o-y	Target
Energy consumption (GJ)	132,477	97,445	+36	15% reduction in carbon footprint
Carbon footprint (tCO2e)	5,522	7,043	-22	
Reliance on renewable energy	73%	59%	+14%	

EMPOWERING WOMEN ACROSS OUR SUPPLY CHAIN

The Sector has established a palmyrah processing plant in Jaffna providing employment to 12 impoverished women in the region.



WATER SAVING

Improving monitoring of water and focus on efficiency improvements

Target: 15% reduction in water intensity

Actual: 11% Increase reduction in water intensity

SUSTAINABLE PRODUCTS

The Sector's product portfolio consists of innovative and sustainable solutions, which address several emerging environmental problems.

- Erosion control products
- Seedling pads
- Eco-friendly mats with biodegradable properties

PROSPECTS AND PLANS

While demand is likely to be subdued in the near-term reflecting softening global economic conditions, long-term demand dynamics remain favourable, particularly in categories such as growing media, erosion control and horticulture. Exchange rate volatility remains the key downside risk in the near term and lack of predictability on the trajectory of the Sri Lankan Rupee has rendered the short-to-medium term outlook challenging to predict. Meanwhile intensifying pressure from regional counterparts (such as India) could pose a risk in the near term, underscoring the critical importance of Sri Lankan manufacturers driving cost efficiencies and refining business models. The Sector's risk and opportunity landscape is summarised below.

INDUSTRY RISK AND OPPORTUNITY LANDSCAPE

Exchange rate volatility

The continued appreciation of the Sri Lankan Rupee in recent months presents a significant short-term risk to the Sector, with potential impacts on global competitiveness and profitability margins.

Response

Daily monitoring of exchange rate trends and forward booking of contracts and flexible pricing strategies with customers

Global geo political dynamics

Escalating geopolitical tensions and unprecedented monetary tightening is likely to dampen demand over the short-term

Response

Drive penetration in non-traditional markets

Relatively high cost of production

Upward revision of fuel prices and escalation in other manufacturing costs could impact the Sri Lanka's competitiveness in the global market

Response

Product and market diversification

Increase contributions from value-added products

Increasing demand for growing media

Population growth, increased focus on healthy diets and limited availability of land and soil infertility fueling demand for growing media products.

Response

Expansion of growing media product portfolio and penetration of markets

Sustainability as a competitive edge

Environmental and social considerations are increasingly featuring in customers' purchasing decisions, presenting both opportunities and risks.

Response

Leveraging sustainability as a competitive advantage to access new markets and customer segments

Sustainability related risks and opportunities (SRRO)

Physical climate risk

Implications of temperature rise and rainfall patterns on coconut production and availability of coconut husk

< 1 year	Implications on moisture content and quality of raw materials
1-5 years	Shortages arising from the decline in nut production and price volatility of materials which in turn will impact profit margins
>5 years	If mitigation measures are not adopted, climate change will lead to significant disruptions of the supply chain
Response	Backward integration and diversification of raw material sources

Increasing stringency of environmental regulations

Increasing stringency of environmental regulations and prevalence towards eco-friendly products, particularly in the European region

< 1 year	Necessity to prepare for implications of upcoming EU regulations (particularly EU Green Deal)
1-5 years **>5 years**	Pronounced demand for sustainable products and increased compliance requirements
Response	Increased focus on embedding sustainability considerations across the business

Employee safety

As a Sector which is considerably exposed to fire risk due to the combustible nature of the raw material, employee health and safety is a critical concern

< 1 year **1-5 years** **>5 years**	Potential risks on employee safety could impact employee well-being, corporate reputation and ability to attract and retain employees.
Response	Implementation of health and safety systems and procedures through obtaining certifications Upgrade of manufacturing infrastructure and technology

ECO SOLUTIONS

Despite short-term pressures, the Sector will continue to focus on penetrating non-traditional markets, pursuing expansion in new applications and strengthening its position in the domestic market. Building supply chain security through backward integration will also remain a key priority over the short-to-medium term.

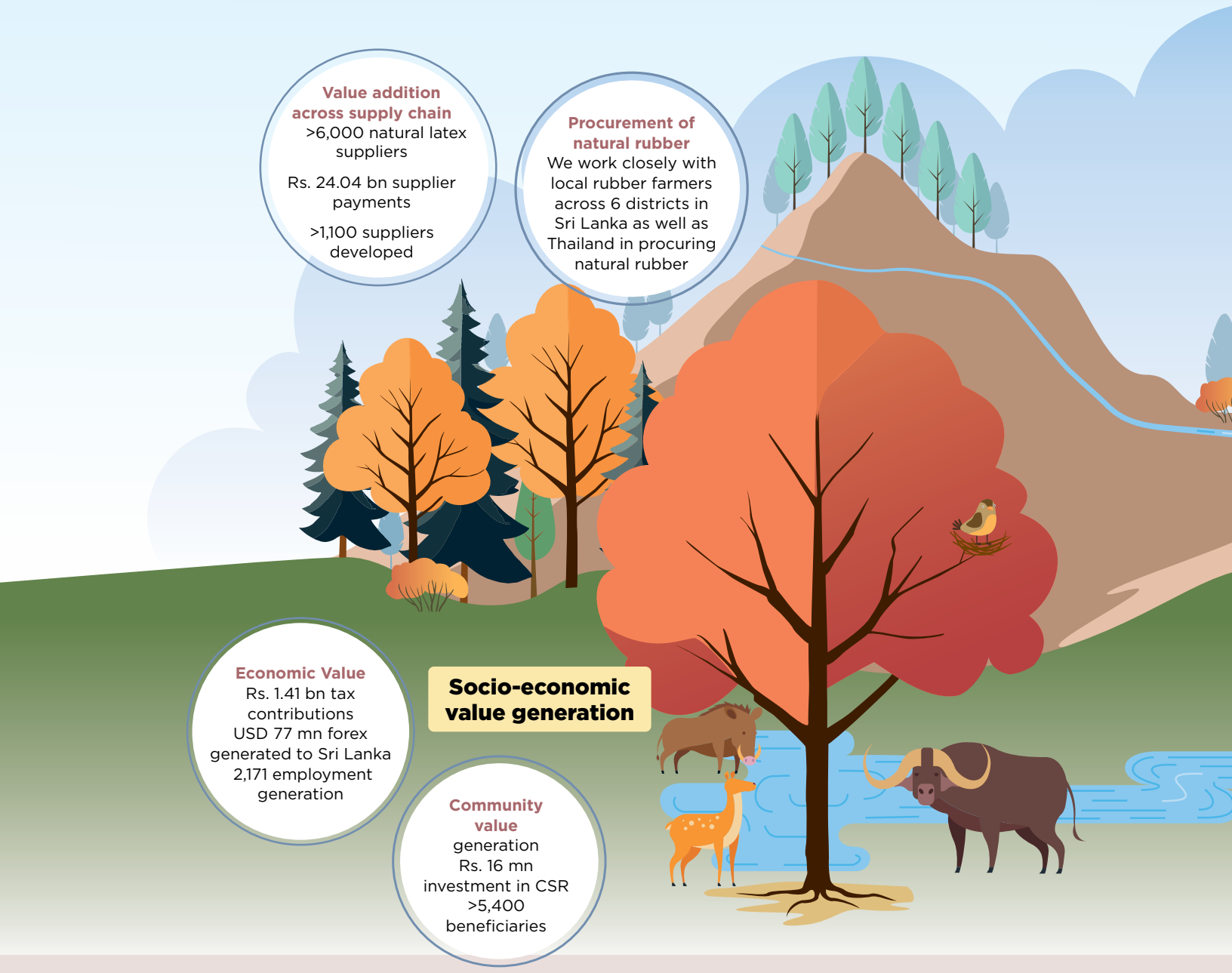
FUTURE PLANS	
Short-term	**Medium-to-long term**
• Pursue growth in new product applications and market segments • Distributor acquisition in key markets • Ensure supply chain security through backward integration • Strategies to increase retention of shop floor employees • Optimise loan mix to mitigate currency and interest rate risk	• Optimise business model through gradual curtailment of loss leaders • Unlocking growth through the Sector's ESG strategy 'Entwine' • Embracing digital technology in driving better customer service • Enhance value-added portfolio through investments in R&D
Short-term goals ROCE>10% Gearing<50%	**Medium-to-long term goals** ROCE>12%



HAND PROTECTION

With over 85% of its inputs sourced locally, the Group's Hand Protection Sector (represented by Dipped Products PLC) drives significant local value addition, designing, manufacturing, marketing and distributing an array of sustainable and innovative gloves catering to diverse applications and markets across the world.

HAND PROTECTION



Rs. 13.89 bn
Economic value creation

9%
Contribution to Group's value creation



Innovation
12 patented products
Sustainable products including biodegradable gloves, gloves made from recycled waste (among others)

Manufacturing a range of natural and synthetic-latex based household, medical and industrial gloves

297 Supported glove varieties

341 Unsupported glove varieties

93 Disposable glove varieties

11 Sports gloves

Employee value
Rs. 6.01 bn payments to employees

Rs. 7 mn investment in training

71,543 training hours

PRODUCT APPLICATIONS WHICH SUPPORT HYGIENE AND SAFETY ACROSS THE WORLD

Unsupported natural gloves for applications in agriculture, chemicals, food processing and pharmaceuticals

Unsupported nitrile gloves for applications in Chemicals, food processing, facility maintenance and automobile industry among others

Supported gloves with specialised features including chemical, cut and heat resistance, dexterity and superior grip among others.

Premium custom-designed **sports gloves** for cycling, baseball, American footfall, winter sports and weight lifting among others

Revenue	**Profit Before Tax**	**Profit After Tax**	**Assets**	**Liabilities**	**Employees**	**Carbon footprint**
Rs. 43 bn (-16%)	Rs. 4.01 bn (-24%)	Rs. 3.67 Bn (-14%)	Rs. 34.34 bn (-2%)	Rs. 13.6 bn (-11%)	2,171 (-3%)	25,735 tCO2e (-4%)

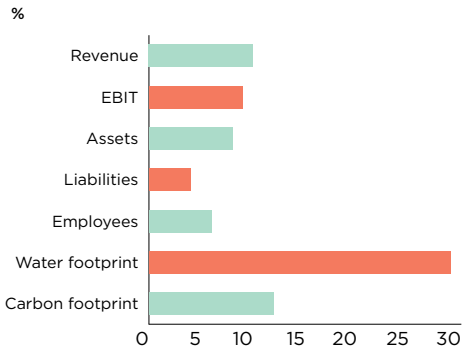
+ denotes y-o-y growth *- denotes y-o-y decline*

HAND PROTECTION

SECTOR OVERVIEW

The Group's Hand Protection Sector is represented by Dipped Products PLC, a global leader in protective hand-wear, which serves close to 5% of global demand for natural and synthetic-latex based household and industrial gloves. Leveraging domain-specific knowledge and industry insights of over four decades, the Sector has sharpened its competitive edge through a relentless focus on quality, sustainability and innovation which has enabled DPL to fulfill rapidly evolving needs of its diverse clientele.

CONTRIBUTION TO GROUP



LOCAL OPERATIONS

5 manufacturing facilities producing a range of household, industrial and sports gloves

Contribution to Sector
Revenue: 55%
PBT: 97%

Performance 2023/24
Revenue: 13% decline
PBT: 46% decline

EUROPEAN OPERATIONS

Distribution arm in Italy, supplying our products to the European market

Contribution to Sector
Revenue: 30%
PBT: -12%

Performance 2023/24
Revenue: 17% decline
PBT: 37% reduction in loss

THAILAND OPERATIONS

Manufacturing facility in Thailand producing disposable gloves

Contribution to Sector
Revenue: 15%
PBT: 15%

Performance 2023/24
Revenue: 17% decline
PBT: 49% reduction in loss

OPERATING ENVIRONMENT

During the first half of the year, global glove demand remained subdued, consistent with the dynamics of the previous year in which distributors curtailed purchases following inventory build-up. However, demand strengthened towards the latter part of the year driven primarily by the industrial sector and is expected to maintain this momentum over the short-to-medium term. Sri Lankan exporters were adversely affected by the appreciation of the Sri Lankan Rupee, which impacted global competitiveness and revenue growth. During the year, the Sector was also impacted by the sharp increase in natural rubber prices, reflecting shortages in crop amidst pest attacks and unfavorable weather conditions. This, together with the increase in energy costs inserted pressure on overall cost of production. On the other hand, the relatively stable country's macro-economic conditions including the gradual tapering off of interest rates during the year remained largely favourable.

COMPETITIVE POSITION

The Sector's products are sold in over **70 countries** across **6 continents**

ESG integration through the implementation of DPL Pulse- the Sector's ESG roadmap centered on Planet, Product, People and Partners

A comprehensive portfolio of products with over **720 product variants** in supported, unsupported, disposable, electrician, sports gloves and sleeves

Quality and best-in-class innovation supported by state-of-the-art research capabilities, accredited laboratory facilities and an array of system and product certifications

15%
Increase in natural rubber prices

10%
Reduction in Sri Lanka's rubber crop

8%
Appreciation of the Sri Lankan Rupee

Summary of external drivers

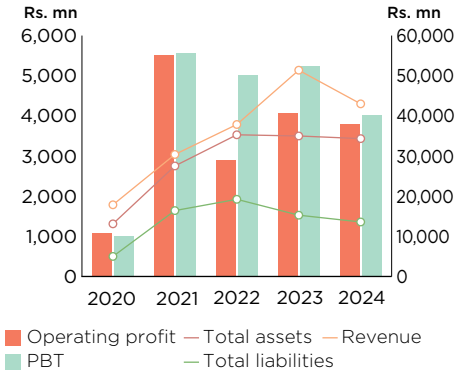
	Driver	Driver Significance of impact	Implications on Sector
Economic and geo-political context	Appreciation of Sri Lankan Rupee	H	- Reduced competitiveness in the global market and adverse implications on volume and market share
	Gradual decline in interest rates	M	+ Reduction in borrowing costs and finance income
	Fiscal policy: Higher corporate income tax rate of 30% applicable to the full financial year	H	- Increase in effective tax rate
	Increase in energy costs	H	- Adverse impact on cost of production and profitability margins
Industry context	Growth in industrial activity and resultant demand for gloves	M	+ Growth in demand for industrial gloves
	Increased stringency of health and safety regulations	H	+ Will drive demand for safety and hygiene solutions including gloves
	Growing awareness on the importance of personal protective equipment in work environments	H	+ Increased demand for industrial gloves and specialised gloves
Sustainability context	Implications of climate change on supply chain & raw material availability	H	- Disruptions to the supply chain - Volatility in raw material pricing
	Customers' increasing focus on sustainability considerations	H	+ Opportunity to strengthen competitive position by catering to emerging requirements + Cost efficiencies

H-High, M-Medium, L-Low. *Brown circle represents adverse effect while yellow circle represents positive affect*

STRATEGY AND INTEGRATED PERFORMANCE REVIEW

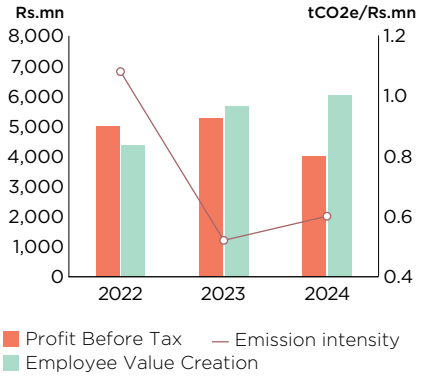
The Sector's performance reflected the external pressures that prevailed during the year, with Revenue declining by 16% to Rs. 43 bn, in view of the appreciation of the Sri Lankan Rupee and a 2% decline in volumes. Profitability margins were pressured by the increase in raw material costs and other overheads, although this was mitigated by ongoing focus on lean management and cost efficiencies. The Sector's overall Profit Before Tax declined by 24% to Rs. 4.01 bn for the previous year, reflecting the slowdown in top line as well as normalisation of exchange gains in comparison to the previous year. Meanwhile, the performance of the European segment was below expectations during the year, due to the prevalent adverse market conditions and decline in pricing.

SECTOR FINANCIAL PERFORMANCE



HAND PROTECTION

INTEGRATED PERFORMANCE



The Sector pursued penetration in niche markets during the year, entering the Middle Eastern and African markets which show significant upside potential. India is also earmarked as a significant target market and short-to-medium term plans are in place to drive customer acquisition. Although adversely affected during the year in review, the Sector's expansions in the European region including France and Poland are positioned for strong growth and expected to emerge as significant contributors to the bottom line over the medium-to-long term.

Increasing contributions from value-added products has been a core strategy and the Sector leveraged its best-in-class research and development capabilities to drive product innovation. A total of 35 new products were launched during the year, including a disposable gripper glove, a high-cut resistant glove, specialised glove for the electric vehicle industry and Super Chem Technology gloves that protect against a range of chemicals. The Sector also upgraded its research laboratory in the Kottawa facility, featuring state-of-the-art technology and aligning with the requirements international accreditations thereby positioning it as a Center of excellence in innovation. In line with our strategic focus on ESG, the Sector also sought to embed principles of sustainability in its innovation and product development processes, as listed in subsequent sections of this Chapter.

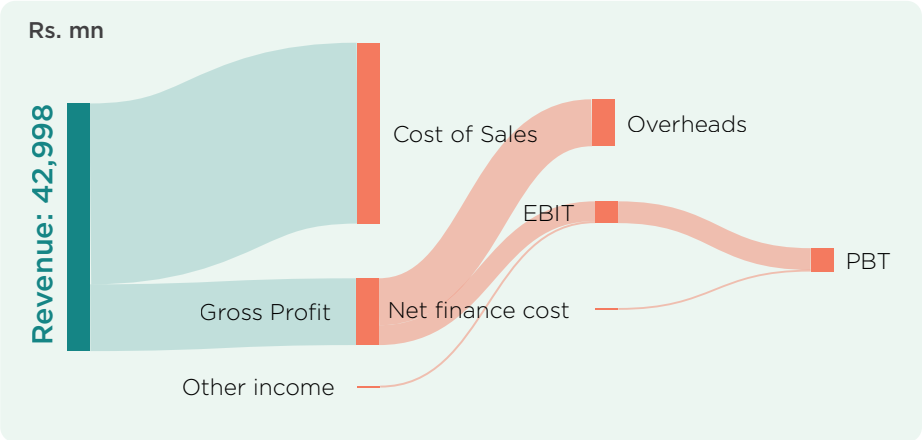
The Sector invested Rs. 2.66 bn in physical infrastructure during the year, which included investments in solar, sports glove manufaturing facility and construction of a consolidated central warehouse, which has accrued substantial efficiencies and cost improvements. The new sports glove facility which was commissioned last year completed its full first year of operations, achieving commendable capacity utilisation levels as the new range gained momentum followed by partnerships with several globally leading sporting brands.

With employee retention remaining a key challenge for most Sri Lankan employers, the Sector placed strategic focus on upskilling employees, developing leadership capabilities and succession planning. Total training hours of 71,543 were delivered through investments of Rs. 7.42 mn, focusing on sales excellence, digital skills and technical skills among others. Supply chain dynamics remained challenging during the year, given the shortfall in natural rubber supply and resultant volatility in pricing. The Sector continued to leverage supplier relationships nurtured through DPL Firstlight to address supply chain issues while also accessing the supply chain in Thailand.

ESG IN ACTION

The Sector sought to strategically institutionalise ESG across all aspects of its business through the launch of its holistic ESG Roadmap, 'DPL Pulse' aligned with the aspirations of the Hayleys Lifecode. Centered on the four pillars of Planet, People, Product and Processes, DPL Pulse details the Sector's environmental, social and governance targets, together with planned actions and strategies. While ESG initaitives are detailed in a subsequent section of this Chapter, measures taken to strengthen ESG governance in the Sector included the following:

- Strengthen ESG risk assessment and integration with existing risk processes
- Monthly and quarterly monitoring and reporting of performance against ESG targets with the participation of relevant personnel from manufacturing facilities
- Third-party verification of GHG emissions (2022/23 and 2023/24)



HOW WE DEFINE VALUE

SHAREHOLDERS
Sustainable growth in returns commensurate with risk undertaken

CUSTOMERS
High quality, innovative and sustainable products which are customisable

EMPLOYEES
Competitive remuneration, opportunities for skill and career progression

SUPPLIERS
Fair and transparent pricing, technical transfer and opportunities for capacity building

GOVERNMENT
Generation of tax revenue, export income and job creation

COMMUNITY
Positive social and environmental impacts and contribution to economic prosperity

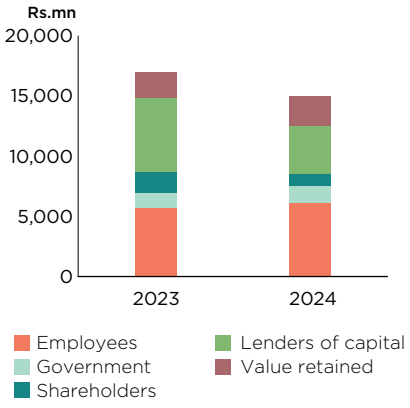
HOW WE CREATE VALUE

Strategic priorities	Innovation and value-added products	Regional expansion	ESG as a strategic differentiator
Resource Allocation	**Rs. 200 mn** Investment in R&D 19 employees Strength of R&D team	**Rs. 1.80 bn** Sales and marketing expenses	Launch of DPL Pulse during the year
Strategic KPI/ Pre-financials	**35** New products developed **21** Products in the pipeline	**04** New markets entered **54** New customers acquired	**4%** Reduction in carbon footprint **8%** Sustainable water sourcing **33 (2022/23: 26)** Average training hours per employee

HOW WE DELIVER AND PRESERVE VALUE

- Total economic value generated during the year reduced by 9%
- Value generated to Governments (in Sri Lanka and overseas) amounted to Rs. 1.41 bn an increase of 7%
- Payments to employees increased by 6% during the year
- Payments to lenders of capital decreased by 36%, reflecting the gradual decline in interest rates
- Value retained in the business for future investment amounted to Rs. 2.5 bn

VALUE DISTRIBUTION



HAND PROTECTION

FINANCIAL PERFORMANCE

Rs.mn	2024	2023	% y-o-y	2022
Revenue	42,998	51,376	(16)	37,858
Earnings Before Interest and Tax	3,786	4,072	(7)	2,896
Net Finance Income/(Cost)	226	1,179	(81)	2,109
Profit Before Tax	4,013	5,251	(24)	5,005
Profit After Tax	3,673	4,277	(14)	4,050
Assets	34,341	35,002	(2)	35,297
Liabilities	13,595	15,285	(11)	19,239
Operating Cash Flow	3,439	7,718	(55)	6,135
Performance against targets				
	Target	**Actual**		**Reason for variance**
ROCE	>10%	14.5%		In line with target
Gearing	<50%	22%		
OPERATIONAL HIGHLIGHTS	**2024**	**2023**	**% y-o-y**	**2022**
Capacity utilisation (%)	84	79	5	84
Energy intensity (MJ mn/Revenue Rs.mn)	48	38	25	54
Water intensity (Litres/Revenue Rs.mn)	47,506	36,970	28	47,050
Carbon intensity (tCO2e/Revenue Rs.mn)	0.6	0.5	14	0.1
No. of employees	2,171	2,245	-3	2,117
Revenue per employee (Rs.mn)	20	23	15	17
Remuneration per employee (Rs.mn)	3	3	-	2

ESG HIGHLIGHTS

CLIMATE ACTION

The Sector relies primarily on renewable energy sources, which include biomass for boilers and solar power. The Sector has invested over Rs. 1.22 bn in rooftop solar PV systems, which have been installed across all Sri Lankan manufacturing facilities and in the Thailand factory.

	2024	2023	Y-o-y	Target
Energy consumption (TJ)	2,055	1,971	4	-
Carbon footprint (tCO2e)	25,735	26,893	-4	20% reduction in Scope 1 & 2
Renewable energy reliance	93%	92%		95%

SUSTAINABILITY IN PRODUCT DESIGN

Key sustainable innovations during the year include,

Product carbon footprint assessment of **7 gloves** under ISO 14067:2018 **Product Life Cycle Accounting and Reporting Standard**, to quantify emissions during all stages of the product cycle following the Life Cycle Analysis.

Supported gloves made of plant-based renewable material such as lenzing, banana and pineapple fibre

Rubber and plastic based reusable glove that can be used an alternative to conventional disposable glove

EMBRACING DIVERSITY, EQUITY AND INCLUSION

Launch of Embrace, a series of DEI awareness sessions conducted for all leadership and executive and above categories



SUPPLIER DEVELOPMENT THROUGH DPL FIRSTLIGHT

- Distribution of **65,000 KG** of fertilizer
- Distribution of **30,000** rubber saplings

Community engagement initiatives

Investments of Rs. 16 mn in community engagement initaitives focusing primarily on health and education

- Pahesera Arunalu-Educational support
- Sisu Divi Pahana: 85,000 nutritious meals
- Stationary and school book donations

PROSPECTS AND PLANS

The anticipated recovery of demand from the European market is expected to strengthen volume growth in 2024/25, as the Sector leverages its expansion efforts of recent years to drive increased penetration. Supported gloves are expected to record more pronounced growth, a trend DPL is well positioned to capitalise on given investments in enhancing product offerings and manufacturing capabilities. The Sector's short, medium and long-term risks and opportunities are summarised below:

INDUSTRY RISK AND OPPORTUNITY LANDSCAPE

- Exchange rate volatility

The Sri Lankan Rupee is expected to appreciate further over the short-term before decelerating and stabilising towards the latter part of the year. As an exporter, the appreciation of the Rupee will affect global competitiveness a well as revenue and profitability margins given the price sensitive nature of the industry

Response
Proactive monitoring of exchange rate trends

- Global geopolitical dynamics

Escalating geopolitical tensions and resultant disruptions to shipping routes has led to longer lead times as well as higher operational costs

Response
Increased geographical diversification of markets

- High energy costs

Sri Lanka's energy costs increased significantly during the year and is currently ranked among the highest in the region.

Response
Increased reliance on renewable energy sources

+ Increasing awareness on health and safety and more stringent regulations

Growing awareness on workers' safety and increasing occupational hazards in mining, construction, oil and gas and manufacturing will drive demand for industrial glove applications

Response
Expansion of product portfolio catering to specialised industrial needs
Penetration of new markets

+/- Sustainability as a competitive edge

Environmental and social considerations are increasingly featuring in customers' purchasing decisions, presenting both opportunities and risks.

Response
Leveraging sustainability as a competitive advantage to access new markets and customer segments

Sustainability related risks and opportunities (SRRO)

Impacts of weather on supply chain
Implications of adverse weather patterns including variability in rainfall patterns and temperature on the rubber supply chain

< 1 year	Shortages in natural rubber and sharp escalation in prices
1-5 years	More pronounced shortages and price volatility of natural rubber, as demand increases
>5 years	If mitigation measures are not adopted, climate change will lead to significant disruptions of the supply chain
Response	Strengthen relationships with suppliers through DPL Firstlight and diversification of raw material sources

Transition risk: Shift to low-carbon economy
Increased stringency of regulations and escalating customer requirements on sustainability considerations

< 1 year	Customers requests for product-level carbon footprints and ESG ratings
1-5 years	Evolving regulations from the EU including the EU Deforestation Regulation and European Green Deal will have significant impact
>5 years	Survival of sustainability-focused organisations while others will be challenged to garner market acceptability
Response	Embedding ESG in a strategic manner

Water availability
Sri Lanka has been ranked a water-stressed country and escalating implications of climate change are likely to drive further challenges.

< 1 year	Limited impact albeit increased variability of weather patterns
1-5 years	The Sector is relatively water intensive with potential impacts on production continuity and operational cost
>5 years	Increase in water costs with frequent disruptions to availability
Response	Continued monitoring of water usage and increase reliance on sustainable sources including investments in water recycling

HAND PROTECTION

FUTURE PLANS	
Short-term	**Medium-to-long term**
• Strengthen presence in Europe, Australia, Africa and East Asia • Enhance value added portfolio catering to specialised needs including chemical resistant and electrical insulation gloves • Pursue new opportunities by prioritising ESG related investments • Cost optimisation through digitalisation and centralising back office functions	• Reengineer and automate manufacturing systems • Diversify raw material and packaging supply chain in both Sri Lanka and Thailand • Position DPL as a sustainable manufacturer through strategic approach to ESG
Short-term goals ROE>12% Gearing< 20%	**Medium-to-long term goals** ROCE>12% Gearing< 50% of total capital

SASB DISCLOSURES

Household and Personal Products Standard- Sustainability Disclosure Topics & Accounting Metrics

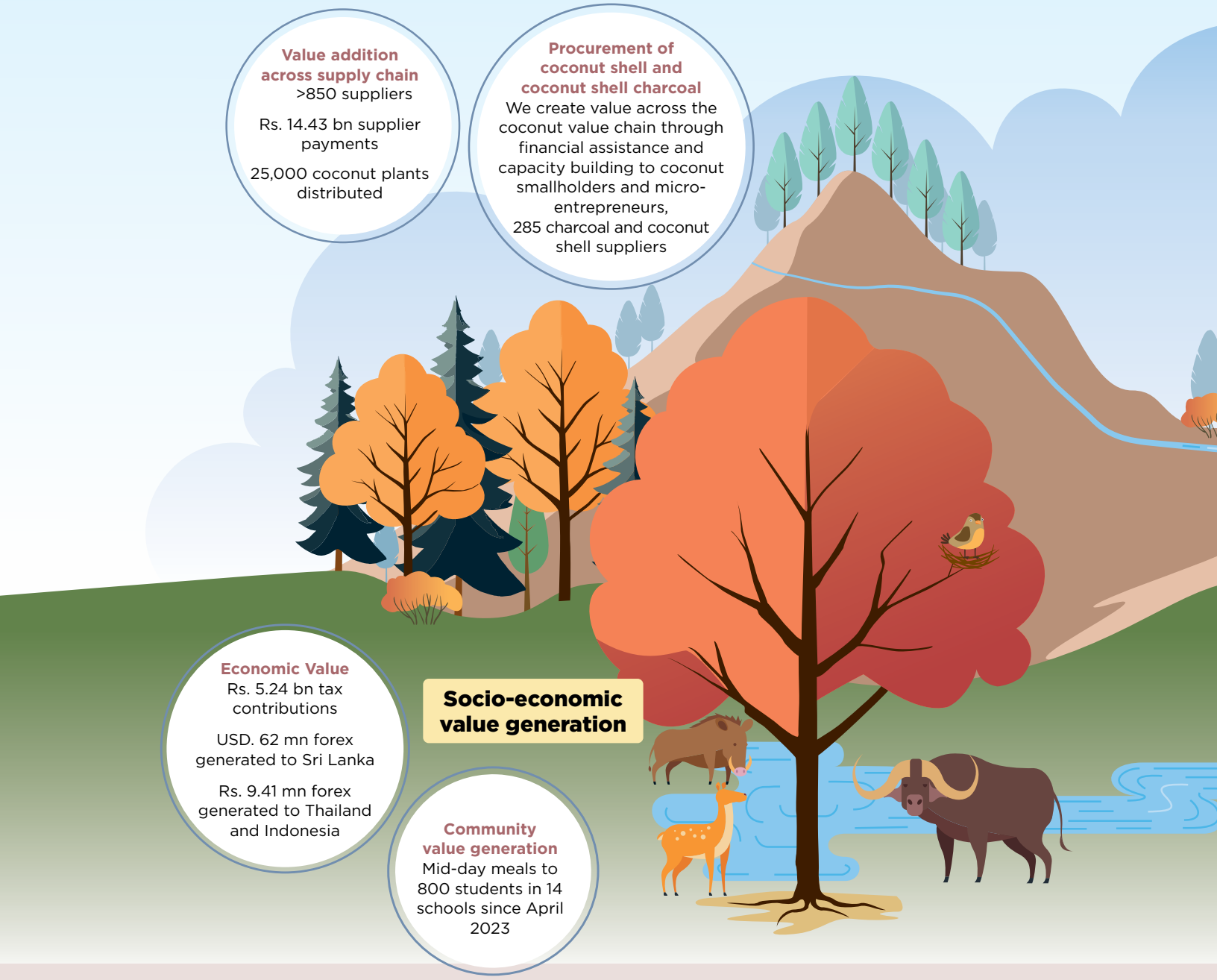
TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	CODE	DISCLOSURE/Pg. reference
Water Management	(1) Total water withdrawn (2) Total water Consumed (3) Percentage in regions with High or Extremely High Baseline Water Stress	(m3), Percentage (%)	CG-HP-140a.1	2.05 mn Liters N/A Sri Lanka is classified as a water stressed country
	Description of water management risks and discussions of strategies in place to manage those risks			Refer to page 281
Product Environmental, Health, and Safety Performance	Revenue from products that contain REACH substances of very high concern (SVHC)	Rs. mn	CG-HP-250a.1	N/A
	Revenue from products that contain substances on the California DTSC Candidate Chemicals List	Rs. mn	CG-HP-250a.2	N/A
	Discussion of process to identify and manage emerging materials and chemicals of concern		CG-HP-250a.3	Refer to page 281
	Revenue from products designed with green chemistry principles	Rs. mn	CG-HP-250a.4	223 mn
Packaging Lifecycle Management	(1) Total weight of packaging (2) Percentage made from recycled and/or renewable materials (3) Percentage that is recyclable, reusable, and/or compostable			4,112 MT 70% 90%
	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle		CG-HP-410a.2	Evaluation of product carbon footprint for 7 products with the aim of identifying lifecycle emissions and opportunities for reduction
ACTIVITY METRICS				
Units of products sold Total weight of products sold		Number	CG-HP-000.A	252.4 mn pcs
Number of manufacturing facilities		Number	CG-HP-000.B	5



PURIFICATION

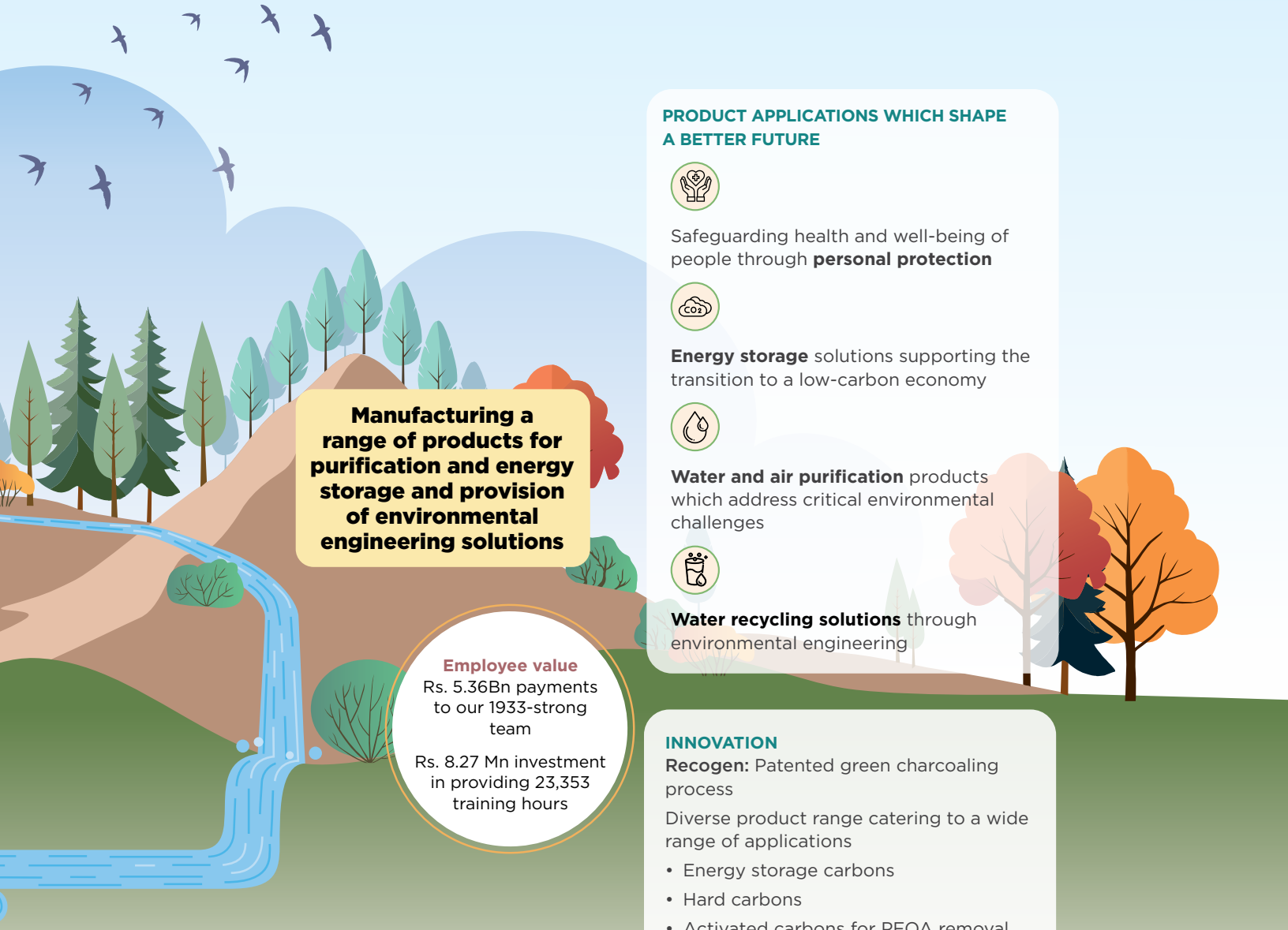
The Purification Sector transforms waste to value through procuring coconut shells and coconut shell charcoal from smallholder communities, which are used to produce an array of world-class activated carbon products that are used across numerous applications in diverse industries.

PURIFICATION



Rs. 17.46 bn
Economic value creation

11%
Contribution to Group's value creation



Manufacturing a range of products for purification and energy storage and provision of environmental engineering solutions

Employee value

Rs. 5.36Bn payments to our 1933-strong team

Rs. 8.27 Mn investment in providing 23,353 training hours

PRODUCT APPLICATIONS WHICH SHAPE A BETTER FUTURE

Safeguarding health and well-being of people through **personal protection**

Energy storage solutions supporting the transition to a low-carbon economy

Water and air purification products which address critical environmental challenges

Water recycling solutions through environmental engineering

INNOVATION

Recogen: Patented green charcoaling process

Diverse product range catering to a wide range of applications

- Energy storage carbons
- Hard carbons
- Activated carbons for PFOA removal from drinking water
- Development of Carbon Molecular Sieves (CMS)
- Gold carbons

Revenue	**Profit Before Tax**	**Profit After Tax**	**Assets**	**Liabilities**	**Employees**	**Carbon footprint**
Rs. 42.74 bn (-29%)	Rs. 6.11 bn (-26%)	Rs. 4.30 bn (-34%)	Rs. 38.20 bn (-1%)	Rs. 14.15 bn (-5%)	1,933 (-14%)	26,696 tCO2e (-6%)

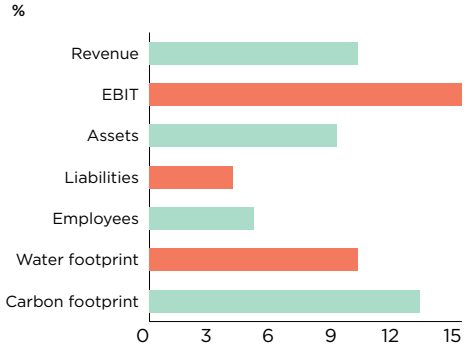
+ denotes y-o-y growth *- denotes y-o-y decline*

PURIFICATION

SECTOR OVERVIEW

The Purification Sector is represented by Haycarb Group, a global leader in the coconut-shell based activated carbon market commanding a share of approximately 16%. Through its subsidiary Puritas (Private) Limited, the Sector is also a leading provider of water and waste water purification solutions in Sri Lanka, Maldives and the region. During the year under review, the Purification Sector ranked as the top contributor to the Group's bottom line, accounting for 15% and 19% of EBIT and PBT respectively.

CONTRIBUTION TO GROUP



SRI LANKAN OPERATIONS

Manufacture of coconut-shell based activated carbon

Contribution to Sector
Revenue: 41%
PBT: 48%

Performance 2023/24
Revenue: 26% decline
PBT: 41% decline

OVERSEAS MANUFACTURING

Manufacturing facilities in Indonesia and Thailand

Contribution to Sector
Revenue: 30%
PBT: 42%

Performance 2023/24
Revenue: 18% decline
PBT: 3% decline

OVERSEAS MARKETING

Marketing arm engaged in distribution

Contribution to Sector
Revenue: 29%
PBT: 10%

Performance 2023/24
Revenue: 42% decline
PBT: 43% decline

OPERATING ENVIRONMENT

The global activated carbon market witnessed some consolidation during the year, with demand softening due to inventory adjustments following stock-build up over the previous years. The normalisation of global supply chains and resultant increase in supply coupled with dampened demand led to intensifying price competition across the industry. On the other hand, increased volatility of global currencies fueled demand for precious materials, which in turn drives demand for mining-related activated carbon applications. While Sri Lanka's macro-economic environment stabilised compared to the previous year, the appreciation of the Sri Lankan Rupee towards the latter part of the financial year adversely impacted export-oriented businesses and remains a significant risk factor in the near term. Over the medium to long-term however, implications of climate change are expected to have increasingly pronounced impacts on the coconut supply chain, as evidenced by chronic shortages in most producing countries.

COMPETITIVE POSITION

The Sector caters to >590 **customers in over 50 countries** with marketing offices in Sri Lanka, USA, Europe and Australia

Seven manufacturing facilities comprising 2 in Sri Lanka, Indonesia and 3 in Thailand. The Sector's newest facility will be commissioned in Philippines shortly

A complete range of over **1500 product variants** including standard, washed impregnated granular activated carbon, powder activated carbon and extruded pellet activated carbon

Advanced **research and product development capabilities** which have enabled the Sector to cater to evolving customer demands across different applications

7%
Decrease in Sri Lanka's coconut production in 2023

3%
Increase in cost of production

8%
Appreciation of the Sri Lankan Rupee

Summary of external drivers

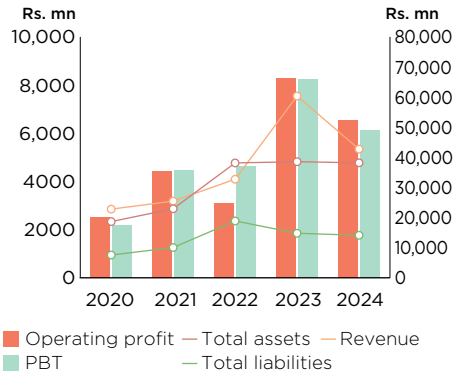
	Driver	Driver Significance of impact	Implications on Sector
Economic and geo-political context	Appreciation of Sri Lankan Rupee	H	- Reduced competitiveness in the global market and adverse implications on volume and market share
	Gradual decline in interest rates	M	+ Reduction in borrowing costs
	Fiscal policy: Higher corporate income tax rate of 30% applicable to the full financial year	H	- Increase in effective tax rate to 30% from 21%
	Decline in freight rates	M	+ Reduction in transportation costs
Industry context	Increased demand from mining industry	H	+ Potential for business growth
	Growing demand for water and air purification		
	Decline in raw material prices	H	+ Positive impact on profitability margins
	New energy arena with the global transition to a low-carbon economy	H	+ Opportunities to access new market segments through energy solutions
Sustainability context	Implications of climate change on coconut crop	H	- Disruptions to the supply chain - Volatility in raw material pricing - Implications on quality and yield
	Escalating customer requirements on sustainability considerations	H	+ Opportunity to strengthen competitive position by catering to emerging requirements + Cost efficiencies

H-High, M-Medium, L-Low. *Brown circle represents adverse effect while yellow circle represents positive affect*

STRATEGY AND INTEGRATED PERFORMANCE REVIEW

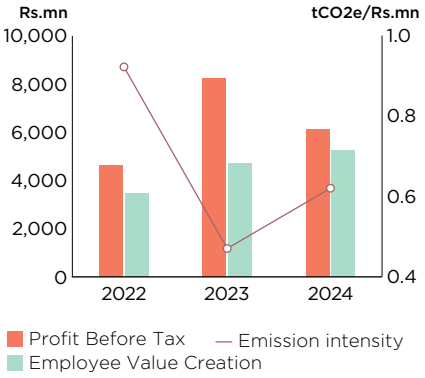
The Sector delivered a commendable performance in a challenging year, sustaining customer relationships and preserving profitability margins amidst external pressures. The 29% decline in Revenue during the year primarily reflects the appreciation of the Sri Lankan Rupee and a reduction of prices offered to customers, while the Sector successfully leveraged its strong customer relationships to remain resilient against intensifying competition and subdued demand. Revenue was also upheld by deeper penetration in key markets such as USA, China and the Middle East, and increasing contributions from the value-added portfolio. Meanwhile, proactive negotiations with raw material suppliers enabled the Sector to optimise input costs, thereby preserving profitability margins. Meanwhile, the Environmental Engineering arm recorded strong

SECTOR FINANCIAL PERFORMANCE



PURIFICATION

INTEGRATED PERFORMANCE



turnaround during the year supported by the gradual recovery of the construction sector and infrastructure projects. Overall, the Sector recorded a Profit Before Tax of Rs. 56 mn (compared to loss of Rs. 240 mn the previous year) gradually emerging as a key contributor to profit during the period.

The Sector's product strategy was consistent with the approach adopted in the last few years, in which considerable business development efforts were directed towards widening the value-added product portfolio. Strategic emphasis placed on energy storage carbon including hard carbon for sodium ion batteries, which presents significant upside potential given rapid growth in the new energy arena. Manufacturing and R&D capabilities were also strengthened in these areas, with investments of over Rs. 125 mn directed towards constructing a state-of-the-art electrochemical laboratory for energy storage solutions. Digital transformation also remains a strategic focus, with the Sector exploring avenues of leveraging AI capabilities to drive increased automation and efficiencies.

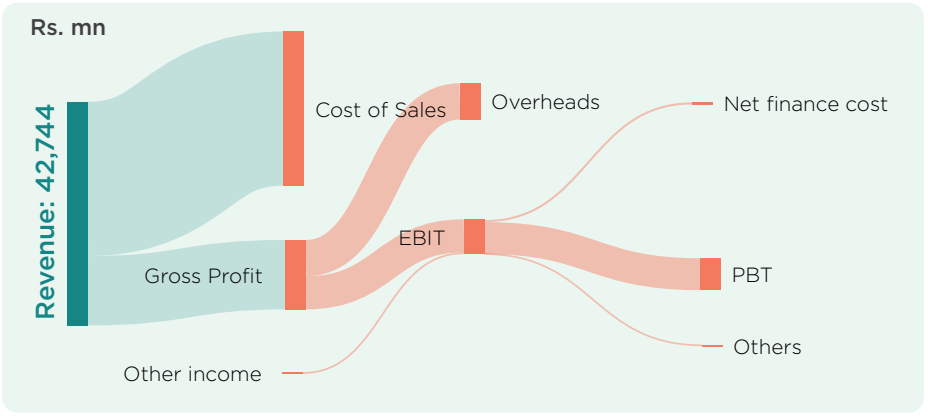
Improving security and resilience of the coconut supply chain is critical to the long-term success of the Sector. Reflecting its efforts to strengthen local coconut production, the Sector committed to plant 100,000 coconut trees in Northern province of Sri Lanka, aligned to a national initiative to establish a second coconut triangle. In line with the Sector's efforts to further diversify its raw material sources, the Sector's 7th and latest manufacturing facility is to be commissioned in the Philippines in the first half of 2025. Meanwhile, the 'Haritha Angara' initiative, which uses a proprietary closed pit charcoaling technology was further expanded, with the addition of 25 new pits.

The Sector's people strategy for the year centered on succession planning, building capabilities in critical areas such as digitalisation and ESG as well as creating better working environments through renovations and upgrades to workspaces. Despite the widespread talent migration in the country, the Sector maintained relatively healthy retention levels of 88%, reflecting its superior employee value proposition which is aligned to the three pillars of the Sector's corporate purpose- envision, enrich and empower.

ESG IN ACTION

The Sector marked a major milestone in its ESG journey during the year, with the launch of 'Activate' the Sector's holistic ESG roadmap for 2030. Through Activate (which is broadly aligned to the Hayleys Lifecode), the Sector committed to ambitious social, environmental and governance targets centering on five action-driven pillars of Restore, Inspire, Excite, Uplift and Innovate articulating the Sector's commitment to the environment, employees, customers, communities and product proposition. In addition, the following measures have been taken to institutionalise ESG:

- Establishment of Sector ESG Steering Committee and ESG Working Group
- Strengthen ESG risk assessment and integration with existing risk processes
- Monthly and quarterly monitoring and reporting of performance against ESG targets
- ESG audits conducted by the Sector ESG Division
- Third-party verification of GHG emissions (2022/23)



HOW WE DEFINE VALUE

SHAREHOLDERS
Sustainable growth in returns commensurate with risk undertaken

CUSTOMERS
Innovative and sustainably manufactured products catering to emerging requirements

SUPPLIERS
Continued demand for material at equitable pricing and opportunities for development

GOVERNMENT
Generation of tax revenue, export income and job creation

COMMUNITY
Positive social and environmental impacts and contribution to economic prosperity

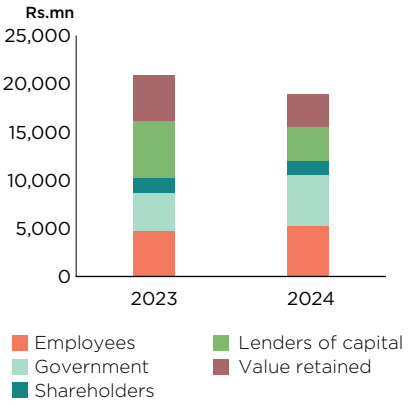
HOW WE CREATE VALUE

Strategic priorities	Product strategy centered on value-added products and superior quality	Supply chain resilience and security	Strategic integration of ESG
Resource Allocation	**Rs. 246 mn** Investment in R&D **>150 employees** Strength of R&D team	**172** New suppliers added **Rs. 173 mn cumulative** Investments in Haritha Angara	**Rs. 799 mn** Investments in renewable energy **Rs. 41 mn** Investment in community initiatives
Strategic KPI/ Pre-financials	**12** New products developed **Rs. 479 mn** Revenue earned from value-added products	**Rs. 14.43 bn (-27%)** Payments to suppliers Optimisation of input costs	**50%** Raw material requirement fulfilled by Haritha Angara

HOW WE DELIVER AND PRESERVE VALUE

- Total economic value generated during the year decreased by 10%
- Value generated to Governments (in Sri Lanka and overseas) increased by 33%
- Payments to lenders of capital decreased by 41%, reflecting over the gradual decline in interest rates
- Value retained in the business amounted to 20% compared to 25% the previous year

VALUE DISTRIBUTION



PURIFICATION

FINANCIAL PERFORMANCE

Rs.mn	2024	2023	% y-o-y	2022
Revenue	42,743	60,357	(29)	32,751
Earnings before interest and tax	6,521	8,274	(21)	3,079
Net finance income/(cost)	(399)	(19)	2037	1,602
Profit before tax	6,106	8,247	(26)	4,642
Profit after tax	4,299	6,494	(34)	3,707
Assets	38,198	38,567	(1)	38,160
Liabilities	14,146	14,820	(5)	18,908
Operating cash flow	7,877	10,122	(22)	(2,814)

Performance against targets

	Target	Actual	Reason for variance
ROE	>10%	18%	Stronger profit performance driven by value-added portfolio
Gearing	<55%	16%	More effective working capital management

OPERATIONAL HIGHLIGHTS	2024	2023	% y-o-y	2022
Production volumes (MT)	43.236	48,883	(11.6)	47,905
Capacity utilisation (%)	77	86	(10.5)	90
Energy intensity (GJ mn/Revenue Rs.mn)	5.6	4.4	29	8
Water intensity (Litres/Revenue Rs.mn)	17,428	10,764	62	18
No. of employees	1,933	1,880	+3	1,768
Revenue per employee (Rs.mn)	22	32	+31	19
Remuneration per employee (Rs.mn)	3	2	+50	2
Carbon intensity (tCo2e/Revenue Rs. mn)	0.62	0.47	33	0.9

ESG HIGHLIGHTS

CLIMATE ACTION

The Sector's renewable energy drive consists of increased investments in solar as well as waste-heat-recovery. Plans are in place to install solar panels across manufacturing locations in Sri Lanka and Thailand.

	2024	2023	Y-o-y	Target
Energy consumption (MJ mn)	240,589	264,182	-9%	Scope 1 and 2 emission reduction target of 25
Carbon footprint (tCO2e)	26,696	28,396	-6%	
Solar capacity	2.4%	N/A		50%

GREENING THE SUPPLY CHAIN

Recogen: Patented environmentally friendly charcoaling process

Haritha Angara: Environmentally friendly charcoaling initiative with 431 pits operating to date

Vertical Kiln Charcoaling: Conversion of traditional open pit charcoaling into a closed pit charcoaling fulfilling approximately 20% of raw material requirement in Thailand

SKILL DEVELOPMENT

Key areas of training: Digital, R&D, ESG, business leadership

Training hours: 23,353

Investment in training: Rs. 8.27 mn

COMMUNITY INITIATIVES

Numerous needs-based community initaitives initiated with the commemoration of the Sector's 50th anniversary

Sisu Divi Pahana: Mid day meal programme for school children

- >150,000 meals
- 14 schools
- 800 children

PROSPECTS AND PLANS

While short-term demand will be driven by strong growth in the mining industry, medium-to-long term demand outlook also remains favorable, supported by the global transition to a low-carbon economy which is driving demand for energy storage solutions as well as increasingly stringent water and pollution control regulations. Prices are expected to remain stable in the short-to-medium term, while opportunities in value-added products and new market segments would enable manufacturers to gain premium pricing. The Sector's risk and opportunity landscape is summarised below.

INDUSTRY RISK AND OPPORTUNITY LANDSCAPE

(-) Exchange rate volatility

The Sri Lankan Rupee is expected to appreciate further over the short-term before decelerating and stabilising towards the latter part of the year. In the near term, this is expected to impact revenue, profitability and global competitiveness.

Response
Proactive monitoring of exchange rate trends

(-) Talent migration

The exodus of talent from the country in recent years has posed considerable challenges in attracting and retaining the tight talent.

Response
Investments in talent development and succession planning

(-) Competition for raw materials

The gradual reduction in coconut crops, coupled with the persistent increase in demand has led to price pressure and disruptions to supply chains.

Response
Geographical diversification of raw material sources and backward integration

(+) Digitalisation and digital transformation

Significant opportunities in driving operational efficiencies, , risk mitigation and elevating the customer experience through technology-driven solutions.

Response
Exploring avenues to digitalise manufacturing process data, to drive real time reporting and better decision-making.

(+)/(-) Sustainability as a competitive edge

Environmental and social considerations are increasingly featuring in customers' purchasing decisions, presenting both opportunities and risks.

Response
Leveraging sustainability as a competitive advantage to access new markets and customer segments

Sustainability related risks and opportunities (SRRO)

Physical climate risk
Implications of adverse weather patterns on the coconut charcoal supply chain

< 1 year	Limited impact of weather on coconut charcole -will not have a shortages in charcoal
1-5 years	More pronounced shortages in coconut charcoal leading to price escalations and volatility
>5 years	If mitigation measures are not adopted, climate change will lead to significant disruptions of the supply chain
Response	Diversification of raw material sources and support expansion of coconut triangle in Sri Lanka

Shift to low-carbon economy
Increased stringency regulations relating to environmental implications and escalating customer demands on sustainability considerations

< 1 year	Necessitates focus on providing customers relevant sustainability information
1-5 years	Compliance to sustainability requirements Opportunity for growth in new energy arena
>5 years	Strong growth in energy storage solutions
Response	Embedding ESG in a strategic manner and increasing investments towards energy storage solutions

Water availability
Sri Lanka has been ranked a water-stressed country and escalating implications of climate change are likely to drive further challenges

< 1 year	Limited impact albeit increased variability of weather patterns
1-5 years	If climate implications are not abated, shortages in water supply could impact production continuity
>5 years	Increase in water costs and disruptions to availability
Response	Continued monitoring of water usage and increase reliance on sustainable sources

PURIFICATION

Despite potential external challenges, the Sector's investments in product development, people capabilities and digitalisation has positioned it in good stead to capture emerging opportunities. The Sector's priorities in the short, medium and long-term together with our targets are presented below:

FUTURE PLANS	
Short-term	**Medium-to-long term**
• Increase market share of value-added carbon portfolio • Increased penetration in markets with high potential • Expand regional manufacturing presence • Digital transformation to facilitate data-driven decision making and increased efficiencies • Backward integration	• Re-engineer and automate manufacturing systems to improve efficiency • Pursuit of ESG aspirations • Expanding regional presence of water purification business • Explore opportunities on entering the activated Carbon solution market
Short-term goals ROE>10% Borrowings<50% of capital employed	**Medium-to-long term goals** ROE>12% Gearing<55% Dividend to net profit of 40%

SASB DISCLOSURES

Chemicals- Sustainability Disclosure Topics & Accounting Metrics

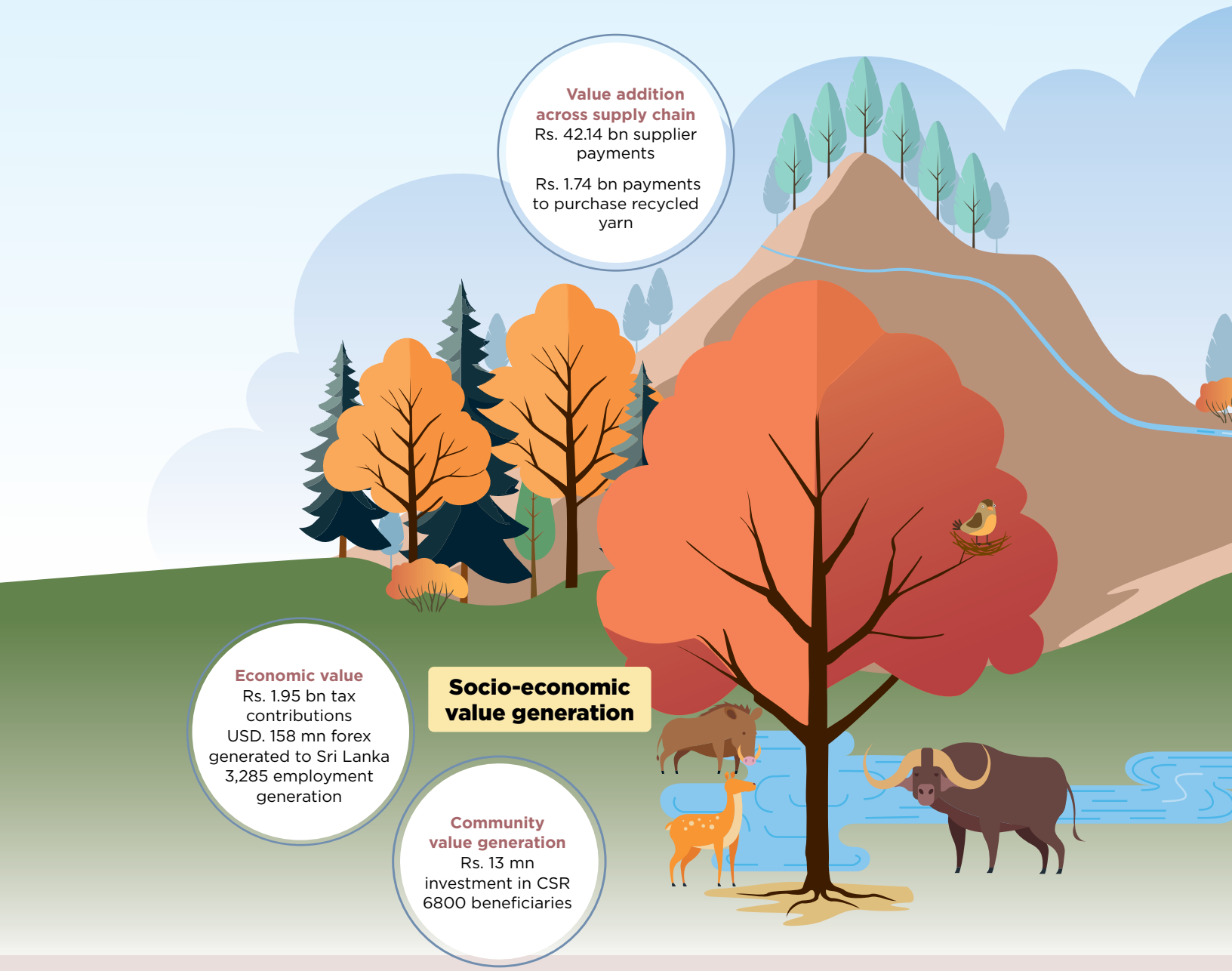
TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	CODE	DISCLOSURE/Pg. reference
Management of Chemicals in Product	(1) Gross global Scope 1 emissions. (2) Percentage covered under emissions-limiting regulations.	Kg CO2-eq Mn %	RT-CH-110a.1	10,903,000 Kg CO2-eq Not applicable
	Discussion of long-term and short-term strategy or plan to manage emissions		RT-CH-110a.2	Clearly set out in Activate- the Sector's ESG roadmap which aims to reduce Scope 1 and 2 emissions by 25% by 2030 through increasing reliance on renewable energy
Air quality	Air emissions of the following pollutants: (1) NOX (excluding N2O),	Mt	RT-CH-120a.1	508.3
Energy management	(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable, (4) Total self-generated energy	GJ %	RT-CH-130a.1	(1) 1,132,964 GJ (2) 10% (3) 78% (4) 78% (Haycarb Recogen plant supplied over 800,000 kWh of electricity to the National Grid)
Water management	(1) Total water withdrawn, (2) Total water consumed. (3) Percentage of each in regions with High or Extremely High Baseline Water Stress	m2 %	RT-CH-140a.1	(1) 732,634 m2 (2) 744,951 m2 (Including recycle water) (3) 61% withdrawn from Sri Lanka, which is classified as a water stressed country by the Food and Agriculture Organisation, given a water withdrawal rate of 90.79%.
	Number of incidents of environmental non-compliance	Number	RT-CH-140a.2	Zero
	Description of water management risks		RT-CH-140a.3	Ongoing efforts to drive lean initiatives to minimise water usage and water efficiency.
Hazardous waste management	Amount of hazardous waste generated, and percentage recycled	Mt %	RT-CH-150a.1	1.2 Mt 28%
Community relations	Discussion of engagement processes to manage risks and opportunities associated with community interests.		RT-CH-210a.1	The Group engages frequently with the communities it operates in. Investment in CSR activities – Rs.40.8 Mn
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) (2) Fatality rate for (a) direct employees (b) contract employees	Rate	RT-CH-320a.1	(1) 1.58 (2) 0%. No fatalities of direct or contract employees were recorded during the year.
Activity metrics				
Production by reportable segment	Production quantity - Activated Carbon	Mt	RT-CH-000.A	43,459 Mt



TEXTILES

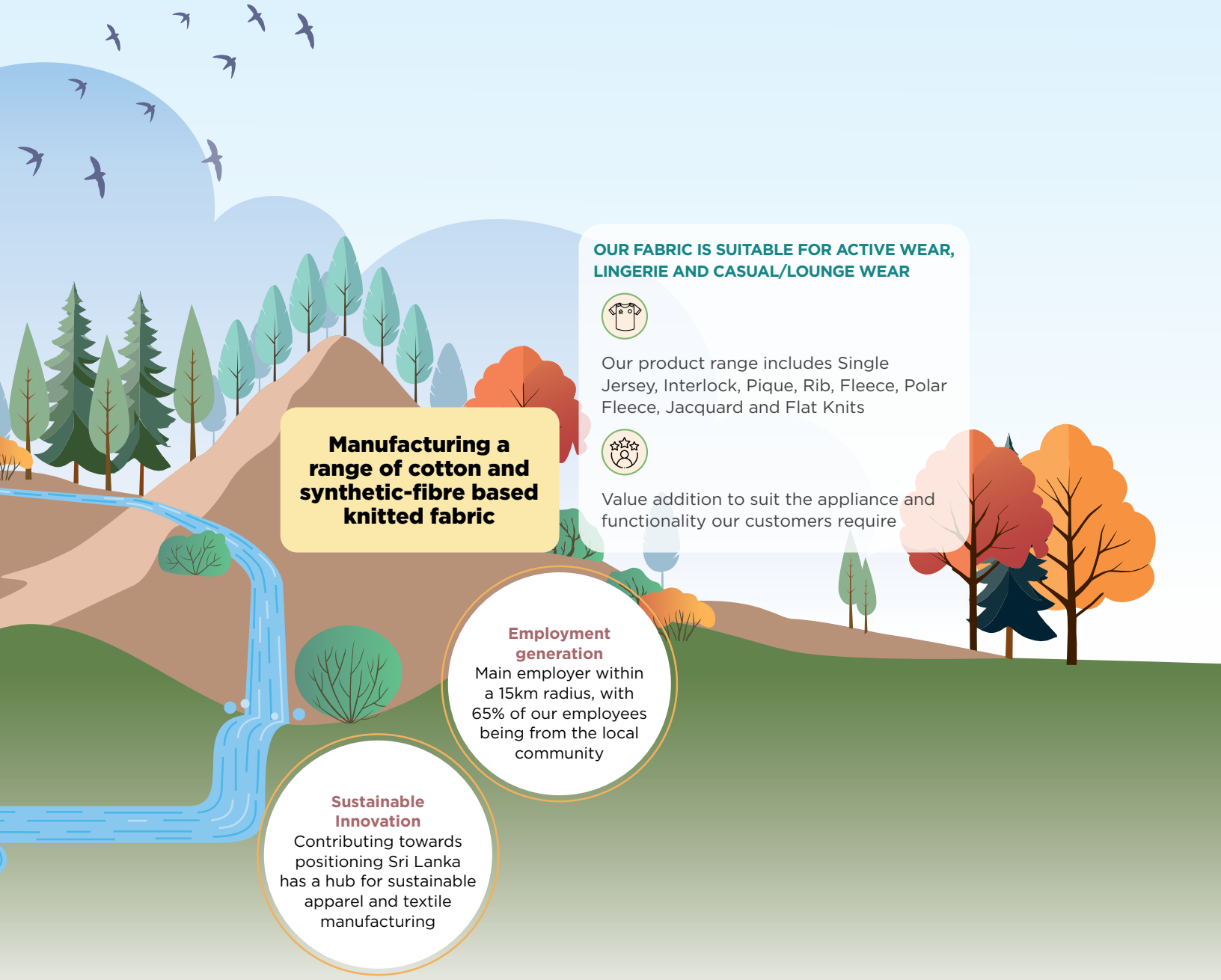
The Sector is the largest textile manufacturer in the country catering to leading global fashion brands through an innovative and sustainably manufactured portfolio of natural and synthetic-fibre based fabrics. The Sector's value addition is underpinned by its world-class innovation and product development capabilities, award-winning sustainable practices and significant socio-economic impacts in Sri Lanka

TEXTILES



Rs. 12.05 bn
Economic value creation

8%
Contribution to Group's value creation



Manufacturing a range of cotton and synthetic-fibre based knitted fabric

OUR FABRIC IS SUITABLE FOR ACTIVE WEAR, LINGERIE AND CASUAL/LOUNGE WEAR

Our product range includes Single Jersey, Interlock, Pique, Rib, Fleece, Polar Fleece, Jacquard and Flat Knits

Value addition to suit the appliance and functionality our customers require

Employment generation
Main employer within a 15km radius, with 65% of our employees being from the local community

Sustainable Innovation
Contributing towards positioning Sri Lanka has a hub for sustainable apparel and textile manufacturing

Revenue	Profit Before Tax	Profit After Tax	Assets	Liabilities	Employees	Carbon footprint
Rs. 46.17 bn (-18%)	Rs. 3.72 bn (+12%)	Rs. 2.48 mn (+517%)	Rs. 35.72 bn (-11%)	Rs. 24.98 bn (-16%)	3,285 (+6%)	43,953 tCO2e (-19%)

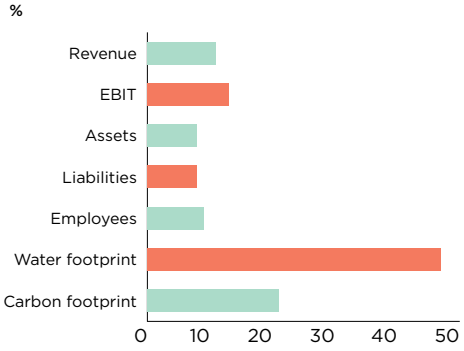
+ denotes y-o-y growth - denotes y-o-y decline

TEXTILES

SECTOR OVERVIEW

The Group's Textile Sector, represented by Hayleys Fabric PLC and South Asia Textiles Limited is the pioneering and largest textile manufacturer in the country. The Sector manufactures and supplies world-class fabric to leading global fashion brands and has built a strong global reputation for sustainability, quality and innovation. In addition to the conventional cotton range, the Sector specialises in the manufacture of synthetic, knitting fabric suitable for lingerie and casual/lounge wear, with over 50% of its manufacturing capacity comprising synthetic fabric. The Sector was also the first Sri Lankan fabric mill to launch its own brand, 'INNO'- enabling it to position itself as a niche supplier of fashion-forward, sustainable, value-added fabric.

CONTRIBUTION TO GROUP



HAYLEYS FABRICS PLC

Fabric manufacturer

Contribution to Sector
Revenue: 61%
PBT: 81%

Performance 2023/24
Revenue: -18% growth
PBT: 7% growth

SOUTH ASIA TEXTILES

Fabric manufacturer, acquired by Hayleys Fabric in April 2021

Contribution to Sector
Revenue: 39%
PBT: 19%

Performance 2023/24
Revenue: -20% growth
PBT: 28% growth

OPERATING ENVIRONMENT

The global fashion and apparel industry experienced deepening and varied challenges during the year, against the backdrop of economic uncertainty, geopolitical tensions and shifting consumer priorities. Many global brands deferred orders given persistent inflation, divergent economic growth and weak consumer confidence. Geopolitical tensions in Europe and the Middle East and resultant disruptions to key maritime routes have led to vessel diversions. Subsequent shipping delays coupled with the global brands' shorter-term forecasts and orders pushed fabric manufacturers to further reduce lead times to minimise disruptions to supply chains. In Sri Lanka, while macro-economic conditions stabilised on comparison to previous year, manufacturers and exporters were adversely affected by escalating energy costs, the appreciation of the Sri Lankan Rupee towards the latter part of the year and the higher tax regime. As a result, Sri Lanka's total garment exports (in dollar terms) contracted by 18% during the year, although the industry maintained its track record of quality and timely delivery in international markets. However, the demand outlook remains favourable over the short-to-medium term, as evidenced by the recovery of volumes from April 2024 onwards.

COMPETITIVE POSITION

The Sector caters to **high-end global fashion brands** such as Nike, Calvin Klein, Tommy Hilfiger and Victoria's Secret among others

Globally recognised for its strong **sustainability focus**, with numerous innovations centered on circularity and resource efficiency

Manufacturing capabilities include Knitting, Dyeing, Printing, Brushing, Sueding and Finishing, with the ability to **manufacture an array of** varieties of tailor-made natural, synthetic and weft-knit fabrics.

The Sector's reputation for quality and sustainability is backed by an **array of international certifications** in environmental management, energy health and safety and responsible business

34%
Increase in petrol costs

8%
Appreciation of Sri Lanka Rupee

2 - 4%
Growth outlook for fashion industry

Summary of external drivers

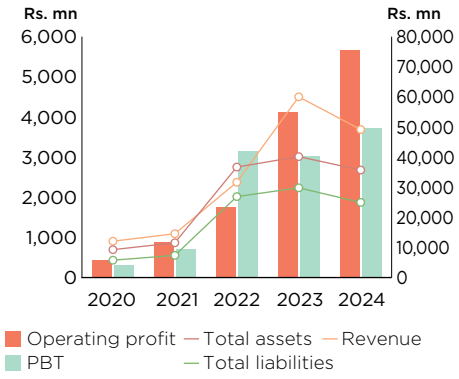
	Driver	Driver Significance of impact	Implications on Sector
Economic and geo-political context	Global geopolitical dynamics and resultant uncertainty	H	- Implications on volumes with global brands deferring orders - Shipping delays and escalation in freight rates
	Appreciation of Sri Lankan Rupee	H	- Reduced competitiveness in the global market and adverse implications on volume and market share
	Reduction in interest rates	H	+ Reduction in borrowing costs
	Increase in energy costs	M	- Adverse impact on cost of production and profitability margins
Industry context	Increased demand uncertainty	M	- Necessitates revisiting pricing, product and manufacturing strategies
	Rapidly evolving consumer demand patters	H	- Necessitates increased agility and flexibility of manufacturing processes
	Digitalisation and AI in enhancing creatives and processes	H	+ Significant opportunities to drive innovation and agility
Sustainability context	Sustainable fashion as a competitive edge	H	+ Opportunity to strengthen competitive position by catering to emerging requirements + Cost efficiencies
	Implications of climate change	M	- Accelerated climate ambitions across the value chain and need to tackle emissions and build resilience
	Shifting customer preferences towards prolonging use and smaller wardrobes	M	- Potential implications of demand and business growth

H-High, M-Medium, L-Low. Brown circle represents adverse effect while yellow circle represents positive affect

STRATEGY AND INTEGRATED PERFORMANCE REVIEW

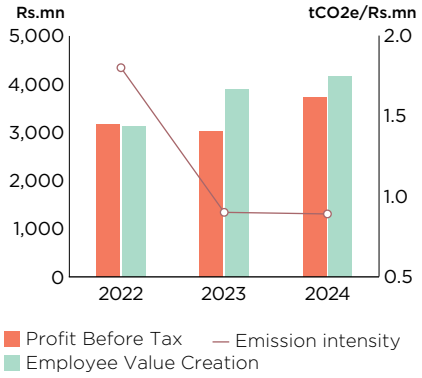
Strategic foresight in building agility enabled the Sector to demonstrate remarkable resilience in a challenging year, delivering improvements in both top and bottom lines. Subdue demand togehter with the appreciation of the Sri Lankan Rupee resulted in the Revenue declining by 18% to Rs.49.17 bn. The Sector leveraged its agile manufacturing processes to ensure timely delivery to customers. Relentless focus on refining processes and improving production planning and scheduling enabled the Sector to considerably reduce its lead time, which in turn mitigated the adverse impacts of shipping delays for both apparel manufacturing customers and the global brands. Proactive negotiations with yarn suppliers and cost efficiencies delivered through a focus on sustainability, enabled the Sector to widen its profit margins during the year. Resultantly, the Sector's Profit Before Tax and Profit After Tax increased by 23% and 6 - fold to Rs. 3.72 mn and Rs. 2.49 mn respectively during the year.

SECTOR FINANCIAL PERFORMANCE



TEXTILES

INTEGRATED PERFORMANCE



The Sector's continued success in recent years has been underpinned by its brand-focused strategy, which allowed it to outperform local and regional competitors. In addition to enabling resilient demand conditions, these long-standing relationships with Tier 1 suppliers have facilitated collaborations on product developments and ongoing transfer of knowledge which in turn allowed us to strengthen relationships with these global brands.

Meanwhile, the Sector's product strategy in recent years has centered on pivoting from basic, conventional cotton-based fabrics to premium, value-added products both in natural and synthetic fabrics. The Sector has made significant strides in building its range of synthetic fabric, led by its own brand INNO which continued to deliver commendable growth during the year under review. Continued investments are also made in strengthening manufacturing and digital capabilities. Capital expenditure for the year amounted to Rs. 1.25 bn comprising investments in new dye machines and versatile technology.

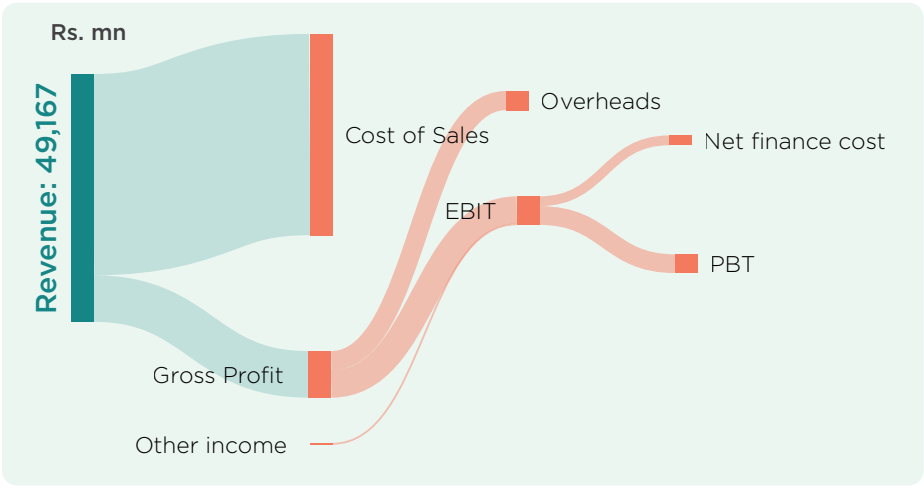
While employee retention remains an industry-wide challenge, the Sector's efforts to consistently enhance its employee value proposition continues to bear fruit. Continued investments were made in upskilling employees, driving employee engagement and ensuring a safe and healthy working environment. In a unique female empowerment initiative, the Sector operates a knitting plant that is powered almost entirely by females, thereby increasing employability and driving socio-economic empowerment among these impoverished communities.

Hayleys Fabric is globally recognised as a pioneer and leader in sustainability in the industry, having gained international recognition for its environmentally conscious, responsible and ethical business practices. The Sector's remarkable achievements in sustainability (some of which are listed in the table below) have been supported by its relationships with global fashion brands, which has paved way for ongoing collaborations on sustainability products and the transition to a low-carbon operation through ambitious targets. During the year, in addition to winning several awards for innovation at the ISPO (Germany) Textrends Awards Fall/ Winter 2025/26, the Sector also won the prestigious Best SDG Impact Award for Commitment to Sustainability at the ESG World Summit and Awards 2023.

ESG IN ACTION

While sustainability has always been deeply ingrained in Hayleys Fabric, during the year, several measures were taken to strengthen ESG governance, strategy and risk management- aligned with the overall ESG vision of the Hayleys Group. Accordingly, the following interventions were made during the year:

- Establishment of Sector ESG Steering Committee
- Strengthen ESG risk assessment and integration with existing risk processes
- Obtained verification of emission targets under the Science-based-targets-initiative
- Monthly and quarterly monitoring and reporting of performance against ESG targets with the participation of relevant personnel from manufacturing facilities
- Third-party verification of GHG emissions (2023/24)



HOW WE DEFINE VALUE

SHAREHOLDERS
Sustainable growth in returns commensurate with risk undertaken

CUSTOMERS
Sustainable and innovative products and timely delivery

SUPPLIERS
Fair pricing and secure demand levels

GOVERNMENT
Generation of tax revenue, export income and job creation

COMMUNITY
Positive social and environmental impacts and contribution to economic prosperity

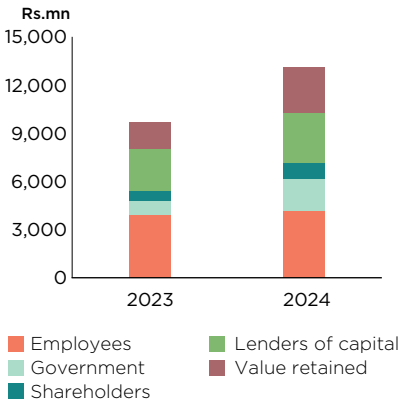
HOW WE CREATE VALUE

Strategic priorities	Value-added product focus	Brand centered strategy	ESG as a strategic differentiator
Resource Allocation	**Rs. 51 mn** Investment in R&D Collaborations with global brands	Global fashion brands Proactive engagement through sales and marketing teams	**16,995** Training hours focused on sustainability **Rs. 216 mn** Investments in environmental initiatives
Strategic KPI/ Pre-financials	**445** New products/variants developed **289** Products in the pipeline	**16,413 MT** Volume	**19%** Reduction in carbon footprint **4%** Reduction in water footprint **43** Sustainable innovations launched

HOW WE DELIVER AND PRESERVE VALUE

- Total economic value generated during the year expanded by 33%
- Payments to employees increased by 7% during the year
- Value generated to Governments amounted to Rs. 1.95 bn (accounting for 16% of value)
- Payments to lenders of capital increased by 16%
- Value retained in the business for future investment amounted to 24% compared to 18% the previous year

VALUE DISTRIBUTION



TEXTILES

FINANCIAL PERFORMANCE

Rs.mn	2024	2023	% y-o-y	2022
Revenue	49,167	60,014	(18)	31,668
Earnings before interest and tax	5,660	4,129	37	1,757
Net finance income/(cost)	(1,941)	(1,115)	74	1,401
Profit before tax	3,719	3,013	23	3,157
Profit after tax	2,488	403	517	2,694
Assets	35,721	40,175	(11)	36,710
Liabilities	24,979	29,824	(16)	26,907
Operating cash flow	6,011	481	1150	2,114
Performance against targets				
	Target	**Actual**		**Reason for variance**
ROCE	>15%	30%		Inline with target
Gearing	<55%	54%		

OPERATIONAL HIGHLIGHTS	2024	2023	% y-o-y	2022
Production volumes (MT)	16,413	16,612	(1)	17,203
Capacity utilisation (%)	>90%	>90%	N/A	90%
Energy intensity (GJ/Revenue Rs.mn)	30	25	20	48
Water intensity (Litres/Revenue Rs.mn)	68,037	57,805	18	47,050
Carbon intensity (tCO2e/Revenue Rs.mn)	0.89	0.9	(1)	1.8
No. of employees	3,285	3,088	9	2,915
Revenue per employee (Rs.mn)	15	19	21	11
Remuneration per employee (Rs.mn)	1.3	1	30	1

ESG HIGHLIGHTS

CLIMATE ACTION

- One of the four companies in Sri Lanka to obtain verification of its emission targets under the Science-Based-Targets-Initiative
- Only fabric manufacturer in Sri Lanka to obtain ISO 50,001 certification
- Largest private sector rooftop solar system (4.5 MW) in Sri Lanka
- Sri Lanka's first floating solar system

	2024	2023	% y-o-y	Target
Energy consumption (TJ)	1,477	1,500	(2)	Aligned to SBTI
Carbon footprint (tCO2e)	43,953	53,998	(19)	
Renewable energy generation(Gjs)	1,075,286	1,024,075	5	

CHEMICAL MANAGEMENT

Committed to the Zero Discharge of Hazardous Chemicals global initiative

100%
Chemicals and dyes certified as ZDHC Level 1

92%
Chemicals and dyes certified as ZDHC Level 3

EMBEDDING CIRCULARITY

- Procurement of recycled yarn obtained through recycling PET bottles
- Recycled polyester yarn procured from reputed suppliers

Partnership with the University of Moratuwa through funding a research initiative to upcycle waste (polythene, waste fabric and sludge) to manufacture a fibre sheet

PRESERVING BIODIVERSITY

- 9 acre thriving biodiversity park established
- Elevated walkways for visitors and school children to build awareness
- 146 species of fauna and 149 species of fauna
- 25 acres of fruit and vegetable cultivation using sustainable agriculture practices



SUSTAINABLE INNOVATION

Warna by Mahogany: Organic natural dye made from extracting dye in-house from furniture industry waste

Eco Stretch: Eco-friendly fabric for sportswea

PROSPECTS AND PLANS

The industry is expected to be characterised by uncertainty and volatility over the short-term given divergent economic growth and concerns on geopolitical tensions. Manufacturers will be required to strike a balance between managing uncertainties and seizing opportunities through building agile and adaptable operating models, which can swiftly adapt to dynamic changes in demand and other external factors. The Sector's short, medium and long-term risks and opportunities are summarised below:

INDUSTRY RISK AND OPPORTUNITY LANDSCAPE

+/- Rapid pace of change and shorter lead times

With customer demands evolving at an unprecedented rate, fashion retailers are focusing on getting new styles to customers at record pace, necessitating shorter lead times across the industry

Response

The Sector will be required to invest in automation and process efficiencies to achieve continued improvements in lead time

- Exchange rate volatility

The Sri Lankan Rupee is expected to appreciate further over the short-term before decelerating and stabilising towards the latter part of the year. As an exporter, the appreciation of the Rupee will affect global competitiveness a well as revenue and profitability margins

Response

Proactive monitoring of exchange rate trends

Grow volumes in value-added, relatively price inelastic segments

+ Growing role of digital

Generative AI is likely to feature prominently in the industry value chains as it is used to enhance human creatives and drive increased efficiencies

Response

Pursuing opportunities in digital transformation including data driven decision making, productional planning and scheduling among others.

+/- Shifts in consumption patterns

Key consumer trends in fashion include hybrid clothes (such as the athleisure segment), smaller capsule wardrobes, reselling platforms and increased focus on social and environmental considerations.

Response

Flexing strategies and adapting operating model through leveraging insights gained from our network of global retail brands.

Sustainability related risks and opportunities (SRRO)

Transition risk- shifting customer demands

Social and environmental considerations of businesses are gaining higher importance in purchasing decisionscoconut husk

< 1 year	Sustainability is a competitive edge in accessing new markets and commanding premium pricing
1-5 years	As retailers seek to cut emissions along their supply chain, manufacturers will be compelled to adopt measures to tackle emissions
>5 years	Businesses who do are unable to comply with these evolving requirements will be challenged to survive
Response	Strategic integration of ESG across the business

Increasingly stringent regulations

Increased stringency of regulations particularly from the EU are reshaping the operations of manufacturers

< 1 year **1-5 years**	Evolving regulations on carbon taxes, chemical management, emission reduction and sustainability reporting
>5 years	Sustainability practices across the industry will be standardized and non-complying organisations will cease to exit
Response	Embedding ESG in a strategic manner, with due consideration to all emerging regulations

Impact of water availability on cotton

Cotton is susceptible to variability in rainfall and temperature patterns

< 1 year	Limited impact albeit increased variability of weather patterns
1-5 years	Volatility of supply and pricing given the wide-ranging impacts of the climate emergency
>5 years	Frequent disruptions to raw material procurement and implications of continuity of production
Response	Research and development efforts focused on sustainable innovation Diversification of raw material sources

TEXTILES

FUTURE PLANS	
Short-term	**Medium-to-long term**
• Retention of tier 1 customers • Proactive inventory and supply chain development • Strengthen position in synthetic fabric segment • Retain sustainability and innovation leadership in the industry • Increase reliance on sustainable energy sources	• Expansion of manufacturing capabilities and capacities • Widen value-added synthetic portfolio • Technical developments through collaborations • Increase contributions from sustainable manufacturing methods
Short-term goals ROCE>15% Gearing< 55%	**Medium-to-long term goals** ROCE>18% Gearing< 55%

SASB DISCLOSURES

Table: Apparel, Accessories and Footwear Standard- Sustainability Disclosure Topics & Accounting Metrics

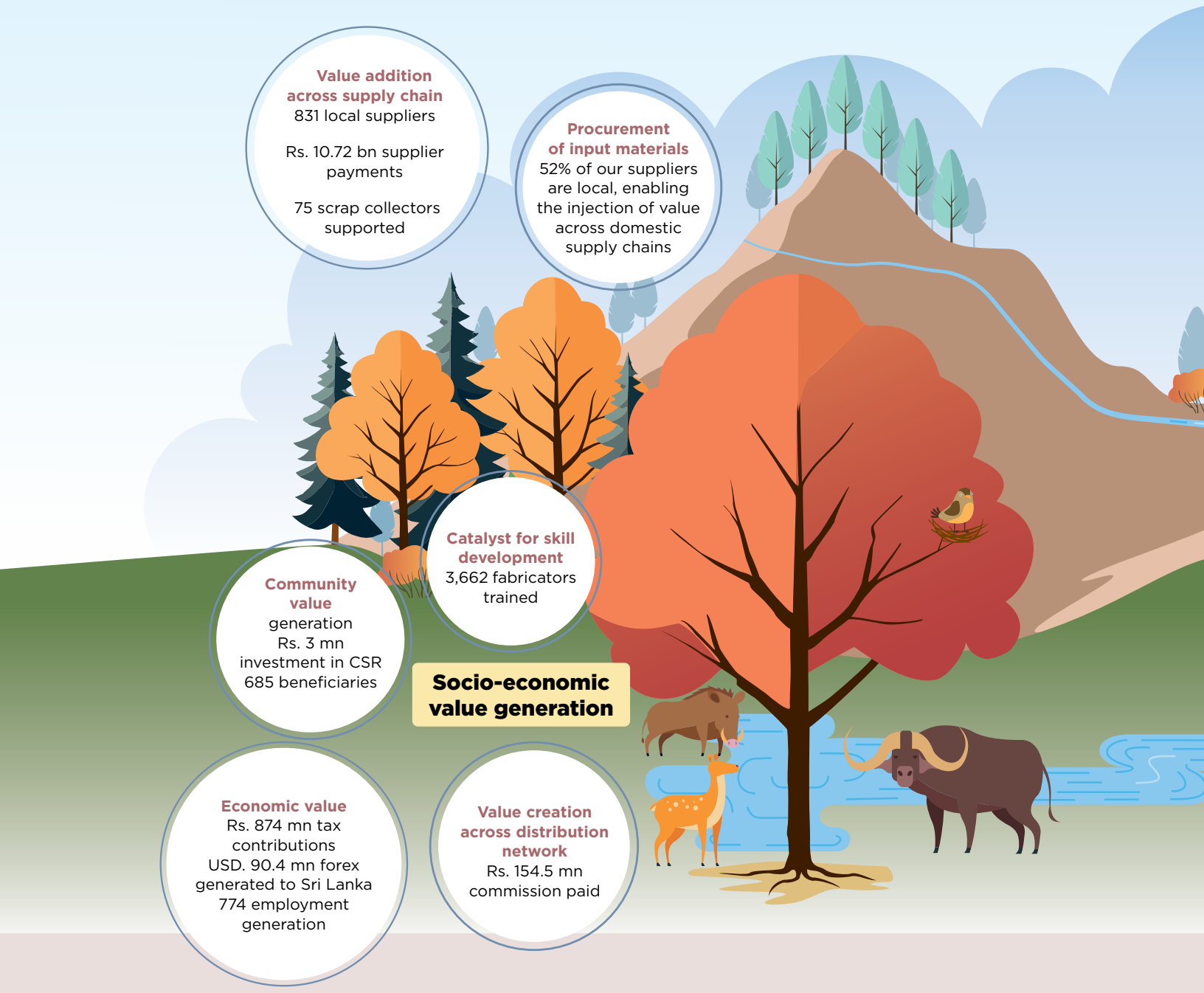
TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	CODE	DISCLOSURE/Pg. reference
Management of Chemicals in Product	Discussion of processes to maintain compliance with restricted substances regulations	N/A	CG-AA-250a.1	Compliance to ZDHC Standard
Environmental Impacts in the Supply Chain	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement2	%	CG-AA-430a.1	91% 86%
	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	%	FB-AG-130a.1	86%
Labor Conditions in the Supply Chain	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor	%	CG-AA-430b.1	84% assessed for labour code of conduct of which 82% have been audited by 3rd party verifiers
	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits	Rate	CG-AA-430b.2	N/A
	Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain	N/A	CG-AA-430b.3	Refer to page 108
ACTIVITY METRICS				
Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1		Number	CG-AA-000.A	58



CONSTRUCTION MATERIALS

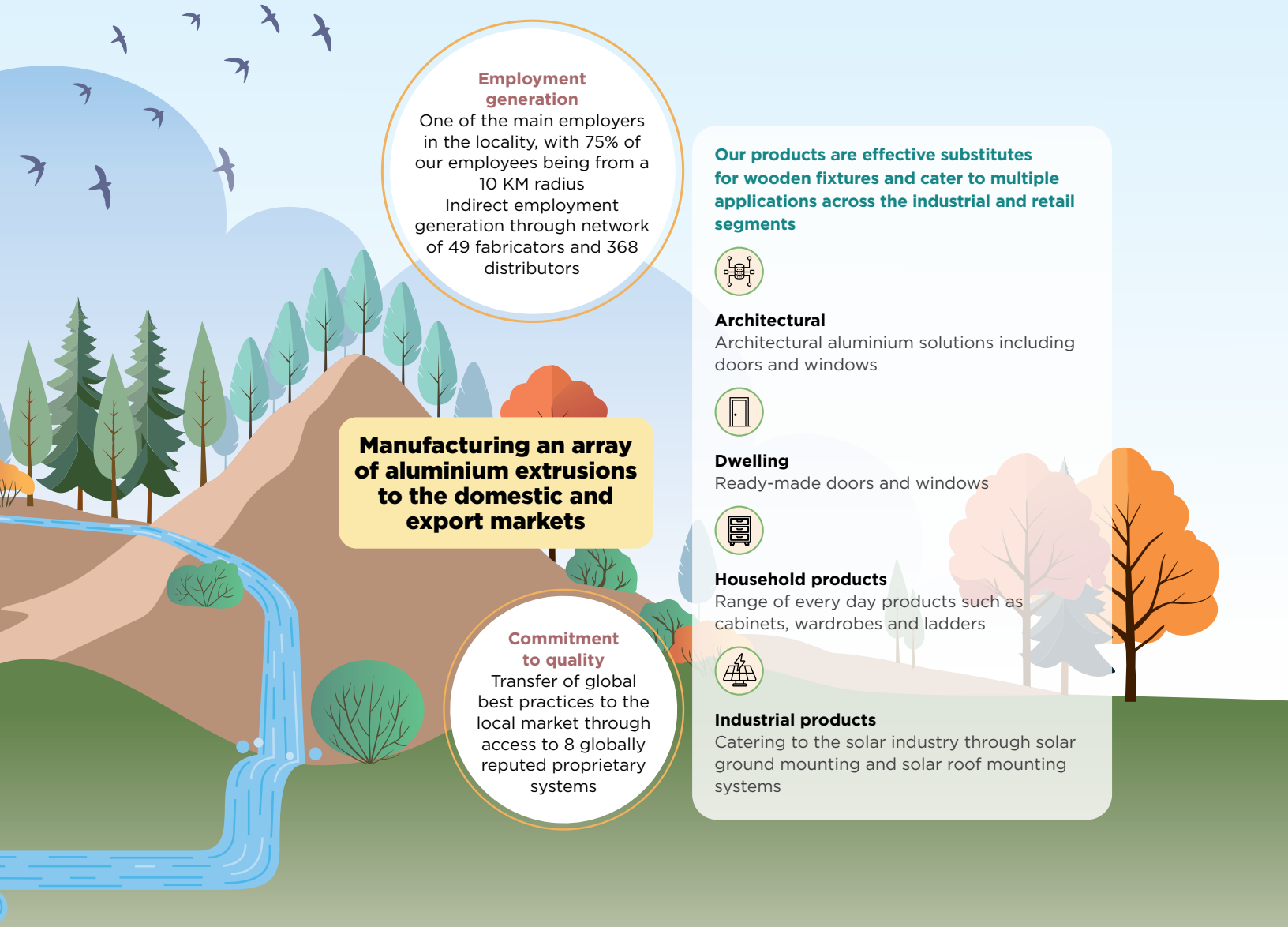
As the largest manufacturer and exporter of aluminium extrusions in Sri Lanka, the Sector is a significant value creator to the local economy through direct and indirect employment creation, foreign exchange generation and skill development and capacity building across the Sri Lankan aluminium products value chain

CONSTRUCTION MATERIALS



Rs. 3.60 bn
Economic value creation

2%
Contribution to Group's value creation



Employment generation
One of the main employers in the locality, with 75% of our employees being from a 10 KM radius
Indirect employment generation through network of 49 fabricators and 368 distributors

Manufacturing an array of aluminium extrusions to the domestic and export markets

Commitment to quality
Transfer of global best practices to the local market through access to 8 globally reputed proprietary systems

Our products are effective substitutes for wooden fixtures and cater to multiple applications across the industrial and retail segments

Architectural
Architectural aluminium solutions including doors and windows

Dwelling
Ready-made doors and windows

Household products
Range of every day products such as cabinets, wardrobes and ladders

Industrial products
Catering to the solar industry through solar ground mounting and solar roof mounting systems

Revenue	Profit Before Tax	Profit After Tax	Assets	Liabilities	Employees	Carbon footprint
Rs. 9.94 bn (-2%)	Rs. 231.72 Mn (+51%)	Rs. 186.07 mn (+1923%)	Rs. 12.87 bn (+22%)	Rs. 8.39 bn (+25%)	774 (+5%)	9,519 tCO2e (+7%)

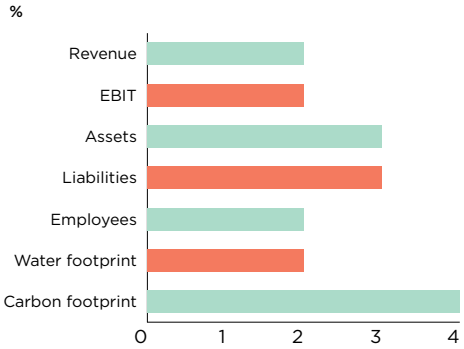
+ denotes y-o-y growth - denotes y-o-y decline

CONSTRUCTION MATERIALS

SECTOR OVERVIEW

The Sector is represented by Alumex PLC, Sri Lanka's pioneering and largest manufacturer of aluminium extrusions. With a market share of over 46%, the Sector has built a strong reputation for product design, quality and innovation. The Sector's world-class design and manufacturing capabilities has also enabled it to enter overseas markets and Alumex is currently the largest Sri Lankan exporter of aluminium extrusions.

CONTRIBUTION TO GROUP



5%
Decline in global Aluminium prices

21%
Contraction in construction industry

OPERATING ENVIRONMENT

The Sector's performance is correlated to the country's construction industry, which experienced yet another year of multiple challenges. Construction industry activity contracted by over 21% in 2023 reflecting protracted impacts of the country's economic crisis of 2022 which saw sharp depreciation of the Sri Lankan Rupee, subdued consumer sentiments inflationary pressures and tightening monetary policy.

Meanwhile, construction sector value chains remained cash strapped for most part of the year, although improving by December 2023 following a liquidity injection by the government. The cost of construction materials remained elevated for most part of the year, although easing from the unprecedented highs of 2022 as import restrictions were eased. Accordingly, aluminium prices in Sri Lanka declined by 8% during the reviewed period, while global prices eased off around 5% to end the year at around USD2,200/MT. The outlook, however, remains promising for 2024/25, as evidenced by the gradual pick up of demand and volumes in the last quarter of the financial year.

COMPETITIVE POSITION

A host of **local and international certifications** including QMEA, QUALANOD, QUALICOAT and several ISO Standards

Manufacturing rights for 8 globally renowned **proprietary systems for Aluminium windows**

Strong presence in South Asia and pursuing growth in high-value added markets in Europe and North America, Australia and New Zealand

As the **largest manufacturer in Sri Lanka** the Sector has an annual capacity of 22,0000 MTs. Infrastructure includes

- Extrusion, melting, powder coating and anodizing plants
- 9 distribution centres
- 13 Lumin Concept centres

Summary of external drivers

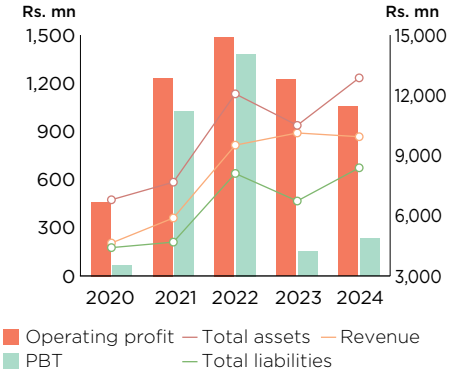
	Driver	Driver Significance of impact	Implications on Sector
Economic and geo-political context	Contraction of the Sri Lankan economy	H	- Weak consumer sentiments - Curtailment of discretionary expenses amidst reduced purchasing power
	Inflationary pressures	M	- Relatively high (albeit easing) cost of construction materials
	Reduction in interest rates	M	+ Reduction in borrowing costs
	Volatile and uncertain global construction landscape	M	- Subdued demand from export markets
Industry context	Government efforts to revive sector through liquidity injections	H	+ Tepid recovery of demand towards the latter part of the financial year
	Strong growth in Sri Lanka's solar market	H	+ Increased demand for aluminium components required for solar installations
	Long-term trend of increased sophistication of customers	M	+ Customers are increasingly placing more value on design, durability and aesthetics
Sustainability context	Increasing ESG consciousness along the construction value chain	M	- Push towards decarbonising value chains
	Increasing stringency of environmental regulations	M	- Regulations such as the Carbon Border Adjustment (CBAM) mechanism will reduce global competitiveness unless efforts are made to cut emissions

H-High, M-Medium, L-Low. *Brown circle represents adverse effect while yellow circle represents positive affect*

STRATEGY AND INTEGRATED PERFORMANCE REVIEW

The Sector's performance inevitably reflected the dynamics of the country's construction sector. However, strategic focus on exports together with relentless pursuit of operational efficiencies and a gradual recovery in demand during the last quarter of the year enabled the Sector to post turnaround during the year. Despite the conditions that prevailed, the Sector achieved a commendable volume growth of 17%, reflecting continued growth in exports as well as complementary demand stemming from the growth in the solar segment. Capacity utilisation levels improved marginally from 27% the year before to 30%. Despite volume growth Revenue declined by 2% to Rs. 9.94 bn increased by 8% to Rs. 10.98 bn, as the Sector passed on the benefit of cost reduction to customers in an increasingly price conscious and price competitive market. Resultantly, the Sector's operating profit margins also narrowed to 10% from 12% the previous year. Ongoing focus on cost efficiencies continued to accrue benefits, with the Sector generating cost savings of approximately Rs. 271.2 mn through over 12 cost reduction projects across the organisation. Overall, the Sector generated a Profit Before Tax of Rs. 231.72 mn compared

SECTOR FINANCIAL PERFORMANCE



CONSTRUCTION MATERIALS

to Rs. 153.54 mn the previous year, while Profit After tax amounted to Rs. 186.07 mn (2022/23: Rs. -10.21 mn)

Growing exports continued to be a strategic focus for the Sector as it pursued new customer acquisition and deeper relationships with existing customers in key markets in the USA and European Region. Accordingly, the Sector achieved a 21% growth in export volumes during the year, contributing approximately 35% to total Revenue. The Sector intends to double contributions from exports over the short-to-medium term, leveraging its design and manufacturing capabilities to drive increased penetration of value-added products.

Over the years, Alumex has built a strong reputation for innovation introducing several 'firsts' to the Sri Lankan industry. The year under review, saw the addition of several value-added products catering to export markets, including fences, balconies and artificial walls among others. The Sector also expanded offerings under the Dwellings range (the do-it-yourself range for the domestic market) while also launching several products catering to the industrial segment. Commendable growth was also seen in the aluminium kitchen cabinets market, given its durability and sustainability compared to timber solutions.

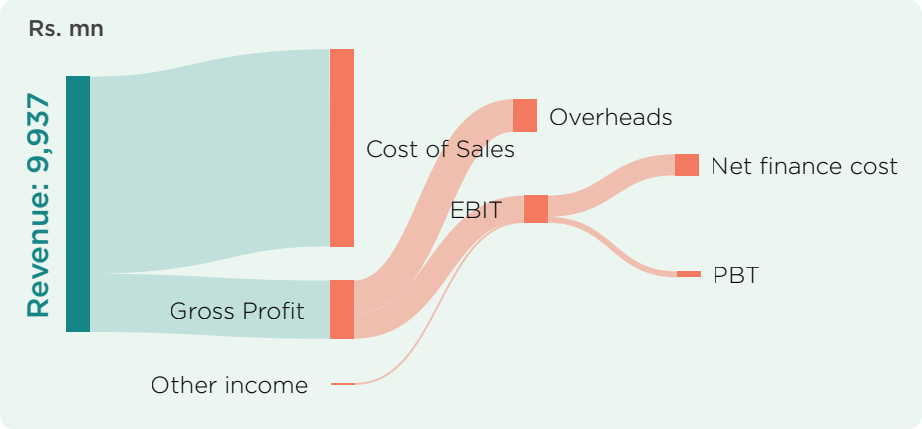
The Sector's people strategy for the year centered on improving succession planning and building leadership capabilities, particularly given the exodus of middle management employees due to migration. Employee turnover amounted to 18% during the year, while attraction remained a challenge given the country's talent migration as well as industry dynamics. Employee engagement also remained a priority, with considerable investments directed towards recreation and well-being.

Alumex is a catalyst for skill development across the aluminium value chain, delivering training sessions to diverse industry stakeholders including fabricators, dealers, engineers and students of the Vocational Training Authority and NAITA among others (refer to table below for further information). Alumex also entered a MOU with the Department of Technical Education and Training during the year to develop a state-of-the-art technical aluminium fabrication training center, with the objective of uplifting the industry. During the year, the Sector also sought to develop a new channel of fabricators for the Dwellings range, thereby facilitating economic opportunity and empowerment of nearly 150 fabricators across the island.

ESG IN ACTION

The Sector's ESG aspirations are aligned to the Hayleys Lifecode as well as the industry-specific requirements of the Aluminium Stewardship Initiative (ASI)- a global collaboration which aims to foster responsible production, sourcing and stewardship of aluminium. The Sector's ESG agenda centers on curtailing emissions through energy efficiencies, reducing reliance on virgin aluminium and developing the aluminium ecosystem in Sri Lanka. Key developments in integrating ESG are listed below:

- Establishment of Sector ESG Steering Committee
- Commence formulation of the Sector's ESG Roadmap, which will be launched in 2024/25
- Strengthen ESG risk assessment and integration with existing risk processes
- Monthly and quarterly monitoring and reporting of performance against ESG targets with the participation of relevant personnel from manufacturing facilities
- Third-party verification of GHG emissions (2022/23)



HOW WE DEFINE VALUE

SHAREHOLDERS
Sustainable growth in returns commensurate with risk undertaken

CUSTOMERS
High-quality, durable products at attractive pricing and after-sales support

BUSINESS PARTNERS/FABRICATORS
Opportunities for business growth, skill development and transfer of knowledge

EMPLOYEES
Competitive remuneration, opportunities for skill and career progression

GOVERNMENT
Generation of tax revenue, export income and job creation

COMMUNITY
Positive social and environmental impacts and contribution to economic prosperity

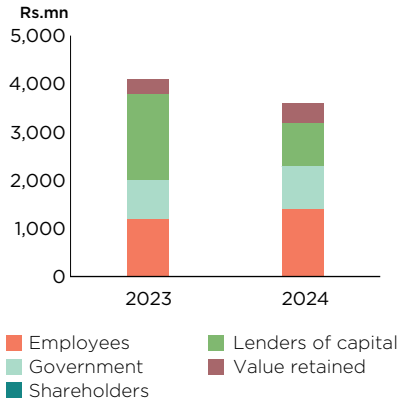
HOW WE CREATE VALUE

Strategic priorities	Export drive	Innovation and product development	Cost management and efficiencies
Resource Allocation	**Rs. 23 mn** Sales and marketing expense in export markets **27** New products for the export market	**Rs. 9.5 mn** Investment in research and development	**12** Lean projects across the organisation **125** Employees engaged through **12** teams
Strategic KPI/ Pre-financials	**21%** Growth in export volumes **18** New export customers acquired	**29** New products developed **67** Products in the pipeline	**Rs. 271 mn** Cost savings generated

HOW WE DELIVER AND PRESERVE VALUE

- Total economic value generated during the year decrease by 12% in view of the challenging industry conditions
- Payments to employees increased by 18% during the year
- Value generated to Governments amounted to Rs. 874.01 mn (accounting for 24% of value)
- Payments to lenders of capital decrease by 49%
- Value retained in the business for future investment amounted to Rs.412 mn compared to Rs.325 mn the previous year

VALUE DISTRIBUTION



CONSTRUCTION MATERIALS

FINANCIAL PERFORMANCE

Rs.mn	2024	2023	% y-o-y	2022
Revenue	9,937	10,124	(2%)	9,518
Earnings before interest and tax	1,053	1,222	(14%)	1,488
Net finance income/(cost)	(821)	(1,069)	(23%)	(106)
Profit before tax	232	153	51%	1,382
Profit after tax	186	(10)	1923%	1,152
Assets	12,866	10,503	22%	12,070
Liabilities	8,390	6,736	25%	8,108
Operating cash flow	(1,366)	542	(352%)	(820)

Performance against targets

	Target	Actual	Reason for variance
GP of products	>12%	6%	Price reduction during the year
Gearing	<50%	66%	Loans obtained for investment in working capital

OPERATIONAL HIGHLIGHTS	2024	2023	% y-o-y	2022
Production volumes (MT)	5926	4,831	23%	8,602
Capacity utilisation (%)	27%	22%	23%	44
Energy intensity (GJ/Revenue Rs.mn)	8	8	-	12
Water intensity (Litres/Revenue Rs.mn)	11,744	8,666	36%	11,441
Carbon intensity (tCO2e/Revenue Rs.mn)	0.96	0.88	9%	1
No. of employees	774	734	5	879
Revenue per employee (Rs.mn)	13	14	9%	11
Remuneration per employee (Rs.mn)	1.82	1.62	75%	2

ESG HIGHLIGHTS

CLIMATE ACTION AND ENERGY EFFICIENCY

While the use of recycled aluminium is expected to drive a reduction in the Sector's Scope 3 emissions, the reduction in direct emissions during the year has been supported by,

- Modifications to rectifiers to enable higher energy efficiency
- Replacing existing compressors which new screw type models which enable considerable energy savings
- Exploring alternative fuel sources to diesel

	2024	2023	Y-o-y
Energy consumption (GJ)	81,117	82,654	-2%
Carbon footprint (tCO2e)	9,519	8,880	+7%

Fabricator training through Alumex Training School

Established in 1998, the Training School provides both in-house and offsite fabricator training courses free of charge to diverse industry stakeholders with the aim of,

- Developing skills of apprentices, fabricators and consultants
- Raise awareness on modern methods in fabrication
- Introduction to appropriate equipment, accessories and safety

Driving circularity

61%

Reliance on recycled aluminium

Target: 80%

The Sector increased the use of used beverage cans through 50 collection points in the Western Province

181 MT

Use of beverage cans

Employee value creation

The Sector continues to invest in long-term CSR and community development projects including the following:

- Give the Gift of Sight campaign 2023 with Helpage Sri Lanka: 260 cataract surgeries
- Book and stationary donations to impoverished schools
- Reforestation Project at Rathambale Kanishta Vidyala in partnership with the Department of Wildlife Conservation

PROSPECTS AND PLANS

Despite the short-term volatilities Sri Lanka's construction sector is poised for recovery in 2024/25, supported by the stabilising macro-economic fundamentals, improved tourism earnings and conducive interest rates. With the recovery of private sector investments in the construction industry, we are optimistic that the residential and industrial segments will record gradual growth over the next few months. Key risks and opportunities that are likely to shape the industry landscape over the short, medium and long-term are given below:

INDUSTRY RISK AND OPPORTUNITY LANDSCAPE

Stabilising macro-economic conditions

The gradual recovery of the economy and tapering inflation is expected to support the recovery of residential projects

Response

Leverage on brand, customer relationships and customer touchpoints to offer attractive pricing and innovative solutions catering to emerging demands

Recommencement of large-scale projects

Most suspended large-scale projects are expected to recommence in the near term, following more conducive macro-economic conditions

Response

Leverage on brand, customer relationships and customer touchpoints to offer attractive pricing and innovative solutions catering to emerging demands

Demand for alternatives to wood fixtures

With customers increasing preference for sustainable, lightweight, corrosion free and durable solutions, the demand for alternatives to wood fixtures is expected to record continued growth

Response

Widen product range beyond conventional applications to new segments such as kitchen cabinets and wardrobes

Customer demand for convenience

Busy lifestyles and shortage of construction sector labour is fueling demand for DIY solutions

Response

Expansion of product offerings under the Dwelling brand

Sustainability related risks and opportunities (SRRO)

Industry decarbonisation

The Aluminium Sector is a significant emitter of greenhouse gas emissions and the regulations pertaining to tackling emissions along the value chain is evolving rapidly

< 1 year	Transitional phase of CBAM with exporters to EU expected to commence reporting
1-5 years	Taxes correlated to the carbon emissions of exports to EU could reduce competitiveness if emissions are unabated
>5 years	Businesses who are unable to comply with these evolving requirements will be challenged to survive
Response	Widening the scope of the carbon footprint computation to include Scope 3 emissions and formulating a roadmap for curtailing emissions

Sustainability as a competitive edge

Strategic integration of sustainability presents significant opportunities for market access, particularly in the EU region

< 1 year	Limited opportunities in the short-term, although demand patterns are showing signs of shifting
1-5 years	More pronounced demand for sustainable products in line with more stringent environmental regulations from the EU
>5 years	Organisations with weak sustainability practices are likely to face severe competition and be challenged to survive
Response	Formulation of the Sector's ESG Roadmap to identify avenues for strategic integration

Sri Lanka's shift to renewable energy

According to Sri Lanka's Net Zero plan, the country is gearing to scale up renewable energy to be 70% of total energy consumption by 2030

< 1 year	Gradual increase in fossil-fuel based energy prices and resultant shift to solar power
1-5 years	Anticipated price revisions to fossil fuel costs to drive increased investments in renewable energy.
>5 years	Energy intensive industries are likely to shift entirely to renewable energy, generating both economic and environmental benefits
Response	Driving energy efficiency initiatives as a strategic focus on pursuing investments in solar and other renewable energy sources

CONSTRUCTION MATERIALS

The Sector remains optimistic on the medium-to-long term growth potential of the country's construction sector and given current capacity utilisation levels of around 30%, Alumex is well positioned to capitalise on the release of pent-up demand. The Sector will seek to further strengthen its leadership position in the local market, while driving aggressive penetration in exports.

FUTURE PLANS	
Short-term	**Medium-to-long term**
• Develop existing and new export markets with focus on US, Europe and Oceania • Strengthen value added propositions in export markets • Grow solar market in both residential and industrial segments • Increase contributions from premium products such as satin finish and die cast	• Develop customers across 5 continents and set up sales offices in key markets • Increase dealership network to drive regional penetration • Widen brand portfolio to include premium brands • Development of fabricators to manage proprietary systems
Short-term goals ROE>15%	**Medium-to-long term goals** ROCE>30% Gearing< 40%

SASB DISCLOSURES

Table: Construction Materials Standard- Sustainability Disclosure Topics & Accounting Metrics

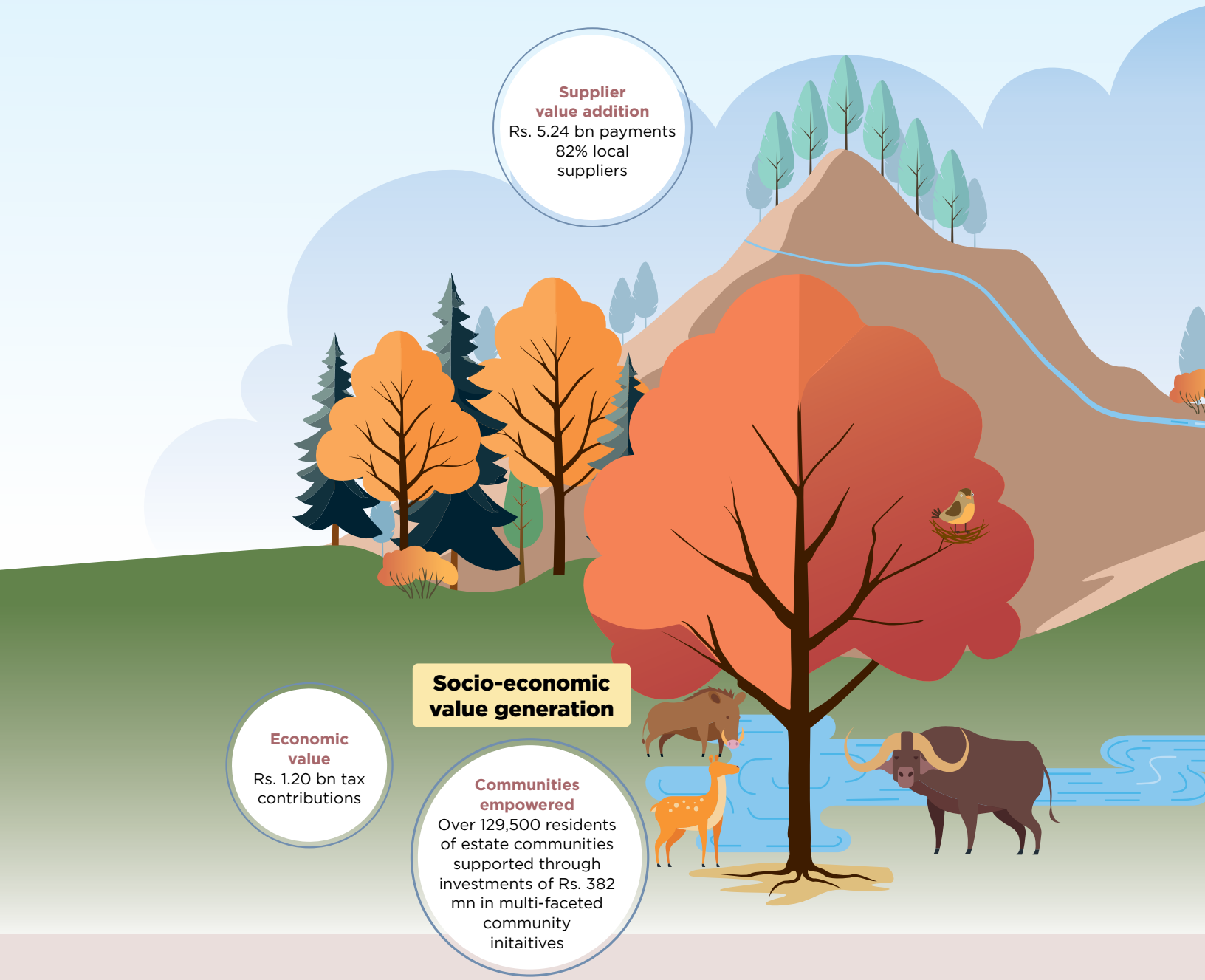
TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	CODE	DISCLOSURE/Pg. reference
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	Mt	EM-CM-110a.1	4,248
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	-	EM-CM-110a.2	We plan to increase reliance on renewable energy by installing more solar panels, and we hope to drive reductions in energy intensity by investing in machine upgrades and implementing power analysers.
Air Quality	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) Sox	Mt	EM-CM-120a.1	Not available
Energy Management	(1) Total energy consumed (2) Percentage grid electricity (3) Percentage alternative (4) Percentage renewable	GJ % % %	EM-CM-130a.1	81117GJ 92.05% 7.95% 7.95%
Water Management	(1) Total fresh water withdrawn (2) Percentage recycled (3) Percentage in regions with High or Extremely High Baseline Water Stress	(m3), Percentage (%)	EM-CM-140a.	84458 m3 1.69% Not available
Waste Management	Amount of waste generated Percentage hazardous Percentage recycled	Metric tons (t), Percentage (%)	EM-CM-150a.1	974.32MT 76.01% 34.15%
Biodiversity Impacts	Description of environmental management policies and practices for active sites		EM-CM-160a.1	None
	Terrestrial acreage disturbed, percentage of impacted area restored	Acres (ac), Percentage (%)	EM-CM-160a.2	None
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) (2) Near miss frequency rate (NMFR) for (a) full-time employees and (b) contract employees	Rate 02. N/A	EM-CM-320a.1	01.a 1.16 / 01.b -0



PLANTATIONS

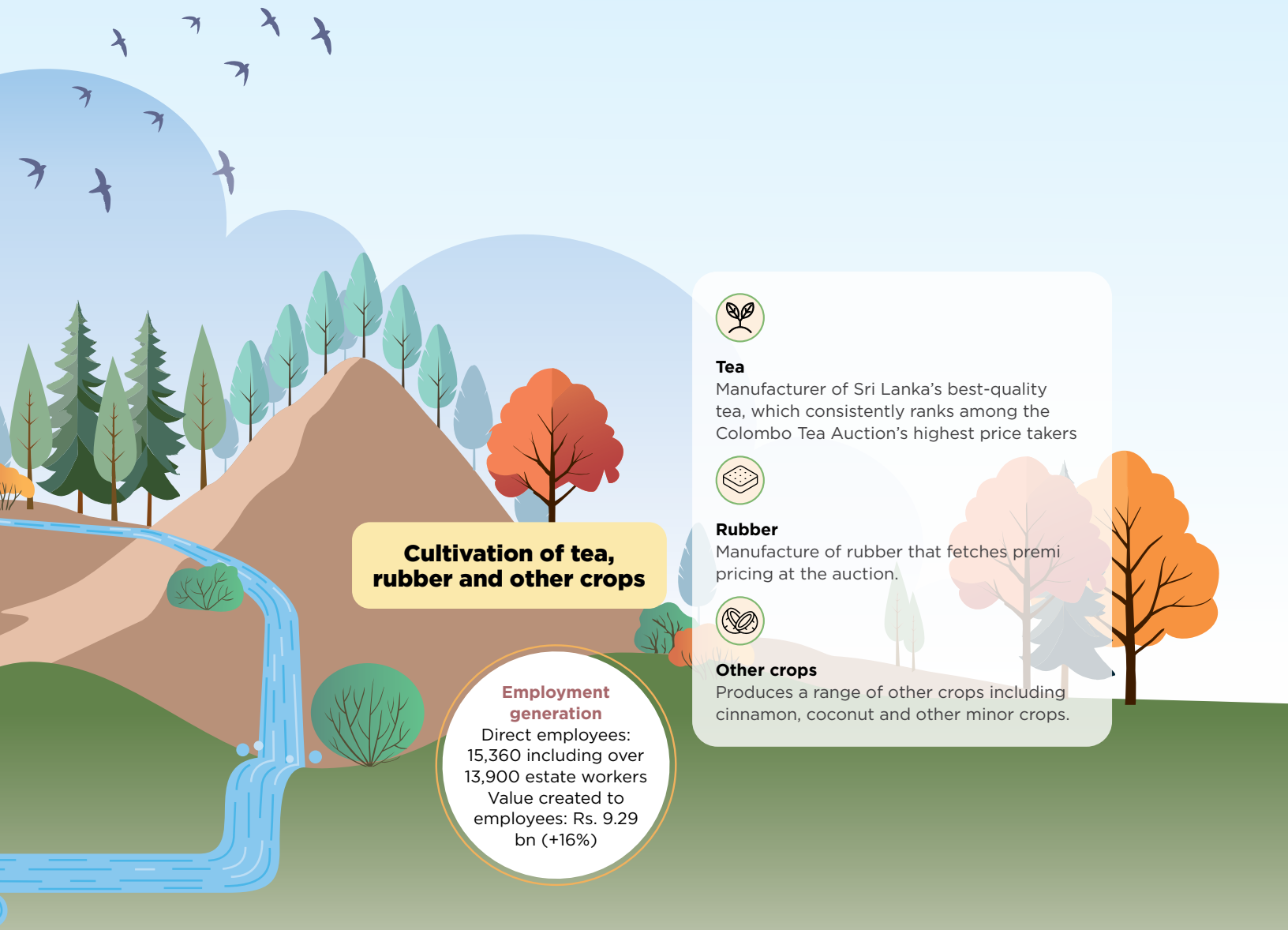
The Group's three regional plantation companies (RPCs), Kelani Valley Plantations PLC, Talawakelle Tea Estates PLC and Horana Plantations PLC rank among the country's most sustainable, innovative and profitable plantation companies driving the industry forward through embracing nature-positive agriculture, equitable remuneration models and technology-driven transformation.

PLANTATIONS



Rs. 13.72 bn
Economic value added

9%
Contribution to Group's value creation



Cultivation of tea, rubber and other crops

Tea
Manufacturer of Sri Lanka's best-quality tea, which consistently ranks among the Colombo Tea Auction's highest price takers

Rubber
Manufacture of rubber that fetches premi pricing at the auction.

Other crops
Produces a range of other crops including cinnamon, coconut and other minor crops.

Employment generation
Direct employees: 15,360 including over 13,900 estate workers
Value created to employees: Rs. 9.29 bn (+16%)

Revenue	Profit Before Tax	Profit After Tax	Assets	Liabilities	Employees	Carbon footprint
Rs. 36.3bn (+10%)	Rs. 3.0 bn (-40%)	Rs. 2.1 mn (-40%)	Rs. 26 bn (+0%)	Rs. 15.5 bn (-2%)	15,360 (+23%)	26,122 tCO2e (+40%)

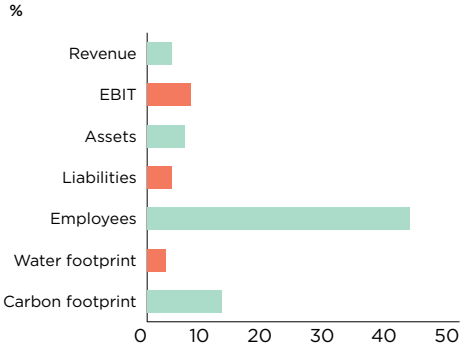
+ denotes y-o-y growth - denotes y-o-y decline

PLANTATIONS

SECTOR OVERVIEW

As one of the country's largest plantation groups, the three RPCs under Hayleys, collectively cultivate over 13,800 hectares of tea and rubber across 55 estates. The Hayleys Plantation companies have played a key role in driving Sri Lanka's tea sector forward, redefining industry standards in sustainability, innovation and quality. The long-term viability of Sri Lanka's tea sector is being threatened by rising costs, intensifying implications of climate change and increased volatility of prices. At this critical juncture, the Hayleys Plantation companies are at the forefront of propelling the industry's transformation to a modern, dynamic and sophisticated industry, in which stakeholder value is equitably distributed across the entire value chain.

CONTRIBUTION TO GROUP



KELANI VALLEY PLANTATIONS PLC

Produces of tea, and rubber in 25 estates

Contribution to Sector
Revenue: 40%
PBT: 37%

Performance 2023/24
Revenue: 12% decline
PBT: 53% decline

TALAWAKELLE TEA ESTATES PLC

Produces tea in 16 estates

Contribution to Sector
Revenue: 42%
PBT: 57%

Performance 2023/24
Revenue: 5% decline
PBT: 36% decline

HORANA PLANTATIONS PLC

Produces, tea, rubber, oil palm and coffee in 14 estates

Contribution to Sector
Revenue: 18%
PBT: 6%

Following its acquisition on the 31st of March 2023, Horana Plantations has been consolidated to this year's performance. From FY 2023/24, Mabroc Teas and Martin Bauer Hayleys (which were previously categorised in the Plantations Sector) have been classified as a separate sector under Tea Exports. Kindly refer to page 235 for the Tea Exports Sector Review.

OPERATING ENVIRONMENT

Sri Lanka's tea production increased marginally to 256.04 mn Kgs in 2023 as the industry struggled to recover from detrimental policy decisions and worsening implications of climate change. Meanwhile, tea prices (in rupee terms) declined by 7% in 2023, in view of the appreciation of the Sri Lankan Rupee – a trend which persisted in the first quarter of 2024. The surge in chemical fertilizer prices, coupled with significant variability in rainfall and persistent labour shortages continue to affect the long-term sustainability of the country's tea industry. While prices commanded at the Colombo Tea Auction remained elevated in comparison to counterparts, Sri Lanka's international competitiveness is being threatened by high cost of production, relatively low yields and inadequate plucking. Changing aspirations of the younger generations continue to drive increased labour migration from the estate sector, resulting in significant labour shortages.

COMPETITIVE POSITION

Sri Lanka's largest plantation sector group, collectively accounting for **4.6% and 4.1% of the country's tea and rubber cultivation**

Consistently ranking as the top 3 prices takers in the Colombo Tea Auction, the three companies have continued to command a premium over national sales average (NSA)

Among the most awarded companies in Sri Lanka with the Sector winning a total of **119 awards** during the year

Benchmark of quality as the most **certified plantation companies** in Sri Lanka, which includes 38 certifications and 14 management systems across all three RPCs

Meanwhile, Sri Lanka's rubber industry witnessed yet another year of considerable challenges with total production falling by 10% in view of excessive rain and pest attacks. These challenges were further compounded by the appreciation of the Sri Lankan Rupee which led to a 6% decline in rupee prices.

+2%
Growth in Sri Lanka's tea production

-18%
Decline in tea prices (in rupee terms)

-10%
Decline in Sri Lanka's rubber production

Summary of external drivers

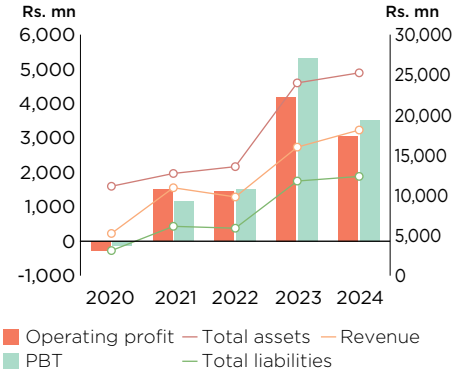
	Driver	Driver Significance of impact	Implications on Sector
Economic and geo-political context	Appreciation of the Sri Lankan Rupee	H	- Lower prices commanded by exporters in Rupee terms
	Increase in energy costs	M	- Adverse implications on cost of production
	Global geo political tensions	H	- Decline in export volumes to both Russia and Ukraine, which are among Sri Lanka's largest tea markets
Industry context	Persistent labour shortages due to migration from estates	H	- Inadequate plucking and resultant loss in crop
	High cost of labour	H	- Impact on profitability margins - Adverse implications on global competitiveness over the long-term
	Relatively low labour productivity	M	+ Increased cost of compliance - Adverse impacts on csot of production
	Global surge in fertilizer prices	M	- Implications on profitability margins
Sustainability context	Increasing focus on health and well-being	M	+ Global recognition of tea as a beverage with significant health benefits
	Escalating implications of climate change including variability rainfall patterns and temperature	M	- Implications on quality, yield and quantity of tea

H-High, M-Medium, L-Low. *Brown circle represents adverse effect while yellow circle represents positive affect*

STRATEGY AND INTEGRATED PERFORMANCE REVIEW

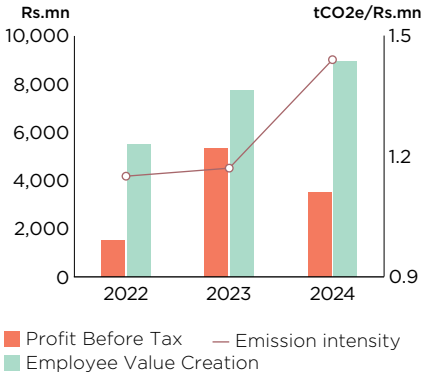
The Sector adopted a strategic reset during the year, with the aim of driving transforming its plantation management approach to dynamic and holistic value-added systems management. Accordingly, strategic focus was placed on creating social business enterprises through more equitable remuneration models, regenerative agriculture and data-driven decision making. While these interventions entail long-term outcomes, the Sector's results for the year attest to the significance of these actions; the Sector generated a Revenue growth of 13% to Rs. 18.13 bn during the year refelcting the consoldiation of Horana Plantations PLC. Production volumes grew by 3% compared to the industry growth of 2%. Sector profitability was inevitably impacted by the fall in prices and the appreciation of the Sri Lankan Rupee, which resulted in Profit Before Tax and Profit After Tax declining by a respective 34% and 40% during the year.

SECTOR FINANCIAL PERFORMANCE



PLANTATIONS

INTEGRATED PERFORMANCE



The critical challenge of labour shortages in the industry is driven by the perception of low dignity associated with working in estates. In addressing this issue, the Hayleys Plantations have sought to dismantle the archaic daily-wage based system through introducing an innovative revenue share model, aimed at creating social business enterprises within the estates. Offering increased flexibility in working hours and directly linked to productivity, the new model enables workers to multiply their earnings through an entrepreneurial model. Meanwhile the Sector continues to invest in strengthening engagement between estate workers and the management teams, building camaraderie and driving goal congruence across the business. The Sector invested a total of Rs. 30.41 mn in training and development initaitives during the year, translating to total training hours of over 123,000. It is noteworthy that all three companies with the Sector have obtained the 'Great Place to Work' certification, attesting to the strength of its employee value propositions.

Regenerative agriculture is a key pillar of the Sector's strategy and is aimed at revitalising relationships between ecosystems, soil, human and crops. Key developments during the year included expanding the coverage of manual weeding to generate compost, resulting in the Sector increasing its organic fertilizer, thereby improving soil health through the use of biochar and organic soil enrichment, biodiversity assessments (refer table below) and preservation of natural ecosystems. The Sector is also actively pursuing crop diversification, with increased investments being deployed towards expanding coconut and coffee production during the year.

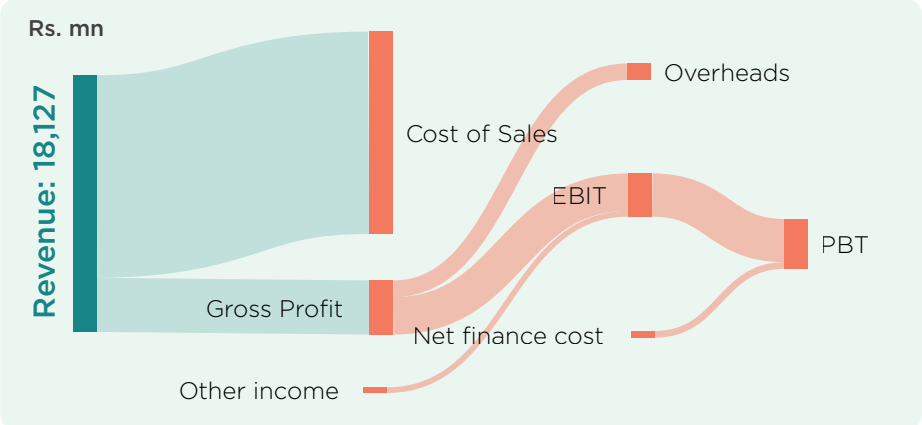
The Sector also continues to drive socio-economic empowerment in one of the country's most vulnerable communities through ongoing investments in its unique and holistic initiative 'Home for Every Plantation Worker' programme. Investment in this programme amounted to Rs. 313 mn during the year with a total beneficiary base of more than 411,000.

As an industry pioneer and leader in plantation sector sustainability, the Sector continued to be recognised both locally and internationally for excellence in social and environmental commitment. In a landmark achievement, TTE was recognised with the prestigious 'Best Corporate Citizen Sustainability Award 2023', sweeping the awards with the highest-ever number of wins by one company and marking the first-time in history in which a plantation company won the flagship award. TTE was also recognised as Sri Lanka's sole representative in the UN Global Company-Accenture SDG Stocktake Report in 2023.

ESG IN ACTION

As an industry that is deeply interconnected to both the natural environment and surrounding communities, sustainability has always been part of the Sector's DNA supporting its social license to operate and commercial viability. The Sector's commitment to embedding ESG into its' operations and strategy has been recognised through numerous accolades, certifications and recognition. During the year, the Sector focused on strengthening its sustainability governance and risk management practices and key developments during the year are listed below:

- Establishment of Sector ESG Steering Committee with representation from all 3 RPCs
- Strengthen ESG risk assessment and integration with existing risk processes
- Monthly and quarterly monitoring and reporting of performance against ESG targets with the participation of relevant personnel from manufacturing facilities
- Third-party verification of GHG emissions (2023/24)



HOW WE DEFINE VALUE

SHAREHOLDERS
Sustainable growth in returns commensurate with risk undertaken

CUSTOMERS
High quality produce, cultivated using environmentally and socially responsible business practices

EMPLOYEES
Competitive remuneration, increased dignity of labour and opportunities for skill and career progression

GOVERNMENT
Generation of tax revenue, supporting empowerment of estate workers and communities, indirect foreign exchange generation and job creation

COMMUNITY
Positive social and environmental impacts and contribution to economic prosperity

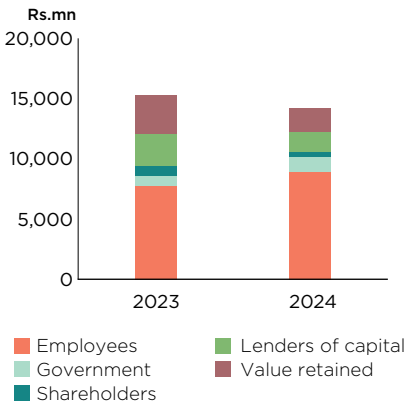
HOW WE CREATE VALUE

Strategic priorities	Transforming labour dynamics	Regenerative agriculture	Commitment to quality
Resource Allocation	Ongoing worker awareness and engagement on potential benefits of new remuneration model	**Rs.780 mn** Investments in replanting **Rs.54 mn** Investments in new crops **300 MT** Organic fertilizer applied	**38** Certifications **14** Management systems implemented
Strategic KPI/ Pre-financials	Workers shifted to Revenue-share model **10%** Increase in payments to workers	**Rs.87 mn** Revenue from crop diversification	Top 3 price takers at CTA **119** Awards won during the year

HOW WE DELIVER AND PRESERVE VALUE

- Total economic value generated during the year declined by 5% reflecting the normalisation of tea prices
- Payments to employees increased by 16% during the year
- Value generated to Governments amounted to Rs. 1.20 bn and 8% of the total value created
- Payments to lenders of capital decreased by 39%
- Value retained in the business for future investment amounted to 14% compared to 22% the previous year

VALUE DISTRIBUTION



PLANTATIONS

FINANCIAL PERFORMANCE

Rs.mn	2024	2023	% y-o-y	2022
Revenue	18,128	15,998	13	9,795
Earnings Before Interest and Tax	3,052	4,186	(27)	1,439
Net Finance Income/(Cost)	473	762	(38)	34
Profit Before Tax	3,525	5,318	(34)	1,520
Profit After Tax	2,254	3,767	(40)	1,500
Assets	25,244	23,991	5	13,568
Liabilities	12,354	11,777	5	5,907
Operating Cash Flow	2,415	4,183	(42)	7,662
Performance against targets				
	Target	**Actual**	**Reason for variance**	
ROCE	>10%	19%	In line with target	
ROE	KVPL/TTEL<10% Horana <30%	5% 68%	Normalisation of tea prices in comparison to the previous year	

OPERATIONAL HIGHLIGHTS	2024	2023	% y-o-y	2022
Production volumes (MT)				
- Tea	11,774	11,444	3	13,464
- Rubber	2,639	3,361	(21)	3,771
Average pricing of tea (Rs/KG)				
- TTE	1,230	1,517	(19)	718
- KVPL	1,167	1,501	(22)	718
- HPL	1,066	1,310	(18)	625
Energy Intensity (GJ/Revenue Rs.mn)	33	15	120	40
Water Intensity (Litres/Revenue Rs.mn)	12,181	5,683	114	9,670
Carbon Intensity (tCO2e/Revenue Rs.mn)	1.44	1.17	23	0.74
No. of Employees	15,360	12,451	23	13,906
Revenue per Employee (Rs.mn)	1.18	1.28	(8)	0.70
Remuneration per Employee (Rs.mn)	0.61	0.62	(1)	0.4

ESG HIGHLIGHTS

CLIMATE ACTION

- Increased reliance on biomass, hydro and solar power
- TTE and HPL have committed to the SBTI, with the former being the first plantation company in the world to obtain verification of its targets
- Sector's emission reduction agenda centers on the use of renewable energy and reducing dependence on chemical fertilizer

	2024	2023	Y-o-y	Target
Carbon footprint (tCO2e)	26,122	18,710	40	Based on SBTI
Reliance on renewable energy (%)	84	75	9	

WOMEN IN LEADERSHIP

TTE launched a historical initiative to empower women to achieve career progression in the plantations sector.

24 females
promoted as field supervisors

28 females
harvesters recognised as team leaders

WORLD'S FIRST INTERNATIONAL PLANTATIONS SUSTAINABILITY SUMMIT

Towards Sustainable Plantations - Reimagined | Redesigned | Resilient

The Summit marked a collaborative effort between over 700 representatives from local and international academia, plantation operators, policy makers and others on the integration of biosphere, geosphere, social and economic elements in achieving long-term sustainability and equitable value sharing in the Plantations Sector

ADDRESSING PERIOD POVERTY

In a unique initiative aimed at addressing period poverty and driving economic empowerment, HPL set up women-led facility to manufacture reusable sanitary pads. The initiative has provided employment to 6 females from the community, including those with disabilities who are engaged in packaging.

PROSPECTS AND PLANS

The short-to-medium term outlook of the country's tea industry remains somewhat volatile at this juncture, reflecting global headwinds including geopolitical tensions and logistical disruptions as well domestic challenges including labour shortages, declining yields and escalating cost of production. Despite these challenges, the strategic foresight of Hayleys Plantations and interventions made to modernise and transform our estate operations is expected to augur well for the Group, enabling all three RPCs to maintain their standing as the most profitable, sustainable and high-quality producers of tea in Sri Lanka. The short, medium and long-term outlook and plans in place to respond to the emerging risks and opportunities are presented below:

INDUSTRY RISK AND OPPORTUNITY LANDSCAPE

Labour shortages in the plantation industry

Labour shortages in the plantation industry, driven by the changing aspirations of the younger demographic continue to pose a key challenge for the industry, resulting in high-turnover, low labour productivity and inadequate plucking.

Response

Transforming remuneration models to build an empowered, entrepreneurial workforce.

Escalating cost of production

Sri Lanka's cost of production continues to be higher than competing producers due to low labour productivity and declining yields, which over the medium to long-term is likely to affect the country's competitiveness in the international market

Response

Regenerative agricultural models focused on preserving soil quality and improving yields as well as interventions to improve labour productivity

Geopolitical tensions

Escalating geopolitical tensions in Sri Lanka's major tea markets have led to considerable volatility and is likely to impact demand and pricing over the short-term, which would be further compounded by potential logistical disruptions

Response

Ongoing monitoring of external developments and increased focus on value-addition

Transformation of the global beverage industry

Consumers are increasingly tilting towards products that contribute to their health and well-being, giving rise to the convergence of sustainability and wellness in beverages

Response

Strategic focus on ensuring superior quality of produce through certifications and adopting global best practices

Sustainability related risks and opportunities (SRRO)

Evolving requirements of buyers

Global customers are increasingly demanding responsible social and environmental practices along the entire value chain, necessitating higher supply chain visibility and traceability

< 1 year	Limited impact in the short-term
1-5 years	European customers are expected to strengthen due diligence along the value chain, given emerging regulations and disclosure requirements
>5 years	Anticipated stringency and global implementation of regulations driving ethical sourcing and traceability across value chains
Response	Assurance to customers through independent third-party verifications and compliance to a range of certifications on quality, sustainability and ethical business

Increasingly erratic weather patterns

Escalating implications of climate change have led to significant volatility in rainfall and precipitation levels as well as considerable fluctuations in temperature levels

< 1 year	Volatility in production levels and variations in quality
1-5 years	More pronounced impacts of volatile weather patterns, which will impact leaf quality, yields and prices
>5 years	If climate adaptation measures are not adopted, Sri Lanka's tea industry could suffer significant challenges
Response	Pursuing climate-smart and regenerative agriculture practices

Declining land productivity

Limited investments in replanting and infilling have led to long-term decline in productivity of Sri Lanka's tea lands, resulting in relatively lower yields

< 1 year	Limited impact in short-term
1-5 years	Further declines in yields and resultant escalation in cost of production is likely to affect Sri Lanka's international competitiveness in the global market
>5 years	Commercial viability of Sri Lanka's tea industry could be threatened
Response	Strategic focus on the use of organic fertilizer to preserve soil health and regenerative agricultural practices to improve yields

PLANTATIONS

FUTURE PLANS	
Short-term	**Medium-to-long term**
• Drive improvements in yield through increasing plucking rounds and harvesting modules • Improving labour productivity through transforming remuneration models • Increase efficiency and efficacy of input materials • Increased crop diversification • Use of technology and mechanisation to drive increased efficiency	• Pursue diversification of new crops including cinnamon, coconut and coffee • Increase reliance on renewable energy through investments in solar • Develop specialty teas catering to evolving customer requirements • Increased customer acquisition in rubber
Short-term goals ROE>10% Gearing<10% (TTEL/KVPL) Gearing<35% Horana	**Medium-to-long term goals** ROE>20% Gearing<10% (TTEL/KVPL) Gearing<35% Horana

SASB DISCLOSURES

Agricultural Products Standard- Sustainability Disclosure Topics & Accounting Metrics

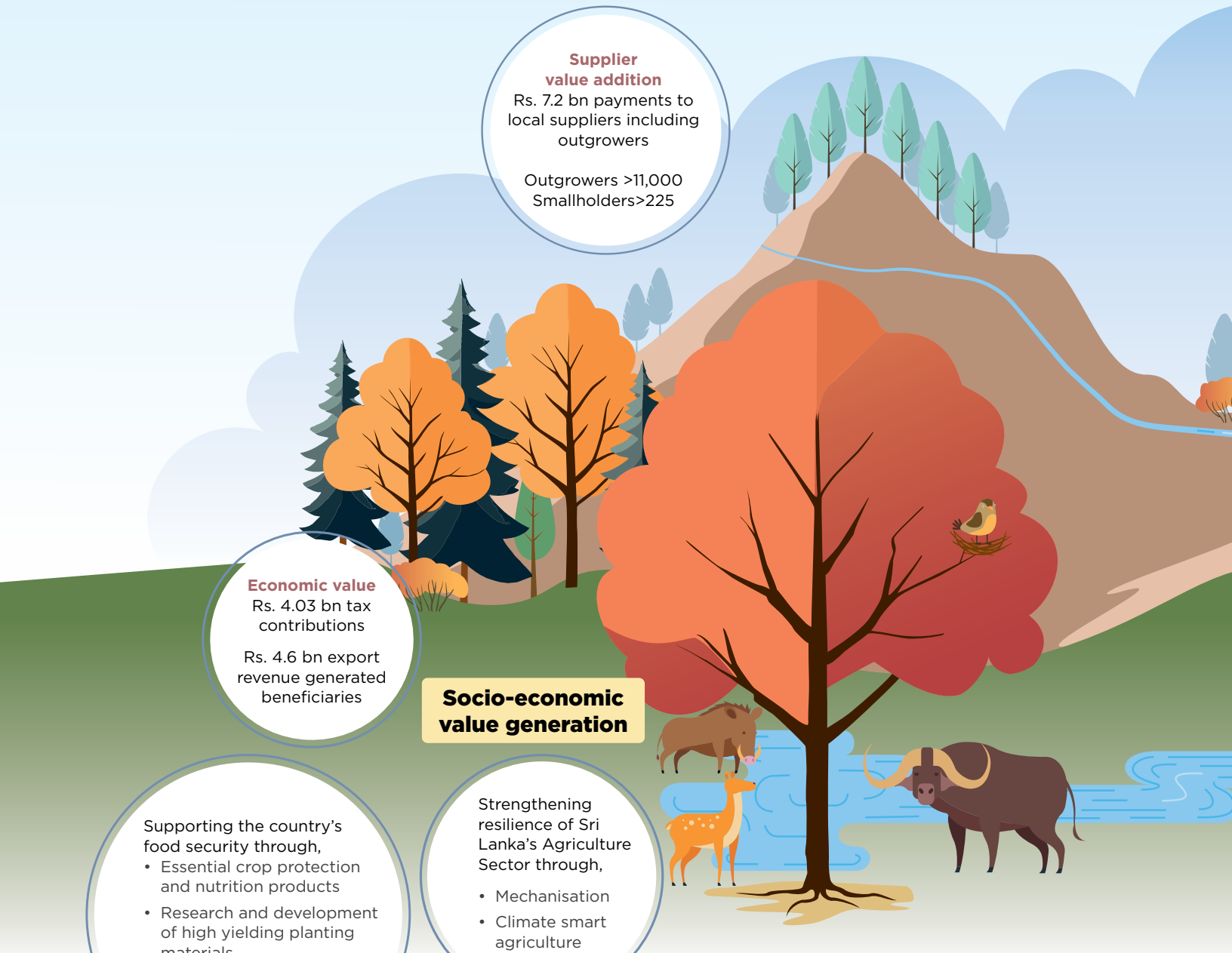
TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	CODE	DISCLOSURE/Pg. reference
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Metric tons (t) CO -e	FB-AG-110a.1	17,433
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	-	FB-AG-110a.2	TTE has obtained verification of its targets from SBTI while the other RPCs are awaiting approval of targets
	Fleet fuel consumed Percentage renewable (total renewable energy % from the fleet fuel consumed)	GJ %	FB-AG-110a.3	18,983
Energy Management	(1) Operational energy consumed (2) Percentage grid electricity (3) Percentage renewable (1) Number of recalls issued (2) total amount of food product recalled	GJ % % Number MT	FB-AG-130a.1 FB-AG-250a.3	507,530 29% 84 NA
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) (2)Fatality rate (3)Near miss frequency rate (NMFR) for (a) direct employees and (b) seasonal and migrant employees	Rate	FB-AG-320a.1	10 0 0
Environmental & Social Impacts of Ingredient Supply Chain	Percentage of agricultural products sourced that are certified to a third-party environmental and/or social standard, and percentages by standard	Percentage (%) by cost	FB-AG-430a.1	N/A
Ingredient sourcing	Identification of principal crops and description of risks and opportunities presented by climate change		FB-AG-440a.1	Refer to page 292
	Percentage of agricultural products sourced from regions with High or Extremely High Baseline Water Stress			Sri Lanka is considered at high risk for water security
ACTIVITY METRICS				
Production by principal crop Tea Rubber		MT	FB-AG-000.A	 11,774 2,639
Number of processing facilities		Number	FB-AG-000.B	50
Total land area under active production		Hectares	FB-AG-000.C	16,738



AGRICULTURE

The Group's Agriculture Sector (represented by Hayleys Agriculture Holdings Limited) drives unparalleled economic value across an extensive ecosystem of outgrowers, farmers and other agricultural producers through creating links to global supply chains, modernising Sri Lanka's agriculture industry and building capacity across networks through its widespread extension services.

AGRICULTURE



Supplier value addition
Rs. 7.2 bn payments to local suppliers including outgrowers

Outgrowers >11,000
Smallholders>225

Economic value
Rs. 4.03 bn tax contributions

Rs. 4.6 bn export revenue generated beneficiaries

Socio-economic value generation

Supporting the country's food security through,

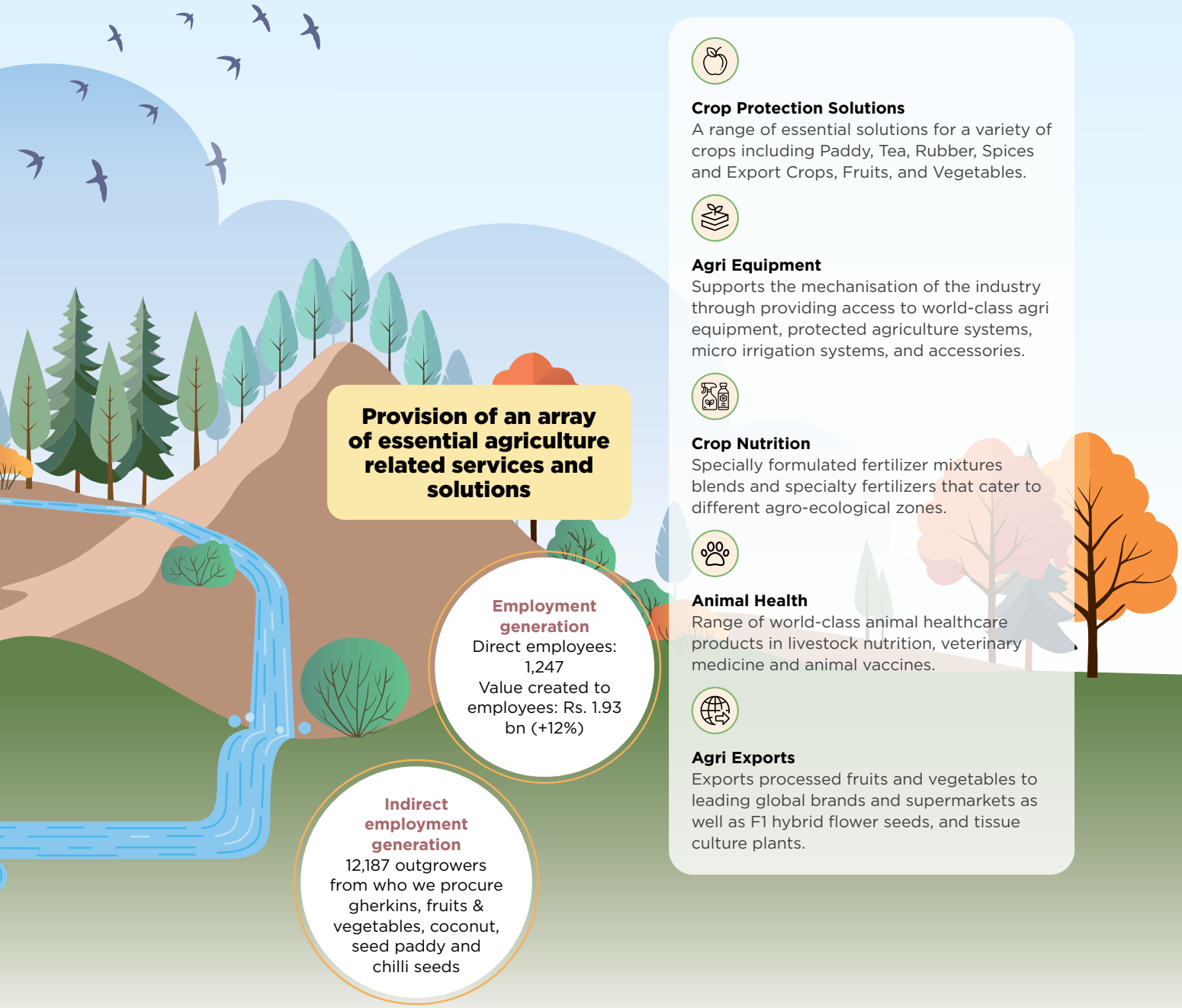
- Essential crop protection and nutrition products
- Research and development of high yielding planting materials
- Farmer awareness building on technology and sustainable agriculture

Strengthening resilience of Sri Lanka's Agriculture Sector through,

- Mechanisation
- Climate smart agriculture solutions

Rs. 10 bn
Economic value creation

6%
Contribution to Group's value creation



Provision of an array of essential agriculture related services and solutions

Employment generation
Direct employees: 1,247
Value created to employees: Rs. 1.93 bn (+12%)

Indirect employment generation
12,187 outgrowers from who we procure gherkins, fruits & vegetables, coconut, seed paddy and chilli seeds

Crop Protection Solutions
A range of essential solutions for a variety of crops including Paddy, Tea, Rubber, Spices and Export Crops, Fruits, and Vegetables.

Agri Equipment
Supports the mechanisation of the industry through providing access to world-class agri equipment, protected agriculture systems, micro irrigation systems, and accessories.

Crop Nutrition
Specially formulated fertilizer mixtures blends and specialty fertilizers that cater to different agro-ecological zones.

Animal Health
Range of world-class animal healthcare products in livestock nutrition, veterinary medicine and animal vaccines.

Agri Exports
Exports processed fruits and vegetables to leading global brands and supermarkets as well as F1 hybrid flower seeds, and tissue culture plants.

Revenue	Profit Before Tax	Profit After Tax	Assets	Liabilities	Employees	Carbon footprint
Rs. 34.88bn (+6%)	Rs. 3.02 bn (-40%)	Rs. 2.09 bn (-41%)	Rs. 25.98 bn (-1%)	Rs. 15.31 bn (-4%)	1,247 (+4%)	4,422 tCO2e (-4%)

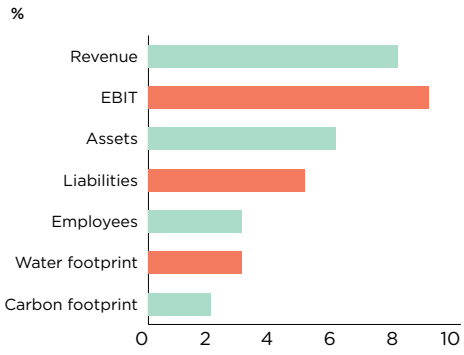
+ denotes y-o-y growth - denotes y-o-y decline

AGRICULTURE

SECTOR OVERVIEW

The Sector is at the forefront of Sri Lanka's Agriculture industry, offering a comprehensive array of agriculture-related solutions to the local and export markets. Hayleys Agriculture's competitive edge is underpinned by its partnerships with globally renowned principals, extensive relationships across Sri Lanka's agricultural value chains, domain-specific knowledge and best-in-class research and development capabilities. The Sector has contributed towards catalysing the development of the country's Agriculture Sector through providing essential input materials, driving mechanisation and introducing climate-smart agriculture solutions supporting the longevity of the industry.

CONTRIBUTION TO GROUP



LOCAL OPERATIONS

Provides a range of agriculture input solutions, including agriculture machinery, crop protection solutions, seeds and planting materials, animal health products, and fertilizer.

Contribution to Sector
Revenue: 70%
PBT:63%

Performance 2023/24
Revenue: 11% growth
PBT: 45% decline

EXPORTS

Exporter of processed fruits and vegetables, coconut kernel-based products, tissue culture plants and F1 hybrid flower seeds

Contribution to Sector
Revenue: 12%
PBT: 3 %

Performance 2023/24
Revenue: 5% decline
PBT: 86% decline

OVERSEAS OPERATIONS

International operations in Bangladesh

Contribution to Sector
Revenue: 17%
PBT: 34%

Performance 2023/24
Revenue: 11% decline
PBT: 45% growth

OPERATING ENVIRONMENT

Sri Lanka's Agriculture Sector posted modest recovery in 2023, expanding by 3% compared to the contraction of 4% recorded in 2022. This uptick represents the stabilisation of the country's macro-economic fundamentals and gradual return to normalcy following the fuel shortages and economic disruptions of the previous year. Accordingly, the country's paddy production increased by 20%, compared to the near 34% drop in the paddy crop in 2022. Despite these improvements, consumer spending remained subdued resulting in customers' increasing price consciousness, deferment of purchases and shift towards cheaper alternatives. This was further compounded by the relatively high interest rates in the first half of the year coupled with the increase in tax rates. Meanwhile, having a made strong recovery post pandemic, Bangladesh has been impacted by rising inflation, financial

COMPETITIVE POSITION

Agriculture Extensive Services powered by over 150 skilled agriculturalists who collaborate with stakeholders across the agri-value chain in propagating knowledge and best practice.

Long-standing relationships **with 66 globally renowned principals** including Kubota, Bayer, BASF, Elanco and Hipra among others.

Market leader in several verticals which include

- Largest Sri Lankan exporter of processed fruits and vegetables
- Largest producer and exporter of tissue culture plants
- Only Sri Lankan exporter of F1 hybrid flower seeds
- Leader in Agri input solutions and equipment

sector vulnerabilities and a balance-of-payment deficit which has led to a sharp decline in foreign exchange reserves. External pressure is expected to persist in Bangladesh for the most part of 2024, while GDP growth is expected to moderate but remain relatively good at 5.6% in 2024.

+3%
Growth in Sri Lanka's Agriculture Sector

+20%
Increase in paddy crop

0.1%
Growth in agriculture exports

Summary of external drivers

	Driver	Driver Significance of impact	Implications on Sector
Economic and geo-political context	Appreciation of the Sri Lankan Rupee	M	+ Favourable pricing on imported agricultural inputs - Negative impacts on agricultural exports
	Interest rates	M	- High interest during the first half of the year adverse impacted demand
	Decline in consumer spending	M	- Subdued consumer demand and increasing price consciousness of customers
	Taxation	H	- Adverse implications on consumer buying power - Significant increase in prices following the imposition of VAT from January 2024
Industry context	Mechanisation of agriculture	H	+ Promising long-term demand dynamics for agricultural equipment and machinery
	Inconsistent policy	M	- Limited predictability leading to challenges in planning
	Land degradation	M	- Adverse impacts on quality, quantity and yields of crop thereby negatively affecting farmer income
Sustainability context	Implications of climate change	M	- Impacts of erratic weather patterns on quantity and quality of crop
	Water stress in several areas of the country	M	- Implications on quality, yield and quantity of tea
	Water stress in several areas of the country	M	- Impacts of erratic weather patterns on quantity and quality of crop

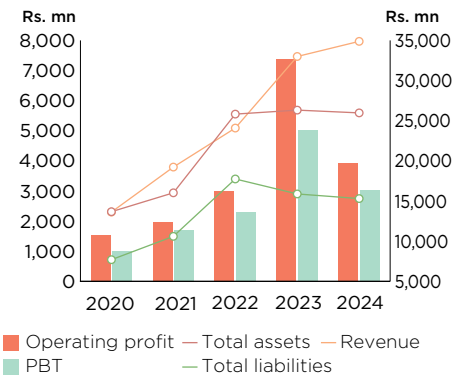
H-High, M-Medium, L-Low. *Brown circle represents adverse effect while yellow circle represents positive affect*

STRATEGY AND INTEGRATED PERFORMANCE REVIEW

The Sector delivered a resilient performance amidst a multitude of challenges that prevailed during the year, underpinned by the diversity of its businesses as well as the strength of its brands and relationships. Performance was upheld by Crop Protection and Overseas Operations, which led to a Revenue growth of 6% to Rs. 34.89 bn during the year. Profitability normalised from the record highs of last year, to record a Profit Before Tax of Rs. 3.02 bn during the year (2022/23: Rs.5.0 bn)

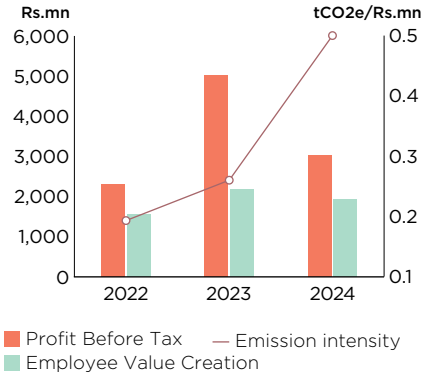
Crop Protection recorded strong growth during the year, emerging as the highest contributor to Sector profitability. Performance was upheld by the launch of a new herbicide which swiftly gained traction to achieve market leadership status. With this addition, the cluster has strengthened its product proposition offering a comprehensive array of crop protection materials. Meanwhile, profits from Agro Fertilizer normalised during the year, reflecting intensifying competitive pressures and the imposition of VAT which led to subdued demand.

SECTOR FINANCIAL PERFORMANCE



AGRICULTURE

INTEGRATED PERFORMANCE



The Agri Equipment cluster also experienced a challenging year due to customers' increased concerns on affordability which led to deferment of purchases. Despite these challenges, the Sector maintained its position as the market leader in the four-wheel tractor segment supported by the strength of its global brands. Meanwhile Animal Health performed commendably during the year; with the pet segment recording subdued demand amidst increasing affordability concerns, the cluster expanded its reach to new market segments such as poultry. In a key achievement the cluster also introduced two new vaccines Gumbohatch and Evalon in partnership with its principal HIPRA; these vaccines gained quick traction in the market supported by its high efficacy and ease of use.

In Exports, the horticulture segment performed well maintaining its position as the largest producer and exporter of tissue culture plants and the only Sri Lanka exporter of F1 hybrid flower seeds. Food exports were affected by adverse weather conditions, which necessitated reseeding of gherkins, while profitability was also impacted by the appreciation of the Sri Lankan Rupee and subdued demand from key markets. Despite these challenges, the cluster continued to inject value to its network of out-growers ensuring their financial viability and continued economic empowerment. The outlook for food exports, however, is promising with the cluster seeing a gradual pick-up in demand towards the last quarter of the financial year. Meanwhile, strategic focus was placed on upgrading and revamping the coconut milk facility which was purchased in 2022/23, which enabled the Sector to obtain the required certifications and launch a range of coconut-based products including beverages, oils, spreads, and confectionary under the CocoLife by Hayleys brand.

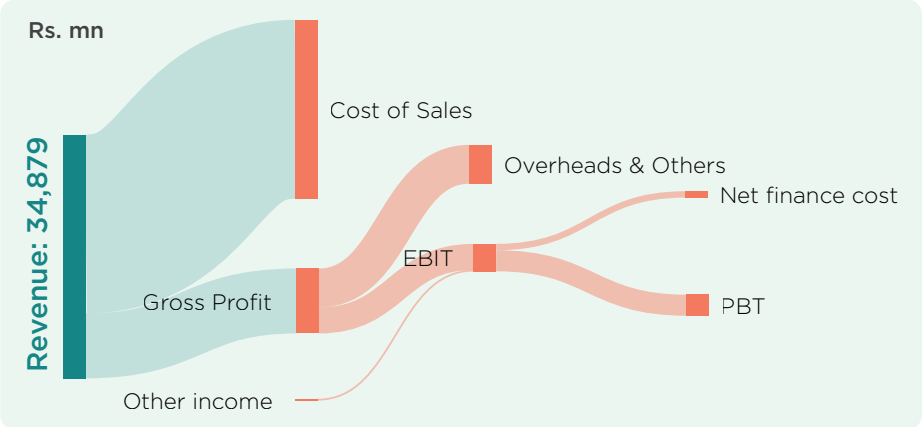
The Sector's Overseas Operations (represented by Haychem Bangladesh) emerged as a key contributor to profits during the year, as it leveraged the strength of its brands and product channels to drive increased penetration. During the year, the Sector sought to capitalise on its existing competitive edge in Bangladesh to strengthen its product offering in new segments- accordingly, the Sector commenced Animal Health services in Bangladesh and intends to commence the manufacture of bio-fertilizer for which a land was acquired during the year.

Best-in-class research and development capabilities is the hallmark of Hayleys Agriculture and during the year it continued to strengthen its product portfolio through innovations. The Sector established a facility for pre-mixes of antibiotics and vitamins during the year, with the aim of tapping export markets including Bangladesh in which It already has an established presence. The Sector also marked a key milestone as it established a polyethylene pipe manufacturing facility during the year, offering advanced irrigation solutions to Sri Lanka's Agriculture industry. Hayleys Agriculture continues to play a pivotal role in driving industry mechanisation and during the year launched a first-of-its kind paddy dryer, which seeks to empower farmers through reducing drying time, money and labour while minimising losses.

ESG IN ACTION

The Sector's ESG agenda is aligned to that of the Hayleys Lifecode with key areas of focus including sustainable water sourcing, increasing energy efficiency and driving economic empowerment through outgrower programmes. During the year, measures were taken to strengthen the Sector's ESG governance and reporting mechanisms. Key interventions include,

- Establishment of Sector ESG Steering Committee
- Strengthen ESG risk assessment and integration with existing risk processes
- Monthly and quarterly monitoring and reporting of performance against ESG targets with the participation of relevant personnel from manufacturing facilities
- Third-party verification of GHG emissions (2022/23)



HOW WE DEFINE VALUE

SHAREHOLDERS
Sustainable growth in returns commensurate with risk undertaken

CUSTOMERS
Access to high-quality, high-efficacy products at competitive rates

EMPLOYEES
Competitive remuneration, increased dignity of labour and opportunities for skill and career progression

OUTGROWERS
Opportunities for mutual business growth, ease of doing business and continued value injection

GOVERNMENT
Generation of tax and foreign exchange revenue, supporting the country's food security and job creation

COMMUNITY
Positive social and environmental impacts and contribution to economic prosperity

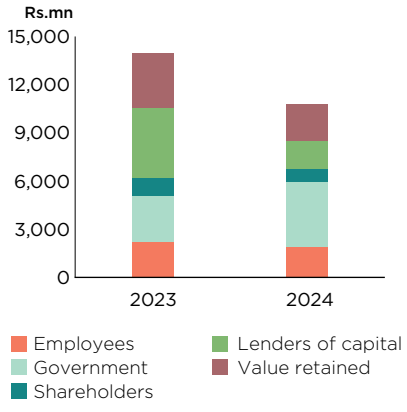
HOW WE CREATE VALUE

Strategic priorities	Innovation	Diversification of business	Regional expansion
Resource Allocation	**Rs. 0.2 mn** Investments in research and development	**Rs. 347 mn** CAPEX in new business lines	**2** New services introduced in Bangladesh
Strategic KPI/ Pre-financials	**35** New products introduced **68** Products in the pipeline	**3** New business lines entered **Rs. 1.2 bn** Revenue from new businesses	**16%** Revenue growth from Bangladesh

HOW WE DELIVER AND PRESERVE VALUE

- Total economic value generated during the year decreased by +22% reflecting the appreciation of the Sri Lankan Rupee and normalisation of tea prices
- Payments to employees decreased by 12% during the year
- Value generated to Governments amounted to Rs. 4.03 bn and 40% of the total value created
- Payments to lenders of capital decreased by 59%
- Value retained in the business for future investment
- Amounted to Rs 2.30 bn compared to Rs. 3,450 mn the previous year

VALUE DISTRIBUTION



AGRICULTURE

FINANCIAL PERFORMANCE

Rs.mn	2024	2023	% y-o-y	2022
Revenue	34,879	32,998	6	24,089
Earnings Before Interest and Tax	3,937	7,379	(47)	3,011
Net Finance Income/(Cost)	(916)	(2,369)	(63)	(709)
Profit Before Tax	3,020	5,010	(40)	2,302
Profit After Tax	2,089	3,532	(41)	1,715
Assets	25,978	26,323	(1)	25,826
Liabilities	15,313	15,889	(4)	17,754
Operating Cash Flow	2,210	996	122	(2,973)

Performance against targets

	Target	Actual	Reason for variance
ROCE	>20%	25%	Exceptional performance in agro chemical and our Bangladesh operations and effective working capital management
ROE	>20%	28%	

OPERATIONAL HIGHLIGHTS	2024	2023	% y-o-y	2022
Energy Intensity (GJ/Revenue Rs.mn)	0.9	1.1	(19)	1.3
Water Intensity (Litres/Revenue Rs.mn)	5,293	5,310	0	8,601
Carbon Intensity (tCO2e/Revenue Rs.mn)	0.1	0.1	0	0.1
No. of Employees	1,247	1,205	14	1,157
Revenue per Employee (Rs.mn)	27.9	27	4	21
Remuneration per Employee (Rs.mn)	1.5	2	-	1

ESG HIGHLIGHTS

CLIMATE ACTION

- The Sector continues to drive energy efficiency initiatives, particularly across its manufacturing operations
- Improved emission reporting in line with the requirements of the third-party verification

	2024	2023	%Y-o-y	Target
Energy consumption (GJ)	30,968	36,245	(15)	
Carbon footprint (tCO2e)	4,422	4,604	(4)	Annual 1% reduction

Value creation across outgrower networks

Linking local farmers to global supply chains through outgrower networks in Batticaloa, Jaffna, Kilinochchi, Mullativu, Mannar, Vavuniya, Ampara, Anuradhapura, Polonnaruwa, Puttalam, Badulla, Matale and Rathnapura.

12,187
outgrowers & smallholders

Building capabilities across value chains

Agriculture Training School
Agricultural input and technology related training to,
Farmers, Field assistance and field officers students, entrepreneurs

Agriculture Extension Services
- Island-wide agri ecosystem supported
- Propagation of agricultural skills and knowledge
- Over 150 trained agriculturalists

CLIMATE-SMART AGRICULTURE SOLUTIONS

Climate-smart irrigation and protected agriculture technologies

Organic and bio fertilizers to improve soil health

Farmer training to propogate sustainable agriculture practices

Leadership development

The Sector placed strategic focus on developing the next generation of leaders through ongoing opportunities for training.

	2024	2023	y-o-y
Training hours (hours)	2,552	3,278	-22%

PROSPECTS AND PLANS

Despite short-term volatilities stemming from macro-economic fundamentals and climate impacts, the outlook for the country's Agriculture Sector remains promising given its vital importance in ensuring food security and supporting livelihoods of nearly 30% of the country's population. Consistent and conducive government policy remains a key requisite in driving sustainable growth of the industry and we look forward to engaging and collaborating with industry stakeholders to achieving the true potential of Sri Lanka's Agriculture Sector. The Sector's short, medium and long-term risks and opportunities are summarised below:

INDUSTRY RISK AND OPPORTUNITY LANDSCAPE

Affordability concerns

The increases in income tax as well as imposition of VAT has led to escalating concerns on affordability, which in turn has driven demand for cheaper alternatives. This has also increased the risk of sub-standard and counterfeit products entering the market, inserting further pressure on suppliers of legitimate goods.

Response

Increased diversification of product and service portfolio, overseas expansion

Mechanisation of agriculture

Labour shortages in the industry continues to be a key challenge reflecting the changing aspirations of the youth and increased migration from the Sector. Against this backdrop, mechanisation of agriculture will be essential in ensuring continued growth and supporting the country's food security.

Response

Leverage partnerships with global suppliers to provide innovative solutions for mechanisation.

Exchange rate dynamics

While the appreciation of the Sri Lankan Rupee remains favourable for imports, this trajectory will impact the competitiveness and profitability of our exports

Response

Geographical diversification of operations and strengthening market share across key verticals.

Policy inconsistency

Rational and consistent policy is essential for the long-term sustainability and survival of the country's Agriculture Sector as well as ensuring the commercial sustainability of Agriculture Sector operators.

Response

Proactive engagement with regulators and industry counterparts in creating a conducive environment which ensures the long-term sustainability of the industry.

Sustainability related risks and opportunities (SRRO)

Implications of weather on agriculture

Escalating implications of climate change have led to significant volatility in rainfall and precipitation levels as well as considerable fluctuations in temperature levels affecting agricultural productivity and crop volumes

< 1 year	Volatility in production levels and variations in quality
1-5 years	More pronounced impacts of volatile weather patterns, which will impact cultivation of key crops
>5 years	Survival of the Agriculture Sector will be threatened if climate adaptation measures are not adopted
Response	Pursuing climate-smart agriculture practices

Declining land productivity

The productivity in major growing ecosystems in Sri Lanka (dry and intermediate zones) has been stagnant or declining over the last 10 years

< 1 year	Limited impact in short-term
1-5 years	Further declines in yields and resultant escalation will affect industry profitability, thereby affecting demand for our products.
>5 years	If measures are not adopted to improve land productivity, farmer incomes will suffer, resulting in further migration of labour from the Sector.
Response	Raising farmer awareness on sustainable agriculture practices through our network of extension services.

AGRICULTURE

As a leading player at the forefront of Sri Lanka's Agriculture Sector, we are deeply committed to supporting the long-term growth and survival of the industry by collaborating with our ecosystem of partners in propagating modern and sustainable agriculture practices. We will continue to leverage the collective knowledge of our team, our access to global brands and our extensive networks to support the country's food security aspirations. The short, medium and long-term plans in place are summarised below:

FUTURE PLANS	
Short-term	**Medium-to-long term**
• Cost management and process efficiencies. • Market entry and new customer acquisition in coconut product range. • Expand product proposition under food exports. • Strengthen distribution networks in fertilizer cluster. • Widen product offering in Bangladesh. • Strengthen presence in poultry sector in Animal Health Division.	• Strengthen digital marketing activities in agri-equipment cluster. • Elevate market share in animal health division through new products. • New product development in agri exports cluster. • Development of bio-organic crop protection solutions.
Short-term goals ROCE> 20% ROE>20%	**Medium-to-long term goals** ROCE> 20% ROE>20%

SASB DISCLOSURES

Agricultural Products Standard- Sustainability Disclosure Topics & Accounting Metrics

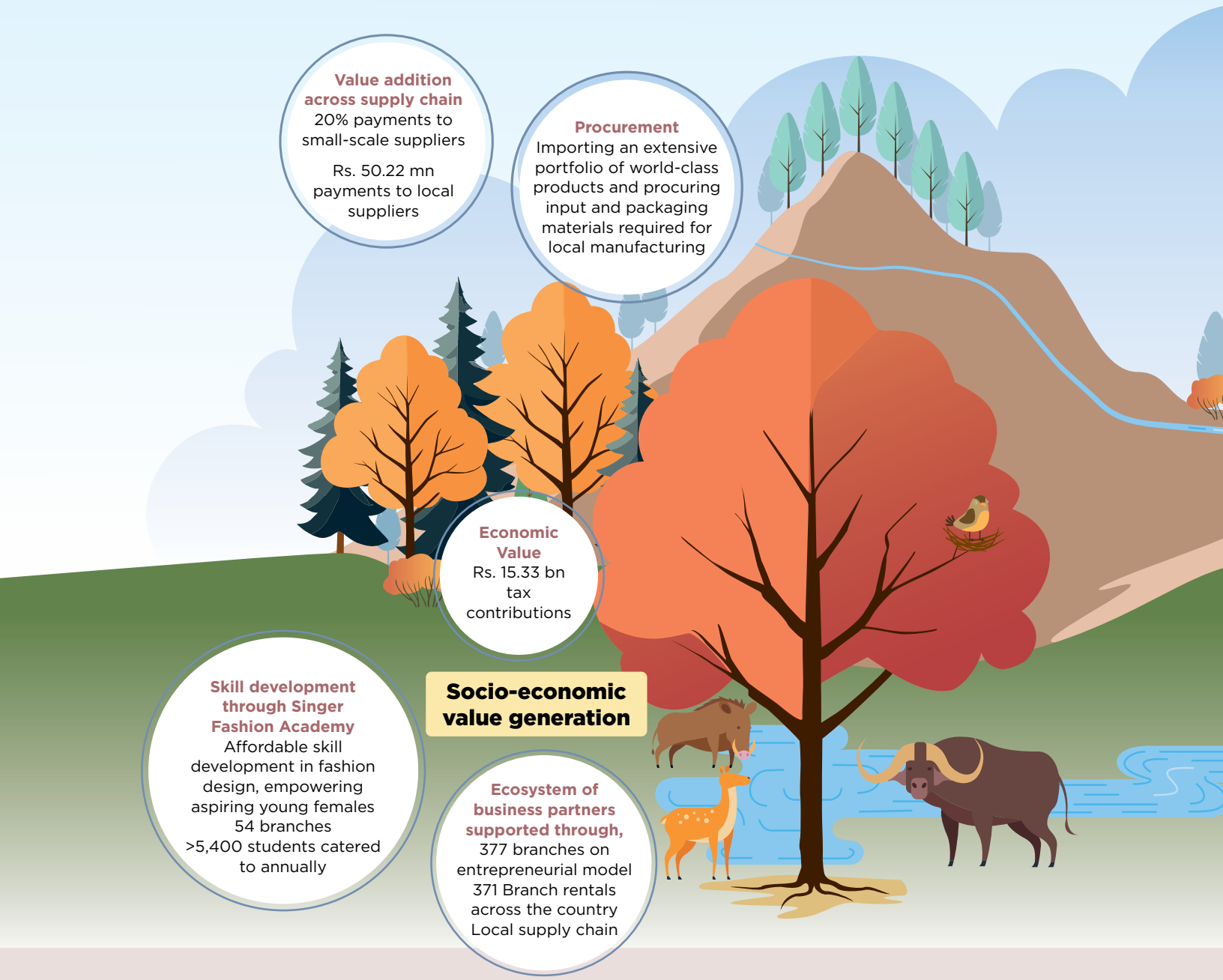
TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	CODE	DISCLOSURE/Pg. reference
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Metric tons (t) CO -e	FB-AG-110a.1	1,805
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	-	FB-AG-110a.2	1% reduction of energy consumption related absolute GHG emissions of scope 1 & 2 emission annually. 10% reduction thereafter of energy consumption related GHG emissions of scope 1 & 2 emission
	Fleet fuel consumed Percentage renewable (total renewable energy % from the fleet fuel consumed)	Litre %	FB-AG-110a.3	1) 154,859 2) N/A
Energy Management	(1) Operational energy consumed (2) Percentage grid electricity (3) Percentage renewable	GJ % %	FB-AG-130a.1	1) 30,968 3) N/A
Food Safety	Global Food Safety Initiative (GFSI) audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	Rate	FB-AG-250a.1	1) <4 % non-conformance 2) (2) a and b HJS Condiments Limited is FSSC 22000 version 5.1 certified and all non-conformances at purchasing is monitored and traced. All the measures are taken to educate farmers to achieve 0% non-conformances at the field/ farm level.
	Percentage of agricultural products sourced from suppliers certified to a Global Food Safety Initiative (GFSI) recognized food safety certification program	%	FB-AG-250a.2	100 % HJS Condiments Limited is FSSC 22000 version 5.1 certified. All products are sourced according to the Food Safety Standards.
	(1) Number of recalls issued (2) Total amount of food product recalled	Number MT	FB-AG-250a.3	1) 0 2) 0 MT
Ingredient sourcing	Identification of principal crops and description of risks and opportunities presented by climate change		FB-AG-440a.1	Erratic weather patterns, temperature increases, increase in rainfall
	Percentage of agricultural products sourced from regions with High or Extremely High Baseline Water Stress			90% (Fruits and Vegetable) by Sunfrost Pvt Limited and HJS Condiments Limited 100% (Young Plants) by Quality Seed Company Private Limited



CONSUMER & RETAIL

Singer is Sri Lanka's leading retailer of consumer durables products, enriching and elevating lifestyles through providing access to world-class products. Through its island-wide retail network and local manufacturing footprint, Singer adds value across an extensive ecosystem of local suppliers, direct and indirect employees

CONSUMER & RETAIL



Rs. 25.59 bn
Economic value added

16%
Contribution to Group's value creation



Reaching a customer penetration rate of over 50% through a network of 407 outlets

Employment generation
Direct employees: 3,316
Indirect employees of approx. 2800, through unique entrepreneurial branch model

Multi-brand, multi-product portfolio offering convenience, comfort and connectivity

Home appliances
Range of refrigerators, air conditioners, washing machines and kitchen appliances among others

Consumer electronics
Televisions, Audio, and other entertainment equipment

Digital products
Computers, mobile phones, head phones and other accessories

Sewing machines
Domestic and industrial sewing machines

Furniture
Solid furniture, modular furniture and Signature kitchens

Financial services
Leasing, hire purchase and loans

Others
Water pumps, tractors, paddy threshers and solar systems and others

Revenue	Profit Before Tax	Profit After Tax	Assets	Liabilities	Employees	Carbon footprint
Rs. 81.60 bn (+28%)	Rs. 611.29 mn (-12%)	Rs. 175.11 mn (-64%)	Rs. 98.58 bn (+22%)	Rs. 87.46 bn (+25%)	3,316 (+4%)	9,293 tCO2e (-17%)

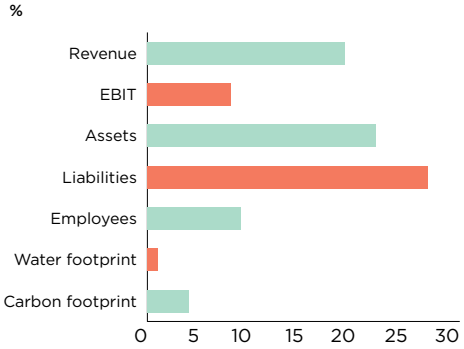
+ denotes y-o-y growth *- denotes y-o-y decline*

CONSUMER & RETAIL

SECTOR OVERVIEW

Singer (Sri Lanka) PLC is the undisputed leader in the country's consumer durables industry. With a customer penetration rate of over 50%, Singer's competitive edge is underpinned by its multi-brand, multi-product portfolio, unmatched island-wide retail network and strength of its brand as a household name in Sri Lanka. In addition to representing an array of local and global brands, Singer also manufactures a range of SINGER and SISIL refrigerators, washing machines, sewing machines, furniture and water pumps among others. The Consumer & Retail Sector also includes the Hayleys Consumer Division, which operates as a distributor for Proctor & Gamble products in Sri Lanka as well as Singer Finance (Lanka) PLC, a mid-sized licensed finance company offering an array of lending, deposit and transactional solutions to individuals and SMEs.

CONTRIBUTION TO GROUP



SINGER MARKETING

Represents 407 outlets across the country and an island-wide dealer distributor network

Contribution to Sector
Revenue: 78%
PBT: -35%

Performance 2023/24
Revenue: 21% growth
PBT: 51% growth

SINGER FACTORIES

Comprises 4 manufacturing facilities engaged in the production of refrigerators, washing machines, sewing machines, water pumps and furniture.

Contribution to Sector
Revenue: 7%
PBT: -10%

Performance 2023/24
Revenue: 18% decline
PBT: 169% decline

SINGER (FINANCE) LANKA PLC

Licensed finance company engaging in leasing and loans.

Contribution to Sector
Revenue: 8%
PBT: 104%

Performance 2023/24
Revenue: 2% growth
PBT: 4% decline

HAYLEYS CONSUMER

Exclusive distributor for Proctor & Gamble products in Sri Lanka and Maldives

Contribution to Sector
Revenue: 6%
PBT: 40%

Performance 2023/24
Revenue: 3% decline
PBT: 50% decline

During the year under review, two unlisted subsidiaries and listed subsidiaries of Singer, Singer Industries (Ceylon) PLC and Regnis (Lanka) PLC were amalgamated with Singer (Sri Lanka) PLC and delisted from the Colombo Stock Exchange.

COMPETITIVE POSITION

Singer operates an extensive island-wide network of **407 outlets** across 25 districts and 16 service centres. Meanwhile, Singer Finance operates a network of 52 branches

One of **Sri Lanka's strongest brands,** having won the People's Brand of the Year for 18 consecutive years (including 2024) at the SLIM-Kantar People's Awards

Singer represents over **50 international consumer durable brands** including Samsung, Dell, Huawei, Honor, Philips and Panasonic, offering a portfolio of over **600 electronic items** and **1250 home appliances**

Hayleys Consumer is the **distributor of Proctor & Gamble products** in Sri Lanka including personal care brands such as Head & Shoulders, Gillette, Whisper and Olay as well as Group products such as Mabroc Teas and Hayleys Agriculture Products

OPERATING ENVIRONMENT

The year under review was characterised by two very distinct halves; the first was defined by a multitude of challenges including high inflation and interest rates, continued import restrictions and weak consumer sentiments which led dampened demand. As macro-economic conditions gradually stabilised, the second half of the year showed signs of recovery underpinned by a relatively stable exchange rate, tapering interest and inflation levels and resumption of economic activity. While consumer purchasing power remained constrained by elevated costs and a higher tax regime, aspirations for convenience and sophistication fueled the gradual release of pent-up demand. Import restrictions on consumer durables was lifted in October 2023, following which demand conditions recorded considerable improvement. The impending imposition of VAT on all consumer durable products with effect from January 2024, boosted demand in the month of December as customers sought to advance purchasing to avoid extra costs. While demand has since normalised, the outlook for the industry is promising as gradual improvement of macro-economic fundamentals is expected to support demand growth over the short-to-medium term. On the other hand, the rapid growth of the grey market continues to pose a significant threat to legal importers; the increased price disparity between legal and illegal imports following the imposition of VAT on the former has fueled the rapid growth of the informal sector, not only threatening the survival of legal importers but depriving the Government of tax revenue.



+9%
Decline in expenditure on furniture, household equipment and maintenance



+11%
Increase in per capita GDP



+8%
Appreciation of the Sri Lankan Rupee

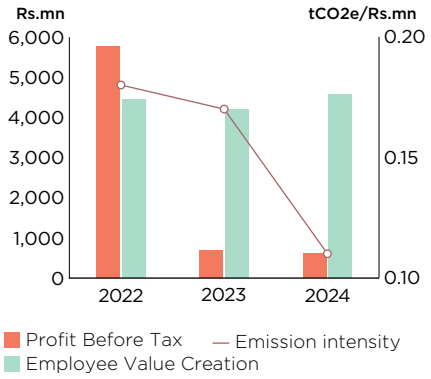
Summary of external drivers

	Driver	Driver Significance of impact	Implications on Sector
Economic and geo-political context	Lower disposable income	H	- Curtailment of discretionary expenses amidst reduced purchasing power
	Increase in VAT rate from 15% to 18% and removal of exemptions on selected products	M	- Upward price revision - Fueled the growth of the grey market
	Easing interest rates	H	- Conducive for hire purchase schemes which will drive consumption
	Appreciation of the Sri Lankan Rupee	M	+ Leads to lower import costs and increased attractiveness of pricing to local customers
Industry context	Growth of the tourism sector	M	+ Increased investments directed towards new tourism establishments will drive demand for consumer durables + Increased liquidity along the tourism value chains is conducive for volume growth
	Rapid growth in grey market for selected products	H	- Inequitable playing field for legal importers who are compelled to sell products at a higher price due to the applicability of duties and taxes
	Increasing customer sophistication	H	+ Shifting lifestyles are fueling demand for increased convenience, quality and durability
Sustainability context	Increased focus on energy efficient solutions	H	+ Following the sharp escalation in energy costs, consumers are increasingly pursuing energy-efficient solutions + The shift to a low carbon economy has presented many opportunities in energy efficient products and renewable energy solutions
	Growth in sustainable finance solutions	H	+ Opportunity for Singer Finance to grow its sustainable/green lending portfolio

H-High, M-Medium, L-Low. Brown circle represents adverse effect while yellow circle represents positive affect

CONSUMER & RETAIL

INTEGRATED PERFORMANCE



STRATEGY AND INTEGRATED PERFORMANCE REVIEW

Singer's ability to preempt challenges and flex its strategy in addressing these evolving dynamics enabled the Sector to mitigate the adverse impacts of an extremely challenging year. Singer shifted focus from a classical to a renewal operating model where strategy was regularly refreshed and refined to ensure viability in a relatively harsh operating landscape. Proactive efforts to clear high-cost inventory together with the gradual pick-up in demand towards the latter part of the year enabled the Sector to generate a Revenue growth of 28% to Rs. 81.60 bn. However, margins narrowed reflecting promotions and market activations that were offered to optimise inventories resulting in the Sector's Operating Profit margin declining from 11.7% to 4.3%. Against this backdrop, the Sector aggressively pursued cost efficiencies and optimised finance costs. Meanwhile, performance of the Hayleys Consumer division was also affected by the weak consumer sentiments and buying power, resulting in a decline in profitability. Overall the Sector generated a Profit Before Tax and Profit After Tax of Rs. 611.29 mn and Rs. 175.11 mn respectively during the year.

Despite the challenges that prevailed, Singer continued to evolve its product and brand portfolio to cater to emerging customer needs. Singer was appointed the sole distributor of Honor- one of the world's fastest growing smart phone brands. Positioned as a brand that offers premium features at competitive pricing, Singer launched 10 models of Honor in Sri Lanka catering to the diverse needs of customers across varying price points. Singer also launched the 'Singer premium furniture' brand, aligned with its long-term aspirations of penetrating a more premium customer segment through an elevated product offering. Singer maintained its market leadership position across key product categories including refrigerators, washing machines, televisions and sewing while gaining market share in digital devices. At the SLIM-KANTAR People's Awards 2024, Singer was recognised as the People's Brand of the Year for the 18th consecutive year, attesting to its status as a household brand in the country.

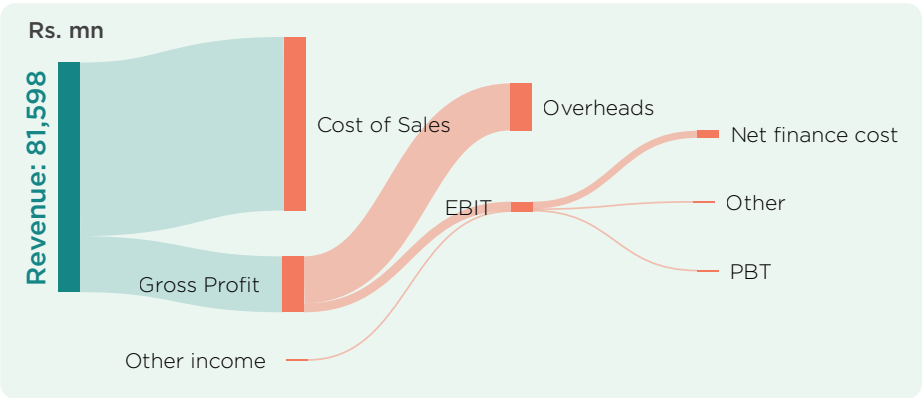
Branch consolidation continued during the year with a view to ensuring long-term sustainability of all locations resulting in the total branch count being optimised to 407 outlets. Meanwhile, demand for after sales services increased significantly during the year reflecting customers' preference to repair and reuse current products given the weaker buying power. Resultantly, Singer enhanced its service capabilities, establishing a premium Contact Centre in Colombo and leveraging its network of 16 regional service centers and over 300 service franchise agents. Singer also continued to offer an enhanced value proposition to its loyalty customer base of over 2.2 million through Singer RED- offering exclusive benefits and customised offerings.

Singer Finance (Lanka) PLC delivered a creditable performance in a challenging year. Although profits declined due to the increase in expenditure reflecting expansion of the operations, the Company's Profit Before Tax of Rs. 652.40 mn upheld the Singer Group's proit during the year. During the year, 2 branches were added bringing the total network to 52. The Company also maintained healthy portfolio quality, liquidity and capitalisation levels in comparison to industry peers.

ESG IN ACTION

Singer's ESG aspirations center on greening the customer journey through providing access to energy efficient product solutions while reducing its own energy consumption and supporting circularity through an island-wide e-waste management programme. Strategic efforts that made to integrate ESG into the Sector's strategy and operations in line with the Hayleys Roadmap included the following:

- Establishment of Sector ESG Steering and Working Committee
- Strengthen ESG risk assessment and integration with existing risk processes
- Third-party verification of GHG emissions (2022/23)
- Winner of the the sector award in the Retail Sector at Best Corporate Citizen Sustainability Awards 2023-Singer (Sri Lanka) PLC.



HOW WE DEFINE VALUE

SHAREHOLDERS
Sustainable growth in returns commensurate with risk undertaken

CUSTOMERS
Access to world-class, high quality consumer durable products and good after-sales service

EMPLOYEES
Competitive remuneration, opportunities for skill and career progression

BUSINESS PARTNERS
Opportunities for mutual growth and financial assistance

GOVERNMENT
Generation of tax revenue and job creation

COMMUNITY
Positive social and environmental impacts and contribution to economic prosperity

HOW WE CREATE VALUE

Strategic priorities	Proactive inventory management	Cost management and efficiencies	Customer centricity
Resource Allocation	Formulation of an organisation-wide inventory management process	Amalgamation of local manufacturing arms with Singer (Sri Lanka) PLC Proactive negotiations on branch rentals	**133 Sessions** of Customer-service related training Establishment of a premium Contact Center in Colombo
Strategic KPI/ Pre-financials	Significant Reduction in high-cost inventory	**Rs. 107 mn** Cost savings generated	**88%** Customer satisfaction rate **95%** After sales customer satisfaction rate

HOW WE DELIVER AND PRESERVE VALUE

- Total economic value generated during the year increased by 19% in spite of the challenging external dynamics
- Payments to employees increased by 9% during the year
- Value generated to Governments amounted to Rs. 15.36 bn an increase of 79% compared to the previous year
- Payments to lenders of capital decreased by 35%
- Value retained in the business for future investment amounted to 3% compared to 6% the previous year

VALUE DISTRIBUTION



CONSUMER & RETAIL

FINANCIAL PERFORMANCE

Rs.mn	2024	2023	% y-o-y	2022
Revenue	81,598	63,893	28	83,543
Earnings Before Interest and Tax	3,487	8,502	(59)	8,502
Net finance income/(cost)	(2,520)	(6,414)	(61)	(2,350)
Profit Before Tax	611	691	(12)	5,771
Profit After Tax	175	493	(65)	4,300
Assets	98,577	80,836	22	91,028
Liabilities	87,460	69,720	25	78,917
Operating Cash Flow	(6,476)	874	(841)	(7,454)
Performance against targets				
	Target	**Actual**		**Reason for variance**
GP of products	10%	1.5%		Decline in consumer spending and import restrictions

OPERATIONAL HIGHLIGHTS	2024	2023	% y-o-y	2022
Singer Branches	407	416	(2)	431
Revenue per Branch (Rs.mn)	118	85	39	105
Net Promoter Score (%)	86	86	-	79
Energy Intensity (GJ/Revenue Rs.mn)	0.7	1.2	(38)	0.8
Water Intensity (Litres/Revenue Rs.mn)	1,268	1,893	(33)	1,205
Carbon Intensity (tCO2e/Revenue Rs.mn)	0.1	0.17	(35)	0.2
No. of Employees	3,316	3,190	4	3,154
Revenue per Employee (Rs.mn)	24.6	20	23	25
Remuneration per Employee (Rs.mn)	1.4	1	37	2

ESG HIGHLIGHTS

CLIMATE ACTION AND ENERGY EFFICIENCY

As Sri Lanka's largest consumer durables supplier, Singer has a vital role to play in supporting the country's emission reduction goals through providing access to energy-efficient products.

- 9 locally manufactured refrigerators certified as Minimum Energy Performance (MEP) models by Sri Lanka Sustainable Energy Authority
- 6 models of smart inverter refrigerators
- Green inverter air conditioners and Samsung wind-free air conditioner

	2024	2023	Y-o-y
Energy Consumption (GJ)	58,507	70,667	21
Carbon Footprint (tCO2e)	9,293	11,155	(17)

Circularity through e-waste management programme

Singer engages in an island-wide e-waste collection initiative across its branch network through which customers are encouraged to return used electronic items. (Page 285)

1,898	130	46	25
Televisions	Refrigerators	Washing machines	Others

Skill development through Singer Fashion Academy

54 academies across the island
3,864 new students enrolled

Employee value creation

During the year focus was placed on building leadership skills and ensuring succession planning

	2024	2023
No. of employees	3102	2,986
Training investment (Rs.mn)	29	21
Payments to employees (Rs.bn)	4.6	4.2

Launch of Internship programme:
Singer Youth Catalyst

PROSPECTS AND PLANS

The industry outlook for the short-to-medium term remains promising, given gradually recovering macro-economic fundamentals, conducive interest and exchange rates, tapering inflation and an overall improvement in customer sentiments. A recovering tourism sector and gradual release of pent-up demand is also expected to provide further impetus for growth, affording retailers significant opportunities in driving increased penetration. The long-term growth potential of Sri Lanka's consumer durables sector is positive, driven by the relatively low penetration levels in certain product categories, growing aspirations for a better quality, customer sophistication, faster replacement cycles, and urbanization. Trends which are expected to shape the Sector's risk profile over the short, medium and long-term are presented below:

INDUSTRY RISK AND OPPORTUNITY LANDSCAPE

Stabilising macro-economic conditions

The gradual recovery of macro-economic fundamentals, easing interest rates and inflation is expected to drive demand for consumer durables in the short-to-medium term as evidenced by the recovery of volumes in the past few months

Response

Leverage on the extensive product portfolio, brand and branch reach to drive increased penetration and gain market share across key product categories

Demographic changes and increasing customer sophistication

Notwithstanding the implications on poverty of the recent economic crisis, over the long-term Sri Lanka's middle class is expected to expand, driving demand for more sophisticated products and convenient lifestyles

Response

Expand product offering to cater to the specific needs of different customer segments, including the premium segment

Expansion of the grey market

Presents a significant threat for legal importers in the short-term, given the significant price disparity between legal, taxed products and products imported illegally evading tax

Response

Build customer awareness and lobbying to the government

Omni channel preference

Customers from younger demographics are showing increased preference towards e-commerce channels

Response

In addition to driving penetration via the Singer website, the Sector also hopes to partner with established third-party e-commerce platforms to increase its online presence

Sustainability related risks and opportunities (SRRO)

Increasing customer awareness on sustainability

The eco-awakening of customers, particularly among younger demographics is driving demand or sustainable products

< 1 year	Increased focus on energy efficient products
1-5 years	Heightened awareness among customers on sustainability considerations including energy efficiency, resource use and end-of-use disposal
>5 years	Standardised use of sustainably designed and manufactured products
Response	Providing access to the world's leading sustainable products through our partnerships with global brands

Impacts of climate change on farmer income

As a company with a strong rural presence, agriculture-based communities are an important customer segment for Singer

< 1 year	Sales are typically correlated with farmer's harvest and income which is directly linked to weather patterns
1-5 years	Increasingly erratic weather patterns are likely to lead to significant variations in farmer income, thereby impacting demand
>5 years	If climate adaptation and mitigation measures are not adopted, farmer incomes will dwindle
Response	Diversification of markets and customer segments

Sri Lanka's renewable energy aspirations

According to Sri Lanka's Net Zero plan, the country is gearing to scale up renewable energy to be 70% of total energy consumption by 2030.

< 1 year	Gradual increase in fossil-fuel based energy prices and resultant shift to solar power
1-5 years >5 years	Price adjustments to fossil fuel-based sources will drive increased preference of energy efficient solutions.
Response	Design and manufacture of energy efficient products through our local manufacturing arms

CONSUMER & RETAIL

FUTURE PLANS	
Short-term	**Medium-to-long term**
• Widen product portfolio with solutions catering to diverse segments • Drive increased sales orientation among teams • Focus on enhancing service excellence and after-sales care • Optimise existing branch network	• Strengthen competitive position in the premium segment through value-added product offerings • Strategic acquisition of new brands • Regional expansion • Expand portfolio of sustainable products • Enhance e-commerce platform
Short-term goals ROE>10%	**Medium-to-long term goals** ROE>20%

SASB DISCLOSURES

Multiline and Specialty Retailers & Distributors

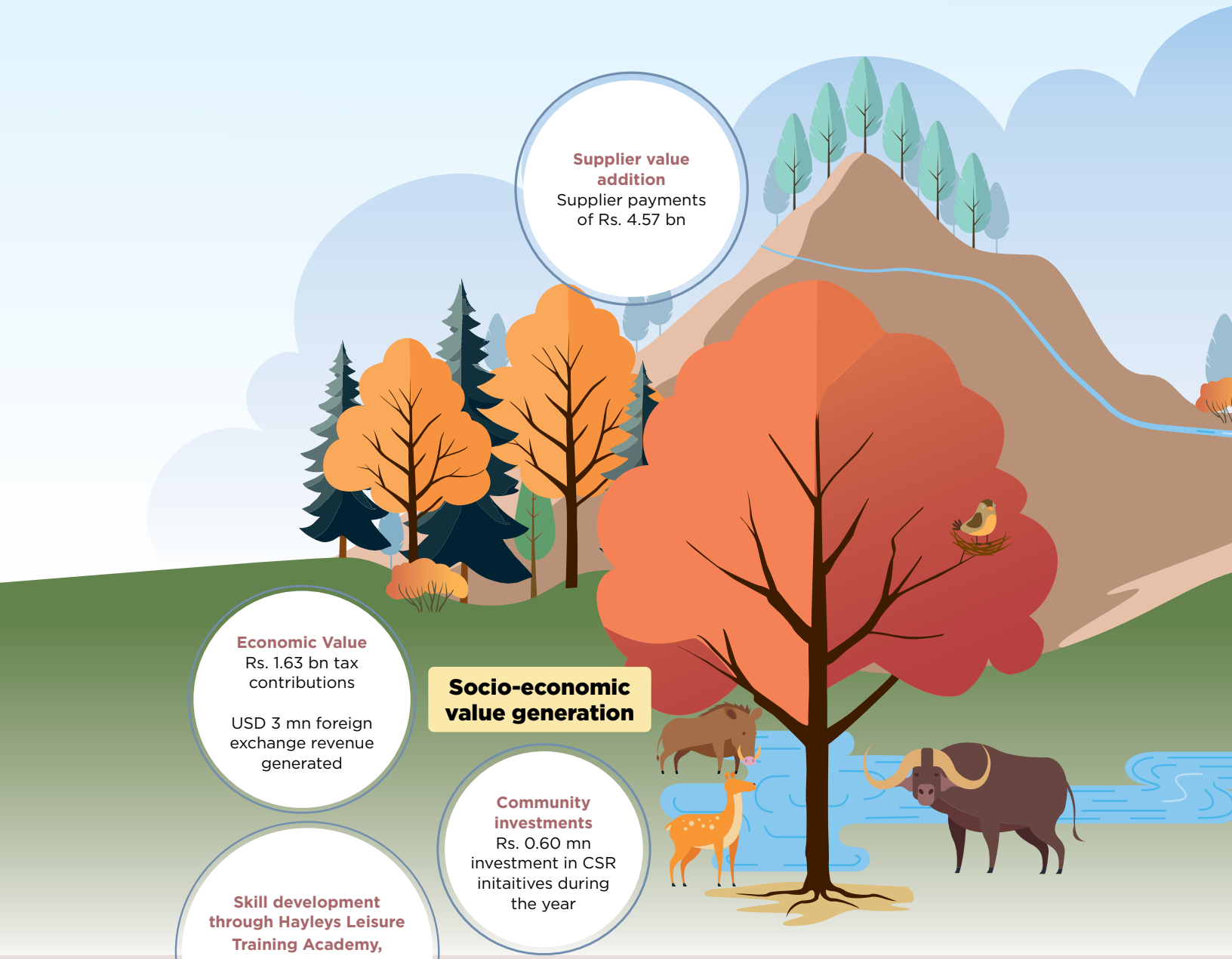
TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	CODE	DISCLOSURE/Pg. reference
Energy Management in Retail & Distribution	(1) Total energy consumed (2) % grid electricity (3) % renewable	GJ % %	CG-MR-130a.1	38,100 100% -
Data Security	Description and approach to identifying and addressing data security risks	n/a	CG-MR-230a.1	Robust policies and standards are in place to identify and mitigate cyber security risks. A monthly meeting is held to discuss share knowledge between departments on cybersecurity risks
	(1) Number of data breaches	No.	CG-MR-230a.2	None
Labour practices	(1) Average hourly wage (2) % of in-store employees earning minimum wage by region (1) Voluntary turnover rate for in-store employees (2) Involuntary turnover rate for in-store employees	No. % % %	CG-MR-310a.1 CG-MR-310a.2	229 (Non-ex) 23% N/A
	Total amount of monetary losses as a result of with labour law violations	Rs.mn	CG-MR-310a.3	Nil
Workforce diversity & inclusion	Percentage of gender and racial/ethnic group representation for (1) management (2) all other employees	% %	CG-MR-330a.1	 Male 86%: Female 14% Male 79%: Female 21%
	Total amount of monetary losses as a result of legal proceedings associated with employment discriminations	Rs.mn	CG-MR-330a.2	Nil
Product sourcing, packaging and marketing	Revenue from products that are third-party certified to environmental and/or social sustainability standards	mn	CG-MR-410a.1	2,847 (MEP labelled refrigerators)
	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products		CG-MR-410a.2	All locally manufactured refrigerators are equipped with the R600a refrigerant, an eco friendly alternative to harmful refrigerants
	Discussion of strategies to reduce the environmental impact of packaging		CG-MR-410a.	In refrigerator packaging, the Group has replaced Styrofoam with paper pulp for top and side panels



LEISURE

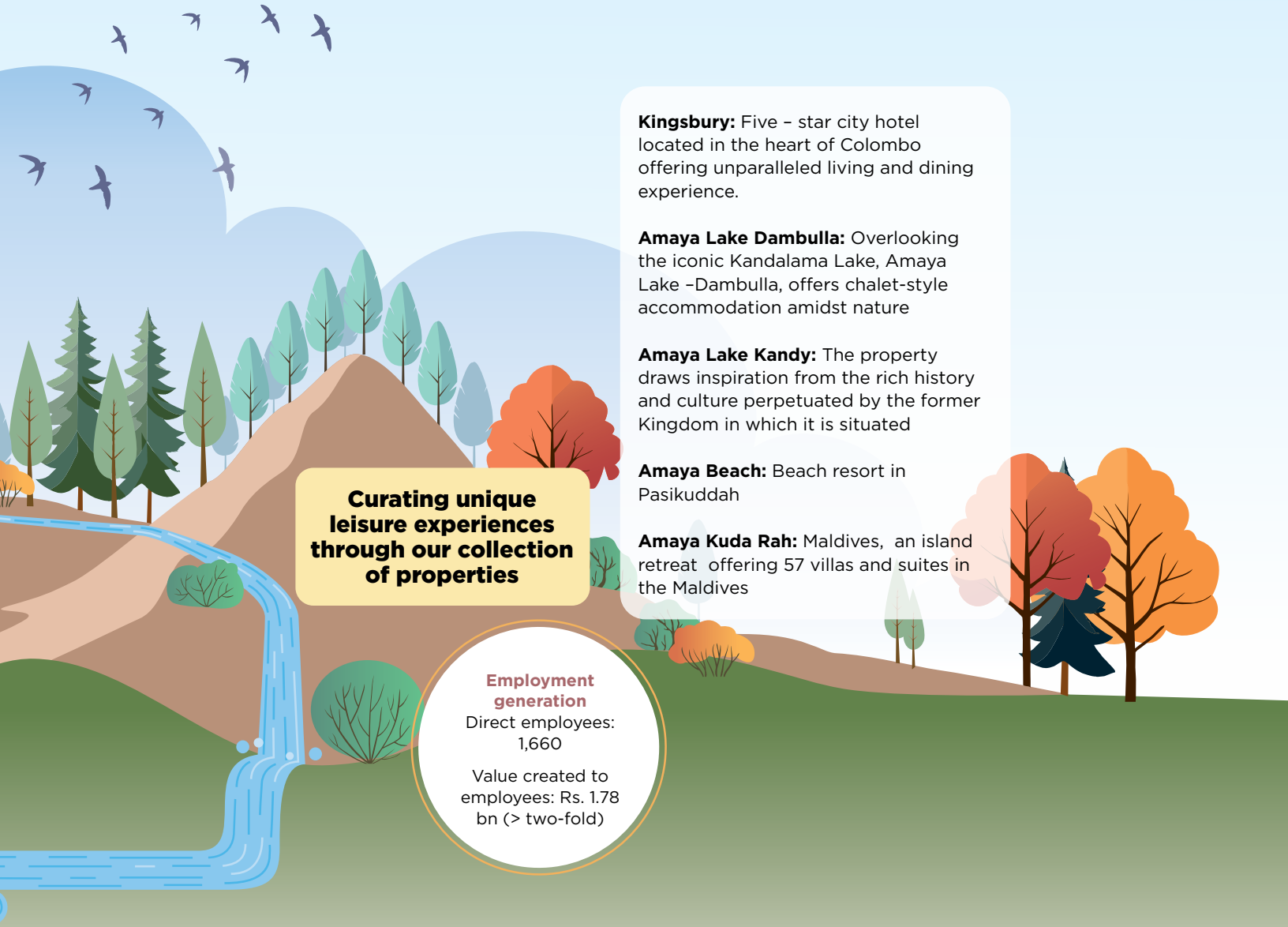
As a leading player in the country's hospitality industry, the Leisure Sector drives significant socio-economic value through direct employment generation, local procurement and foreign exchange generation. The Sector also contributes towards skill development in the industry, enhancing the employability of aspiring youth from communities in which we operate.

LEISURE



Rs. 3.77 bn
Economic value added

2%
Contribution to Group's value creation



Curating unique leisure experiences through our collection of properties

Kingsbury: Five – star city hotel located in the heart of Colombo offering unparalleled living and dining experience.

Amaya Lake Dambulla: Overlooking the iconic Kandalama Lake, Amaya Lake –Dambulla, offers chalet-style accommodation amidst nature

Amaya Lake Kandy: The property draws inspiration from the rich history and culture perpetuated by the former Kingdom in which it is situated

Amaya Beach: Beach resort in Pasikuddah

Amaya Kuda Rah: Maldives, an island retreat offering 57 villas and suites in the Maldives

Employment generation

Direct employees: 1,660

Value created to employees: Rs. 1.78 bn (> two-fold)

Revenue	Profit Before Tax	Loss After Tax	Assets	Liabilities	Employees	Carbon footprint
Rs. 9.02 bn (+35%)	Rs. 1.90 bn (-22%)	Rs. 1.88 bn (-21%)	Rs. 19.59 bn (+0%)	Rs. 19.66 bn (+7%)	1,660 (+8%)	12,744 tCO2e (+19%)

+ denotes y-o-y growth *- denotes y-o-y decline*

LEISURE

SECTOR OVERVIEW

The Group's Leisure Sector is a leading player in the country's hospitality sector, with a network of hotels, resorts, wellness retreats and collection of managed boutique properties in Sri Lanka and Maldives. The sector's property portfolio comprises 5-owned and operated properties including the five-star city hotel, The Kingsbury, and 6 managed properties in Sri Lanka through the Amaya Resorts chain.

OPERATING ENVIRONMENT

Following consecutive years of extraordinary challenges, Sri Lanka's tourism sector posted strong recovery in 2023. Tourist arrivals into the country increased by 106% to reach 1.47 mn during the year driven by stabilising macro-economic fundamentals and the release of pent-up demand from key markets. Sri Lanka witnessed a growth in demand from countries such as India, Russia, Germany and the United Kingdom. Despite the improvement, arrivals and rates remained lower than pre-pandemic levels, which coupled with the sharp escalations in labour migration continued to impinge on sector profitability. Meanwhile, competition is expected to intensify among city hotels with the 5-star room inventory projected to increase by over 60% given the strong pipeline of projects. Against this backdrop, the shortage of skilled labour in the industry remains an acute challenge with intense competition for skilled labour among new and existing operators resulting in high turnover levels and escalating staff costs.

COMPETITIVE POSITION

Our offering centers on creating experienced aligned to our **purpose of curating happiness**

The Sector's **multi-channel strategy includes destination management** companies (DMC), online travel agents, direct bookings and online reservations among others

Best-in-class F&B offerings through highly-rated restaurants at the Kingsbury

Amongst the most popular and top-rated banquet operators in Colombo

Highly rated portfolio of properties

Trip Advisor ratings

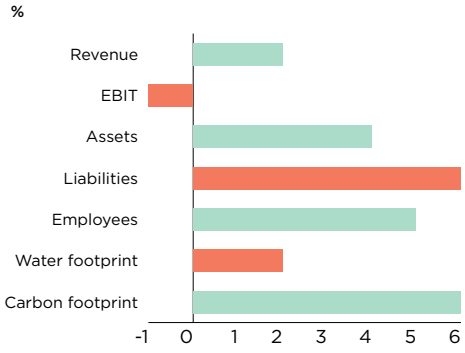
Amaya Hills:	4.0/5
Amaya Lake:	4.5/5
Amaya Beach:	4.5/5
The Kingsbury:	4.5/5
Amaya Kuda Rah:	4.5/5

Summary of external drivers

	Driver	Driver Significance of impact	Implications on Sector
Economic and geo-political context	Appreciation of the Sri Lankan Rupee	M	- Increased cost for foreign tourists resulting in decreased international competitiveness + Higher rupee revenue on foreign currency earnings
	Increased taxation	M	- Adverse implications on buying power of domestic consumers - Significant increase in prices following the imposition of VAT from January 2024
Industry context	Impacts on consumer spending	H	- Reduced disposable income of domestic guests following prolonged implications of economic crisis
	Intensifying competition in city hotels	H	- Acute challenges in labour attraction and retention - Sharp increase in labour costs
	Implementation of minimum room rate for star-class establishments	M	+ Limits ability of operators to drive down prices to attract guests + Drive positive yields for rooms
Sustainability context	Preference for authentic experiences Growing informal sector	M	+ Opportunity to sharpen competitive edge through unique offerings
	Implications of climate change	M	- Impacts of natural disasters on physical infrastructure and attractiveness of locations
	Increasingly eco-conscious customers	M	- Necessitates rewiring of business models to cater to increasing environmental and social consciousness of the younger demographic

H-High, M-Medium, L-Low. Brown circle represents adverse effect while yellow circle represents positive affect

CONTRIBUTION TO GROUP

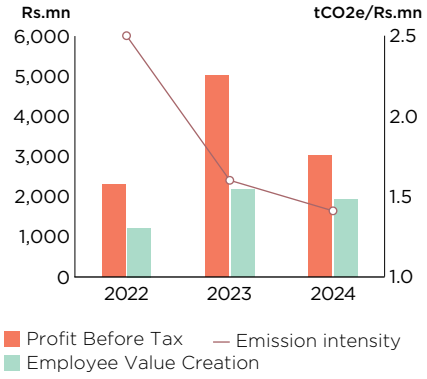


STRATEGY AND INTEGRATED PERFORMANCE REVIEW

The Sector's reflected the recovery of the country's tourism industry, with an average increase in occupancy levels enabling the Sector to achieve a 35% growth in Revenue to Rs. 9.02 bn. Meanwhile, Operating Losses and Loss Before Tax also declined by 53% and 22% respectively, driven by the improvement in the core performance of The Kingsbury and the Sri Lankan Amaya Properties. The Kingsbury delivered its first year of profitability since 2019 upheld by increasing footfall as it leveraged its strong F&B proposition and positioning as the preferred venue for restaurants. The Sri Lankan Amaya Properties also delivered a commendable improvement in performance while Losses reducing during the year. The Sector's overall profitability during the year was hampered by the weak performance of Amaya Kuda Rah which was partially closed for repairs during the year.

In recent years, the Sector has placed strategic emphasis on sharpening its competitive edge through mastering product delivery which has enabled our properties to consistently achieve relatively high customer ratings. During the year, the Sector also opened its 1st outdoor, high street café, 'The Nosh' adjacent to a premium commercial zone, the initial response for which has been extremely encouraging.

INTEGRATED PERFORMANCE

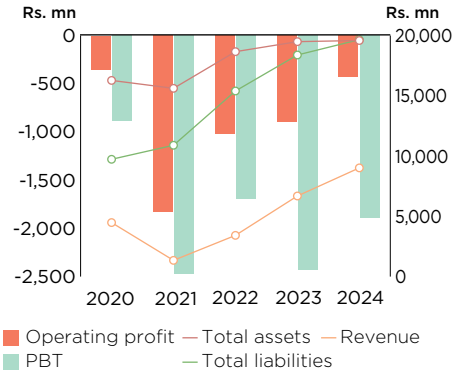


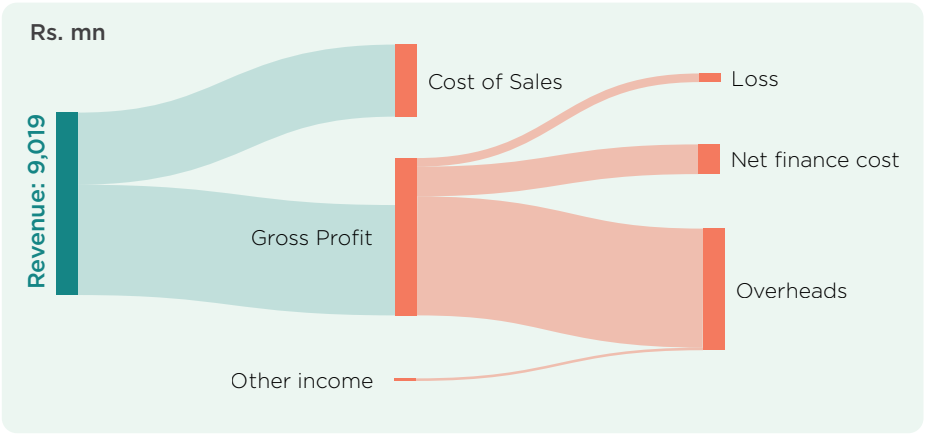
The acute shortage of skilled labour remains a critical challenge for the Sector, given the exodus of staff from the industry in recent years and intensifying competition for labour following the entry of new international operators, particularly in Colombo. In addressing this challenge, the Sector has focused on multi-skilling its employees thereby contributing towards a leaner operating model. The Sector also continues to benefit from the strength of the Hayleys employer brand and the unique value proposition offered.

ESG IN ACTION

The Sector's sustainability aspirations are guided by the Hayleys Lifecode and during the year measures were taken to strengthen the Sector's ESG monitoring and reporting mechanisms. The Sector also improved its GHG emissions computation, as part of the Group's initiative to obtain third party verification on its GHG inventory. The Sector will seek to formulate its ESG targets in line with the parent's aspirations over the short-to-medium term.

SECTOR FINANCIAL PERFORMANCE





LEISURE

HOW WE DEFINE VALUE

SHAREHOLDERS
Sustainable growth in returns commensurate with risk undertaken

CUSTOMERS
Unique customer experiences including F&B offerings, amenities and excellent customer service

EMPLOYEES
Competitive remuneration, increased dignity of labour and opportunities for skill and career progression

BUSINESS PARTNERS
Opportunities for mutual business growth and ease of doing business

GOVERNMENT
Generation of tax and foreign exchange revenue and supporting job creation

COMMUNITY
Positive social and environmental impacts and contribution to economic prosperity

HOW WE CREATE VALUE

Strategic priorities	Strengthen product and service capabilities	Revenue diversification	Talent management
Resource Allocation	**Rs. 1.23 bn** CAPEX	A Range of diverse Restaurants	**Rs. 1.20 mn** Investment in training
Strategic KPI/ Pre-financials	**4 to 4.5** Average customer satisfaction rating	**Growth** in Increase in F&B Revenue	**64%** Employee retention

HOW WE DELIVER AND PRESERVE VALUE

- Total economic value generated during the year improved by 145% reflecting the recovery of the tourism sector
- Value generated to Governments amounted to Rs. 1.63 bn and 43% of the total value created
- Payments to lenders of capital increased by 45%
- Value retained in the business for future investment amounted to -33% compared to -71% the previous year

VALUE DISTRIBUTION



FINANCIAL PERFORMANCE

Rs.mn	2024	2023	% y-o-y	2022
Revenue	9,019	6,687	35	3,420
Earnings Before Interest and Tax	(427)	(901)	53	(1,019)
Net Finance Income/(Cost)	(1,468)	(1,527)	(4)	(680)
Profit Before Tax	(1,895)	(2,428)	22	(1,699)
Profit After Tax	(1,878)	(2,385)	21	(1,675)
Assets	19,587	19,494	0	18,662
Liabilities	19,660	18,386	7	15,399
Operating Cash Flow	733	183	301	(1,222)
Performance against targets				
	Target	**Actual**		**Reason for variance**
ROCE	>8%	(7%)		Weak performance of the Maldives property

OPERATIONAL HIGHLIGHTS	2024	2023	% y-o-y	2022
Energy Intensity (GJ/Revenue Rs.mn)	13	14	(8)	19
Water Intensity (Litres/Revenue Rs.mn)	19,376	31,190	(38)	59,001
Carbon Intensity (tCO2e/Revenue Rs.mn)	1.4	1.6	(11)	25
No. of Employees	1,660	1,537	8	1,440
Revenue per Employee (Rs.mn)	5.4	4	25	1
Remuneration per Employee (Rs.mn)	1.1	0.4	107	1

ESG HIGHLIGHTS

Climate Action

During the year, the Sector sought to improve and widen the scope of its carbon footprint computation refining its calculation methodology in line with the Group-wide verification of GHG emissions.

	2024	2023	% Y-o-y	Target
Energy consumption (GJ)	117,900	94,930	+24	25% carbon reduction in 2030
Carbon footprint (tCO2e)	12,744	10,674	+19	

The properties engaged in the following environmental initaitives during the year: commemorating Earth Day 2024.

- Coral restoration in Maldives
- Bio-degradable packaging for bath amenities
- Sea erosion prevention in Amaya Beach

SKILL DEVELOPMENT THROUGH HAYLEYS LEISURE TRAINING ACADEMY

The Training Academy offers an opportunity for aspiring youth from disadvantaged communities to obtain access to hospitality skill development, supporting employability and driving socio-economic empowerment. Graduates have the opportunity for employment within Hayleys' extensive network of hotels and resorts, contributing to the growth of Sri Lanka's tourism industry.

LEISURE

PROSPECTS AND PLANS

Sri Lanka is positioned for a surge in tourist arrivals in 2024, with the Sri Lanka Tourism Development Authority (SLTDA) targeting an ambitious 2.3 million arrivals during the year. This is expected to be driven by aggressive marketing efforts to promote Sri Lanka as a destination as well as further relaxation of VISA requirements for selected markets. The short, medium and long-term outlook and plans in place to respond to the emerging risks and opportunities are presented below:

INDUSTRY RISK AND OPPORTUNITY LANDSCAPE

- Escalating competition

With the city star-class room inventory expected to increase by over 60% over the next few years, competition for business as well as skilled labour is expected to intensify- particularly given the acute labour shortage in the market.

Response

Expansion of employee recruitment under the Hayleys Leisure Training Academy and strengthened employee value proposition

- Exchange rate volatility

The direction of the exchange rate movement remains difficult to predict at this juncture, although some depreciation is expected during the latter part of the calendar year. Increased volatility of the exchange rate leads to challenges in setting pricing as well as volatility in profitability margins

Response

Proactive monitoring of USD exchange rate and close coordination with Group Treasury function

- Domestic and international geopolitical dynamics

The upcoming elections in Sri Lanka although unlikely to have significant impact on arrivals, could lead to political uncertainty resulting in tourists deferring travel plans

Response

Ongoing engagement with channel partners in ensuring travel confirmations for the upcoming Winter season Leverage on diversified offerings across the island

+ Changing customer expectations

Changing demographics, advances in technology and social media influences are driving changes in traveler expectations which include an increased preference for solo travel, authentic and personalisation of experiences and recognition technology among others

Response

Creating new customer experiences across all aspects of operations

Sustainability related risks and opportunities (SRRO)

Physical risks and natural disasters

The escalating implications of climate change are leading changes in travel patterns and attractiveness of destinations. These dynamics include significant biodiversity loss, disruptions along travel routes and changes in travel seasons among others

< 1 year	Implications of extreme heat and natural disasters
1-5 years **>5 years**	More pronounced impacts of volatile weather patterns and biodiversity loss which could impact attractiveness of locations and Sri Lanka as a tourism destination
Response	Long-term transformation of offering based on sustainable tourism concepts

Rise of the eco-conscious customers

Travelers are increasingly demanding responsible environmental and social practices from tourism sector operators, necessitating shifts in operating models and processes to ensure long-term attractiveness of offering

< 1 year	Environmental consciousness among factors considered when selecting destination and operator
1-5 years	Responsible business is expected to feature increasingly prominently in travelers' decision-making, particularly among the younger demographics
>5 years	Tourism sector operators who do not embrace responsible business will see significantly reputational impacts and an erosion of competitive edge
Response	Gradual transformation of business and processes to embrace environmentally conscious practices

SASB DISCLOSURES

Table: Hotels and Lodging Industry

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	CODE	DISCLOSURE/Pg. reference
Energy Management	1) Total energy consumed, 2) Percentage grid electricity 3) Percentage renewable	Gigajoules (GJ), Percentage (%)	SV-HL-130a.1	117,900 38%
Water Management	1) Total water withdrawn 2) Total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Thousand cubic meters (m3), Percentage (%)	SV-HL-140a.1	174.74 mn Sri Lanka has been ranked as a highly water stresseed nation
Ecological Impacts	Number of lodging facilities located in or near areas of protected conversation status or endangered species habitat	Number	SV-HL-160a.1	Two of the Sector's properties in Sri Lanka are located in areas close to rich biodiversity
	Description of environmental management policies and practices to preserve ecosystem services.	N/A	SV-HL-160a.2	The Sector aligns with the environmental policies and procedures of the Hayleys Lifecode (refer to page 102)
Labour Practices	1) Voluntary 2) Involuntary turnover rate for lodging facility employees	Percentage (%)	SV-HL-310a.1	36%
	Total amount of monetary losses as a result of legal proceedings associated with labour law violations (1)	Presentation currency	SV-HL-310a.2	Nil
	Description of policies and programmes to prevent work harassment	N/A	SV-HL-310a.4	The Group's Anti-Sexual Harassment Policy and Whistleblower Policies provide an effective tool for employees to put forward their grievances

LEISURE

As the Sector positions itself to capture opportunities emerging from the country's revival in tourism the short, medium and long-term plans in place are summarised below:

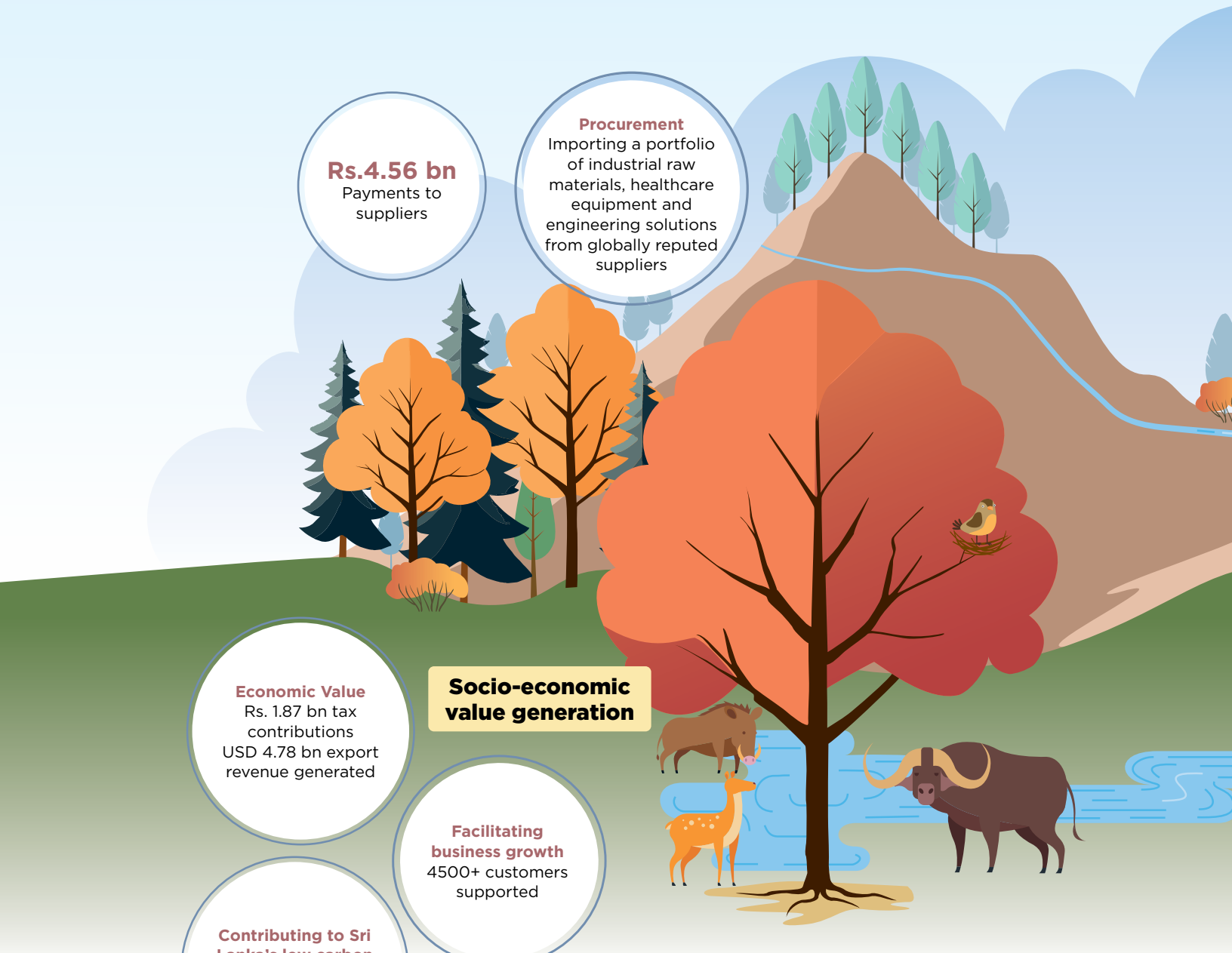
FUTURE PLANS	
Short-term	**Medium-to-long term**
• Strengthen social media presence to drive increased conversion rates • Dynamic pricing strategy to increase competitiveness • Diversification of target customer segments • Improve employee value proposition to enhance retention levels • Ongoing focus on cost optimisation	• Enhance corporate proposition of The Kingsbury • Soft refurbishments of rooms and other amenities • Strengthening service culture to retain restaurant patrons
Short-term goals ROCE> 8%	**Medium-to-long term goals** ROCE> 15% Gearing< 55%



INDUSTRY INPUTS, POWER & ENERGY

Hayleys Aventura drives growth of Sri Lanka's industrial sector through providing access to a range of world-class industrial raw materials and engineering solutions. The Sector also drives the advancement of Sri Lanka's government healthcare sector through providing access to advanced health care technology and solutions. Through the Power & Energy cluster, Aventura contributes to the country's low- carbon transition through an installed capacity of 50MW of hydro, solar and wind power.

INDUSTRY INPUTS, POWER & ENERGY



Rs. 4.63 bn
Economic value added

3%
Contribution to Group's value creation



Value-addition and marketing of products to the private and public sectors

Industrial Raw Materials
Supplies key raw materials to the F&B, cosmetics & detergents, pharmaceuticals, marine & protective coatings, rubber and Plastics industries

Lifesciences
Provision of medical and analytical healthcare solutions

Engineering Solutions
Provision of total engineering solutions including lifts and car parking, motors and control solutions, power generators, storage and material handling solutions, testing and measuring equipment among others

Power & Energy
Generation of renewable energy

Investment in R&D:
Rs.2 mn

Employment generation
Direct employees: 311

Value created to employees: Rs. 629 mn (+7%)

Revenue	Profit Before Tax	Profit After Tax	Assets	Liabilities	Employees	Carbon footprint
Rs. 9.73 bn (+12%)	Rs. 1.34 bn (+10%)	Rs. 1.05 bn (-13%)	Rs. 16.26 bn (+3%)	Rs. 6.65 bn (+5%)	311 (+5%)	803 tCO2e (+68%)

+ denotes y-o-y growth *- denotes y-o-y decline*

INDUSTRY INPUTS, POWER & ENERGY

SECTOR OVERVIEW

The Sector is represented by Hayleys Aventura, one of Sri Lanka's leading suppliers of industrial raw materials to domestic and export-oriented industries as well as medical and analytical equipment and engineering solutions. In Power & Energy, the Sector is a leading producer of renewable energy, with a collective installed capacity of 50MW in mini hydro, wind and solar power plants, contributing to the total renewable energy installed capacity in the renewable energy sector of Sri Lanka.

INDUSTRIAL RAW MATERIALS

Supplier of a range of input materials to manufacturing industries

Contribution to Sector
Revenue: 46%
PBT: 16%

Performance 2023/24
Revenue: 23% growth
PBT: 2% growth

LIFESCIENCES

Supplier of medical and analytical equipment

Contribution to Sector
Revenue: 26%
PBT: 30%

Performance 2023/24
Revenue: 12% growth
PBT: 60% growth

ENGINEERING

Supplier of engineering solutions to industries

Contribution to Sector
Revenue: 16%
PBT: 10%

Performance 2023/24
Revenue: 23% decline
PBT: 2% growth

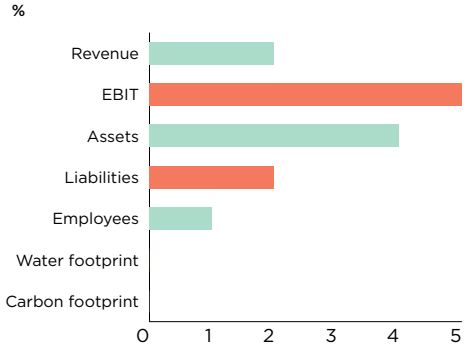
RENEWABLE ENERGY

Renewable energy generation through hydro, wind and solar sources

Contribution to Sector
Revenue: 12%
PBT: 43%

Performance 2023/24
Revenue: 1% decline
PBT: 6% growth

CONTRIBUTION TO GROUP



COMPETITIVE POSITION

Extensive footprint across key domestic industries in polymer, F&B cosmetics and detergents and healthcare among others. **Presence in regional markets** including Maldives, Bangladesh Indonesia, Seychelles and Pakistan

Long-standing partnerships with **148 principals**, including globally reputed suppliers

3 Wind power plants
3 Hydro power plants
1 Solar power plant

Array of solutions in **industrial raw materials, medical and analytical equipment and engineering solutions** including generators, lifts and car parking, energy savings solutions, storage and material handling equipment, testing and measuring equipment among others

-9%
Contraction in Industrial Sector

-21%
Contraction in Construction Sector

21%
Reliance on non-conventional renewable energy

OPERATING ENVIRONMENT

The operating landscape remained challenging during the review period, reflecting subdued demand from industries catering to the domestic market amidst a decline in consumer spending. While demand from export industries remained relatively stable, overall demand decelerated in view of the prevalent challenges in the domestic economy. Demand for Engineering Solutions was also lackluster during the year, reflecting contractions in the country's Industrial, Manufacturing and Construction sectors. The appreciation of the exchange rate had mixed effects on the Sector, which has exposure to both dollar receivables and payables. While liquidity constraints faced by the government sector continued to impede collections, conditions improved in comparison to the previous year supported by the influx of foreign funding for specific healthcare projects. Meanwhile, in line with the global energy transition and Sri Lanka's 2050 net zero aspirations, the Government is driving the widespread adoption of renewable energy sources, with a target of achieving 70% reliance on renewable energy by 2030, from the current levels of 50%.

Summary of external drivers

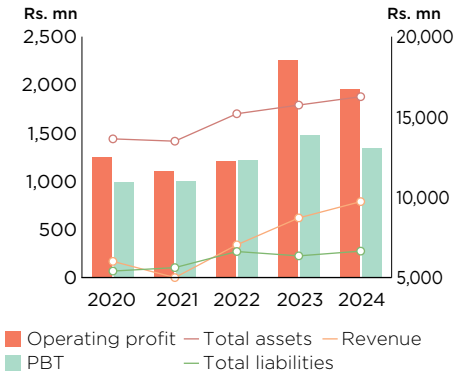
	Driver	Driver Significance of impact	Implications on Sector
Economic and geo-political context	Decline in consumer spending	H	- Subdued demand from industries such as Food and Beverage and Cosmetics
	Contraction in the industrial and construction sector	M	- Weak demand for Engineering Solutions given limited commencement of new projects
	Appreciation of the exchange rate	H	+ Leads to lower import costs and increased attractiveness of pricing to local customers
Industry context	Government impetus towards transitioning to a low carbon economy	M	+ Increased opportunities for renewable energy projects
	Talent migration	H	- Challenges in talent attraction and retention
Sustainability context	Increasing preference for sustainable solutions across industries	H	+ Opportunity to introduce sustainable innovations in partnership with our global partners
	Focus on energy efficiency across industries	H	+ Growth opportunities in catering to green and efficient energy solutions

H-High, M-Medium, L-Low. Brown circle represents adverse effect while yellow circle represents positive affect

STRATEGY AND INTEGRATED PERFORMANCE REVIEW

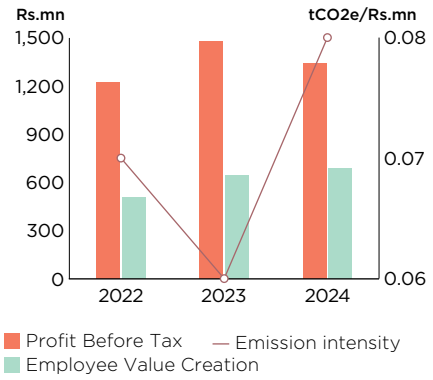
The Sector's performance during the year inevitably reflected the challenges stemming from the external environment. Revenue increased by 12% to Rs. 9.73 bn, driven by the Industry Inputs cluster, which delivered top line growth of 23% (and contributed 46% to the Sector) supported by good growth in regional markets. The Power & Energy cluster saw Profit Before Tax increasing by 6% respectively. Overall, however profitability was affected by the challenges in the Industry Inputs cluster resulting in the Sector's Profit Before Tax and Profit After Tax declining by a respective 10% and 13%.

SECTOR FINANCIAL PERFORMANCE



INDUSTRY INPUTS, POWER & ENERGY

INTEGRATED PERFORMANCE



Industrial Raw Materials

The sub-sector delivered a subdued performance, reflecting the decline in consumer spending which affected demand from key industries such as F&B, cosmetics and polymers. Meanwhile demand from export-oriented industries such as polymers, gloves and tiles were somewhat subdued during the year, reflecting global dynamics. The Sector continued to focus on widening its sustainability-linked product portfolio given increasing consciousness of environmental factors; for instance, having launched the biodegradable plastic additive, Eco One in the previous year the Sector focused on increasing penetration through acquisition of new customers.

Lifesciences

In this sub-sector, Aventura commands market leadership in the general x-ray segment and also has a presence in high-end segments such as radiology, oncology and cardiology. While domestic demand remained relatively unchanged, the sub-sector pursued strong growth in regional markets, pursuing new customer acquisition in the Maldives. Plans are currently in place to widen agency agreements to cover Maldives and Bangladesh in addition to Sri Lanka, thereby presenting significant regional opportunities. While domestic demand continued to be impeded by liquidity constraints in the government healthcare sector, selected projects gained traction following the receipt of foreign funds for specific areas. The cluster demonstrated strong performance supported by regional expansion with 60% growth in profits.

Engineering Solutions

As Sri Lanka's demand dynamics remained unfavourable, reflecting the contraction in Sri Lanka's Industrial and Construction sectors the sub-sector commenced a rental fleet and engaged primarily in repair and maintenance activities. It also directed increased focus towards strengthening its position in regional markets. Accordingly, the sub-sector recorded a 2% growth in profits, driven by proactive marketing strategies and increased penetration in both Maldives and Bangladesh. Continued focus was also placed on expanding the portfolio of products and services offered and during the year, Aventura partnered with globally reputed Stamford Alternators, entering into a regional service partnership for alternators, parts and expert services. The cluster also successfully obtained the Agency for Avery Weigh-Tronix during the year.

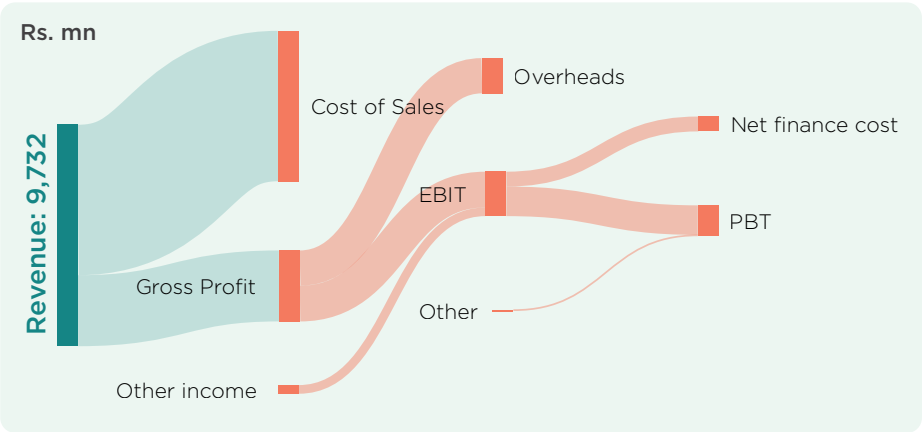
Power & Energy

The cluster's Profit Before Tax increased by 10% during the year, reflecting stronger rainfall in generating regions. With the expected downward revisions of tariffs rates on the 2nd tier of power plants, performance is expected to be subdued in 2024/25. Aventura sees tremendous potential for renewable energy in the medium-to-long term, given the government's thrust towards reducing dependence on fossil fuels and achieving net zero aspirations by 2050. The Sector also pursued aggressive regional growth in Bangladesh, which is expected to come to fruition in the medium term.

While employee retention remained a challenge, the Sector focused on strengthening capabilities through access to training and development and increasing employee satisfaction through numerous engagement interventions.

ESG in Action

The Sector's ESG aspirations center on offering access to global innovations which drive positive social and environmental benefits to local industries. With increasing focus on sustainability considerations, these efforts are expected to accrue significant positive impacts and mitigate adverse environmental impacts of local industries. In line with the ESG integration agenda of Hayleys, the Sector also established an ESG Steering Committee to identify and respond to emerging ESG risks and opportunities. The Sector also obtained third-party assurance on its carbon footprint during the year.



HOW WE DEFINE VALUE

SHAREHOLDERS
Sustainable growth in returns commensurate with risk undertaken

CUSTOMERS
Access to sustainable and innovative products through partnerships with global principals

EMPLOYEES
Competitive remuneration, opportunities for skill and career progression

BUSINESS PARTNERS/ PRINCIPALS
Opportunities for mutual growth and ease of conducting business

GOVERNMENT
Generation of tax revenue, foreign exchange generation and job creation

COMMUNITY
Positive social and environmental impacts and contribution to economic prosperity

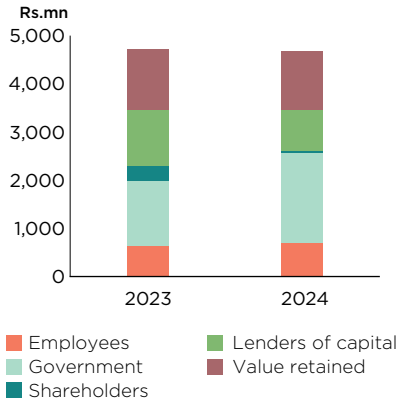
HOW WE CREATE VALUE

Strategic priorities	Overseas expansion	Sustainable innovation	Strengthening digital capabilities
Resource Allocation	**Rs. 40 mn** Investments in new business development	**Rs. 2 mn** Investment in R&D capabilities **05** Products featuring sustainability propositions	**120** Employees trained on digital **Rs. 40 mn** Investment in ICT and digital
Strategic KPI/ Pre-financials	**42** New overseas customers acquired **12%** Revenue growth from export markets	**Rs. 2 bn** Revenue generated from sustainable products	**03** Processes automated

HOW WE DELIVER AND PRESERVE VALUE

- Total economic value generated during the year declined by 5% in view of subdued demand
- Payments to employees increased by 7% during the year
- Value generated to Governments amounted to Rs. 1.87 bn an increase of 39% compared to the previous year
- Payments to lenders of capital decreased by 28%
- Value retained in the business for future investment amounted to Rs. 1.23 bn compared to Rs. 1.26 bn the previous year

VALUE DISTRIBUTION



INDUSTRY INPUTS, POWER & ENERGY

FINANCIAL PERFORMANCE

Rs.mn	2024	2023	% y-o-y	2022
Revenue	9,732	8,718	12	7,041
Earnings Before Interest and Tax	1,953	2,255	(13)	1,204
Net finance income/(cost)	(655)	(917)	(29)	(175)
Profit Before Tax	1,339	1,481	(10)	1,220
Profit After Tax	1,050	1,207	(13)	1,048
Assets	16,262	15,741	3	15,201
Liabilities	6,652	6,356	5	6,627
Operating Cash Flow	1,375	368	274	(19)
Performance against targets				
	Target	**Actual**		**Reason for variance**
ROCE	>12%	21%		
Gearing	35%-45%	23%		
OPERATIONAL HIGHLIGHTS	**2024**	**2023**	**% y-o-y**	**2022**
Energy Intensity (GJ/Revenue Rs.mn)	0.67	0.13	415	169
Water Intensity (Litres/Revenue Rs.mn)	334	36	9-fold	33
Carbon Intensity (tCO2e/Revenue Rs.mn)	0.08	0.06	50	80
No. of Employee	311	296	5	296
Revenue per Employee (Rs.mn)	31	29	7	24
Remuneration per Employee (Rs.mn)	2	2	-	2

ESG HIGHLIGHTS

CLIMATE ACTION

- As one of Sri Lanka's largest renewable energy operators, the Sector generated 142 GwH of solar, wind and hydro energy during the year, offsetting 105,136 of the Group's carbon footprint
- Rooftop solar installation in the Sector's Industrial Raw Materials manufacturing facility (Haycolour)

	2024	2023	Y-o-y
Renewable energy generation (GWh)	142	143	-
Carbon footprint offset (tCO2e)	105,136	105,943	(1)
Sector energy consumption (Gj)	6,487	1,161	459
Carbon footprint (tCO2e)	803	480	68

EMPLOYEE VALUE CREATION

During the year focus was placed on building leadership skills and ensuring succession planning

	2024	2023
No. of employees	312	296
Training investment (Rs.mn)	14	8
Payments to employees (Rs.bn)	686	641

INDUSTRIAL SOLUTIONS THAT SHAPE A BETTER FUTURE

EcoOne	• Accelerate rate of degradation to 18-24 months • Support recyclability • Certified by third-party local and global testing include Bureau Veritas
Recovered carbon black	• Contributes towards a circular economy by reusing carbon black from the tyre industry
Illumina Next Generation Sequencing	• Enabled targeted precision treatment of medical conditions

INDUSTRY COLLABORATION

Inaugural Congress for Sustainable Materials- 'The Future of Plastics and Packaging'

The Sector provided leadership to a much-needed industry dialogue on the issue of non-biodegradable waste in Sri Lanka, inadequate waste management systems and potential solutions to ensure responsible use and disposal of plastic

PROSPECTS AND PLANS

Despite short-term volatilities stemming from the country's still recovering industrial activity, the medium-to-long term prospects for the Industry Inputs cluster remains promising. As macro-economic conditions record gradual stability, industrial activity is excepted to strengthen along with improved customer sentiments. Meanwhile, in the Power & Energy cluster, the Government's aspirations of reaching 70% renewable energy generation by 2030 presents significant opportunities for growth. The short, medium and long-term opportunities and risks shaping industry dynamics are listed below:

INDUSTRY RISK AND OPPORTUNITY LANDSCAPE

Gradual recovery of the Industrial Sector

The gradual recovery of industrial activity in line with more favourable macro-economic fundamentals is expected to augur well for the Sector in the medium-term, driving increased demand from both domestic and export-oriented businesses

Response
Aggressive market activations and customer engagement across industries

Technology

Technology and AI is pushing boundaries in engineering and healthcare (among others) offering significant opportunities for innovation. Technology is also redefining the modern workplace through automation, productivity and collaboration among others

Response
Ongoing engagement with global partners in accessing the latest developments in engineering and healthcare technology

Opportunities for regional expansion

Significant opportunities in leveraging partnerships with global principals to drive increased regional penetration, particularly in Maldives and Bangladesh

Response
Acquisition of new customers and deeper engagement with existing customers

Government's liquidity constraints

With over 80% of the Lifesciences sub-sector relying on government contracts, liquidity constraints can lead to longer debtor days and higher finance cost

Response
Ongoing debtor engagement and diversification of customer base

Sustainability related risks and opportunities (SRRO)

Sri Lanka's net zero ambitions and push to renewable energy

In line with Sri Lanka's Net Zero Roadmap the country is gearing up renewable energy projects as it aims to tackle emissions and transition to a low-carbon economy

< 1 year	Increased interest in renewable energy given escalation in fossil fuel-based energy costs
1-5 years	Significant growth potential with the Government aiming for 70% renewable energy by 2030
>5 years	With the government committing to zero new coal fired plant, RE will be positioned as the key solution to bringing s to bridge the country's energy requirements
Response	Aggressive pursuit of new projects

Increasing demand for sustainable materials

As the world shifts to a low-carbon economy and environmental regulations become increasingly stringent, demand for sustainable materials are expected to increase

< 1 year	Interest from export-oriented businesses which are subject to regulations from EU
1-5 years	Anticipated increase in demand from both export-oriented businesses and domestic businesses
>5 years	Use of sustainable materials become widespread, providing significant upside potential for suppliers of industrial materials
Response	Exploring opportunities to partner with our global principals on innovative sustainable materials

INDUSTRY INPUTS, POWER & ENERGY

Against the backdrop, the Sector will place strategic emphasis on both product and market development, directing focus on expanding the regional presence and supporting export-oriented industries.

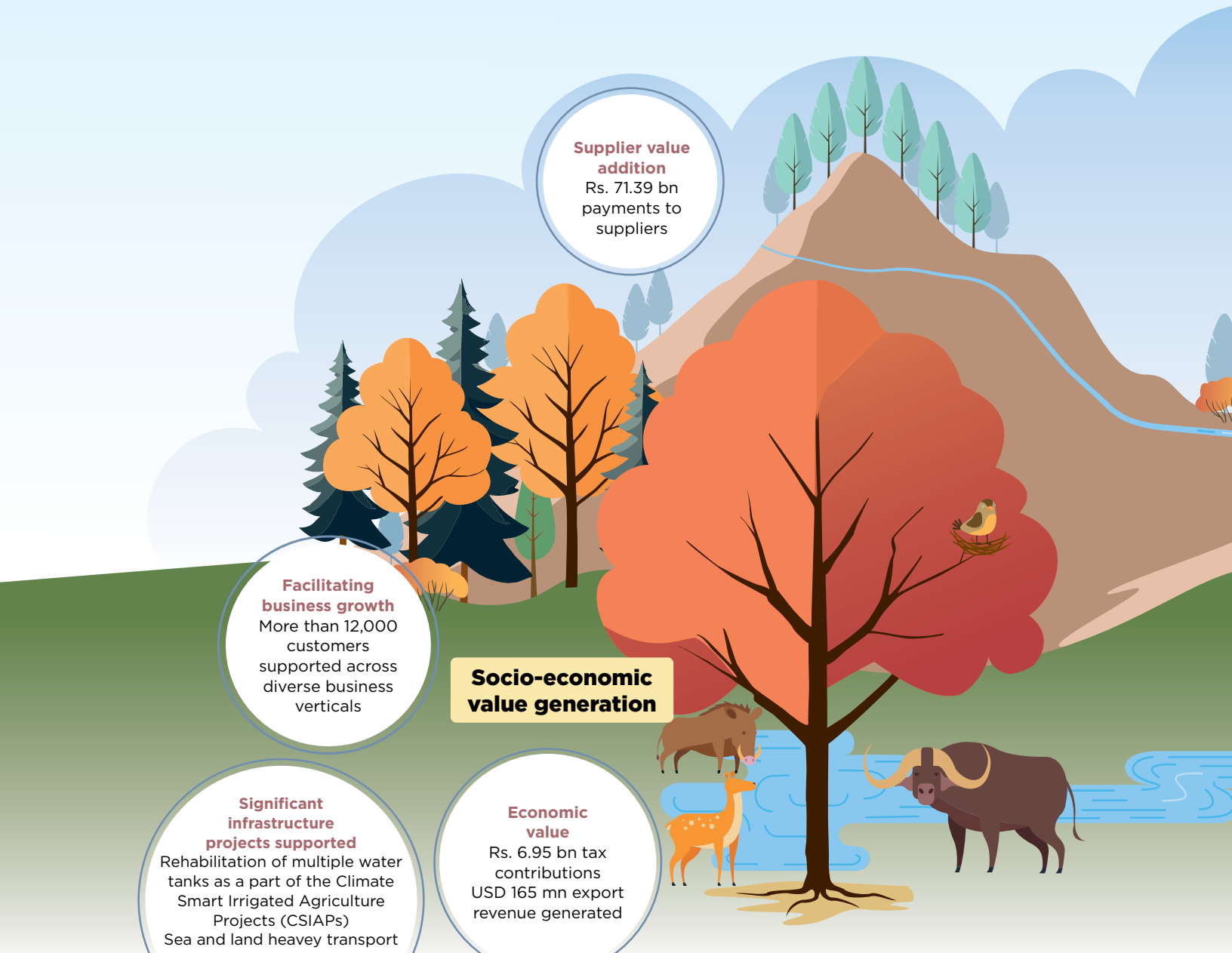
FUTURE PLANS	
Short-term	**Medium-to-long term**
• Capacity expansion in Industrial Raw Materials • Expand bio-degradable product portfolio to regional markets • Product diversification • Penetration into high-end applications in the Lifesciences sub-sector • Market development through expansion to new regions in Lifesciences • Investments in new renewable energy projects.	• Develop new brands catering to diverse industry applications • Product development focused on surgical and critical care segments in Lifesciences • Offer generation solutions in regional markets including Maldives, Seychelles and Bangladesh
Short-term goals ROEC>10% Gearing<55%	**Medium-to-long term goals** ROCE>10% Gearing< 45%



TRANSPORTATION & LOGISTICS

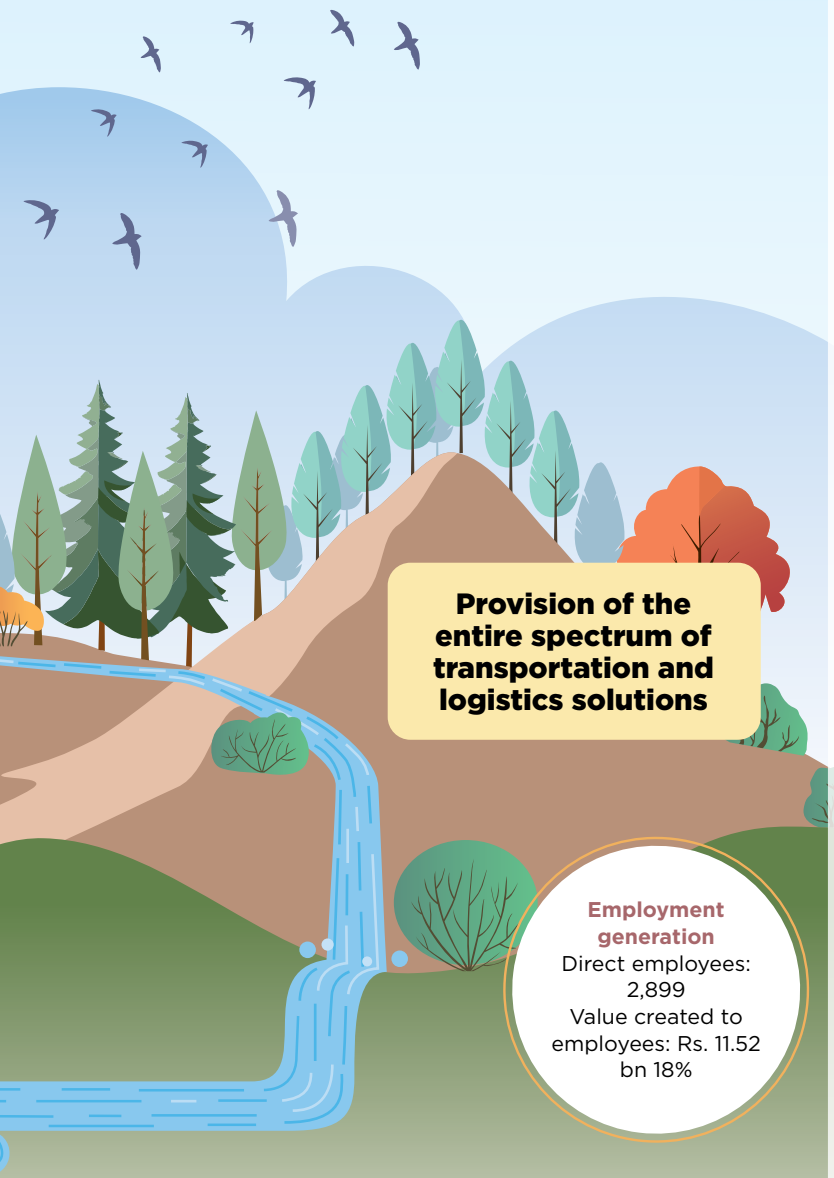
As Sri Lanka's leading transportation and logistics solutions provider, Hayleys Advantis has played a critical role in positioning Sri Lanka as a globally competitive logistics hub. Logistics underpin a nation's economic growth and Hayleys Advantis plays an unparalleled role in facilitating activity of diverse industry verticals through uninterrupted, comprehensive logistics solutions

TRANSPORTATION & LOGISTICS



Rs. 26 bn
Economic value added

17%
Contribution to Group's value creation



Provision of the entire spectrum of transportation and logistics solutions

Employment generation
Direct employees: 2,899
Value created to employees: Rs. 11.52 bn 18%

Freight Management
Major contributor in facilitating international trade through ocean freight, air freight, project cargo freight and multi-modal, multi-country transportation

Integrated Logistics
we provide third-party logistics (3PL), warehousing, free zone logistics, bonded storage facilities, inland container depot operations, international express, cross-border freight services and last-mile delivery services.

Marine & Energy
Leading marine services and ship supplies provider in the region, offering a comprehensive range of services from vessel agency work, towage & salvage services, offshore support services crew management, ship operations shipping services, energy logistics, bunkering and agency & port services and bunkering services.

Projects & Engineering
We are a leader in providing project logistics and engineering solutions in Sri Lanka, and provide a diverse range of services, including logistics for heavy and out of gauge cargo, engineering & construction solutions, inland container depot operations, aluminium solutions, interiors & contracting, and project management services.

Travel & Aviation
As a leading Aviation services provider in Sri Lanka, our scope includes airline agency representation, travel agency services, aviation equipment supplies, and ground handling.

Revenue	Profit Before Tax	Profit After Tax	Assets	Liabilities	Employees	Carbon footprint
Rs. 91.4 bn (-32%)	Rs. 3.6 bn (-76%)	Rs. 1.35 bn (-86%)	Rs. 74 bn (+6%)	Rs. 55 bn (+7%)	2,899 (+21%)	45,863 tCO2e (+30%)

+ denotes y-o-y growth - denotes y-o-y decline

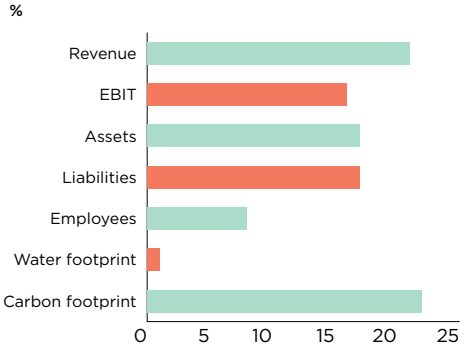
TRANSPORTATION & LOGISTICS

SECTOR OVERVIEW

Hayleys Advantis Group is the undisputed leader in Sri Lanka's transportation and logistics industry, offering end-to-end logistics solutions covering land, air and sea transport as well as the full spectrum of solutions in integrated logistics, projects and engineering, marine and energy, freight management and travel & aviation. Advantis' competitive edge is underpinned by its array of unmatched solutions, world-class service standards and customer centricity, which were recently recognised when the Group was awarded the 'Best Transportation and Logistics Company in Sri Lanka and South Asia' by the Global Brands Magazine, UK.

Unisyst Engineering PLC, in which the majority share is held by Advantis Projects and Engineering has announced plans to delist from the CSE

CONTRIBUTION TO GROUP



FREIGHT MANAGEMENT

One of Sri Lanka's largest freight forwarding and shipping agency houses

Contribution to Sector
Revenue: 9%
PBT: 88%

Performance 2023/24
Revenue: 45% decline
PBT: 58% decline

INTEGRATED LOGISTICS

Offers integrated logistics services across diverse industry verticals

Contribution to Sector
Revenue: 13%
PBT: -1%

Performance 2023/24
Revenue: 17% decline
PBT: 105% decline

MARINE & ENERGY

Offers a range of shipping services from vessel agency work to offshore support services

Contribution to Sector
Revenue: 59%
PBT: 54%

Performance 2023/24
Revenue: 41% decline
PBT: 66% decline

PROJECTS & ENGINEERING

A leader in providing project logistics and engineering solutions in Sri Lanka and Maldives

Contribution to Sector
Revenue: 8%
PBT: -19%

Performance 2023/24
Revenue: 17% decline
PBT: 309% decline

INTERNATIONAL OPERATIONS

Represents the Sector's overseas operations in the region

Contribution to Sector
Revenue: 12%
PBT: 17%

Performance 2023/24
Revenue: 29% decline
PBT: 43% decline

TRAVEL & AVIATION

Leading travel and aviation services provider representing leading airlines

Contribution to Sector
Revenue: 3%
PBT: -30%

Performance 2023/24
Revenue: 23% growth
PBT: 14% decline

COMPETITIVE POSITION

- Largest operator of floating assets in Sri Lanka with a fleet of 23 assets
- Largest Agency house in Sri Lanka and the Maldives
- Warehouse footprint of over 3 mn square ft across 6 markets
- Multi-purpose project logistics capabilities
- B2B distribution footprint of 7.2 million KM annually

Strengthening market presence in transportation and logistics in South Asia and South East Asia

Partnerships with numerous global principals including the world's leading shipping and freight forwarding companies

0.3%
Global trade volumes

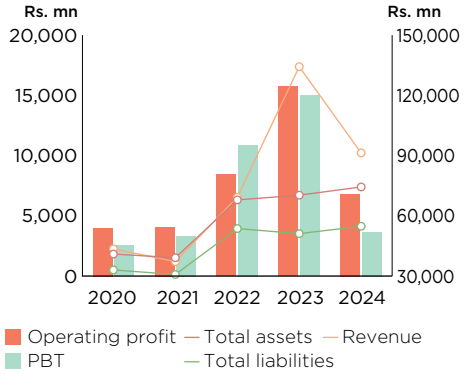
3.6%
Sri Lanka cargo volumes

89%
Increase in global freight rates

OPERATING ENVIRONMENT

Global merchandise trade volumes slightly improved by 0.3% in 2023 with strong regional disparities amidst global geopolitical tensions, divergent economic growth and disruptions to main shipping routes. For instance, import demand fell sharply in Europe, remained flat in Asia and grew in fuel-exporting economies. Disruptions to shipping routes during the latter part of 2023, have had wide ranging implications on global trade with diversion of traffic resulting in longer voyage times, higher fuel costs and somewhat reversing the downward trend in freight rates. On average, however, global freight rates which reached unprecedented highs in the aftermath of COVID-19 have continued to trend downwards. Sri Lanka's port and airport activities recorded modest improvement, rebounding from the implications of the economic crisis during the latter part of the year. Accordingly, total containers handled increased by 1.3% while air cargo handled decreased by 7% supported by the gradual recovery of macro-economic conditions, lifting of import restrictions and stabilisation of interest and exchange rates.

SECTOR FINANCIAL PERFORMANCE



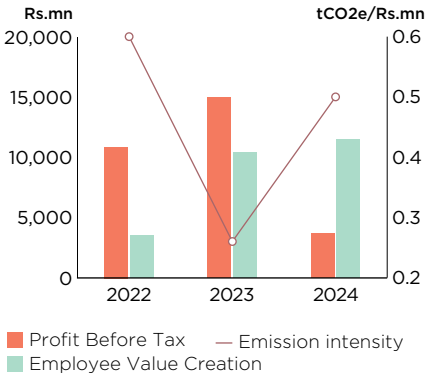
Summary of external drivers

	Driver	Driver Significance of impact	Implications on Sector
Economic and geo-political context	Global geo political tensions	H	- Potential disruptions to shipping routes and implications on voyage length and fuel costs and freight rates
	Volatility in freight rates	M	+ Gradual improvement of freight rates towards the latter part of the year
	Global inflation	M	- Downward impact on the consumption of trade-intensive goods
Industry context	Exchange rate volatility	M	- Impact on global competitiveness and profitability margins
	Increased uncertainty in trade policy	H	- Limited predictability of trade activity
	Technology driven transformation	H	+ Potential improvements in efficiency, cost management and improve the uptime of vessels
Sustainability context	Increased regulations on sustainable shipping	M	+ Increased cost of compliance
	Decarbonisation	M	+ Opportunity to sharpen competitive edge through differentiation + Potential opportunities for cost reductions

H-High, M-Medium, L-Low. Brown circle represents adverse effect while yellow circle represents positive affect

TRANSPORTATION & LOGISTICS

INTEGRATED PERFORMANCE



STRATEGY AND INTEGRATED PERFORMANCE REVIEW

The Sector's performance reflected its' efforts to consolidate operations in a year characterised by numerous external challenges. Against this backdrop, the Sector adopted a long-term view to value creation, focusing on retaining relationships, strategising for the future and building a strong platform to drive future growth. The Sector's Revenue declined by 32% to Rs. 91,353 mn, reflecting lower freight rates, appreciation of the Sri Lankan Rupee, as well as the discontinuation of the domestic fuel license through which the Sector had supplied bunker fuel temporarily to the domestic market the previous year. Meanwhile, the Sector's Profit Before Tax also normalised to Rs. 3,671 mn from the record highs of the previous year.

The Freight Management cluster recorded a decline in Profits of 59% mainly due to the normalisation of freight rates during the year and a decline in trade volumes given the softening of global demand. The performance of the Integrated Logistics cluster also weakened significantly, reflecting lower occupancy levels at the warehousing facilities. As consumer purchasing power weakened amidst high inflation, demand for third-party logistics from the FMCG sector also declined, while increasing price consciousness of customers also led to a contraction in profitability margins. Despite short-term volatilities, the long-term prospects of the cluster remain promising given the increasing preference towards third-party logistics services.

Performance of the Marine & Energy cluster normalised from the record highs of the previous year, following the discontinuation of the distribution of fuel to the domestic market. The Cluster focused on the acquisition of new customers and retention of existing relationships through offering an enhanced value proposition at attractive pricing, which although temporarily affecting profitability is expected to drive long-term growth. The Projects & Engineering cluster continued to be dampened by the persistent downturn in the country's construction sector and infrastructure projects.

The Sector refined its international expansion strategy during the year to direct focus towards selected markets which present the most significant opportunities for growth. Accordingly, the Sector will drive deeper penetration in the four markets of Bangladesh, India, Indonesia, and Thailand, leveraging on its established relationships to offer a wider portfolio of services. The Sector's organisational structure was also repurposed with the strengthening of regional leadership capabilities, aligned with the geographical focus.

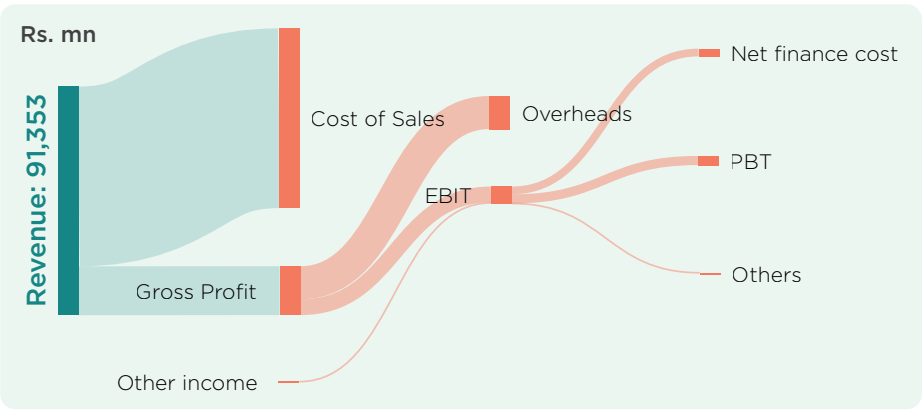
The Travel & Aviation cluster marked a significant achievement by winning a competitive bid for the General Sales Agency to represent Air India, the flag carrier airline of India. This partnership presents significant opportunities for medium-to-long term growth, given the potential to position India as the transit hub for long haul travel and establish Air India as the airline of choice for Sri Lankan travelers to the Europe and Americas.

The Sector continued to focus on strengthening its value position to employees with considerable investments directed towards enhancing leadership skills across all levels. A culture of learning is nurtured through Advantis Campus- the Sector's dedicated in-house corporate campus which enables employees to share knowledge across diverse disciplines. The Sector also continues to nurture a future-ready, holistic and dynamic organisational culture through Advantis DNA centering on the four pillars of Purpose, Spirit, Philosophy and Values.

ESG IN ACTION

The Sector marked a step change in its ESG aspirations during the year, with the launch of its ESG strategy, HELIOS. Centered on the seven pillars of energy, emissions, biodiversity, employee engagement, community engagement, safety and governance, HELIOS is aligned to the long-term aspirations of the Hayleys Lifecode while reflecting industry-specific risks and opportunities.

- Establishment of Sector ESG Steering Committee
- Strengthen ESG risk assessment and integration with existing risk processes
- Monthly and quarterly monitoring and reporting of performance against ESG targets with the participation of relevant personnel from manufacturing facilities



HOW WE DEFINE VALUE

SHAREHOLDERS
Sustainable growth in returns commensurate with risk undertaken

CUSTOMERS
Access to reliable and high-quality engineering solutions and excellent customer service

EMPLOYEES
Competitive remuneration, opportunities for skill and career progression

PRINCIPALS
Opportunities for mutual growth and ease of conducting business

GOVERNMENT
Generation of tax revenue, supporting the country's emission reduction aspirations and job creation

COMMUNITY
Positive social and environmental impacts and contribution to economic prosperity

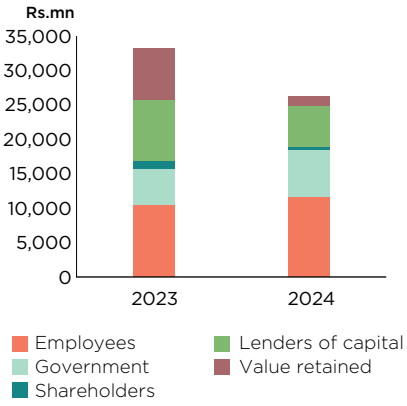
HOW WE CREATE VALUE

Strategic priorities	Focused regional expansion	Organisational restructure	People development
Resource Allocation	**Rs. 204 mn** Sales and marketing expenses in selected geographies	Matrix structure reflecting both geographical and product focus	**Rs. 71 mn** Investment in training **3,162** Employees trained
Strategic KPI/ Pre-financials	Customer acquisition **-29%** Revenue growth from overseas markets		**204** Promotions **76%** Employee retention

HOW WE DELIVER AND PRESERVE VALUE

- Total economic value generated during the year declined by 1% in view of the challenging external conditions
- Payments to employees increased by 11% during the year
- Value generated to Governments amounted to Rs. 6,954 Mn and 27% of the total value created
- Payments to lenders of capital decreased by 32%
- Value retained in the business for future investment amounted to 6% compared to 29% the previous year

VALUE DISTRIBUTION



TRANSPORTATION & LOGISTICS

FINANCIAL PERFORMANCE

Rs.mn	2024	2023	% y-o-y	2022
Revenue	91,353	134,295	(32)	69,273
Earnings Before Interest and Tax	6,806	15,737	(57)	8,422
Net finance income/(cost)	3,113	(967)	220	2,226
Profit Before Tax	3,671	15,008	(76)	10,873
Profit After Tax	1,351	9,627	(86)	8,611
Assets	74,415	70,325	6	67,967
Liabilities	54,852	51,174	7	53,698
Operating Cash Flow	(5,124)	4,296	(219)	14,823
Performance against targets				
	Target	**Actual**		**Reason for variance**
ROCE	>15%	13%		Unfavourable external dynamic durigng the year
ROE	>20%	7%		

OPERATIONAL HIGHLIGHTS	2024	2023	% y-o-y	2022
Cargo handled (Mn MT)	100	96	3.6	104
Energy Intensity (GJ/Revenue Rs.mn)	5.3	3.23	65	6.3
Water Intensity (Litres/Revenue Rs.mn)	536	402	33	813
Carbon Intensity (tCO2e/Revenue Rs.mn)	0.5	0.3	91	0.6
Revenue per Employee (Rs.mn)	31.5	29	9	24
Remuneration per Employee (Rs.mn)	4	2.2	82	2

ESG HIGHLIGHTS

Climate action

- The Sector improved its emission reporting, widening the coverage of its scope 3 emissions following an external assurance on its GHG inventory.
- Pursuing options to decarbonise vessels with the use of alternative fuels such as bio diesel

	2024	2023	Y-o-y	Target
Carbon footprint (tCO2e)	45,863	35,323	30	50% reduction

BUILDING FUTURE LEADERS

Advantis partnered with the CINEC campus to deliver a series of transformative workshops catering to undergraduate students. Sessions delivered included fundamentals of problem solving, effective time management and entering the job market

ADVANTIS BLUE CARBON

The Project seeks to increase the national blue carbon sinking capacity by supporting the conservation and replenishment of coastal ecosystems. The initiative is focused on accelerating the natural regeneration of mangroves at Anawilundawa and included the following:

- Facilitating the studying and collection of data by supporting a team of scientists
- Setting up a pre-engineered laboratory facility adjacent to data collection points
- Gathering topographical data and developing hydrological models providing valuable scientific insights

EMPLOYEE VALUE CREATION

Several companies within the Sector have obtained the Great Place to Work Certification. The Sector's people strategy for the year centered on, skill development, culture-building, health and well-being and diversity, equity and inclusion (DEI) among others

	2024	2023
No. of employees	2,899	2,399
Training investment (Rs.mn)	71	76
Average training hours/employee	6	11

PROSPECTS AND PLANS

The World Trade Organisation anticipates that merchandise trade volumes will increase by 2.6% in 2024 and 3.3% in 2025 as inflationary pressures ease and real household incomes improve. This forecast however, is associated with a high degree of uncertainty given the recent escalation in regional conflicts and geopolitical tensions. Despite short-term volatilities, Sri Lanka's port activity is poised for long-term growth, supported by the gradual recovery of the economy together with policy thrust towards strengthening exports and port infrastructure. The outlook for the Sector is shaped by the following risks and opportunities.

INDUSTRY RISK AND OPPORTUNITY LANDSCAPE

Escalating geopolitical tensions

Conflict in the Middle East has disrupted main shipping routes and diverted sea shipments between Asia and Europe. Attacks on commercial ships in the Red Sea have resulted in several carriers avoiding transiting via the Red Sea altogether, causing the average number of weekly passages to plunge. This could also lead to some fragmentation in trade flows, with trade activity reorienting along geopolitical lines.

Response
Diversification of revenue sources and geographical footprint

Regional dynamics

Sri Lanka's locational advantage and strategic positioning along the main maritime pathways present considerable potential for transforming the country into a central point linking the Middle East and the Far East hubs. Meanwhile, Sri Lanka can benefit from the anticipated economic growth of India, as currently the majority of Sri Lanka's transshipments are from India

Response
Expansion of the portfolio of services offered and customer acquisition

Digital transformation

Digital capabilities are transforming the global shipping industry with technologies such as Internet of Things (IOT), Artificial intelligence and big data acting as critical enablers in optimising operations, enhancing efficiency and increasing the uptime of vessels.

Response
The 5-year digital road map introduced for the Sector, will continue to be rolled out during the next financial year

Gradual recovery of the Manufacturing Sector

Sri Lanka's Industrial Sector is poised for growth with the gradual stabilisation of the exchange rate and relatively favourable interest rate dynamics fueling the release of pent-up demand. The apparel sector is also showing promising signs of recovery over the medium to long-term supported by the country's increased competitiveness amidst the adjustment of minimum wages in competing economies.

Response
Pursuing increased customer penetration and acquisition

Sustainability related risks and opportunities (SRRO)

Decarbonisation aspirations of the International Maritime Organisation (IMO)
The IMO has committed to reducing the emissions from international shipping by at least 50% by 2050 (compared to 2008), which can only be achieved through developing new zero-carbon technologies or sustainable products

< 1 year	Limited impact over the short-term
1-5 years	Potential increase in the low-carbon shipping propositions by global operators
>5 years	Increased popularity of commercially viable zero carbon ships
Response	Currently exploring avenues of low-carbon technologies with the aim of decarbonising vessels

Shift to low-carbon economy
As the world transitions to a low-carbon economy, environmental regulations pertaining to vessel emissions, marine pollution and sea farers' rights are likely to increase in stringency

< 1 year	Regulations pertaining to the use of low-carbon fuel such as low-Sulphur fuel
1-5 years	Potential applicability of EU regulations on the use of renewable marine fuels and connection to onshore power supplies
>5 years	In addition to low-carbon ships, regulations pertaining to recycling ships and dismantling vessels could be introduced in the long-term
Response	Ongoing monitoring of emerging regulations and commitment to drive deep reductions in the carbon footprint by 2045

TRANSPORTATION & LOGISTICS

The Sector's regional strategy, extensive customer and principal relationships, strong brand name as well as ongoing focus on expanding its service portfolio has aptly positioned Advantis to effectively leverage the industry's upside potential. Key areas of focus in the short, medium and long-term are given below

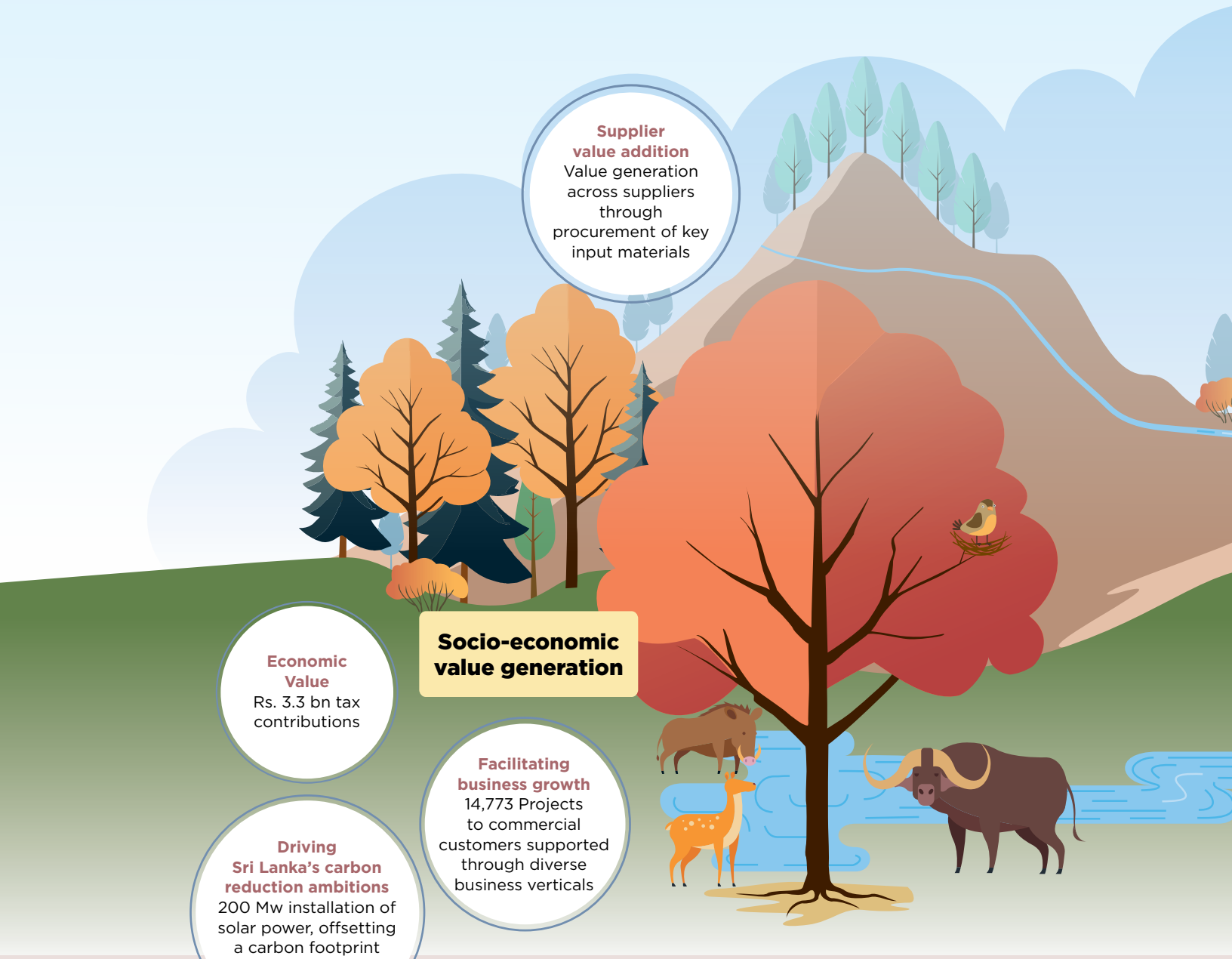
FUTURE PLANS	
Short-term	**Medium-to-long term**
• Market penetration in existing markets • Strengthen position of Advantis Singapore • Implement digital roadmap • Initiatives to increase top-of-mind brand awareness • Execution of DEI initiatives across the Group • Exploring opportunities decarbonisation	• Regional investments in identified markets • Enhance technological capabilities and drive productivity improvements • Customised marketing plans for each selected country • Enhance the proposition offered under Advantis Campus
Short-term goals ROCE> 15% ROE>20%	**Medium-to-long term goals** ROCE>15% ROE>25%



PROJECTS & ENGINEERING

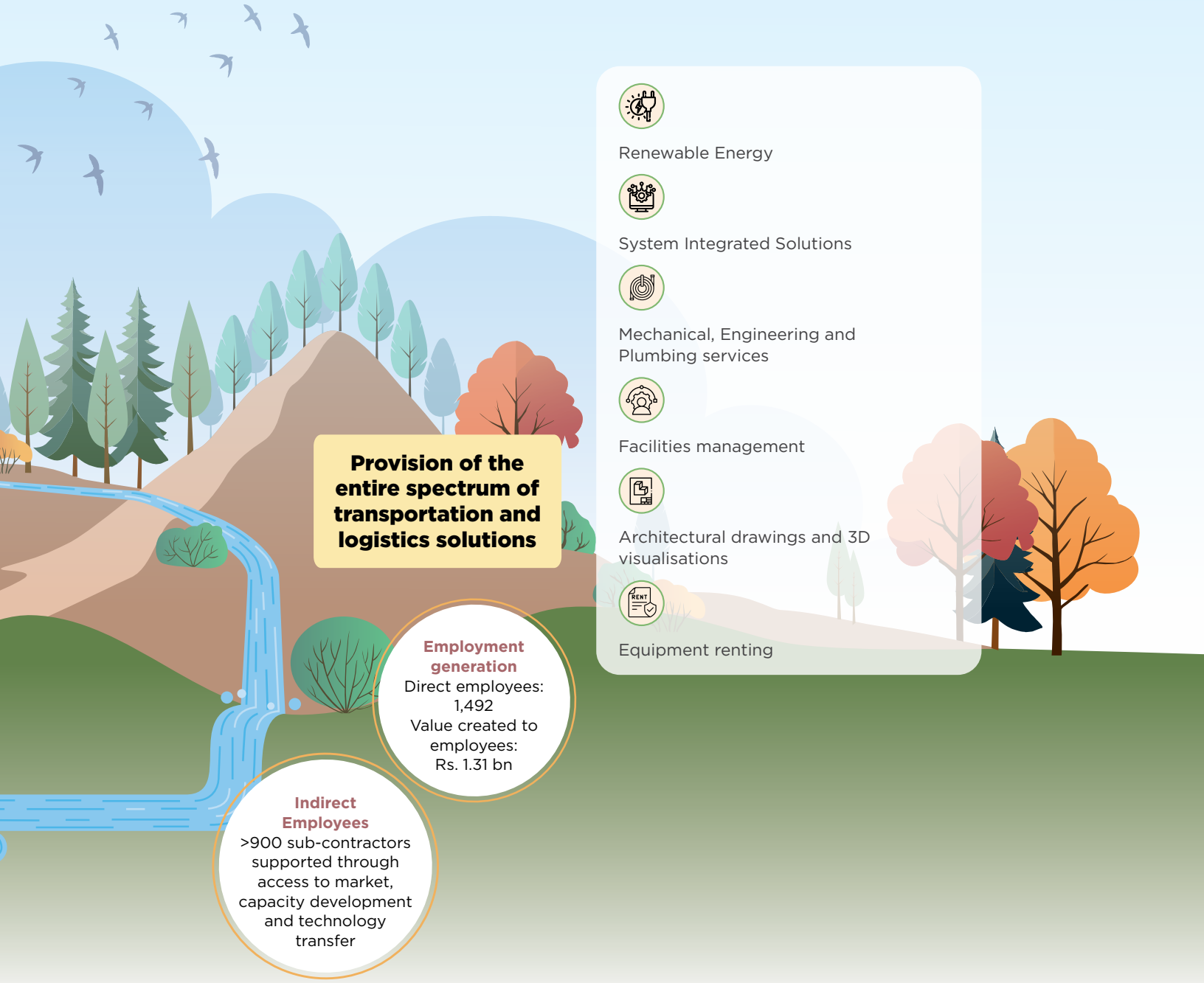
Hayleys Fentons is Sri Lanka's leading provider of integrated engineering solutions, facilitating the growth of local industries and businesses through an array of Solar, ICT, Security, MEP and Facility Management (among other) solutions. As the country's leading rooftop solar PV installer, Hayleys Fentons is also at the forefront of fueling the country's transition to a low-carbon economy.

PROJECTS & ENGINEERING



Rs. 9.59 bn
Economic value added

6%
Contribution to Group's value creation



Provision of the entire spectrum of transportation and logistics solutions

- Renewable Energy
- System Integrated Solutions
- Mechanical, Engineering and Plumbing services
- Facilities management
- Architectural drawings and 3D visualisations
- Equipment renting

Employment generation
Direct employees: 1,492
Value created to employees: Rs. 1.31 bn

Indirect Employees
>900 sub-contractors supported through access to market, capacity development and technology transfer

Revenue	Profit Before Tax	Profit After Tax	Assets	Liabilities	Employees	Carbon footprint
Rs. 19.80 bn (+46%)	Rs. 4.33bn (+290%)	Rs. 3.78Bn (+232%)	Rs. 26.53 bn (+157%)	Rs. 19.68 bn (+138%)	1,492 (+42%)	1,432 tCO2e (-4%)

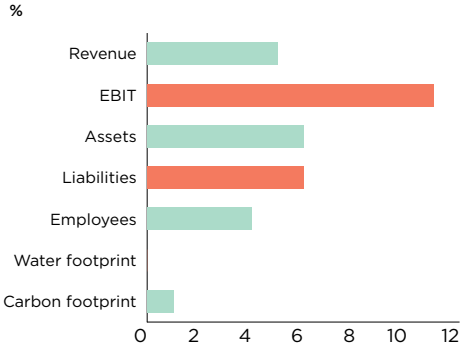
+ denotes y-o-y growth - denotes y-o-y decline

PROJECTS & ENGINEERING

SECTOR OVERVIEW

Hayleys Fentons is Sri Lanka's leading engineering services company, offering an unparalleled array of end-to-end, integrated solutions to the industrial, commercial and residential segments. Over an illustrious history spanning over a century, Hayleys Fentons has emerged as one of Sri Lanka's most trusted engineering brands founded on a strong reputation for quality, service excellence and innovation. Through its partnerships with globally reputed principals, Hayleys Fentons offers the Sri Lankan consumer access to an array of world-class products and solutions with the latest technology, driving the growth of diverse industries and uplifting living standards and quality of life across the island. The Sector emerged as a key contributor to the Hayleys Group's profits during the year, accounting for 14% of PBT and ranking the 2nd largest contributor to Profit Before Tax during the year.

CONTRIBUTION TO GROUP



RENEWABLE ENERGY

Sri Lanka's largest solar EPC services provider

Contribution to Sector
Revenue: 66%
PBT: 82%

Performance 2023/24
Revenue: 141% growth
PBT: 233% growth

EQUIPMENT HIRING

Provides industrial equipment on rent-basis to a larger spectrum of customers.

Contribution to Sector
Revenue: 0.03%
PBT: (0.3)%

Performance 2023/24
Revenue: 0% growth
PBT: 0% growth

EQUIPMENT TRADING

Supplier of cutting-edge construction equipment including, electrical, instrumentation, material handling, combustion, and HVAC products

Contribution to Sector
Revenue: 8%
PBT: 7%

Performance 2023/24
Revenue: 97% growth
PBT: 198% growth

SYSTEM INTEGRATED SOLUTIONS

Offers system integrated solutions including information security, enterprise networking, energy storage solutions and IT managed services among others

Contribution to Sector
Revenue: 11%
PBT: 4%

Performance 2023/24
Revenue: 2% decline
PBT: 28%% decline

ENGINEERING SERVICES

Largest integrated engineering services provider including facilities management and architectural design visualization solutions.

Contribution to Sector
Revenue: 15%
PBT: 8%

Performance 2023/24
Revenue: 32% growth
PBT: 204% growth

OPERATING ENVIRONMENT

The Sector's performance is typically correlated to the country's Construction Sector, which despite cascading effects from the economic turbulence of recent years showed signs of recovery towards the latter part of the financial year. While the construction industry contracted by

COMPETITIVE POSITION

Sri Lanka's leading solar EPC (engineering, procurement and construction) company, having installed over 200 MWp of rooftop solar power systems since 2011

Facilitates the **growth of Sri Lanka's construction and infrastructure sector** through offering a variety of diverse services to landmark projects

Leading **mechanical, engineering and plumbing** (MEP) contractor in Sri Lanka, powered by a team of highly skilled professionals

Compliance to a range of domestic and international **environmental, quality and health and safety** certifications.

First ISO-certified Facility Management Service provider in the country

21% in 2023, it is noteworthy that in the last quarter of 2023 and first quarter of 2024 the sector marked a positive growth. Growth was supported by improving business sentiments together with favourable interest and exchange rate dynamics and liquidity injections by the government as settlement of dues to contractors. Meanwhile, Sri Lanka's solar sector recorded remarkable growth during the year driven by price adjustments in electricity costs. Accordingly, solar (rooftop) generation increased substantially in 2023, accounting for 9% of the total non-conventional renewable energy generation (NCRE). Meanwhile the global prices of solar panels continued its downward trajectory during the year falling by nearly 50% in view of increased production capacity and inventory piling by suppliers.

21%
Contraction in construction industry

70%
Sri Lanka's renewable energy target for 2030

9%
Solar contribution to the NCRE mix

Summary of external drivers

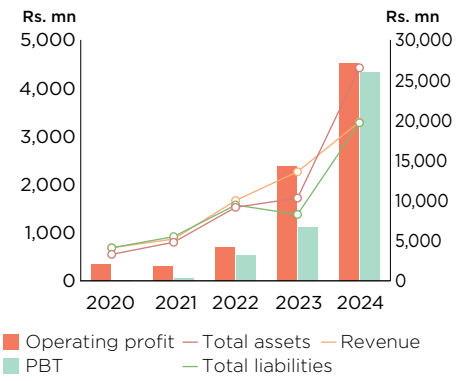
	Driver	Driver Significance of impact	Implications on Sector
Economic and geo-political context	Appreciation of the exchange rate	M	+ Favourable to the Sector given its reliance on imported inputs
	Contraction of the construction industry for most part of the year	M	- Subdued demand for MEP, facility maintenance and other related solutions
	Government liquidity injection to construction sector towards the latter part of 2023	M	-+ Gradual recovery of construction sector and promising outlook for 2024/25
Industry context	Increase in electricity and energy prices	H	+ Increased demand for solar from both residential and industrial customers
	Decline in global solar panel prices	M	+ Improved affordability
	Intensifying competition in solar	M	- Entrance of new players and intensifying price competition
Sustainability context	Sri Lanka's national climate ambitions of increasing reliance on renewable energy to 70% by 2030	H	+ Anticipated increase in demand for solar
	Increasing popularity of sustainable financing avenues and concessionary funding schemes for green investments	M	+ Potential increase in demand for solar given access to concessionary funding schemes

H-High, M-Medium, L-Low. Brown circle represents adverse effect while yellow circle represents positive affect

STRATEGY AND INTEGRATED PERFORMANCE REVIEW

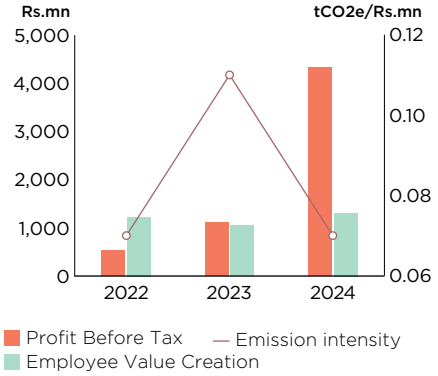
The Sector recorded delivered impressive growth and profitability during the year, emerging as the 2nd largest contributor to Group Profit Before Tax with a share of 14%. Revenue increased by 46% to Rs. 19.80 bn driven primarily by strong growth in the Renewable Energy cluster and supported by broad-based growth across all clusters. Profitability margins also improved during the year reflecting scale efficiencies in line with volume growth. The Sector's finance costs also declined significantly during the year, reflecting relentless focus on optimising working capital requirements as well as the downward trajectory of interest rates. Overall, the Sector generated a Profit Before Tax of Rs. 4.33 bn during the year a near tripling increase of Rs. 1.11 bn compared to the previous year.

SECTOR FINANCIAL PERFORMANCE



PROJECTS & ENGINEERING

INTEGRATED PERFORMANCE



Renewable Energy

The cluster reaffirmed its position as the market leader in the rooftop solar PV segment, completing 200MW of installation and commanding an estimated market share of 25%. Revenue and Profit Before Tax recorded an increase of 141% and 233% during the year and was the largest contributor to the Sector. The cluster's strategic foresight and timely interventions in penetrating the residential segment through a wider geographical footprint of 6 branches, deployment of stronger sales force and ongoing market activations enabled the cluster to capitalise on the surge in demand for solar during the year. The cluster also continued to strengthen its product proposition through the launch of solar hot water systems and irrigation and industrial pumps. In a landmark project marking a major milestone in Sri Lanka's renewable energy journey, the Cluster also constructed a 2MWh battery backup system powered by solar PV which can offer up to three days of uninterrupted power to the respective client. In ensuring the accessibility of solar to a wider market and driving the country's renewable energy aspirations, the Sector also partnered with several banks to introduce easy payment schemes and concessionary rates for solar installations.

Engineering Services

The cluster posted a strong turnaround during the year, generating a positive bottom line during year. Performance was upheld by improvements in core performance with the recommencement of projects as well as a reduction in finance costs during the year. The cluster also optimized its organizational structure to empower leadership teams and enable better resource allocation, which in turn drove increased customer acquisition. The cluster also sought supply chain efficiencies through disintermediation and proactive negotiations with principals.

System Integrated Solutions

While the cluster secured several new projects during the year, performance was impacted by the deferment of several existing projects to the next financial year. Emphasis was placed on refining the cluster's product offering through expanding the solutions offered under the security surveillance and audio-visual services range. The cluster also relaunched its ICT services arm as Fentons Information Technology under the brand promise of 'Dependable tech-Capable hands' offering access to world-class security and network infrastructure solutions.

The cluster delivered record-high profitability during the year. Performance was supported by customer acquisition in new market segments and diversification of the service portfolio to include equipment maintenance and minor works. In a significant achievement, the cluster also entered Maldives during the year, securing a contract with a multi-national financial institution. The Architectural Drawings and 3D Visualisations cluster also represents a new business line, which offers 3D modeling of architectural drawings, enabling viewers to obtain the first-of-its-kind immersive experience through virtual reality.

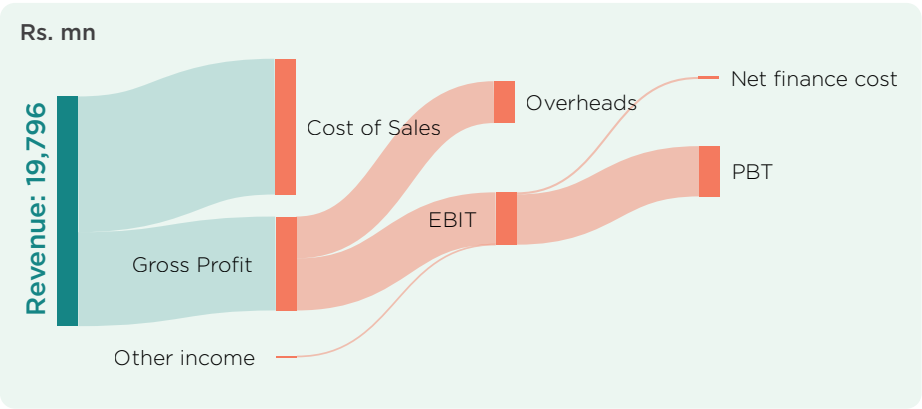
Other segments

The Equipment Trading cluster also delivered its best-ever performance through consolidating its market position in the solar panel trading and expanding its product portfolio. In a new venture, Fentons commenced Equipment Renting during the year, seizing the market opportunity presented by organisations increasingly favouring renting equipment over purchasing. This cluster is powered by a team of highly capable designers and architects.

ESG in Action

The Sector commenced its alignment with the Hayleys Group's ESG Roadmap during the year and is currently in the process of formulating its own ESG strategy with targets, action plans and deliverables up to 2030. Key interventions and developments in the Sector's ESG integration during the year included the following:

- Establishment of Sector ESG Steering Committee
- Obtaining membership of the United Nations Global Compact and committing to the 10 principles
- Strengthen ESG risk assessment and integration with existing risk processes
- Third-party verification of GHG emissions (2022/23)



HOW WE DEFINE VALUE

SHAREHOLDERS
Sustainable growth in returns commensurate with risk undertaken

CUSTOMERS
Access to reliable and high-quality engineering solutions and excellent customer service

EMPLOYEES
Competitive remuneration, opportunities for skill and career progression

PRINCIPALS
Opportunities for mutual growth and ease of conducting business

GOVERNMENT
Generation of tax revenue, supporting the country's emission reduction aspirations and job creation

COMMUNITY
Positive social and environmental impacts and contribution to economic prosperity

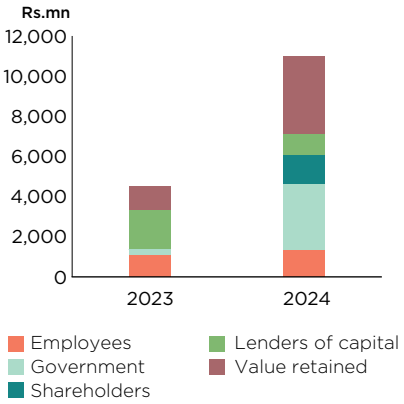
HOW WE CREATE VALUE

Strategic priorities	Consolidate leadership position in solar	Expansion of product and service portfolio	Focus on quality assurance
Resource Allocation	**200** Strength of solar business development team **6** Branches in key cities	**06** No. of new services provided	Ongoing Investments in certifications and process improvement
Strategic KPI/ Pre-financials	**87%** Growth of renewable energy sector **25%** Market share	**7,563** New customers acquired during the year	**02** New certifications obtained during the year **05** Total certifications

HOW WE DELIVER AND PRESERVE VALUE

- Total economic value generated during the year increased by 110%
- Payments to employees increased by 25% reflecting the Sector's increased headcount
- Value generated to Governments amounted to Rs. 3,327 mn and accounted for 35% of the total value created
- Payments to lenders of capital decreased by 45%.
- Value retained in the business for future investment amounted to Rs.9,586 mn compared Rs. 4,561 mn to the previous year

VALUE DISTRIBUTION



PROJECTS & ENGINEERING

FINANCIAL PERFORMANCE

Rs.mn	2024	2023	% y-o-y	2022
Revenue	19,796	13,592	46	9,473
Earnings Before Interest and Tax	4,513	2,375	90	687
Net finance income/(cost)	(180)	(1,264)	(85)	(161)
Profit Before Tax	4,333	1,111	290	527
Profit After Tax	3,784	1,139	232	384
Assets	26,530	10,315	157	9,164
Liabilities	19,684	8,273	138	9,451
Operating Cash Flow	1,484	1,334	11	(3,632)
Performance against targets				
	Target	**Actual**		**Reason for variance**
ROCE	>15%	51		Significant growth in renewable energy earnings
ROE	>20%	240		
OPERATIONAL HIGHLIGHTS	**2024**	**2023**	**% y-o-y**	**2022**
Energy Intensity (GJ/Revenue Rs.mn)	0.4	1.2	(65)	0.2
Emmission Intensity (tCO2e/Revenue Rs.mn)	0.07	0.1	(35)	0.1
No. of Employees	1,492	1,053	42	642
Revenue per Employee (Rs.mn)	13	13	2	10.3
Remuneration per Employee (Rs.mn)	0.9	1	(12)	1.35
Water intensity (liters/Revenue Rs.mn)	437	216	102	437

ESG HIGHLIGHTS

Greening the customer journey

Through its integrated solar EPC solutions, Fentons has successfully reduced the country's fossil fuel dependence, both for residential and commercial customers.

RESIDENTIAL CUSTOMERS

5,902 residences powered

- Customised services tailored for specific requirements
- Ensured affordability and accessibility through solar loans with favourable terms
- Support value chain through engaging providing panels to SME installers

COMMERCIAL PROJECTS COMPLETED

135 commercial projects completed

- Solar power installation in 800 communication towers in partnership with Dialog Axiata adding 5.6 Mw of capacity
- Hayleys Fabric- largest single roof solar PV system of 4600 kWp
- Coca Cola Biyagama factory-2,000 kWp
- Brandix 3 factories combined capacity of nearly 4,000 kWP

Empowering indirect employees across the value chain

Hayleys Solar empowers and supports over 150 micro-entrepreneurs who are partnered as installers in the operation of solar solutions.

	2024	2023	Y-o-y
Energy consumption (GJ)	8,299	16,466	-50
Carbon footprint (tCO2e)	1,432	1,487	-4%

Roots of resilience

Launched a biodiversity conservation programme at the Bolgoda Lake in partnership with the Department of Coast Conservation and Coastal Resource Management (CCCRMD)., with the aim of reforesting 1,000 of mangroves

Employee value proposition

Hayleys Solar empowers and supports over 150 micro-entrepreneurs who are partnered as installers in the operation of solar solutions.

	2024
No. of employees	311
Training investment (Rs.mn)	7
Total training hours	15,783
Payments to employees (Rs.bn)	1.31

PROSPECTS AND PLANS

The Sector's performance is expected to be driven by Renewable Energy over the short-to-medium term, for which the outlook remains extremely promising. The country's gradual shift towards a low-carbon economy, coupled with conducive interest and exchange rates and persistently declining cost of solar modules is expected to support this growth. The dynamics shaping the Sector's operating landscape over the short, medium and long-term are listed below:

INDUSTRY RISK AND OPPORTUNITY LANDSCAPE

Sri Lanka's renewable energy drive

As a signatory to the Paris Agreement, Sri Lanka has committed to achieve carbon neutrality by 2050. This commitment entails a 70% reliance on renewable energy for power generation by 2030 and gradual phasing out of fossil fuel subsidies. On the flip side however, this transition requires the country to bridge a significant funding gap of approximately USD 11 bn.

Response

The Sector intends to leverage on the policy thrust towards renewable energy through further strengthening its market position

Anticipated recovery of construction and infrastructure sector

Sri Lanka's construction sector and resultantly infrastructure projects are poised for growth with the gradual stabilisation of the exchange rate and relatively favourable interest rate dynamics. The strong recovery of the tourism sector is also expected to drive demand for new constructions.

Response

Strengthen market activations across key verticals to drive new customer acquisition

Technology driven business transformations

Emerging technologies such as virtual reality, AI, robotics and digital twins are reshaping engineering, presenting significant opportunities for businesses to drive technology enabled transformation

Response

Leveraging technology to expand the Sector's product proposition (i.e 3D visualisation through NexGen)

Talent migration

The recent exodus of talent from the country, particularly in the IT and technology fields has posed a considerable challenge in attracting and retaining the right talent

Response

Strategic focus on developing capabilities of team and building the next generation of leaders

Sustainability related risks and opportunities (SRRO)

Supply chain visibility

The boom in production of solar panels in China have raised concerns on the use of forced labour, violations of human rights and the use of coal-fired electricity in certain regions. This has underscored the critical importance of supply chain visibility for solar contractors and suppliers purchasing panels from China.

< 1 year	Limited impact over the short-term
1-5 years	Potential restrictions on imports from selected suppliers linked to labour allegations, particularly in the EU and USA regions
>5 years	Regulations on supply chain assessments
Response	Sourcing from globally reputed suppliers with strong social and environmental practices

Decarbonisation goals of businesses

Organisations, particularly those in export-oriented industries are pursuing ambitious decarbonisation goals which will require significant investments in renewable energy

< 1 year	Demand from MNC and export -oriented businesses
1-5 years	Increased demand from both domestic and export-oriented businesses
>5 years	Low emission operating models will become the norm
Response	Currently exploring avenues of low-carbon technologies with the aim of decarbonising vessels

Product end of life management

The global production boom of solar panels is estimated to create a wave of solar trash over the long-term in which recycling infrastructure remains considerably inadequate

< 1 year	Limited impact over the short-term
1-5 years	Solar panel recycling regulations are likely to come into place, aligned with the e-waste regulations in the EU
>5 years	Necessitates increased capacity in solar panel recycling and comprehensive end-of-life infrastructure for uninstallation, transportation and storage
Response	Exploring avenues for responsible disposal and recycling of waste- which is likely to impact the Sector over the long-term

PROJECTS & ENGINEERING

FUTURE PLANS	
Short-term	**Medium-to-long term**
• Consolidate market leadership position in renewable energy • Efficiency and cost management drive • Optimise working capital management • Market activations of new business lines to drive increased penetration • International expansion	• Strengthen market position in renewable energy and widen presence in adjacencies. • Island-wide penetration of services and improving affordability • Participation in the broader spectrum energy following to the reforms of the energy sector
Short-term goals ROCE>25% ROE<30%	**Medium-to-long term goals** ROCE>30% Gearing>45%

SASB DISCLOSURES

Table: Engineering and Construction Services Standard

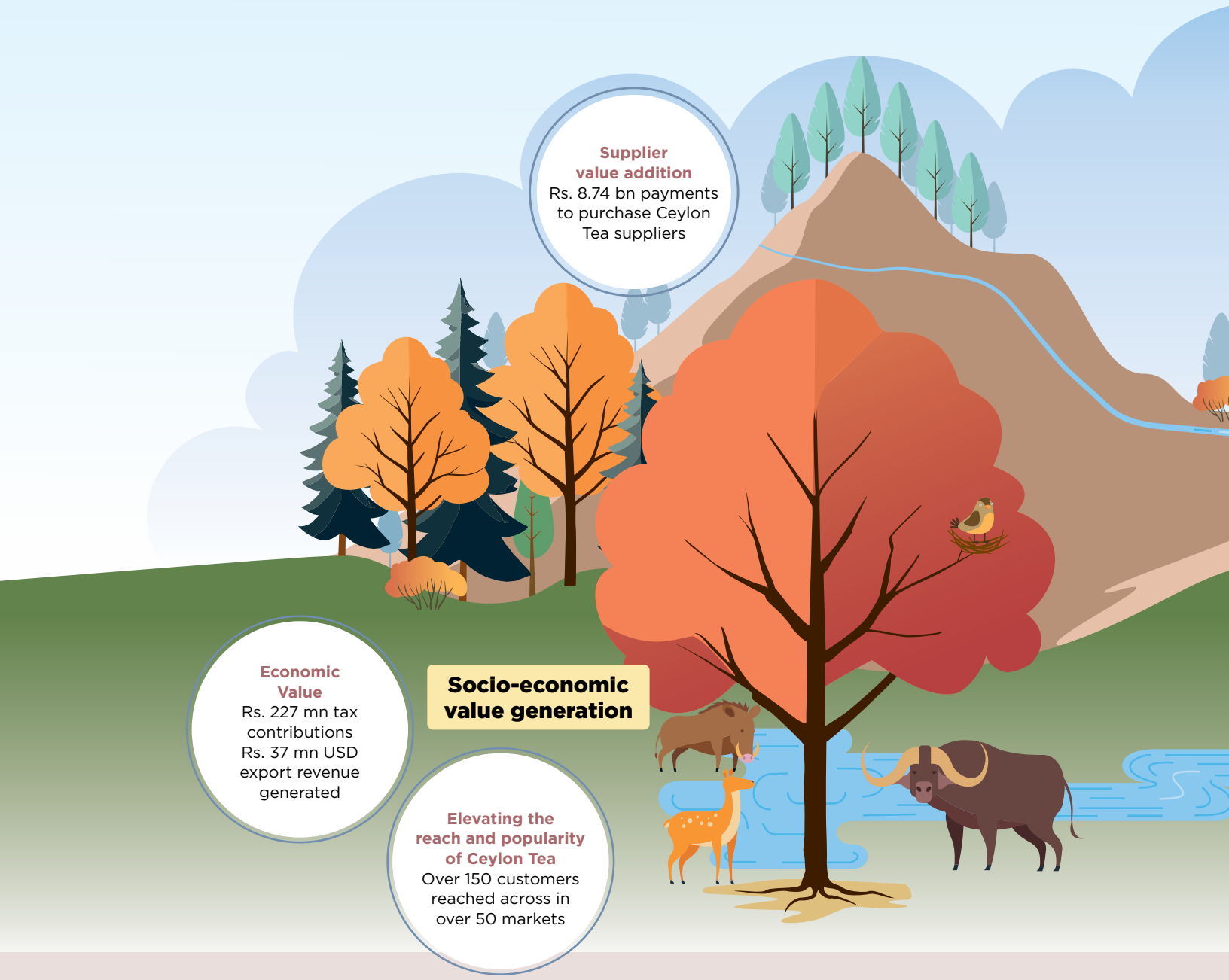
TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	CODE	DISCLOSURE/Pg. reference
Environmental Impacts of Project Development	Number of incidents of environmental	Number	IF-EN-160a.1	0
	Discussion of processes to assess and manage environmental risks associated with project design, siting and construction	N/A	IF-EN-160a.2	Environmental risks are identified through compliance obligations, financial implications, stakeholder concerns and environmental impacts. This process is discussed in further detail on page 302.
	Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents	Presentation currency	IF-EN-250a.2	0 (No such cases identified during the year)
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	Rate	IF-EN-320a.1	Workforce Health & Safety (a) Total recordable incident rate Direct Employee=0.04 Contract Employee =0.04 (b) No fatalities recorded
Climate Impacts of Business Mix	Amount of backlog for (1) hydrocarbon related projects and (2) renewable energy projects	Presentation currency	IF-EN-410b.1	(1) 0 (2) Rs. 15,944,801,194
	Amount of backlog cancellations associated with hydrocarbon-related projects	Presentation currency	IF-EN-410b.2	0 (We are not doing the hydrocarbon-related project in our business scope.)
	Amount of backlog for non-energy projects associated with climate change mitigation	Presentation currency	IF-EN-410b.3	0
Business Ethics	(1) Number of active projects and (2) backlog in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Number, Presentation currency	IF-EN-510a.1	Not applicable
	Total amount of monetary losses due to charges of (1) bribery or corruption and (2) anti competitive practices	Presentation currency	IF-EN-510a.2	N/A
	Description of policies and practices for prevention of (1) bribery and corruption,	N/A	IF-EN-510a.3	Aligned to the Hayleys Group's Bribery and Anti-Corruption policy, which stipulates a zero tolerance for commusn
ACTIVITY METRIC				
Number of active projects (Group)		Number	IF-EN-000.A	28203
Number of commissioned projects		Number	IF-EN-000.B	14773
Total backlog		Presentation currency	IF-EN-000.C	Rs 10,812,000,000



TEA EXPORTS

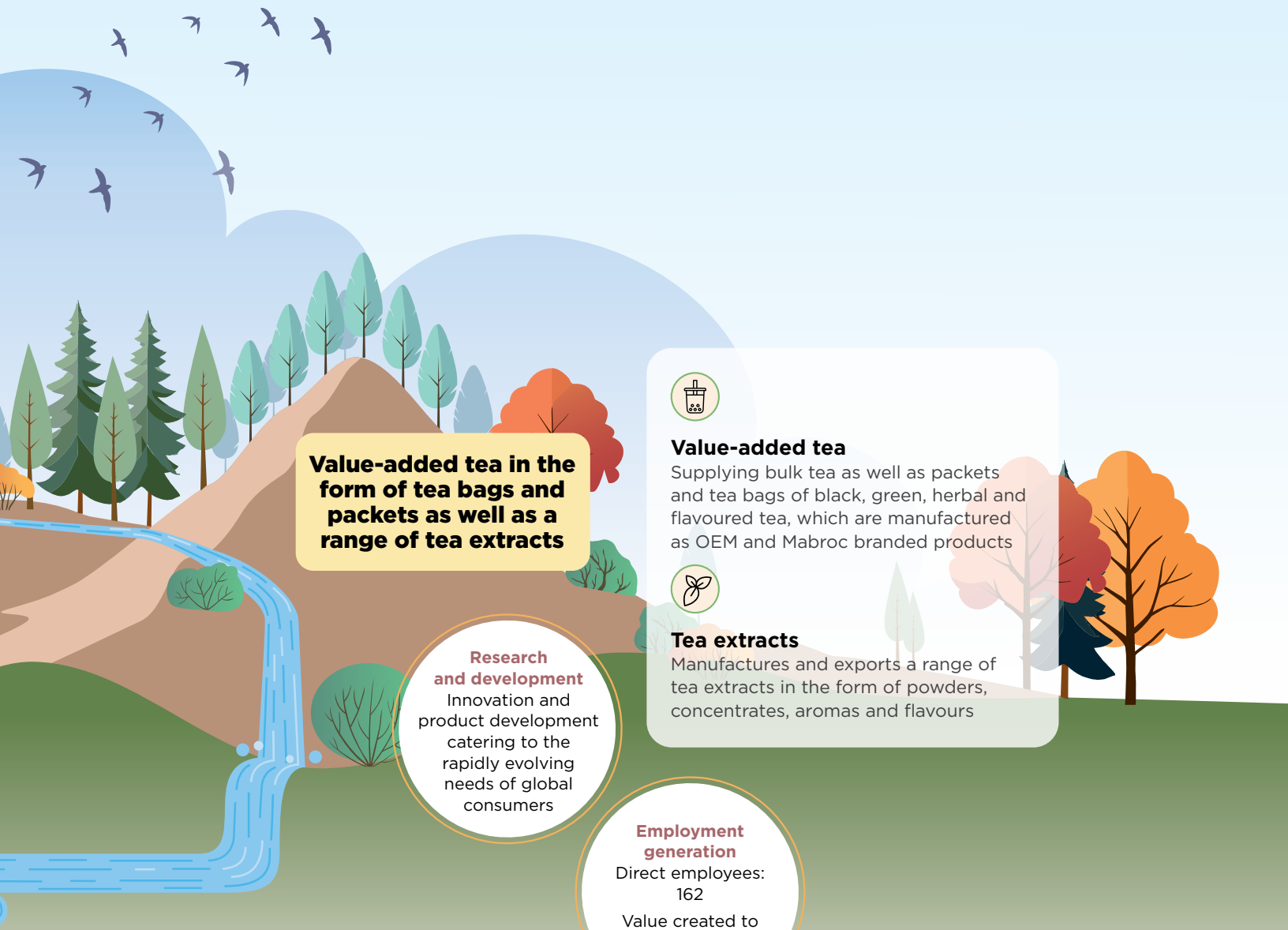
As one of Sri Lanka's largest value-added tea exporters, the Sector drives significant local value addition, taking Ceylon Tea to the world through extensive distribution networks and long-standing customer relationships. The Sector plays a vital role in expanding the global reach and popularity of Ceylon Tea which is critical for ensuring the longevity of the country's tea industry

TEA EXPORTS



Rs. 1.48 bn
Economic value added

1%
Contribution to Group's value creation



Value-added tea in the form of tea bags and packets as well as a range of tea extracts

Value-added tea
Supplying bulk tea as well as packets and tea bags of black, green, herbal and flavoured tea, which are manufactured as OEM and Mabroc branded products

Tea extracts
Manufactures and exports a range of tea extracts in the form of powders, concentrates, aromas and flavours

Research and development
Innovation and product development catering to the rapidly evolving needs of global consumers

Employment generation
Direct employees: 162

Value created to employees: Rs. 361 mn

Revenue	Profit Before Tax	Profit After Tax	Assets	Liabilities	Employees	Carbon footprint
Rs. 12.2 Bn (-3%)	Rs. 824 Bn (-41%)	Rs. 614 Mn (-49%)	Rs. 4.64 bn (+3%)	Rs. 1.87 bn (-15%)	162 (+17%)	384 tCO2e (+13%)

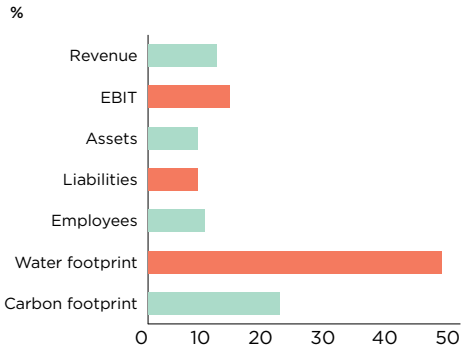
+ denotes y-o-y growth - denotes y-o-y decline

TEA EXPORTS

SECTOR OVERVIEW

The Group's Tea Exports Sector is represented by two entities; Mabroc Teas (Pvt) Ltd, one of Sri Lanka's leading value-added and bulk tea exporters and Martin Bauer Hayleys (Pvt) Ltd, an innovative manufacturer and exporter of Ceylon tea extract powders and tea aroma in the liquid and powder form. Both companies serve as export arms of the Group's plantation companies and create significant local value addition through sourcing bulk of their tea requirements from Hayleys Plantations. Martin Bauer Hayleys (Pvt) Ltd is a joint venture between Hayleys and global leader in botanicals, German-based Martin Bauer Group (MBG).

CONTRIBUTION TO GROUP



MABROC (PVT) LTD

Exporter of value -added tea

Performance 2023/24

Revenue: (0.3%) decline
PBT: (34%) decline

MARTIN BAUER HAYLEYS (PVT) LTD

Manufacturer and exporter of tea extracts

Contribution to Sector

Share of profit of associates: Rs 167.20 mn

OPERATING ENVIRONMENT

The Sector experienced a challenging year during the year, mirroring the complexities faced by the country's plantation sector. Rising cost of tea amidst relatively low production volumes, the recent surge in fertilizer costs as well as high labour costs adversely impacted profitability margins. The country's tea crops continue to be affected by the shortage of labour and low yields which have resulted in sub-optimal production volumes. Meanwhile, exchange rate dynamics also remained unfavourable to exporters during the year given the sharp appreciation of the Sri Lankan Rupee for most part of the year. On the other hand, global demand for both value-added tea and tea extracts remain healthy, reflecting consumers' increasing tilt towards products that contribute to their health and well-being.

STRATEGY AND INTEGRATED PERFORMANCE REVIEW

The Sector performed commendably in a challenging year, with Mabroc and Martin Bauer Hayleys delivering strong volume growth through new customer acquisitions and deeper penetration of existing customers. The latter also benefitted from increased local demand for 3 in 1 instant milk tea given the sharp increase in milk powder prices. Performance was however affected by unfavourable exchange rate dynamics which saw Revenue (representing Mabroc) declining by 3% to Rs. 12.20 bn. Profit contribution from Martin Bauer Hayleys (which is accounted for an equity accounted investee) also declined to 159.06% mn during the year due to the appreciation of the Sri Lankan Rupee. Overall the Sector's Profit Before Tax amounted to Rs. 823.65 mn, a decline of 41% compared to the previous year which was also buoyed by significant exchange gains.

COMPETITIVE POSITION

Mabroc's OEM and branded products as well as Martin Bauer's products are sold to **leading retailers and supermarket chains in over 71 countries** . Mabroc's products are also sold in over 20,000 retail outlets in the domestic market

The Sector is committed to maintaining the highest standards of quality and product responsibility as attested by **numerous Food Safety and Quality certifications.**

In value-added tea, the Sector has capabilities to **customise and skillfully blend teas** to supply e a range of packets and tea bags of black, green, herbal and flavoured tea. Martin Bauer Hayleys is the only Sri Lankan manufacturer with capabilities to manufacture tea

Mabroc Teas is **one of Sri Lanka's largest tea exporters** and the 3rd largest exporter of bulk tea. It is also the largest exporter of tea from Sri Lanka to China and Taiwan. Martin Bauer Hayleys (Pvt) Ltd is the leading exporter of Ceylon Tea aroma to the global market and one of Sri Lanka's largest exporters of instant tea

Summary of external drivers

	Driver	Driver Significance of impact	Implications on Sector
Economic and geo-political context	Appreciation of the Sri Lankan Rupee	H	- Adverse implications on international competitiveness and profitability margins
	Global geo political tensions	M	- Volatility in demand conditions and disruptions to shipping routes
Industry context	High cost of tea production in Sri Lanka	H	- Implications on international competitiveness and attractiveness of Ceylon Tea
	Intensifying global competition	M	- Intensifying price competition and implications on market share and profitability margins
	Relatively low labour productivity in estate sector	H	- Long term implications on crop volumes and ability to serve demand conditions
Sustainability context	Global recognition of tea as a beverage with significant health benefits	M	+ Growth opportunities in new market segments
	Escalating implications of climate change	M	- Impacts of erratic weather patterns on quantity and quality of crop

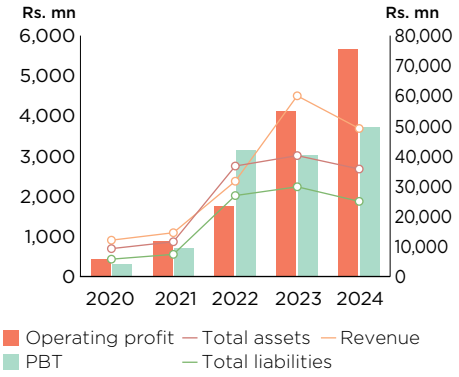
H-High, M-Medium, L-Low. Brown circle represents adverse effect while yellow circle represents positive affect

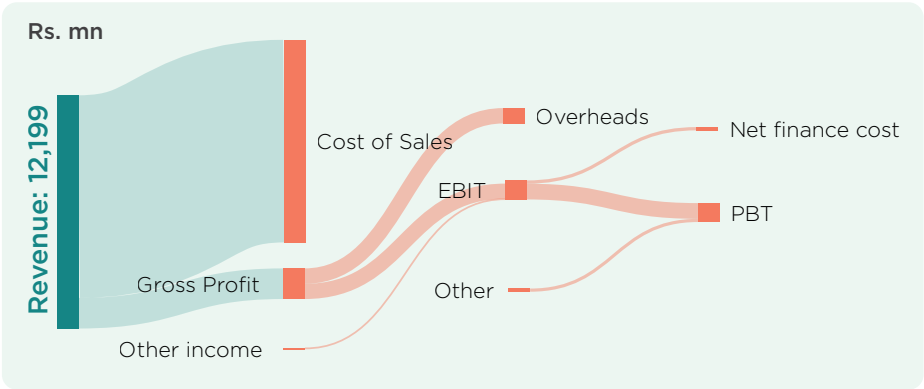
Geographical diversification remains a key priority for Mabroc and during the year the Company strengthened its position in Poland through an investment in one of the leading FMCG distribution companies expanding its product range and volumes to drive increased penetration across the country's leading supermarket chains. In diversifying its supply chains, Mabroc also entered Kenya during the year establishing a fully-fledged tea export company in Mombasa – Kenya. This is expected to strengthen the Company's competitive edge in the medium to long-term as it leverages on multi-origin tea blends and existing relationships in Europe to access new market segments. Meanwhile, Mabroc also strengthened its position in the domestic market, through successfully marketing the Talawakelle Supiri Kahata brand in the general and modern trade in Sri Lanka.

The Sector also continued to leverage its best-in-class research and development capabilities to widen its product offerings. During the year Mabroc sought to develop a range of herbal teas and is exploring opportunities of further expanding it's fruit teas. Meanwhile Martin Bauer leveraged on the domain knowledge and global insights of the Martin Bauer Group to further widen its portfolio of aroma and concentrations. Both companies also strengthened its product development and manufacturing capabilities during the year through investments in infrastructure and talent.

As part of the Hayleys Group, the Sector benefits from traceability up to field level through the procurement of tea from Hayleys Plantations which are pioneers and global leaders in industry sustainability. This partnership has enabled the Sector to strengthen its competitive edge through accessing single garden products which are cultivated under stringent certification requirements, underpinned by strong social and environmental practices.

SECTOR FINANCIAL PERFORMANCE





TEA EXPORTS

HOW WE DEFINE VALUE

SHAREHOLDERS
Sustainable growth in returns commensurate with risk undertaken

CUSTOMERS
Innovative, high quality products which are sourced sustainably

EMPLOYEES
Competitive remuneration, increased dignity of labour and opportunities for skill and career progression

BUSINESS PARTNERS
Opportunities for mutual business growth

GOVERNMENT
Generation of tax and foreign exchange revenue and job creation

COMMUNITY
Positive social and environmental impacts and contribution to economic prosperity

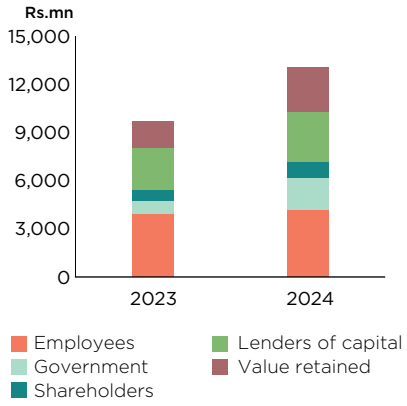
HOW WE CREATE VALUE

Strategic priorities	Innovation	Regional expansion	Quality focus
Resource Allocation	**Rs. 12 mn** Investments in research and development	**Rs. 217 mn** Investments in regional expansion	**11** Customer audits engaged during the year
Strategic KPI/ Pre-financials	**19** New products introduced	**07** New markets entered **29** New customers acquired	**19** Quality certifications **100%** Customer satisfaction rate

HOW WE DELIVER AND PRESERVE VALUE

- Total economic value generated during the year declined by 22% reflecting the appreciation of the Sri Lankan Rupee
- Payments to employees Increased by 23% during the year
- Value generated to Governments amounted to Rs. 227 mn and 20% of the total value created
- Payments to lenders of capital Decrease by 43%
- Value retained in the business for future investment amounted to Rs 544 mn compared to Rs.518 mn the previous year

VALUE DISTRIBUTION



FINANCIAL PERFORMANCE

Rs.mn	2024	2023	% y-o-y	2022
Revenue	12,199	12,624	(3)	7,806
Earnings Before Interest and Tax	829	1,330	(38)	1,011
Net Finance Income/(Cost)	(173)	44	(491)	(315)
Share of profit of equity accounted investees (net of tax)	167	381	(56)	47
Profit Before Tax	823	1,386	(41)	1,326
Profit After Tax	614	1,999	(49)	1,121
Assets	4,643	4,507	3	4,621
Liabilities	1,868	2,187	(15)	2,711
Operating Cash Flow	871	576	57	437
Performance against targets				
OPERATIONAL HIGHLIGHTS	**2024**	**2023**	**% y-o-y**	**2022**
Energy Intensity (GJ/Revenue Rs.mn)	0.18	0.3	(29)	0.38
Water Intensity (Litres/Revenue Rs.mn)	362	1,328	(73)	518
Emmission Intensity (tCO2e/Revenue Rs.mn)	0.03	0.04	25	0.07
Revenue per Employee (Rs.mn)	39.1	91.48	18	57.82
Remuneration per Employee (Rs.mn)	2.23	2.12	5	2.10

ESG HIGHLIGHTS

Climate Action

In line with the carbon neutrality aspirations of the Martin Bauer Group, the Company commissioned a 1.5 MW solar plant during the year which is expected to fulfill around 30% of the energy requirement of the manufacturing facility. This was funded through a concessionary loan facility granted by Martin Bauer Group which is driving carbon reductions across over 30 locations in its global network.

- Mabroc also established a 245kW solar panel with inverter capacity of 245 kW

	2024	2023	% Y-o-y	Target
Mabroc- Carbon footprint (tCO2e)	384	442	-13	20% reduction
MBH-Carbon footprint (tCO2e)	3,907	N/A	N/A	N/A

PEOPLE DEVELOPMENT

Given increased challenges in employee attraction and retention, the Sector sought to build capabilities and nurture its talent pipelines through increased investments in training and development.

	2024	2023	% y-o-y
Training hours (hours)	1,451	1,341	8.2
Investment in training (Rs.mn)	2.31	0.9	156

COMMUNITY ENGAGEMENT

Multi-faceted CSR projects under the Mabroc Tea Without Tears project including tree planting campaigns, book donations and donations towards healthcare

WASTE MANAGEMENT

Mabroc teas has also initiated a pilot project in vegetable cultivation, utilizing tea and food waste generation from its operations as organic fertilizer.

TEA EXPORTS

PROSPECTS AND PLANS

While global demand dynamics for value-added tea and extracts remains favourable, the Sector's short-to-medium term outlook is somewhat clouded by the complexities in the country's plantation sector. The tea sector is at a critical juncture at which transforming remuneration models, investing in replanting and pursuing sustainable agricultural practices is critical for long-term survival. The Sector's short, medium and long-term risks and opportunities are summarised below:

INDUSTRY RISK AND OPPORTUNITY LANDSCAPE

Escalating local cost of production

Sri Lanka's cost of production continues to be higher than competing producers due to low labour productivity and declining yields, which over the medium to long-term is likely to affect the country's competitiveness in the international market

Response
Geographical diversification of raw material sourcing through international expansion

Increasing international competition

The competitiveness of Ceylon Tea in the international market is being threatened by the country's rising cost of production and dwindling volumes amid intensifying competitive pressures from other producing nations such as Kenya

Response
Product innovation to develop value-added premium offerings

Exchange rate dynamics

The Sri Lankan Rupee is expected to appreciate further before stabilising towards the end of Calendar year 2024. This will adversely impact the international competitiveness and profitability margins of Sri Lankan tea exporters

Response
International expansion to limit exposure to a single currency

Rise of the health -conscious consumer

Consumers are increasingly tilting towards products that contribute to their well-being, given increasing focus on healthy lifestyles. As a healthy beverage, tea is aptly positioned to benefit from these evolving customer requirements

Response
Strengthen promotions and market activations

Sustainability related risks and opportunities (SRRO)

Declining land productivity in tea sector

Limited investments in replanting and infilling have led to long-term decline in productivity of Sri Lanka's tea lands, resulting in relatively lower yields

< 1 year	Limited impact in short-term
1-5 years	Further declines in yields and resultant escalation in cost of production is likely to affect Sri Lanka's international competitiveness in the global market
>5 years	Commercial viability of Sri Lanka's tea industry could be threatened significantly impacting growth and profitability of exporters
Response	Regional expansion and geographical diversification of supply chain

Physical climate-related risks of increasingly erratic weather patterns

Escalating implications of climate change have led to significant volatility in rainfall and precipitation levels as well as considerable fluctuations in temperature levels

< 1 year	Volatility in production levels and variations in quality
1-5 years	More pronounced impacts of volatile weather patterns, which will impact leaf quality, yields and prices
>5 years	If climate adaptation measures are not adopted, Sri Lanka's tea industry could suffer significant challenges
Response	Geographical diversification of supply chains

Evolving requirements of buyers

Global customers are increasingly demanding responsible social and environmental practices along the entire value chain

< 1 year	Limited impact in the short-term
1-5 years	European customers are expected to strengthen due diligence along the value chain, given emerging regulations.
>5 years	global implementation of regulations driving ethical sourcing and traceability across value chains
Response	Ensure full supply chain transparency and traceability through partnership with Hayleys Plantation companies

ESG IN ACTION

The Sector is currently in the process of strengthening its ESG integration with Mabroc aligning to the aspirations of the Hayleys Lifecode while Martin Bauer Hayleys is guided by the sustainability aspirations of the Martin Bauer Group. The former is a Member of the United Nations Global Compact, partnering with KVPL to produce the world's 1st UNGC signatory tea brand and commit to the 10 principles. Meanwhile Martin Bauer Hayleys is aligned to the Martin Bauer Group's aspirations to achieve carbon neutrality by 2030, focusing on reducing its reliance on fossil fuel-based energy sources to achieve emission reductions. During the year Martin Bauer Hayleys also commenced tracking and reporting all material social and environmental performance indicators to the Hayleys CUBE- the Group's sustainability information portal.

In navigating these challenges, the Sector will focus on innovation to sharpen its competitive edge while accessing new markets and securing its supply chains through geographical diversification. Key priorities in the short, medium and long-term are as follows:

FUTURE PLANS	
Short-term	**Medium-to-long term**
• Increase market share in existing markets • Enhance production capacity through investments in manufacturing infrastructure • Development of Sector Sustainability/ESG roadmap • Upskilling human capital with focus on technical, R&D and leadership capabilities	• Drive increased penetration in key markets such as China, Japan and Taiwan • Penetrate new markets and regions • Operating efficiencies through automation • Ongoing innovation and product development to cater to emerging customer requirements • Strengthen position in local market through expanding presence in retail outlets
Short-term goals Gross profit margin>12% ROE>20%	**Medium-to-long term goals** ROCE> 20% ROE>20%



OTHERS

The Others Sector comprises Hayleys Business International Solutions and Group Services of Hayleys PLC. HBSI engages in BPO operations and Shared Services specializing in providing a range of back-end services including accounting, payroll, digital marketing, data management and IT solutions among others. Hayleys Fentons, which was previously classified under the Others Sector is now presented separately as the 'Projects and Engineering' Sector given its increased contribution to the Group and wider socio-economic impacts. Sector financial and non-financial indicators have been adjusted to reflect this reclassification.

HBSI

Provider of BPO services and shared services within the Group

Contribution to Sector
Revenue: 27%
PBT: 13%

Performance 2023/24
Revenue: 13% growth
PBT: 4% decline

HAYLEYS PLC

Holding company

Contribution to Sector
Revenue: 24%
PBT: 68%

Performance 2023/24
Revenue: 2% growth
PBT: 23%% decline

SECTOR PERFORMANCE OVERVIEW

The Others Sector's Revenue declined by 38% to Rs. 1.44 bn during the year, reflecting a reduction in dividends upstreaming to Hayleys PLC in line with the decreased profitability in certain key sectors. The decline in Profit Before Interest and Tax was, however contained at 8% while Net Finance Cost decreased marginally to Rs.4.39 bn due to the lower interest rate scenario that prevailed during the year. Total tax expenses increased by 49% due to upward revision in tax rates resulting ain the Sector's Profit After Tax declining by 25% to Rs.1.94 bn during the year under review.

Rs.mn	2024	2023	% y-o-y	2022
Revenue	1,439	1,534	(6)	1,753
Earnings before interest and tax	6,728	7,198	(7)	5,830
Net finance income/(cost)	(4,389)	(4,418)		(1,854)
Profit before tax	2,380	2,824	(16)	4,043
Profit after tax	1,940	2,581	(25)	3,975
Assets	73,736	72,750	1	69,977
Liabilities	33,082	31,795	4	31,218
Operating cash flow	5,831	6,655	(12)	5,254
OPERATIONAL HIGHLIGHTS	**2024**	**2023**	**% y-o-y**	**2022**
ESG HIGHLIGHTS				
No. of employees	387	356	9	333
Energy consumption (GJ)	3,087	11,445	(73)	7,254
Energy intensity (GJ)	2.2	7.5	(71)	4.1
Carbon footprint (tCo2e)	592	1,479	(60)	1,193
Carbon intensity (tCO2e/Rs.mn)	0.4	1.0	(57)	0.7
Water consumption (m^3)	16,636	12,772	30	13,188
Water intensity (Litres/Rs.mn)	11,564	8,326	39	7,523

HAYLEYS PLC

With the reclassification of Hayleys Fentons, Hayleys PLC emerged as the most significant contributor to the Others Sector. Overall performance of Hayleys PLC eased in comparison to the previous year, reflecting a decline in dividends received as well as a considerable increase in tax payments. Dividend received during the year amounted to Rs.5.35 bn a decline of 8% compared to the previous year reflecting lower profitability in several key verticals, while administrative expenses increased by 7% led by higher staff costs. Resultantly the Company's Earnings Before Interest and Tax reduced by 8% to Rs.6.23 bn during the year. A near 42% increase in tax expenses, stemming from the upward revision in the tax rate as well as the claiming of brought forward tax losses in 2022/23, resulted in the Company's Profit After Tax declining by 30% to Rs.1.33 bn.

HAYLEYS BUSINESS SOLUTIONS INTERNATIONAL LTD

HBSI recorded strong top line growth of 13% during the year supported by broad-based expansion across all business verticals. Profitability, however, was adversely affected by the appreciation of the Sri Lankan Rupee, resulting in Profit-Before-Tax declining by 4% to Rs. 301.18 mn during the year. The BPO operations delivered strong growth during the year, upheld by increased penetration in the Australian market and a wider service proposition with the addition of pharmacy accounting to the retinue of services offered. The Company also strengthened its position in web services and digital media solutions with a surge in demand from new and existing customers. The Company's unique operating model, which offers flexible and hybrid work arrangements continues to empower new mothers returning to work and this coupled with increased focus on training opportunities across both technical and soft skills has aided in the retention of employees amidst an industry-wide exodus of skilled migration.

CAPITAL MANAGEMENT

The Group's six capital resources (as defined in the IR Framework) interact and are transformed through the Group's strategy and processes to drive value creation, preservation and/or erosion. The interplay between these capitals typically necessitate trade-offs, which require decision-makers to give due consideration of quantity and time frame of impacts when allocating resources. The subsequent changes of this Report demonstrate how the Group relied on these resources and relationships during the year to generate outputs and long-term outcomes for stakeholders.

FINANCIAL CAPITAL

Equity: **Rs.125.53 bn**

Total borrowings: **Rs.171.77 bn**

Interactions

MC: Financial resources required for enhancing physical infrastructure

HC: Investments in employees

NC: Investments in addressing our environmental impacts and preserving nature

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HUMAN CAPITAL

Total employees: **36,266**

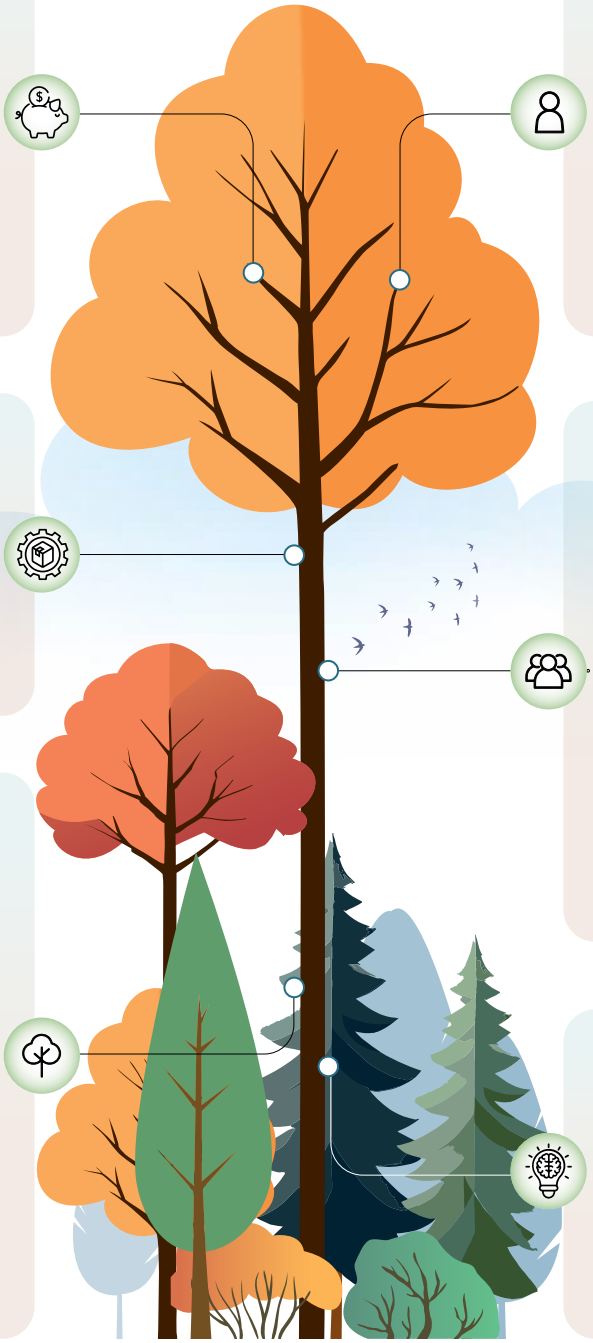
Interactions

FC: Profit generation through driving the Group's strategic aspirations

IC: knowledge sharing and mentoring across the organisation

NC: Driving the Group's environmental aspirations

Page 256



MANUFACTURED CAPITAL

Property, Plant and Equipment:**Rs.133.79 bn**

Interactions

FC: Enhances profit generating capabilities through manufacturing activities across verticals

Page 253

SOCIAL AND RELATIONSHIP CAPITAL

Extensive stakeholder relationships across value chains, business partners and communities

Interactions

FC: Supports continuous generation of value through facilitating the social license to operate

NC: Partnerships and collaborations with like-minded organisations to drive environmental aspirations

Page 266

NATURAL CAPITAL

Natural resources that generate energy as well as water use and ecosystems

Interactions

FC: Ensures continuity of operations through,

- Land in which agricultural cultivation occurs
- Continued water supply which is essential for manufacturing
- Access to agricultural raw materials
- Healthy functioning of eco systems

Page 277

INTELLECTUAL CAPITAL

Interactions

S&R: Strengthen customer relationships through innovation and product development

FC: Process and product innovations leading to a sharper competitive edge

Page 273

CAPITAL MANAGEMENT REVIEW

Sustaining our World

We remain committed towards generating and channeling growth and prosperity across our world of value – relying on the right mechanisms and processes to augment our resources and deliver positive outcomes from end to end.

Forests are an essential source of clean water and oxygen, delivering the very lifeblood that sustains ourselves and our surroundings. They serve as a natural pump – driving a cyclical process that creates the necessary conditions for sustainable growth, while using its capabilities to mitigate harmful impacts and create a purer, cleaner atmosphere in which we can thrive.



FINANCIAL CAPITAL

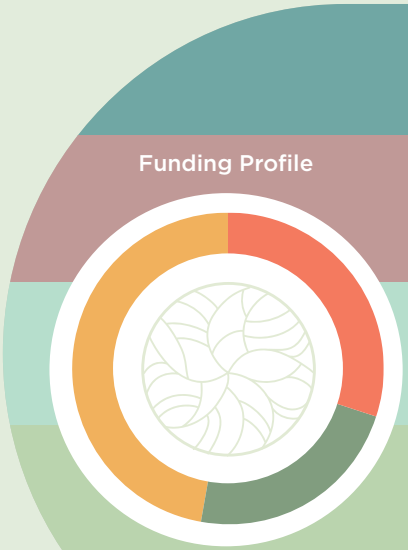
The Group's Financial Capital comprises the pool of funds available to the Group, which enables new investments and allows the sustenance of day-to-day operations. It includes equity funding, debt and retained earnings.

CONTRIBUTION TO VALUE CREATION



Rs.126 bn
Total equity

Rs.172 bn
Total debt

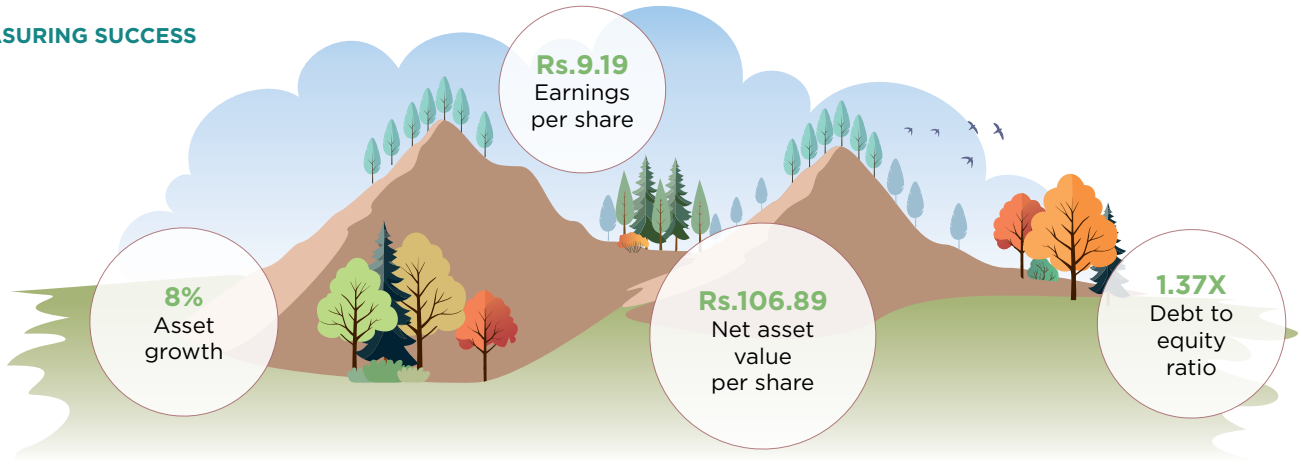


ROLE IN VALUE CREATION

- Funding to pursue growth opportunities and business expansion
- Attract and retain the industry's best talent through competitive remuneration
- Driving our innovation and product capabilities
- Deliver shareholder expectations
- Resources to further our environmental and social aspirations

● Equity ● Non current liabilities ● Current liabilities

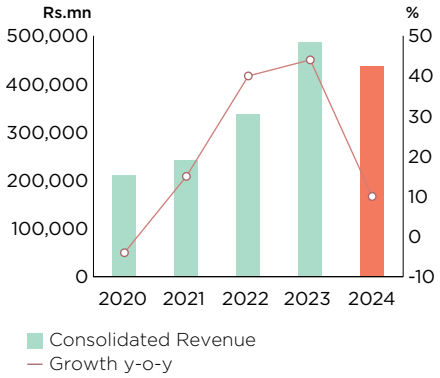
MEASURING SUCCESS



REVENUE

The Group leveraged the diversity of its businesses, geographies and markets to remain resilient in a year of volatility and unpredictability. Despite subdued global demand in key markets and the appreciation of the Sri Lankan Rupee during the year, the Group generated a Consolidated Revenue of Rs. 436.83 bn, curtailing the y-o-y decline to 10%. While the Group's export sectors recorded revenue contractions, this was somewhat countered by the strong top line growth of Projects & Engineering (+46%) and Consumer & Retail Sector (+28%). Resultantly, the Group's Revenue composition tilted increasingly towards the domestic market, accounting for 46% of Consolidated Revenue during the year, compared to 38% the year before. The Transportation & Logistics Sector maintained its position as the largest contributor to Consolidated Revenue with a share of 21% during the year, followed by Consumer & Retail (19%), Textiles (11%), Hand Protection (10%) and Purification (10%). Further information on the factors which shaped the performance of each Sector is detailed in the Portfolio Reviews from page 114 to 245.

REVENUE TRENDS



GROSS PROFIT

The Group's Gross Profit declined by 8% to Rs.109.43 bn during the year, reflecting the reduction in the top line. The Group's relentless focus on increasing contributions from value-added products across its verticals, together with ongoing focus on cost efficiencies and a deceleration of commodity prices enabled the Group to widen its gross profit margins to 25% from 24% the previous year. This is a creditable achievement given the escalation in operating costs and appreciation of the Sri Lankan Rupee which affected the profitability of the export-oriented sectors.

OPERATING COST MANAGEMENT

Ongoing focus on operating efficiencies and lean management enabled the Group to contain the increase in operating costs to 12% during the year. Administrative Expenses (comprising primarily of staff costs) accounted for 78% of the Group's Operating Costs and increased by 14% during the year reflecting increased value creation to employees. Distribution expenses also increased by 12% reflecting promotions and market activations across key verticals. The Group's focus on optimising resource usage through integrating ESG as well as the anticipated rollout of the Group's digital transformation roadmap is expected to further enhance efficiencies over the mid to long-term.

OPERATING PROFITABILITY

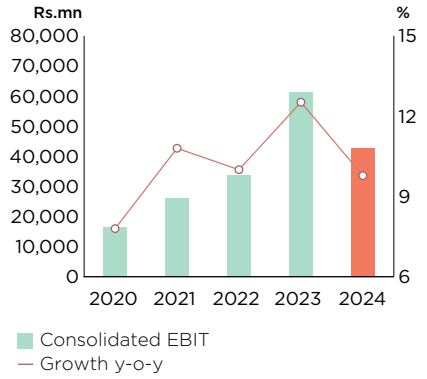
The Group's Operating Profit/Earnings before Interest and Tax (EBIT) declined by 30% to Rs.42.72 bn during the year, reflecting the decrease in Revenue and the escalation in Operating Costs, which adversely impacted profitability margins. Subdued global demand and a stronger Rupee affected the profitability of key export sectors such as Transportation & Logistics (-57%), Purification (-21%) and Hand Protection (-7%). That said, these sectors continued to dominate the Group's earnings profile, with Transportation & Logistics, Purification and Textiles emerging as the most significant contributors to Consolidated EBIT. Projects & Engineering emerged as a significant contributor to core profitability, with EBIT increasing by 90% upheld by the impressive performance of its Renewable Energy cluster. Meanwhile, the Group's Consolidated EBIT margin narrowed from 12.5% to 9.8% during the year under review.

Sector	Revenue Growth (%)	Contribution (%)
Eco Solutions	-9	3
Hand Protection	-16	10
Purification	-29	10
Textiles	-18	11
Construction Materials	-2	2
Plantations	+13	4
Agriculture	+6	8
Consumer & Retail	+28	19
Leisure	+35	2
Industry inputs, Power & Energy	+12	2
Transportation & Logistics	-32	21
Projects & Engineering	+46	5
Tea Exports	-3	3
Others	-6	0

FINANCIAL CAPITAL

Sector	EBIT growth (%)	Contribution (%)
Eco Solutions	(84)	1
Hand Protection	(7)	8
Purification	(21)	14
Textiles	37	12
Construction Materials	(14)	2
Plantations	(27)	6
Agriculture	(47)	8
Consumer & Retail	(53)	7
Leisure	(53)	-1
Industry inputs, Power & Energy	(13)	4
Transportation & Logistics	(57)	14
Projects & Engineering	90	9
Tea Exports	(38)	2
Others	(7)	14

EARNINGS BEFORE INTERST AND TAX



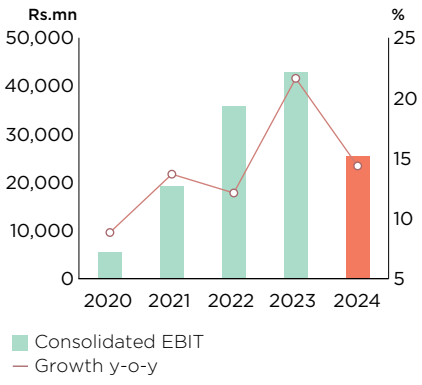
NET FINANCE COST

The Group's Net Finance Cost declined by 8% to Rs.17.24 bn during the year, with Finance Income decreasing at a faster pace than the Finance Cost. Despite an 8% increase in Total Borrowings, Finance Cost fell by 31% to Rs. 27.15 bn as interest rates fell sharply during the year. Finance Cost also included foreign exchange losses of Rs.5.14 bn stemming primarily from the appreciation of the Sri Lankan Rupee in the latter part of the financial year. Meanwhile, Finance Income declined to Rs.9.91 bn from Rs.20.72 bn the previous year as significant foreign exchange gains of 2022/23 normalised during the year.

PROFIT BEFORE TAX

The Group generated a Consolidated Profit Before Tax of Rs. 25.34 bn during the year, declining by 41% compared to the record-high profitability of the previous year. The normalisation of profits represent the impacts of external headwinds on our export-oriented sectors and the still recovering conditions in local businesses. The Purification Sector emerged as the Group's largest profit generator with a share of 19%, followed by Projects & Engineering (share of 14%), Hand Protection (share of 13%), Textiles (12%) and Plantations (11%). The Group's performance during a volatile and challenging year is testament to the diversity and resilience of its earnings profile as well as the strength of its market positions.

PROFIT BEFORE TAX



TAX

The Group's Tax Expense for the year amounted to Rs.10.49 bn, a reduction from the previous year owing to the moderation in profitability. That said, the Group's effective tax rate increased from 36% to 42% during the year, with the majority of companies being liable for tax under the higher 30% rate and withholding tax on dividend income and the impact of deferred tax.

PROFIT AFTER TAX

The Group generated a Profit After Tax of Rs.14.85 bn, a decrease of 46% compared to the previous year. At Company level, Hayleys PLC recorded a Profit After Tax of Rs. 1.33 bn, compared to Rs.1.90 bn the previous year. Although declining in comparison to the previous year, dividend upstreaming remained healthy at Rs.5.35 bn during the year.

OTHER COMPREHENSIVE INCOME

The Group's Other Comprehensive Income for the year clocked in at a negative Rs.3.89 bn, driven primarily by net exchange differences on translation of foreign operations. As a result, the Group's Total Comprehensive Income amounted to Rs. 10.96 bn, a decline of 63% compared to the previous year.

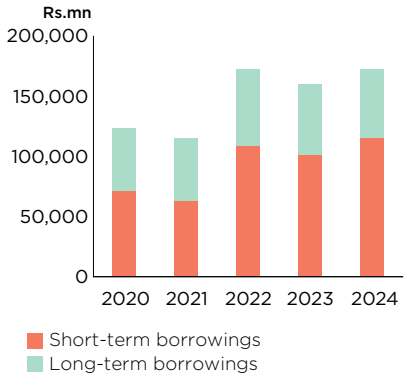
TOTAL ASSETS

Despite the short-term vulnerabilities the Group remains optimistic about the growth potential of its businesses and markets and continued to invest in further diversifying its businesses and strengthening earnings generation capacity. Investments in several key sectors including Purification, Hand

Protection, Transportation & Logistics and Agriculture resulted in the Group's Property, Plant and Equipment increasing by 6% to Rs.133.79 bn, which resulted in Total Assets expanding by 8% to Rs.446.34 bn. Total Current Assets also increased by 10% to Rs. 261.62 bn, driven primarily by an increase in Trade and Other Receivables (+19%), in the Consumer & Retail and Projects & Engineering Sectors. The asset composition remained relatively unchanged during the year, with Current Assets accounting for 59% of Total Assets.

Key contributors to asset growth were Projects & Engineering (+157%), Consumer & Retail (+22%) and Construction Materials (+23%). Sector-level Asset growth and contribution to Assets is given below;

DEBT PROFILE



Sector and higher working capital requirements in the Consumer & Retail Sector. Borrowings funded 39% of the Group's assets during the year, with Consumer & Retail, Others and

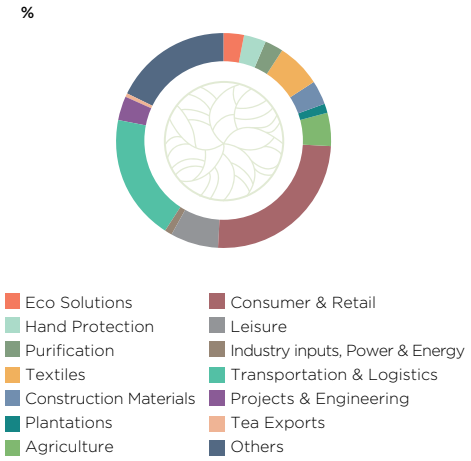
Sector	Asset growth (y-o-y) %	Contribution (%)
Eco Solutions	7	4
Hand Protection	(2)	7
Purification	(1)	8
Textiles	(11)	7
Construction Materials	23	3
Plantations	5	5
Agriculture	(1)	5
Consumer & Retail	+22	19
Leisure	0	4
Industry inputs, Power & Energy	+3	3
Transportation & Logistics	+6	15
Projects & Engineering	+157	5
Tea Exports	+3	1
Others	1	15

CAPITAL FUNDING

The Group's Financial Position is strong, as reflected by a relatively healthy funding profile and manageable debt coverage levels. Total Equity increased by 2% to Rs.125.53 bn during the year, funding 28% of the Group's Total Assets. Borrowings increased by 8% to Rs.171.88 bn, reflecting increased capital expenditure in the Transportation & Logistics

Transportation & Logistics collectively accounting for 62% of the Group's debt. Given the decelerating interest rate scenario, the Group's borrowings profile tilted more to the short-term, with Short-Term Borrowings accounting for an increased 67% of Total Borrowings, compared to 63% the previous year. Overall, the Group's Debt/Equity ratio increased to 1.40X from 1.30X the previous year.

BORROWINGS BY SECTOR



CASH FLOW AND LIQUIDITY

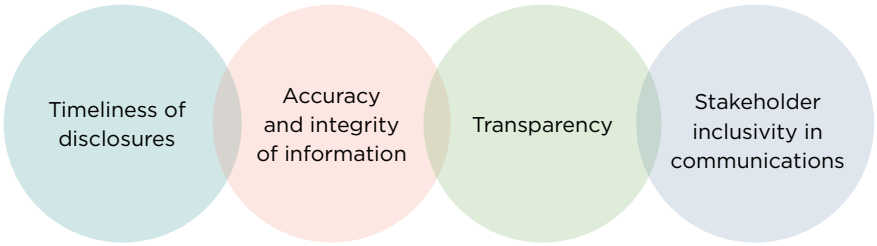
The Group's cashflow position mirrored the trends in its operating performance during the year and Net Cash Inflow from Operating Activities declined to Rs.30.43 bn from Rs.56.79 bn the year before. Meanwhile, Net Cash Outflow from Investing Activities amounted to Rs. 11.46 bn during the year, reflecting additions to Property, Plant and Equipment. Net Cash Outflow from Financing Activities amounted to Rs. 32.50 bn during the year, mainly due to debt and interest repayment as well as dividends paid to equity holders.

INVESTOR RELATIONS

Hayleys PLC is committed to maintaining transparent, constructive and ongoing dialogue with its shareholders, facilitated through multiple engagement platforms including the Annual General Meeting, the publication of the Annual Report, quarterly reporting to the CSE as well as periodic press releases and announcements. Through our engagement we seek to provide meaningful and relevant information to facilitate informed decision making.

FINANCIAL CAPITAL

Principles of our Investor Relations



Information we share with our shareholders through this Annual Report

- The operating environment during the year (pg.98)
- Implications of the macro-economic environment (pg.98)
- Financial performance and Portfolio Review (pg.114)
- Corporate Governance and risk management practices (pg.248)
- Our Environmental, Social and Governance (ESG) framework (pg.100)

PERFORMANCE OF THE COLOMBO STOCK EXCHANGE

The Colombo Stock Exchange recorded a mixed performance during the year, reflecting macro-economic and policy developments throughout the year. The All Share Price Index (ASPI) and S&P SL20 Index demonstrated positive momentum during the year, particularly following considerable progress in the domestic debt optimisation programme and the exclusion of the banking sector from the same. Accordingly, both ASPI and S&P SL20 indices grew by 24.9% and 15.7% respectively during the year 2023 while market capitalization increased by 9.7% to close the year at Rs. 4,233.3 bn. Foreign participation in the domestic equity market through foreign purchases declined in comparison to the previous year.

Securities in Issue:

- Ordinary Shares
- Debentures
  - Listed, rated, senior, unsecured, redeemable debentures redeemable in August 2024
  - Listed, Rated, Unsecured, Fixed, subordinated debentures redeemable in June, 2026
  - Listed, Rated, Unsecured, Variable, subordinated debentures redeemable in June, 2026
  - Listed, rated, senior, unsecured debentures redeemable in May 2025

This section of the Report provides information on Hayleys PLC's ordinary shares; please refer to page 408 for information on the debentures.

PERFORMANCE OF THE HAYLEYS SHARE

The Hayleys share performed relatively well during the year, appreciating gradually during the year to close the year at Rs.82.10, an increase of 13% from the beginning of the year. The share price traded between a low of Rs.65.60 and a high of Rs.97.90 during the year. The average volume traded amounted to 425,208 during the year while the daily average turnover clocked in at Rs.35.20 mn.

SHAREHOLDER RETURNS

Despite the moderation in performance, the Group continued to deliver on its shareholder commitments. Shareholder returns as measured by Earnings per share declined from Rs.21.80 to Rs.9.19 during the year, reflecting the moderating profitability. Meanwhile, Net Asset Value per share increased from Rs. 105.24 to Rs.106.88 depicting the growing value of the Group's non-monetised capital including innovation capabilities, deep rooted relationships with suppliers and communities, strong brand equity as well as our ability to attract the country's top talent.

Despite the moderation in profitability the Group paid a dividend of Rs.5.35 during the year, ensuring continued value creation to its shareholders.

MANUFACTURED CAPITAL

With nearly 36% of the Group's Revenue derived from manufacturing operations, Manufactured Capital is a vital input in Hayleys' value creation process, enabling it to sharpen its competitive edge across key verticals through offering an array-of world-class products catering to rapidly evolving customer requirements

CONTRIBUTION TO VALUE CREATION



Rs. 133.80 bn
30% of Assets PPE
Represents the Group's building, manufacturing facilities, machinery and equipment, vessels and vehicles among others

PPE by Type

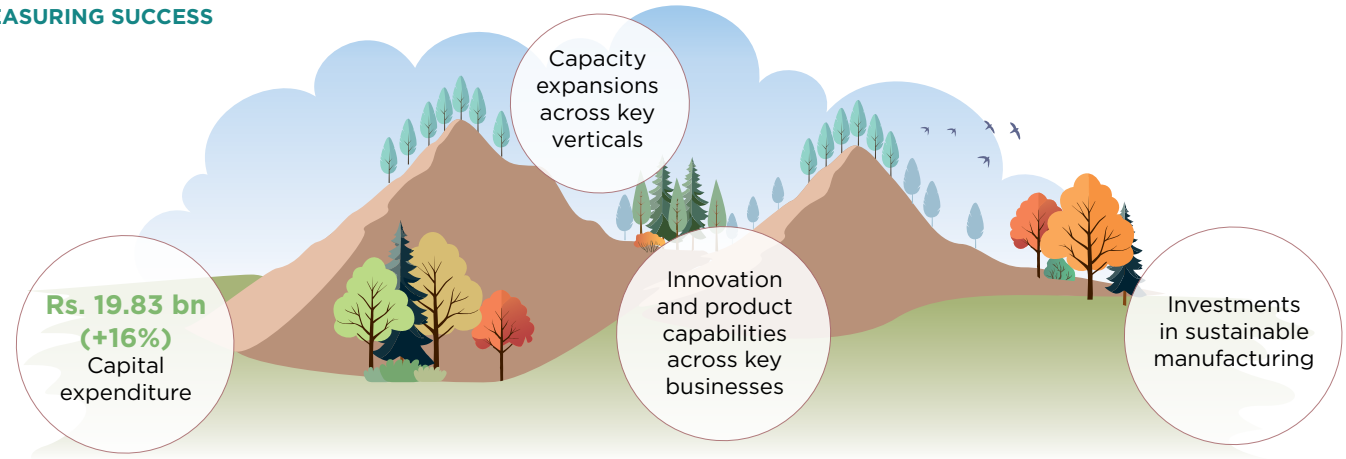


ROLE IN VALUE CREATION

- Facilitates the production of an array of high-quality, customised and sustainable products across diverse business verticals
- Cater to dynamic and rapidly shifting needs of customers through innovative and improved product capabilities
- Access customers through an island-wide network of customer touchpoints
- Efficient manufacturing processes which support resource optimisation and waste reduction goals
- Drive sustainability principles across our manufacturing activities to reduce the Group's environmental footprint

● Machinery and stores equipment ● Buildings ● Furniture, fittings and office equipment ● Vessels

MEASURING SUCCESS



MANUFACTURED CAPITAL

MANUFACTURED CAPITAL INPUTS

The Group's extensive manufacturing footprint spans 92 facilities in Sri Lanka, Thailand, Indonesia, India and Bangladesh. Meanwhile, the Singer Group's 416-strong branch network is a critical element of its physical infrastructure, providing direct customer reach across the island. Please refer the note 13 of the Financial Statements for the accounting policy pertaining to the measurement and recognition of these assets. The Group's manufacturing footprint is summarised below:

ECO SOLUTIONS
Manufacturing of fibre-based products

8 manufacturing facilities in Sri Lanka
1 manufacturing facility in India

Rs. 3.09 bn

HAND PROTECTION
Manufacturing a range of household, industrial and medical gloves

5 manufacturing facilities in Sri Lanka
1 manufacturing facility in Thailand

Rs. 8.75 bn

PURIFICATION
Manufacturing coconut-shell based activated carbon

2 facilities in Sri Lanka
2 facilities in Indonesia
2 facilities in Thailand

Rs. 6.69 bn

TEXTILES
Fabric knitting,dyeing,printing and brushing - cotton and polyester

3 manufacturing facilities in Sri Lanka

Rs. 12.53 bn

CONSTRUCTION MATERIALS
Manufacture of Aluminium extrusions

2 manufacturing facilities in Sri Lanka

Rs. 3.39 bn

PLANTATIONS
Manufacture of tea, rubber and tea extracts

55 estates

Rs. 2.04 bn

AGRICULTURE
Manufacturing a range of agricultural produce

14 manufacturing facilities and plants in Sri Lanka

Rs. 2.39 bn

LEISURE
Hotels and resorts

4 resort properties in Sri Lanka and Maldives
5-star city hotel

Rs. 13.01 bn

INDUSTRY INPUTS, POWER & ENERGY
Industrial Inputs, Power & Energy

6 mini hydro plants
1 solar plant
3 wind-power plants

Rs. 3.69 bn

TRANSPORTATION & LOGISTICS
Sri Lanka's largest mega distribution centre

21 Vessels

Rs. 17.84 bn

CONSUMER & RETAIL
Manufacturing, financing and marketing consumer durables Island-wide network of 406 Singer outlets

Rs. 3.78 bn

PROJECTS & ENGINEERING
Fentons inventory warehouse

Rs. 2.48 bn

TEA EXPORTS
2 manufacturing facilities in Sri Lanka

Rs. 702.53 mn

OTHERS
Head office building

Rs. 276.20 mn



APPROACH TO MANAGING MANUFACTURED CAPITAL

During the year, the Group's approach to managing its Manufactured Capital centered on the following:

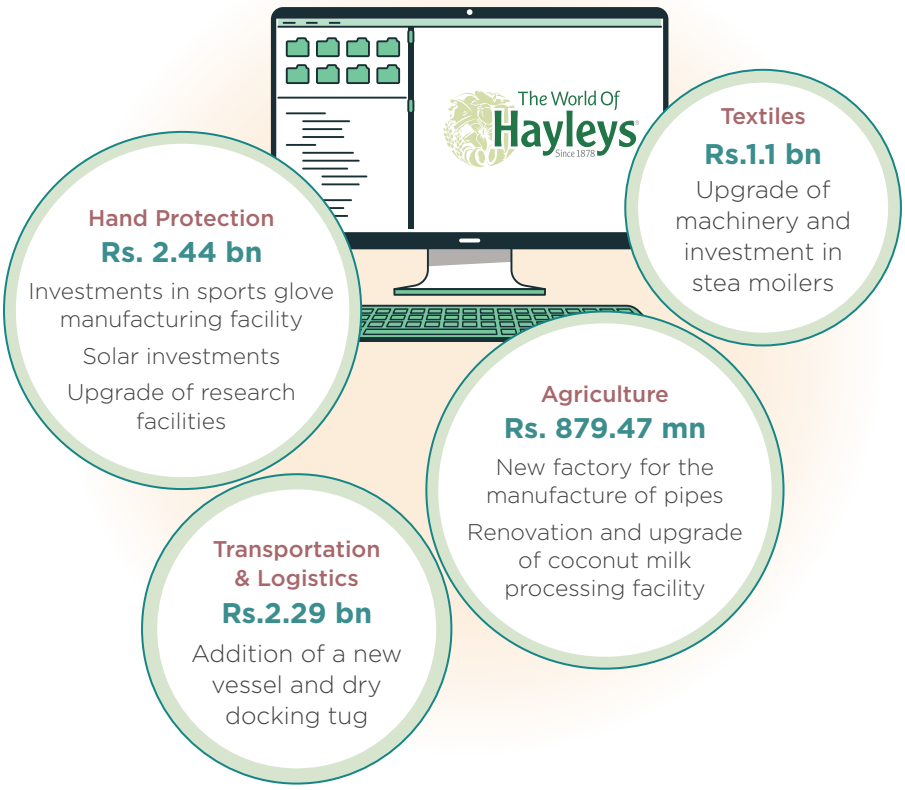
Sector	Volume growth (%)	Turnover/PPE ratio
Eco Solutions	26	1.9
Purification	(12)	3.9
Textiles	(1)	3.7
Construction Materials	23	2.1

Driving manufacturing efficiency

Our key manufacturing sectors have consistently sought to drive manufacturing and operational efficiencies through initiatives such as productivity maintenance, Lean and Six Sigma among others. These initaitives have enabled the Group to curtail costs while enhancing efficiency and reducing waste.

Sustainable manufacturing

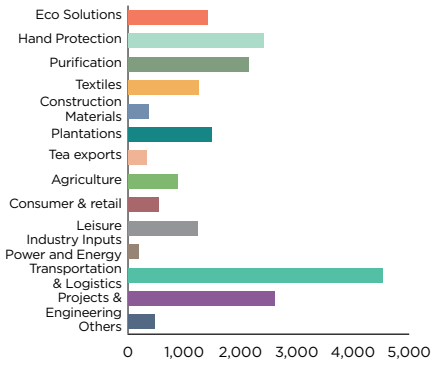
In line with the Group's environmental aspirations, several sectors have focused on introducing sustainable manufacturing methods which aim to reduce energy and water intensity while reducing costs and wastage. Details of these developments are available on pages 274 to 275 of this Annual Report.



Investing in the future

In line with its strategic focus on strengthening production capacities and product capabilities the Group continued to enhance its manufacturing footprint in businesses earmarked for strategic growth. Total additions to PPE for the year amounted to Rs. 17.34 bn reflecting improvements in technology, factory upgrades, new facilities and capacity enhancements.

CAPEX BY SECTOR



WAY FORWARD

- Geographical diversification of manufacturing capabilities
- Strengthening capabilities for manufacturing value-added products
- Increased focus on sustainable manufacturing methods

ADEQUACY OF MANUFACTURED CAPITAL FOR FUTURE PLANS

Having expanded capacity over the past few years, key manufacturing sectors of Hand Protection, Textiles and Construction Materials are aptly positioned to drive growth through increased capacity utilisation.



HUMAN CAPITAL

We understand that it is the people behind our businesses that create value, and drive innovation, differentiating us from the competition and ensuring that we remain resilient and sustainable in the long-term. In turn, we strive to create a work environment which values the unique differences of our people while enabling them to reach their full potential.

CONTRIBUTION TO VALUE CREATION



36,266
employees
Diverse team of high-performing, skilled and dynamic employees who live our corporate purpose and values to life.

Employees by Sector

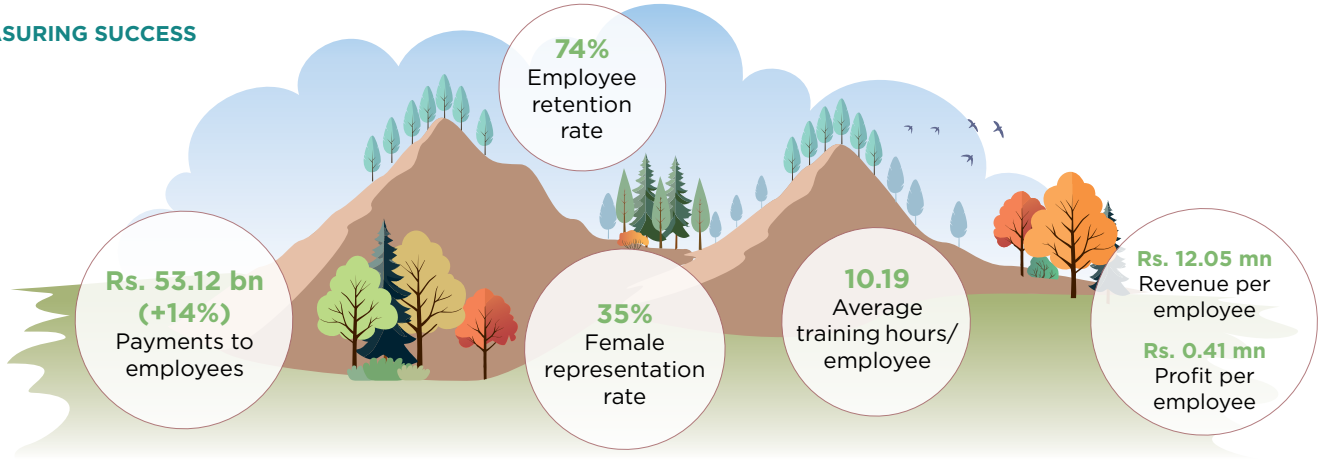


ROLE IN VALUE CREATION

- Drive the Group's strategic aspirations across its diverse verticals and geographical regions
- Facilitate the customer experience, forming and sustaining mutually-value adding relationships across the ecosystem
- Leveraging tacit knowledge and intellectual capital to drive innovation and digital transformation
- Fuel the Group's sustainability and ESG aspirations through innovation and collaborations
- Strengthen the Hayleys brands through acting as brand ambassadors

Eco Solutions · Hand Protection · Purification · Textiles · Construction Materials · Plantations · Agriculture · Consumer & Retail · Leisure · Industry Inputs, Power & Energy · Transportation & Logistics · Projects & Engineering · Tea Exports · Others

MEASURING SUCCESS



MANAGING TALENT

Hayleys is one of Sri Lanka's most sought-after private sector employers, and the Group's people-focused aspirations center on creating a conducive, supportive and inclusive environment where all employees feel heard, safe, connected and valued. Many Sectors within the Group operate their own Human Resource departments that are supported by specialist services offered by the Group's centralised HR function. The Group HR function plays a critical role driving the overall people strategy and ensuring adherence to group HR policies. The Group's HR policies and procedures comply with relevant legal and regulatory frameworks as well as several voluntary global benchmarks and standards, including the UN Global Compact Principles 1 to 6 and ILO Declaration.

HR policy framework

HR policy framework	
The Hayleys Way	Performance Management Policy
Disciplinary Policy	Anti-Sexual Harassment Policy
Grievance Handling Policy	Whistleblower Policy
Recruitment Policy	Human Rights Policy
Learning & Development Policy	Health and Safety Policy
Talent Management and Succession Planning Policy	Industrial Relations Policy
Personal Data Protection Policy	Bribery and Anti-Corruption Policy

Hayleys Lifecode Goals 2030

HEALTH AND SAFETY

Safest workplace with zero workplace injuries/occupational diseases

LEADERSHIP & SUPERVISORY DEVELOPMENT

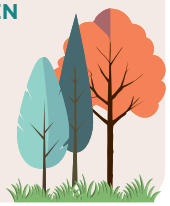
10,000 man hours of leadership and supervisory development

ENGAGED TEAM

5% attrition rate across the Group
2% new hire attrition rate cross entire Group

PERFORMANCE-DRIVEN CULTURE

100% employees to receive performance appraisals

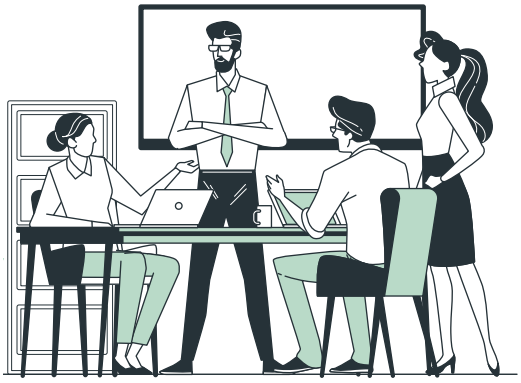


TEAM PROFILE

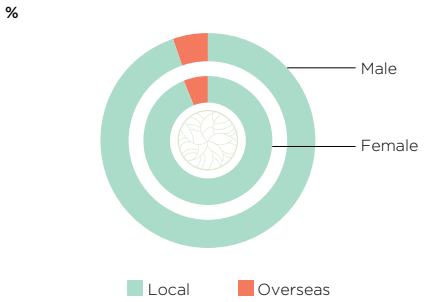
The Hayleys team is represented by our 36,266-strong workforce, who operate in 18 countries across the world. The increase in the Group's team compared to the previous year is largely driven by the addition of 3,455 employees from Horana Plantations PLC, which was acquired during the year. The country's sharp economic downturn in 2022 fueled the exodus of skilled professionals from the country, resulting in organisations facing acute challenges in attracting and retaining the right talent. Resultantly, the Group's retention rate declined to 75%, compared to 80% the previous year.

	2024	2023	2022
Total employees	36,266	31,483	32,840
Permanent	29,058	26,085	26,569
Contract	6,378	4,759	5,552
Casual	830	645	719
Female employees (%)	35	34	35
New recruits	9,635	4,891	5,739

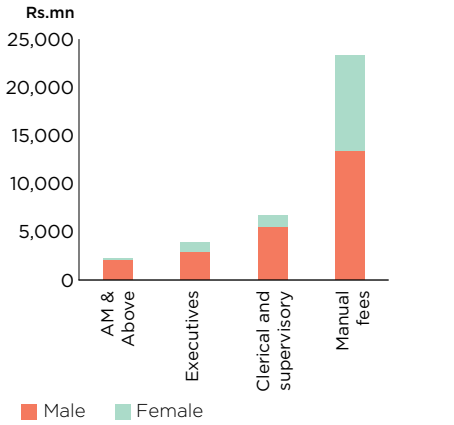
HUMAN CAPITAL



EMPLOYEES BY GENDER AND REGION



EMPLOYEES BY GENDER AND CATEGORY



Profile of new recruits

By Gender	No/Rate	By Age	No/Rate	By Region	No/Rate
Male	6,522 (68%)	Less than 30 years	5,392 (56%)	Sri Lanka	9,270 (96%)
Female	3,133 (32%)	30-49 years	3,214 (33%)	Overseas	365 (4%)
		>50 years	1,029 (11%)		
Total	9,635		9,635		9,635

Profile of exit employees

By Gender	No/Rate	By Age	No/Rate	By Region	No/Rate
Male	5,651 (65%)	Less than 30 years	3,351 (38%)	Sri Lanka	8,435 (96%)
Female	3,102 (35%)	30-49 years	3,249 (37%)	Overseas	318 (4%)
		>50 years	2,153 (25%)		
Total	8,753		8,753		8,753

Sector Composition

Sector	Total employees	New recruits by Sector / Exit employees by Sector
Eco Solutions	1,119	
Hand Protection	2,171	
Purification	1,933	
Textiles	3,285	
Construction Materials	774	
Plantations	15,360	
Agriculture	1,247	
Consumer & Retail	3,316	
Leisure	1,660	
Industry Inputs, Power & Energy	311	
Transportation & Logistics	2,899	
Projects & Engineering	1,492	
Tea Exports	312	
Others	387	

EMERGING TRENDS IN HUMAN CAPITAL MANAGEMENT

Global trends that are shaping workplaces and employee aspirations are compelling organisations to navigate new levels of uncertainty, underscoring the need to maintain agile and adaptable people strategies. These dynamics include the following;



PEOPLE STRATEGY IN 2023/24

The Group's people strategy for the year was developed taking into consideration the changing aspirations of employees and the emerging dynamics shaping the world of work. Centering on an equitable approach, the strategy for the year was founded on creating long-term value for employees through equipping them with stronger skills enabling greater employability, opportunities for advancement and increased sense of belonging. Key pillars of the people strategy are illustrated below:

Developing capabilities	Employee well-being	Inclusive culture	Digital transformation
Building the Group's next generation of leaders through the Management and Leadership Development Programmes	Fostering physical, mental and emotional well-being of employees and helping them to thrive	Enhancing the dialogue around diversity and inclusion and find collaborative means in addressing prevalent issues	Improve efficiency of HR processes through digitalisation and automation
Human capital allocations and developments in 2023/24			
Tailor-made programmes carried out across Sectors of the Group **134** Total employees trained under Management Leadership Development Programmes **45,057** Leadership development training hours	Year-round calendar of well-being activities and interventions carried out focusing on health awareness, nutrition and women's well-being among others **480** Total participants	Formulation of Group-wide DEI training programme which will be rolled out across the Group through a train the trainer model ensuring continuity and sustenance. Launch of family-friendly leave, mental wellness and childcare benefits.	Ease of user access through HR administration kiosks Improved efficiencies through the automated HR Help Desk Investments in digitalisation and automation including the HRIS Increased accuracy and eliminating human error through digitalization and automation of processes

HUMAN CAPITAL

Developing capabilities

Employee capabilities are developed through a blended approach of a multitude of structured programmes, workshops, coaching, digital learning and on-the-job training. With leadership traits significantly influencing organisational culture and determining employee mindsets, the Group prioritised the development of leadership capabilities. This was actioned through customized Management and Leadership Development Programmes as well as the Hayleys Management Trainee programme, 'FYOUTURE CEO'.

Our Management and Leadership Development Programmes are holistic, multi-faceted development interventions which are customised and offered to sectors covering all tiers of leadership. The programmes aim to build the Group's next generation of leaders, equipping them with the capabilities to lead in different operating environments and build succession pipelines. They included project-based assessments, in which participants were required to propose actionable projects which accrued financial benefit to their respective sectors.

COACHING SESSIONS

- Built in coaching sessions for maximum optimisation of development
- Direct coaching (consultant to participants)
- Indirect coaching (Participants to internal teams)

MANAGING PEOPLE AND EMOTIONAL INTELLIGENCE

- Management of practical applications in difficult conversations, Emotional
- Intelligence when handling teams and changing landscapes



LEADERSHIP FINANCE

Understanding the financial impact of all decisions, singularly and collectively

ENTREPRENEURIAL THINKING

Owning the business, developing markets and solutions from an entrepreneurial perspective.

LEADERSHIP AND PRODUCTIVITY

Accountability, results orientation, time management and productivity on a personal and departmental level

The Hayleys Group's Management Trainee Programme, branded as 'FYOUTURE CEO', is amongst the country's most sought-after programmes of its kind, drawing significant interest from aspiring young professionals from diverse backgrounds. During the year, the Group received over 4200 applications, which were initially screened through an automated platform. Thereafter, shortlisted applicants were assessed through a series of comprehensive, multi-pronged tests comprising cognitive tests, assessment centres and psychometric tools.

FYOUTURE CEO
Hayleys Management Trainee Programme

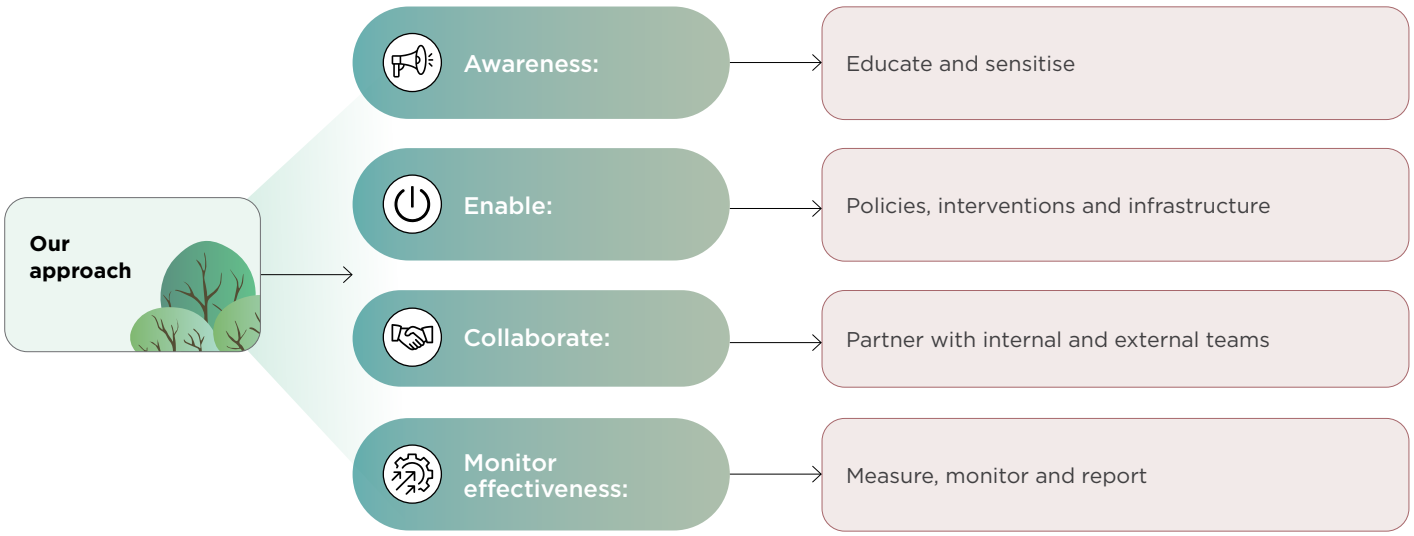
- Visits to operating locations across sectors
- C-suite level mentors assigned to each MT
- Core project within allocated Sector
- Cross-sector exposures with mini-projects
- Competency Development through multiple learning interventions
- Direct engagements with Senior Leadership

OTHER TRAINING INTERVENTIONS

Total training hours	2024	2023	2022
Total training hours	**369,589**	265,877	248,649
Investment in training (Rs.mn)	**183**	186	69
Average training hours (by category)			
Managerial	**13.51**	15.31	35.0
Executive and Junior Executive	**12.51**	16.18	10.2
Others	**9.66**	6.87	5.1
Average training hours (by gender)			
Male	**9.82**	8.99	7.6
Female	**10.88**	7.40	7.1
Average training hours/employee	**10.19**	8.45	7.6

Diversity, Equity and Inclusion

Strategic focus was placed on enhancing the dialogue around diversity, equity and inclusion, enabling the Group to identify pressure points and find collaborative means to address these challenges. During the year, we also engaged with the UNGC's questionnaire on Women's Empowerment Principles to identify gaps through a quantification of our gender equality commitment



HUMAN CAPITAL

GENDER INCLUSIVITY AND EMPOWERING WOMEN

We are committed to improving gender diversity across all levels of the organisation and building diverse leadership teams. Our commitment to gender inclusivity is embedded through our HR policies and processes from recruitment and training opportunities to remuneration and promotions.

Enabling policy environment	Opportunities for women	Career and skill development

ENABLING POLICY ENVIRONMENT

RECRUITMENT POLICY

"Equal opportunity employer providing a workplace free from gender and racial discrimination"

ANTI SEXUAL HARASSMENT POLICY

Commitment to creating a healthy, inclusive work environment that enables employees to work without fear of sexual harassment

REMUNERATION POLICY

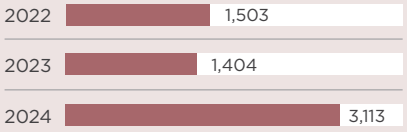
1:1 Remuneration ratio between men and women

Our policy ensures that employees doing similar jobs at the same level are paid equitably, irrespective of gender

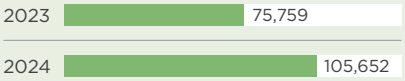
GRIEVANCE HANDLING POLICY

The policy provides a structured framework for complainants and complaint recipients on lodging and resolving a grievance

Female recruits



Female training hours



Female representation across categories

9% Board of Directors

13% AM and above

27% Executives

19% Clerical and supervisory

43% Manual

Return to work after maternity leave

273
Total number of employees that took parental leave

203
Employees who returned to work after maternity leave

74%
Return to work ratio

14
Employees who resigned within 12 months

Interventions

PLANTATION SECTOR

Womb-to-tomb proposition for plantation workers, with females receiving comprehensive nutritional, healthcare and childcare support

LAUNCH OF MOMENTUM

Promoting positive parenting and parental health

Paternity leave

Benefit towards childcare support

INTERNATIONAL WOMEN'S DAY

Panel discussion featuring several female leaders in the Group

Celebration of Women in Science in selected sectors

Well-being

We understand the importance of rethinking workplace well-being through a lens of emotional and mental health, in addition to the conventional focus on physical health. Positive outcomes such as motivation and engagement are correlated with feeling supported and included at workplaces which promote work-life balance and freedom from overwhelming workloads. In addition to regular medical camps, free Zumba and yoga sessions, gym and pool memberships several awareness sessions were held across the Group primarily covering the following areas:

- Substance abuse and addiction prevention
- Relaxation techniques for daily life
- Dietary awareness for a healthy life
- Breast cancer awareness
- HIV awareness
- Women's wellbeing for a sustainable tomorrow

EMPLOYEE ENGAGEMENT

Formal and informal communication platforms, an open-door policy and regular employee satisfaction surveys ensure that employees feel heard and understood. Meanwhile, a year-round activity calendar which includes sports events, cultural events and family engagements aids in improving morale, building camaraderie and team spirit and nurturing a more conducive work environment. Key engagement activities during the year are listed below:

Internal communications Quarterly CONNECT magazine and employee broadcast conducted through Office 365 platform	**Cultural, sports and other events** **The Group conducted a year-round activity calendar which included the following events;** Art Competition for employees and children Hayleys Cricket 6's Tournament Hayleys swimming meet and other sporting events Family Fun Day Children's party Quiz competitions Karaoke competitions Multi-religious and other cultural ceremonies
Satisfaction surveys Most Sectors conduct internal and/or third-party facilitated employee satisfaction surveys	
Social media engagement A variety of activities such as competitions and knowledge sharing to enhance engagement of internal teams through social media platforms.	
Mercantile sporting events	

PERFORMANCE MANAGEMENT

The Group's performance management framework is designed to encourage superior performance through regular, fair and constructive performance-related feedback that drive personal growth, competency development and business contribution. The performance management process from goal setting to mid and year-end reviews for all employees in executive and above categories are conducted through the HRIS. Appraisals for all non-executive employees are conducted offline. Approximately 99% of our permanent employees undergo annual performance appraisals.

PERFORMANCE MANAGEMENT PROCESS

1. Individual employees set annual objectives aligned to the relevant business/department strategy, which are reviewed and approved by the relevant manager
2. Mid-year performance review where progress against expectations and deliverables are discussed
3. Year-end performance review where final performance rating is confirmed subsequent to a Company wide calibration process

SAFEGUARDING OUR EMPLOYEES

We work consistently towards creating an environment which is safe for our employees, contractors and customers. The Group's Health and Safety policy sets the foundation for this commitment and is strengthened across all Sectors through compliance to safety certifications, incident reporting and stringent procedures. During the year, Sectors improved the scope of reporting for for health and safety indicators, which has led to a considerable increase in the cases reported and occupational injuries.

HUMAN CAPITAL

	2024	2023	2022
Reported first-aid cases	390	147	236
Occupational injuries- resulting in lost days	164	66	73
Lost man days due to accidents/injuries	902	1,076	1,834

H&S MANAGEMENT SYSTEM

- H&S champions in multiple Sectors
- Compliance with all relevant regulations under the Factories Ordinance, BOI requirements and Labour Laws of Sri Lanka.
- Several sectors including Hand Protection, Construction Textile, Transportation & Logistics and Projects & Engineering also comply with the ISO 45000: 2018 OHS Management system certification

H&S SERVICES

- Availability of OHS persons and visual communication
- Emergency vehicles at sites, medical centres, dedicated nurses/medical representatives at facilities etc.
- Fully qualified in-house nurse and employees are provided access to a doctor



H&S MANAGEMENT SYSTEM

- Each Sector (particularly in the Manufacturing Sectors) operates dedicated OHS management departments, which are powered by qualified safety professionals.
- Hazard identification is also enabled by risk assessments relating to ISO 45000: 2018. Meanwhile digital OHS management systems are available in the Hand Protection Sector, which allows real-time, online reporting of accident/incidents.

CULTURE

- Ongoing safety trainings to all employees based on the specific OHS risks faced by the Sectors
- Selected Sectors such as Transportation & Logistics have also embedded OHS related KPIs into employee performance evaluations to ensure the nurturing of a safety conscious culture.

HUMAN RIGHTS

In addition to the adherence of relevant regulations, Hayleys has also committed to the UNGC's Principles on Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

- The **Group's Human Rights Policy and Code of Conduct-** the Hayleys Way recognises the right of all employees to have a respectful workplace free of any form of harassment
- **Working hours and wages-** Hayleys complies with relevant minimum wage legislations and our competitive compensation reflects adjustments to living expenses and benchmarks against peer companies. We also comply with all applicable laws relating to overtime payments, hours and breaks.
- **Freedom of association and collective bargaining-** We recognise employees' right to association and collective bargaining and approximately

Sector	% of employees covered
Plantations	7%
Purification	35%
Hand Protection	38%
Agriculture	13%
Eco Solutions	20%
Consumer & Retail	32%
Textiles	28%

14% of the Group's employees are covered by Collective Agreements. We have not identified any operations in which the right to freedom of association and collective bargaining may be at risk. Minimum notice periods vary depending on the sector and circumstances, but relevant collective agreements ensure that a reasonable notice period is given for operational changes. During the year, Group and Sector HR teams maintained cordial relationships with all trade unions and there were no disruptions to operations due to industrial action.

- **Child labour –** Hayleys opposes child labour, does not employ any person under the age of 18, and works with business partners to ensure that zero instances of child labour are recorded in the supply chain as defined by national laws

- **Addressing workplace concerns-** Employees and third parties are encouraged to raise questions or concerns relating to misconduct, human rights, labour practices and other issues

Rs. 53.12 bn (+14%)
Payments to employees

Rs. 1.5 mn
Remuneration/employee Revenue

Rewards and Compensation
The Group's reward schemes include an array of market-competitive benefits that enable us to attract, motivate and retain employees. The Remuneration policy ensures a consistent approach across Group companies, while factoring in industry-specific dynamics and regulations.

Our benefits include components that are applicable across the Group as well as non-core benefits which are applicable to selected Sectors or employee groups. Group-wide benefits include medical and life insurance, fuel allowances, subscriptions and study assistance (for selected categories), Group discounts for Hayleys products, funeral funds and retirement benefits. In addition, Sector-specific benefits given include enhanced gratuity payments, long-service awards and staff transportation facilities.

Components of our remuneration
- Guaranteed pay
- Benefits (detailed alongside)
- Performance-based incentives

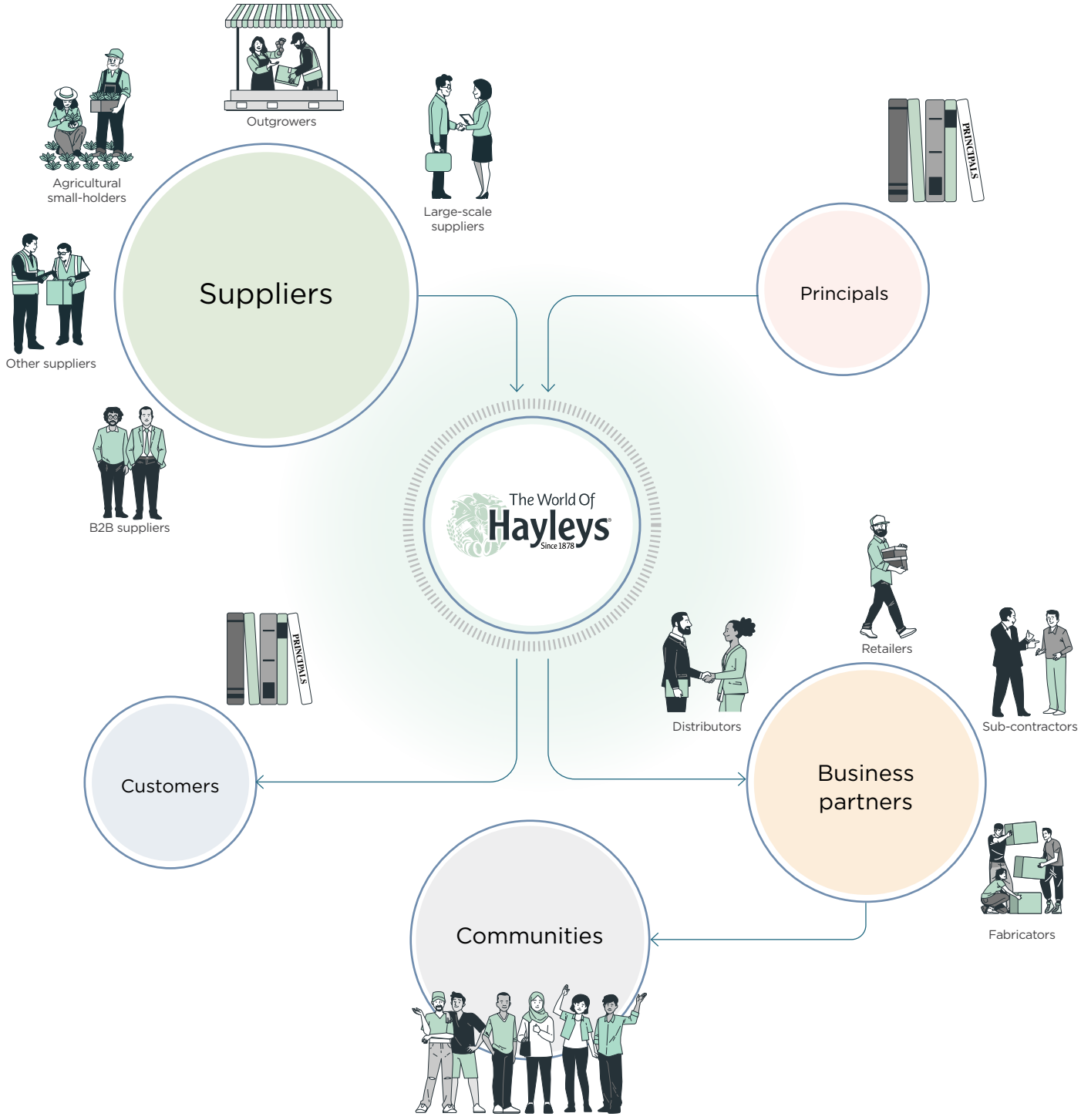
WAY FORWARD
- Enhancing process efficiencies through adoption of digital transformative strategies
- Development of leadership tiers and capabilities
- Continuous focus on employee well-being and welfare
- Driving holistic, organisation-wide, diversity, equity & inclusion initiatives

Adequacy of Human Capital for future plans
Attracting and retaining the right talent will continue to be a challenge in the short-to-medium term given the current shortage of skills in the country. The Group will seek to further strengthen its employer brand as a preferred employer while developing a multi-skilled talent pool to address this challenge.



SOCIAL & RELATIONSHIP CAPITAL

As a Group with an unparalleled social footprint across the country, and inclusivity at the center of its Corporate Purpose, Social & Relationship Capital is a vital element of the Hayleys' value creation process. Our ethos has always centered on driving shared value across our relationships and networks, which in addition to building resilient business models and driving socio-economic empowerment has afforded us a strong social license to operate.



CUSTOMERS

Our commitment is to leverage our unique strengths to cater to the dynamic needs of our customers, creating value through innovation, technology, quality and customer service. We combine our deep customer insights with our domain knowledge which is deepened by ongoing engagement and collaboration with customers. The breadth and depth of the Group's operations has enabled it to build a global network of diverse customers.

Understanding customer needs

The channels we use to engage with our diverse customers are detailed on page 88 of this Report. These platforms and channels are used to identify and respond to the concerns and suggestions of our customers, thereby ensuring their needs are identified and responded to.

CUSTOMER PROFILE

1.24 mn
Customers served

B2B and Retail
customers across 5 continents

KEY CONCERNS RAISED BY CUSTOMERS AND OUR RESPONSE

Increased price consciousness of customers in selected verticals

The Group adopted a long-term view to customer retention through passing on the benefit of cost reductions to customers

Increasing focus on sustainability considerations including demands on product design, environmental footprint of products and responsible packaging among others

Several key sectors have sought to embed environmental considerations across the product lifecycle including design and manufacturing



Customers' escalating demands for customised and value-added products

Sectors sought to update manufacturing capabilities and product propositions to cater to the increasing need for customised products

Increasing demands on customer service excellence

Efforts to strengthen after-sales service across verticals

7,000 Customer surveys conducted

99% Customer complaints resolved

SOCIAL & RELATIONSHIP CAPITAL

Product Stewardship

The Group's commitment to product stewardship is embedded across different aspects of its customer journey through compliance to certifications, internal policies as well as responsible marketing practices.

Procurement/ Buying stage	Stringent procurement practices and strong relationships with suppliers limit the risk of potential issues at the purchasing stage
Manufacturing stage	Compliance to an array of certifications and clearly defined policies, procedures and guidelines for manufacturing operations
Marketing stage	A Responsible Marketing Guidelines ensures the integrity and accuracy of all marketing communications. The Hayleys Group Corporate Communications Department reviews all key press releases and publications
Product use	Compliance with a range of certifications which provide assurance to external stakeholders regarding the quality and safety of our products. These include the following certifications obtained by various sectors • ISO 9001: 2015 Quality Management Systems • ISO 22000: 2018 Food Safety Management Systems • British Retail Consortium Certification Safety and Quality certification for consumer products

Building sustainability into products

Aligned with our ESG aspirations, we are integrating sustainability into our research and product development processes thereby striving to minimise negative environmental implications during product usage as well as end-of-life disposal. Refer to page 274 for further information on the Group's sustainable innovation efforts.

SUPPLIERS & BUSINESS PARTNERS

The Group's deep-rooted relationships with diverse and extensive supply chains across the country is a defining aspect of its value creation process, strengthening its socio-economic footprint. Suppliers are diverse in geographical profile and scale of operations, ranging from individuals and small-scale suppliers to large B2B players.

Supplier value creation during 2023/24

The Group's supplier value proposition centers on continued value injection through procurement, development and capacity building and creating market linkages to global value chains. During the year, total payments to suppliers declined by 17% to Rs. 325.36 bn.

Over 70,000
Supplier profile

54%
Local suppliers

Building inclusive value chains

Inclusivity has always been a defining characteristic of the Hayleys ethos and the Group has always prioritised business models that support grassroot communities, thereby injecting economic value and driving empowerment. Through its diverse businesses, the Group connects rural communities to global supply chains, facilitating market linkages, building capacity and providing access to finance and resources. During the year, the Group supported nearly 20,000 smallholder agricultural suppliers and business partners.

Sector	Suppliers/Value chain partner	Number
Eco Solutions	Fibre suppliers	419
Hand Protection	Latex suppliers (local)	6,000
	Latex suppliers (Thailand)	1,059
Purification	Charcoal and coconut shell suppliers	285
Agriculture	Outgrowers-fruits and vegetables	11,962
	Smallholder-farmers	225
Construction Materials	Fabricators	30
Consumer & Retail	Indirect employment in branches	2800
Projects & Engineering	Sub-contractors	978

WOMEN-LED SUPPLY CHAINS

In diversifying its supply chain and driving socio-economic empowerment among vulnerable women, the Eco Solutions Sector established a Palmyrah processing plant in Jaffna providing employment to 12 impoverished women.

Supplier development

In building resilient supply chains and supporting the long-term sustainability of our valued partners, several key sectors in the Group conduct ongoing supplier development programmes. These initaitives entail providing access to input materials, raising awareness on good social and environmental practices and ongoing capacity development. Key supplier development initiatives that are conducted on an ongoing basis are listed below:

DPL Firstlight- Hand Protection Sector

Strategic supplier development programme which ensures a fair price for rubber latex by guaranteeing rubber smallholders a price which is indexed to RSS1 (the highest grade of consumed rubber) for their field latex. DPL also contributes US 0.5 dollars for every pair of gloves sold, which is utilized to fund a wide range of education, health and infrastructure projects to improve the overall quality of life of smallholders and their families.

+6000 Farmers in total

Rs.3.0 bn Payments to Firstlight farmers

131,00 kg of fertilizer distributed

600 Farmers participated in training programmes

Rs.3.79 mn Investments in community engagement



Haritha Angara- Purification Sector

A holistic supplier development initiative, through which charcoal makers are encouraged to engage in environmentally friendly charcoaling with Haycarb PLC providing technical support and guidance on ecologically friendly charcoaling processes and buy back agreements.

+6,000 Farmers island-wide

23 Green charcoaling pits added bringing the total to **431**

12 Suppliers assisted to mechanise production facilities during the year, with **over 350** supported so far

SOCIAL & RELATIONSHIP CAPITAL

Skill development along value chains

Several Sectors in the Group are catalysts for skill development in their respective industries and value chains, sharing best practices, raising awareness on latest technology and supporting the future-readiness and resilience of these value chains. Key ongoing interventions include the following:

Singer Fashion Academy

The Singer Academy supports livelihood development through empowering youth who wish to pursue a career in sewing. by providing opportunities for skill development through 6 fashion academies. The School aims to provide future fashion entrepreneurs an understanding of the scope and opportunities available in the field of fashion design at an affordable cost

Total students trained:
over 5,400

Fabricator Training By Alumex

Alumex has contributed towards the development of a skilled and competent construction industry through building capacity in aluminium extrusions, providing practical insights into the application and usage of Aluminium profiles, components, new products and new technologies through multi-faceted training programmes. The training is targeted towards a wide range of fabricators and technicians including students of VTA affiliated Technical Colleges, CECB, Buildings Department, Provincial Councils, ICTAD, Contractors, Sri Lanka Army, Navy, Air Force and other Technical Colleges (Government/ Non-Government) island wide.

20,000 fabricators trained to date



Agriculture Training Schools

The Hayleys Agriculture Training school conducts training programs for a range of stakeholders including teachers, industry practitioners and commercial operators. While supporting our financial objectives this initiative also aims to enhance the agricultural skill base in Sri Lanka, given the shortage of skilled labour in the industry.

INDUSTRY PARTNERSHIPS

As a dominant player and active stakeholder in several of its business sectors, the Group contributes proactively to industry forums and associations, engaging with stakeholders and the government to provide input in creating an enabling industry and regulatory environment. The Group holds memberships in the following industry associations

Membership in Industry Associations

- Ceylon Chamber of Commerce
- Ceylon Association of Ships' Agents
- Lanka Business Coalition for HIV-AIDS
- United Nations Global Compact
- National Agribusiness Council
- Sri Lanka Association of Inbound Tour operators
- National Chamber of Exporters
- Sri Lanka Institute of Nanotechnology
- Planters Association
- Sri Lanka Freight Forwarding Association
- SLASSCOM
- American Chamber of Commerce

COMMUNITY ENGAGEMENT

CSR Governance: All CSR initiatives are aligned to the Group Community Engagement policy but formulated and driven at Sector level; certain significant projects are also driven by the Centre. The Group ESG Steering Committee has oversight responsibility on the Group's CSR activities. Details pertaining to CSR activities, beneficiaries and impacts are reported by the Sectors to the Group ESG division on a quarterly basis.

Measuring our impact: Sectors monitor the impact of its community engagement activities on an ongoing basis, defining project-specific criteria to monitor progress and assess success. From a Group perspective, total beneficiaries, CSR investments and volunteer hours are monitored on a consistent basis.

HIGHLIGHTS OF THE GROUP'S COMMUNITY RELATIONSHIPS POLICY

- Sectors should actively engage in strategic community development initiatives, broadly focusing on the key areas of education, health and well-being, livelihood development, religion and culture
- Encourage and reward employee volunteerism, thereby recognising employee involvement.
- The progress of all projects should be monitored periodically, through impact assessments, audits, feedback from beneficiaries and independent third parties (where necessary) to ensure that program objectives are met.

KEY CSR INTERVENTIONS IN 2023/24

The Group's community engagement activities during the year were designed to address critical community needs while leveraging the Group's strengths in specific areas and aligning with the aspirations of the Hayleys Lifecode. Key CSR initaitives conducted during the year are summarised below:

Sisu Divi Pahana

Initiated by the Purification Sector as part of its 50th anniversary commemoration, 'Sisu Divi Pahana' provides nutritious mid-day meals to students across 13 schools in Madampe, Wewalduwa, Kaluthara,Mahiyanganaya, Padaviya and Batticaloa. The programme was launched amidst the surge in food inflation last year and has contributed towards preventing acute malnutrition in students and increasing retention levels in schools. During the year, the Hand Protection Sector also joined the initiative, thereby widening impact and coverage.



19
Schools

1,200 Students
People benefited

More than 250,000
Meals

Puritas Sath Diyawara

Puritas Sath Diyawara leverages the Group's expertise in water purification to provide purified water to families in areas affected by Chronic Kidney Disease (CKD). Conceptualized and launched by Puritas (Pvt.) Ltd., the initiative has expanded in partnership with other sectors within the Group. A Puritas Sath Diyawara project consists of commissioning a Reverse Osmosis (RO) water treatment plant and distribution system (through docking stations) to enable residents to obtain high quality potable water.

190,000 liters
Water purified a day

>45,000
People benefited

21
Villages benefitted

19
Projects

Rs. 95. 90 mn
Collective and cumulative investment by the Hayleys Group

275
Direct job opportunities

SOCIAL & RELATIONSHIP CAPITAL

Sathdiyawara Going Beyond

Launched as an extension of Puritas Sath Diyawara, 'Going Beyond' strives to address the broader socio-economic needs of the people living in CKD affected villages. In recent years, this initiative has focused on supporting the educational needs of these impoverished communities through providing infrastructure & facilities and book donations among others.

9th	15	>3,700	Rs. 47 Mn
Consecutive year	Schools	Students	Cumulative Investment



Home for Every Plantation Worker

A long-term, multi-dimensional community engagement initiative carried out by the Plantation Sector, 'A Home for Every Plantation Worker' is a unique and holistic program targeted at uplifting the living standards of employees and estate community amounting to nearly 150,000 individuals. The relevance of this programme was greater during the year, given the numerous socio-economic challenges that prevailed.

The progress made in each of the focus areas are summarised below:

Living environment	**30,317 Beneficiaries** Construction of new houses, upgrading existing water supply schemes and installation of new water delivery systems and improving access roads
Health & nutrition	**273,730 Beneficiaries** Comprehensive immunisation programmes, medical facilities, awareness programmes on health and nutrition, early childhood development programmes and antenatal and postnatal care
Community capacity building	**50,949 Beneficiaries** Provision of housing loans, savings schemes, micro-financing facilities as well as training on household financial management and home gardening among others
Youth empowerment	**56,335 Beneficiaries** Home gardening, language and computer classes, awareness on significant social issues and career awareness programmes

Give the gift of sight campaign

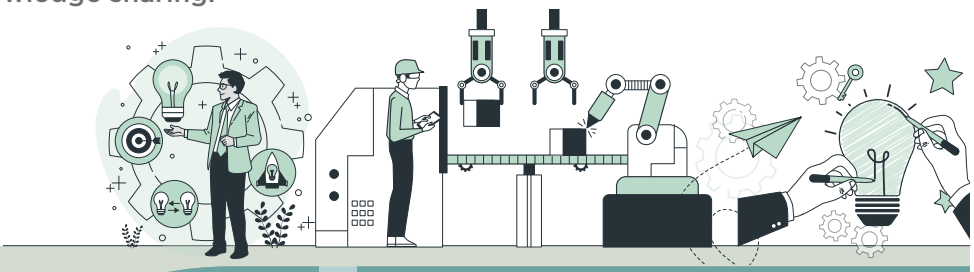
The Hayleys Group partnered with HelpAge in the "Give the Gift of Sight" campaign, committing to restoring vision by sponsoring 260 cataract surgeries for individuals from underprivileged communities, thereby addressing preventable blindness. The initiative combined the efforts of more than 10 Sectors of the Group including Agriculture, Hand Protection and Purification.

Soorya Sathkara by Hayleys Fentons

In a unique socially and environmentally impactful initiative, Hayleys Fentons launched Soorya Sathkara in commemoration of surpassing the 200MWp rooftop solar PV installation in Sri Lanka. Through this initiative, Hayleys Fentons seeks to install solar PV in 200 children's homes, elderly homes and special needs care centers across the island.

INTELLECTUAL CAPITAL

We define Intellectual Capital as the integrated products and solutions we offer across our verticals, our appetite and capability for innovation which enables us to persistently meet emerging customer needs and the unique skills, attitudes and values of our team which are passed on through a culture of engagement, mentoring and knowledge sharing.



Unique capabilities developed, nurtured and shared over 146 years through organisational and industry learnings and incremental progress

Industry presence in years

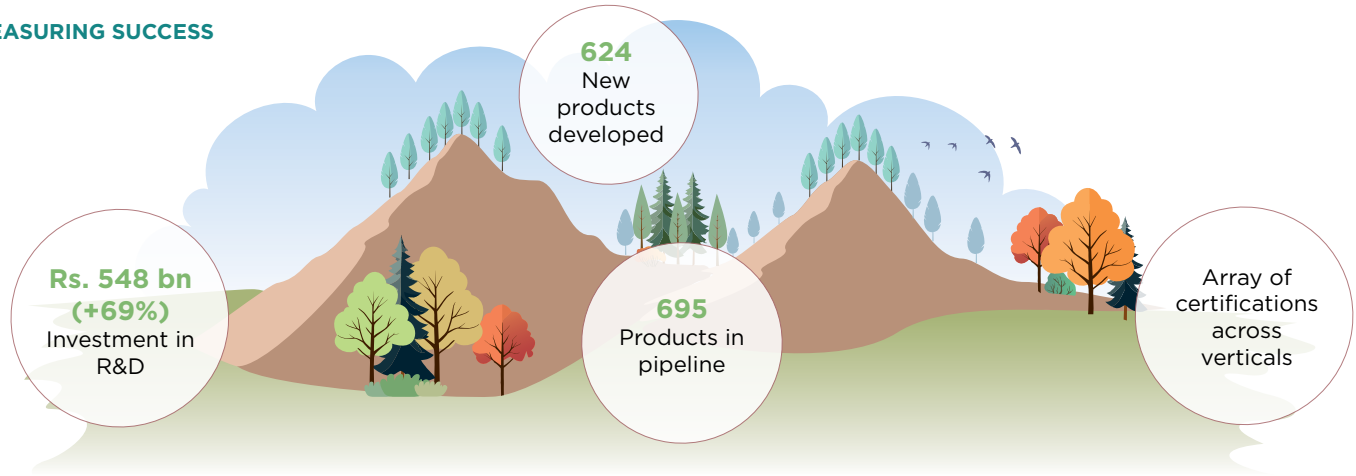


ROLE IN VALUE CREATION

- Leverage organisational capital and domain knowledge to pursue selective growth opportunities across business verticals
- Innovation aimed at sharpening competitive edge thereby providing access to new markets and customer segments
- Deploy technology and digital capabilities to drive operational excellence, strengthen risk resilience and enrich decision-making
- Drive synergies between deep market insights and R&D capabilities to develop products that shape better futures
- Drive sustainable innovations which seek to address critical environmental challenges facing the world

Eco Solutions · Hand Protection · Purification · Textiles · Construction Materials · Plantations · Agriculture · Consumer & Retail · Leisure · Industry inputs, Power & Energy · Transportation & Logistics · Projects & Engineering · Tea Exports · Others

MEASURING SUCCESS



INTELLECTUAL CAPITAL

PRODUCT CAPABILITIES

The Group's extensive product portfolio across its diverse verticals fulfill an array of needs of both retail and industrial customers, fulfilling a variety of needs at every stage of the customer journey. With a Group-wide focus on sustainable innovation, several of our Sectors manufacture products that are designed to address critical social and environmental challenges facing the world today, thereby ensuring that our products contribute towards shaping better futures. The Group's comprehensive product map is graphically illustrated below; further information on the product proposition of the Sectors are given on the Portfolio Reviews from page 114 to 245 of this Annual Report.

CONVENIENCE, COMFORT AND CONNECTIVITY

Hand Protection Sector

An array of multi-purpose gloves catering to households and industries

Eco Solutions Sector

Range of brushware and value-added eco-fibre products

CLEAN ENERGY GENERATION

Projects & Engineering

Driving Sri Lanka's clean energy transition, as the country's leading solar engineering, procurement

Industry Inputs, Power & Energy

Renewable energy generation through hydro, solar and wind power projects

PURIFICATION APPLICATIONS

Purification Sector

Safeguarding health and well-being of people and the environment through water and air purification solutions

CONVENIENCE, COMFORT AND CONNECTIVITY

Consumer & Retail

Convenience, connectivity and comfort through a range of consumer durables, mobile phones and consumer electronics



LIFESTYLE

Construction Materials

Aluminium extrusion for sophisticated living

Leisure

Curating unique hospitality experiences across our hotel and resort portfolio

FACILITATING BUSINESSES

Industry Inputs, Power & Energy

Supplies an array of industrial raw materials to domestic & export-oriented businesses

Others Sector

Hayleys Business Solutions International supports businesses.

NUTRITION AND WELL-BEING

Agriculture and Plantations

Offer an array of sustainable, high-quality and innovative agricultural products including tea, spices, value-added vegetables and fruits.

GLOBAL CONNECTIVITY

Transportation & logistics

Connecting local businesses to global value chains through a comprehensive array of transportation and logistics solutions

INNOVATION MANAGEMENT

All our Sectors are connected by our fundamental strengths in research and development, technology and capabilities which have fueled our aspirations to drive innovation in products and processes. We encourage new ideas through propagate a culture of learning which stimulates innovation and knowledge sharing. The Group also collaborates with leading research institutions and universities in developing and commercializing research that facilitates innovation. In recent years, we have also sought to relentlessly adapt our product capabilities and processes to shape better futures that address key sustainability issues. In recent times, the Group's R&D interventions have centered on four key dimensions as is illustrated below

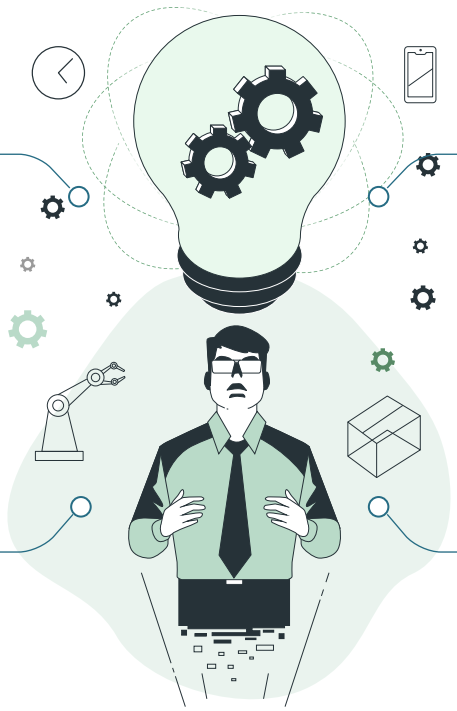
Safety and Quality

Hand Protection:
Interface Neo and Super Chem Technology featuring high chemical resistance properties

Sustainable innovation

Hand Protection:
Reusable glove that has potential to replace conventional disposable gloves, supported gloves made of plant-base materials

Textiles:
Eco Stretch featuring recyclable properties



Value Addition

Eco Solutions:
Specialised range of grow bags targeting specific crops, new applications in coco fibre

Purification:
Innovations in hard carbons

Construction Materials:
New Satiny Elegance finish, Range of products including aluminum balconies, decking, artificial walls, shower cubicles etc.

Performance and design

Agriculture: Launch of new fungicide and two new vaccines in Animal Health

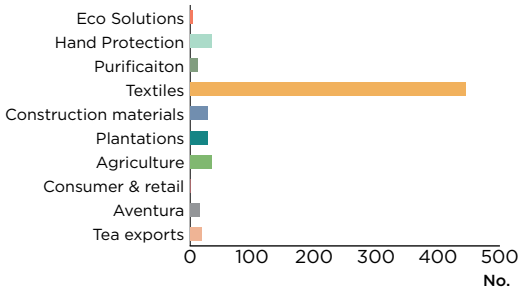
Projects and Engineering: Widened service portfolio to include equipment trading and 3D visualisations and architectural drawings. Agrivoltic solar systems

Textiles: Moisture Osmosis material offering moisture transference quality and durability

ORGANISATIONAL KNOWLEDGE

Industry insights and domain-specific knowledge gained over an established track record of over 140 years has sharpened the Group's competitive edge and enabled it to nurture a unique base of intellectual capital. With Sectors consistently increasing the depth and breadth of its operations both organically and through acquisitions, this unique base of intellectual capital has deepened, facilitating a high level of adaptability to market conditions, which has in turn enabled resilience in challenging conditions. The Sectors also harness cross-industry expertise in driving solutions and value creation, with successful initiatives being replicated in other sectors or across the organisation.

NEW PRODUCTS BY SECTOR



INTELLECTUAL CAPITAL

Systems and Standards

A host of national and international certifications across its Sectors reflects the Group's commitment to operational excellence and continuous improvement. The requirements of the Group's global customer base have also encouraged sectors to comply with stringent quality certifications, which have contributed towards strengthening internal systems and processes thereby enhancing the Group's intellectual capital base.



DIGITAL TRANSFORMATION

The Group embarked on a digital transformation journey during the year, strengthening both human and digital capabilities in formulating a medium-to-long term digital roadmap. The roadmap seeks to leverage digital technology, data and people capabilities to achieve operational excellence, enhance customer experience, mitigate risks, empower employees through richer data insights and generate new revenue streams. Group-wide roll out of the digital transformational roadmap will be a key priority in the next financial year.

WAY FORWARD

- Innovation focused on value addition and sustainability principles
- Culture of learning and knowledge sharing
- Implementation of the Group's digital roadmap

Adequacy of Intellectual Capital for future plans

A strong pipeline of products, together with ongoing investment in R&D capabilities and a culture of knowledge sharing is expected to further strengthen the Group's intellectual capital in the short-to-medium term. The quality of the Group's intellectual capital has positioned it in good stead to leverage on emerging opportunities, accessing new markets and customer segments.

NATURAL CAPITAL

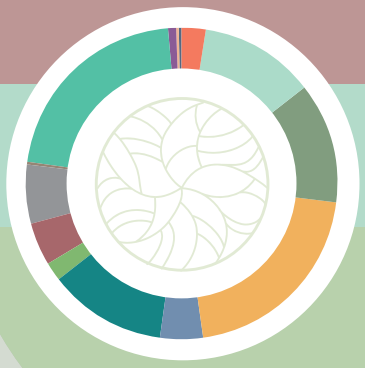
As a Group which relies heavily on agriculture-based input materials Hayleys' commercial success is linked to the health of the planet and natural resources. We are deeply committed to driving efforts to keep our operations resilient to environmental risks while adopting environment and climate-positive action across our business"



5,292,957 GJ
Energy consumption

7.0 M3 mn
Water consumption Array of raw materials

Emissions by Sector

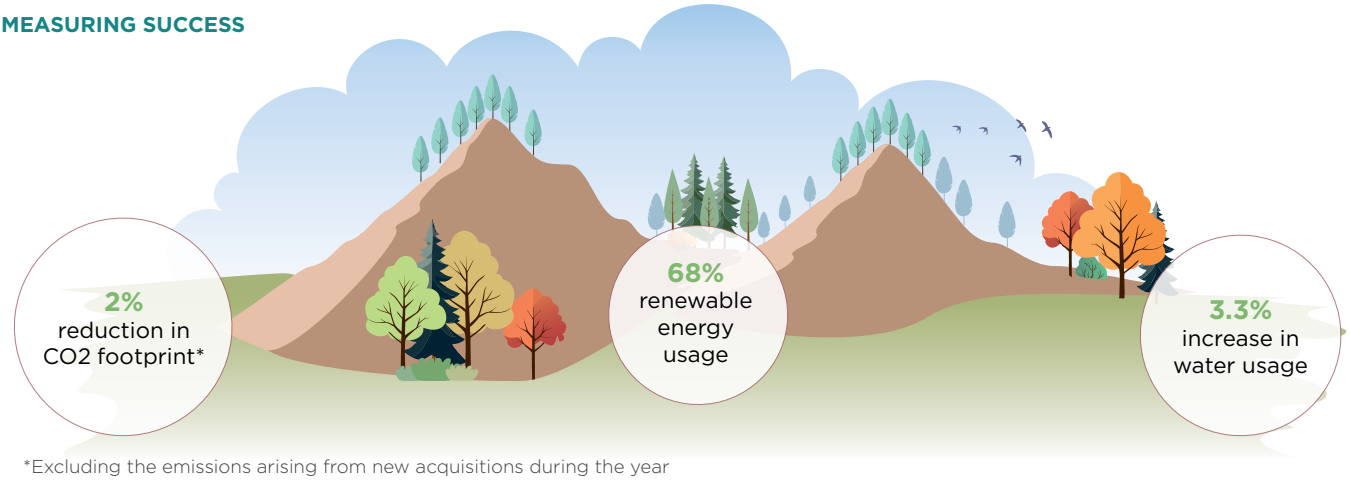


ROLE IN VALUE CREATION

- Provide critical resources for business including water, energy and raw materials
- Determines the quality and quantity of our agricultural inputs and outputs
- Enables access to renewable energy sources, which can result in significant cost reductions over the medium to long term.
- Facilitates the improvement of community relationships through joining efforts to preserve natural idea
- Ensures continuity of businesses through healthy functioning of eco systems

Eco Solutions · Hand Protection · Purification · Textiles · Construction Materials · Plantations · Agriculture · Consumer & Retail · Leisure · Industry inputs, Power & Energy · Transportation & Logistics · Projects & Engineering · Tea Exports · Others

MEASURING SUCCESS



*Excluding the emissions arising from new acquisitions during the year

NATURAL CAPITAL

APPROACH TO MANAGING ENVIRONMENTAL IMPACTS

The environmental challenges we face today are the most defining ones of this generation and we are responding with innovation, deep commitment and urgency. While environmental consciousness has long-been embedded into our thinking and decision-making, our approach to managing our environmental impacts center on identifying where and how we can make the greatest impact. The Group's environmental strategy is clearly set out in its ESG Roadmap-the Hayleys Lifecode and supported by a comprehensive suite of policies and certifications.

CERTIFICATION

The Lifecode includes environmental policies which have been designed to align with regulatory frameworks, environmental certifications and voluntary

COMMITMENTS

Committed to
Science-Based-Targets-Initiative (4 companies)
UNGC Ten Principles



POLICIES

The Lifecode includes environmental policies which have been designed to align with regulatory frameworks, environmental certifications and voluntary standards including UN Global Compact Principles 7 to 9.

REPORTING FRAMEWORKS

GRI Standards, SASB Standards, TCFD Framework incorporated into the SLFRS S1 and S2 reporting standards

2030 ENVIRONMENTAL TARGETS



30%
reduction in Scope 1 & 2 GHG emissions



ZERO
landfill waste



50%
sustainable water sourcing



100%
safe chemical management



5 Times
Enhance biodiversity to 5 times the area occupied

ENERGY

Reducing energy consumption and increasing our energy efficiency is key to achieving the Group's emission reduction targets. The Group's energy strategy in recent years has centered on gradually reducing dependence on fossil fuels through opting for sustainable and renewable energy sources while optimising energy usage across our operations. Energy consumption is tracked and monitored across all operating locations and performance against reduction targets is reported to sector-level ESG Steering committees at least on a quarterly basis. Key interventions to achieve the Group's energy targets are set out below:

Energy efficient infrastructure and operations

Energy efficiency principles are incorporated in the design process of the new building, with due consideration given to temperature, natural light and humidity. Energy saving features include passive design, energy management certifications and energy efficient equipment.

Transportation services

The Group has deployed 14 buses (at Head Office), along several key commuting routes to facilitate the transportation of employees. During the year, approximately 450 employees utilised this service, which in turn has been estimated to save emissions of approximately 4.84 tonnes Co2e.

Supporting Sri Lanka's renewable energy transition

As Sri Lanka gears up to meet its net-zero commitments, as articulated in the Net Zero Carbon Roadmap, renewable energy is poised to replace fossil fuels. As a Group, Hayleys is catalyzing the country's transition to renewable energy, both through reducing dependence of fossil fuels in its own operations and commercial installations across the country as illustrated below.

SOLAR INSTALLATION THROUGH HAYLEYS FENTONS

Sri Lanka's leading solar EPC company, having installed **200MWp** of rooftop solar power systems since 2011

HYDRO POWER GENERATION ACROSS SECTORS

The Group's Plantation Sector generates renewable energy through several hydro power plants

Talawakelle Tea estates:
2.1 MW

Kelani Valley Plantations PLC:
1.1 MW

Horana Plantations PLC:
0.12 MW



RENEWABLE ENERGY GENERATION THROUGH POWER& ENERGY SECTOR

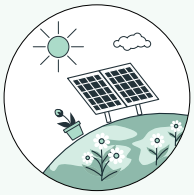
Installed capacity of over 50 MW of wind and hydro power plants

RELIANCE ON BIOMASS ENERGY BY SEVERAL SECTORS

Eco solutions: 73%
Hand Protection: 93%
Plantations: 84%
Textiles: 73%

ROOFTOP SOLAR INSTALLATION ACROSS THE GROUP

Organisation-wide rooftop solar installation project



133,841.1 M²
of rooftop area covered



27.76 Mw
Generation capacity



19,651.05 tCO_2e
Annual reduction



Rs. 5 bn
Total investment

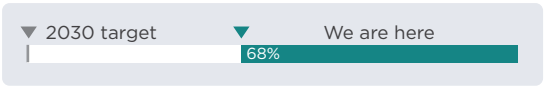


4-5 years
payback

Energy performance indicators

The Group's total energy consumption increased by 10% during the year, with wood log - rubber, wood chip and other alternative biomass emerging as the most significant energy sources with a collective share of 54%. Energy intensity as measured by GJ/Revenue Rs. mn, also increased by 22%. The Group's energy composition continued to tilt towards renewable energy, which accounted for 68% of total energy consumed during the year. In line with the Group's third party verification on its carbon footprint, energy-related information has been restated for 2022/23.

Performance against targets

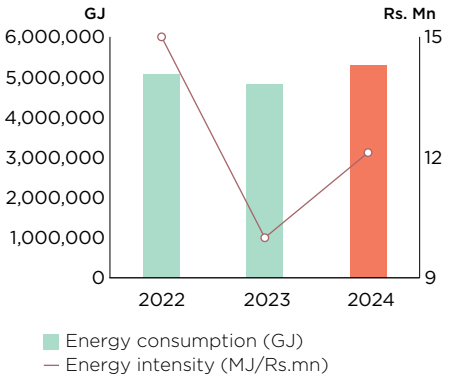


Target 1: 90% sustainable and renewable energy applications (Actual: 68%)

NATURAL CAPITAL

	Energy consumption		
	GJ	Y-o-y change(%)	% composition
Eco Solutions	132477	36	3
Hand Protection	2055012	4	39
Purification	240589	-9	5
Textiles	1476777	-2	28
Construction materials	81117	-2	2
Plantations	591950	150	11
Agriculture	30968	-15	1
Consumer & Retail	58507	-21	1
Leisure	117900	24	2
Industry Inputs, Power & Energy	6487	459	-
Transportation & Logistics	487569	13	9
Projects & Engineering	8299	-50	-
Tea Exports	2218	-32	-
Others	3087	-73	-

ENERGY CONSUMPTION (3 YEAR TREND)



ENERGY FOOTPRINT

10% increase in energy consumption

25% increase in energy intensity

ENERGY HANDPRINT

68% reliance on renewable energy

>3.5 mn renewable energy generation

EMISSIONS

The Group measures its carbon footprint in line with the WBCSD/WRI Greenhouse Gas (GHG) Protocol Corporate Standard, ISO 14064 and the PAS 2050. The Group has committed to reducing its Scope 1 & Scope 2 emissions by 30% by 2030, to be achieved through Group-wide efforts to increase reliance on renewable energy, reduce energy consumption and reduce dependence on fossil fuels. The Group's emission reduction aspirations are integrated to its climate strategy, which centers on building a climate-resilient business model while driving continued reductions in the Group's carbon footprint. Please refer to page 294 of this Report for further information on our climate-related risks and opportunities.

Operational interventions

- Increasing reliance on renewable and sustainable energy sources
- Energy efficiency drives across the Group, particularly in the 14 sectors
- Waste to value initiatives driving circularity and decarbonisation across operations

Value chain interventions

- Solar installation through Hayleys Fentons
- Emission reductions across supply chains
- Energy efficient solutions for industries
- Energy storage solutions



Integrating climate considerations

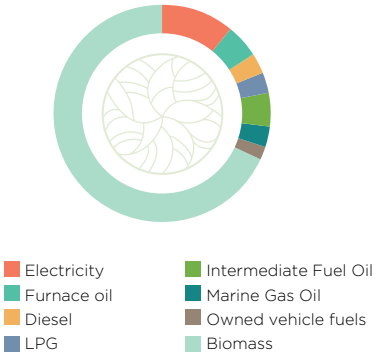
- Strengthen governance and risk management oversight on climate-risk
- ESG considerations during the Group's budgeting and financial planning processes
- Developing the Group's climate action skills

Leveraging opportunities

- Access to new markets through low-carbon product solutions (i.e Hand Protection Sector and Construction Materials Sector)
- Driving long-term cost reductions through increased investments in solar

ENERGY CONSUMPTION BY SOURCE

%



Carbon footprint performance indicators

The Group's carbon footprint for 2022/23 was restated following the independent verification on the GHG inventory. The accuracy and completeness of the computation was considerably improved following the verification and the same improvements feature in the GHG computation for 2023/24. Despite the acquisition of new entities and expansion of the business, the Group successfully curtailed the increase in its emissions to 2% reflecting the Group's increased focus on renewable energy and energy efficiency.



2% increase in carbon footprint

13% increase in emission intensity

CONTEXT

Water security and our ability to safeguard bodies of freshwater resources are increasingly at risk. With the global increase in demand for water, the World Resource Institute projects that there will be a deficit in water supply of about 56$ by 2030. Currently about 25% of the global population lives in countries that suffer from water stress.

COMMITMENT

The Group's Water Management Policy seeks to conserve and optimize water obtained from various sources, seek avenues of recycling and reusing waste-water and responsible disposal of waste-water generations in its operations.

WATER

As a Group which has several water-intensive manufacturing processes, we are cognisant of the potential disruptions to our operations stemming from waster stress. This year, in preparation for the full adoption of IFRS S1 we are aligning with the CDSB Framework's Guidance for water-related disclosures as listed below

CDSB Framework's Guidance for Water-Related Disclosures

Governance: The governance of water related matters is aligned to that of the Group's other environmental aspects, with the Group ESG Steering Committee monitoring water-related performance indicators on a quarterly basis. Water withdrawal is monitored across all of the Group's operating locations and submitted to the Group ESG Division through the Hayleys CUBE. At an operational level, factory managers and/or engineering units are responsible for water management within the respective locations

Management's environmental policies, strategy and targets:

Context: Sri Lanka is considered 'highly water stressed' with the country consuming 90.8% of its total available renewable freshwater resources. The Group's interaction with water as a shared source stems primarily from its use in manufacturing operations, in which certain sectors such as Textiles, Hand Protection and Purification are relatively water intensive. Water is also used for cleaning and employee usage across the Group. The Group's water sources include groundwater, surface water, pipe borne water and harvested rainwater. Metering is available for main water inputs and wastewater outputs, ensuring the complete and accurate reporting of all relevant date on a timely basis to Hayleys Group ESG Division.

Primary uses of water in Hayleys

Industrial Use

- Glove manufacturing
- Fabric manufacturing
- Blending of industrial raw materials

Agriculture

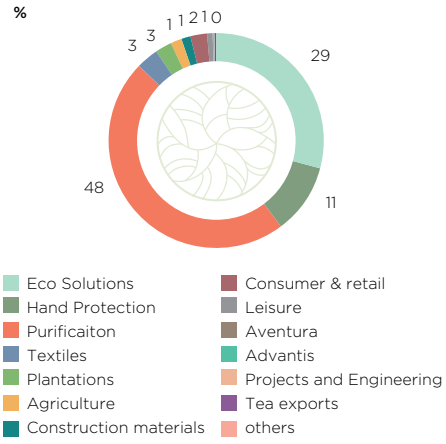
- Cultivation of tea, rubber and other crops

Other

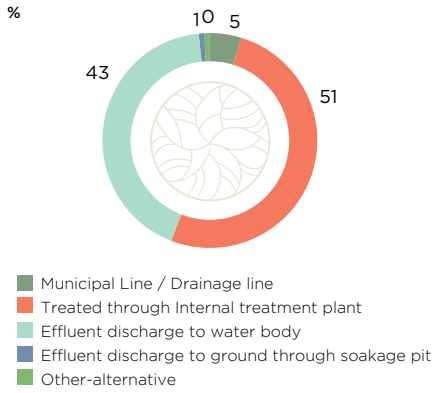
- Sanitation
- Employee use
- Gardening use

NATURAL CAPITAL

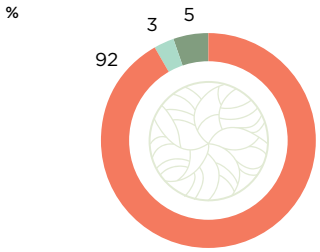
WATER WITHDRAWAL BY SECTOR



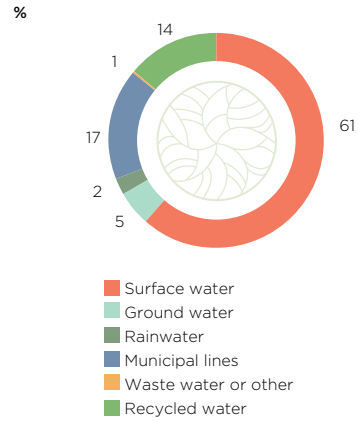
EFFLUENTS BY METHOD OF DISPOSAL



EFFLUENTS BY TYPE



WATER WITHDRAWAL BY SOURCE



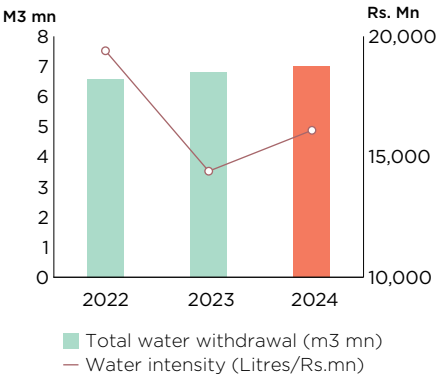
Water discharge: The Group's manufacturing processes involve the discharge of wastewater, and effluent treatment plants to responsibly dispose of effluents. Wastewater is typically treated and recycled for re-use for gardening and/or organic farming purposes. Effluents discharged from our operations comply with the requisite water quality standards of BOD, COD, TSS, pH and oil and grease levels are checked on a regular basis by independent assessors to ensure it meets compliance levels.

Policy and targets: The Group's Water Management policy is applicable to all entities within the Group and clearly sets out targets, action plans and deliverables. The policy is in line with the UNGC CEO's Water Mandate and all relevant laws and guidelines and national and international standards.

Water-related risks and opportunities

Risk/ Opportunity	Description	Potential business and financial impacts
Physical risk	Fluctuations and limited availability in water supply stemming from the country's water scarcity	Considerable impacts on the business continuity and manufacturing cost of the Textiles and Hand Protection Sector which are water-intensive operations
Precipitation and rainfall	Changes in precipitation patterns and variability in weather patterns which lead to changes in temperature, water stress and coastal erosion	Implications on the yield, quality and quantity of our Plantation Sector products including tea, rubber and other crops. Impacts on the Agriculture Sector can stem from weaker demand due to crop losses
Market	Shifting customer preference to water efficient products and technologies	Increased pressure from customers (particularly in the European region) who demand water targets and disclosure of performance against targets
Reputational risk	Stakeholder perceptions of the Group's use and discharge of water and negative media coverage	Adverse implications on community relations due to water stress and potential impacts on social license to operate
Resource efficiency	Increased use of water recycling and reduced water usage and wastage	Opportunity to drive increased efficiencies and curtail costs, particularly in Sectors which are water intensive
Products and services	Development of less-water intense products and services and water-climate adaptation	Sectors such as Textiles can drive customer acquisition and access new markets through water-conscious innovations

WATER WITHDRAWAL TRENDS





Target 1: 30% sustainable water sourcing by 2030:

49%
Actual



Target 1: 30% reduction in water intensity:

12% (Increased)
Actual

The Group's total water withdrawal increased by 3.3% during the year to reach 7 mn, driven by increased usage in key sectors of plantations, Industry Inputs power and energy and Projects and Engineering. Total intensity also recorded an increase of 12% during the year.

MATERIALS AND CIRCULARITY

The Group consumes an extensive variety of materials across its diverse operations and in recent years has sought to embed the principles of circularity across its business through increasing reliance on recycled and renewable materials. This agenda continues to features prominently in product design/development phase and progress made in this front is summarised below. Other aspects of the Group's material management include minimising chemical usage, use of eco-friendly raw materials and responsible sourcing.

Use of PET bottle recycled yarn by multiple Sectors

The Textile Sector and Hand Protection Sectors uses recycled PET yarn as an input for its fabric and glove manufacturing respectively

Warna by Mahogany by Textiles Sector

A pioneering waste to fashion initiative which extracts dye in house using waste material generated by the local furniture industry

Circular product solutions

Eco-One is an additive which is applied during the manufacturing process to enhance the biodegradation of plastic and polythene products.

Carbon nano tube product for the glove industry, uses carbon black recovered from used tires which in turn leads to significant reduction of crude oil consumption.

Use of recycled Aluminium

The Construction Materials Sector continues to increase the use of recycled aluminium in its production process, thereby reducing the need for virgin aluminium

56%
Use of recycled aluminium

Use of recycled brass

The Group's Agriculture Sector sources recycled brass to manufacture components for spray machines

NATURAL CAPITAL

The Group's material consumption is set out below:

Sector	Metric	2022/23
Purification	Coconut charcoal (MT)	101,753
	Coconut Shells (MT)	50,468
Hand protection	Latex (MT)	34,458
Plantations	Green Leaf (MT)	47,458
	Packing Material (MT) TTE+KVPL	142
Eco Solutions	Coconut husks (Nos)	2,480,232
	Fibre pith (MT)	21,530
	Yarn (Kg)	6,536
Non-Renewable materials		
Construction materials	Aluminium billets (MT)	3,352
Plantations	Dolomite (MT)	3,863
	Fertilizer (MT)	4,473
Textile	Yarn (recycled)	1,805
	Yarn (non-renewable and other than recycled) (Kg)	10,685
	Dyes and Chemicals (Kg)	11,358

WASTE

CONTEXT

Waste including plastics, e-waste and other types of waste pollutes land and waterways and contaminates the air we breathe. The systems and infrastructure in place is not adequate to effectively collect and redistribute the increasing quantum of materials that are consumed by the global population.

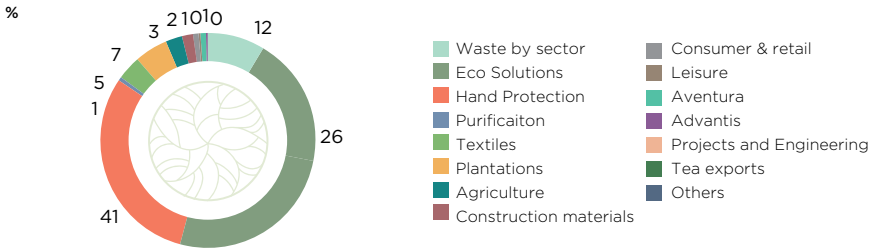
COMMITMENT

Material & waste management policy

The Hayleys Group strives to minimise waste generation and seeks to effectively manage the waste generated through sustainable disposable methods

Key types of waste generated by the Group include agricultural waste, industrial waste, glass, polythene, plastic, food waste and paper among others. The Hayleys Lifecode sets out a clear target of achieving zero landfill waste by 2030. All Sectors have stepped up efforts to engage in the segregation and responsible disposal of waste, in compliance with regulatory requirements and industry best practice. The Group's waste profile is as follows:

WASTE BY SECTOR



In addition to circular business models described above, the following large-scale waste management efforts are in place across the Group.

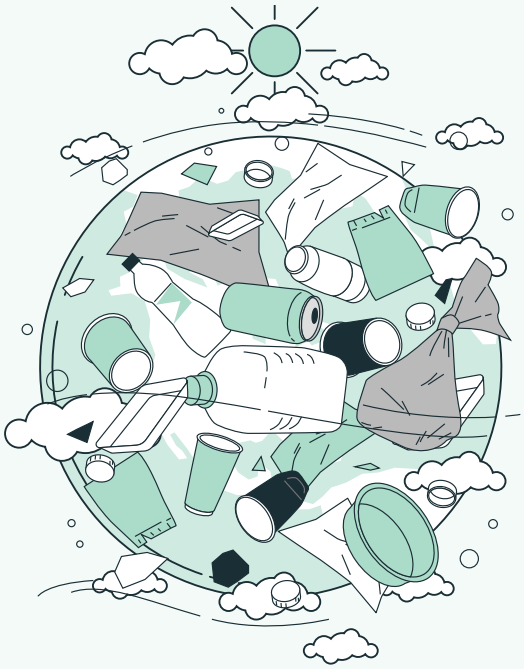
E-WASTE COLLECTION:

Singer conducts a largescale, island-wide e-waste collection initiative, through which customers are encouraged to return used electronic items. With over 407 collection points around the island Singer directly contributes towards reducing the country's landfill waste.

Televisions: 1898
Washing machines: 46
Refrigerators: 130
Others: 25

COMMUNITY WASTE MANAGEMENT IN PLANTATIONS:

In line with the certification standards of the Rainforest Alliance and ISO 14,001: 2015 Environmental Management System, the Sector conducts ongoing awareness building initiatives and training programmes on the responsible disposable of biodegradable and non-biodegradable waste



WASTE-TO-ENERGY GENERATION:

Through a patented green charcoaling technology, Recogen, Haycarb generates electricity using waste which is supplied to the national grid.

800,000 KwH of electricity generated

ACCELERATING BIODEGRADATION OF PLASTICS:

Hayleys Aventura's Eco One solution is an organic additive that accelerates biodegradation of plastic and polythene, thereby drastically shortening the timespan such products are retained in landfills from centuries to a few years.

Rate of degradation increased to 18 months

WASTE-TO-VALUE BUSINESS PROPOSITION:

Haycarb PLC's business model is built on a waste-to-value proposition which entails converting waste coconut shells to pursued sustainable innovation strategies that provides solutions to purification of air and water and more recently, in storage of renewable energy

Waste performance indicators

The Group's total waste generation for the year increased by 26% to 20,850 reflecting improved waste reporting across the organization and increased operational activitiy in selected sectors. Non-hazardous waste accounted for 76% of the Group's total waste.

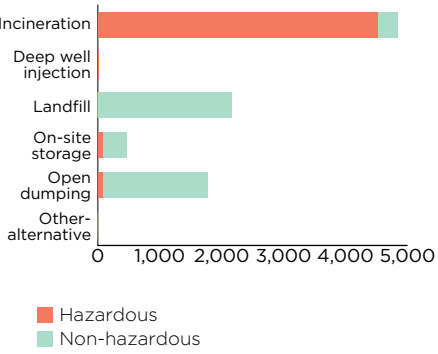
We have enhanced our waste reporting this year, with increased disclosure on type of waste, recovery method and disposal method

Total waste by type and composition

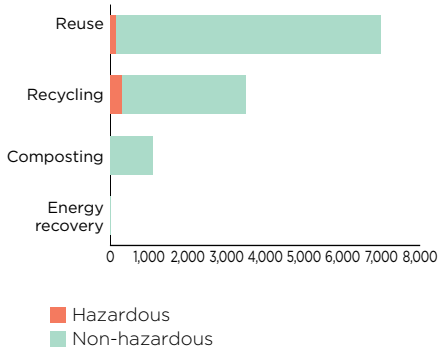
Hazardous waste	Quantity (MT)	Non-hazardous waste	Quantity (MT)
Sludge	4428	Food	419
Contaminated materials	30	Paper	232
E-waste	52	Cardboard	1183
Fluorescent lights	1	Polythene	493
Chemical waste/oil	86	Mixed waste	7104
Ash	317	Glass	26
Mixed waste	20	Metal	169
Other	111	Garden waste	46
		Biomass waste	379
		Wet garbage	146
		Other	4414

NATURAL CAPITAL

WASTE BY DISPOSAL METHOD



WASTE BY RECOVERY METHOD



BIODIVERSITY AND ECO-SYSTEMS

The unsustainable use of land and resources has led to significant losses in biodiversity habitats, severely threatening the balance of the ecosystem and emerging as a key environmental risk facing the world today. The operations of several of our sectors are closely linked to the health of the natural ecosystems surrounding our locations of operations. The Plantations Sector's tea and rubber estates in the hill country and low country wet zones are particularly rich in biodiversity and we are committed to preserving the natural habitats and ecosystems in these areas.

A high-level overview of the progress made Group's diverse biodiversity and eco system preservation initaitives during the year summarised below:

244
hectares with rich biodiversity

Calsay estate, Nanuoya borders the Conical Hill National Forest, Agrabopaththalawa

Watershed and catchment areas feeding national rivers Nilwala, Gin, Kotmale Oya and Nanu Oya

Great Western, Radella & Holyrood estates are located near Kikiliyamana Natural Forest Reserve



Project Kirulu

Project Kirulu the Group's flagship biodiversity program, seeks to leverage the Group's extensive land bank, cross-sector synergies and insights on ecosystems to preserve Sri Lanka's rich and vibrant ecosystems. Actioned by Talawakelle Tea Estates, the programme involves the planting of native, endemic trees with the contribution of Group companies.

Advantis Blue Carbon

The Transportation Sector's Project Advantis Blue C seeks increase the national blue carbon sinking capacity by supporting the conservation and replenishment of coastal ecosystems. The initiative is focused on accelerating the natural regeneration of mangroves at Anawilundawa. The Project received the UN Decade of Restoration Flagship Award for Sri Lanka by the UNEP and FAO of the United Nations

Green belt and Wetland Biodiversity Zone at Hayleys Fabrics:

The Group's Textile Sector has reserved 20 acres and 9 acres of land adjoining the factory as a Green Belt and Wetland Biodiversity Zone respectively. Conducted under the guidance of the Central Environment Authority, the initiative included a biodiversity survey by the Environmental Ministry Secretariat, which identified 146 plant species belonging to 63 families and 149 animal species, including 2 endemic plant species and 18 endemic animal species.

BIODIVERSITY PRESERVATION IN OUR PLANTATIONS SECTOR

- **Project REGROW by Horana Plantations** in partnership with WNPS Plant aims to restore a nine-kilometre-long forest corridor along the Maskeliya Oya creating 55 hectares of new forests in the process. In the future, this initiative will, enable species to move among larger forest patches in an uninterrupted manner.
- **Talawakelle Tea Estate PLC's large-scale tree planting initiative** at St Clair Reservoir, aims to plant and establish secondary forests across significant hectarages with native and endemic plants across Talawakelle Tea Estates' plantations.
- Both these projects obtained Ecosystem Restoration Verification from Preferred by Nature for these two projects, the first of its kind in Asia
- KVPL in partnership with IUCN launched the **Surakimu Ganga initiative** which strives for collaboration between the private, sector and international organisations to adopt nature-based solutions for greening the river basin in We Oya catchment area in the Kelani river.

WAY FORWARD

- Widen Scope 3 emission reporting across the Group
- Ongoing transition to renewable energy with several sectors including Transportation & Logistics, Purification and Hand Protection committing to large solar power projects
- Align with increasingly stringent environmental regulations including the European Union's Deforestation Regulation and the Carbon Border Adjustment Mechanism

CLIMATE RISK REPORT

ABOUT THE REPORT

This Report details the Hayleys Group's overarching climate strategy including the progress we are making towards our sustainability aspirations, approach to climate risk management and our plans to drive decarbonisation across the Group. The Report is aligned to the requirements set out in the IFRS Sustainability Disclosure Standards; with the application of IFRS S2-Climate Related Disclosures in accordance with IFRS S1 and recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). As discussed in further detail on page 13 of this Annual Report, we have applied the transitional relief adopted for first-time reporters and have opted for qualitative disclosures this financial year. While primarily of interest to providers of financial capital, the Report also includes information relevant to other stakeholders. The Report is structured as follows:

1 Overview

- About the Report
- Context

2 Governance

- Oversight of climate-related risks and opportunities (CRRO)
- Committee mandates and responsibilities
- Management's role
- Training and awareness

3 Strategy

- Identification and management of CRROs
- Our climate strategy
- Climate resilience and scenario analysis

4 Risk Management

- Approach to managing CRRO
- Risk assessment and prioritisation

5 Metrics and targets

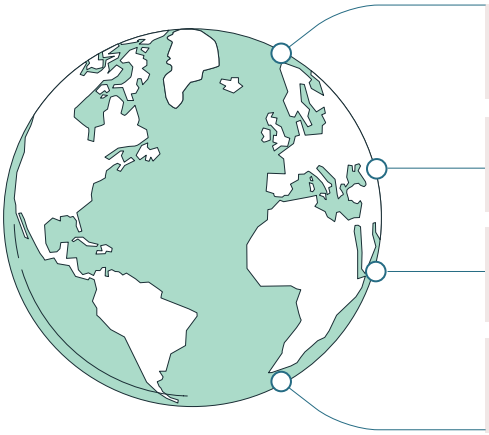
- Emission reporting



HIGHLIGHTS OF 2023/24

Our commitment	**30%** reduction in Scope 1 & 2 emissions by 2030 **10%** reduction in Scope 3 emissions by 2030	**90%** reliance on sustainable and renewable energy by 2030	**4** Sectors committed to SBTI **2** Sectors obtained verification of SBTI targets
Measurement and assurance	**Improvements in GHG reporting** • **Scope 1:** Emissions from refrigerants, fire extinguishers and fertilizer usage included • **Scope 3:** Inclusion of upstream/downstream transportation, employee commuting and waste disposal		External assurance on Group-wide GHG reporting in line with ISO 14064:2008 requirements
Transforming our operations	**68%** reliance on renewable and sustainable energy	**Rs. 5 bn** investments in solar within the Group	reducting in the use of chemical fertilizer
Supporting Sri Lanka's transition to low-carbon	**50MW** installed capacity of solar, hydro and wind plants generating		**200 MW** of rooftop solar installations

Sri Lanka's climate commitments



0% Net zero emissions by 2050

By 2042 Phase out coal by 2042

14.5% reduction in GHG emissions by 2030

70% 70% renewable power generation by 2030

GLOBAL AND LOCAL CLIMATE AMBITION

In its sixth assessment report, the Intergovernmental Panel on Climate Change (IPCC) reveals that human-induced global warming of 1.10 C has spurred changes to the Earth's climate that are unprecedented in recent human history. The Paris Agreement, signed into effect by 196 countries in 2015 represents the first-of-its kind legally binding international treaty on climate change, with the overarching aim of stemming the increase in global average temperature to below 20 C above pre-industrial levels. Centered on Nationally Determined Contributions (NDC) which represent country-specific commitments to reduce GHG emissions, actioning the Paris Agreement requires economic and social transformation together with significant technological advancements.

As a signatory to the Paris Agreement, Sri Lanka has committed to achieve carbon neutrality by 2050, as set out in its ambitious Carbon Net Zero 2050 Roadmap and Strategic Plan. The Roadmap seeks to drive cross-sectoral as well as national and sub-national level interventions across six selected sectors; Energy, Industry, Transport, Waste Management, Agriculture and Forestry.

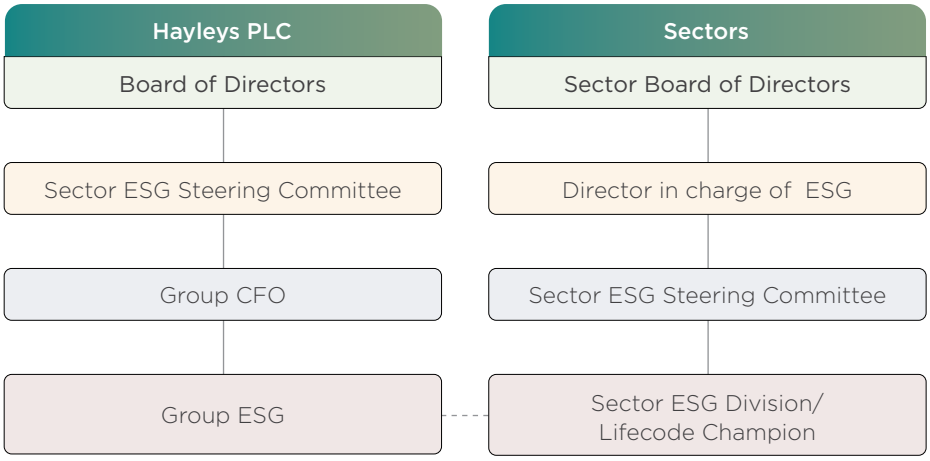
The Hayleys Group supports the Paris Agreement and our emission reduction aspirations center on reducing dependence on fossil fuels, increasing reliance on renewable energy and improving our GHG emissions monitoring. Our Scope 3 emissions are considerably larger than our Scope 1 and 2 emissions, given the depth and breadth of our operations. We are cognisant that accurately capturing the entirety of our Scope 3 emissions is extremely challenging at this juncture and we are adopting a phased approach to identify and measure our Scope 3 emissions. We are acutely aware that reducing our Scope 3 emissions will require extensive collaboration across our upstream and downstream value chains as well innovation in our product development processes. As our understanding on our Scope 3 emissions increase and we identify opportunities for emission reduction across our value chains, our targets are unlikely to remain static and will evolve as our own maturity in this space grows.

GOVERNANCE OF CLIMATE-RELATED MATTERS

The Board provides ultimate oversight on climate-related matters, which is vital in ensuring that the Group achieves its strategic aspirations while creating positive impacts.

Board and executive oversight of CRROs

A robust governance structure which includes ESG Steering Committees at both holding company and Sector-level enables climate risk management to be embedded into core strategy and operations. The Group ESG Steering Committee (comprising 3 Executive Directors and 3 members of the Group Management Committee) assists the Board in the discharge of this responsibility through monitoring CRROs, formulating response strategies and assessing progress against the Group's ESG roadmap (including the climate strategy).



CLIMATE RISK REPORT

SECTOR-LEVEL GOVERNANCE

Given the diversity of the Group's sectors, Sector-level ESG Steering Committees were established during the year under review, facilitating more focused and systematic management of industry-specific SRROs and CRROs. Sector-level sustainability-related developments (including SRROs and CRROs) are discussed during quarterly Sector ESG Steering Committee meetings and subsequently tabled during Audit Committee meetings. Sector-level ESG teams/Lifecode champions work closely with the Group ESG Division ensuring a coordinated approach to oversight, strategy, delivery and reporting of the Group's ESG aspirations.

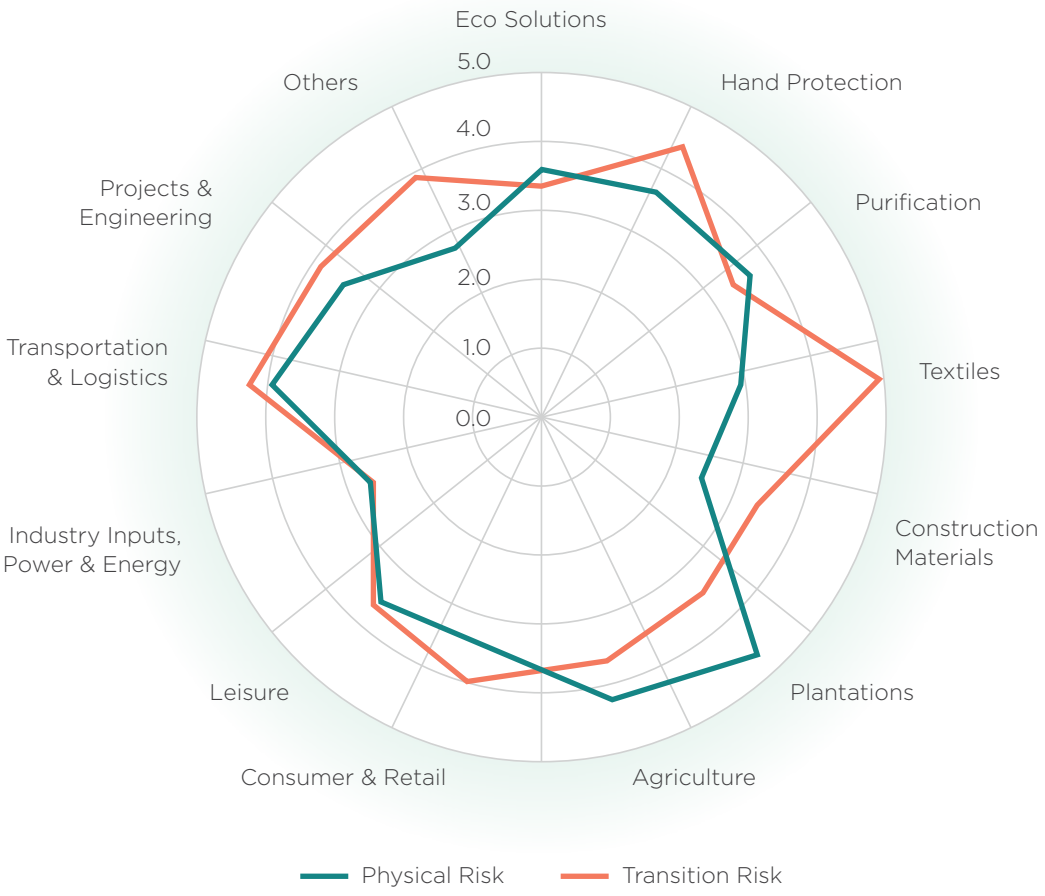
Board's skills and expertise

When appointing directors, the expertise, skills, industry experience and competencies of each candidate are carefully evaluated to ensure alignment with the Group's vision, strategic aspirations, risks and opportunities. The Board obtains external professional advice as required to carry out their duties more effectively including guidance on climate and broader sustainability related matters.

Committee mandates and responsibilities

The mandate of the Group and Sector-level ESG Steering Committees include the following (among others). Provide oversight and monitor the execution of Group and Sector-level CRROs connect to existing business risks. This ensures that material physical and transition risks are an input when formulating and implementing business strategies. The Group's exposure to climate-related physical and transition risks are listed below.

Sector-level exposure to physical and transition risks

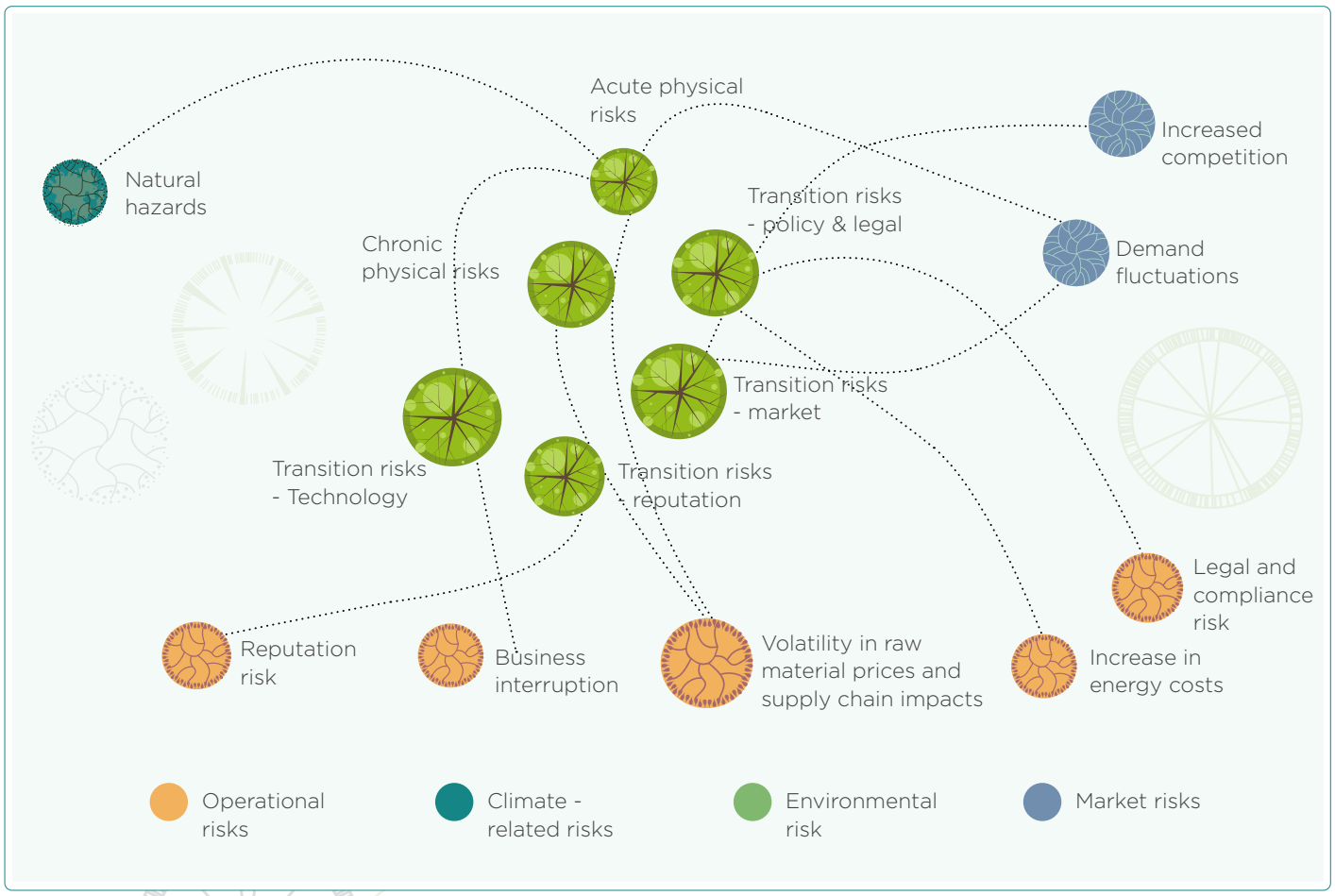


CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Group has identified a range of physical and transition risks that could have a significant impact it's financial performance and value creation while informing its strategy. The table below represents a consolidated view of the Hayleys Group; further details on Sector-level risk exposures can be found in the respective Annual Reports. Given the current limitations in resources and capabilities across the Group, we have opted to discuss qualitative financial effects this year and will look to evolve our processes to determining quantitative effects over the next financial years.

LINK TO OTHER BUSINESS RISKS

The Group's business risk profile for 2023/24 is explained in detail in the Risks and Opportunities chapter of this Report on page 104. The following infographic demonstrates the link between these strategic, operational and other risks and the climate-related risks identified above. The size of the circle represents the magnitude of the risk.



CLIMATE RISK REPORT

Identified risks	Description	Time horizon	Vulnerable sectors	Current and Business model and value chain
ACUTE PHYSICAL RISKS				
Extreme weather events	Increased frequency and severity of extreme weather events such as floods, droughts and heat waves	Short and medium term	Plantations Agriculture Transportation & Logistics Hand Protection Purification	• Direct implications on the quality, yield and quantities of agricultural crops produced and cultivated extent • Implications on cost, quality and security of agricultural input materials • Disruptions to internal operations, supply chains and distribution • Damages to physical assets and infrastructure
CHRONIC PHYSICAL RISKS				
Rising mean temperatures	Consistent increases in mean temperatures resulting in a higher number of extreme heat days	Medium and long term	Plantations Agriculture Hand Protection Projects & Engineering	• Implications on the quality, yield and quantities of selected agricultural crop including tea and rubber and vegetables • Adverse implications on productivity of labour force • Escalation in cooling load requirements • Reduced efficiency of installed energy systems
Rainfall and precipitation patterns	Fluctuations in precipitation and rainfall patterns	Short, medium and long-term	Plantations Agriculture Hand Protection Industry Inputs, Power & Energy	• Implications on the quality, yield and quantities of agricultural crop produced by the Group • Adverse impacts on the continuity of supply, quality and pricing of agricultural inputs • Implications on biomass harvesting, one of the Group's main energy sources • Damage to physical assets from extreme rainfall
Physical water availability	Fluctuations and limited availability in water supply stemming from the country's water scarcity	Short, medium and long-term	Plantations Agriculture Hand Protection Purification Eco Solutions	• Operational disruptions for water-intensive sectors • Implications on the quality, quantity and yields of agricultural produce • Implications on employee productivity and well-being • Disruptions to supply chains
CLIMATE RELATED TRANSITION RISKS				
Policy and legal	Policy actions that constrain actions contributing to climate change and promote climate adaptation	Medium to long-term	Textiles Hand Protection Plantations Transportation & Logistics Agriculture	• Increasing stringency of packaging, carbon, waste and supply chain related compliance standards and regulations, particularly from the European region necessitates investments in reformulating processes, driving product innovation and commitment to reducing emissions

anticipated impacts	Management response	
Financial implications	Strategy and decision-making	Resource allocation
• Revenue: Impacted by fluctuations in crop pricing and quantities • Operating costs: Cost stemming from operational disruptions, broad-basing supplier base and increased insurance costs • Capital expenditure: Repairs to potential infrastructure damage and investments in climate adaptation and mitigation	• Crop diversification • Climate-smart agriculture solutions • Strategic development programmes across supply chains • Strengthening insurance arrangements	Financial S&R Manufactured
• Revenue: Impacted by fluctuations in the price and quantity of agricultural produce • Operating costs: Cost stemming from increased energy consumption for cooling and impacts of reduced labour productivity • Capital expenditure: Investments in cooling technology	• Crop diversification • Geographical diversification of operations and supply chains • Explore opportunities in climate resistant crop varieties • Energy-efficient cooling technology	Financial Intellectual Human Manufactured
• Revenue: Implications stemming from fluctuations in the price and quantity of agricultural produce and changes in demand conditions • Operating costs: Expenses associated with repairing damaged infrastructure, increased insurance premiums	• Geographical diversification of operations • Explore use of climate-resistant crop and seed varieties • Broad-basing and geographically diversifying supplier base •	Financial Intellectual Social & Relationship
• Revenue: Adverse impacts stemming from potential reductions in agricultural production quantities • Operating costs: Increased costs of procuring alternative water supplies • Capital expenditure: Investments rainwater harvesting and effluent treatment plants	• Rainwater harvesting and increased re-use of water • Water efficiency drives to increase optimization of water resources • Nurturing a culture of water consciousness	Financial Intellectual Social & Relationship
• Revenue: Non-compliance with emerging requirements can limit access to selected markets, thereby impacting revenue • Operating costs: Increased costs of compliance, carbon taxation, upskilling human capital • Capital expenditure: Investments in transitioning to renewable energy sources and modifying manufacturing infrastructure	• Strategic emphasis on pursuing renewable energy sources • Ongoing monitoring of emerging regulations and formulation of action plans to ensure compliance •	Financial Human Intellectual

CLIMATE RISK REPORT

Identified risks	Description	Time horizon	Vulnerable sectors	Current and Business model and value chain
Market	Shifts in supply and demand conditions with climate considerations featuring prominently in decision-making	Short, medium and long-term	Textiles Hand Protection Plantations Purification	• Increasing eco-consciousness of consumers (particularly Gen Z) and demand for sustainable products • Repurposing existing technology and reformulating products to drive sustainable innovation
Reputational	Risk stemming from changing customer/community perceptions of an organisation's transition to a low-carbon economy	Medium and long-term	Textiles Plantations Leisure Hand Protection	• Strengthen ESG governance mechanisms to ensure that potential ESG risks are identified and managed appropriately • Propagate sustainable practices along supply chains to broaden impact
Technology	Deployment of technologies supporting the transition to a low-carbon economy	Medium and long-term	Consumer & Retail Purification Transportation & Logistics	• Reducing dependence on fossil fuels across all operations through transitioning to renewable energy • Adoption of technology to optimise resource consumption and reduce wastage
OPPORTUNITIES				
New products and services	Developing green products and innovations that support the transition to a low carbon economy	Short, medium and long-term	Textiles Hand Protection Construction Materials Projects & Engineering Consumer & Retail Industry Inputs, Power & Energy	• Product, process and packaging innovations targeted towards reducing lifecycle environmental impacts of products • Potential to attract new customers and enter new markets through sustainable and low carbon product solutions
Energy transition	Transitioning to low emission energy alternatives such as solar, wind, hydro and biofuels	Short, medium and long-term	All Sectors	• Adoption of low-emission energy alternatives aligned with Sri Lanka Net Zero Roadmap for 2030 •
Resource optimisation	Opportunities in reducing operating costs through increasing efficiency in production and distribution processes	Short and medium-term	All Sectors	• Efficiency improvements in energy consumption, materials, water and waste management

anticipated impacts	Management response	
Financial implications	Strategy and decision-making	Resource allocation
• Revenue: Opportunity to access new markets with sustainable propositions • Operating costs: Increased cost of impact measurement and reporting, upskilling employees • Capital expenditure: Increased investments in R&D	• Commitment to emission reductions across all Sectors through formal ESG roadmaps • Focus on embedding concepts of circularity into all operations and processes	Financial Intellectual Human
• Revenue: Potential loss of revenue stemming from loss of customers due to reputational risks • Operating costs: Costs of compliance, reputational risk management and brand building	• Establish formal grievance mechanisms to proactively identify emerging reputational risks • Ongoing compliance to an array of international and local ESG related certifications	Financial Social & Relationships Human
• Operating costs: Costs of alternative energy sources and costs associated with discontinuing/ displacing conventional technology • Capital expenditure: Investments in new green technology	• Adoption of energy efficient process improvements • Deploying technology to measure and monitor environmental performance • Strategic emphasis on shifting sustainable and renewable energy sources	Financial Manufactured
• Revenue: Potential for revenue growth through new customer and market access and sharpening competitive edge as a sustainable manufacturer • Operating costs: Costs associated with compliance and obtaining new product certifications • Capital expenditure: Investments in R&D and process innovations	• Pursue opportunities in low-carbon, circular product solutions and sustainable packaging • Lifecycle assessments to across product categories to identify avenues to reduce product-level emissions	Financial Manufactured Intellectual Human
• Revenue: Growth in solar installation solutions and energy storage • Operating costs: Over the long-term the shift to renewable/sustainable energy can reduce costs • Capital expenditure: Investments in new physical assets and infrastructure	• Ongoing investments in renewable energy solutions	Financial Intellectual
• Operating costs: Direct cost savings • Capital expenditure: Investments in energy efficient technology, circular solutions, water usage and treatment solutions	• Resource optimisation targets across all sectors in line with the Group's ESG Roadmap	Financial Manufactured Intellectual

CLIMATE RISK REPORT

OUR CLIMATE STRATEGY

The Group's climate strategy is designed to mitigate its key physical and transition risks and support climate resilience while fulfilling the environmental aspirations set out in the Hayleys Lifecode. Sector-level initiatives are broadly aligned to the Group climate strategy, thereby facilitating greater impact and a consistent approach across the Group. We intend to review the policy at least every two years to ensure relevance to emerging regulations, evolving customer requirements and shifting risk landscapes. The Group's climate strategy is articulated around the following four levers:

VALUE CHAIN INTERVENTIONS

Supporting the country's transition to a low-carbon economy through value chain interventions

OPERATIONAL

Optimising operations to minimise negative impacts while driving climate mitigation and adaptation



INTEGRATING CLIMATE CONSIDERATIONS

Integrating climate considerations into our decision-making, culture and risk management

LEVERAGING OPPORTUNITIES

Leveraging opportunities stemming from the transition to low-carbon

Key actions and achievements in each of these areas is summarised below:

Climate strategy	Progress made in 2023/24
Operational interventions	• Increasing reliance on renewable and sustainable energy sources, which accounted for 68% of the Group's total energy consumption • Energy efficiency drives across the Group, particularly in the hand protection, purification sectors • Waste to value initiatives driving circularity across operations which reduce the Group's landfill waste
Value chain interventions	• Supporting Sri Lanka's transition to a low-carbon economy through the Group's Projects and Engineering Sector- Hayleys Fentons, which accounts for approximately 30% of Sri Lanka's domestic solar installed capacity • Introducing energy efficient solutions for industries through Hayleys Aventura • Driving emission reductions across supply chains through initiatives such as, • Haritha Angara in the Purification Sector
Integrating climate considerations	• Establishment of ESG Steering Committees at Sector level with oversight responsibility on driving Sector-level ESG roadmaps • Integration of ESG risk assessments with existing risk management processes • Integration of ESG considerations during the Group's budgeting and financial planning processes • Developing the Group's climate action skills through ongoing training and development programmes
Leveraging opportunities	• Pursuing access to new markets through low-carbon product solutions (i.e Hand Protection Sector and Construction Materials Sector) • Driving long-term cost reductions through increased investments in solar

SCENARIO AND STRESS TESTING

The Group commenced climate-related scenario analysis during the year under review, in line with the requirements of the IFRS S2 – Climate-related disclosures and the guidelines of TCFD. Conducted as a qualitative exercise in the first year of application, scenario analysis is used to assess the potential business implications +of climate change on the Group's portfolio and assess the range of potential adaptation and transition actions that may be needed to ensure business resilience.

Methodology

The Group's scenarios were developed in line with the principles outlined in the TCFD Framework. The selected scenarios are based on international physical and transition climate scenarios and sensitised to reflect the local context based on the country's climate risk profile and national climate action agenda as listed below. This approach facilitated alignment with international scenarios, ensuring that the global context was considered. A cross-sector scenario team was also established with the aim of fostering knowledge sharing and industry-specific insights. Details on scenario inputs are listed below:

GLOBAL SCENARIOS

IPCC AR 6 SCENARIOS

Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSP) which are used to understand physical impacts of climate change and socioeconomic trends for a range of climate scenarios respectively.

INTERNATIONAL ENERGY AGENCY (IEA)- WORLD ENERGY OUTLOOK 2023 TRANSITION SCENARIOS

Scenarios exploring the different pathways for the energy sector reflecting policy choices and investment decisions



LOCAL CONTEXT

CARBON NET ZERO 2050 ROADMAP AND STRATEGIC PLAN

Proposed climate action to mitigate GHG emissions and increase carbon sequestration and storage across six main thrust sectors identified in Sri Lanka's Nationally Determined Contributions (NDC)

SRI LANKA CLIMATE PROSPERITY PLAN

Provides 3 scenarios which simulates a range of macro-economic and societal decision-making reflecting the accelerating pressures of climate change

GLOBAL SCENARIOS

The following global physical and transition climate scenarios were considered when developing the Group's climate scenarios.

Source	Scenario	Key assumptions
IPCC AR 6	C3/SSP 1-2.6	Low emission scenario with the increase in global warming limited to 20 C by 2100 and net zero status achieved between 2055 and 2060 supported by a near 65% reduction in GHG emissions by 2050
	C6/SSP 2-4.5	Intermediate emission scenario with global temperature projected to increase by 30C in 2100 compared to pre-industrial levels
	C7/SSP 3-7.0	High emission scenario with global temperatures projected to increase by 40C in 2100 compared to pre-industrial levels
IEA 2023	Net Zero Emission (NZE) Scenario	Demonstrates the pathways for the energy sector to help limit the global temperature rise to 1.5 °C through universal access to reliable modern energy services and successful achievement of key energy-related SDGs
	Announced Pledges Scenario (APS)	Assumes that governments will meet, in full and on time, all announced climate related commitments including longer term net zero targets and pledges in Nationally Determined Contributions (NDCs)
	Stated Policies Scenario (STEPS)	Reflect the policies and measures that are actually in place and what governments are doing to meet their targets. The STEPS are associated with a temperature rise of 2.4 °C in 2100 (with a 50% probability).

CLIMATE RISK REPORT

LOCAL SCENARIOS

The Sri Lanka Climate Prosperity Plan simulates three scenarios, taking into consideration official climate commitments, adaptation measures and transition pressures.

Local scenario	Key assumptions
Business as usual (BAU)	Continuation of the current development trajectory of the country with limited climate-related interventions
Nationally Determined Contributions (NDC) scenario	Represents core commitments presented in the country's NDC and shows the development pathway if the Paris Agreement NDC targets are met
Climate Prosperity Plan (CPP)	Pathway in which the country achieves maximum utilization of its domestic renewable energy resources and fully climate-proofs the economy

GROUP SCENARIOS

The three scenarios developed by the Group for qualitative assessment are summarised in the table below, together with referenceable global and national level scenarios. Given limitations in resources and availability of quantitative models and the complexity of the Group, Hayleys has opted for qualitative scenario analysis this year, as permitted in the transitional relief allowed for the implementation of IFRS- S2. The Group will explore the possibility of implementing quantitative scenario analysis and stress testing over the next few years.

Our scenario	Description and assumptions	Reference global scenarios		Local context
Scenario A- Net Zero	• Sri Lanka meets its conditional and unconditional NDC commitments achieving rapid decarbonisation of energy systems and technically, socially and financially feasible transition plans. • Significant reduction in the demand for fossil fuels and pricing strategies for fuel which in turn leads to steep declines in emissions • The increase in global temperature is limited to 20 while Sri Lanka's temperature rise will be lower than the global average, estimated around 1.20 • Forest cover rebounds beyond the NDC target • Sri Lanka will see 70% of its energy requirement fulfilled by renewable sources by 2030, while electricity will be fully generated by low carbon resources • Extensive investments in mitigation efforts	C3/SSP 1-2.6	NZE	CPP
Scenario B-Current pathway	• The country meets its unconditional NDC commitments, meetings its adaptation ambitions and sectoral reduction targets • Limited external investments in technology and funding to drive the transition to low carbon • Average temperatures expected to increase by approximately 2.50	C6/SSP 2-4.5	APS	NDC
Scenario C-Divergence	• Global and local implementation gap to achieve decarbonisation goals with significant weather-related impacts on businesses and communities • No specific climate related interventions and represents a continuation of the current trajectory	C7/SSP 3-7.0	STEPS	BAU

RISK FACTORS

The Group's climate scenario analysis identified and prioritised five material risks based on the relative exposure of our Sectors to selected risks. Given that the Group is still at an early stage of evolution in its scenario analysis journey, only these five prioritised risk factors will be considered in its qualitative analysis this year. As the Group further progresses in its scenario analysis journey, a wider pool of risks will be considered. Risks considered this year include,

- Precipitation and rainfall
- Temperature
- Physical water availability
- Policy and legal developments
- Market risks

OUTPUTS

The results presented below represent the Group's qualitative results in climate-related scenario analysis. The table summarises the outcomes of our climate scenario analysis across the selected 3 physical risks and 2 transition risks. We will continue to grow our capacity in this area to identify and assess the possible climate-related outcomes on our business which in turn will support potential management actions and strategic interventions.

Scenarios in which risk is most material			Precipitation and rainfall	
A	B	C	Summary of qualitative assessment	Response and resilience of our strategy
	✓	✓	Under scenarios associated with a higher increase in global temperature, more frequent droughts are expected in Sri Lanka's dry and intermediate zones. Climate predictions also project increased variability of rainfall, with the intensity of sub-daily extreme rainfall events escalating and volume of water deposited during future 5-day heavy rainfalls also rising . For the Group as illustrated below, significant implications could be expected across several sectors relying on agricultural raw materials, sectors engaging in plantations and those catering to the agriculture sector through input materials, equipment.	The Plantation Sector is pursuing increased diversification of its crops, given the high sensitivity of tea to weather conditions. Data-driven monitoring of precipitation and rainfall patterns will assist in identifying correlations between these variables and crop quality, yield and quantity. Further investments may be required over the medium-to-long in sutaibly leveraging technology for precision agriculture techniquess and minimising the imapct of weather variability.

Time horizon			Scenarios	A-Net Zero	B-Current	C-Divergence
ST	MT	LT				
	✓	✓	Adversely impacted Sectors	**Large-** Plantations/ Agriculture **Medium**-Power & Energy	**Large-** Plantations/ Agriculture/Power & Energy **Medium:** Hand protection/ Purification/Textiles	**Large-** Plantations/ Agriculture/ Power & Energy/ Hand protection/ Purification **Mid-** Textiles/ Consumer & retail/Projects & Engineering

CLIMATE RISK REPORT

Scenarios in which risk is most material			Temperature	
A	B	C	Summary of qualitative assessment	Response and resilience of our strategy
	✓	✓	The average temperature rise in Sri Lanka is expected to be lower than the rise in global temperatures across all emission pathways . The projected rises are expected push ambient temperatures above 30°C on a much more regular basis, and considerably increase the frequency of temperatures over 35°C. Temperature increases have a direct impact on quality, yield and quantity of agricultural products. In addition, elevated temperatures will impact labour force productivity, escalation in cooling load requirements as well as implications on human health and morbidity.	In Plantations and Agriculture. the Group is pursuing climate-smart agriculture techniques including climate resitant seed varieties and regenerative practices. Crop diversification is also being explored, with the aim of increasing contribution from climate-resistant crops. The Group is also building resilient agriculture based supply chains through capacity building across smallholder networks. In addition, major sectors are also pursuing diversification of supply chains in minimising the rise against climate change.

Time horizon			Scenarios	A-Net Zero	B-Current	C-Divergence
ST	MT	LT				
		✓	Positively impacted Sectors	-	**Large-** Consumer & Retail	**Large-** Consumer & Retail/
			Adversely impacted Sectors	**Large-** Plantations/ Agriculture	**Large-** Plantations/ Agriculture/ Medium: Hand protection/ /Eco Solutions/Power & Energy	**Large-** Plantations/ Agriculture/Power & Energy/ Hand protection **Mid-** Textiles/Consumer & retail/Eco Solutions/Projects

Scenarios in which risk is most material			Market risks	
A	B	C	Summary of qualitative assessment	Response and resilience of our strategy
✓	✓		As a Group with significant interests in global markets, several of our sectors are increasingly seeing escalating customer requirements on environmental and social sustainability and responsible business. These dynamics will necessitate a rewiring of our businesses and reshape business models, presenting both risks and opportunities across our Sectors. Key implications stem from customers' emission reduction journeys (which in turn have an impact on fuel consumption, product usage emissions and end of life emissions), responsible packaging, requirements for reducing waste and driving circularity among others. While in the short to medium term, these may require financial outlays, over the long-term these dynamics could present opportunities to access new markets and sharpen competitive advantage.	Key sectors such as Textiles and Hand Protection are already seeing the implications of evolving customer dynamics and are transforming their business lines accordingly. Ongoing engagement with customers and our global networks have enabled the Group to proactively identify emerging customer requirements on sustainability and cater to them through interventions across operations and supply chains. Over the medium-to-long term, further investments will have to be made in embedding these practices across our operations and value chains

Time horizon			Scenarios	A-Net Zero	B-Current	C-Divergence
ST	MT	LT				
✓	✓	✓	Adversely impacted Sectors	**Large-** Hand Protection/ Textiles/ Purification/ Construction Materials **Medium-** Eco Solutions/ Plantations	**Large-** Textiles/Hand Protection/Construction Materials/Purification **Medium-** Plantations/Eco Solutions	**Medium-** Textiles/ Hand Protection

Scenarios in which risk is most material			Policy and legal developments	
A	B	C	Summary of qualitative assessment	Response and resilience of our strategy
✓	✓		The Net Zero scenario (A) is aligned with Sri Lanka's climate ambitions as articulated in the Climate Prosperity Plan 2022 and includes policy developments which aims to transition domestic energy supply through renewables, modernization and sustainable transport, drive climate secure transformations, climate protection against key risks, and technology partnerships among others. Key implications on the Group stem from potential regulations set out in the CPP which could require investments associated with the shift to renewable energy as well as upgrades to existing manufacturing infrastructure and higher costs of fossil fuels. The global regulatory landscape has a direct impact on export-oriented sectors through mechanisms such as the Carbon Border Adjustment Tax (CBA) and packaging regulations under the European Green Deal among others.	As an export-oriented business, Sectors in partnership with the Group ESG Division is proactively monitoring regulatory developments, particularly from the EU. Sectors will require increased investments in product development, packaging innovation, emission reductions along the value chain and supply chain interventions to ensure compliance to the relevant regulatory frameworks. While over the short-term the Groups is prepared to comply with major regulations, investments in processes, resources, technology and capabilities will be required in the medium-to-long term to comply with emerging developments.

Time horizon			Scenarios	A-Net Zero	B-Current	C-Divergence
ST	MT	LT				
✓	✓	✓	Positively impacted Sectors	**Large-** Projects & Engineering Power & Energy	**Medium-** Projects & Engineering Power & Energy	
			Adversely impacted Sectors	**Large-** Textiles/Hand Protection/Purification/ Transportation/ Construction materials	**Medium-** Textiles/Hand Protection/Purification/ Transportation/ Construction materials/Eco Solutions	**Medium-** Projects & Engineering

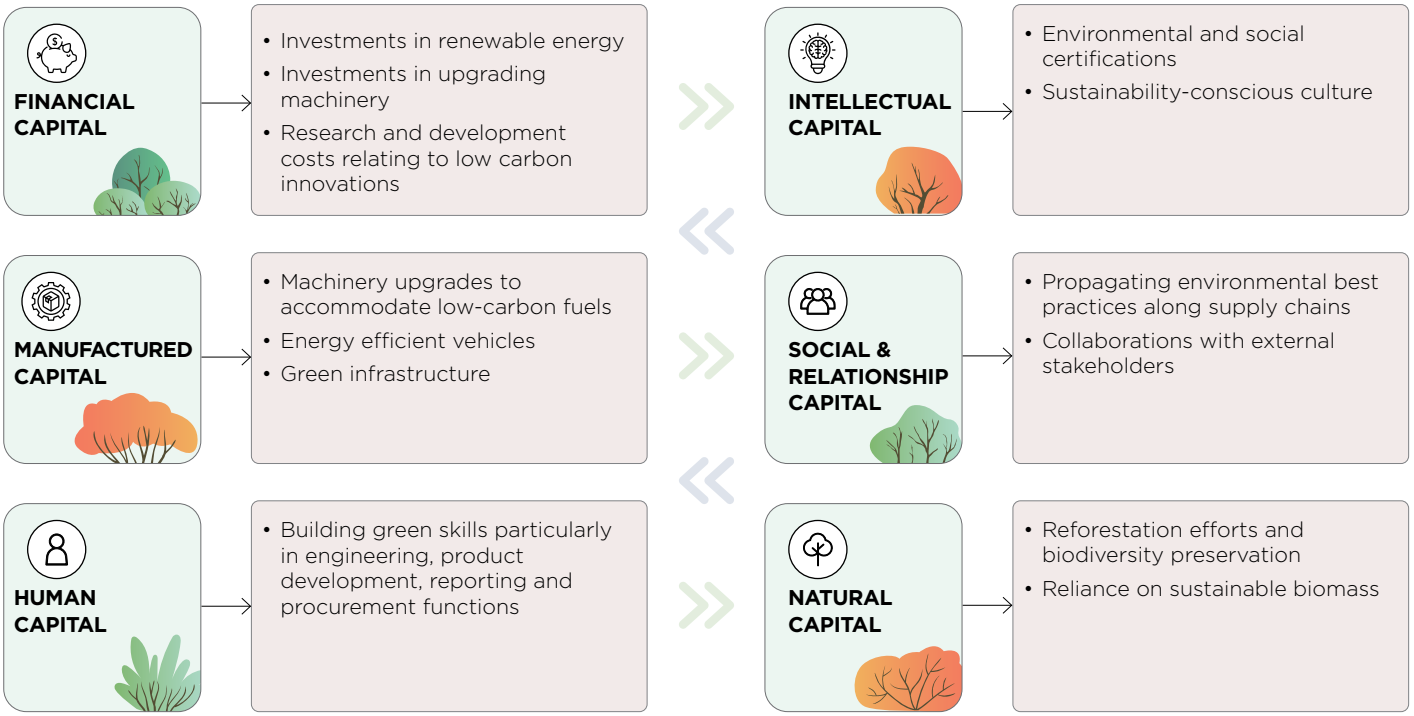
Scenarios in which risk is most material			Physical water availability	
A	B	C	Summary of qualitative assessment	Response and resilience of our strategy
		✓	Despite favorable geographical positioning, Sri Lanka has in recent years experienced areas of water scarcity with more frequent intermittent droughts, sometimes extending over several months. Globally, these impacts are also expected to damage key staple crop yields, even on lower pathways. In addition to adverse effects for agricultural water supply (which in turn have an impact on crop production and Sectors relying on agricultural input materials) energy generation and human health, water scarcity has a direct impact on the Group's water-intensive manufacturing sectors including Textiles and Hand Protection.	The Group's target is to fulfill 50% of its water requirements through rainwater and treated used water by 2030. However, given increased variability in rainfall and water availability as well as current reuse levels, the Group may require increased investments to achieve this target. Meanwhile, key manufacturing sectors within the Group are also pursuing process changes which limit water usage, thereby increasing the efficiency of water consumption.

Time horizon			Scenarios	A-Net Zero	B-Current	C-Divergence
ST	MT	LT				
✓	✓	✓	Adversely impacted Sectors	**Large-** Plantations/ Agriculture **Medium-** Textiles	**Large-** Plantations/ Agriculture/Textiles/ Hand Protection **Medium-** Power & Energy/Purification	**Large-** Plantations/ Agriculture/Power & Energy/ Hand protection/Textiles/ Purification/ Leisure **Medium-** Eco Solutions

CLIMATE RISK REPORT

CAPITAL DEPLOYMENT

Resources required to drive the Group's climate agenda, through both mitigation and adaptation are illustrated below:



RISK MANAGEMENT

Effective management of the Group's climate risks requires close collaboration between business Sectors and Group risk and ESG functions. Risk identification and management applies to all sectors, geographies and operating locations across the Group as well as the Group's supply chains and customers. The Group is also currently in the process of integrating mechanisms into its overall enterprise- risk management framework, thereby enabling integration of climate considerations into strategic decision-making. The governance mechanism in place for managing CRROs is given below.

1st line of defense: Sectors Risk owners and managers

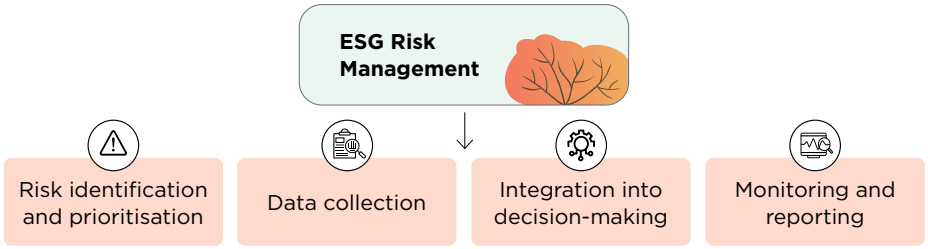
- Identification, assessment and prioritisation of ESG risks through a standard risk assessment template
- Implementing responses through defined policies, procedures and integration to strategy

2nd line of defense: Group Management Systems and Reviews Department

- Monitors risk exposures and compliance levels to ensure that Group-wide policies and procedures are applied consistently

3rd line of defense: Independent assurance (Audit Committee)

- Sector and Group-level Audit Committees have oversight on effective climate-risk management across the Group



Risk identification and prioritisation	Data collection	Integration into decision-making	Monitoring and reporting
ESG risks identified through assessment of internal and external environments, stakeholder considerations and strategic direction of the respective Sector	Relevant ESG information is collected and reported through the Group's Sustainability Information System on a quarterly basis	ESG factors taken into consideration through, - Quarterly discussion of ESG factors at Sector and Group-level ESG Steering Committee meetings - Monthly presentations to GMC by Group ESG	

Sector	Scope 1	Scope 2	Categories captured under Scope 3
Eco Solutions	✓	✓	
Hand Protection	✓	✓	
Purification	✓	✓	
Textiles	✓	✓	All 15 categories covered
Construction Materials	✓	✓	
Plantations	✓	✓	
- Talawakelle Tea Estates - Kelani Valley Plantations - Horana Plantations	✓	✓	All 15 categories covered
Consumer & Retail	✓	✓	
Leisure	✓	✓	
Industry Inputs, Power & Energy	✓	✓	
Transportation and Logistics	✓	✓	
Others	✓	✓	

METRICS AND TARGETS

Carbon footprint computation methodology

The Group computes its carbon footprint based on the GHG Protocol-Corporate Accounting and Reporting Standard (revised edition). Hayleys also conducted a Group-wide verification of its carbon footprint in accordance with ISO 14064-1(2018)- Greenhouse Gas (GHG) through engaging Sri Lanka Climate Fund.

Scope and boundary

The Group's carbon footprint computation includes all 14 Sectors and over 180 companies which includes both the Group's local and overseas operations. In accordance with the Group's ESG Roadmap, new acquisitions and operating locations are given a grace period of 1 year to report its emissions. New entities added to the Group's GHG computation during the year are,

- Horana Plantations PLC
- Transportation and Logistics Sector
- Martin Bauer Global Beverages

Entities excluded in this year's computation are,

- Kenyan operation of Mabroc

Maturity of our Scope 3 emission accounting

We have gradually improved the coverage of our Scope 3 accounting in line with the recommendations of the GHG Protocol. Given the size, diversity and complexity of the Group, we have focused on 5 categories of Scope 3 emissions for the year, with the intention of further expanding our coverage in the next financial year. Meanwhile, several sectors (particularly Sectors which have committed to SBTI) report all categories.

CLIMATE RISK REPORT

Performance against targets

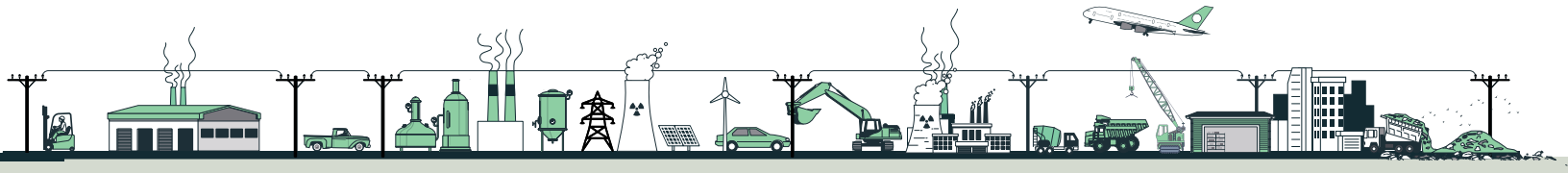
At a Group level, Hayleys has committed to a 30% reduction in its Scope 1 and 2 emissions and a 10% reduction in its Scope 3 emissions by 2030. Aligned to this target, Sector-level targets have also been established through Sector-level ESG Roadmaps. In addition 2 entities have obtained verification of emission targets by the Science-Based-Targets-Initiative ("SBTI") while 2 others have committed to the same.

SBTI TARGETS VERIFIED
Talawakelle Tea Estates PLC
Hayleys Fabric PLC

COMMITTED TO SBTI
Kelani Valley Plantations PLC
Horana Plantations PLC

Sector	Scope 1	Scope 2	Scope 3	Sector Total 2024	% Share by sector (2024)	Sector Total 2023
Manufacturing						
Eco Solutions	882	3115	1,524	5,522	3	7,043
Hand Protection	6,672	13,530	5,534	25,735	12	26,893
Purification	10,903	13,485	2,308	26,696	12	28,396
Textiles	21,515	16,259	6,178	43,953	21	53,998
Construction Materials	4,527	3418	1,574	9,519	5	8,880
Agriculture	1,805	864	1,753	4,422	2	4,604
Plantations	17,433	5,747	2,941	26,122	12	18,710
Tea Exports	128	166	90	384	-	442
Transportation and logistics	34,589	2,136	9,138	45,863	22	35,323
Consumer & Retail	478	6,166	2,649	9,293	4	11,155
Leisure	6,699	5,369	676	12,744	6	10,674
Industry Inputs Power & Energy	255	381	168	803	-	480
Projects and Engineering	537	225	670	1,432	1	1,487
Others	102	289	200	592	-	1,479
Total by Scope	106,525	71,150	35,403	213,078	100	209564

During the year, the Group's total emissions increased by 2% y-o-y; however, when excluding the new acquisitions during the year (particularly Horana Plantations PLC) the Group's total emissions recorded a 2% decline y-o-y, reflecting the ongoing focus on shifting to renewable energy sources.



WAY FORWARD

As an election year, we are cognisant of the economic challenges that could arise in the short-term. Despite these risks, we remain cautiously optimistic that the economy will gain momentum over the medium term, supported by continued commitment to the structural reforms, contributions from remittances and the tourism sector and conducive fiscal and monetary policy which will ensure that inflation and exchange rates remain well within budget. coordinated policy interventions to restore macro-economic stability. The Central Bank expects the economy to grow by 3% in 2024 reaping the benefits of the relatively eased monetary conditions and low inflation environment. Against this backdrop, the Group's key priorities for the 2024/25 financial year is given

Actions and deliverables	
IMMEDIATE TERM	• With the exchange rate likely to remain at the present levels in the short-term, export oriented businesses will seek to drive increased contributions from value-added products, enhance efficiencies and drive continued cost reductions in order to remain competitive. • Focus will be placed on optimising working capital in these sectors, with the aim of reducing inventory build-up and strengthening liquidity positions. • Product strategies across key verticals will center on premium, value-added offerings which can strengthen the resilience of the operating model in the long-term • Talent retention remains a critical challenge in the current context and we will relentlessly pursue productivity improvements, effective use of underutilized assets as well as skill building and capacity improvements. • As interest rates trend downwards, the Group will continue to leverage its excellent relationships with banks in negotiating favorable terms.
MEDIUM TERM	• In the medium term, the Group will continue to direct investments towards strengthening its foreign currency generating capabilities through enhancing export-oriented sectors. • Organic and inorganic growth will be pursued in complementary sectors and businesses, enabling Hayleys to sharpen its competitive edge in selected verticals • Digitalisation remains a key priority over the short-to-medium tern as the Group seeks to drive efficiencies, obtain richer data insights and enhance productivity through investments in digital transformation. • As the country's tourism sector posts gradual recovery, we will seek to refine our product and service offering, building a healthy mix between domestic and international travelers
LONG-TERM	As the Group's mature businesses continue to grow, albeit at a relatively slower pace, we will also seek to drive more accelerated growth in new industry sectors such as consumer durables, climate-smart agriculture and leisure which present significant upside potential.



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 2024. 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 2023 issued by the Institute of Chartered Accountants of Sri Lanka and Finance Companies Corporate Governance Direction No 05 of 2021 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 466 to 470.

The Principal activities of the Group are categorised into different business sectors. i.e. Eco Solutions, Hand Protection, Purification Products, Textiles, Construction Materials, Plantations, Agriculture, Transportation & Logistics, Consumer & Retail, Power & Energy, Leisure, Projects & Engineering, Tea Exports and Others. The main activities of the sectors are described in the Portfolio Review pages on 113 to 245 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 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 32 to 41) and portfolio review (pages 113 to 245) 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.

Amalgamation of Companies

- During the year under review, Regnis (Lanka) PLC and Singer Industries (Ceylon) PLC amalgamated with their parent company Singer (Sri Lanka) PLC. Minority shareholders of the two amalgamating companies were issued a total of 40,731,422 ordinary shares in Singer (Sri Lanka) PLC. Singer Business School (Private) Limited and Domus Lanka (Private) Limited, two other subsidiaries of Singer (Sri Lanka) PLC also amalgamated with their parent company.

Delisting of Shares

- At the EGM held in February 2024, the shareholders of Unisyst Engineering PLC approved to delist the shares of the Company from the Official List of the CSE and accepted the exit offer given by Advantis Projects & Engineering (Private) Limited. The approval of the Securities and Exchange Commission was also received and as at the date of this Report, the process of buying the ordinary shares of the minority shareholders of Unisyst Engineering PLC who wish to sell their shares had commenced.

The investment/disposal activities during the year

- Mabroc Teas (Private) Limited ('Mabroc'), a fully owned subsidiary of Kelani Valley Plantations PLC, incorporated Mabroc East Africa Limited in Kenya and invested 70% in its share capital. Mabroc also invested in 24% of the share capital of Livee Polska Sp. Zo.o, a company in Poland.
- Mabroc issued 2 mn ordinary shares to Kelani Valley Plantations PLC for their investment of Rs. 500 mn in Mabroc.
- Sunfrost (Private) Limited issued 160 mn ordinary shares (99%) to Hayleys Agriculture Holdings Limited for their investment of Rs. 1.6 bn in the subsidiary.
- Advantis Express (Private) Limited acquired 49% of the shareholding in I M L Delivery Systems (Private) Limited which was held by I M L (Private) Limited at a consideration of Rs. 23 mn. Advantis Express (Private) Limited also acquired 51% ownership held by Ceylon Ocean Lines Limited (an affiliate Company). Consequently I M L Delivery Systems (Private) Limited became a fully own subsidiary of Advantis Express (Private) Limited.
- Talawakelle Tea Estates PLC acquired 49% of the ordinary shares and 40% of the Preference shares of TTEL Hydro Power Company (Private) Limited at a consideration of Rs. 90.85 mn. Talawakelle Tea Estates PLC also acquired preference and ordinary shares of TTEL Somerset Hydro Power Company Limited at a consideration of Rs. 90.86 mn, making both companies fully owned subsidiaries of Talawakelle Tea Estates PLC.
- Chas. P. Hayley and Company (Private) Limited acquired 100% ownership of Volanka Exports Limited by purchasing 2.9 mn ordinary shares from Volanka (Private) Limited at a consideration of Rs. 31.6 mn.
- Hayleys Fabric PLC acquired 66.6% of the ordinary shares of Hayleys Fabric Solutions Limited resulting in Hayleys Fabric Solutions Limited becoming a subsidiary of Hayleys Fabric PLC.
- Advantis Singapore Pte Ltd (subsidiary of Hayleys Advantis Limited) invested 29% in the share capital of Advantis Leo (Thailand) Limited, a joint venture with Leo Global Logistics of Thailand.

The following new companies were incorporated by the Group companies during the year :

Name of new company	Parent Company	Country of Incorporation
• Advantis Bridge (Private) Limited	• Advantis Singapore Pte Ltd	Sri Lanka
• Harbour Services Lanka (Pvt) Ltd	• Sri Lanka Shipping Company Limited	Sri Lanka
• Mabroc East Africa Limited	• Mabroc Teas (Private) Limited	Kenya
• Hayleys Fentons East Africa Limited	• Hayleys Fentons Limited	Kenya
• Haycarb Singapore Pte Ltd	• Haycarb PLC	Singapore
• Nex Gen Engineering Pte Ltd	• Hayleys Fentons Limited	Singapore
• Hayleys Aventura Singapore Pte. Ltd.	• Hayleys Aventura (Private) Limited	Singapore
• Haycarb Philippines Corporation	• Haycarb PLC	Philippines
• Dipped Products India (Private) Limited	• Dipped Products PLC	India
• Hayleys Hotels Maldives Private Limited	• Hayleys PLC	Maldives
• Advantis Leo (Thailand) Limited	• Advantis Singapore Pte Ltd	Thailand

2.3 Financial Statements of the Company and the Group

The Financial Statements of the Company and the Group are given on pages 330 to 443 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 326 to 329.

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 341 to 365. 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 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 460. There were no changes in holdings during the period.

Dipped Products PLC

90,000 shares were purchased during the year by Mr. R.H.P. Janadheera, Managing Director of Dipped Products PLC.

Haycarb PLC

600,163 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 of Hayleys PLC and Haycarb PLC.

Alumex PLC

16,600 shares were purchased during the year by Mr. S. C. Ganegoda, Mr. S.C. Ganegoda is a common Director of Hayleys PLC and Alumex PLC.

Kelani Valley Plantations PLC

119,853 shares were purchased during the year by Mr. S. C. Ganegoda, who is a common Director of Hayleys PLC and Kelani Valley Plantations PLC.

Horana Plantations PLC

109,350 shares were purchased during the year by Mr. S.C. Ganegoda, who is a a common Director of Hayleys PLC and Horana Plantations PLC.

Hayleys Fabric PLC

39,995 shares were purchased during the period 01st April 2023 to 08th January 2024 by Mr. M. W. R. N Somaratne, Independent Non-Executive Director of Hayleys Fabric PLC (resigned w.e.f. 08th January 2024), out of which 5,000 shares were purchased through margin trading account Sampath Bank PLC/ Mr. M. W. R. N. Somaratne. Further, Mr. Somaratne has disposed 70,000 shares held through Margin Trading Account, Sampath Bank PLC/ Mr. M.W.R.N. Somaratne during the aforesaid period.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

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 2024, 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 2024, 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 2024 is Rs. 845.39 mn (2023 - Rs. 780.44 mn) consisting of Rs. 828.39 mn for Executive Directors and Rs. 17 mn for Non-Executive Directors.

Directors' remuneration in respect of the Company's Subsidiaries for the financial year 2024 is Rs. 3.40 bn (2023 - Rs. 2.79 bn) consisting of Rs. 3.25 bn for Executive Directors and Rs. 146 mn for Non-Executive.

2.8 Corporate Donations

Donations by the Company amounted to Rs. 27.82 mn (2023 - Rs. 9.54 mn) which includes a sum of Rs. 11.54 (2023 - Rs. 27,000) made to Government approved charities. Donations by the Subsidiaries amounted to Rs. 48.96 mn (2023 - Rs. 53.03 mn).

3. FUTURE DEVELOPMENTS

Future developments are discussed in the Reflection from the Chairman (pages 32 to 41), Portfolio review (pages 113 to 245) of this Report.

4. GROUP REVENUE AND INTERNATIONAL TRADE

The revenue of the Group was Rs 436.83 bn (2023 - Rs. 487.43 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. 187.09 bn (2023 - Rs. 234.32 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. 234.07 bn (2023 - Rs. 304.12 bn) in the year under review.

Trade between Group companies is conducted at fair market prices.

5. PERFORMANCE AND RESERVES

5.1. Performance

The Group's PBT amounted to Rs. 25.34 bn (2023 - Rs. 42.75 bn). After deducting Rs. 10.49 bn (2023 - Rs. 15.08 bn) for taxation the profit was Rs. 14.85 bn (2023- Rs. 27.67 bn). When an amount of Rs. 7.96 bn (2023 - Rs. 11.32 bn) for non-controlling interests was deducted, the Group profit attributable to owners of the Parent for the year was Rs 6.89 bn (2023 - Rs. 16.35 bn).

5.2 Reserves

Total Group Reserves at 31st March 2024 amounts to Rs. 78.59 bn (2023 - Rs. 77.36 bn) comprising Capital Reserves of Rs. 0.87 bn (2023 - Rs. 0.76 bn), Other components of equity of Rs. 29.81 bn (2023 - Rs. 31.46 bn) and Revenue Reserves of Rs. 47.90 bn (2023 - Rs. 45.13 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 and Equipment (including capital work-in- progress), Biological assets and Intangible assets by the Group and the Company amounted to Rs. 17.60 bn (2023 - Rs. 17.82 bn) and Rs. 420.99 mn (2023 - Rs. 151.96 mn) respectively.

Details relating to capital expenditure on Property, Plant and 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 454 to 457.

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 454 to 457 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 2024.

8.2 Stated Capital and Debentures

The stated capital of the Company, consisting of 750 mn ordinary shares, amounts to Rs. 1,575 mn as at 31st March 2024. There was no change in the stated capital during the year.

The debentures of the Company consist of the following:

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 459 to 461.

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 459.

10.2 Public Holding

There were 15,147 (2023 - 16,384) registered shareholders as at 31st March 2024. The percentage of shares held by the public, as per the Colombo Stock Exchange rules being 37.09% (2023 - 37.10%).

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 40 to 47.

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

Senior Independent Director

- Dr. H. Cabral, PC

Independent Non-Executive Directors

- Mr. M. H. Jamaldeen
- Mr. M. Y. A. Perera
- Mr. K. D. G. Gunaratne
- Mr. T.A.B. Speldewinde (Appointed on 03rd January 2024)
- Mr. P. Y. S. Perera (Appointed on 01st April 2024)

In accordance with Section 9.6.3 the Senior Independent Director continues in his role since the Board decided that due to the diversity of operations of the conglomerate, having business verticals in 14 sectors spanning across 18 countries, the most appropriate arrangement for the Company and the Group would be for the current Chairman and Chief Executive to continue in the role.

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

Mr. S. C. Ganegoda, Mr. L. R. V. Waidyaratne and Mr. H. S. R. Kariyawasan retire by rotation and being eligible offer themselves for re-election.

Mr. T. A. B. Speldewinde who was appointed to the Board on 03rd January 2024 and Mr. P. Y. S. Perera who was appointed on 01st April 2024 will come up for re-election by the shareholders at the Annual General Meeting. Their profiles in pages 40 to 47 set out their other principal commitments and directorships.

Pursuant to section 211 of the Companies Act No.07 of 2007 an 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.

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.

Eco Solutions			
A. M. Pandithage	H. S. R. Kariyawasan	S. C. Ganegoda	M. M. A. R. P. Goonathileke
D. K. De S Wijeyeratne	A. Venugopal	A. R. K. Jayawardena	L. Uralagamage
C. D. Weiland	J. A. M. V. D. Hout	T. Fukushima	Ms. M. Shiraishi
Ms. M. Hirai	Dr. T. K. D. A. P. Samarasinghe	L. A. K. I. Kodytuakku	S. Fukushima
Ms. I. Weiland	H. C. S Mendis	G. Chapman – Alternate	M. C. Sampath
M. J. S. Rajakariar	Ms. S. Amarasekera, PC	Dr. N. S. J. Nawaratne	Ms. K. A. D. B. Perera
R. L. D. K. Gunawardana	(W. A. K. Kumara)	(T. G. Thoradeniya)	(Dr. S. A. B. Ekanayake)
Hand Protection			
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	Prof. A.P. De Silva	P. Y. S. Perera
D. P. P. Mendis	K. M. D. I. Prasad	M. N. R. Fernando	T. G. Thoradeniya
B. K. C. R. Ratnasiri	Dr. R. M. U. N. Ratnayake	H. U. A. Fonseka	B. A. D. H. C. Mahipala
(M. Orlando)	(G. Molinari)	(S. P. Peiris)	

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Purification Products			
A. M. Pandithage	H. S. R. Kariyawasan	B. Balaratnaraja	A. M. Senaratna
S. C. Ganegoda	Ms. M. J. A. S. Abeyratne	M. H. Jamaldeen	M. S. P. Udaya Kumara
M. Wickramasinghe	Ms. K. A. D. B. Perera	K. Karnchanabatr	J. D. Naylor
P. Karnchanabatr	B. P. R. Liyanage	Ms. C. Karnchanabatr	Ms. H. N. N. S. Gunawardana
Y. P. A. S. Pathiratna	B. Karnchanabatr	R. Mapahena	P. Y. S. Perera
I. A. S. L. Athukorala	A. A. M. Caderbhoy	J. Yaurai	T. Karnchanabatr
W. Y. Fei	M. Marques	G. M. G. Gunawarane	R. K. A. Karim
L. Teague	E. Srinivasulu	A. Munevar	G. Dourdin
Mrs. A. Wanigasekera	A. Karunarathne	M. N. R. Fernando	Ms. S. Raje Singh
(R. De Zilva)	(S. Rajapakse)	(Dr. S. A. K. Abayawardana)	
Textiles			
A. M. Pandithage	E. R. P. Goonetilleke	S. C. Ganegoda	Ms. K. A. D. B. Perera
H. Somashantha	N. Ekanayake	M. N. R. Fernando	Ms. A. Amarasekera, PC
A. A. Mason	I. B. R. R. Bandara	M. H. Jayasinghe	K. P. C. P. K. Pathirana
(Dr. N. S. J. Nawaratne)	(A. S. Jayatilleke)	(R. N. Somaratne)	
Construction Materials			
A. M. Pandithage	D. W. P. N. Dediwela	S. C. Ganegoda	R. P. P. K. Rajapaksha
M. J. S. Rajakariar	A. A. Akbarally	Dr. H. Cabral, PC	S. Munaweera
D. T. R. De Silva	(R. P. Pathirana)	(A. J. Hirdaramani -Alternate)	(T. Akbarally –Alternate)
Plantations			
A. M. Pandithage	Dr. W. G. R. Rajadurai	A. Weerakoon	S. C. Ganegoda
S. B. Alawattegama	M. H. Jamaldeen	C. V. Cabraal	M. C. B. Talwatte
Malik J. Fernando	S. L. Athukorala	P. A. L. Fernando	Ms. M. D. A. Perera
A. N. Wickremasinghe	F. Mohideen	N. R. Ranatunge	M. F. M. Ismail
R. J. Karunarajah	N. A. R. R. S. Nanayakkara	Lt. Col. M. Kariyapperuma	K. D. G. Gunaratne
S. P. Peiris	T. A. B. Speldewinde	N. Ekanayake	D. C. Fernando
S. M. Liyanage	Ms. S. Amarasekera, PC	J. A. Rodrigo	A. M. J. Fernando-Alternate
(N. T. Bogahalanda)	(Merrill J. Fernando)	(J. M. J. Perera)	
Agriculture			
A. M. Pandithage	Ms. J. Dharmasena	S.C. Ganegoda	A. S. Balasooriya
S. M. Gamage	O. P. K. Chandrasiri	L. N. Abesekara	S. Rajapakse
M. Symons	A. C. Pathirage	G. Olbrechts	R. P. A. D. Rajapakse
S. Kodama	Ms. D. G. Talpahewa	Dr. M. A. S. Mallawaarachchi	S. M. N. S. Samarakoon
S. I. H. M. Rahman	M. Yamahara	S. P. K. Gamage	S. V. A. A. Samarasinghe
K. D. S. Kiriwaththuduwage	H. M. S. Kumara	S. R. Rajapakshe	W. A. A. P. Wanasinghe
H. P. S. V. K. Silva	W. A. S. P. Wanasighe	Dr. S. A. B. Wijeratne	(A. N. K. Perera)
(A. M. B. M. P. Abeykoon)			

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
K. M. S. P. Herath	K. D. Kospelawatta	D. H. Fernando	A. K. Halambaarachchige
T. M. V. Tennakoon	Ms. D. G. Talpahewa	Ms. H. M. G. De Alwis	D. T. R. De Silva
H. R. K. H. Dharmasena	Ms. K. S. S. B. Jayakody	Ms. W. A. I. Sugathadasa	B. T. L. Mendis
T. A. Amarasuriya	(V. J. S. Perera – Alternate)	(A. C. M. Irzan - Alternate)	(H. P. S. Perera - Alternate)
(L. A. D. K. Perera - Alternate)	(R. S. Kulasuriya)	(K. D. G. Gunaratne)	(W. A. S. Tharanga)
(N. L. S. Joseph)	(N. M. P. Fernando)		
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
D. T. R. De Silva	D. L. C. Fernando	R. S. Tissanayagam	K. T. M. De Soysa
P. N. R. Dias	Ms. A. I. Wanigasekera	Ms. I. Jamaldeen	N. J. De S. Deva-Aditya
Ms. A. A. K. Amarasinghe	S. I. Wijesinghe	R. S. W. Dissanayake	(S. J. Wijesinghe)
(Capt. J. L. C. Fernando)	(S. H. Amarasekera)	(J. P. Van Twest)	
Industry Inputs, Power and Energy			
A. M. Pandithage	J. A. W. M. Jayasekera	S. C. Ganegoda	Ms. W. A. I. Sugathadasa
M. Y. A. Perera	Dr. W. G. R. Rajadurai	C. Kapugeekiyana	Malik J. Fernando
S. M. H. C. Jayasiri	H. A. Wijayananda	D. Rangalle	H. Akbarally
M. Najmudeen	Dr. C. L. B. Pethiyagoda	P. M. Hirdaramani	L. R. V. Waidyaratne
K. B. M. I. Perera	A. A. Akbarally	H. C. Prematillake	M. Rahman
Ms. K. S. S. B. Jayakody	R. M. S. Fernando	S. B. Alawattegama	Ms. V. Perera
Dr. Md. Z. H. Tutul	V. Hirdaramani	I. G. P. Gamage	H. H. Abdulhusein - Alternate
(A. R. De Zilva)	(Merill J. Fernando)	(W. A. S. Tharanga)	
Projects and Engineering			
A. M. Pandithage	S. C. Ganegoda	T. G. Thoradeniya	M. Y. A. Perera
H. P. G. S. E. M. De Alwis	H. C. Prematillake	R. S. S. Perera	P. B. J. Gunawardana
J. M. J. Perera	G. P. Kee	(D. Rangalle)	
Transportation & Logistics			
A. M. Pandithage	L. R. V. Waidyaratne	S. C. Ganegoda	M. Y. A. Perera
Dr. A. B. Ratnayake	Ms. E. M. C. S. Gamage	A. M. Senaratna	M. I. S. Sabar
K. P. Katulanda	C. James	D. Rangalle	A. R. Jowhersha
S. F. Abeygoonewardena	H. A. H. Rodrigo	P. J. Jayanetti	A. S. Jayatilleke
M. S. M. Rizan	M. Isobe	S. Karunaratne	C. I. J. Charles
J. C. Anandappa	A. Saaid	R. Hassan	Capt. P. L. Cumaratunga
M. S. M. Ibrahim	W. D. K. de Silva	S. N. Wickremesooriya	I. S. Jayathilaka
M. A. J. Ranatunge	M.A. Muttalib	J. Mathew	S. Munaweera
R. A. Perera	J. G. Victoria	T. S. D. Peiris	C. K. de Zoysa
Ms. C. R. K. Bandara	R. P. Edirisinghe	K. D. Wimalaratne	W. Y. Fei

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Transportation & Logistics			
C. Gazara	H. R. S. Gunawardena	T. Vaseeharan	G. Ramakrishnan
D. T. L. Sanjeewa	R. S. Ramakrishnan	S. Djohan	W. W. J. L. Fernando
M. P. Punchihewa	M. Nabeel	L. Senanayake	Ms. Z. Yinghui
I. A. V. A. Perera	N. P. Samarasinghe	Mrs. I. Shaheen	R. L. Karunartne
C. N. J. Gunawardena	S. I. Ramakrishnan	J. Sheriff	K. Celly
K. S. R. Abrew	S. K. J. Wijayasinghe	A. Govindan	M. M. Hossain
S. E. J. Abeysundere	K. Abeywickrama	R. K. Sirinivasan	J. D. F. Peries
A. A. Djohan	J. R. U. De Silva	S. I. S. M. H. S. Alhashimi	Ms. V. Jayasundera
T. Hanajima	R. E. Lisapaly	D. H. Lee	H. T. N. Perera
N. B. V. Frils	D. M. S. Thin	D. J. A. Wijesinghe	C. P. De Souza
Ms. S. S. De Silva	K. L. C. Fernando	S. Mahadeva	Ms. Jenny
K. Someya	K. M. A. Fernando	V. V. P. Daluwatte	M. Jianxun
W. S. M. Al Adawi	M. J. C. Renou	H. Sundaram	R. W. P. Polonowita
W. W. D. V. Fernando	Z. Ganfei	J. Stenbank	Y. Shimada
H. Ishizaki -Alternate	U. L. J. Perera – Alternate	D. A. A. Mon - Alternate	K. O. I. C. Fernando – Alternate
(A. G. Babonneau)	(M. Haijiao)	(Z. Feng)	(T. U. K. Peiris)
(A. R. Barnet)	(H. Kubota)	(X. M. M. Eiglier)	(S. J. Wijesinghe)
(Ms. D. S. Ediriweera)	(W. Kuroda)	(A. L. Weerasinghe)	
Tea Exports			
A. M. Pandithage	S. C. Ganegoda	N. R. Ranatunga	Dr. W. G. R. Rajadurai
R. S. Samarasinghe	S. C. Hikkaduwage	A. Weerakoon	N. A. R. S. Nanayakkara
T. M. K. J. Peiris	L. Zhiming	A. A. Ferstl	K. Gohil
K. Chavda	C. Jamnadas	S. Sieben - Alternate	
Others			
A. M. Pandithage	S. C. Ganegoda	M. H. Jamaldeen	Dr. H. Cabral, PC
T. M. Hewagama	Ms. D. G. Talpahewa	M. S. Mohamed	R. Malewana
A. P. Mathangaweera	M. S. M. S. Samarathunga	G. J. W. De Silva	M. L. K. Somaratne
N. J. C. De Mel	W. A. S. Perera	T. A. B. Speldewinde	Ms. A. W. M. M. Peiris
(N. M. P. Fernando)			

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 460.

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 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 324 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 277 to 287.

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 and that there are no material non compliances with law or regulation and any fines which are material, imposed by any government or regulatory authority in any jurisdiction where the Company and Group have operations.

The declaration relating to statutory payments is made in the Statement of Directors' Responsibilities on page 317.

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 428.

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.

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 Ernst & Young, Chartered Accountants, as auditors of the company for the year 2024/25 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. 3.31 mn (2023 - Rs. 2.59 mn), and Rs. 73.93 mn (Rs. 66.58 mn) as audit fees by the Company and its Subsidiaries respectively. In addition, they were paid Rs. 0.91 mn (2023 - Rs. 2.77 mn) and Rs. 43.76 mn (2023 - Rs. 48.85 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. 91.70 mn (2023 - Rs. 64.45 mn) and Rs. 26.78 mn (2023 - Rs. 39.81 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 rules of the Colombo Stock Exchange are given on pages 459 to 461, and page 16 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. Systems and mechanisms are in place to ensure that high performers achieve career growth and advancement.

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 36,266 (2023 - 31,483).

25. SHAREHOLDERS

The Group endeavours to ensure equitable treatment to its shareholders. The policy on relations with Shareholders and Investors is available on the Company's website.

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

ANNUAL REPORT OF THE BOARD OF DIRECTORS

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, covering financial, operational and compliance controls and risk management and having obtained reasonable assurance on their effectiveness, 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

The Board had established and maintains the following sub committees;

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

Please refer page 319 to 324 for the Board sub committee reports.

28. POLICIES

The Company has established policies as required by the Listing Rules of the CSE inter alia Matters relating to Board and Sub Committees, Policy on ESG and Sustainability (Hayleys Lifecode), Policy on Relations with Shareholders and Investors and Policy on Whistle Blowing. These policies are available on the Company's website. The Company will ensure that all policies are in place before the period specified by the CSE.

29. 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 50 to 80 discusses this further.

30. ANNUAL GENERAL MEETING

The Annual General Meeting will be held at the registered office No. 400, Deans Road, Colombo 10, Sri Lanka on Friday, 28th June 2024 at 1.00 p.m. The Notice of the Annual General Meeting appears on page 488.

For and on behalf of the Board



Mohan Pandithage
Chairman & Chief Executive



Sarath Ganegoda
Director



Hayleys Group Services (Private) Limited.
Secretaries

17th May 2024
Colombo

Comparative figures are shown in brackets

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 2024 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 2023 issued by CA Sri Lanka;
- Finance Companies Corporate Governance Direction No 05 of 2021 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. During the year, the Company opted for the voluntary adoption of SLFRS S1 and S2 Sustainability Disclosure Standards, in line with the transitional relief allowed for first-time adopters.

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 326 to 329 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

17th May 2024

STATEMENT BY THE SENIOR INDEPENDENT DIRECTOR

I was appointed by the Board as the Senior Independent Director (SID) in the FY 2019/20, I continue to serve as the SID of the Company since the position of the Chairperson and the Chief Executive are not segregated. The Board decided that due to the diversity of operations of the conglomerate, having business verticals in 14 sectors spanning across 18 countries, the most appropriate arrangement would be for the current Chairman and Chief Executive to continue in the role.

ROLE OF THE SENIOR INDEPENDENT DIRECTOR

The SID provides guidance to the Chairman on matters of governance of the Company. In effectively fulfilling this duty the SID is required to meet with the Non-Executive Directors and Executive Directors, enabling discussions and communication on governance related matters.

The role of the SID also provides emphasis to transparency on matters relating to governance and calls for a review of the effectiveness of the Board.

The SID makes himself available to any Director or any employee to have confidential discussions on the affairs of the Company, should the need arise.

ACTIVITIES DURING THE YEAR

In line with the regulatory requirements, I presided over the following meeting and exercised my voting rights where necessary.

The Company currently has Six Independent Non-Executive Directors and there are no Non Independent Non-Executive Directors. In line with the regulatory requirements I presided over the meeting with the Independent Directors without the presence of the Executive Directors. At these meetings the performance of the Chairman and the Executive Directors were appraised.

Discussion topics included matters relating to the Company and the operations of the Board. The outcome of this meeting together with the views, suggestions and recomendations of the Independent Directors were informed to the Chairman and the Board.

The Company strictly adheres to all relevant mandatory requirements while embracing voluntary guidelines and best practices in governance, thereby building stakeholder trust and ensuring integrity across all decision-making.

I believe that I have effectively discharged the duties entrusted to the SID in accordance with the Corporate Governance guidelines.



Dr. H. Cabral
Senior Independent Director

17th May 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

This Statement of Directors' Responsibility is to be read in conjunction with the Report of the Auditors and is made to distinguish the respective responsibilities of the Directors and of the Auditors in relation to the Financial Statements contained in this Annual Report.

The Directors are responsible, under Sections 150 (1), 151, 152 (1), 153 (1) and 153 (2) of the Companies Act No. 07 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 and loss of the Company and the Group for the financial year.

The Directors are also responsible, under Section 148, of the Companies Act to ensure that proper accounting records are kept to enable determination of the financial position with reasonable accuracy.

The Directors have taken all reasonable steps to ensure that the Company and its subsidiaries maintain adequate and accurate accounting records which capture all transactions and provide an accurate disclosure of the Company's Financial Position.

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 judgements 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 frauds and other irregularities. These have been reviewed, evaluated and updated on an ongoing basis.

The Directors have confirmed that the Company satisfied the solvency test requirement under Section 56 of the Companies Act for all dividends paid. Auditors' solvency certificates have been obtained as required.

The External Auditors, Messrs Ernst & Young, Chartered Accountants were provided with all information and explanations they required and were given every opportunity to undertake any inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The Report of the Auditors, sets out their responsibilities in relation to the Financial Statements.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge and belief that 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

17th May 2024

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 2023 issued by CA Sri Lanka.

The Board of Directors is responsible for maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and Group. This process includes enhancing the system of internal controls as and when there are changes to 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 Group 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 relevant sub audit committees for their review at their periodic meetings and the key observations are tabled at the Group Audit Committee for their review.
- The Audit Committee reviews internal control issues identified by the Group 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, Processes that are required to comply with new requirements of recognition, measurement, presentation and disclosures were introduced and implemented. During the year, the required processes were put in place to adopt the SLFRS S1 and S2 Sustainability Disclosure Standards. 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 2022/23 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.

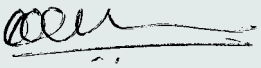
The Board of Directors confirm that the financial reporting system of Hayleys PLC has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lanka Accounting 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

17th May 2024

AUDIT COMMITTEE REPORT



100%
Independence
(as at end-March 2024)

4
Meetings

Relevance to Strategy
(Portfolio optimisation, ESG integration)

Composition

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

Meeting attendance

Mr. M.Y.A. Perera	4/4
Dr. H. Cabral PC	4/4
Mr. M.H. Jamaldeen	2/4
Mr. K.D.G. Gunaratne	4/4

The 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. Please refer to pages 40 to 47 for full profiles of Audit Committee members.

Hayleys Group Services (Private) Limited, 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 Department attend all the meetings of the Committee by invitation.

The Committee met 4 times during the year. 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.

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 November 2023. The terms of reference of the Committee are clearly defined in the Charter of the Audit Committee.

'Rules on Corporate Governance' under the Listing Rules of the Colombo Stock Exchange, 'Code of Best Practice on Corporate Governance' issued by the Institute of Chartered Accountants of Sri Lanka 2023 and in the case of the subsidiary company, Singer Finance (Lanka) PLC ' Finance Leasing (Corporate Governance) Direction No 05 of 2021 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.

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 2023/24

- **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 2023/24, 677 audits were performed covering all 14 sectors of the group. The Committee obtained the significant findings and recommendations together with management's responses of the review of the internal controls carried out by internal auditors and provided recommendations for improvement.

AUDIT COMMITTEE REPORT

Some of the internal audits were outsourced in financial year 2023/24 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.

  The Audit Committee also conducted ESG risk assessments during the year, thereby identifying, prioritising and monitoring sustainability related risks and opportunities.

  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 12 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 2023/24. 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 non audit 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 current Auditors Messrs Ernst & Young were initially appointed as external auditors in FY 2011/12 and continue to hold that position at present. A partner rotation of the auditors takes place periodically, a rotation of partner took place in 2018/19.

The Audit Committee has recommended to the Board of Directors that Messrs Ernst & Young, continue as Auditors for the financial year ending 31st March 2025 after evaluating the scope, delivery of the audit, resources and the quality of the assurance initiatives taken during the financial year 2023/24.

COMPLIANCE

The Committee obtained representations from respective CEOs and CFOs of 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, The Code of Conduct and Ethics ('Hayleys Way'), Whistle-Blowers Policy and Anti Bribery and Corruption Policy were put in place and 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 obtained the support of Messers Ernst and Young, Chartered Accountants, 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.



M. Y. A. Perera
Chairman
Audit Committee

15th May 2024

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT



100%
Independence
(as at end-March 2024)

11
Meetings

Relevance to Strategy
(Portfolio optimisation/ inspired team)

Composition (from 1/4/2023 to 1/11/2023)

- Mr. A.M. Pandithage- Chairman (stepped down w.e.f. 1st November 2023)
- Dr. H. Cabral PC
- Mr. M.Y.A. Perera (appointed to the committee on 21st April 2023)

Composition (from 1/11/2023 to 31/03/2024)

- Mr. M.Y.A. Perera - Chairman
- Dr. H. Cabral PC
- Mr. K.D.G. Gunaratne (appointed w.e.f. 1st November 2023)
- Mr. T.A.B. Speldewinde (appointed to the committee on 17th May 2024)

Meeting attendance

Mr. A.M. Pandithage	7/7
Dr. H.C. Cabral	11/11
Mr. M.Y.A. Perera	11/11
Mr. K.D.G. Gunaratne	4/4
Mr. T.A.B. Speldewinde	1/1

In terms of the Corporate Governance Rules of the Colombo Stock Exchange, on 1st November 2023, the Nominations Committee of the Company was renamed as the Nominations and Governance Committee and Mr. A. M. Pandithage (Chairman and Chief Executive of the Company and Group) who served as the Chairman of the Committee stepped down from the Committee Chairmanship and Mr. M.Y.A. Perera was appointed as Chairman and Mr. K.D.G. Gunaratne was appointed as a member of the Committee to comply with Rule 9.11.4 of the Listing Rules of the Colombo Stock Exchange. On 17th May 2024, Mr. T.A.B. Speldewinde was appointed to the Committee. During the year the Committee also served as the Nominations and Governance Committee to Listed Companies in the Group until they established their own Nominations and Governance Committees.

COMMITTEE DUTIES

- The Nominations and Governance Committee evaluates and recommends the appointment of Directors to the Board and Committees considering the required skills, experience and qualifications necessary.
- Consider and recommend (or not recommend) the re- election of current directors considering the Board composition against pre-defined criteria on combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Company and the discharge of the Board's overall responsibilities and the number of directorships held by the Director in other listed and unlisted companies and other principle commitments.
- Establish and maintain a formal and transparent procedure to evaluate, select and appoint / re appoint Directors of the Company.
- Establish and maintain a set of criteria for selection of Directors such as academic / professional qualifications, skills, experience and key attributes required for eligibility taking into consideration the nature of the business of the Company and industry specific requirements.
- Establish and maintain a suitable process for the periodic evaluation of the performance of Board Directors and the Chief Executive of the Company to ensure their responsibilities are satisfactorily discharged.
- 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.
- Develop succession plans for Board of Directors, CEO/Managing Director and Key Management Personnel.
- Review and recommend the overall corporate governance framework of the Company considering the Listing Rules and other applicable regulatory requirements and industry best practices. Review and update the corporate governance policies/ framework in line with regulatory and legal developments relating to same.
- Receive reports from the Management on compliance of the corporate governance framework of the Company including the Company's compliance with provisions of the SEC Act, Listing Rules of the Colombo Stock Exchange and other applicable laws and reasons for any deviations or non-compliances.

COMMITTEE ACTIVITIES IN 2023/24

- The Board performance evaluation has been carried out and discussed at Board meetings. Any major issues relating to the Company are updated

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

to the Independent Directors by the Chairman. Special Board meetings are called if the need arises to discuss an important or critical matter with the Board.

- Newly appointed Directors are given an induction to the Company prior to their first Board meeting. The orientation programme includes a presentation of the different Sectors and the work carried out in the subsidiary companies. Requirements as per the Listing Rules and applicable rules and regulations are informed to the new Directors. Existing Directors are regularly updated with corporate governance requirements, Listing Rules and other applicable laws.
- Non-Executive Directors have submitted declarations regarding their independence / non-independence. The Board has determined that Directors who have served on the Board for over 9 years are nevertheless independent, after taking into consideration the fact that they do not exert any control over the day-to-day activities of the Company and are capable of acting in an impartial and independent manner on matters deliberated by the Board.
- Each Director provided a signed declaration on his/her fitness and proprietary based on the assessment criteria stipulated in the Listing Rules of the Colombo Stock Exchange. The fitness and proprietary of the Directors were examined by the Committee.

RE-APPOINTMENTS/RE-ELECTIONS

One Third (1/3) of all the directors except the Chief Executive, retire by rotation in terms of the Articles of Association and being eligible submit themselves for re-election at the AGM.

Accordingly, the Committee has recommended to re-elect Mr. S. C. Ganegoda , Mr. H. S. R. Kariyawasan , and Mr. L. R. V. Waidyaratne to the Board at the Annual General Meeting to be held on 28th June 2024, based on their performance and the contribution made to achieve the objectives of the Board.

Mr. Ganegoda was appointed to the Board in September 2009, and last re-appointed as a Director in June 2021. His directorships and other principal commitments are given in the profile on page 44.

Mr. Kariyawasan was appointed to the Board in June 2010, and last re-appointed as a Director in June 2021. His directorships and other principal commitments are given in the profile on page 44.

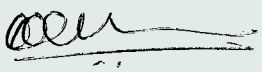
Mr. Waidyaratne was appointed to the Board in April 2013, and last re-appointed as a Director in June 2021. His other directorships and other principal commitments are given in the profile on page 45.

Mr. T. A. B. Speldewinde who was appointed to the Board on 3rd January 2024 and Mr. P. Y. S. Perera who was appointed on 1st April 2024 will come up for re-election by the shareholders at the Annual General Meeting. Their profiles in pages 46 to 47 set out their other principal commitments and directorships.

Due to his extensive experience, deep insights and domain knowledge evidenced through the leadership provided to the Group by the Chairman Mr. A M Pandithage, the Committee has recommended to the shareholders to reappoint Mr. A. M. Pandithage who is over seventy years and who retires in terms of Section 210 of the Companies Act No. 7 of 2007.

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

The Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange are met by the Company and details are given in pages 70 to 73.



M. Y. A. Perera
Chairman
Nominations and Governance Committee

17th May 2024

REMUNERATION COMMITTEE REPORT



100%
Independence
(as at end-March 2024)

2
Meetings

Relevance to Strategy
(Inspired team)

Composition

- Dr. H. Cabral PC
- Mr. M.Y.A. Perera
- Mr. M.H. Jamaldeen
- Mr. K.D.G. Gunaratne (appointed to the committee on 21st April 2023)
- Mr. T.A.B. Speldewinde (appointed to the committee on 17th May 2024)

Meeting attendance

Dr. H.C. Cabral	2/2
Mr. M.Y.A. Perera	2/2
Mr. M.H. Jamaldeen	2/2
Mr. K.D.G. Gunaratne	2/2
Mr. T.A.B. Speldewinde	1/1

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

The Remuneration Committee has well defined Terms of Reference. The members of the Committee are Independent Directors and are free from business, operational, personal or other relationships which may interfere with their independent, unbiased judgement.

COMMITTEE DUTIES

The Committee is responsible to the Board to determine the policy of the remuneration package of the Directors.

The Committee evaluates, assesses and recommends to the Board of Directors on matters 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.
- Laying down guidelines and parameters for the compensation structures of all management staff within the Group taking into consideration industry norms.
- Formulating guidelines, policies and parameters for the compensation structures for all Executive staff of the Company.
- Reviewing information related to executive pay from time to time to ensure same is in par with the market/industry rates.
- Evaluating the performance of the Chairman & Chief Executive and Key Management Personnel against the predetermined targets and goals.
- Assessing and recommend 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 of the Company/ Group is to attract, motivate and retain a highly qualified and experienced executive team, and reward performance accordingly in the backdrop of industry norms. These compensation packages provide compensation appropriate for each business within the Group and commensurate with each employee's level of expertise and contributions, bearing in mind the business' performance and shareholder returns.

The remuneration packages which are linked to individual performances are aligned with the Companies/ Group's short term and long-term strategy.

All Non-Executive Directors (other than Directors who are employed by Hayleys PLC) receive a fee for serving on the Board and serving on sub committees. They do not receive any performance related incentive payments.

COMMITTEE ACTIVITIES IN 2023/24

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.

The Committee also acted as the Remuneration Committee of the Subsidiary Companies until they established their own Remuneration Committees.

The Committee Reviewed Executives' compensation and implemented market corrections to Executives total compensation in line with the market median.

Recommended the bonus payable and annual increments to be paid to Executive staff based on the ratings of the Performance Management System.

The aggregate remuneration of the Executive and Non-Executive Directors for the Financial Year amounted to Rs. 4.25 bn.



Dr. Harsha Cabral, PC.
Chairman
Remuneration Committee

17th May 2024

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT



67%
Independence (as at end-March 2024)

4
Meetings

Composition

- Dr. H. Cabral PC
- Mr. M.Y.A. Perera
- Mr. S.C. Ganegoda

Meeting attendance

Dr. H.C. Cabral	4/4
Mr. M.Y.A. Perera	4/4
Mr. S.C. Ganegoda	4/4
Mr. T.A.B. Speldewinde	-/-

The Board has an established Related Party Transactions Review Committee (RPTRC) which complies with Section 9 of the Listing Rules of the Colombo Stock Exchange and the terms of the Code of Best Practice on Related Party Transactions issued by CA Sri Lanka. The RPTRC of the Company served as the RPTRC of a majority of the Subsidiaries of the Hayleys Group until they formed their own RPTRCs.

The Chairman, the Group Chief Financial Officer, Group Head of Legal and HR and any other Officers as may be required by the Committee attend the meetings by invitation.

The Company Secretaries act as the Secretaries to the Committee. The minutes of the RPTRC meetings are tabled at the Board meetings thereby providing all Directors access to the deliberations of the Committee.

On 17th May 2024 the Board appointed Mr. T.A.B. Speldewinde as the third Independent Non-Executive Director to the Committee

COMMITTEE DUTIES

- 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.
- To ensure that there is an adequate and effective process in place to capture information which is relevant to its review function.

COMMITTEE ACTIVITIES IN 2023/24

During the year the Committee reviewed the related party transactions and their compliances in Hayleys PLC and 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.

DISCLOSURES

A detailed disclosure of all the related party transactions including recurrent and non-recurrent related party transactions which are required to be disclosed under section 9.14.8 of the Listing Rules of the Colombo Stock Exchange has been made in note 38 to the financial statements given in page 430 to 433 to this report.



Dr. Harsha Cabral, PC.
Chairman
Related Party Transactions Review Committee

15th May 2024

FINANCIAL STATEMENTS

Developing our World

We are an entity that is consistently growing; nurturing a time-tested, self-sustaining model that accelerates development and progress. We're pursuing new opportunities for expansion and growth, while seeking to rise to new heights year after year.

A forest is a dynamic, continuously evolving ecosystem that constantly expanding and reshaping its composition to seek out optimal conditions for growth. Each stage of this journey prepares the stage for the future, thereby enabling the succession of a new generation, and supporting longevity and continuity in the years ahead.



FINANCIAL CALENDAR 2023/24

1st Quarter Report	11th August 2023
2nd Quarter Report	10th November 2023
3rd Quarter Report	13th February 2024
4th Quarter Report	17th May 2024
Annual Report 2023/24	4th June 2024
73rd Annual General Meeting	28th June 2024
Interim Dividend	25th April 2024

INDEPENDENT AUDITOR'S REPORT

Building a better working world

Ernst & Young
Chartered Accountants
Rotunda Towers
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Email: eysl@lk.ey.com
ey.com

TO THE SHAREHOLDERS OF HAYLEYS PLC

Report on the audit of the 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 2024, and the statement of profit or loss, the 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 material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2024, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
Revenue	
The Group's revenue for the year amounted to Rs. 436.83 billion and was derived from diverse industry segments as disclosed in Notes 3.22 and 6 to the financial statements. Revenue was a key audit matter due to; • the materiality of the revenue reported and the significance of the amounts generated from industry specific sales arrangements for products and services; and • the considerations to be made on terms attached to sales arrangements, particularly relating to the timing of transferring control over goods sold and services provided.	Our audit procedures included the following key procedures: • obtained an understanding of the nature of revenue contracts entered in to by the industry segments of the Group • assessed whether the accounting policy for revenue recognition for each industry segment has been appropriately applied. • evaluated the design and tested the relevant key controls over revenue. Our procedures included testing the general IT control environment and the relevant key IT application controls relating to the most significant IT systems relevant to revenue. • performed analytical procedures to understand and assess the reasonableness of the reported revenues.

Key audit matter	How our audit addressed the key audit matter

	• tested revenue transactions to sales contracts and other supporting documents. Our procedures included testing:
	  • revenue transactions at the year-end to determine whether transactions have been recorded in the proper period and to the proper accounts; In particular, we tested how terms of specific sales arrangements for products and services were considered within the revenue recognition process, and
	  • journal entries recognised to revenue.
	• We also assessed the adequacy of the related disclosures set out in Notes 3.2 and 6 to the financial statements.

Carrying value of inventories	
As of the reporting date, the carrying value of inventories of the Group amounted to Rs. 85.202 billion net of provision of Rs. 7.424 billion as disclosed in Note 21 to the financial statements. Carrying value of inventories was a key audit matter due to; • materiality of the reported inventory balance which represented 19% of the Group's total assets as of the reporting date; • the existence of diverse industry specific inventories; and the use of significant management judgement over identifying inventories requiring write down to net realisable value (NRV) and in the determination of the provision, as disclosed in Notes 5.6 and 21 to the financial statements.	Our audit procedures to address this area of focus included the following: • obtained an understanding of inventories maintained by industry segments, together with key processes and controls relating to inventories; • observed physical inventory counts and reconciled the count results to the inventory listings compiled by management to support amounts reported • tested whether inventories were stated at the lower of cost and net realizable value, by comparing cost with subsequent selling prices; • assessed the reasonableness of judgements applied by management in the write down of inventories to NRV and estimation of the provision for inventories. Our procedures included testing the completeness and accuracy of inventory age reports used as a basis to estimate the provision. 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.
Impairment allowance for current and non-current trade and other receivables in the Consumer & Retail segment of the Group	

The Group has recognised an allowance for expected credit losses of Rs. 7.1 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. 3.2 billion.
The impairment allowance for current and non-current trade and other receivables in the Consumer & Retail segment of the Group was a key audit matter due to;
• 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.
Such assumptions, judgements and estimates include incorporation of forward-looking information such that expected cashflows reflect current and anticipated future external factors.
	Our audit procedures included the following:
	• We evaluated the competence and independence of the firm of chartered accountants performing the component audit of the Consumer and Retail segment.
	• With the involvement of component auditors where relevant, we
	  • assessed the appropriateness of the selection of accounting policies based on the requirements of the SLFRS 09, business understanding and industry practice
	  • evaluated the appropriateness of the management approach over the application and use of practical expedients applied for SLFRS 9
	  • assessed management's processes, systems and controls implemented over impairment assessment, including the completeness, accuracy and relevance of data used

INDEPENDENT AUDITORS' REPORT

Key audit matter	How our audit addressed the key audit matter
	• assessed the logics and compilation of the overdue information of loans and advances, finance lease receivables and hire purchases, • 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 • tested the mathematical accuracy of models applied and post-model adjustments. We have also assessed the adequacy of the disclosures made in Note 3.9 and Note 22 in the financial statements.

Other Information included in the 2024 Annual Report

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

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

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

Responsibilities of the management and those charged with governance for the financial statements.

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional 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 the 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

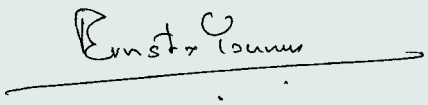
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on other legal and regulatory requirements

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

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



17 May 2024
Colombo

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

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

STATEMENT OF PROFIT OR LOSS

For the year ended 31st March	Notes	CONSOLIDATED 2024 Rs.'000	CONSOLIDATED 2023 Rs.'000	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000
Revenue	6	436,833,270	487,430,881	619,987	608,270
Cost of sales		(322,614,872)	(363,772,324)	(559,029)	(467,357)
Direct interest cost		(4,792,620)	(4,424,524)	-	-
Gross profit		109,425,778	119,234,033	60,958	140,913
Group dividend		-	-	5,398,957	5,897,496
Other income	7	3,394,296	4,279,601	640	-
Distribution expenses		(15,376,598)	(13,764,885)	-	-
Administrative expenses		(54,378,179)	(47,498,694)	770,121	721,291
Other expenses	8	(342,437)	(1,177,308)	(365)	(306)
Results from operating activities		42,722,860	61,072,747	6,230,311	6,759,394
Finance income	9	9,907,736	20,720,866	119,362	609,056
Finance cost	9	(27,150,052)	(39,538,267)	(4,738,806)	(5,276,184)
Net finance cost		(17,242,316)	(18,817,401)	(4,619,444)	(4,667,128)
Change in fair value of investment properties	15	92,813	347,457	3,700	5,900
Share of profit of equity accounted investees (net of tax)	18	159,205	540,978	-	-
Value added tax on financial services		(396,855)	(394,713)	-	-
Profit before tax	10	25,335,707	42,749,068	1,614,567	2,098,166
Tax expense	11	(10,488,984)	(15,076,768)	(280,662)	(197,146)
Profit for the year		14,846,723	27,672,300	1,333,905	1,901,020
Profit for the period attributable to:					
Owners of the parent		6,888,770	16,351,845	1,333,905	1,901,020
Non-controlling interest		7,957,953	11,320,455	-	-
Profit for the year		14,846,723	27,672,300	1,333,905	1,901,020
Earnings per share					
Basic - (Rs.)	12	9.19	21.80	1.78	2.53
Diluted - (Rs.)	12	9.19	21.80	1.78	2.53
Dividend per share (Rs.)	12			5.35	5.35

Notes from pages 341 to 443 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 2024 Rs.'000	CONSOLIDATED 2023 Rs.'000	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000
Profit for the year		14,846,723	27,672,300	1,333,905	1,901,020
Other comprehensive income					
Items that will not be reclassified subsequently to the Statement of Profit or Loss					
Actuarial loss on employee benefit obligations	28	(1,087,193)	(319,375)	(13,933)	(47,227)
Net change on equity instruments designated at fair value through other comprehensive income		152	16,102	-	-
Tax on other comprehensive income	11	313,539	(1,220,325)	627	2,125
Items that will be reclassified subsequently to the Statement of Profit or Loss					
Net exchange differences on translation of foreign operations		(3,881,649)	2,794,488	-	-
Net gain on cash flow hedges		1,141,742	154,017	-	-
Share of other comprehensive income of equity accounted investees		(377,797)	664,640	-	-
Total Other comprehensive income for the year, net of tax		(3,891,206)	2,089,547	(13,306)	(45,102)
Total comprehensive income for the year, net of tax		10,955,517	29,761,847	1,320,599	1,855,918
Total comprehensive income for the year attributable to:					
Owners of the parent		4,920,051	17,552,656	1,320,599	1,855,918
Non- controlling interest		6,035,466	12,209,191	-	-
		10,955,517	29,761,847	1,320,599	1,855,918

Notes from pages 341 to 443 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31st March	Notes	CONSOLIDATED 2024 Rs.'000	CONSOLIDATED 2023 Rs.'000	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000
Assets					
Non-current assets					
Property, plant & equipment	13	133,789,861	126,472,089	572,936	202,883
Right-of-use assets	14	11,733,876	12,190,393	63,832	127,664
Investment properties	15	2,041,561	1,948,326	98,450	94,750
Biological assets	16	1,506,271	1,313,069	-	-
Intangible assets	17	16,165,508	16,210,947	56,108	65,245
Investments in subsidiaries	18	-	-	39,743,166	39,630,538
Investments in equity accounted investees	18	2,718,502	3,364,373	1,504,863	1,504,863
Other non-current financial assets	19	395,960	941,292	42,000	49,563
Non-current trade and other receivables	22	12,052,092	8,359,072	808,000	-
Other non-current assets	20	952,191	951,608	-	-
Deferred tax assets	27	3,362,617	3,411,813	66,335	68,643
Total non-current assets		184,718,439	175,162,982	42,955,690	41,744,149
Current assets					
Inventories	21	85,202,934	87,502,323	36,423	36,535
Amounts due from subsidiaries	38	-	-	5,379,688	4,264,131
Amounts due from equity accounted investees	38	169,803	159,463	7,585	986
Trade and other receivables	22	117,124,113	98,651,672	55,038	36,558
Other current assets	20	6,269,054	5,508,223	70,297	56,203
Income tax recoverable	30	1,144,362	944,281	-	-
Other current financial assets	19	2,176,135	855,239	19,960	14,891
Short term deposits		21,356,037	19,780,454	505,529	1,489,160
Cash in hand and at bank		28,175,378	24,177,336	328,528	1,144,208
Total current assets		261,617,816	237,578,991	6,403,048	7,042,672
Total assets		446,336,255	412,741,973	49,358,738	48,786,821
Equity and liabilities					
Stated capital	23	1,575,000	1,575,000	1,575,000	1,575,000
Capital reserves		870,062	760,344	13,226	13,226
Other components of equity		29,821,606	31,464,513	-	-
Revenue reserves		47,896,325	45,130,447	10,179,300	12,871,201
Total equity attributable to equity holders of the company		80,162,993	78,930,304	11,767,526	14,459,427
Non-controlling interest		45,367,092	43,776,353	-	-
Total equity		125,530,085	122,706,657	11,767,526	14,459,427

As at 31st March	Notes	CONSOLIDATED 2024 Rs.'000	CONSOLIDATED 2023 Rs.'000	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000
Non-current liabilities					
Interest-bearing borrowings	25	56,654,168	59,158,207	14,375,000	13,185,518
Grants	26	913,021	924,138	-	-
Deferred tax liabilities	27	11,458,489	12,602,194	-	-
Security deposits	24	1,560,728	1,468,392	-	-
Other non-current liabilities	29	1,750,010	2,083,838	-	-
Other non-current financial liabilities	19	3,252,235	5,844,248	-	-
Employee benefit obligations	28	15,262,465	12,845,248	1,896,112	1,560,016
Total non-current liabilities		90,851,116	94,926,265	16,271,112	14,745,534
Current liabilities					
Trade and other payables	29	76,689,226	66,405,057	4,877,641	4,843,225
Other current liabilities	29	11,419,890	7,815,736	89,090	67,602
Deferred revenue	29	3,625,769	954,310	-	-
Other current financial liabilities	19	18,927,276	13,355,662	-	-
Amounts due to subsidiaries	38	-	-	388,352	305,479
Amounts due to equity accounted investees	38	465	456	385	385
Income tax payable	30	4,063,743	6,040,416	112,102	118,116
Current portion of long term interest-bearing borrowings	25	27,160,079	31,573,389	10,005,604	9,080,337
Short-term interest-bearing borrowings	31	88,068,606	68,964,025	5,846,926	5,166,716
Total current liabilities		229,955,054	195,109,051	21,320,100	19,581,860
Total liabilities		320,806,170	290,035,316	37,591,212	34,327,394
Total equity and liabilities		446,336,255	412,741,973	49,358,738	48,786,821

Notes from pages 341 to 443 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

17th May 2024

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2024		Capital Reserves		Other components	
	Stated capital	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
Balance as at 1st April 2023	1,575,000	175,688	584,656	22,996,507	30,951
Profit for the year	-	-	-	-	-
Other comprehensive income					
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	-	-	-	-	241
Realised gain on timber	-	-	-	-	-
Actuarial loss on employee benefit obligations	-	-	-	-	-
Tax on other comprehensive income	-	-	-	-	-
Total other comprehensive income	-	-	-	-	241
Total comprehensive income for the year	-	-	-	-	241
Transactions with owners, recorded directly in equity					
Dividends to equity holders	-	-	-	-	-
Transfers	-	-	113,838	-	(3,035)
Total contributions by and distributions to owners	-	-	113,838	-	(3,035)
Changes in ownership interests in subsidiaries					
Adjustment on changes to non-controlling interest in subsidiaries	-	-	(4,120)	(154,513)	(276)
Acqusition of/investment in subsidiaries	-	-	-	-	-
Total changes in ownership interests in subsidiaries	-	-	(4,120)	(154,513)	(276)
Total transactions with owners	-	-	109,718	(154,513)	(3,311)
Balance as at 31st March 2024	1,575,000	175,688	694,374	22,841,994	27,881

Notes from pages 341 to 443 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

	of equity		Revenue Reserves						
	Cash flow hedge reserve	Foreign currency translation reserve	General reserve	Timber reserve	Bearer Biological reserve	Retained earnings	Shareholders' funds	Non-controlling interest	Total equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	(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
	-	-	-	53,041	(3,407)	6,839,136	6,888,770	7,957,953	14,846,723
	-	(2,141,522)	-	-	-	-	(2,141,522)	(1,740,127)	(3,881,649)
		(377,335)				(474)	(377,809)	12	(377,797)
	1,025,707	-	-	-	-	-	1,025,707	116,035	1,141,742
	-	-	-	-	-	-	241	(89)	152
	-	-	-	(1,865)	-	1,865	-	-	-
	-	-	-	-	-	(659,665)	(659,665)	(427,528)	(1,087,193)
	-	-	-	-	-	184,329	184,329	129,210	313,539
	1,025,707	(2,518,857)	-	(1,865)	-	(473,945)	(1,968,719)	(1,922,487)	(3,891,206)
	1,025,707	(2,518,857)	-	51,176	(3,407)	6,365,191	4,920,051	6,035,466	10,955,517
	-	-	-	-	-	(4,012,500)	(4,012,500)	(4,218,460)	(8,230,960)
	-	-	-	-	-	(110,803)	-	-	-
	-	-	-	-	-	(4,123,303)	(4,012,500)	(4,218,460)	(8,230,960)
	10,672	(2,846)	(2,807)	-	-	479,028	325,138	(372,000)	(46,862)
	-	-	-	-	-	-	-	145,733	145,733
	10,672	(2,846)	(2,807)	-	-	479,028	325,138	(226,267)	98,871
	10,672	(2,846)	(2,807)	-	-	(3,644,275)	(3,687,362)	(4,444,727)	(8,132,089)
	(1,310,768)	8,262,499	2,289,353	212,827	14,544	45,379,601	80,162,993	45,367,092	125,530,085

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2023		Capital Reserves		Other components	
	Stated capital	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
Balance as at 31st March 2022	1,575,000	175,636	535,760	24,091,156	15,645
Impact on surcharge tax	-	-	-	-	-
Balance as at 1st April 2022 - Adjusted	1,575,000	175,636	535,760	24,091,156	15,645
Profit for the year	-	-	-	-	-
Other Comprehensive income					
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)	-
Total other comprehensive income	-	-	-	(1,121,904)	14,942
Total comprehensive income for the year	-	-	-	(1,121,904)	14,942
Transactions with owners, recorded directly in equity					
Dividends to equity holders	-	-	-	-	-
Transfers	-	-	48,591	(5,285)	-
Total contributions by and distributions to owners	-	-	48,591	(5,285)	-
Changes in ownership interests in subsidiaries					
Adjustment on changes to non-controlling interest in subsidiaries	-	52	305	32,540	364
Acqusition of/investment in subsidiaries	-	-	-	-	-
Total changes in ownership interests in subsidiaries	-	52	305	32,540	364
Total transactions with owners	-	52	48,896	27,255	364
Balance as at 31st March 2023	1,575,000	175,688	584,656	22,996,507	30,951

Notes from pages 341 to 443 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

	of equity		Revenue Reserves						
	Cash flow hedge reserve	Foreign currency translation reserve	General reserve	Timber reserve	Bearer Biological reserve	Retained earnings	Shareholders' funds	Non-controlling interest	Total equity
	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 Company	Stated capital Rs.'000	Capital Reserve Other capital reserve Rs.'000	Revenue Reserve General reserve Rs.'000	Revenue Reserve Retained earnings Rs.'000	Total Rs.'000
Balance as at 1st April, 2023	1,575,000	13,226	382,087	12,489,114	14,459,427
Profit for the year	-	-	-	1,333,905	1,333,905
Other comprehensive income					
Actuarial loss on employee benefit obligations	-	-	-	(13,933)	(13,933)
Tax on other comprehensive income	-	-	-	627	627
Total other comprehensive income	-	-	-	(13,306)	(13,306)
Total Comprehensive income for the year	-	-	-	1,320,599	1,320,599
Transactions with owners, recorded directly in equity					
Dividends to equity holders	-	-	-	(4,012,500)	(4,012,500)
Total contributions by and distributions to owners	-	-	-	(4,012,500)	(4,012,500)
Total transactions with owners	-	-	-	(4,012,500)	(4,012,500)
Balance as at 31st March 2024	1,575,000	13,226	382,087	9,797,213	11,767,526
Balance as at 1st April, 2022	1,575,000	13,226	382,087	14,645,696	16,616,009
Profit for the year	-	-	-	1,901,020	1,901,020
Other Comprehensive income					
Actuarial loss on employee benefit obligations	-	-	-	(47,227)	(47,227)
Tax on other comprehensive income	-	-	-	2,125	2,125
Total other comprehensive income	-	-	-	(45,102)	(45,102)
Total comprehensive income for the year	-	-	-	1,855,918	1,855,918
Transactions with owners, recorded directly in equity					
Dividends to equity holders	-	-	-	(4,012,500)	(4,012,500)
Total contributions by and distributions to owners	-	-	-	(4,012,500)	(4,012,500)
Total transactions with owners	-	-	-	(4,012,500)	(4,012,500)
Balance as at 31st March 2023	1,575,000	13,226	382,087	12,489,114	14,459,427

Notes from pages 341 to 443 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

For the year ended 31st March	Notes	CONSOLIDATED 2024 Rs.'000	CONSOLIDATED 2023 Rs.'000	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000
Cash flows from operating activities					
Cash generated from operations	A	44,133,786	70,708,044	5,648,296	6,562,379
Employee benefit paid	28	(1,698,780)	(1,481,118)	(29,351)	(34,640)
Income tax paid	30	(12,008,482)	(9,963,868)	(283,741)	(62,132)
Surcharge tax paid		-	(2,469,380)	-	-
Net cash inflow from operating activities		30,426,524	56,793,678	5,335,204	6,465,607
Cash flows from investing activities					
Purchase and construction of Property, plant & equipment		(19,919,469)	(17,128,378)	(420,888)	(151,959)
Investments in Other non- current assets		(265,708)	(275,472)	-	-
Investments in Other current financial assets	19	(6,345,368)	(9,665,751)	-	(1,450,168)
Investments in other non -current financial assets	19	-	(841,495)	-	-
Decrease due to harvest/(Development of Biological assets)	16	8,707	16,168	-	-
Grants received - capital	26	36,551	19,110	-	-
Improvements to Investment property	15	(422)	(94,768)	-	-
Proceeds from disposal of Property, plant & equipment		1,085,564	663,580	806	245
Proceeds from insurance claims		500,991	1,662,991	-	-
Proceeds from disposal of Intangible assets		2,523	2,181	-	-
Proceeds from disposal of Current financial assets	19	5,263,812	10,382,342	-	1,450,000
Purchase of intangible assets	17	(380,026)	(608,281)	(3,086)	(4,095)
Long term investments in group companies and others		76,302	(1,171,650)	(920,628)	(116,775)
Investment in equity accounted investees		(182,175)	-	-	-
Proceeds from sale of non-current financial assets		651,527	-	-	-
Interest received		4,722,907	4,531,247	103,805	554,193
Net movement in Deferred revenue	29	2,671,459	335,523	-	-
Dividends received from Equity accounted investees		610,402	113,321	-	-
Dividends received from non-group companies	9	1,888	3,851	227	1,323
Net cash used in investing activities		(11,460,535)	(12,055,481)	(1,239,764)	282,764
Net cash inflow before financing		18,965,989	44,738,197	4,095,440	6,748,371
Cash flows from financing activities					
Payment on lease		(1,574,914)	(2,514,676)	(86,166)	(86,170)
Interest paid (including interest capitalised)		(20,762,565)	(27,219,377)	(4,682,688)	(5,213,789)
Dividend paid to Non-controlling interest		(4,218,460)	(6,361,116)	-	-
Debenture redemption net of issue expenses		(4,747,644)	-	(3,521,507)	-
Proceeds from Interest-bearing borrowings		24,208,036	21,159,381	11,600,000	4,000,000
Repayment of Interest-bearing borrowings net of issue costs		(24,441,873)	(27,604,264)	(5,900,000)	(5,305,998)
Net movement in Financial liabilities		2,979,601	7,053,396	-	-
Net movement in Security deposits		92,336	6,045	-	-
Acquisition of Non-controlling interest		(46,862)	(179,756)	-	-
Dividends paid to equity holders of parent		(3,984,600)	(596,105)	(3,984,600)	(596,105)
Net cash outflow from financing activities		(32,496,945)	(36,256,472)	(6,574,961)	(7,202,062)
Net increase / (decrease) in cash and cash equivalents		(13,530,956)	8,481,725	(2,479,521)	(453,691)
Cash and cash equivalents at beginning of the year		(25,006,235)	(33,487,960)	(2,533,348)	(2,079,657)
Cash and cash equivalents at end of the year		(38,537,191)	(25,006,235)	(5,012,869)	(2,533,348)

Notes from pages 341 to 443 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

For the year ended 31st March	Notes	CONSOLIDATED 2024 Rs.'000	CONSOLIDATED 2023 Rs.'000	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000
A. Cash generated from operations					
Profit before tax		25,335,707	42,749,068	1,614,567	2,098,166
Adjustments for:					
Net finance costs	9	17,242,316	18,817,401	4,619,444	4,667,128
Share of profits from Equity accounted investees	18	(159,205)	(540,978)	-	-
Depreciation on Property, plant & equipment	13	8,531,775	8,052,642	50,303	48,623
Impairment of Property, plant & equipment	13	22,832	1,448	-	-
Amortisation of Right-of-use assets	14	1,858,575	1,639,893	63,832	63,833
Change in fair value of Investment properties	15	(92,813)	(347,457)	(3,700)	(5,900)
Change in fair value of agricultural produce on bearer biological assets		(3,376)	(17,173)	-	-
Change in fair value of Biological assets	16	(206,128)	(138,628)	-	-
(Gain)/loss on the disposal of Property, plant & equipment		(275,287)	(57,808)	(275)	306
Gain on fire damages and claims		(500,991)	(673,025)	-	-
Write off of property, plant and equipment	13	612	8,082	-	-
Loss on the disposal of Intangible assets	8	123	173	-	-
Amortisation of Intangible assets	17	393,279	317,937	12,223	13,160
Net loss on translation of foreign currency		(3,151,685)	8,559,783	(15,870)	22,578
Impairment of Trade & other receivables	22	379,381	154,503	-	-
Provision for unrealised profit and write-down of inventories	21	388,726	1,923,455	-	-
Impairment/ amortisation of other non -current assets	20	34,078	100,386	-	-
Gain on bargain purchase	7	(13,629)	(209,690)	-	-
Provision for post employee benefit obligations	28	3,153,900	2,215,028	349,809	250,533
Grants amortised	7	(47,668)	(39,608)	-	-
		52,890,522	82,515,432	6,690,333	7,158,427
(Increase)/decrease in Trade and other receivables and other current assets		(24,139,021)	11,564,451	(1,154,730)	(394,438)
(Increase)/decrease in Inventories		1,914,040	(7,045,587)	112	(29,042)
Increase/(decrease) in Trade and other payables		13,468,245	(16,326,252)	112,581	(172,568)
		44,133,786	70,708,044	5,648,296	6,562,379
B. Analysis of cash and cash equivalents					
Cash in hand and at bank		28,175,378	24,177,336	328,528	1,144,208
Short - term deposits		21,356,037	19,780,454	505,529	1,489,160
		49,531,415	43,957,790	834,057	2,633,368
Short-term interest bearing borrowings	31	(88,068,606)	(68,964,025)	(5,846,926)	(5,166,716)
Cash and cash equivalents		(38,537,191)	(25,006,235)	(5,012,869)	(2,533,348)

Notes from pages 341 to 443 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 487 in this Annual Report.

1.2 Consolidated Financial Statements

The Financial Statements for the year ended 31 March 2024 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 466 to 470 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 2024 were authorised for issue by the Directors on 17 May 2024.

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 Accounting and Auditing Standards Act No. 15 of 1995, 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

NOTES TO THE FINANCIAL STATEMENTS

those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- 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.

3.1.3 Investment in Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in its associate and joint venture are accounted for using the equity method.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the

acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate in the statement of profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

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:

- 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

L**evel 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.

NOTES TO THE FINANCIAL STATEMENTS

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

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, 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 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.

3.5.8.1.3 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.

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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

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 fulfil 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:

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- 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 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, short term deposits and cash and cash equivalents.

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.

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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 or 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 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.

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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.

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.

Financial liabilities at amortised cost

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.

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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.

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.

Additional disclosures are provided in Note 39. All other notes to the Financial Statements include amounts for continuing operations, unless indicated otherwise.

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.

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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.

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 41 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 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.

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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, 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.

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- 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.

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 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

4.6.2 Classification of Liabilities as Current or Non-current - Amendment to LKAS 1

Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements.

The amendments are effective for annual periods beginning on or after 1 January 2024

4.6.3 Lease Liability in a Sale and Leaseback - Amendment to SLFRS 16

The amendments to SLFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. A seller-lessee applies the amendment retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2024

4.6.4 Disclosures: Supplier Finance Arrangements - Amendments to LKAS 7 and SLFRS 7

The amendments clarify the characteristics of supplier finance arrangements and require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

NOTES TO THE FINANCIAL STATEMENTS

The amendments are effective for annual periods beginning on or after 1 January 2024

4.6.5 International Tax Reform—Pillar Two Model Rule - Amendments to LKAS 12

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments are effective for annual periods beginning on or after 1 January 2024.

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 present macro-economic conditions, the circumstances of the external environment, or are inconsistent with historical trends. Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern and the management do not intend either to liquidate or to cease operations of the Group. 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. 15.39 bn (2023: Rs. 11.92 bn) 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 2024 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	
	2024				2023			
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Eco solutions	13,846,458	-	-	13,846,458	15,221,016	-	-	15,221,016
Hand protection	43,024,820	-	-	43,024,820	51,376,331	-	-	51,376,331
Purification	42,743,944	-	-	42,743,944	60,357,169	-	-	60,357,169
Textiles	49,167,087	-	-	49,167,087	60,014,435	-	-	60,014,435
Construction materials	9,936,623	-	-	9,936,623	10,124,084	-	-	10,124,084
Plantations	18,100,621	-	-	18,100,621	15,998,006	-	-	15,998,006
Agriculture	34,878,891	-	-	34,878,891	32,998,003	-	-	32,998,003
Consumer & retail	70,349,195	1,600,845	9,647,765	81,597,805	54,300,546	1,425,921	8,166,252	63,892,719
Leisure	-	9,018,855	-	9,018,855	-	6,686,614	-	6,686,614
Industry inputs	8,416,925	-	-	8,416,925	7,388,571	-	-	7,388,571
Power & energy	-	1,315,100	-	1,315,100	-	1,329,346	-	1,329,346
Transportation & logistics	-	91,352,918	-	91,352,918	-	134,294,791	-	134,294,791
Projects & engineering	18,105,037	1,691,004	-	19,796,041	12,807,683	784,417	-	13,592,100
Tea exports	12,198,509	-	-	12,198,509	12,623,663	-	-	12,623,663
Others	-	1,438,671	-	1,438,671	-	1,534,032	-	1,534,032
	320,768,112	106,417,393	9,647,765	436,833,270	333,209,507	146,055,122	8,166,252	487,430,881

6.2 Geographical Segment Revenue

For the year ended 31st March	CONSOLIDATED	
	2024	2023
	Rs.'000	Rs.'000
Asia (excluding Sri Lanka)	113,118,580	154,655,189
Australia	5,430,802	6,828,789
Europe	42,782,809	52,172,893
United States of America	25,712,864	32,191,684
Africa	6,413,879	8,146,679
Indirect exports	40,609,521	50,129,386
Sri Lanka	202,764,815	183,306,261
	436,833,270	487,430,881

6.3 Gross Revenue

For the year ended 31st March	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000
Rent and building related income	619,987	608,270
	619,987	608,270

6.4 Contract Balances

As at 31st March		CONSOLIDATED 2024 Rs.'000	CONSOLIDATED 2023 Rs.'000
Contract Assets			
Retention receivables		1,786,908	546,124
		1,786,908	546,124
Contract Liabilities			
Maintenance warranties	29.1	598,506	516,643
Advances received	29.3	4,302,579	6,011,168
Deferred revenue	29.4	3,625,769	954,310
		8,526,854	7,482,121

7. OTHER INCOME

For the year ended 31st March	CONSOLIDATED 2024 Rs.'000	CONSOLIDATED 2023 Rs.'000	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000
Grants amortised*	47,668	39,608	-	-
Write back of creditors	155,561	30,050	-	-
Gain on disposal of property, plant & equipment	307,792	83,887	640	-
Change in fair value of biological assets	209,504	155,801	-	-
Sundry Income/Scrap sales	1,361,380	1,219,404	-	-
Rent income	86,507	192,118	-	-
Gain on bargain purchase	13,629	209,690	-	-
Income on insurance claim	500,991	1,662,991	-	-
Income from financial services	293,983	229,324	-	-
Indent commission	417,281	456,728	-	-
	3,394,296	4,279,601	640	-

* 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	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Loss on disposal of property, plant & equipment	32,505	26,079	365	306
Loss on fire damage	-	989,966	-	-
Impairment/write-off of property, plant & equipment	36,855	1,448	-	-
Amortisation of intangible assets	272,954	159,642	-	-
Loss on disposal of intangible assets	123	173	-	-
	342,437	1,177,308	365	306

9. NET FINANCE INCOME/COST

9.1 Finance Income

For the year ended 31st March	CONSOLIDATED		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Interest income on deposits and receivables	4,719,436	4,531,126	103,751	554,143
Guarantee income	3,471	121	54	53
Dividend income from equity instruments	1,888	3,851	227	1,323
Change in fair value of financial assets at fair value through profit or loss	354,838	176,129	5,069	8,250
Foreign exchange gain	4,828,103	16,009,639	10,261	45,287
	9,907,736	20,720,866	119,362	609,056

9.2 Finance Cost

For the year ended 31st March	CONSOLIDATED		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Interest on long term loans	8,374,099	10,902,003	3,552,700	3,719,979
Interest on short term loans	12,413,454	16,710,523	1,137,423	1,501,392
Finance charges payable under leases	1,188,793	1,000,278	14,987	23,309
Change in fair value of financial assets at fair value through profit or loss	1,674	4,234	-	1,233
Impairment of financial assets	31,557	7,562	7,563	7,562
Foreign exchange loss	5,140,475	10,913,667	26,133	22,709
	27,150,052	39,538,267	4,738,806	5,276,184
Net finance cost	(17,242,316)	(18,817,401)	(4,619,444)	(4,667,128)

10. PROFIT BEFORE TAX

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

For the year ended 31st March	Notes	CONSOLIDATED 2024 Rs.'000	CONSOLIDATED 2023 Rs.'000	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000
Directors' emoluments		4,246,722	3,568,726	845,393	780,438
Auditors' fees (includes overseas subsidiaries)					
Audit services					
- Ernst & Young		77,242	69,171	3,310	2,591
- Other auditors		91,679	64,497	-	-
Non audit services					
- Ernst & Young		44,670	51,623	912	2,769
- Other auditors		26,780	39,812	-	-
Depreciation on property, plant & equipment	13	8,524,356	8,052,642	50,304	48,623
Donations		60,498	53,034	27,822	9,535
Impairment for bad trade and other receivables	22	379,381	154,503	-	-
Provision for unrealised profit and write-down of inventories	21	388,813	1,923,455	-	-
Staff cost					
Defined contribution plan cost		3,881,517	3,045,964	265,134	166,593
Employee benefit plan cost	28	3,163,831	2,215,028	349,809	250,532
Other Staff cost (excluding defined contributions & defined benefits)		46,072,279	41,410,201	2,783,985	2,119,988
Staff training and development cost		159,064	186,039	9,579	5,321
Legal fees		319,461	318,950	-	-
Research and development cost		280,056	313,723	-	-

NOTES TO THE FINANCIAL STATEMENTS

11 TAXATION

11.1 Tax Expense

For the year ended 31st March	CONSOLIDATED	
	2024	2023
	Rs.'000	Rs.'000
Consolidated Statement of Profit or Loss		
Current income tax		
Current income tax		
Parent	277,727	248,893
Subsidiaries	9,039,201	11,570,576
	9,316,928	11,819,469
Under provision in respect of previous years	214,753	67,923
Irrecoverable ESC	-	3,407
	9,531,681	11,890,799
Deferred tax expense		
Origination of temporary differences		
Parent	2,935	(51,747)
Subsidiaries	(478,564)	2,767,416
	(475,629)	2,715,669
Tax on dividend income	1,432,932	470,300
Tax expense reported in the Statement of Profit or Loss	10,488,984	15,076,768

11.2 Consolidated Statement of Other Comprehensive Income

For the year ended 31st March	CONSOLIDATED		COMPANY	
	2024	2023	**2024**	2023
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Deferred tax related to items charged or credited directly to other comprehensive income during the year:				
Actuarial loss on employee benefit obligation	(313,720)	(95,287)	(627)	(2,125)
Revaluation of land	-	1,315,212	-	-
Net change on equity instruments designated at fair value through other comprehensive income	181	400	-	-
Tax charged/(reversed) directly to other comprehensive income	(313,539)	1,220,325	(627)	(2,125)

11.3 Reconciliation of Accounting Profit to Income Tax Expense

For the year ended 31st March	CONSOLIDATED		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Profit before tax	25,335,707	42,749,068	1,614,567	2,098,166
Share of profit of equity accounted investees	(159,205)	(540,978)	-	-
Intra-group adjustments	12,454,914	20,861,601	-	-
	37,631,416	63,069,691	1,614,567	2,098,166
Disallowable expenses	30,692,232	28,237,673	5,029,023	647,972
Tax deductible expenses	(31,047,630)	(25,005,073)	(2,479,776)	(171,028)
Tax exempt income	(10,487,742)	(10,271,797)	(3,238,061)	(1,303,481)
Tax loss b/f	(11,919,298)	(8,592,144)	-	(138,407)
Adjustment for tax loss b/f	(347,106)	(351,701)	-	13,072
Tax loss c/f	15,392,448	11,919,298	-	-
Taxable income	29,914,320	59,005,947	925,753	1,146,294
Income tax @ 14%	-	3,817,731	-	84,265
Income tax @ 15%	209,017	587,094	-	4,346
Income tax @ 18%	-	20,537	-	-
Income tax @ 20%	256,941	294,104	-	-
Income tax @ 24%	6,388	1,847,645	-	-
Income tax @ 30%	8,424,464	4,251,181	277,727	160,282
Income tax at other tax rates	420,118	1,001,177	-	-
Income tax on current year profit	9,316,928	11,819,469	277,727	248,893
Under provision in respect of previous years	214,753	67,923	-	-
Irrecoverable ESC	-	3,407	-	-
	9,531,681	11,890,799	277,727	248,893
Origination/(reversal) of temporary differences	(475,629)	2,715,669	2,935	(51,747)
Tax on dividend income	1,432,932	470,300	-	-
Tax expense	10,488,984	15,076,768	280,662	197,146
Effective tax rate	42%	36%	17%	9%

NOTES TO THE FINANCIAL STATEMENTS

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 the respective countries of their residence.

Sri Lankan resident companies in the Group, excluding those which enjoy a tax holiday or concessionary tax rates, were liable to income tax during the year of assessment 2023/24 at the rate of 30%.

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.

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. The tax holiday period has commenced during the Y/A 2019/20 and will accordingly end with the Y/A 2023/24.

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

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.
Intermarc Marine (Pvt) Ltd.
Haycarb PLC
Innovative Solutions Lanka (Pvt) Ltd
Hayleys Aventura (Pvt) Ltd
Hayleys Lifesciences (Pvt) Ltd
Hayleys Business Solutions International (Pvt) Ltd
Dipped Products PLC

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

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

11.5.2 In terms of BOI Agreements

Companies enjoying Tax Holidays under BOI Law are as follows:

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

On Investment Income

11.5.3 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 entity;

(b) A dividend paid by a resident company which has entered into an agreement with the BOI and which is engaged in specified qualifying businesses such as offshore business and/or entrepot trade.

(c) 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 enjoy an income tax exemption on interest income accruing or deriving from 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.

11.6. Concessionary Tax Rates

11.6.1. BOI Companies

(A) In terms of the Inland Revenue Act

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)
Nirmalapura Wind Power (Pvt) Ltd.	15% indefinitely
TTEL Somerset Hydro Power (Pvt) Ltd.	20% Indefinitely
TTEL Hydro Power Company (Pvt) Ltd.	20% Indefinitely
Neluwa Cascade Hydro Power (Pvt) Ltd	20% indefinitely
Lanka Bunkering Services (Pvt) Ltd.	15% indefinitely
Hayleylines Ltd.	15% Indefinitely
Moceti International Pvt Ltd.	15% Indefinitely
Regnis Appliances (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, liable dividends declared are 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:

Sector	Company	Income tax rate
Agriculture Sector	Haychem (Bangladesh) Ltd.	30%
Purification Sector	PT Mapalus Makawanua Charcoal Industry.	22%
	PT Haycarb Palu Mitra	22%
	Haycarb USA Inc	30%
	Eurocarb Products Ltd.	19%
	Haycarb Holding Australia (Pty) Ltd.	30%
	Puricarb Pte. Limited	17%
	Carbokarn Co. Ltd.	20%
	CK Regen Systems Co.Ltd.	20%
	Shizuka Co.Ltd.	20%
	Haycarb Philippines Corporation*	-
	Haycarb Singapore Pte Ltd*	-
Eco Sector	Haylex Ltd.	19%
	Haylex BV	15%
	Haylex Japan	15%
	Charles Fibre (Pvt) Ltd.	25%
Projects & Engineering Sector	Next-Gen Engineering Pte. Ltd.	17%
	Hayleys Fentons East Africa Limited*	-
Hand Protection Sector	Dipped Products (Thailand) Ltd.	20%
	ICOGUANTI S.p.A.	27.9%
	DPL France SAS	25%
	ROZENBAL POLSKA Sp. ZOO	19%
	Dipped Products India (Private) Limited*	-
Industrial Inputs and Power Sector	Hayleys Aventura BD Ltd	27.5%
	Hayleys Aventura Singapore Pte. Ltd.*	-
Leisure Sector	Luxury Resorts (Pvt) Ltd.	15%
	Hayleys Hotels Maldives Private Limited*	-
Tea Exports Sector	Mabroc East Africa Limited	30%
	Livee Polska SP. ZO.O.	19%
Transportation and Logistics Sector	Logiwiz Logistics India (Pvt) Ltd.	25%
	Total Transport Solutions Maldives (Pvt) Ltd.	15%
	Nautical Maldives (Pvt) Ltd.	15%
	One World Logistics Maldives (Pvt) Ltd.	15%
	Super Logistics (Pvt) Ltd.	15%
	Advantis Kusuhara 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%
	PT Advantis Mithra Logistik	22%
	Advantis Leo Thailand (Pvt) Ltd	20%
	Advantis Intasl Bangladesh (Pvt) Ltd.	30%
	K & A Logistics (Pvt) Ltd	30%

*These entities registered during the year have not commenced operations during the year 2023/24, and accordingly, there is no tax liability for the period under consideration.

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.

	CONSOLIDATED		COMPANY	
For the year ended 31st March	2024	2023	2024	2023
Profit attributable to equity holders of the Parent (Rs.'000)	6,888,770	16,351,845	1,333,905	1,901,020
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.)	9.19	21.80	1.78	2.53

12.2 Dividends

	COMPANY	
For the year ended 31st March	2024	2023
Interim/final dividend (Rs'000)	4,012,500	4,012,500
Dividend per ordinary share (Rs.)	5.35	5.35

NOTES TO THE FINANCIAL STATEMENTS

13 PROPERTY, PLANT & 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 2024	Total 2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost or valuation:									
Gross book value									
At the beginning of the year	36,425,800	11,726,143	42,669,594	74,261,090	2,687,634	11,289,348	10,969,333	190,028,942	162,184,224
Acquisition through business combinations (Note 13.4)	-	-	-	4,506	-	2,045	-	6,551	4,739,313
Additions	475,817	787,223	3,410,840	8,611,623	389,491	1,349,083	2,311,592	17,335,669	18,844,123
Write-offs	-	(612)	-	-	-	-	-	(612)	(8,082)
Transfer from/(to) Investment Properties	-	-	-	-	-	-	-	-	1,095,000
Transfer from/(to) biological assets	-	4,220	-	-	-	-	-	4,220	-
Transferred from Right-of-use assets	-	-	-	-	86,787	-	-	86,787	-
Transfer from/(to) Intangible Assets	-	-	(1,103)	(78,188)	-	75,480	-	(3,811)	-
Transfers	33,211	-	483,846	16,411	23,633	(361,267)	-	195,834	-
Disposals	-	(30,748)	(527,699)	(994,619)	(106,499)	(538,756)	(1,193,517)	(3,391,838)	(1,819,716)
Effect of movements in exchange rates	(227,496)	-	(1,556,328)	(4,086,883)	(37,236)	(400,889)	(403,527)	(6,712,359)	4,994,080
At the end of the year	36,707,332	12,486,226	44,479,150	77,733,940	3,043,810	11,415,044	11,683,881	197,549,383	190,028,942
Depreciation:									
At the beginning of the year	166,408	3,425,094	11,022,134	41,428,335	1,695,523	6,993,617	3,538,605	68,269,716	57,333,678
Acquisition through business combinations	-	-	-	379	-	-	-	379	1,724,370
Depreciation for the year	11,848	405,227	1,462,148	4,373,467	256,484	1,206,028	816,573	8,531,775	8,052,642
Transfer to Right-of-use assets	(5,147)	-	-	-	80,437	(301)	-	74,989	-
Transfer to Intangibles	-	-	(1,590)	(23,984)	-	24,132	-	(1,442)	-
Transfers	15,014	-	326,163	107,041	6,507	(255,308)	-	199,417	-
Disposals	-	(28,093)	(143,750)	(763,040)	(96,767)	(527,479)	(1,017,144)	(2,576,273)	(806,043)
Effect of movements in exchange rates	(4,277)	-	(439,458)	(2,655,205)	(21,595)	(211,475)	(124,540)	(3,456,550)	1,965,069
At the end of the year	183,846	3,802,228	12,225,647	42,466,993	1,920,589	7,229,214	3,213,494	71,042,011	68,269,716
Impairment :									
At the beginning of the year	2,260	-	78,653	67,261	-	4,307	-	152,481	236,373
Effect of movements in exchange rates	-	-	-	(3,367)	-	-	-	(3,367)	11,042
Disposals	-	-	-	(5,290)	-	-	-	(5,290)	(96,382)
Impairment for the year	-	-	-	15,634	-	7,198	-	22,832	1,448
At the end of the year	2,260	-	78,653	74,238	-	11,505	-	166,656	152,481
Net book value as at 31st March	36,521,226	8,683,998	32,174,850	35,192,709	1,123,221	4,174,325	8,470,387	126,340,716	121,606,745
Capital work -in progress								7,449,145	4,865,344
Carrying amount as at 31st March								133,789,861	126,472,089

13.2 Company

As at 31st March	Buildings	Machinery & stores equipment	Motor vehicles	Furniture, fittings & office equipment	Total 2024	Total 2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost or valuation:						
At the beginning of the year	226,411	66,516	146,885	305,480	745,292	631,979
Transfers	16,871	-	-	(16,871)	-	-
Additions	41,680	119,569	4,000	53,140	218,389	117,042
Disposals	-	-	-	(5,741)	(5,741)	(3,728)
At the end of the year	284,962	186,085	150,885	336,008	957,940	745,293
Depreciation :						
At the beginning of the year	213,732	34,883	105,369	224,958	578,942	533,499
Transfers	2,485	49	-	(2,534)	-	-
Depreciation for the year	11,694	3,664	9,276	25,669	50,303	48,623
Disposals	-	-	-	(5,209)	(5,209)	(3,180)
At the end of the year	227,911	38,596	114,645	242,884	624,036	578,942
Net book value as at 31st March					333,904	166,351
Capital work in progress					239,032	36,532
Carrying amount as at 31st March					572,936	202,883

13.3 Carrying Value

As at 31st March	CONSOLIDATED		COMPANY	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At cost	97,268,635	90,214,957	572,936	202,883
At valuation	36,521,226	36,257,132	-	-
	133,789,861	126,472,089	572,936	202,883

13.4 Remeasurement of goodwill - Horana Plantations PLC (refer Note 37.4 on page 428)

13.5 A borrowing costs of Rs. 87.63 mn have been capitalised under property, plant and equipment during the year ended 31 March 2024 (2023 - Nil).

NOTES TO THE FINANCIAL STATEMENTS

13.6 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 2024**	Carrying value 2023
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Buildings	14,792,530	3,980,130	10,812,400	9,792,587
Total	14,792,530	3,980,130	10,812,400	9,792,587

13.7 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	
		2024	2023
		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
	Mount Lavinia-Mega (31.03.2022)	13,935	13,935

As at 31st March	Location/Date of valuation	REVALUATION SURPLUS 2024 Rs.'000	2023 Rs.'000
	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
	Ratmalana (31.03.2022)	69,100	-
	Ratmalana (31.03.2022)	204,290	-
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
Singer Industries (Ceylon) PLC	Ratmalana (31.03.2022)	-	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)	182,321	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)	(3,148,510)
Revaluation reserve attributable to Non Controlling interest		(1,895,054)	(1,895,054)
		22,618,932	22,618,932
Adjustment due to change in holding		223,062	377,575
		22,841,994	22,996,507

NOTES TO THE FINANCIAL STATEMENTS

13.8 Land owned by the Group was revalued as at 31st March 2022 by independent Chartered Valuation Surveyors. 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 values compared to the last revaluation date.

13.9 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 454 to 457.

13.10 There has been an impairment of property, plant & equipment amounting to Rs. 22.83 mn (2023 - 1.45 mn). Details are as follows.

	2024 Rs.'000	2023 Rs.'000
Machinery & Stores Equipment	15,634	1,448
Furniture, fittings and office equipment	7,198	-
Total impairment	22,832	1,448

The impairment losses on machinery and stores equipment of Rs. 15.63 mn (Rs. 1.45 mn) were recognised in Hayleys Fabric PLC in respect of obsolete machinery. The impairment losses on furniture, fittings and office equipment were recognised in Kingsbury PLC (Rs. 3.7 mn) and Hayleys Advantis (Rs. 3.4 mn) in respect of obsolete items.

13.11 Property, plant & equipment with a carrying value of Rs. 22,834 mn (2023 - Rs. 26,732 mn) and Rs. Nil (2023 - 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.

13.12 The carrying value of revalued lands given above, had the said lands been included at cost, would amount to Rs. 8.47 bn (2023 - Rs. 8.00 bn) for the Group and Rs. Nil (2023 - Nil) to the Company.

13.13 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	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Buildings	1,702,028	1,226,431	223,770	-
Machinery and store equipment	17,211,629	18,197,909	30,512	30,416
Furniture, fittings and Office Equipment	5,354,289	3,894,971	187,079	174,870
Motor Vehicles and vessels	2,747,524	2,714,960	87,064	86,782
	27,015,470	26,034,271	528,425	292,068

13.14 Capital Expenditure Commitments

The approximate amounts of capital expenditure approved by the Directors as at 31st March, 2024 were:

- Capital expenditure contracted for which no provision is made in the Financial Statements for the Group - Rs. 4.4 bn (2023 - Rs. 785 mn) and for the Company Rs. Nil (2023 - Nil).
- Capital expenditure approved by the Directors but not contracted for the Group Rs. 2.4 bn (2023 - Rs. 1.2 bn) and for the Company Rs. Nil (2023 - Nil).

13.15 Unobservable Inputs used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used in measuring fair vale of land as of 31 March 2022, 2023 and 2024.

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 3500	
	Trincomalee			100 to 3750	
	Galle			1000 to 6000	
	Kandy			1175 to 5,000	
	Hambantota			1500 to 3,000	
	Ratnapura			2000 to 4,000	
	Badulla			2500 to 3,500	
	Matara			3500 to 4500	
	Nuwara Eliya			4000 to 4500	

14 RIGHT-OF-USE ASSETS

14.1 Consolidated

As at 31st March	Land	Mature/ Immature Plantations	Building	Motor Vehicles	Furniture, fittings & Office equipment	Total 2024	Total 2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At the beginning of the year	5,778,013	85,191	6,179,141	141,427	6,621	12,190,393	11,389,087
Acquisition through business combinations	-	-	-	-	-	-	178,745
Increase/Decrease to recognised assets	15,600	-	23,629	53,002	-	92,231	117,317
Additions	421,884	-	427,165	16,915	-	865,964	2,037,756
Derecognition	(927)	-	1,048,327	(35,178)	-	1,012,222	(167,368)
Transfers	(5,150)	-	-	(6,346)	(302)	(11,798)	-
Amortisation for the period	(301,527)	(19,896)	(1,455,707)	(79,112)	(2,333)	(1,858,575)	(1,639,893)
Effect of movements in exchange rates	(514,632)	-	(34,039)	(7,890)	-	(556,561)	274,749
At the end of the year	5,393,261	65,295	6,188,516	82,818	3,986	11,733,876	12,190,393

NOTES TO THE FINANCIAL STATEMENTS

14.2 Company

As at 31st March	Building	Total 2024 Rs.'000	Total 2023 Rs.'000
At the beginning of the year	127,664	127,664	191,497
Depreciation for the period	(63,832)	(63,832)	(63,833)
At the end of the year	63,832	63,832	127,664

15 INVESTMENT PROPERTIES

As at 31st March	CONSOLIDATED		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Carrying value :				
At the beginning of the year	1,948,326	2,601,101	94,750	88,850
Additions	422	94,768	-	-
Transfer to Property Plant & Equipment	-	(1,095,000)	-	-
Change in fair value during the year	92,813	347,457	3,700	5,900
At the end of the year	2,041,561	1,948,326	98,450	94,750

15.1 Rental Income

For the year ended 31st March	2024 Rs.'000	2023 Rs.'000
Rental income derived from investment properties	53,047	85,457
Direct operating expenses generating rental income	(1,609)	(8,550)
Net profit arising from investment properties	51,438	76,907

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	2024 Rs.'000	2023 Rs.'000
Within one year	27,512	46,400
After one year but not more than five years	-	70,915

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. 472 mn (2023: Rs. 509 mn).

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

For the year ended 31st March	2024 Rs.'000	2023 Rs.'000
Within one year	558,703	537,375
After one year but not more than five years	2,234,812	2,149,502

15.2 Investment properties are stated at fair value. The fair values of investment properties as at 31st March, 2024 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 2024
Eastern Hotels (Pvt) Ltd.	Nilakarai Estate, Nilaweli, Trincomalee	600	23.47	1,380	882,600	883,981
Hayleys Advantis Group	No 121, Sir James Peiris Mawatha, Colombo 2	1,932	-	184,250	-	184,250
Rileys (Pvt) Ltd.	131,Minuwangoda Road, Ekala	91,582	3.80	237,016	637,864	874,880
Hayleys PLC	Kaluwamodara, Bentota	-	0.28	-	98,450	98,450
				422,646	1,618,914	2,041,561

Category	District	Valuation Technique	Range of Estimate Rs'000 2024	Unobservable Input Rs'000 2023
Freehold land	Gampaha	Open market basis (Land Rate per perch)	800 to 1250	750 to 1250
	Kalutara		2000 to 3000	2000 to 3000
	Trincomalee		200 to 235	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 2024 Rs.'000	CONSOLIDATED 2023 Rs.'000
At the beginning of the year	1,313,069	599,064
Increase due to development	16,416	16,654
Change in fair value of biological assets	206,128	138,628
Decrease due to harvest	(25,122)	(32,823)
Acquisition of subsidiary	-	591,546
Transfer to immature/mature plantation	(4,220)	-
At the end of the year	1,506,271	1,313,069

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 SLFRS 13. The valuation was carried by Messer's KPMG Real Estate & 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 managed trees was ascertained in accordance with LKAS 41. The valuation was carried out by 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 2023/24 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
			2024	2023	
Consumable managed biological assets	Discounted cash flows	Discounting Rate	15.0%	19.5%	The higher the discount rate, the lesser the fair value
		Optimum rotation (Maturity)	15-25 Years	15-25 Years	Lower the rotation period, the higher the fair value
		Volume at rotation	25 – 190 cu. Ft	25 – 140 cu. Ft	The higher the volume, the higher the fair value
		Price per cu.ft.	Rs. 60/- to Rs. 2,300/-	Rs. 80/- to Rs. 6,000/-	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. (2023 - 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
			2024	2023	
Consumable managed biological assets	Market Approach	Discounting Rate	15.0%	17.5%	The higher the discount rate, the lesser the fair value
		Optimum rotation (Maturity)	20-25 Years	25-35 Years	Lower the rotation period, the higher the fair value
		Volume at rotation	23-120 cu.ft	25-85 cu.ft	The higher the price per cu. dcm., the higher the fair value
		Price per cu.ft.	Rs.85/- to Rs.5,250/-	Rs. 450/- to Rs. 9,000/-	The higher the price per cu. ft., the higher the fair value

Other key assumptions used in valuation

1. It is assume 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 rationale investor, i.e.15%.
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.

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
			2024	2023	
Consumable managed biological assets	Discounted Cash flows	Discounting Rate	14% - 16%	17.5% - 19.5%	The higher the discount rate, the lesser the fair value
		Optimum rotation (Maturity)	25-35 Years	25-35 Years	Lower the rotation period, the higher the fair value
		Volume at rotation	15-65 cu.mt	15-65 cu.mt	The higher the price per cu. dcm., the higher the fair value
		Price per cu.ft.	Rs.325/- to Rs.1688/-	Rs. 325/- to Rs. 1,685/-	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.

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		
As at 31 March 2024	57,334	(57,334)
As at 31 March 2023	41,257	(41,257)
Kelani Valley Plantations PLC		
As at 31 March 2024	37,990	(37,990)
As at 31 March 2023	23,760	(23,760)
Horana Plantations PLC		
As at 31 March 2024	58,434	(58,434)
As at 31 March 2023	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% 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 2024		
Talawakelle Tea Estates PLC	(4,176)	4,489
Kelani Valley Plantations PLC	(103)	106
Horana Plantations PLC	(23,911)	27,089

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

17 INTANGIBLE ASSETS

As at 31st March	CONSOLIDATED					
	Right to generate Hydro/ solar power/ development cost	Goodwill	ERP system	Brand name/ trade mark	**Total 2024**	Total 2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Cost :						
At the beginning of the year	237,231	15,010,155	3,612,326	262,829	19,122,541	18,086,219
Acquisition through business combinations	-	-	-	-	-	373,320
Additions	-	-	362,626	(8,658)	353,968	577,509
Transferred from Property Plant & Equipment	-	-	3,811	-	3,811	-
Disposals	-	-	(199,576)	-	(199,576)	(7,485)
Effect of movements in exchange rates	-	-	(122,316)	(8,461)	(130,777)	92,979
At the end of the year	237,231	15,010,155	3,656,871	245,710	19,149,967	19,122,542
Amortisation :						
At the beginning of the year	121,707	298,379	2,336,269	49,522	2,805,877	2,405,699
Purchase price allocation on goodwill remeasurement	-	-	-	-	-	-
Amortisation for the year	10,676	-	368,395	14,208	393,279	317,937
Transferred from Property Plant & Equipment	-	-	1,431	-	1,431	-
Disposals	-	-	(196,930)	-	(196,930)	(5,131)
Effect of movements in exchange rates	-	-	(96,402)	(2,454)	(98,856)	87,373
At the end of the year	132,383	298,379	2,412,763	61,276	2,904,801	2,805,878
Impairment :						
At the beginning of the year	-	137,864	-	-	137,864	137,864
Impairment for the year	-	-	-	-	-	-
Amortisation for the year		137,864			137,864	137,864
Net book value	104,848	14,573,912	1,244,108	184,434	16,107,302	16,178,800
Capital work in progress					58,206	32,147
Carrying amount					16,165,508	16,210,947

NOTES TO THE FINANCIAL STATEMENTS

17.1 Company

As at 31st March	COMPANY		
	ERP system	**Total**	Total
		2024	2023
	Rs.'000	**Rs.'000**	Rs.'000
Cost :			
At the beginning of the year	114,980	114,980	114,980
Additions	-	-	-
At the end of the year	114,980	114,980	114,980
Amortisation :			
At the beginning of the year	55,205	55,205	42,045
Amortisation for the year	12,223	12,223	13,160
At the end of the year	67,428	67,428	55,205
Net book value	47,552	47,552	59,775
Capital work in progress	8,556	8,556	5,470
Carrying amount	56,108	56,108	65,245

17.2 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	**2024 (RS.'000)**	2023 (Rs.'000)
TTEL Somerset Hydro Power (Pvt) Ltd.	Hydro power	-	-	440
TTEL Hydro Power Company (Pvt) Ltd.	Hydro power	-	-	440
Nirmalapura Wind Power (Pvt) Ltd.	Development cost	7 years	21,184	24,008
Solar One Ceylon (Pvt) Ltd.	Solar power	12 years	83,664	90,636
			104,848	115,524

17.3 Goodwill

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

As at 31st March	**2024 Rs. mn**	2023 Rs. mn	Recoverable amount is based on
Dipped Products PLC	97	97	VIU
Dipped Products' Group Companies	33	33	VIU
Advantis Group Companies	634	634	VIU
Haycarb Group Companies	202	202	VIU
The Kingsbury PLC	633	633	VIU
Hayleys Plantation Services (Pvt) Ltd.	499	499	VIU
Alumex PLC	1,052	1,052	VIU
Hayleys Leisure Group Companies	1,415	1,415	VIU
Unisyst Engineering PLC	20	20	VIU
Hayleys Fentons Group Companies	532	532	VIU
Singer (Sri Lanka) PLC	7,205	7,205	VIU
South Asia Textiles Limited	2,104	2,104	VIU
	14,426	14,591	

17.3.1 Remeasurement of goodwill - Horana Plantations PLC (refer Note 37.4 on page 428)

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

As at 31st March	2024		2023	
	Discount Rate	Terminal Growth Rate	Discount Rate	Terminal Growth Rate
Singer (Sri Lanka) PLC	12%-14%	5.0%	14%-23%	3.0%
Hayleys Leisure Group Companies	12%-14%	3.0%	14%-23%	4.0%
The Kingsbury PLC	12%-14%	3.0%	14%-23%	4.0%
Alumex PLC	12%-14%	2.0%	14%-23%	2.0%
South Asia Textiles Ltd.	12%-14%	3.0%	14%-23%	3.0%

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

	2024	2023
Discount Rate	12%-14%	14%-23%
Terminal growth rate	2%-5%	2%-4%

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

NOTES TO THE FINANCIAL STATEMENTS

17.4 Brand Name / Trade Mark

17.4.1 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..

17.4.2 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 million. 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 2024:

	2024	2023
Annual sales growth for next five years	10%	10%
Gross margin	26%	26%
Discount rate	12%	22%
Indefinite Growth Rate after Year 2027/2028	2%	2%

UNIC trademark

The company had acquired the 'UNIC' Trade mark in 2006 amounting Rs. 38,512,500/-. 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 2024:

	2024	2023
Annual sales growth for next five years	8%	8%
Gross margin	27%	27%
Discount rate	12%	22%
Indefinite Growth Rate after Year 2027/2028	2%	2%

SONY distribution rights

"The company had acquired the distribution rights of brand 'SONY' in 2014 amounting Rs. 46,431,920/- This assets are now carried at cost subject to annual impairment test and carrying amount as at 31st December 2015 is Rs. 46,431,920/-.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 2024:

	2024	2023
Annual sales growth for next five years	5%	5%
Gross margin	24%	20%
Discount rate	12%	22%
Indefinite Growth Rate after Year 2027/2028	2%	2%

17.5 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.

18 INVESTMENTS

18.1 Company Investment in Subsidiaries

As at 31st March	% Holding		No. of Shares			Value		
	2024	2023	2024	Addition/ Disposal	2023	2024 Rs.'000	Movement Rs.'000	2023 Rs.'000
Investee								
Quoted investments*								
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)	67	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
Unquoted Investments								
Chas P. Hayley & Company (Pvt) Ltd.	100	100	999,920	-	999,920	698	-	698
Ravi Industries (Pvt) Ltd.	86	86	10,853,727	-	10,853,727	18,456	-	18,456
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.	92	91	33,322,909	168,356	33,154,553	491,371	87,353	404,018
Volanka Exports (Pvt) Ltd.	5	4	138,288	7,488	130,800	2,312	205	2,107
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	19	1,244,194	324	1,243,870	14,389	28	14,361
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	1,312,134	37,586	1,274,548	23,631	3,897	19,734
Hayleys Agriculture Holdings Ltd.	98	98	23,355,561	72,936	23,282,625	811,152	21,145	790,007
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
Hayleys Fentons Limited	100	100	120,442,630	-	120,442,630	1,420,953	-	1,420,953
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	-	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
			1,808,989,114	286,690	1,808,702,424	20,494,726	112,628	20,382,098
Company investment in subsidiaries (at cost)			3,842,855,446	286,690	3,842,568,756	39,818,166	112,628	39,705,538
Provision for fall in value of investment made by the company								
Hayleys Business Solutions International (Pvt) Ltd.						(75,000)	-	(75,000)
Company investment in subsidiaries						39,743,166	112,628	39,630,538

* Figures in brackets indicate market value of Quoted investments.

NOTES TO THE FINANCIAL STATEMENTS

18.2 Investment in Equity Accounted Investees

Investor	Investee	CONSOLIDATED							
		% Holding		No. of Shares			Value Rs.'000		
As at 31st March		2024	2023	2024	Movement	2023	2024	Movement	2023
Hayleys Advantis Group	Yusen Logistics & Kusuhara (Pvt) Ltd.	30	30	195,000	-	195,000	1,950	-	1,950
Hayleys Advantis Group	Advantis Leo Thailand (Pvt) Ltd	29	-	300,000	300,000	-	50,454	50,454	-
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
Mabroc Teas (Pvt) Ltd.	Livee Polska SP. Z O. O.	24	-	564	564	-	131,721	131,721	-
Group investments in equity accounted investees (at cost)				245,021,664	300,564	244,721,100	2,629,408	182,175	2,447,233

Investor	Investee	COMPANY							
		% Holding		No. of Shares			Value Rs.'000		
As at 31st March		2024	2023	2024	Movement	2023	2024	Movement	2023
Unquoted Investments									
Hayleys PLC	Martin Bauer Hayleys (Pvt) Ltd.	39	39	150,484,550	-	150,484,550	1,504,863	-	1,504,863
Company Investment in equity accounted investees (at cost)				150,484,550	-	150,484,550	1,504,863	-	1,504,863

18.2.1 Net assets of Equity Accounted Investees as follows

As at 31st March	CONSOLIDATED							
	Investment at Cost		Profit/(Loss)		Others		Net Assets	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Yusen Logistics & Kusuhara (Pvt) Ltd.	1,950	1,950	(153)	25,780	(10,276)	(5,943)	47,487	57,916
Advantis Leo Thailand (Pvt) Ltd	50,454	-	(32,854)	-	-	-	17,600	-
Lakdiyatha (Pvt) Ltd.	24,500	24,500	(15,215)	(8,607)	-	-	1,101	16,316
Joule Power (Pvt) Ltd.	262,500	262,500	17,602	64,380	(191,875)	-	435,880	610,153
Beta Power (Pvt) Ltd.	262,500	262,500	22,628	78,505	(209,475)	-	393,770	580,617
Martin Bauer Hayleys (Pvt) Ltd.	1,895,783	1,895,783	159,060	380,920	(575,625)	664,961	1,682,806	2,099,371
Livee Polska SP. Z O. O.	131,721	-	8,137	-	-	-	139,858	-
Group Investments in equity accounted investees	2,629,408	2,447,233	159,205	540,978	(987,251)	659,018	2,718,502	3,364,373

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	
	2024	2023
	Rs.'000	Rs.'000
Assets and Liabilities		
Current Assets	2,960,746	3,804,874
Non-current Assets	6,592,853	6,794,621
Current Liabilities	1,405,091	683,470
Non-current Liabilities	959,462	960,676

As at 31st March	CONSOLIDATED	
	2024	2023
	Rs.'000	Rs.'000
Revenue and Profit		
Revenue from contracts with customers	4,375,970	5,842,032
Profit after tax	420,138	1,257,686
Total comprehensive income	420,300	1,257,838

As at 31st March	CONSOLIDATED	
	2024	2023
	Rs.'000	Rs.'000
Cash flows		
Cash flows from operating activities	2,226,214	773,726
Cash flows from Investing activities	(104,683)	(37,452)
Cash flows from financing activities	(1,774,828)	(266,054)

18.2.3 The Company has neither contingent liabilities nor capital commitments in respect of it's equity accounted investees.

18.3 Livee Polska SP. Z O. O. and Advantis Leo Thailand (Pvt) Ltd. are equity accounted investees incorporated outside of Sri Lanka.

NOTES TO THE FINANCIAL STATEMENTS

18.4 Inter-Company Shareholdings

Investor As at 31st March	Investee	% Holding		No. of Shares	
		2024	2023	**2024**	2023
Agro Technica Ltd.	Sunfrost (Pvt) Ltd.	0	1	75,001	75,001
Chas P. Hayley & Co. (Pvt) Ltd.	Toyo Cushion Lanka (Pvt) Ltd.	3	3	169,267	169,267
	Charles Fibre (Pvt) Ltd.	50	50	10,000	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 Fabric Solutions Limited	33	33	2	2
	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	145,000,000	145,000,000
	D P L Universal Gloves Ltd.	100	100	350,000,000	350,000,000
	D P L International Ltd.	100	100	1	1
ICOGUANTI S.p.A. (Italy)	D P L France SAS	97	80	5,800,000	800,000
	ROZENBAL POLSKA Sp. Z.o.o.	97	97	1,779	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	699,995	699,995
	Recogen (Pvt) Ltd.	100	100	39,999,995	39,999,995
	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
Haycarb Holdings Bitung Ltd .	PT Mapalus Makawanua Charcoal Industry (IDR 1,000,000)	98	98	36,935	36,935

Investor As at 31st March	Investee	% Holding		No. of Shares	
		2024	2023	2024	2023
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.	100	93	167,445,000	7,445,000
	Haychem (Bangladesh) Ltd.	100	100	100	90,702
	Hayleys Fabric PLC	100	2	6,944,514	6,944,514
	Singer (Sri Lanka) PLC	100	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	59,999	59,999
	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	51	12,750,000	12,750,000
Talawakelle Tea Estates PLC	TTEL Hydro Power Company (Pvt) Ltd.	100	51	6,885,300	3,519,000
	TTEL Somerset Hydro Power (Pvt) Ltd.	100	51	6,000,000	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
	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
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

NOTES TO THE FINANCIAL STATEMENTS

Investor As at 31st March	Investee	% Holding		No. of Shares	
		2024	2023	**2024**	2023
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.	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	11,000,000	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	999,995	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.	53	53	1,560,000	1,560,000
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
	Hayleys Holidays (Pvt) 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 Convensions (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 Company (Pvt) Ltd.	-	49	-	3,366,300
	TTEL Somerset Hydro Power (Pvt) Ltd.	-	49	-	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
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	966,830	966,828
Energynet (Private) Ltd.	Hayleys Electronics (Pvt) Ltd.	-	0	-	1
Singer (Sri Lanka) PLC	Singer Finance (Lanka) PLC	80	80	161,513,035	161,513,035
	Singer Industries (Ceylon) PLC	-	88	-	17,544,628
	Regnis (Lanka) PLC	-	58	-	13,137,154
	Singer Business School (Pvt) Ltd	-	100	-	1,000,000
	Reality Lanka Ltd.	100	60	18,215,083	11,015,083
Hayleys Fabric PLC	South Asia Textiles Ltd.	100	100	357,361,456	357,361,456
	Hayleys Fabric Solutions Limited	67	-	4	-

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 2024	Total 2023	Fair value through OCI	Total 2024	Total 2023
	Unquoted equity shares	Quoted equity shares	Treasury Bonds			Unquoted shares		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At the beginning of the year	93,252	6,544	841,495	941,291	91,199	49,563	49,563	57,125
Additions	-	-	-	-	841,495	-	-	-
Impairment/Impairment reversal for the year	(7,562)	(65)	-	(7,627)	(7,562)	-	-	(7,562)
Disposals	-	-	(651,527)	(651,527)	-	-	-	-
Effect of movement in exchange rate	-	-	-	-	58	-	-	-
Change in fair value	(1,613)	1,838	113,598	113,823	16,102	(7,563)	(7,563)	-
At the end of the year	84,077	8,317	303,566	395,960	941,292	42,000	42,000	49,563

19.1.1 Investment details

Investor As at 31st March	Investee	Number of shares		Value	
		2024	2023	2024 Rs.'000	2023 Rs.'000
Hayleys PLC	Sojitz Kelanitissa (Pvt) Ltd.	15,125,103	15,125,103	-	7,566
	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	302	341
Hayleys Advantis Group	SLAFFA Cargo Services Ltd.	120,901	120,901	15,920	16,175
	CMA Ships Lanka (Pvt) Ltd.	2	2	25	25
Singer (Sri Lanka) PLC	Equity Investment Lanka Ltd.	1,665,000	1,665,000	20,145	21,525
	Credit Information Bureau of Sri Lanka	100	100	2,185	2,120
				84,077	93,252
Quoted equity shares - at fair value through OCI					
Dipped Products PLC	Royal Ceramics Lanka PLC	220	220	67	63
Hayleys Advantis Group	Comtrust Equity Fund	200,000	200,000	7,030	5,237
	Union Bank PLC	100,000	100,000	940	900
Fentons Ltd.	Hotel Sigiriya PLC	5,500	5,500	280	345
				8,317	6,545
Investments at amortised cost					
Hayleys Agro Fertilizers (Pvt) Ltd.	Treasury bonds			303,566	841,495
				303,566	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 2024**	Total 2023	Financial instruments at fair value through profit or loss	Amortised cost	**Total 2024**	Total 2023
	Quoted equity shares	Unit trust	Unit trust	Treasury bills			Quoted equity shares	Unit trust		
	Rs.'000	Rs.'000	Rs.'000		**Rs.'000**	Rs.'000	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
At the beginning of the year	13,658	841,580	-	-	855,238	1,400,423	6,641	8,250	14,891	7,706
Additions	62	5,376,205	505,341	463,760	6,345,368	9,665,751	-	-	-	1,450,168
Disposals	-	(5,263,812)	-	-	(5,263,812)	(10,382,342)	-	-	-	(1,450,000)
Change in fair value	4,705	234,636	-	-	239,341	171,407	3,409	1,660	5,069	7,017
At the end of the year	18,425	1,188,609	505,341	463,760	2,176,135	855,239	10,050	9,910	19,960	14,891

19.2.1 Investment details

Investor	Investee	Number of shares		Value	
As at 31st March		**2024**	2023	**2024 Rs.'000**	2023 Rs.'000
Quoted equity shares - Fair value through profit or loss					
Hayleys PLC	Central Industries PLC	19,478	18,891	2,162	1,479
	Kelani Tyres PLC	17,200	17,200	1,204	1,022
	Lanka Orix Leasing Company PLC	1,404	1,404	558	527
	National Development Bank PLC	27,485	26,153	1,868	1,412
	Three Acre Farms PLC	1,840	1,840	507	241
	Hatton National Bank PLC - Non Voting	24,964	23,646	3,750	1,961
Dean Foster (Pvt) Ltd.	ACL Cables PLC	16,480	16,480	1,386	1,356
	Blue Diamonds Jewellery Worldwide PLC	13	13	-	-
	Lanka Orix Leasing Company PLC	3,280	3,280	1,304	1,230
	Three Acre Farms PLC	2,000	2,000	551	261
Hayleys Advantis Ltd.	DFCC Bank PLC	8,816	8,414	687	387
	Hatton National Bank PLC	9,224	8,692	1,659	1,145
	National Development Bank PLC	3,243	2,900	221	162
	Beruwala Resort PLC	344,474	344,474	482	482
	Union Bank PLC	400	400	4	3
Amaya Leisure PLC	The Fortress Resorts PLC	90,075	90,075	2,072	1,982
	LB Finance PLC	160	160	10	9
				18,425	13,658

Investor	Investee	Number of shares		Value	
As at 31st March		2024	2023	2024 Rs.'000	2023 Rs.'000
Unit trust - Fair value through profit or loss					
Carbotels (Pvt) Ltd.	NDB Wealth Money Fund	179,678	179,678	4,890	4,891
	NDB Wealth Money plus Fund	4,626,026	4,626,026	167,166	138,536
Hayleys PLC	NDB Wealth Money Fund	303,116	303,116	9,910	8,250
Bhagya Hydro	NDB Wealth Money Fund	530,857	-	17,382	-
Hayleys Power	NDB Wealth Money Fund	1,940,417	-	63,536	-
Hayleys Neluwa Hydro	NDB Wealth Money Fund	7,423,696	-	243,079	-
Neluwa Cascade Hydro	NDB Wealth Money Fund	475,510	-	15,570	-
Hayleys Advantis Ltd.	NDB Wealth Money Fund	25,348,577	25,439,000	667,076	689,904
				1,188,609	841,581

19.3 Other Financial Liabilities

As at 31st March	Financial Liabilities at amortised cost - deposits Rs.'000	CONSOLIDATED Total 2024 Rs.'000	Total 2023 Rs.'000
At beginning of the year	19,199,910	19,199,910	12,146,514
Incurred	7,256,250	7,256,250	20,457,691
Settlements	(5,742,519)	(5,742,519)	(14,311,442)
Charge/capitalisation of interest	1,465,870	1,465,870	907,147
At end of the year	22,179,511	22,179,511	19,199,910
Other Current Financial Liabilities	18,927,276	18,927,276	13,355,662
Other Non Current Financial Liabilities	3,252,235	3,252,235	5,844,248

19.3.1 Deposit Classification

As at 31st March	CONSOLIDATED 2024 Rs.'000	2023 Rs.'000
Fixed deposits	21,544,418	18,824,612
Savings	635,093	375,298
	22,179,511	19,199,910

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 2024, 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	2024 Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000
Fair value through OCI					
Quoted equity shares	19.1.1	8,317	8,317	-	-
Financial assets at fair value through profit or loss:					
Quoted equity shares	19.2	18,425	18,425	-	-
Unit trust	19.2	1,188,609	1,188,609	-	-
Property, plant & equipment					
Freehold land	13	36,521,226	-	-	36,521,226
Investment Properties					
Land and buildings	15	2,041,561	-	-	2,041,561
Financial liabilities at amortised cost					
Deposit	19.3	22,179,511	-	22,179,511	-

As at 31st March	Notes	2023 Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000
Fair value through OCI					
Quoted equity shares (19.1 and 19.2)	19.1.1	6,544	6,544	-	-
Financial assets at fair value through profit or loss:					
Quoted equity shares (19.2)	19.2	13,658	13,658	-	-
Unit trust (19.2)	19.2	841,581	841,581	-	-
Property, plant & equipment					
Freehold land	13	36,257,132	-	-	36,257,132
Investment Properties					
Land and buildings	15	1,948,326	-	-	1,948,326
Financial liabilities at amortised cost					
Deposit	19.3	19,199,910	-	19,199,910	-

During the reporting period ended 31 March 2024 and 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
		2024		2024	
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Assets					
Other non- current financial assets					
Fair value through OCI	19.1	92,394	92,394	42,000	42,000
Amortised cost	19.1	303,566	303,566	-	-
Non- current trade and other receivables	22	12,052,092	12,052,092	55,038	55,038
Other current financial assets					
Financial instruments at fair value through profit or loss	19.2	18,425	18,425	10,050	10,050
Amortised cost	19.2	2,157,710	2,157,710	9,910	9,910
Trade and other receivables	22	117,124,113	117,124,113	808,000	808,000
Amounts due from subsidiaries	38.4	-	-	5,379,688	5,379,688
Amounts due from equity accounted investees	38.5	169,803	169,803	7,585	7,585
Short term deposits		21,356,037	21,356,037	505,529	505,529
Cash and cash equivalents		28,175,378	28,175,378	328,528	328,528
		181,449,518	181,449,518	7,146,328	7,146,328
Financial Liabilities					
Interest-bearing borrowings*	25	83,814,247	83,814,247	24,380,604	24,380,604
Other financial liabilities					
Financial liabilities at amortised cost	19.3	22,179,511	22,179,511	-	-
Trade and other payables	29	76,689,226	76,689,226	4,877,641	4,877,641
Amounts due to subsidiaries	38.4	-	-	388,352	388,352
Amounts due to equity accounted investees	38.5	465	465	385	385
Short-term interest-bearing borrowings	31	88,068,606	88,068,606	5,846,926	5,846,926
		270,751,125	270,751,125	34,716,434	34,716,434

* 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	
	2024	2023	**2024**	2023
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Prepayments	4,698,650	4,252,176	70,297	56,203
Formers	1,380,694	1,297,215	-	-
Pre paid staff benefit	300,038	216,340	-	-
VAT receivable	1,326,666	1,131,371	-	-
Other tax receivables	206,038	219,492	-	-
Provision for amortisation/impairment	(690,841)	(656,763)	-	-
	7,221,245	6,459,831	70,297	56,203
Other Current Assets	6,269,054	5,508,223	70,297	56,203
Other Non Current Assets	952,191	951,608	-	-

21. INVENTORIES

As at 31st March	CONSOLIDATED		COMPANY	
	2024	2023	**2024**	2023
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Raw materials & consumables	31,301,919	37,219,573	36,423	36,535
Produce stocks	1,471,391	1,572,665	-	-
Produce on bearer biological assets	54,966	61,438	-	-
Nurseries	61,889	76,313	-	-
Work-in-progress	11,831,783	13,434,124	-	-
Finished goods	45,078,104	41,645,384	-	-
Goods-in-transit	2,827,427	528,645	-	-
	92,627,479	94,538,142	36,423	36,535
Provision for slow moving and obsolete of inventories	(6,176,800)	(5,519,094)	-	-
Provision for unrealised profit and write- down of inventories	(1,247,745)	(1,516,725)	-	-
	85,202,934	87,502,323	36,423	36,535

22. TRADE AND OTHER RECEIVABLES

As at 31st March	CONSOLIDATED		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Trade receivables	62,508,816	53,013,085	-	-
Bills receivables	10,665,200	8,715,006	-	-
Hire debtors	10,083,766	6,003,396	-	-
Lease rental receivable	11,416,914	9,594,904	-	-
Loan debtors	17,484,751	16,020,142	-	-
	112,159,447	93,346,533	-	-
Payment in advance, deposits and other receivables	18,105,837	16,975,643	892,303	67,938
Duty rebate receivable	5,556,377	3,021,262	-	-
Employee loans	501,724	435,105	2,917	802
Provision for impairment	(7,147,180)	(6,767,799)	(32,182)	(32,182)
	129,176,205	107,010,744	863,038	36,558
Current Trade and Other Receivables	117,124,113	98,651,672	55,038	36,558
Non-Current Trade and Other Receivables	12,052,092	8,359,072	808,000	-

22.1. Movement in the Provision for Impairment

As at 31st March	CONSOLIDATED		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
At the beginning of the year	6,767,799	6,613,296	32,182	32,182
Movement during the year	379,381	154,503	-	-
At the end of the year	7,147,180	6,767,799	32,182	32,182

22.1.1 The Aging Analysis of Trade and Bills Receivable is as follows,

As at 31st March Consolidated	Total Rs.'000	Neither past due nor impaired Rs.'000	0-60 days Rs.'000	61-120 days Rs.'000	121-180 days Rs.'000	181-365 days Rs.'000	1-2 years Rs.'000	2-5 years Rs.'000
Balance as at 31st March 2024	112,159,447	25,503,410	47,579,341	10,728,138	5,496,761	11,377,304	5,761,375	5,713,118
Balance as at 31st March 2023	93,346,533	36,655,675	31,111,380	5,794,348	3,651,470	8,879,290	3,929,978	3,324,392

NOTES TO THE FINANCIAL STATEMENTS

22.1.2 Currency-wise Analysis of Trade and Other Receivables

As at 31st March	CONSOLIDATED		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Sri Lankan Rupees	89,396,724	68,040,619	863,038	36,558
Australian Dollars	178,859	380,058	-	-
Pounds Sterling	199,148	175,570	-	-
United States Dollars	26,635,257	25,802,205	-	-
Euro	6,856,906	6,564,913	-	-
Thai Baht	1,008,778	1,088,380	-	-
Indian Rupees	420,648	292,696	-	-
Maldivian Rufiyaa	815,085	968,333	-	-
Bangladesh Taka	2,595,764	2,522,820	-	-
Others	1,069,036	1,175,150	-	-
	129,176,205	107,010,744	863,038	36,558

23. STATED CAPITAL

As at 31st March		COMPANY	
		2024 Rs.'000	2023 Rs.'000
Issued & fully paid - ordinary shares			
At the beginning of the year	(1st April 2023 - 750,000,000)	1,575,000	1,575,000
At the end of the year	(31st March 2024 - 750,000,000)	1,575,000	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 Consolidated	Capital profit on redemption of debentures Rs.'000	Fixed asset replacement reserve Rs.'000	Capital reserve on sale of property, plant & equipment Rs.'000	Capital redemption reserve fund Rs.'000	Statutory reserve fund Rs.'000	Debenture redemption reserve fund Rs.'000	Reserve on amalgamation Rs.'000	Total Rs.'000
Balance as at 1st April 2022	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
Balance as at 31st March 2023	109	11,750	37,833	69,043	146,882	1,047	317,992	584,656
Acquisition of non-controlling interest in subsidiaries	-	-	-	-	(4,120)	-	-	(4,120)
Transfers	-	-	-	-	113,838	-	-	113,838
Balance as at 31st March 2024	109	11,750	37,833	69,043	256,600	1,047	317,992	694,374

As at 31st March Company	Capital profit on redemption of debentures Rs.'000	Fixed asset replacement reserve Rs.'000	Capital reserve on sale of property, plant & equipment Rs.'000	Debenture redemption reserve fund Rs.'000	Total Rs.'000
Balance as at 31st March 2024	109	11,750	320	1,047	13,226
Balance as at 31st March 2023	109	11,750	320	1,047	13,226

23.1.2 Statutory Reserves

As at 31st March	Notes	CONSOLIDATED 2024 Rs.'000	CONSOLIDATED 2023 Rs.'000
Reserve Fund	23.1.2.1.	256,600	146,882

23.1.2.1 Reserve Fund

As at 31st March	CONSOLIDATED 2024 Rs.'000	CONSOLIDATED 2023 Rs.'000
Balance as at the beginning of the year	146,882	98,183
Transfer made during the year	113,838	48,591
Statutory reserve attributable to non-controlling interest	(4,120)	108
Balance as at the end of the year	256,600	146,882

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.

	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	
	2024 Rs.'000	2023 Rs.'000	**2024 Rs.'000**	2023 Rs.'000
Balance as at the beginning of the year- As previously stated	42,658,685	32,604,745	12,489,114	14,645,696
Impact on surcharge tax	-	(1,915,963)	-	-
Balance as at the beginning of the year	42,658,685	30,688,782	12,489,114	14,645,696
Profit for the year	6,839,136	16,303,934	1,333,905	1,901,020
Total other comprehensive income	(473,945)	(166,518)	(13,306)	(45,102)
Dividends to equity holders	(4,012,500)	(4,012,500)	(4,012,500)	(4,012,500)
Transfers	(110,803)	(43,306)	-	-
Acquisition of non-controlling interest in subsidiaries	479,028	(111,707)	-	-
Balance as at the end of the year	45,379,601	42,658,685	9,797,213	12,489,114

23.1.4 Cash Flow Hedge Reserve

As at 31st March	CONSOLIDATED	
	2024 Rs.'000	2023 Rs.'000
Balance as at the beginning of the year	(2,347,147)	(2,439,613)
Net gain / (loss) on cash flow hedge	267,963	(969,558)
Adjustment on changes to non-controlling interest in subsidiaries	10,672	(25,369)
Transfer of cash flow hedge reserve to revenue	757,744	1,087,393
Balance as at the end of the year	(1,310,768)	(2,347,147)

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 2024 Rs. '000**
Transportation and Logistics	10,632	2025 / 2031	1,400,273
Eco Solutions	232	2024	69,856

24. SECURITY DEPOSITS

As at 31st March	CONSOLIDATED 2024 Rs.'000	CONSOLIDATED 2023 Rs.'000
At the beginning of the year	1,468,392	1,462,347
Contribution during the year	195,454	153,710
Interest charges	141,293	134,854
Shortages recovered	(89,477)	(213,871)
ESD releases	(154,934)	(68,648)
At the end of the year	1,560,728	1,468,392

25. INTEREST BEARING BORROWINGS

25.1 Total Non-Current Portion of Interest Bearing Borrowings

As at 31st March	Notes	CONSOLIDATED 2024 Rs.'000	CONSOLIDATED 2023 Rs.'000	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000
Lease obligations	25.3	8,662,704	8,531,008	-	96,277
Debentures	25.5	2,005,000	5,000,668	-	2,995,670
Long-term loans	25.8	45,986,464	45,626,531	14,375,000	10,093,571
Total non- current interest-bearing borrowings		56,654,168	59,158,207	14,375,000	13,185,518

25.2 Current Portion of Interest Bearing Borrowings

As at 31st March	Notes	CONSOLIDATED 2024 Rs.'000	CONSOLIDATED 2023 Rs.'000	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000
Lease obligations	25.3	1,622,018	1,569,175	80,604	55,506
Debentures	25.5	3,222,688	4,974,664	3,000,000	3,525,837
Long-term loans	25.8	22,315,373	25,029,550	6,925,000	5,498,994
Total current interest-bearing borrowings		27,160,079	31,573,389	10,005,604	9,080,337

25.3 Lease Obligations

As at 31st March	CONSOLIDATED 2024 Rs.'000	CONSOLIDATED 2023 Rs.'000	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000
At the beginning of the year	10,100,181	9,212,662	151,783	214,643
New leases obtained	868,950	2,070,029	-	-
Acquisition of subsidiary	-	187,088	-	-
Interest charged	1,237,767	1,084,116	14,987	23,310
Increase to recognised assets	92,942	(19,466)	-	-
Exchange difference	(259,423)	80,428	-	-
De-recognition	(180,781)	-	-	-
Repayments	(1,574,914)	(2,514,676)	(86,166)	(86,170)
At end of the year	10,284,722	10,100,181	80,604	151,783
Repayable within one year	1,622,018	1,569,173	80,604	55,506
Repayable after one year	8,662,704	8,531,008	-	96,277

NOTES TO THE FINANCIAL STATEMENTS

25.4 Currency wise Analysis of Lease Obligations

As at 31st March	CONSOLIDATED		COMPANY	
	2024 Rs.'000	2023 Rs.'000	**2024 Rs.'000**	2023 Rs.'000
Sri Lankan Rupees	9,045,801	8,472,983	80,604	151,783
United States Dollars	1,109,913	1,444,736	-	-
Maldivian Rufiyaa	43,974	78,688	-	-
Bangladesh Taka	85,034	103,774	-	-
	10,284,722	10,100,181	80,604	151,783

25.5 Debentures

As at 31st March	CONSOLIDATED		COMPANY	
	2024 Rs.'000	2023 Rs.'000	**2024 Rs.'000**	2023 Rs.'000
At the beginning of the year	9,975,332	9,787,372	6,521,507	6,515,519
Accrued interest	-	485,123	-	-
Repayments during the year	(4,747,644)	(307,326)	(3,521,507)	-
At the end of the year	5,227,688	9,965,169	3,000,000	6,515,519
Amortisation of debenture issue expense	-	10,163	-	5,988
Net Debenture	5,227,688	9,975,332	3,000,000	6,521,507
Repayable within one year	3,222,688	4,974,664	3,000,000	3,525,837
Repayable after one year	2,005,000	5,000,668	-	2,995,670

25.5.1 Details of the debentures

As at 31st March	CONSOLIDATED		COMPANY	
	2024 Rs.'000	2023 Rs.'000	**2024 Rs.'000**	2023 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	-	3,525,838
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 semiannually redeemable on 26th August 2024	3,000,000	2,995,669	3,000,000	2,995,669
Listed, Rated, Unsecured, Fixed rate 9.25% p.a.,Subordinated Debenture Redeemable on 25th June, 2026	624,091	621,482	-	-
Listed, Rated, Unsecured, 1 Year T-Bill Rate + 3.75%,Subordinated Debenture Redeemable on 25th June, 2026	1,598,000	1,689,752	-	-
Listed, rated, senior, unsecured, redeemable, debentures at 13.25% p.a redeemable on 19th May, 2025	5,597	5,553	-	-
Listed, rated, senior, unsecured, redeemable, debentures at Fixed rate 13.00% p.a. redeemable on 9th April, 2023	-	846,507	-	-
Listed, rated, senior, unsecured, redeemable, debentures at 6 Months T-Bill+3.75% redeemable on 19th May, 2023	-	290,531	-	-
	5,227,688	9,975,332	3,000,000	6,521,507

* Details regarding the listed debentures are given in page 461 to the Financial Statements.

25.6 Currency wise Analysis of Debentures

As at 31st March	CONSOLIDATED		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Sri Lankan Rupees	5,227,688	9,975,332	3,000,000	6,521,507
	5,227,688	9,975,332	3,000,000	6,521,507

25.7 Analysis of Debentures by Year of Repayment

As at 31st March	CONSOLIDATED		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Long term loans repayable between 1 and 2 years from year-end	5,000	3,000,668	-	2,995,670
Long term loans repayable between 2 and 5 years from year-end	2,000,000	2,000,000	-	-
Long term loans repayable later than 5 years from year-end		-	-	-
	2,005,000	5,000,668	-	2,995,670

25.8 Long term Borrowings

As at 31st March	CONSOLIDATED		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
At the beginning of the year	70,656,081	72,108,746	15,592,565	16,896,969
Acquisition through business combinations	-	1,196,982	-	-
Effect of movements in exchange rates	(2,120,449)	3,502,481	-	-
Adjustment for loan facility fee	7,435	(4,408)	7,435	(4,404)
New loans obtained*	24,208,036	21,159,381	11,600,000	4,000,000
	92,751,103	97,963,182	27,200,000	20,892,565
Repayments	(24,449,266)	(27,307,101)	(5,900,000)	(5,300,000)
At the end of the year	68,301,837	70,656,081	21,300,000	15,592,565
Repayable within one year	22,315,373	25,029,550	6,925,000	5,498,994
Repayable after one year	45,986,464	45,626,531	14,375,000	10,093,571

*Consist of loan obtained for Consumer & Retails sector (Rs. 3.0 bn), Textiles sector (Rs. 3.2 bn), Others sector (Rs. 11.6 bn) and Hand Protection sector (Rs. 1.9 bn) during the year.

25.9 Currency wise Analysis of Long Term Borrowings

As at 31st March	CONSOLIDATED		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Sri Lankan Rupees	49,065,376	49,859,990	6,925,000	15,592,565
United States Dollars	13,378,410	17,203,248	-	-
Euro	1,770,172	3,579,690	-	-
Bangladesh Taka	118,638	6,965	-	-
Thai Baht	189,222	-	-	-
Australian Dollar	3,780,019	6,188	-	-
	68,301,837	70,656,081	6,925,000	15,592,565

NOTES TO THE FINANCIAL STATEMENTS

25.10 Analysis of Long Term Borrowings by Year of Repayment

As at 31st March	CONSOLIDATED		COMPANY	
	2024 Rs.'000	2023 Rs.'000	**2024 Rs.'000**	2023 Rs.'000
Long term loans repayable between 1 and 2 years from year-end	17,936,128	21,454,534	7,500,000	5,198,982
Long term loans repayable between 2 and 5 years from year-end	25,267,096	19,503,101	6,875,000	4,894,589
Long term loans repayable later than 5 years from year-end	2,783,240	4,668,896	-	-
	45,986,464	45,626,531	14,375,000	10,093,571

25.11 Long Term Borrowings Repayable After One Year

As at 31st March	Notes	CONSOLIDATED		COMPANY	
		2024 Rs.'000	2023 Rs.'000	**2024 Rs.'000**	2023 Rs.'000
Long term loans	25.11.1	45,786,464	45,064,531	14,375,000	10,093,571
Syndication loans	25.11.2	200,000	400,000	-	-
Securitization loans	25.11.3	-	162,000	-	-
		45,986,464	45,626,531	14,375,000	10,093,571

25.11.1 Long term loans

Company	Lender/rate of interest (p.a.)	**2024 Rs. '000**	2023 Rs. '000	Repayment	Security
Hayleys PLC	Commercial Bank of Ceylon PLC	300,000	900,000	Bi annually in equal installments of Rs. 300 mn	None
	Bank of Ceylon	-	400,000	Bi annually in equal installments of Rs. 200 mn	None
	Commercial Bank of Ceylon PLC	-	200,000	Bi annually in equal installments of Rs. 300 mn	None
	Hatton National Bank PLC	500,000	1,500,000	Bi annually in equal installments of Rs. 500 mn	None
	Sampath Bank PLC	600,000	1,198,981	Bi annually in equal installments of Rs. 300 mn	None
	Bank of Ceylon	600,000	1,200,000	To be paid bi annualy in equal Installments of Rs.300 mn	None
	Commercial Bank of Ceylon PLC	900,000	1,500,000	To be paid bi annualy in equal Installments of Rs.300 mn	None
	Hatton National Bank PLC	2,400,000	3,194,589	To be paid bi annually in equal Installments of Rs.400 mn	None
	Commercial Bank Ceylon PLC	2,800,000	-	To be paid bi annually in equal Installments of Rs.400 mn	None
	Commercial Bank Ceylon PLC	3,075,000	-	To be paid bi annually in equal Installments of Rs.400 mn	None

Company	Lender/rate of interest (p.a.)	2024 Rs. '000	2023 Rs. '000	Repayment	Security
ICOGUANTI S.p.A	Alessandria Financing	8,260	36,174	Repayment over 2 years	None
	INTESA SAN PAOLO (Euro 1,000,000)	9,146	130,723	Repayment over 2 years	None
	BANCO BPM (Euro 3 million)	375,461	723,821	Repayment over 2 years	None
	BNL - BNP PARIBAS 0.27% (EURO 3 million)	-	89,644	Repayment over 2 years	None
	INTESA (Euro 1 million)	-	100,477	Repayment over 1 year and 3 months	None
	CREDEM (Euro 1.2 million)	194,697	387,264	Repayment over 3 years	None
	UNICREDIT	243,371	-	Repayment over 3 years	None
Dipped Products (Thailand) Limited	TMBThanachart Bank	189,222	-	as per schedule	None
Dipped Products PLC	The Hongkong & Shanghai Banking Corporation Ltd	400,308	-	36 monthly installments	None
Mabroc Teas (Pvt) Ltd.	Hatton National Bank PLC	-	1,644	36 monthly installments	None
	Hatton National Bank PLC	-	12,438	36 monthly installments	None
	The Hongkong & Shanghai Banking Corporation Ltd	62,603	-	36 monthly installments	None
Kelani Valley Plantations PLC	National Development Bank PLC	-	2,730	72 monthly installments	Fixed deposit of Rs.16 m.
	National Development Bank PLC	-	645	72 monthly installments	
Haycarb PLC	Standard Chartered Bank	-	49,350	60 monthly installments	None
	The Hongkong & Shanghai Banking Corporation Ltd	-	77,777	36 monthly installments	Primary mortgage over land and building for Rs. 140 million at Epaladeniya, Kuliyapitiya.
	The Hongkong & ShanghaiBanking Corporation Ltd	-	8,333	16 monthly installments	None
	The Hongkong & ShanghaiBanking Corporation Ltd	66,111	-	16 monthly installments	None
Haycarb Holding Australia Pte Ltd.	Power Torque Finance		4,733	48 monthly installments	None
Haycarb Holding Australia Pte Ltd.	Power Torque Finance	2,715	4,733	48 equal monthly installments commencing from March 2022	None
	Chattel Mortgage	7,949	-	48 equal monthly installments + final payment of AUD 27,279 commencing from June 2023	None
Hayleys Agriculture Holdings Ltd.	Sampath Bank PLC	732,800	-	55 monthly installments	None
	Hatton National Bank PLC	249,985	449,989	9 monthly installments	None
Haychem (Bangladesh) Ltd	Commercial Bank of Ceylon PLC	113,447	-	Maturity 23-10-2028	None
Hayleys Advantis Ltd.	Commercial Bank of Ceylon PLC	-	100,000	10 bi annual Installments	None
	Commercial Bank of Ceylon PLC	-	400,000	10 bi annual Installments	None
Logiwiz (Pvt) Ltd.	People's Bank	1,029,822	1,029,822	72 monthly installments	Mortgage over project assets including Land and Building.
	Commercial Bank of Ceylon PLC	359,879	445,879	72 monthly installments	None
	DFCC Bank PLC	75,000	104,545	66 monthly installments	None
	Hatton National Bank PLC	1,399,826	1,506,626	59 installments	Mortgage over project assets including Building
	DFCC Bank PLC USD Loan	1,513,769	1,635,102	120 monthly installments	None
	Commercial Bank of Ceylon PLC - (Ceyoka Loan)	5,130	-	21 monthly installments	None

NOTES TO THE FINANCIAL STATEMENTS

25.11.1 Long term loans (Contd.)

Company	Lender/rate of interest (p.a.)	2024 Rs. '000	2023 Rs. '000	Repayment	Security
Advantis Kusuhara Sadate Myanmar (Private) Limited	UAB Bank	65,233	104,750	36 Monthly installments	SBSL LC Facility
Hayleylines Limited	Commercial Bank of Ceylon PLC	955,522	1,270,598	60 Monthly installments	Vessel
Sri Lanka Shipping Company Limited	DFCC Bank PLC	261,827	638,340	96 monthly installments	Vessel
	Bank of Ceylon	261,827	609,323	96 monthly installments	Vessel
	Commercial Bank of Ceylon PLC	-	112,388	60 monthly installments	Vessel
Advantis Intasal Bangladesh Pvt Ltd	Commercial Bank of Ceylon PLC	-	3,491	48 monthly installments	None
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	20 Quarterly installments	Negative pledge over Stocks and book debts and Letter of Comfort from Hayleys PLC
	Commercial Bank of Ceylon PLC	60,100	159,700	60 monthly installments	None
	Bank of Ceylon	-	52,771	36 monthly installments	Negative pledge over Stocks and book debts
Haycolour (Pvt) Ltd.	Hatton National Bank PLC	-	-	18 monthly installments	None
Hayleys Lifesciences (Pvt) Ltd	Hatton National Bank PLC	-	55,540	36 monthly installments	Negative pledge over Stocks
Hayleys Fabric PLC	Sampath Bank PLC	45,866	173,344	48 monthly installments	Mortgage over machinery and building
	Sampath Bank PLC	269,888	493,500	60 monthly installments	Mortgage over Solar Equipments
	Standard Chartered Bank	63,308	344,657	48 monthly installments	Mortgage over machinery
	Seylan Bank PLC	155,016	-	48 monthly in equal installments after a grace period of 3 months	Mortgage over machinery
	Bank of Ceylon	-	66,755	36 monthly installments	None
	DFCC Bank PLC	882,258	1,213,759	72 monthly installments	Negative pledge over all immovable asset of Hayleys Fabric PLC & over the shares of South Asia Textiles Ltd
	Sampath Bank PLC	877,340	1,101,048	84 monthly installments	Negative pledge over Shares of South Asia Textiles Ltd owned by Hayleys Fabric
	The Bank of China	1,070,117	-	12 Quarterly installments	None

Company	Lender/rate of interest (p.a.)	2024 Rs. '000	2023 Rs. '000	Repayment	Security
South Asia Textiles Ltd	Seylan Bank PLC	1,496,454	1,731,746	60 monthly installments, after a grace period of one and half years, commencing from 1/16/2023	None
	Hatton National Bank PLC	56,227	43,378	24 monthly in equal installments of USD 26,800	None
	Pan Asia Banking Corporation PLC	163,582	-	35 equal monthly installments of USD 41,500 and a final installment of USD 47,500, commencing from 31.05.2023	None
Talawakelle Tea Estates PLC	National Development Bank PLC	-	2,619	72 monthly installments	Fixed deposits of Rs. 24 mn.
Horana Plantations PLC	Hatton National Bank PLC	206,828	409,684	72 /48 monthly installments, after a grace period of 12/24 months	Primary Floating Mortgage for Rs.550 Million, over leasehold rights of Frocester Estate. Primary Floating Mortgage for Rs.400 Million, over leasehold rights of Bambrakelly Estate.
	Commercial Bank of Ceylon PLC	15,210	31,890	72 monthly installments, after a grace period twenty four (24) months	Primary Floating Mortgage for Rs.120 Million, over the leasehold rights land and buildings of Stockholm Estate.
	Sampath Bank PLC	15,200	65,600	72 monthly installments, after a grace period twenty four (24) months	Primary Mortgage for Rs.200 Million, over the leasehold rights land and buildings of Gouravilla Estate. Primary Mortgage for Rs.150 Million, over the leasehold rights land and buildings of Alton Estate.
	Commercial Bank of Ceylon PLC	69,968	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	6,850	48,550	36 monthly installments	Primary mortgage over leasehold rights of Bambarakelly, Eildon Hall and Frocester Estates.
	Commercial Bank of Ceylon PLC	35,746	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.
	Hatton National Bank PLC	199,500	-	48 monthly installments, after a grace period twenty four (12) months	Primary Floating Mortgage for Rs.550 Million, over leasehold rights of Frocester Estate. Primary Floating Mortgage for Rs.400 Million, over leasehold rights of Bambrakelly Estate.
	Hatton National Bank PLC	149,560	-	72 monthly installments, after a grace period twenty four (24) months	Primary Floating Mortgage for Rs.550 Million, over leasehold rights of Frocester Estate. Primary Floating Mortgage for Rs.400 Million, over leasehold rights of Bambrakelly Estate.

NOTES TO THE FINANCIAL STATEMENTS

25.11.1 Long term loans (Contd.)

Company	Lender/rate of interest (p.a.)	2024 Rs. '000	2023 Rs. '000	Repayment	Security
	Sampath Bank PLC	400,000	-	48 monthly installments, after a grace period twenty four (24) months	Existing Primary Mortgage of Rs. 150 Million and additional Mortgage for Rs.158.75 Million, over the leasehold rights of land and buildings of Gouravilla Estate. Existing Primary Mortgage of Rs. 150 Million and additional Mortgage for Rs.118.45 Million, over the leasehold rights of land and buildings of Alton Estate. Lien Over funds lying to the Fixed Deposit.
Hayleys Fibre PLC	The Hongkong & Shanghai Banking Corporation Ltd	313,333	-	48 monthly installments, after a grace period 12 months from 2025	Letter of negative pledge over the land ,building and machinery together with a board resolution
Ravi Industries (Pvt) Ltd.	Standard Chartered Bank	5,860	3,247	60 monthly installments	Primary Mortgage of USD 585,000 over an allotment of land and building
	Standard Chartered Bank	1,668	1,667	60 monthly installments	Primary Mortgage of LKR 100,000,000 over an allotment of land and building
	Hatton National Bank PLC-	42,472	90,000	9 monthly instalments	None
Chas P. Hayley & Co. (Pvt) Ltd.	Hatton National Bank PLC-	-	10,000	60 monthly installments	Corporate guarantee for Rs.150 mn from Volanka Ltd.
	Commercial Bank of Ceylon PLC	30,221	23,575	18 monthly installments	None
Toyo Cushion Lanka Pvt Ltd.	The Hongkong & Shanghai Banking Corporation Ltd	-	76,630	48 monthly installments	Primary mortgage over Land and building at Thimbirigaskatuwa and machinery
	Commercial Bank PLC	5,175	20,923	48 monthly installments	Generator Imported
Rileys (Pvt) Ltd.	Hatton National Bank PLC	-	100,000	60 monthly installments	Corporate guarantee from Volanka Ltd.
	The Hongkong & Shanghai Banking Corporation Ltd	-	38,981	48 monthly installments	Corporate guarantee from Hayleys Fibre PLC
Alumex PLC	Hatton National Bank PLC-	50,000	129,600	48 monthly installments	Corporate guarantee from Volanka Ltd.
	Commercial Bank of Ceylon PLC	343,745	-	48 monthly installments	Working Capital
	Commercial Bank of Ceylon PLC	343,745	-	48 monthly installments	Working Capital
	Commercial Bank of Ceylon PLC	81,500	281,900	60 monthly installments	None
	Hatton National Bank PLC	-	19,000	36 monthly installments	None
	Hatton National Bank PLC	163,000	313,000	60 monthly installments	Plant and fixed assets at factory premises in Ekala and Makola
	Bank of Ceylon	-	42,222	36 monthly installments	None

Company	Lender/rate of interest (p.a.)	2024 Rs. '000	2023 Rs. '000	Repayment	Security
The Kingsbury PLC	Bank of Ceylon	-	295,455	Monthly installments over 7 years including 18 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. 1,335 mn over lease hold rights of the property.
	Bank of Ceylon	-	109,375	Monthly installments over 2 years including 12 months grace period	
	Bank of Ceylon	33,720	-	15 monthly installments	
	Bank of Ceylon	155,467	-	36 monthly installement	
	Bank of Ceylon	1,071,180	-	66 monthly installments with 6 months grace period	
	Bank of Ceylon	-	19,561		
	Bank of Ceylon	-	57,364		
	Bank of Ceylon	-	230,575		
	Bank of Ceylon	-	206,250	60 monthly installments including 12 months grace period	Additional Mortgage over lease hold rights of the property.
Sun Tan Beach Resorts Ltd.	DFCC Bank PLC	-	1,476	24 monthly installments	Leasehold Right of the land and Hotel building.
	DFCC Bank PLC	-	81,544	24 monthly installments	
	DFCC Bank PLC	-	6,284	24 monthly installments	
	DFCC Bank PLC	14,815	-	36 monthly installments, commencing from February 2024	
	DFCC Bank PLC	121,813	-	36 monthly installments, after 11 months grace period	
	DFCC Bank PLC	12,138	-	36 monthly installments, after 12 months grace period	
	DFCC Bank PLC	59,846	-	36 monthly installments, after 7 months grace period	
	Hatton National Bank PLC	-	1,017	24 monthly installments including 6 months grace period	Leasehold Right of the land and Hotel building and Corporate Guarantee from Amaya Leisure PLC
	Hatton National Bank PLC	97,756	195,676	24 monthly installments	Leasehold Right of the land and Hotel building.
	Hatton National Bank PLC	698,862	705,865	84 monthly installments	
	Hatton National Bank PLC	377,690	616,116	54 monthly installments	
Kandyan Resorts (Pvt) Ltd	Sampath Bank PLC	157,000	193,000	24 monthly installments including 6 months grace period	Corporate Guarantee of Hayleys Leisure PLC

NOTES TO THE FINANCIAL STATEMENTS

25.11.1 Long term loans (Contd.)

Company	Lender/rate of interest (p.a.)	2024 Rs. '000	2023 Rs. '000	Repayment	Security
Hayleys Fentons Limited	Sanasa Development Bank PLC	-	95,982	60 monthly installments	Letter of comfort from Hayleys PLC
	Sanasa Development Bank PLC	-	126,434	60 monthly installments	Letter of comfort from Hayleys PLC
	Sampath Bank PLC	7,400	63,800	60 monthly installments	Corporate Guarantee from Hayleys PLC
	Cargills Bank	45,000	77,500	60 monthly installments	Letter of comfort from Hayleys PLC
	Bank of Ceylon	120,000	202,460	60 monthly installments	Letter of comfort from Hayleys PLC
	Commercial Bank of Ceylon PLC	666,667	-	54 Monthly Installements 6 moths grace period	Floating primary mortage bond for LKR 750mn over solar panels inclusive of inverters, mounting structures, Transformer and Cable assets held at Ocean Lanka (Pvt) Ltd
	Commercial Bank of Ceylon PLC	222,251	-	54 Monthly Installements 6 moths grace period	Floating primary mortage bond for LKR 750mn over solar panels inclusive of inverters, mounting structures, Transformer and Cable assets held at South Asia Textile Ltd
Energynet (Pvt) Ltd	Sampath Bank PLC	-	4,325	14 monthly installments	None
Solar One Ceylon (Pvt) Ltd.	Sampath Bank PLC	168,500	623,900	33 equal monthly installments	Mortgage over land of the project
Luxury Resort (Pvt) Ltd.	Sampath Bank PLC	4,800,768	5,995,886	90 equal monthly installments	Leasehold Right of the land and Hotel building
Singer (Sri Lanka) PLC	Hatton National Bank PLC	1,000,000	2,000,000	Quarterly installments commencing June 2020	Negative Pledge
	Commercial Bank of Ceylon PLC	1,200,000	2,000,000	Quarterly installments commenced in June 2022	Negative Pledge
	Hatton National Bank PLC	1,000,000	-	Quarterly installments commenced in February 2021	Clean basis
	Commercial Bank of Ceylon PLC	900,000	1,500,000	Semi Annually installments commenced in January 2022	Negative Pledge
	Hatton National Bank PLC	2,100,000	1,800,000	Quarterly installments commencing April 2022	Clean basis
	Sampath Bank PLC	-	250,000	Quarterly installments commencing September 2021	Negative Pledged
Singer Finance (Lanka) PLC	Seylan Bank PLC	-	125,000	Monthly installments commenced in February 2019	Mortgage over lease
		45,786,464	45,064,531		

25.11.2 Syndication loans

Company	Lender/rate of interest (p.a.)	Trustee	2024 Rs. '000	2023 Rs. '000	Repayment	Security
Singer Finance (Lanka) PLC	Syndication 02 - Tranche 03	Hatton National Bank PLC	-	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
			200,000	400,000		

25.11.3 Securitisation loans

Company	Lender/rate of interest (p.a.)	Trustee	2024 Rs. '000	2023 Rs. '000	Repayment	Security
Singer Finance (Lanka) PLC	Securitisation 07 - Trust 01 - Tranche 01	National Savings Bank	-	162,000	Monthly installments commenced in December 2020	Mortgage over lease
			-	162,000		

NOTES TO THE FINANCIAL STATEMENTS

26. GRANTS

As at 31st March	CONSOLIDATED	
	2024	2023
	Rs.'000	Rs.'000
At the beginning of the year	924,138	838,161
Grants received during the year	36,551	19,110
Acquisition of subsidiaries	-	106,475
Amortised during the year	(47,668)	(39,608)
At the end of the year	913,021	924,138

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 - Grants were received from Sri Lanka Tea Board for Tea replanting during the year.

27 DEFERRED TAXATION

As at 31st March	CONSOLIDATED		COMPANY	
	2024	2023	**2024**	2023
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Deferred tax assets	(3,362,617)	(3,411,813)	(66,335)	(68,643)
Deferred tax liabilities	11,458,489	12,602,194	-	-
Net Deferred Tax Liabilities	8,095,872	9,190,381	(66,335)	(68,643)

27.1 Net Deferred Tax liabilities

As at 31st March	CONSOLIDATED		COMPANY	
	2024	2023	**2024**	2023
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
At the beginning of the year	9,190,381	4,629,805	(68,643)	(14,771)
Amounts originated/reversed during the year- Income Statement	(475,629)	2,715,669	2,935	(51,747)
Amounts originated/reversed during the year- Other Comprehensive Income	(313,539)	1,220,325	(627)	(2,125)
Acquisition through business combinations	-	583,026	-	-
Effect of movements in exchange rates	(305,341)	41,556	-	-
At the end of the year	8,095,872	9,190,381	(66,335)	(68,643)

27.2 Net Deferred Tax Liabilities are attributable to the following as at the year end

As at 31st March	CONSOLIDATED		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Deferred tax assets				
Tax effect of employee benefit obligations	(3,629,611)	(3,047,898)	(85,325)	(70,201)
Tax effect of tax loss carried forward	(2,098,662)	(686,043)	-	-
Tax effect of provisions	(2,029,514)	(2,277,946)	(9,793)	(461)
	(7,757,787)	(6,011,887)	(95,118)	(70,662)
Deferred tax liabilities				
Tax effect of property, plant & equipment	14,036,939	13,481,670	14,398	249
Tax effect of unrealised exchange differences	824,255	991,639	-	-
Tax effect of investment properties	992,465	728,959	14,385	1,770
	15,853,659	15,202,268	28,783	2,019
Net deferred tax liabilities	8,095,872	9,190,381	(66,335)	(68,643)

28 EMPLOYEE BENEFIT OBLIGATIONS

As at 31st March	CONSOLIDATED		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Present value of unfunded gratuity	15,262,465	12,845,248	1,896,112	1,560,016
At the beginning of the year	12,845,248	11,208,145	1,560,016	1,298,429
Acquisition through business combinations	-	466,007	-	-
Transfers	-	-	1,705	(1,532)
Effect of movements in exchange rates	(125,096)	117,811	-	-
Benefits paid by the during the year	(1,698,780)	(1,481,118)	(29,351)	(34,641)
Current Service costs	1,016,336	715,271	71,494	58,482
Interest cost	2,137,564	1,499,757	278,315	192,051
Actuarial loss	1,087,193	319,375	13,933	47,227
At the end of the year	15,262,465	12,845,248	1,896,112	1,560,016

For the year ended 31st March	CONSOLIDATED		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
The expense is recognised in the following line items in the Statement of Profit or Loss				
Cost of sales	535,643	118,252	71,494	4,902
Administrative expenses	2,597,206	2,083,209	278,315	245,630
Distribution expenses	21,051	13,566	-	-
	3,153,900	2,215,028	349,809	250,532

NOTES TO THE FINANCIAL STATEMENTS

An actuarial valuation of the retirement gratuity payable was carried out as at March 31, 2024 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.

	Others		Plantations		Overseas Subsidiaries	
As at 31st March	**2024**	2023	**2024**	2023	**2024**	2023
Rate of discount	12.0%	18.0%	12%	20%	3% - 10%	3% - 8%
Salary increase	11.0%	16.0%	10% - 11%	15% - 16%	1% - 8%	3% - 9%

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. 13,446 mn (2023- Rs. 12,323 mn) and Rs. 1,627 mn (2023- Rs. 1,359 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 357 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)	16,278,353	14,525,548	1,948,216	1,846,987

A one percentage point change in the discount rate

	CONSOLIDATED		COMPANY	
	+1%	-1%	+1%	-1%
The present value of defined benefit obligation (Rs.'000)	14,707,537	16,351,830	1,859,733	1,935,759

28.4 Distribution of Employee Benefit Obligation over Future Working Lifetime

As at 31st March	CONSOLIDATED		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Less than or equal 1 year	2,545,554	2,135,500	1,034,170	866,406
Over 1 year and less than or equal 5 years	5,538,697	4,909,075	671,277	541,568
Over 5 year and less than or equal 10 years	3,994,191	3,330,911	95,558	75,582
Over 10 years	3,184,023	2,469,762	95,107	76,460
	15,262,465	12,845,248	1,896,112	1,560,016

29 TRADE AND OTHER PAYABLES

As at 31st March	CONSOLIDATED		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Trade payables	35,293,029	29,336,614	-	-
Bills payable	530,761	586,496	-	-
Other payables including accrued expenses	32,754,734	32,866,204	4,724,328	4,716,538
Unclaimed dividends	782,209	510,500	153,313	126,687
Provision (Note 29.1)	7,328,493	3,105,243	-	-
	76,689,226	66,405,057	4,877,641	4,843,225

29.1 Provisions

As at 31st March	CONSOLIDATED			
	Maintenance warranties** Rs.'000	Other Rs.'000	2024 Rs.'000	2023 Rs.'000
At the beginning of the year	516,643	2,588,600	3,105,243	2,941,673
Arising during the year	808,323	6,309,278	7,117,601	4,200,446
Transfer from accruals	(8,078)	(187,442)	(195,520)	793,736
Utilised	(718,382)	(1,980,449)	(2,698,831)	(4,830,612)
At the end of the year	598,506	6,729,987	7,328,493	3,105,243

**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 capital equipments sold.

Hayleys Fentons Limited - Provision is recognised for expected warranty claims on projects and services completed

Hayleys Agriculture Holdings Ltd. - Provision on dealer incentives and commission

Hayleys Agro Fertilizers (Pvt) Ltd. - Provision on dealer incentives and commission

NOTES TO THE FINANCIAL STATEMENTS

29.2 Currency wise Analysis of Trade and Other Payables

As at 31st March	CONSOLIDATED		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Sri Lankan Rupees	42,612,609	40,593,005	4,877,641	4,843,225
Pounds Sterling	1,745,620	102,927	-	-
United States Dollars	24,335,424	18,172,130	-	-
Euro	2,470,117	2,706,864	-	-
Thai Baht	1,989,217	2,523,971	-	-
Bangladesh Taka	1,440,145	804,979	-	-
Maldivian Rufiyaa	360,057	571,812	-	-
Others	1,736,037	929,369	-	-
	76,689,226	66,405,057	4,877,641	4,843,225

29.3 Other Liabilities

As at 31st March	CONSOLIDATED		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Other tax payable	5,667,367	1,443,708	89,090	67,602
Other payable	3,199,954	2,444,698	-	-
Payments received in advance	4,302,579	6,011,168	-	-
At the end of the year	13,169,900	9,899,574	89,090	67,602
Other Current Liabilities	11,419,890	7,815,736	89,090	67,602
Other Non Current Liabilities	1,750,010	2,083,838	-	-

29.4 Deferred Revenue

As at 31st March	CONSOLIDATED	
	2024 Rs.'000	2023 Rs.'000
At the beginning of the year	954,310	618,787
Amounts recognised during the year	25,108,403	1,888,810
Amounts transferred during the year	(22,436,944)	(1,553,287)
At the end of the year	3,625,769	954,310

Deffered Revenue includes maintenance service agreements for Industrial Products & Services, Health Equipment, Solar and ITO & Software services.

30 INCOME TAX

30.1 Income Tax Recoverable

As at 31st March	Notes	CONSOLIDATED 2024 Rs.'000	CONSOLIDATED 2023 Rs.'000	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000
At the end of the year	30.2	1,144,362	944,281	-	-

30.2 Income Tax Payable

As at 31st March	CONSOLIDATED 2024 Rs.'000	CONSOLIDATED 2023 Rs.'000	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000
At the beginning of the year	5,096,135	2,689,340	118,116	(68,645)
Subsidiaries'/ parents' taxation on current year's profit	9,316,928	11,819,469	277,727	248,893
Irrecoverable economic service charge	-	3,407	-	-
Under provision in respect of previous years	214,753	67,923	-	-
Tax on dividend	787,988	470,300	-	-
Acquisition through business combinations	-	(5,210)	-	-
Tax credits received	(236,510)	55,434	-	-
Effect of movements in exchange rates	(251,431)	(40,660)	-	-
Payments made during the year	(12,008,482)	(9,963,868)	(283,741)	(62,132)
Net Income Tax payable/(recoverable)	2,919,381	5,096,135	112,102	118,116
Income tax recoverable	1,144,362	944,281	-	-
At the end of the year	4,063,743	6,040,416	112,102	118,116

31. SHORT-TERM INTEREST BEARING BORROWINGS

As at 31st March	CONSOLIDATED 2024 Rs.'000	CONSOLIDATED 2023 Rs.'000	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000
Sri Lankan Rupees	62,476,732	44,615,300	5,846,926	5,166,716
Pounds Sterling	21,120	199,677	-	-
United States Dollars	21,517,148	16,640,328	-	-
Euro	1,746,061	1,950,643	-	-
Indonesian Rupiah	529,821	2,343,255	-	-
Bangladesh Taka	1,717,133	2,409,169	-	-
Others	60,591	805,653	-	-
	88,068,606	68,964,025	5,846,926	5,166,716

NOTES TO THE FINANCIAL STATEMENTS

32. CONTINGENT LIABILITIES AND COMMITMENTS

32.1 Contingent Liabilities

Company

The contingent liability as at 31st March, 2024 on guarantees given by Hayleys PLC, to third parties amounted to Rs. 1.06 bn (2023 - 1.06 bn). This relates to facilities obtained by subsidiaries.

Group

- The contingent liability as at 31st March 2024 on guarantees given by Haycarb Group to third parties amounted to Rs. 8.53 bn (2022/23 – Rs. 7.88 bn). Of this sum, Rs. 7.53 bn (2022/23 – Rs. 7.12 bn) relates to facilities obtained by subsidiaries.

Singer Sri Lanka PLC

- The Tax Appeals Commission hearings were concluded on 28th February 2023, and the determinations were consequently issued on the 17th of May 2023 and 23rd May 2023 for all seven quarters for the period from 1st January 2014 to 30th September 2015 – though the Company was not informed of such determinations for a period of approximately one month from such dates. The Tax Appeals Commission in determining the case has confirmed the purported determinations made by the Commissioner General of Inland Revenue for all seven quarters. Accordingly at the time of receiving the said determinations on the 20th of June 2023, the company deposited 10% of the pending assessed value amounting to Rs. 108 mn in lieu of renewing the bank guarantees which were previously given.

  The Company after carefully reviewing the situation and based on the advice of tax consultants, is of the opinion that there is no basis for the Company to be made liable for Deemed VAT. Accordingly, the Company has decided to seek the judicial review in the Appellate Court against the determination issued by the Tax Appeals Commission by making an application for a case stated, which was submitted to the Court of Appeal in August 2023. Hence, no provision has been made in the Financial Statements until the matter has been determined by the Court.

- 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 Appeals 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 Appeals 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. 16 mn respectively, totalling to 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 provided a bank guarantee amounting to Rs. 37 mn to the Commissioner General of Inland Revenue - Tax Appeals Commission on 02nd March 2023.

  The determination was issued by the Tax Appeals Commission for the year of assessment 2018/2019 on 21st November 2023 confirming the assessment notices issued. The tax authorities has exercised the bank guarantee of Rs. 37 mn on 7th December 2023.

  The Company after carefully reviewing the situation and based on the advice of tax consultants, is of the opinion that there is no basis for the Company to be made liable for Income Tax. Accordingly, the Company has decided to seek the judicial review in the Appellate Court against the determination issued by the Tax Appeals Commission by making an application for a case stated, which was submitted to the Court of Appeal in February 2024. Hence, no provision has been made in the Financial Statements until the matter has been determined by the Court.

- 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 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. 2.5 mn against fixed deposits of Rs. 2.5 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 18th March 2024 for further trial. Further, the Company has received summons for case number 004674/21DMR clamming Rs. 3.8 mn as damages. The case will be called on 13th June 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 which is now merged with Singer (Sri 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 which is now merged with Singer (Sri Lanka) PLC cleared a shipment of imported goods during the year 2008 on provision of a bank guarantee to the Director General of Customs 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 on additional duty payable on imports which is contested by the Company.

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	
	2024	2023	**2024**	2023
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Repayable within one year	1,622,018	1,575,855	80,604	70,493
Repayable after one year less than 5 years	5,353,950	5,796,265	-	81,290
Repayable after 5 years	3,308,754	2,728,061	-	-
	10,284,722	10,100,181	80,604	151,783

NOTES TO THE FINANCIAL STATEMENTS

33 FOREIGN CURRENCY TRANSLATION

The principal exchange rates used for translation purposes were:

As at 31st March	AVERAGE		AS AT 31ST MARCH	
	2024	2023	2024	2023
United States Dollar	316.54	360.16	299.88	329.00
Australian Dollar	207.68	246.01	195.58	220.89
Pound Sterling	397.96	434.15	378.71	407.50
Thai Baht	8.98	10.20	8.23	9.66
Bangladesh Taka	2.90	3.67	2.73	3.07
Euro	343.56	375.26	324.49	358.58
Indian Rupee	3.82	4.47	3.60	4.00
Indonesian Rupiah	0.02	0.02	0.02	0.02
Maldivian Rufiyaa	20.58	23.64	19.40	21.36

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. ZOO	Euro
Dipped Products India (Private) Limited	Indian Rupees
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	Indonesian Rupiah
Puricarb Pte Ltd.	Euro
Haycarb Activated Carbon (Pvt) Ltd	Indian Rupees
Haycarb Philippines Corporation	Philippine Peso
Haycarb Singapore Pte Ltd	Singapore Dollars
Hayleys Fabric PLC	USD
South Asia Textile Ltd	USD
Martin Bauer Hayleys (Pvt) Ltd.	USD
Haychem (Bangladesh) Ltd.	Taka

Company	Functional Currency
Hayleys Aventura BD Limited	Taka
Hayleys Aventura Singapore Pte. Ltd.	Singapore Dollars
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
Hayleys Hotels Maldives Private Limited	USD
Advantis Sedate Myanmar (Pvt) Ltd.	Kyat
Advantis Intasl Bangladesh (Pvt) Ltd.	Taka
PT Advantis Akaza Indonesia	Indonesion Rupiah
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
Advnatis Sabang Raya Lines (Pvt) Ltd	USD
PT Advantis Mithra Logistics	Maldivian Rufiyaa
Advantis Leo Thailand Limited	Maldivian Rufiyaa
K&A Logistics Limited	Bangladesh Taka
Haylex BV Group	Euro, Yen & USD
Haylex USA	USD
Livee Polska SP. Z O. O.	Euro
Mabroc East Africa Limited	Kenyan Shilling
Hayleys Fentons East Africa Limited	USD
Next-Gen Engineering Pte. Ltd.	USD

NOTES TO THE FINANCIAL STATEMENTS

35. EVENTS OCCURRING AFTER THE REPORTING DATE

Other than what is mentioned below, no other circumstances have arisen since the reporting date, which would require adjustments to, or disclosure in the Financial Statements

Alumex PLC

A fire that erupted in the company's factory located in Ekala. The event occurred on 07 May 2024, of which the impact is yet to be assessed. Operations remain unaffected, as there is unused production capacity at alternate sites to fulfill demand.

Talawakelle Tea Estates PLC / Kelani Valley Plantations PLC / Horana Plantations PLC

The Commissioner General of Labor, by way of Government Gazette No. 2382/ 04 dated 30 April 2024, issued a notification to determine the minimum payment in respect of the workers engaged in Tea Growing and Manufacturing Trade and Rubber Growing and Raw Rubber Manufacturing Trade under section 33(2) of the Wages Boards Ordinance. As of the date of approval of these financial statements pending the final wage rate determination, the Company is not able to determine the financial effects of this proposal on the financial statements for the year ended 31 March 2024

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

On March 31, 2024, Hayleys Advantis Limited acquired a stake of 49% in K&A Logistics (Pvt) Ltd. for a consideration of Rs. 27.17 mn. Incorporated in Bangladesh, the main operation of the company is providing warehousing services.

The fair values of assets acquired and liabilities assumed through the business combination is given below.

As at 31st March	K&A Logistics (Pvt) Ltd. Rs'000
Property, plant & equipment	6,171
Trade and other receivables	85,303
Other current assets	49,944
Trade and other payables	(28,415)
Other current liabilities	(29,943)
Net identifiable assets and liabilities	83,060
Non-controlling interests	(42,463)
Gain on bargain purchase	(13,629)
	26,968

37.2 Satisfied by

Cash consideration	(27,169)
Cash in hand and bank acquired	43,515
Short term borrowings acquired	(43,314)
	(26,968)

37.3 Revenue and Profits of acquirees

Since K&A Logistics (Pvt) Ltd. was acquired on March 31, 2024, there is no revenue nor profit generated by the company for the current financial year.

37.4 Re-measurement of Goodwill - Horana Plantations PLC

On March 2023, Hayleys Plantations Services (Pvt) Ltd. acquired a stake of 51% in Horana Plantations PLC for a consideration of Rs. 699.98mn and consequently, a Goodwill of Rs. 443.25mn was recorded in the consolidated financial statements. The net assets recognised as at the acquisition date was based on a provisional assessment of the fair value, and the final allocation of purchase price was yet to be finalised by the date the financial statements were approved for issue by the Board of Directors, for the year ended March 31, 2023.

In accordance with SLFRS 3 - Business Combinations, the management has assessed the identifiable assets acquired and liabilities assumed, and recognised an increase in the fair value of Rs. 165mn in mature/immature plantation under property, plant and equipment. As a result, a corresponding decrease in Goodwill of Rs. 165mn was adjusted retrospectively in the Statement of Financial Position as at March 31, 2023.

In March 2024 allocation of purchase price was completed and the acquisition date fair values of assets are as follows.

As at 31st March	Horana Plantations PLC (Provisional amounts) Rs.'000	Finalised valuation Rs.'000	Impact of adjustment for finalised valuation Rs.'000
Property, plant & equipment	2,848,327	3,013,431	165,104
Right-of-use assets	184,743	184,743	-
Biological assets	591,546	591,546	-
Inventories	486,233	486,233	-
Trade and other receivables	206,944	206,944	-
Deferred tax asset/(liability)	(583,026)	(583,026)	-
Employee benefit obligations	(458,832)	(458,832)	-
Deferred Income	(106,475)	(106,475)	-
Trade and other payables	(394,609)	(394,609)	-
Interest Bearing Borrowings	(1,385,272)	(1,385,272)	-
Net identifiable assets and liabilities	1,389,579	1,389,579	-
	2,779,158	2,944,262	165,104

The 2023 comparative information was restated to reflect the adjustment to the provisional amounts in accordance with the valuation report obtained from Mr. A. A. M. Fathihu - Proprietor of FM Valuers, Chartered Valuation Surveyor. As a result, there was an increase in property, plant & equipment of Rs. 165.10 mn, and a corresponding reduction in goodwill of Rs. 165.10 mn was adjusted retrospectively in the Statement of financial Position as at March 31, 2023.

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	
	2024	2023	**2024**	2023
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Short term employee benefit	4,246,722	3,568,726	845,393	780,438
	4,246,722	3,568,726	845,393	780,438

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 309 to 312 to the Financial Statements.

38.2.3.2 Details of directors and their spouses' share holdings are given on page 460. 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 466 and 470. 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					
	2024			2023		
	Rs.'000			Rs.'000		
Business segment	Rent	Common expenses	Purchase of goods and services	Rent	Common expenses	Purchase of goods and services
Eco solutions	24,886	592,841	24,565	25,441	403,683	359
Hand protection	35,612	625,041	7,574	33,647	696,122	13,737
Purification	71,046	554,860	305	57,325	449,213	269
Textiles	-	380,703	-	-	287,780	-
Construction materials	-	317,856	-	-	201,934	14
Agriculture	30,512	385,441	10,371	28,829	305,711	8,236
Plantations	51,647	351,943	217	37,954	252,918	365
Industry inputs	51,014	171,913	21,449	43,779	116,831	16,772
Power & energy	-	49,002	-	-	46,964	-
Transportation & logistics	153,038	843,039	99,831	145,931	629,501	22,330
Consumer & retail	16,799	552,436	39,264	15,872	550,539	22,136
Leisure	518	879,030	83,927	489	689,028	75,724
Projects & engineering	-	298,195	199,738	-	240,666	64,531
Tea Exports	-	167,927	1,929	-	128,102	1,247
Others	32,001	119,354	268,139	30,236	95,953	267,000
	467,073	6,289,579	845,674	419,503	5,094,945	492,719

38.4 Amount Due From/Due To Subsidiaries

As at 31st March	COMPANY					
	2024			2023		
	Rs.'000			Rs.'000		
Business segment	Receivable - Non-Current	Receivable - Current	Payables	Receivable - Non-Current	Receivable- current	Payables
Eco solutions	-	124,830	(861)	-	108,131	(457)
Hand protection	-	107,760	(1,107)	-	103,846	(2,096)
Purification	-	272,123	-	-	58,657	-
Textiles	-	81,127	-	-	24,730	-
Construction materials	-	135,983	-	-	296,450	-
Agriculture	-	549,961	(485)	-	675,138	(1,351)
Plantations	-	38,121	-	-	57,903	-
Industry inputs	-	76,622	(987)	-	222,145	(583)
Power & energy	-	3,917	-	-	36,256	-
Transportation & logistics	-	485,977	(19,804)	-	455,931	(9,428)
Consumer & retail	-	63,927	(1,259)	-	232,439	(727)
Leisure	-	2,297,610	(5,995)	-	1,479,721	(6,308)
Projects & engineering	-	1,091,593	(52,573)	-	335,378	(9,295)
Tea Exports	-	14,818	(125)	-	18,803	(113)
Others	-	35,319	(305,156)	-	158,603	(275,121)
Total	-	5,379,688	(388,352)	-	4,264,131	(305,479)

NOTES TO THE FINANCIAL STATEMENTS

38.5 Amount due from/due to Equity Accounted Investees

As at 31st March	CONSOLIDATED				COMPANY			
	2024		2023		2024		2023	
	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	129,017	-	101,896	-	1,852	-	72	-
Transportation & logistics	13,683	-	5,869	-	1,310	-	317	-
Plantations	22,790	(465)	51,698	(456)	4,423	(385)	597	(385)
Power & energy	4,313	-	-	-	-	-	-	-
	169,803	(465)	159,463	(456)	7,585	(385)	986	(385)

38.6 Transactions With Other Related Companies

Company	Relationship	Name	Nature of transaction	Amount Rs.000
LB Finance PLC	Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	5,615
			Sale/(Purchase) of goods and services	41,172
Pan Asia Banking Corporation PLC	Significant Share holder	K.D.D. Perera	Facility amount	37,215
			Sale/(Purchase) of goods and services	2,428
Royal Ceremics Lanka PLC	Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	7,512
			Sale/(Purchase) of goods and services	80,454
Vallibel Finance PLC	Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	2,659
			Sale/(Purchase) of goods and services	8,903
Vallibel One PLC	Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	2,846
Uni-Dil Packaging Limited	Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	413
			Sale/(Purchase) of goods and services	268,333
Delmege Forsyth & Company Limited	Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	8,700
			Sale/(Purchase) of goods and services	220,787
Lanka Tiles PLC	Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	5,206
			Sale/(Purchase) of goods and services	131,942
Vallibel Power Erathna PLC	Significant Share holder		Sale/(Purchase) of goods and services	6,393
Valible Plantation Management Limited	Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	(5,168)
Delmege Insurance Brokers (Pvt) Ltd.	Significant Share holder		Sale/(Purchase) of goods and services	85,036
Swisstek (Ceylon) PLC	Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	72
			Sale/(Purchase) of goods and services	(90,162)
			Sale/(Purchase) of goods and services	(14,203)
Lanka Ceramics PLC	Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	1,240
Rocell Bathware Ltd	Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	6,399

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, 2024, which require additional disclosures in the 2023/24 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, 2024, which require additional disclosures in the 2023/24 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 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.

	COMPANY			
	Dipped Products PLC	Haycarb PLC	Hayleys Advantis Ltd	Singer (Sri Lanka) PLC
Business segment	Rs'000	Rs'000	Rs'000	Rs'000
Non-controlling interest in %	44	32	8	14
Non-current assets	29,489,363	13,785,697	30,221,417	24,890,489
Current assets	34,574,545	26,428,553	43,954,749	68,951,940
Total assets	64,063,908	40,214,250	74,176,166	93,842,429
Non-current liabilities	11,852,646	2,599,691	12,369,086	19,300,972
Current liabilities	16,172,455	11,916,711	42,901,913	62,097,712
Total liabilities	28,025,101	14,516,402	55,270,999	81,398,684
Equity attributable to the owners of the company	28,835,788	22,905,062	15,710,860	11,397,235
Non-controlling interests	7,203,020	2,792,786	3,194,306	1,046,510
For the year ended 31st March				
Revenue from contracts with customers				
Profit after tax	5,737,977	4,305,629	1,350,865	(91,299)
Profit attributable to the owners of the company	4,430,748	3,743,929	(165,318)	(159,813)
Profit attributable to the non-controlling interests	1,307,229	561,700	1,516,182	68,513
Total comprehensive income	4,456,501	2,672,173	1,939,048	374,793
Dividend paid to non controlling interests	(638,735)	(460,970)	(1,374,789)	(32,449)
Net cash inflow from operating activities	6,712,761	7,876,834	(5,124,447)	(6,823,661)
Net cash (outflow) from investing activities	(3,567,426)	(1,700,623)	(4,289,715)	(194,342)
Net cash (outflow)/inflow from financing activities	(2,725,480)	(1,774,357)	(2,766,761)	6,438,493
Total net cash (outflow))/inflow	419,855	4,401,854	(12,180,923)	(579,510)

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		Purification		Textiles		Construction Materials	
For the year ended 31st March,	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue										
Total	16,294,174	18,437,162	43,043,870	51,384,330	43,179,205	60,943,256	50,058,592	61,740,020	10,992,977	10,214,848
Intra Group	(2,447,716)	(3,216,145)	(19,050)	(7,999)	(435,261)	(586,087)	(891,505)	(1,725,585)	(1,056,354)	(90,764)
External	13,846,458	15,221,016	43,024,820	51,376,331	42,743,944	60,357,169	49,167,087	60,014,435	9,936,623	10,124,084
Segment results										
Results from operating activities	384,362	2,429,978	3,786,112	4,072,380	6,521,097	8,274,284	5,660,334	4,128,866	1,052,636	1,222,479
Finance income	350,316	1,612,788	2,057,165	4,257,325	1,392,836	3,392,719	216,434	1,391,288	9,317	721,330
Finance cost	(707,270)	(1,478,640)	(1,830,763)	(3,078,346)	(1,791,852)	(3,411,388)	(2,158,175)	(2,506,686)	(830,232)	(1,790,268)
Share of profit of equity accounted investees (net of tax)	-	-	-	-	(15,215)	(8,608)	-	-	-	-
Change in fair value of Investment Properties	40,683	91,844	-	-	-	-	-	-	-	-
Value added tax on financial services	-	-	-	-	-	-	-	-	-	-
Profit before tax	68,091	2,655,970	4,012,515	5,251,360	6,106,866	8,247,007	3,718,592	3,013,468	231,721	153,541
Tax	84,855	185,090	339,952	974,790	1,807,625	1,752,544	1,230,880	2,610,255	45,649	163,750
Depreciation on property, plant & equipment	273,729	220,824	910,032	964,549	881,705	834,335	1,290,956	1,404,479	304,885	330,949
Charge/Reversal of Impairment of property, plant & equipment	-	-	-	-	-	-	17,528	1,448	(5,238)	-
Amortisation of intangible assets	13,525	12,524	84,116	46,820	22,501	15,682	44,386	41,227	20,776	18,224
Total assets (excl. equity accounted investees)	19,910,646	18,693,540	33,950,516	34,611,182	38,197,022	38,550,792	35,720,750	40,174,624	12,865,858	10,502,630
Investment in equity accounted investees	-	-	390,982	390,983	1,099	16,315	-	-	-	-
Additions to Property Plant & equipment	794,118	1,011,216	2,793,905	3,328,162	2,018,962	1,860,853	1,138,549	3,486,314	357,158	662,184
Improvements to Biological assets	-	-	-	-	-	-	-	-	-	-
Additions to Intangible assets	3,822	2,802	136,552	103,153	80,483	46,110	6,883	165,612	8,575	15,013
Current portion of interest bearing borrowings	212,419	376,947	1,315,782	2,369,538	290,101	205,693	2,733,610	1,684,134	67,941	589,012
Non-current portion of interest bearing borrowings	467,059	516,082	2,490,500	2,363,564	399,313	333,935	5,122,835	5,221,356	1,143,514	935,695
Goodwill	-	-	33,308	33,308	202,041	202,041	2,103,885	2,103,885	-	-
Non Interest bearing liabilities										
Deferred tax Liability	752,215	804,293	107,520	157,891	192,185	136,709	2,638,397	3,134,141	496,199	444,218
Employee benefit obligations	523,060	429,234	1,379,832	1,263,489	1,737,269	1,230,526	1,159,191	997,561	222,397	206,975
Trade and other payables	1,810,435	1,961,666	5,456,853	5,426,288	5,608,240	5,246,803	8,534,690	10,027,181	1,895,935	1,328,042
Cash Flow										
Segment cash flows from Operating Activities	(493,952)	3,554,744	3,439,279	7,718,213	7,876,834	10,121,954	6,011,425	481,140	(1,365,613)	541,829
Segment cash flows from Investment Activities	(1,151,665)	(895,000)	(2,018,166)	(3,710,040)	(1,700,623)	(1,619,141)	(997,949)	(1,770,270)	(357,564)	(534,972)
Segment cash flows from Financing Activities	(254,577)	(1,738,635)	(1,796,714)	(3,939,838)	(1,774,357)	(3,143,634)	(2,548,073)	(1,279,938)	280,534	(894,389)

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.

Plantations		Agriculture		Consumer & Retail		Leisure		Industry Inputs		Power and Renewable Energy		Transportation & Logistics	
2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
18,486,281	16,681,909	36,286,127	34,427,007	81,872,510	64,014,134	9,613,834	7,052,550	8,918,111	8,316,875	1,315,100	1,329,346	91,968,991	134,746,066
(385,660)	(369,396)	(1,407,235)	(1,429,004)	(274,705)	(121,415)	(594,979)	(365,935)	(501,186)	(928,304)	-	-	(616,073)	(451,275)
18,100,621	16,312,513	34,878,892	32,998,004	81,597,805	63,892,719	9,018,855	6,686,614	8,416,925	7,388,571	1,315,100	1,329,346	91,352,918	134,294,791
3,052,678	4,186,958	3,936,649	7,378,599	3,486,525	7,457,327	(427,003)	(901,149)	1,368,494	1,689,825	584,977	565,272	6,805,899	15,737,195
919,339	918,792	789,173	1,727,233	2,272,969	1,052,832	94,340	94,036	42,147	168,905	32,580	3,930	1,353,648	4,153,470
(446,633)	(157,243)	(1,705,462)	(4,096,240)	(4,793,138)	(7,424,640)	(1,562,818)	(1,620,962)	(644,003)	(917,292)	(85,508)	(172,781)	(4,466,321)	(5,120,268)
-	-	-	-	-	-	-	-	-	-	40,230	142,885	(33,007)	25,781
-	-	-	-	-	-	-	-	-	-	-	-	10,950	212,213
-	-	-	-	(396,855)	(394,713)	-	-	-	-	-	-	-	-
3,525,384	5,353,931	3,020,360	5,009,592	569,502	690,807	(1,895,481)	(2,428,075)	766,638	941,438	572,278	539,306	3,671,169	15,008,391
1,271,818	1,550,582	931,574	1,477,813	436,179	198,066	(17,953)	(42,914)	213,776	210,096	74,937	63,661	2,320,304	5,381,198
889,252	480,839	253,094	128,841	731,402	764,655	673,594	772,946	65,829	4,288	270,950	272,149	1,679,812	1,632,530
-	-	-	-	-	-	(136)	-	-	-	-	-	10,679	-
1,467	1,467	12,627	12,641	58,937	60,593	19,318	10,883	9,284	9,295	10,677	11,732	63,504	51,190
25,104,301	23,991,323	25,977,613	26,323,003	98,576,962	80,835,563	19,587,370	19,493,769	10,269,165	8,334,439	5,162,711	6,216,243	74,348,999	70,267,255
139,858	-	-	-	-	-	-	-	525,000	525,000	304,637	665,769	66,385	57,917
1,279,745	852,133	673,727	1,629,001	524,564	914,249	1,227,243	679,384	265,256	23,965	3,909	1,123	3,313,071	3,673,236
16,416	16,655	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	41,624	38,755	41,299	26,384	-	-	-	-	25,860	164,910
441,721	460,538	495,898	478,765	5,934,681	9,470,684	2,213,254	2,220,294	209,862	363,431	1,325	87,664	2,972,112	3,916,999
1,726,707	1,184,965	1,373,694	789,677	12,972,325	14,491,800	8,249,318	9,578,310	60,100	280,512	180,404	637,108	6,850,134	9,043,609
663,167	498,063	-	-	-	-	-	-	-	-	-	-	633,283	633,283
2,358,411	2,064,626	67,762	122,134	41,033	661,060	903,217	689,790	18,086	17,795	16,612	6,579	2,643,257	3,175,122
2,686,048	2,278,722	820,485	765,020	1,317,819	1,126,468	171,759	132,165	189,205	152,165	11,446	17,106	2,802,589	2,404,244
2,006,943	2,678,552	4,369,194	3,504,908	10,430,081	7,755,112	3,781,172	2,258,083	1,362,967	943,543	65,963	250,134	13,591,679	16,288,581
2,415,485	4,182,511	2,210,044	996,112	(6,476,605)	874,230	733,333	183,399	792,075	164,489	582,473	203,630	(5,124,447)	4,295,631
(448,031)	(48,508)	2,485,083	(1,321,093)	(269,006)	(1,635,470)	(946,663)	(605,289)	504,674	(124,794)	191,921	-	(4,289,715)	(4,871,643)
(773,179)	(1,483,717)	(965,071)	(3,035,922)	6,305,360	1,598,150	98,489	391,670	(779,452)	(799,289)	(473,871)	63,603	(2,766,761)	(3,933,176)

NOTES TO THE FINANCIAL STATEMENTS

In Rs '000	Projects & Engineering		Tea Exports		Others		Non Segment Adjustments*		Total	
For the year ended 31st March,	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue										
Total	26,290,825	15,263,030	12,590,568	12,623,664	2,558,150	2,373,771	-	-	453,469,315	498,890,860
Intra Group	(6,494,784)	(1,670,929)	(392,059)	(314,509)	(1,119,477)	(839,739)	-	-	(16,636,045)	(11,459,979)
External	19,796,041	13,592,100	12,198,509	12,309,154	1,438,673	1,534,032	-	-	436,833,270	487,430,881
Segment results										
Results from operating activities	4,512,848	2,374,870	829,465	1,329,825	6,728,269	7,198,076	(5,560,480)	(6,072,043)	42,722,860	61,072,747
Finance income	914,564	728,851	172,558	657,872	356,706	902,747	(1,066,356)	(1,063,253)	9,907,736	20,720,866
Finance cost	(1,094,079)	(1,992,610)	(345,574)	(613,636)	(4,746,015)	(5,320,254)	57,790	162,986	(27,150,052)	(39,538,267)
Share of profit of equity accounted investees (net of tax)	-	-	167,197	380,920	-	-	-	-	159,205	540,978
Change in fair value of Investment Properties	-	-	-	-	41,180	43,400	-	-	92,813	347,457
Value added tax on financial services	-	-	-	-	-	-	-	-	(396,855)	(394,713)
Profit before tax	4,333,333	1,111,111	823,646	1,374,061	2,380,140	2,887,705	(6,569,046)	(6,972,310)	25,335,707	42,749,068
Tax	549,531	(28,055)	209,624	186,213	439,566	299,155	550,666	94,525	- 10,488,984	15,076,768
Depreciation on property, plant & equipment	71,815	51,776	99,840	80,588	127,462	108,893	-	-	8,524,354	8,052,642
Charge/Reversal of Impairment of property, plant & equipment	-	-	-	-	-	-	-	-	22,833	1,448
Amortisation of intangible assets	15,579	9,681	2,578	2,578	14,007	13,400	-	-	393,280	317,937
Total assets (excl. equity accounted investees)	26,530,184	9,547,691	4,857,003	4,303,550	72,231,311	72,012,934	(59,672,659)	(54,480,935)	443,617,754	409,377,600
Investment in equity accounted investees	-	-	(214,323)	203,526	1,504,863	1,504,863	-	-	2,718,502	3,364,373
Additions to Property Plant & equipment	2,359,369	72,348	311,538	343,255	274,768	306,914	(214)	(214)	17,335,669	18,844,124
Improvements to Biological assets	-	-	-	-	-	-	-	-	16,416	16,655
Additions to Intangible assets	8,870	6,160	-	-	-	9,314	-	-	353,968	577,509
Current portion of interest bearing borrowings	296,290	219,380	50,083	101,591	9,925,000	9,028,718	-	-	27,160,079	31,573,389
Non-current portion of interest bearing borrowings	1,180,662	650,528	62,604	14,082	14,375,000	13,116,984	-	-	56,654,168	59,158,207
Goodwill	-	-	-	-	10,954,441	10,954,441	-	-	14,590,125	14,425,726
Non Interest bearing liabilities		-	-	-						
Deferred tax Liability	19,385	16,729	60,601	54,851	1,143,609	1,116,256	-	-	11,458,489	12,602,194
Employee benefit obligations	192,856	121,770	68,738	54,758	1,979,769	1,665,045	-	-	15,262,465	12,845,248
Trade and other payables	12,036,254	3,261,152	536,274	487,204	5,148,526	5,414,698	54,019	(426,894)	76,689,226	66,405,057
Cash Flow										
Segment cash flows from Operating Activities	1,483,753	1,333,775	871,153	575,978	5,831,305	6,655,046	11,623,880	14,910,998	30,410,421	56,793,678
Segment cash flows from Investment Activities	(2,103,981)	31,994	(415,885)	(321,839)	(1,068,699)	371,004	1,141,838	4,999,580	(11,444,431)	(12,055,481)
Segment cash flows from Financing Activities	2,686,981	(1,242,904)	(90,737)	(677,490)	(6,718,411)	(7,144,260)	(22,927,107)	(8,996,703)	(32,496,946)	(36,256,472)

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.

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. 129.18 bn (2023 - Rs. 107.01 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.

NOTES TO THE FINANCIAL STATEMENTS

Treasury bills

Singer Finance (Lanka) PLC invests not less than 7.5% of the average of its month end total deposit liabilities and borrowings of the twelve months of the preceding financial year in Sri Lanka Government Treasury Bills and Bonds 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. 28.18 bn at 31 March 2024 (2023 -Rs. 24.18 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)
- HSBC Bank – AA- (lka)
- Deutsche Bank – 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 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 2024	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
Consolidated						
Interest-bearing loans and borrowings	13,239,892	71,680,186	30,308,605	50,562,174	6,091,996	171,882,853
Trade and other payables	21,729,995	41,720,011	8,519,497	4,667,403	52,320	76,689,226
Security deposit	-	-	-	-	1,560,728	1,560,728
Other financial liabilities	1,500,808	12,160,216	5,266,252	3,226,726	25,509	22,179,511
	36,470,695	125,560,413	44,094,354	58,456,303	7,730,553	272,312,318

As at 31st March 2024	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
Company						
Interest-bearing loans and borrowings	661,691	10,785,060	4,405,779	7,500,000	6,875,000	30,227,530
Trade and other payables	-	4,066,989	(28,667)	839,319	-	4,877,641
	661,691	14,852,049	4,377,112	8,339,319	6,875,000	35,105,171

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
Consolidated						
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

NOTES TO THE FINANCIAL STATEMENTS

As at 31st March 2023	On demand	Less than 3 Months	3 to 12 months	1 to 5 years	>5 years	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Company						
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

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 2024 and 2023.

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 advices 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 Effect on profit before tax	COMPANY Effect on profit before tax
		Rs.'000	Rs.'000
2024	+ 200	(3,148,722)	(835,250)
	- 200	3,148,722	835,250
2023	+ 1500	(20,575,063)	(3,888,469)
	- 1500	20,575,063	3,888,469

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 advices the sectors on a regular basis on hedging strategies and their timing.

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			CONSOLIDATED		COMPANY	
		Increase/ decrease in base point	Effect on profit before tax	Effect on Foreign currency translation reserve	Effect on profit before tax	Effect on Foreign currency translation reserve
			Rs.'000	Rs.'000	Rs.'000	Rs.'000
2024	USD	+10%	(3,370,564)	1,232,107	-	-
	Euro	+10%	87,056	471,747	-	-
	USD	-10%	3,370,564	(1,232,107)	-	-
	Euro	-10%	(87,056)	(471,747)	-	-
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)	-	-

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.

NOTES 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	
	2024	2023	**2024**	2023
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Interest Bearing borrowing	56,654,168	59,158,207	14,375,000	13,185,518
Current portion of Long term interest bearing borrowings	27,160,079	31,573,389	10,005,604	9,080,337
Short term interest bearing borrowings	88,068,606	68,964,025	5,846,926	5,166,716
	171,882,853	159,695,621	30,227,530	27,432,571
Equity	125,530,085	122,706,657	11,767,526	14,459,427
Equity and debts	297,412,938	282,402,278	41,995,056	41,891,998
Gearing ratio	58%	57%	72%	65%

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.

Details of the computation and the resulting rations are given below:

As at 31st March	Balance		Risk-Weighted Factor	Risk-Weighted Balance	
	2024	2023		**2024**	2023
Total Risk-Weighted Assets Computation	**Rs.'000**	Rs.'000		**Rs.'000**	Rs.'000
Assets					
Risk Weighted Amount for Credit Risk					
Notes and Coins	283,287	254,314	0%	-	-
Cash Items in the Process of Collection	87,091	103,196	20%	17,418	20,639
Fixed Assets	1,336,419	1,298,311	1.00	1,336,419	1,298,311
Other Assets/Exposures	355,405	309,182	1.00	355,405	309,182
Investment in Government Securities	2,942,352	2,013,992	0%	-	-

As at 31st March Total Risk-Weighted Assets Computation	Balance 2024 Rs.'000	Balance 2023 Rs.'000	Risk-Weighted Factor	Risk-Weighted Balance 2024 Rs.'000	Risk-Weighted Balance 2023 Rs.'000
Claims on Banks					
AAA to BBB-	3,701,426	3,563,383	20%	740,285	712,677
Below B-	-	4,012	150%	-	6,019
Claims on Corporates					
AAA to AA-	-	-	20%	-	-
Unrated	2,185	2,120	100%	2,185	2,120
Retail claims in respect of motor vehicles and machinery	10,087,231	8,936,390	100%	10,087,231	8,936,390
Claims Secured by Gold					-
Outstanding claim portion up to 70% of the market value	5,030,914	6,380,721	0%	-	-
Remaining outstanding claim portion over 70% of the market value	482,592	1,192,944	100%	482,592	1,192,944
Retail claims secured by immovable property					
Retail claims that qualify for regulatory capital purposes	19,273			9,637	
Retail claims that do not qualify for regulatory capital purposes	-	78,067	100%	-	78,067
Other retail claims	9,439,435	4,269,349	125%	11,799,294	5,336,686
Non-performing retail claims secured by immovable property					
Specific provisions are less than 20%	4,249	-	50%	4,249	-
Other Non-Performing Assets					
Specific provisions are equal or more than 20%	104,439	297,823	100%	104,439	297,823
Specific provisions are less than 20%	2,006,129	1,271,638	150%	3,009,194	1,907,457
Total Risk - Weighted Assets	35,882,428	29,975,441		27,948,348	20,098,315
Risk Weighted Amount for Operational Risk					
Interest Income	6,614,125	5,081,737	15%	992,119	762,261
Interest Expenses	(3,755,861)	(2,758,426)	15%	(563,379)	(413,764)
Non-interest income	426,118	828,945	15%	63,918	124,342
	3,284,381	3,152,256		492,657	472,838
Risk-Weighted Amount for operational Risk under the Basic Indicator Approach				3,941,258	3,782,708
Total Risk - Weighted Assets	39,166,810	33,127,698		31,889,606	23,881,022
Total Capital Base Computation					
Stated Capital				1,996,444	1,996,444
Reserved Fund				335,411	254,564
Published Retained Earnings				2,829,207	2,722,160
Less:-					
Deferred tax				93,093	113,392
Other Intangible Assets (net)				87,825	80,387
Total Core Capital				4,980,144	4,779,389
Supplementary Capital				933,333	1,333,333
Total Supplementary Capital				933,333	1,333,333
Capital Base				5,913,477	6,112,722

Capital Adequacy ratio

As at 31st March		2024 Rs. '000	2023 Rs. '000
Core Capital Ratio	Core Capital	15.62%	20.01%
	Risk- Weighted Assets		
Total Capital Ratio	Capital Base	18.54%	25.60%
	Risk- Weighted Assets		

Collateral

The Group has not pledged its debtors as collateral for long term borrowings at 31 March 2024 and 2023, other than those mentioned in Note 25.11 to the Financial Statements.

TEN YEAR SUMMARY

As at 31st March	10-Year Compound Growth (%)	2024 Rs '000	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
Results											
Revenue	18%	436,833,270	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
Profit before taxation	17%	25,335,707	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
Taxation	23%	(10,488,984)	(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)
Profit after tax	15%	14,846,723	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
Non-controlling Interest	15%	(7,957,953)	(11,320,455)	(9,842,374)	(6,408,976)	(2,522,360)	(2,484,532)	(2,248,546)	(2,264,389)	(2,077,507)	(2,305,036)
Profit attributable to owners of the parent	14%	6,888,770	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
Funds Employed											
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)
Capital reserves	-5%	870,062	760,344	711,396	688,411	676,104	636,039	887,340	943,608	1,067,819	1,303,980
Other component of equity	13%	29,821,606	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
Revenue reserves	15%	47,896,325	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
Equity attributable to equity holders of the parent	13%	80,162,993	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
Non-controlling Interest	14%	45,367,092	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
Borrowings (short-and long-term)	21%	171,882,853	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
Assets Employed											
Non-current assets	15%	184,718,439	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
Current assets	22%	261,617,816	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
Current liabilities net of borrowings	25%	(114,726,369)	(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)
Security deposit	100%	(1,560,728)	(1,468,392)	(1,462,347)	(1,366,565)	(1,394,611)	(1,388,434)	(1,199,128)	-	-	-
Other non current liabilities	100%	(1,750,010)	(2,083,838)	(1,637,526)	(1,666,017)	(1,730,000)	(1,448,000)	(2,717,541)	-	-	-
Other non current financial liabilities	100%	(3,252,235)	(5,844,248)	(2,317,848)	(2,091,132)	(1,979,089)	(804,556)	(403,056)	-	-	-
Provisions	16%	(26,720,954)	(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)
Grants	2%	(913,021)	(924,138)	(838,161)	(836,618)	787,993	(777,850)	(772,147)	(743,387)	(739,677)	(713,495)
Capital Employed	17%	297,412,938	282,402,279	277,221,061	189,660,930	186,411,894	175,162,339	152,448,769	102,786,562	80,036,259	73,543,555
Cash Flow											
Net cash inflow/(outflow) from operating activities		30,426,524	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
Net cash inflow/(outflow) from investing activities		(11,460,535)	(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)
Net cash inflow/(outflow) from financing activities		(32,496,945)	(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)
Increase/(decrease) in cash and cash equivalents		(13,530,956)	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
Key Indicators											
Earnings per share (basic) (Rs.) ***		9.19	21.80	24.34	10.18	0.50	0.35	1.37	3.71	4.16	3.44
Dividend per share (basic) (Rs.) ***		5.35	5.35	4.00	1.30	-	0.50	0.50	0.75	0.65	0.60
Net assets per share (Rs.) ***		106.88	105.24	89.85	63.49	52.94	53.66	52.87	54.49	41.46	39.02
Market price per share (Rs.)		82.10**	72.00**	76.90**	60.80**	123.6*	168*	200.7*	265*	245.78*	300*
% change in All Share Price Index		23.04	4.46	2.72	89.61	(17.74)	(14.20)	6.84	(0.16)	(10.97)	14.28
Return on average shareholders' funds (%)		8.59	20.72	27.09	16.04	0.94	0.66	2.58	6.81	10.03	8.82
Return on average capital employed (%)		14.36	21.63	14.85	13.80	9.04	9.76	8.94	10.58	11.08	12.54
Price earnings ratio (times)		8.94	3.30	3.12	5.97	24.89	47.48	14.70	7.14	5.91	8.72
Interest cover (times covered)		1.94	2.15	3.37	3.00	1.39	1.47	1.77	3.05	4.20	3.98
Dividend payout Ratio (%)		58.25	24.54	16.43	12.77	-	141.30	36.63	20.21	15.64	17.43

*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	
	2024 USD '000	2023 USD '000	2024 USD '000	2023 USD '000
Revenue	1,380,025	1,353,363	1,959	1,689
Cost of sales	(1,019,191)	(1,010,022)	(1,766)	(1,298)
Direct Interest Cost	(15,141)	(12,285)	-	-
Gross profit	345,693	331,056	193	391
Group dividend	-	-	17,056	16,375
Other income	10,723	11,883	2	-
Distribution expenses	(48,577)	(38,219)	-	-
Administrative expenses	(171,789)	(131,881)	2,433	2,003
Other expenses	(1,082)	(3,269)	(1)	(1)
Results from operating activities	134,968	169,570	19,683	18,768
Finance income	31,300	57,532	377	1,691
Finance cost	(85,771)	(109,779)	(14,971)	(14,649)
Net finance cost	(54,471)	(52,247)	(14,594)	(12,958)
Change in fair value of investment property	293	965	12	16
Share of profit of equity accounted investees (net of tax)	503	1,502	-	-
Value added tax on financial service	(1,254)	(1,096)	-	-
Profit before tax	80,039	118,694	5,101	5,826
Tax expense	(33,136)	(41,861)	(887)	(547)
Profit for the year	46,903	76,833	4,214	5,279
Profit for the period attributable to:				
Owners of the parent	21,763	45,401	4,214	5,279
Non-controlling interest	25,140	31,432	-	-
Profit for the year	46,903	76,833	4,214	5,279
Average exchange rate	316.54	360.16	316.54	360.16

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	
	2024 USD '000	2023 USD '000	**2024 USD '000**	2023 USD '000
Assets				
Non-current assets				
Property, plant & equipment	446,145	384,414	1,911	617
Right of use assets	39,129	37,053	213	388
Investment Properties	6,808	5,922	328	288
Biological assets	5,023	3,991	-	-
Intangible assets	53,907	49,273	187	198
Investments in subsidiaries	-	-	132,530	120,458
Investments in equity accounted investees	9,065	10,226	5,018	4,574
Other non- current financial assets	1,320	2,861	140	151
Non- current trade and other receivables	40,190	25,408	2,694	-
Other non-current assets	3,175	2,892	-	-
Amounts due from subsidiaries	11,213	10,370	221	209
Total non-current assets	615,975	532,410	143,242	126,883
Current assets				
Inventories	284,123	265,965	121	111
Amounts due from subsidiaries	-	-	17,939	12,961
Amounts due from equity accounted investees	566	485	25	3
Trade and other receivables	390,570	299,854	184	111
Other current assets	20,905	16,742	234	171
Income tax recoverable	3,816	2,870	-	-
Other current financial assets	7,257	2,600	67	45
Cash and cash equivalents	71,215	60,123	1,686	4,526
Assets classified as held for sale	93,956	73,486	1,096	3,478
Total current assets	872,408	722,125	21,352	21,406
Total assets	1,488,383	1,254,535	164,594	148,289
Equity and Liabilities				
Stated capital	20,314	20,314	20,314	20,314
Capital reserves	2,901	2,311	44	40
Other components of equity	84,383	80,109	(15,063)	(15,526)
Revenue reserves	159,718	137,175	33,945	39,122
Total equity attributable to equity holders of the company	267,316	239,909	39,240	43,950
Non-controlling interest	151,284	133,059	-	-
Total equity	418,600	372,968	39,240	43,950

As at 31st March	CONSOLIDATED		COMPANY	
	2024 USD '000	2023 USD '000	2024 USD '000	2023 USD '000
Non-current liabilities				
Interest-bearing borrowings	188,923	179,812	47,936	40,078
Grants	3,045	2,809	-	-
Deferred tax liabilities	38,210	38,305	-	-
Security deposits	5,205	4,463	-	-
Other non-current liabilities	5,836	6,334	-	-
Other non-current financial liabilities	10,845	17,764	-	-
Employee benefit obligations	50,895	39,043	6,323	4,742
Total non-current liabilities	302,959	288,530	54,259	44,820
Current liabilities				
Trade and other payables	255,733	201,839	16,265	14,722
Other current liabilities	38,082	23,756	297	205
Deferred revenue	12,091	2,901	-	-
Other current financial liabilities	63,116	40,595	-	-
Amounts due to subsidiaries	-	-	1,295	929
Amounts due to equity accounted investees	2	1	1	1
Income tax payable	13,551	18,360	374	359
Current portion of long term interest-bearing borrowings	90,570	95,968	33,365	27,600
Short-term interest-bearing borrowings	293,679	209,617	19,498	15,703
Total current liabilities	766,824	593,037	71,095	59,519
Total liabilities	1,069,783	881,567	125,354	104,339
Total equity and liabilities	1,488,383	1,254,535	164,594	148,289
Closing exchange rate	299.88	329.00	299.88	329.00

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	YEAR									
	2024		2023		2022		2021		2020	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
Revenue	436,833,270	-10%	487,430,881	44%	338,009,580	40%	241,275,661	15%	210,307,003	-4%
Cost of sales	(322,614,872)	-11%	(363,772,324)	41%	(258,715,354)	45%	(178,244,709)	13%	(158,324,525)	-6%
Direct interest cost	(4,792,620)	8%	(4,424,524)	130%	(1,920,345)	3%	(1,872,405)	2%	(1,829,082)	45%
Gross profit	109,425,778	-8%	119,234,033	54%	77,373,881	27%	61,158,547	22%	50,153,396	2%
Group dividend	-	-	-		-		-		-	
Other income	3,394,296	-21%	4,279,601	114%	1,997,601	36%	1,467,771	-12%	1,672,923	-33%
Distribution expenses	(15,376,598)	12%	(13,764,885)	10%	(12,514,847)	14%	(10,949,210)	2%	(10,687,848)	8%
Administrative expenses	(54,378,179)	14%	(47,498,694)	45%	(32,842,133)	28%	(25,561,250)	5%	(24,247,578)	-4%
Other expenses	(342,437)	-71%	(1,177,308)	180%	(420,743)	160%	(162,060)	-61%	(418,013)	3%
Results from operating activities	42,722,860	-30%	61,072,747	82%	33,593,759	29%	25,953,798	58%	16,472,880	3%
Finance income	9,907,736	-52%	20,720,866	23%	16,831,989	430%	3,175,954	56%	2,038,444	-21%
Finance cost	(27,150,052)	-31%	(39,538,267)	-366%	(14,882,770)	48%	(10,051,725)	-23%	(13,047,348)	0%
Net finance cost	(17,242,316)	-8%	(18,817,401)	-1065%	1,949,219	-128%	(6,875,771)	-38%	(11,008,904)	5%
Change in fair value of investment properties	92,813	-73%	347,457	6%	328,543	68%	195,638	125%	86,882	-24%
Share of profit of equity accounted investees (net of tax)	159,205	-71%	540,978	139%	226,794	-10%	252,611	-4%	264,061	50%
Value added tax on financial services	(396,855)	1%	(394,713)	3%	(381,570)	30%	(292,487)	-6%	(310,867)	6%
Profit before tax	25,335,707	-41%	42,749,068	20%	35,716,745	86%	19,233,789	249%	5,504,052	1%
Tax expense	(10,488,984)	-30%	(15,076,768)	98%	(7,617,844)	47%	(5,187,582)	99%	(2,609,260)	-4%
Profit for the year	14,846,723	-46%	27,672,299	-2%	28,098,901	100%	14,046,207	385%	2,894,792	5%

STATEMENT OF PROFIT OR LOSS - VERTICAL ANALYSIS

For the year ended 31st March	YEAR									
	2024		2023		2022		2021		2020	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
Revenue	436,833,270	100%	487,430,881	100%	338,009,580	100%	241,275,661	100%	210,307,003	100%
Cost of sales	(322,614,872)	-74%	(363,772,324)	-75%	(258,715,354)	-77%	(178,244,709)	-74%	(158,324,525)	-75%
Direct interest cost	(4,792,620)	-1%	(4,424,524)	-1%	(1,920,345)	-1%	(1,872,405)	-1%	(1,829,082)	-1%
Gross profit	109,425,778	25%	119,234,033	24%	77,373,881	23%	61,158,547	25%	50,153,396	24%
Other income	3,394,296	1%	4,279,601	1%	1,997,601	1%	1,467,771	1%	1,672,923	1%
Distribution expenses	(15,376,598)	-4%	(13,764,885)	-3%	(12,514,847)	-4%	(10,949,210)	-5%	(10,687,848)	-5%
Administrative expenses	(54,378,179)	-12%	(47,498,694)	-10%	(32,842,133)	-10%	(25,561,250)	-11%	(24,247,578)	-12%
Other expenses	(342,437)	0%	(1,177,308)	0%	(420,743)	0%	(162,060)	0%	(418,013)	0%
Results from operating activities	42,722,860	10%	61,072,747	13%	33,593,759	10%	25,953,798	11%	16,472,880	8%
Finance income	9,907,736	2%	20,720,866	4%	16,831,989	5%	3,175,954	1%	2,038,444	1%
Finance cost	(27,150,052)	-6%	(39,538,267)	-8%	(14,882,770)	-4%	(10,051,725)	-4%	(13,047,348)	-6%
Net finance cost	(17,242,316)	-4%	(18,817,401)	-4%	1,949,219	1%	(6,875,771)	-3%	(11,008,904)	-5%
Change in fair value of investment properties	92,813	0%	347,457	0%	328,543	0%	195,638	0%	86,882	0%
Share of profit of equity accounted investees (net of tax)	159,205	0%	540,978	0%	226,794	0%	252,611	0%	264,061	0%
Value added tax on financial services	(396,855)	0%	(394,713)	0%	(381,570)	0%	(292,487)	0%	(310,867)	0%
Profit before tax	25,335,707	6%	42,749,068	9%	35,716,745	11%	19,233,789	8%	5,504,052	3%
Tax expense	(10,488,984)	-2%	(15,076,768)	-3%	(7,617,844)	-2%	(5,187,582)	-2%	(2,609,260)	-1%
Profit for the year	14,846,723	3%	27,672,299	6%	28,098,901	8%	14,046,207	6%	2,894,792	1%

STATEMENT OF FINANCIAL POSITION - HORIZONTAL ANALYSIS

For the year ended 31st March	YEAR									
	2024		2023		2022		2021		2020	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
Assets										
Non-current assets										
Property, plant & equipment	133,789,861	6%	126,472,089	14%	111,189,851	24%	89,685,742	1%	88,485,496	2%
Right-of-use assets	11,733,876	-4%	12,190,393	7%	11,389,087	15%	9,934,309	3%	9,613,729	
Investment properties	2,041,561	5%	1,948,326	-25%	2,601,101	-8%	2,824,180	4%	2,719,260	36%
Biological assets	1,506,271	15%	1,313,069	119%	599,064	13%	530,543	5%	505,240	12%
Intangible assets	16,165,508	0%	16,210,948	4%	15,544,031	17%	13,272,669	0%	13,293,849	-6%
Investments in subsidiaries	-		-		-		-		-	
Investments in equity accounted investees	2,718,502	-19%	3,364,373	55%	2,164,377	3%	2,097,766	-1%	2,113,980	7%
Other non- current financial assets	395,960	-58%	941,292	932%	91,199	-63%	248,805	-1%	252,027	-3%
Non- current trade and other receivables	12,052,092	44%	8,359,072	-32%	12,331,710	4%	11,912,418	5%	11,333,929	-2%
Other non-current assets	952,191	0%	951,608	-3%	983,043	-2%	1,007,322	-10%	1,119,034	-55%
Deferred tax assets	3,362,617	-1%	3,411,813	22%	2,803,644	21%	2,311,501	86%	1,241,800	34%
Amounts due from subsidiaries	-		-		-		-		-	
Total non-current assets	184,718,439	5%	175,162,982	10%	159,697,107	19%	133,825,255	2%	130,678,344	8%
Current assets										
Inventories	85,202,934	-3%	87,502,323	6%	82,397,947	55%	53,100,096	26%	42,225,729	6%
Amounts due from subsidiaries	-		-		-		-		-	
Amounts due from equity accounted investees	169,803	6%	159,463	12%	142,891	-55%	318,905	112%	150,137	46%
Trade and other receivables	117,124,113	19%	98,651,672	-8%	107,082,528	59%	67,226,195	14%	59,115,893	7%
Other current assets	6,269,054	14%	5,508,223	32%	4,179,463	44%	2,893,143	25%	2,318,473	0%
Income tax recoverable	1,144,362	21%	944,281	13%	837,838	10%	764,443	-49%	1,497,885	93%
Other current financial assets	2,176,135	154%	855,239	-39%	1,400,423	202%	463,524	12%	412,536	119%
Short term deposits	21,356,037	8%	19,780,454	-1%	19,927,939	153%	7,876,500	125%	3,495,891	-5%
Cash in hand and at bank	28,175,378	17%	24,177,336	-12%	27,409,656	112%	12,912,378	54%	8,411,179	-6%
Assets classified as held for sale	-		-		-	-100%	3,021	0%	3,021	-94%
Total current assets	261,617,816	10%	237,578,991	-2%	243,378,685	67%	145,558,205	24%	117,630,744	6%
Total assets	446,336,255	8%	412,741,973	2%	403,075,792	44%	279,383,460	13%	248,309,088	7%
Equity and liabilities										
Stated capital	1,575,000	0%	1,575,000	0%	1,575,000	0%	1,575,000	0%	1,575,000	0%
Capital reserves	870,062	14%	760,344	7%	711,396	3%	688,411	2%	676,104	6%
Other components of equity	29,821,606	-5%	31,464,513	5%	30,077,359	22%	24,734,483	5%	23,644,932	2%
Revenue reserves	47,896,325	6%	45,130,447	29%	35,026,096	70%	20,620,432	49%	13,808,523	-8%
Total equity attributable to equity holders of the company	80,162,993	2%	78,930,304	17%	67,389,851	42%	47,618,326	20%	39,704,559	-1%
Non-controlling interest	45,367,092	4%	43,776,353	16%	37,896,875	37%	27,580,255	19%	23,151,943	7%
Total equity	125,530,085	2%	122,706,657	17%	105,286,726	40%	75,198,581	20%	62,856,502	2%

For the year ended 31st March	YEAR									
	2024		2023		2022		2021		2020	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
Non-current liabilities										
Interest-bearing borrowings	56,654,168	-4%	59,158,207	-7%	63,540,193	23%	51,503,754	-1%	52,239,814	32%
Grants	913,021	-1%	924,138	10%	838,161	0%	836,618	6%	787,993	1%
Deferred tax liabilities	11,458,489	-9%	12,602,194	70%	7,433,449	39%	5,357,821	5%	5,120,949	-1%
Security deposits	1,560,728	6%	1,468,392	0%	1,462,347	7%	1,366,565	-2%	1,394,611	0%
Other non-current liabilities	1,750,010	-16%	2,083,838	27%	1,637,526	-2%	1,666,017	-4%	1,730,000	19%
Other non-current financial liabilities	3,252,235	-44%	5,844,248	152%	2,317,848	11%	2,091,132	6%	1,979,089	146%
Employee benefit obligations	15,262,465	19%	12,845,248	15%	11,208,145	15%	9,777,004	6%	9,240,100	9%
Total non-current liabilities	90,851,116	-4%	94,926,265	7%	88,437,669	22%	72,598,911	0%	72,492,556	25%
Current liabilities										
Trade and other payables	76,689,226	15%	66,405,057	-16%	79,256,611	50%	52,983,547	65%	32,019,839	12%
Other current liabilities	11,419,890	46%	7,815,736	1%	7,725,691	98%	3,897,687	13%	3,447,003	-7%
Deferred revenue	3,625,769	280%	954,310	54%	618,787	26%	492,080	28%	383,218	40%
Other current financial liabilities	18,927,276	42%	13,355,662	36%	9,828,666	17%	8,374,066	66%	5,035,956	-3%
Amounts due to subsidiaries	-		-		-		-		-	
Amounts due to equity accounted investees	465	2%	456	42%	322	-96%	8,036	155%	3,152	-31%
Income tax payable	4,063,743	-33%	6,040,416	71%	3,527,178	23%	2,871,625	280%	754,952	-2%
Current portion of long term interest-bearing borrowings	27,160,079	-14%	31,573,389	15%	27,568,587	12%	24,677,856	-8%	26,774,764	4%
Short-term interest-bearing borrowings	88,068,606	28%	68,964,025	-15%	80,825,555	111%	38,280,739	-14%	44,540,814	-7%
Liabilities directly associated with assets classified as held for sale	-		-		-	-100%	332	0%	332	0%
Total current liabilities	229,955,054	18%	195,109,051	-7%	209,351,397	59%	131,585,968	16%	112,960,030	1%
Total liabilities	320,806,170	11%	290,035,316	-3%	297,789,066	46%	204,184,879	10%	185,452,586	9%
Total equity and liabilities	446,336,255	8%	412,741,973	2%	403,075,792	44%	279,383,460	13%	248,309,088	7%

STATEMENT OF FINANCIAL POSITION - VERTICAL ANALYSIS

For the year ended 31st March	YEAR									
	2024		2023		2022		2021		2020	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
Assets										
Non-current assets										
Property, plant & equipment	133,789,861	30%	126,472,089	31%	111,189,851	28%	89,685,742	32%	88,485,496	36%
Right-of-use assets	11,733,876	3%	12,190,393	3%	11,389,087	3%	9,934,309	4%	9,613,729	4%
Investment properties	2,041,561	0%	1,948,326	0%	2,601,101	1%	2,824,180	1%	2,719,260	1%
Biological assets	1,506,271	0%	1,313,069	0%	599,064	0%	530,543	0%	505,240	0%
Intangible assets	16,165,508	4%	16,210,948	4%	15,544,031	4%	13,272,669	5%	13,293,849	5%
Investments in equity accounted investees	2,718,502	1%	3,364,373	1%	2,164,377	1%	2,097,766	1%	2,113,980	1%
Other non- current financial assets	395,960	0%	941,292	0%	91,199	0%	248,805	0%	252,027	0%
Non- current trade and other receivables	12,052,092	3%	8,359,072	2%	12,331,710	3%	11,912,418	4%	11,333,929	5%
Other non-current assets	952,191	0%	951,608	0%	983,043	0%	1,007,322	0%	1,119,034	0%
Deferred tax assets	3,362,617	1%	3,411,813	1%	2,803,644	1%	2,311,501	1%	1,241,800	1%
Total non-current assets	184,718,439	41%	175,162,982	42%	159,697,107	40%	133,825,255	48%	130,678,344	53%
Current assets										
Inventories	85,202,934	19%	87,502,323	21%	82,397,947	20%	53,100,096	19%	42,225,729	17%
Amounts due from equity accounted investees	169,803	0%	159,463	0%	142,891	0%	318,905	0%	150,137	0%
Trade and other receivables	117,124,113	26%	98,651,672	24%	107,082,528	27%	67,226,195	24%	59,115,893	24%
Other current assets	6,269,054	1%	5,508,223	1%	4,179,463	1%	2,893,143	1%	2,318,473	1%
Income tax recoverable	1,144,362	0%	944,281	0%	837,838	0%	764,443	0%	1,497,885	1%
Other current financial assets	2,176,135	0%	855,239	0%	1,400,423	0%	463,524	0%	412,536	0%
Short term deposits	21,356,037	5%	19,780,454	5%	19,927,939	5%	7,876,500	3%	3,495,891	1%
Cash in hand and at bank	28,175,378	6%	24,177,336	6%	27,409,656	7%	12,912,378	5%	8,411,179	3%
Assets classified as held for sale	-	0%	-	0%	-	0%	3,021	0%	3,021	0%
Total current assets	261,617,816	59%	237,578,991	58%	243,378,685	60%	145,558,205	52%	117,630,744	47%
Total assets	446,336,255	100%	412,741,973	100%	403,075,792	100%	279,383,460	100%	248,309,088	100%
Equity and liabilities										
Stated capital	1,575,000	0%	1,575,000	0%	1,575,000	0%	1,575,000	1%	1,575,000	1%
Capital reserves	870,062	0%	760,344	0%	711,396	0%	688,411	0%	676,104	0%
Other components of equity	29,821,606	7%	31,464,513	8%	30,077,359	7%	24,734,483	9%	23,644,932	10%
Revenue reserves	47,896,325	11%	45,130,447	11%	35,026,096	9%	20,620,432	7%	13,808,523	6%
Total equity attributable to equity holders of the company	80,162,993	18%	78,930,304	19%	67,389,851	17%	47,618,326	17%	39,704,559	16%
Non-controlling interest	45,367,092	10%	43,776,353	11%	37,896,875	9%	27,580,255	10%	23,151,943	9%
Total equity	125,530,085	28%	122,706,657	30%	105,286,726	26%	75,198,581	27%	62,856,502	25%

For the year ended 31st March	YEAR									
	2024		2023		2022		2021		2020	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
Non-current liabilities										
Interest-bearing borrowings	56,654,168	13%	59,158,207	14%	63,540,193	16%	51,503,754	18%	52,239,814	21%
Grants	913,021	0%	924,138	0%	838,161	0%	836,618	0%	787,993	0%
Deferred tax liabilities	11,458,489	3%	12,602,194	3%	7,433,449	2%	5,357,821	2%	5,120,949	2%
Security deposits	1,560,728	0%	1,468,392	0%	1,462,347	0%	1,366,565	0%	1,394,611	1%
Other non-current liabilities	1,750,010	0%	2,083,838	1%	1,637,526	0%	1,666,017	1%	1,730,000	1%
Other non-current financial liabilities	3,252,235	1%	5,844,248	1%	2,317,848	1%	2,091,132	1%	1,979,089	1%
Employee benefit obligations	15,262,465	3%	12,845,248	3%	11,208,145	3%	9,777,004	3%	9,240,100	4%
Total non-current liabilities	90,851,116	20%	94,926,265	23%	88,437,669	22%	72,598,911	26%	72,492,556	29%
Current liabilities										
Trade and other payables	76,689,226	17%	66,405,057	16%	79,256,611	20%	52,983,547	19%	32,019,839	13%
Other current liabilities	11,419,890	3%	7,815,736	2%	7,725,691	2%	3,897,687	1%	3,447,003	1%
Deferred revenue	3,625,769	1%	954,310	0%	618,787	0%	492,080	0%	383,218	0%
Other current financial liabilities	18,927,276	4%	13,355,662	3%	9,828,666	2%	8,374,066	3%	5,035,956	2%
Amounts due to equity accounted investees	465	0%	456	0%	322	0%	8,036	0%	3,152	0%
Income tax payable	4,063,743	1%	6,040,416	1%	3,527,178	1%	2,871,625	1%	754,952	0%
Current portion of long term interest-bearing borrowings	27,160,079	6%	31,573,389	8%	27,568,587	7%	24,677,856	9%	26,774,764	11%
Short-term interest-bearing borrowings	88,068,606	20%	68,964,025	17%	80,825,555	20%	38,280,739	14%	44,540,814	18%
Liabilities directly associated with assets classified as held for sale	-	0%	-	0%	-	0%	332	0%	332	0%
Total current liabilities	229,955,054	52%	195,109,051	47%	209,351,397	52%	131,585,968	47%	112,960,030	45%
Total liabilities	320,806,170	72%	290,035,316	70%	297,789,066	74%	204,184,879	73%	185,452,586	75%
Total equity and liabilities	446,336,255	100%	412,741,973	100%	403,075,792	100%	279,383,460	100%	248,309,088	100%

VALUE OF REAL ESTATE

As at 31st March 2024

Ownership	Location	Address	Extent (Acres)	Buildings Sq.ft	No of buildings in each location	Market Value of Land Rs. mn 2024
Eco Solutions						
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
	Nikaweratiya	Kadigawa,Yaya ,Rasnayakapura ,Nikaweratiya	33.50	0	0	140
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
	Madampe	Sellam Pathaha, Melawagara, Madampe.	7.03	118,547	10	67
	Kuliyapitiya	"Biginhill Estate",Karagahagedera,Kuliyapitiya	4.13	47,499	7	47
Volanka Ltd.	Galle	No.193/2,193/2A, 193/4,Bandaranayke Mawatha,Magalle, Galle	1.10	15,833	7	206
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
	Nikaweratiya	Kadigawa,Yaya ,Rasnayakapura ,Nikaweratiya	15.00	0	0	63
Rileys (Pvt) Ltd.	Ekala	131,Minuwangoda road, Ekala, Ja-ela	3.80	91,582	12	638
Toyo Cushion Lanka (pvt) Ltd.	Katana	105,Thimbirigaskatuwa,Katana	3.37	40,000	15	148
Hand Protection						
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
Purification						
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 Hunuputiya Wattala.	2.48	41,463	6	333
	Madampe	Kuliyapitiya road, New town, Pothuwila, Madampe	0.31	0	0	5

Ownership	Location	Address	Extent (Acres)	Buildings Sq.ft	No of buildings in each location	Market Value of Land Rs. mn 2024
	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
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
Textiles						
Hayleys Fabric PLC	Neboda	Narthupana Estate, Neboda	54.30	413,873	25	618
Construction Materials						
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
Plantations						
Mabroc Teas (Pvt) Ltd	Kiribathgoda	No.57/3, New Hunupitiya Road, Kiribathgoda.	1.94	75,960	4	542
	Kiribathgoda	No.57/4, New Hunupitiya Road, Kiribathgoda.	0.41	-	-	205
Agriculture						
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 Industral Estate, Kotowali, Maymensingh	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	3.55	33,249	4	90
Consumer & Retail						
Singer (Sri Lanka) PLC	Ambalantota	Main Street,Ambalantota.	0.04	1,885	1	18
	Balangoda	Ratnapura Road,Balangoda.	0.04	2,080	1	21

VALUE OF REAL ESTATE

Ownership	Location	Address	Extent (Acres)	Buildings Sq.ft	No of buildings in each location	Market Value of Land Rs. mn 2024
	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
	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,Kirindiwela	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
	Ratmalana	No 52,Ferry Road, Off Borupona Road, Ratmalana.	4.41	123,320	16	492
	Ratmalana	No.02, 5th Lane Ratmalana	2.25	75,365	8	1,081
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	0	0	60
	Kadawatha	Kandy Road, Kadawatha.	0.03	0	0	19
	Kalawana	No. J63A,Watapotha Road,Nivithigala,Rathnapura.	1.62	0	0	4

Ownership	Location	Address	Extent (Acres)	Buildings Sq.ft	No of buildings in each location	Market Value of Land Rs. mn 2024
	Maradana	No.51/57,Brandiyawatta,Wellampitiya.	0.06	0	0	8
	Trincomalee	Nayanmarthidal, Thampalakamam, Trincomalee.	0.38	0	0	9
	Ambanpola	No.108 Yaluwewa,Ambanpola.	0.06	0	0	6
	Ratmalana	No.435 Galle Raod Ratmalana	0.31	12,440	1	302
Leisure						
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
Industry Inputs						
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
Power & Energy						
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
Transportation & Logistics						
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
Others						
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	Nil	Nil	13,475
Eastern Hotels (Pvt) Ltd	Trincomalee	Nilakarai Estate, Nilaweli, Trincomalee	23.48	600	3	883
Hayleys PLC	Bentota	Kaluwamodara, Bentota	0.28	Nil	Nil	98

QUARTERLY ANALYSIS

	Quarter 01		Quarter 02		Quarter 03		Quarter 04	
	2024 Rs.'000	2023 Rs.	2024 Rs.'000	2023 Rs.	2024 Rs.'000	2023 Rs.	2024 Rs.'000	2023 Rs.
Revenue	96,938,050	123,641,304	105,256,047	129,931,777	122,302,403	116,350,572	112,336,770	117,507,228
Profit before tax	2,295,396	20,007,560	4,843,074	10,009,854	7,614,809	6,534,672	10,582,428	6,196,982
Tax expense	(974,629)	(3,711,611)	(3,007,890)	(2,852,657)	(3,620,587)	(5,709,782)	(2,885,878)	(2,802,718)
Profit after tax	1,320,767	16,295,949	1,835,184	7,157,197	3,994,222	824,890	7,696,550	3,394,264
Profit attributable to owners of the parent	29,310	10,488,825	39,567	4,046,309	2,111,460	18,790	4,708,433	1,797,921
Profit attributable to non-controlling interest	1,291,457	5,807,124	1,795,617	3,110,888	1,882,762	806,100	2,988,117	1,596,343
Total comprehensive income for the period, net of tax	(492,693)	21,914,736	2,148,854	6,198,969	5,362,255	1,689,831	3,937,101	(41,689)
Non Current Assets	172,833,001	167,816,952	176,111,400	168,576,491	182,944,703	170,548,707	184,718,439	175,162,982
Current Assets	238,860,318	296,646,828	248,909,115	279,366,094	268,185,679	267,930,215	261,617,816	237,578,991
Non current liabilities	95,908,935	93,064,226	91,476,152	85,819,409	95,247,695	90,314,810	90,851,116	94,926,265
Current liabilities	194,130,191	247,295,302	210,774,261	235,351,910	229,238,884	220,925,101	229,955,054	195,109,051

	Quarter 01		Quarter 02		Quarter 03		Quarter 04	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Market Value of Shares								
Closing share price	77.60	63.80	93.00	98.20	71.40	68.00	82.10	72.00
Basic earnings per share **	0.04	13.99	0.05	5.40	2.82	0.03	6.28	2.40
Diluted earnings per share **	0.04	13.99	0.05	5.40	2.82	0.03	6.28	2.40
Highest price recorded for the three months ending	78.30	80.00	97.90	125.00	92.90	99.80	86.50	82.50
Lowest price recorded for the three months ending	65.60	50.00	80.10	59.00	70.90	63.80	71.60	63.50
Market capitalisation (Rs. mn.)	58,200	47,850	69,750	73,650	53,550	51,000	61,575	53,925
Share Trading Information								
No. of transactions	11,793	15,590	24,704	19,230	9,883	36,304	7,110	22,987
No. of shares traded	23,469,900	19,519,228	48,723,665	26,974,199	12,267,229	33,305,134	16,738,823	40,660,995
Value of shares traded (Rs)	1,675,352,381	1,339,480,073	4,367,669,328	2,997,529,546	991,297,239	2,403,088,864	1,343,473,226	3,069,669,959

SHARE INFORMATION

No. of shareholders as at 31st March 2024 - 15,147 (as at 31st March 2023 - 16,392)

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	8,499	2,665,945	0.35	39	15,684	0.00	8,538	2,681,629	0.35
1,001 - 10,000	4,581	17,002,898	2.27	52	259,430	0.03	4,633	17,262,328	2.30
10,001 - 100,000	1,593	44,827,558	5.98	45	1,771,057	0.24	1,638	46,598,615	6.22
100,001 - 1,000,000	258	74,885,219	9.98	33	6,491,807	0.87	291	81,377,026	10.85
OVER 1,000,000	43	585,355,822	78.05	4	16,724,580	2.23	47	602,080,402	80.28
	14,974	724,737,442	96.63	173	25,262,558	3.37	15,147	750,000,000	100.00
CATEGORY									
Individuals	14,291	630,627,179	84.08	156	18,541,032	2.47	14,447	649,168,211	86.55
Institutions	683	94,110,263	12.55	17	6,721,526	0.90	700	100,831,789	13.45
	14,974	724,737,442	96.63	173	25,262,558	3.37	15,147	750,000,000	100.00

FIRST TWENTY SHAREHOLDERS AS AT 31.03.2024

	Name of the Shareholder	No.of Shares as at 31.03.2024	%	No.of Shares as at 31.03.2023	%
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	13,206,525	1.76	12,027,045	1.60
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	6,130,380	0.82	6,100,880	0.81
6	Mrs. R.M. Spittel	5,646,970	0.75	5,646,970	0.75
7	GF Capital Global Limited	5,354,000	0.71	4,454,000	0.59
8	Seylan Bank PLC/Mr. M.N. Deen	4,881,889	0.65	4,881,889	0.65
9	Mr. J.M. Spittel	4,655,610	0.62	-	0.00
10	Seylan Bank PLC/Phantom Investments (Pvt) Ltd	4,546,365	0.61	-	0.00
11	Mrs. S.D. Wickremasinghe	4,492,980	0.60	4,492,980	0.60
12	Mrs. P.M. Godamunne	4,434,470	0.59	4,434,470	0.59
13	Mrs. A.K. Wikramanayake	4,384,490	0.58	4,384,490	0.58
14	Mr. S. Rameshan	4,007,620	0.53	4,007,620	0.53
15	Mrs. S.R.D. Wikramanayake	3,239,320	0.43	3,239,320	0.43
16	Renuka Hotels PLC	3,200,000	0.43	-	0.00
17	Mrs. A.M.L. Johnpulle & Mr. B.J.M. Johnpulle	3,053,629	0.41	3,721,650	0.50
18	Mrs. G.V. De Silva	2,850,830	0.38	2,850,830	0.38
19	Miss S.H. De Silva	2,850,830	0.38	2,850,830	0.38
20	Miss N.K.R.H.De Silva	2,834,010	0.38	2,834,010	0.38
	TOTAL	560,517,958	74.74	546,675,024	72.89

There were no non-voting shares as at 31.03.2024

SHARE INFORMATION

Directors' Shareholding as at 31.03.2024

	Name of Director	No. of Shares as at 31.03.2024	No. of Shares as at 31.03.2023
1	Mr. A. M. Pandithage	1,253,570	1,253,570
2	Mr. S. C. Ganegoda	250,000	250,000
3	Mr. H. S. R. Kariyawasan	94,270	94,270
4	Mr. L. R. V. Waidyaratne	379,300	379,300
5	Ms. J. Dharmasena	210,950	210,950
6	Dr. H. Cabral PC	-	-
7	Mr. M. H. Jamaldeen	-	-
8	Mr. M. Y. A. Perera	-	-
9	Mr. R. J. Karunarajah	-	-
10	Mr. K. D. G. Gunaratne	-	-
11	Mr. T. A. B. Speldewinde (appointed on 03.01.2024)	5,000	N/A

Market Value of Shares

The market value of ordinary shares of Hayleys PLC was as follows;

	31.03.2024 Rs.	31.03.2023 Rs.
Closing price on	82.10	72.00
Highest Price recorded for the twelve months ending	97.90	125.00
Lowest Price recorded for the twelve months ending	65.60	50.00
Highest Price recorded for the three months ending	86.50	82.50
Lowest Price recorded for the three months ending	71.60	63.50
Market capitalisation	61,575,000,000.00	54,000,000,000.00
Share trading from 1st April to 31st March		
No of transactions	53,490	94,111
No of shares traded	101,199,617	120,459,556
Value of shares traded	8,377,792,173.50	9,809,768,441.90
Public holding percentage	37.09%	37.10%
Number of shareholders representing the public	15,138	16,384

Float adjusted market capitalisation (Rs.) 22,838,167,500.00

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 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 - 31.03.2024

There were no transactions during the period.

DEBENTURE TRADING INFORMATION FOR THE 12 MONTHS ENDED - 31.03.2024

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	Share split	01:10	675000	750,000	Rs.1.30 p.s	975,000
2022				750,000	Rs.4.00 p.s	3,000,000
2023				750,000	Rs.5.35 p.s	4,012,500
2024				750,000	Rs.5.35 p.s	4,012,500

COUNTRY REPORT

POPULATION (2023)	22.04 mn
LAND AREA	65,610 sq. km
LANGUAGES	Sinhalese, Tamil, and English
GDP PER CAPITA (2023)	USD 3,830 (CBSL)



Background

The Sri Lankan economy returned to stability and growth during 2023, as it progressed towards recovery from a turbulent and catastrophic 2022. Key to this recovery was the agreement with the IMF for Extended Fund Facility, reached in the latter part of 2022. The country is still in default status with the expectation that the external debt restructuring will be completed shortly to set the country on a path to normalcy. Moving into 2024, the country hopes to cement the achievements in economic stability and prospects of resumption of growth; however, political stability will be at the center of agenda, being a year of elections. Constitutionally, the presidential election is due in the latter part of 2024 and the political uncertainty leading to the change of national leadership, the future of IMF programme and the economic reforms will be the key considerations.

The country's economy is challenged by structural issues including the twin deficit, long persisting gap in fiscal revenue and expenditure in the domestic front and current account deficit emanating from constant gap between imports and exports in the external sector. The economic growth derived from non-tradable goods have continued to exert pressure on the exchange rate, leading to long term depreciation of Sri Lankan Rupee. The center of the current crisis is the macro economic imbalances resulting from persistent twin deficit due to long-term policies, which inhibited export led growth for many decades.

Credit is due to the country's political and economic leadership teams including the Ministry of Finance and the Central Bank of Sri Lanka for navigating the complexities to ensure that the economy is heading towards sustainable macroeconomic stability and growth with expectation of increased private sector participation. The economic reforms are critical, but politically challenging and are being carried-out along with backing from the IMF which has long advocated strengthening market system, removing unproductive subsidiaries, rationalisation of large public sector, privatisation of State-Owned Enterprises (SOEs)s and market based pricing for essential services including power and energy. Revenue based fiscal consolidation, independence in implementation of monetary policy, stability in the financial sector and enhancing the governance framework to minimise the corruption and transparency in government affairs are the key to success.

Political climate and policy direction

The year 2023 was defined by relatively stability in the political climate, with the incumbent president taking full control over the economy, following considerable instability and public unrest due to the economic challenges that eruption in 2022 as well as disastrous decisions taken by the previous administration. During the year, the legislature of the country passed several legislations to strengthen the economic governance; this includes the Central Bank of Sri Lanka Act No. 16 of 2023 , which empowers the Central Bank with wider powers and a greater degree of independence in the conduct of monetary policy. The new legislation allows the Central Bank to introduce a flexible inflation targeting framework and implement a flexible exchange rate moving away from traditional quantitative targeting mechanism. Under this framework, the Central Bank of Sri Lanka and Minister of Finance have agreed on a 5% quarterly headline inflation target for the Colombo Consumer Price Index (CCPI), ensuring the long term price stability.

Meanwhile, the International Monetary Fund (IMF) issued its Governance Diagnostic Assessment (GDA) for Sri Lanka, proposing sixteen essential measures to improve resilience and facilitate greater transparency in the governance process, widely believed to be a major weakness in Sri Lanka. GDA focused on corruption vulnerabilities and governance weaknesses linked to corruption in several macro economically critical priority areas, including anti-corruption, anti-money laundering, and combating the financing of terrorism, fiscal governance (including public financial management, tax policy, revenue administration, state enterprise management, and public procurement), central bank governance, financial sector oversight and enforcement of contracts and protection of property rights. In addition, several major legislations targeting improvement in the governance process including Anti-Corruption Act, No. 9 of 2023 passed in the Parliament.

Social Climate

Following a socially and economically turbulent 2022, the socioeconomic condition dramatically improved along with the support programme of the government to protect the economically vulnerable segment of Sri Lanka. However, following consecutive quarters of economic contraction, the country saw a major increase in economically vulnerable populations including rise in poverty level for the fourth year in a row, with an estimated 25.9% of Sri Lankans living below the poverty line in 2023.

The country experienced an escalation in the cost of living due to administrative price revisions of utilities, rise in the cost of energy and transport together with depreciation of the Sri Lankan Rupee and unprecedented inflation in 2022. Though those prices are revised in response to fluctuations in international prices and exchange rate, the base remains prohibitively high. Contrastingly, the shortage of most essential items such as energy, medicine and food experienced in 2022 has completely normalised enabling the government to phase out quota system (QR Code based) for retail fuel distribution. This has enabled the general public to completely resume ordinary lifestyle. Uninterrupted power and energy supply facilitates smooth functioning of the economy, normalising the supply chain and functioning of the industrial sector.

Meanwhile, the country continues to experience outward labour migration especially in skilled segment and professional categories. On the other hand, the country is also experiencing a shorage of labour in the industrial sector, particularly in semi and unskilled categories. In the long-term Sri Lanka should opt to reform the labour market reducing the rigidities and opening up labour market with flexible labour laws.

Economy

The economy exhibited early signs of resuming growth, reporting 1.6% growth in Quarterly GDP at Constant Prices during the second quarter in 2023 after battling with six consecutive quarters of negative growth, longest in the country's modern economic history. Despite an overall GDP contraction of 2.3%, building on the foundation in the previous quarter, the country's GDP grew at an encouraging rate of 4.5% in the fourth quarter of the year. The country's gradual recovery from the crisis is signified by the gradual reduction in headline inflation as measured by the Colombo Consumer Price Index to mere 0.90% in March 2024, well within the target of the Central Bank. Following the softening inflation, the Central Bank commenced easing monetary policy in June 2023, correspondingly market interest rates, as measured by weekly Average Weighted Prime Lending Rate (AWPR) declined to 10.69% from 21.40% a year ago.

In the external sector, the Sri Lanka Rupee (LKR) continue to strengthen against United States Dollars (USD) and major currencies due to improving foreign exchange inflows following the growth in tourism sector and Workers' Remittance coupled with subdued import demand. The Sri Lankan Rupee appreciated 8% against USD during the financial year to close the year at 301.80. The Government of Sri Lanka gradually relaxed import controls; phasing out all import controls except motor vehicles by October 2023. Simultaneously the Central Bank remained a net buyer of USD during the year to build the Official Reserve Assets to USD 4.96 bn by end of March 2024. The appreciation of LKR against the USD added more pain to exporters, eroding the profits margin of exporters. Nevertheless, unlike in previous situations of the Rupee appreciation, the strength of exchange rate was beyond the intervention of the Central Bank, purely due to smooth functioning of market forces. It is the best interest of the economy and exporters that the Central Bank should allow market forces to determine the fair price of LKR, which is long term healthy for propelling exports and maintaining external competitiveness of the country.

The government was successful in implementing the reforms in energy sector including the implementation of transparent market-based pricing mechanisms and enhanced competition in retail fuel distribution with four more international players entering the domestic market. The electricity sector reforms proposed in the new Sri Lanka Electricity Bill encouraging competition in generation and distribution along with international best practices is another welcoming development.

Economic Outlook

The Federal Reserve is expected to initiate softening monetary policy towards third quarter of 2024 with signs of sustainable price stability. The global economy grew at 3.2% in 2023. The IMF in its World Economic Outlook report published in April 2024 expects the growth to remain at 3.2% in 2024 and 2025. The IMF predicts accelerated growth of 0.8% albeit a slower pace in Euro area and 2.7% in the USA; a key market for Sri Lankan exports while growth prospects for emerging markets; main import base of the country will remain at a slow pace of 4.2% in 2024.

The Central Bank expects the economy to grow by 3% in 2024 reaping the benefits of the relatively eased monetary conditions and low inflation environment. Further, the Central Bank expects inflation to remain under control with the existing policy stance while gradual pick of private sector credit growth would add momentum to the GDP growth. Along with the expansionary monetary policy and easing external condition, it is expected that the market interest rates would gradually adjust downwards.

The reforms and restructuring of State-Owned Enterprises (SOEs) and continuation with EEF programme of the IMF are critical for economic resurgence. The Government has expressed confidence in completing the external debt restructuring, an agreement with both official and private creditors by second quarter of 2024 to establish the long-term debt sustainability.

It is encouraging to note that the country is marching towards greater economic integration with South Asia which is the home for quarter of global population and remains the fastest-growing region in the world, with growth projected to be 6.0% in 2024 driven mainly by robust growth in India and recoveries in Pakistan and Sri Lanka.

It is expected that the country will continue with export encouraging policies, embracing open and free market policies with greater private sector participation. Regardless of the presidential election expected in latter part of 2024, the government should commit to the agenda of economic reforms to propel the economy to sustainable path of recovery. Macroeconomic stability and consistency in economic policies are key determinant of long-term growth.

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	Sri Lanka
	Venigros (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
	Icoguanti S.P.A		Italy	Italy
	Dipped Products (Thailand) Limited		Thailand	Thailand
	DPL France SAS		France	France
	ROZENBAL POLSKA Sp. z. o.o		Poland	Poland
	Dipped Products India (Private) Limited		India	India
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
	Haycarb Philippines Corporation		Philippines	Philippines
	Haycarb Singapore Pte Ltd		Singapore	Singapore

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
	Hayleys Fabric Solutions Limited		Sri Lanka	Sri Lanka
Plantations	D P L 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
	Kelani Valley Resorts (Private) Limited	Operating & managing hotels and providing services.	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	Sri Lanka
	Agro Technica Limited	Agricultural machinery and equipment	Sri Lanka	Sri Lanka
	Haychem (Bangladesh) Ltd	Crop protection chemicals	Bangladesh	Bangladesh
	Sunfrost (Private) Limted	Fresh/processed vegetables	Sri Lanka	Sri Lanka
	H J S 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
	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
	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
	Hayleys Consumer Products Limited	Lighting products and solutions, photo imaging, health care and FMCG products	Sri Lanka	Sri Lanka
	International Consumer Brands Limited		Sri Lanka	Sri Lanka

GROUP COMPANIES

Sub sector	Company	Nature of the Business	Country of Incorporation	Country of Operations
Leisure	The Kingsbury PLC	Leisure	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		Sri Lanka	Sri Lanka
	Hayleys Hotel Management Services (Private) Limited		Sri Lanka	Sri Lanka
	Hayleys Holidays (Pvt) Ltd		Sri Lanka	Sri Lanka
	Luxury Resorts Pvt Ltd		Maldives	Maldives
	Hayleys Hotels Maldives Private Limited		Maldives	Maldives
Industry Inputs and Power & Energy-	Hayleys Aventura (Private) Limited	Engineering and projects, power generation, pigments and industrial raw materials	Sri Lanka	Sri Lanka
	Hayleys Aventura Singapore Pte. Ltd.		Singapore	Singapore
	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
	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
	Beta Power (Pvt) Ltd		Sri Lanka	Sri Lanka
	Solar One Ceylon (Private) Limited	Solar power	Sri Lanka	Sri Lanka
Transportation & 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

Sub sector	Company	Nature of the Business	Country of Incorporation	Country of Operations
	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
	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
	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
	Advantis Bridge (Private) Limited		Sri Lanka	Sri Lanka
	Harbour Services Lanka (Pvt) Ltd		Sri Lanka	Sri Lanka
	Advantis Leo (Thailand) Limited		Thailand	Thailand
	S&T Interiors (Private) Limited	Interior fit out contractors	Sri Lanka	Sri Lanka
	Unisyst Engineering PLC	Aluminium fabrication	Sri Lanka	Sri Lanka

GROUP COMPANIES

Sub sector	Company	Nature of the Business	Country of Incorporation	Country of Operations
Projects & Engineering	Hayleys Fentons Limited	Solutions provider for building systems infrastructure and Solar power and information communication technology infrastructure	Sri Lanka	Sri Lanka
	Energynet (Private) Limited		Sri Lanka	Sri Lanka
	Nex-Gen Asia (Private) Limited		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
	Hayleys Fentons East Africa Limited		Kenya	Kenya
	C D C Conventions (Private) Limited		Sri Lanka	Sri Lanka
	Hayleys Produce Marketing Limited		Sri Lanka	Sri Lanka
	Feltex (Private) Limited		Sri Lanka	Sri Lanka
	Hayleys Tours (Private) Limited		Sri Lanka	Sri Lanka
	Nex-Gen Engineering Pte. Ltd.	Investment company	Singapore	Singapore
Tea Exports	Martin Bauer Hayleys (Private) Limited	Export of bulk and retail packed tea	Sri Lanka	Sri Lanka
	Mabroc Teas (Private) Limited		Sri Lanka	Sri Lanka
	Blue Mountain Tea Exports (Private) Limited		Sri Lanka	Sri Lanka
	Meridian Exports (Private) Limited		Sri Lanka	Sri Lanka
	Mabroc East Africa Limited		Kenya	Kenya
	Livee Polska SP. ZO.O.		Poland	Poland
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)	Marketing	United Kingdom	United Kingdom
	Haylex B V		Netherlands	United Kingdom
	Haylex Japan		Japan	Japan
	Hayleys Foundation (Guarantee) Limited	Corporate Social Responsibility Projects	Sri Lanka	Sri Lanka

GROUP VALUE ADDITION AND DISTRIBUTION

For the year ended 31st March	TOTAL			
	2024	Rs. mn	2023	Rs. mn
Value Created				
Revenue from contracts with customers		436,833		487,431
Other income		3,394		4,280
Change in fair value of investment properties		93		347
Share of profit of equity accounted investees		159		541
Finance income		9,908		20,721
Cost of materials and services bought in		(300,543)		(363,619)
		149,844		149,701
	Share	**Rs. mn**	Share	Rs. mn
Value Distributed				
To Employees as remuneration	35%	53,118	31%	46,671
To Government revenue	31%	46,360	19%	28,308
Of Sri Lanka		41,341		24,326
Overseas		5,019	-	3,982
To Shareholders as dividend	2%	4,013	3%	4,013
To Lenders of capital	23%	35,108	35%	50,858
Interest on borrowings		27,150		39,538
Non- Controlling interest		7,958		11,320
	92%	138,599	87%	129,850
Value retained for expansion & growth				
Depreciation	6%	8,532	5%	8,053
Profit retained	2%	2,714	8%	11,798
	8%	11,245	13%	19,851
	100%	149,844	100%	149,701

AWARDS AND RECOGNITION

	Award Title	Award Desciption
Eco Solutions	NCE Annual Export Awards	Silver in the Coconut & Coconut Product Sector- Large Category- Bonerra Limited
		Silver in the Coconut & Coconut Product Sector- Extra Large Category- Chas P Hayleys Co.(Pvt) Ltd
		Silver in the Coconut & Coconut Products Sector- Large Category- Hayleys Fibre PLC
		Bronze in the Coconut & Coconut Products Sector- Extra Large Category- Ravi Industries Limited
	CA Sri Lanka TAGS Awards	Silver in the Manufacturing Sector- Group Turnover up to LKR 10 Bn- Hayleys Fibre PLC
Hand Protection	National Business Excellence Awards (NBEA) 2023	Winner in the Export Sector
		Merit award - Extra Large Category
	Presidential Environment Award ceremony	Silver in the " Rubber-based Products Industries" category
	National Project Management Excellence 2023 Awards Ceremony	Silver in the Manufacturing Sector- Best Managed Project "New Electricians' Glove Portection Line Project"
	CMA Excellence in Integrated Reporting Awards 2023	Manufacturing Sector- Best Integrated Report
		Special award in the "10 Best Integrated Reports" for the annual report (2022/23) titled "Hand that shape the future"
	Annual Export Awards 2023 by the National Chamber of Exporters (NCE).	Silver in the Rubber & Rubber Products Sector- Extra Large Category
	CNCI Achiever Awards 2023	Double Victory
		National Bronze in the "Top 10 Award"- Extra Large Manufacturing Sector
	National Occupational Safety and Health Excellence Awards 2023	Sector winner in the Manufacturing Large Scale- DPL Universal Gloves Ltd
	25th Presidential Export Awards in Sri Lanka!	Best Exporter of Rubber Porducts (2022/23)
	National Industry Excellence Awards 2023	Platinum in Industry Excellence- Large Scale
	National Industry Excellence Awards 2023	Gold in Industry Excellence- Large Scale- Rubber, Plastics and Allied Sector
	Thailand Occupational Safety and Health Promotion Center	Platinum-level in the National Safety Award
	National Award for Labour Relations & Welfare 2023 by the Thai Ministry of Labour.	Thailand-based Disposable Glove manufacturing arm
	Sri Lanka National Quality Awards 2022	
	CA Sri Lanka Annual Report Award	Bronze in Manufacturing Sector- Group Turnover Above LKR 10 bn
	SAFA BPA Award	Certificate of Merit- Manufacturing Sector (2021/22)
Purification	Best Management Practices Company Awards 2024- The Institute of Chartered Professional Managers of Sri Lanka	Top Ten Winner in Best Management Practices
	20th Best Corporate Citizen Sustainability Awards- Ceylong Chamber of Commerce	Best Project Sustainability Awards 2023- Haritha Angara
	9th Asia Integrated Reporting Awards (AIRA)- Asia Sustainability Report Awards	Gold in the Value Creation Category
	Annual Sri Lanka National Quality Awards 2022- Sri Lanka Standards Institution (SLSI)	Merit award in Manufacturing- Large Scale
	TAGS Award Ceremony 2023- CA Sri Lanka	Gold- Manufacturing Sector
	31st NCE Export Awards Ceremony 2023- National Chmaber of Exporters of Sri Lanka	Bronze in the Coconut and Coconut Products Sector – Extra Large Category
	Export Development Board (EDB)- 25th Presidential Export Awards 2023	Best Exporter Awards for the Coconut Shell Products Sector 2022/23
	Export Development Board (EDB)- 25th Presidential Export Awards 2023	Best Exporter Awards for the Coconut Shell Products Sector 2021/22
	National Occupational Safety & Health Excellence Awards 2022	Best CSR Project for OSH during the pandemic
	CNCI Achievers Awards 2023 for Industrial Excellence- Ceylon National Chamber of Industries	Gold in the National Level Manufacturing Sector - Extra Large Category
	CNCI Achievers Awards 2023 for Industrial Excellence- Ceylon national Chamber of Industries	Top 10 Award
	CMA Excellence in Integrated Reporting Awards 2023	Best Integrated Report for the Manufacturing Sector' shared with DPL
	CMA Excellence in Integrated Reporting Awards 2023	Best Disclosure on Value Creation'
	CMA Excellence in Integrated Reporting Awards 2023	10 Best Integrated Reports'
Textiles	Astri Awards 2023	Silver in the Awarded Excellence in Design- Annual Report (2021/22)- On-line Sustainability & ESG Reporting
	Questar Awards	Silver in the Annual Report (2021/22)- Corporate Social Responsbility Report
	ESG World summit & awads 2023	Best SDG Impact Award for Commitment Contribution Towards Sustainability
	2023 International- ARC awards	37th Annual Celebration of the World's Best Annual Report (2021/22)
	Presidential Export Awards 2012-2022	Merit in the Export Development Board
	Presidential export awards 2022=2023	Merit in the Export Development Board
	Online annual reports: Manufacturing category	Bronze in the Online Annual Report (2022/23)
	-	Compliance Certificate- Manufacturing Sector- Group Turnover Above LKR 10 bn
	ISPO (Germany) Textrends Awards Fall/winter 2025/26	Best Product Innovation- Best Layer Category - Eco Stretch
	ISPO (Germany) Textrends Awards Fall/winter 2025/26	Top 10 Product Innovations- Performing Finished Category- Aqua Soft

	Award Title	Award Desciption
	ISPO (Germany) Textrends Awards Fall/winter 2025/26	Selection: Bast Layer Category- Moisture OSMOS
	National Chamber of Exporters- Exports awards 2023	Silver in the Textile & Apparel Sector- Hayleys Fabric PLC
	Asia's Top sustainability Super Women 2022	Corporate Social Responsibility- Leonie Vaas (Head of Sustainbaility and Innovations)- Hayleys Fabric PLC
	Asrid Awards 2023	Silver in the Excellence in Design- Annual Report (2021/22)- Sustainability & ESG Reporting
Construction Materials	National Business Excellence Awards	
	Ceylon institute of builders	Gold in the Annual Green Award Ceremony 2023- Sustainable Product Certificate
Plantations	Ten Best Integrated Report	Winner- Plantation Sector
	The Most Respected Entities In Sri Lanka	Ranked 99th in the Top 100 List
	Total Excellence in Tea Production Awards	Winner- Loverleap Estate
	Total Excellence in Tea Production Awards	Runer-up- Mahagastotte Estate
	Total Excellence in Tea Production Awards	Runner-up- Mahagastotte Estate
	Private Sector Recognition Award	Best Private Sector Organization- Outstanding Vounteerism and Service Community Mobilizing (2022/23)
	Women Friendly Workplace Awards 2023	
	Women Friendly Workplace Awards 2024	Winner- She Wins Category- Most Outstanding Female in Sri Lanka Workplace2023- Memamli Paranawitharana
	ESG Awards - 2023	Short-listed- Best ESG Campaign
	CPM Management Research Forum Awards - 2023	Gold in Environmental, Social and Governance
	CPM Management Research Forum Awards - 2023	Silver in Corporate & Industry Case Study
	CA TAGS Award - 2023	Gold (Joint Winner)- Plantation Sector
	LMD'S Most Awarded Ranking	Ranked 11th- Overall
	LMD'S Most Awarded Ranking	Ranked 2nd- Plantation Sector
	ECO Lable Sri Lanka Certificate	Certified- National Cleaner Production Centre
	Best Corporate Citizen Sustainability Awards 2023	Second Runner-up- Ceyon Chamber of Commerce- Less the 15 bn Turnover
	Best Business Management Practices Award	Winner- Top 10 Companies
	GREAT PLACE TO WORK – CERTIFIEDTM (April 2024-April 2025)	Winner- Kelani Valley
	MOTHER AND CHILD FRIENDLY SEAL AWARD FOR RESPONSIBLE BUSINESSES	Certified
	Great Place To Work	Certified
	Commonwealth Business Excellence Awards 2023	Winner- Social Responsibility & Envrionmental Awareness
	Asia's Quality Excellence & Leadership Awards	
	Best Presented Annual Report Awards, Integrated Reporting Awards & SAARC Anniversary Awards	Silver- South Asian Federation of Accountants
	Energy Globe Award	Winner- National Winner- Sri Lanka
	Presidential Environmental Awards - 2021-2022 Silver - Somerset (Highest Award in the Plantations Sector) Merit - Radella	
	Most Respected Entities in Sri Lanka 2023 Talawakelle Tea Estates for the first time has been ranked 98th in The Most Respected Entities in Sri Lanka, among top 100 list.	
	Global Bussiness and Finance Magzine Awards 2023	Winner - Best Quality Ceylon Tea Producers Sri Lanka 2023
	Global Bussiness and Finance Magzine Awards 2023	Winner - Fatetest Growing Tea Plantations in Sri Lanka 2023
	Global Bussiness and Finance Magzine Awards 2023	Winner - Best Enviornmental & Social Initiatives Sri Lanka 2023
	World Sustainability Awards 2023	Shortlisted- Sustainability Excellence Awards- Talawakelle
	International Business Magazine awards 2023	Winner - Leading Tea Plantations in Sri lanka
	International Business Magazine awards 2023	Winner - Best Sustainability Report Asia
	Asia's Quality Excellence & Leadership Awards 2023	Quality Leadership Award (2023)- Hayleys Plantations
	Food & Drink Awards 2023	Best Black Tea Production Estate (2023)- Sri Lanka
	Best Workplaces in Asia 2023	Ranked 40th amoung 70 organizations- Best Workplace in Asia (2023)- Large Category
	The Cube Award 2023	Winner- Cube Award 2023- Special Recognition for Bold Leadership
	"We Love Our Workplace" Video Contest - 2023	
	CNCI Achiever Awards 2023 For Industrial Excellence	National Merit Award & Provincial Silver Award Extra Large Manufacturing Sector
	Integrated Reporting Awards 2023	CMA Excellence "Ten Best Integrated Reports"
	Integrated Reporting Awards 2024	CMA Excellence in Best Integrated Report – Plantation Sector
	Best Places to Work for Women	Selected among the 15 Best Workplaces for Women in Sri Lanka (2023)
	ESG Business Awards 2023	Winner- Renewable Energy Adoption Award- ESG Business Awards (2023)- Sri Lanka
	The Mother & Child-Friendly Seal For Responsible Business	
	National Quality Awards 2022	Winner
	National Industry Excellence Awards – 2023	Winner

AWARDS AND RECOGNITION

Award Title	Award Desciption
International Tea Academy Award 2023	Highly Commended Award – Bop Of Dessford
South Asian Business Excellence Awards 2023	Best Place to Work- HR Leadership Category
Integrated Reporting & SAARC Anniversary Awards 2022	Bronze in the Corporate Governance Disclosures- Agriculture Sector
Ralston Tissera Memorial Award - 2022/23	Excellence in Tea Manufacturing- Factory Exclusive
NCE Export Award - 2023	Bronze in Tea and Tea Products- Extra Large Cateogry
Social Dialouge Excellence Award 2023	Excellence Category -Radella -Bearwell -Logie -Mattakelle -Somerset -Wattegoda -Great Western -Dessford -Palmerston
CA TAGS Award 2023	Gold Joint Winner- Plantation Sector
Global Sustainability Awards 2024	Gold in Overall Excellence
ICSG Global Sustainability Recognition Awards 2024	Agriculture & Plantation Sector
Chairman Awards Plantation Category	Merit in the Zero Footprint Sand Project- Palmerston Estate
Asia's Best Integrated Report Awards	Gold in Integrated Thinking
Asia's Best Integrated Report Awards	Silver for the CEO Message
2024 Great Place to Work Sri Lanka	15 Best Workplaces in the Manufacturing & Production Industry- Sri Lanka
LMD'S	Ranked 3rd for the Most Awarded- Overall and ranked 3rd in the Listed Sector
Best Corporate Citizen Sustainability Awards 2023	Category Winner- Corporate Environmental Commitment
Best Corporate Citizen Sustainability Awards 2023	Category Winner- Environment Beyond Business
Best Corporate Citizen Sustainability Awards 2023	Category Winner- Envrionmental Integration
Best Corporate Citizen Sustainability Awards 2023	Category Winner- Employee Relations
Best Corporate Citizen Sustainability Awards 2023	Category Winner- Governance
Best Corporate Citizen Sustainability Awards 2023	Triple Bottomline Winner- Environmental Sustainability (Planet)
Best Corporate Citizen Sustainability Awards 2023	Winner- Planning and Adoption of Resilient Practices
Best Corporate Citizen Sustainability Awards 2023	Sector Winner- Agriculture Sector
Best Corporate Citizen Sustainability Awards 2023	Winner- Top 10 Corporate Citizen
Best Corporate Citizen Sustainability Awards 2023	Category B Winner- Best Corporate Citizen Sustainability Award
Best Corporate Citizen Sustainability Awards 2023	Overall Winner- Best Corporate Citizen Sustainability Award
Best Corporate Citizen Sustainability Awards 2023	Gold in the Top 10 Companies Excellence Award
Best Corporate Citizen Sustainability Awards 2023	Gold in the Top 10 Companies
Best Corporate Citizen Sustainability Awards 2023	Winner- Agriculture & Plantation Category
Best Corporate Citizen Sustainability Awards 2023	Winner- Diversity, Equity and Inclusion Category
Best Corporate Citizen Sustainability Awards 2023	Certificate of Recognition - Palmerston
National Cleaner Production Award	Merit award- Tea Industry Sector - Gouravilla Estate
56th Annual Report Award	Bronze award- Plantation sector
National Business Excellence Award 2021	Runners up- Agriculture & Plantation sector
Nationa business excellence award 2021	Merit award- Excellence in Corporate Social Responsibility
Green Productivity ward 2021, SLAAQP	Bronze Award - Gouravilla & Mahanilu Estates
Green Productivity ward 2021, SLAAQP	Merit awards- Tillicourtry & Fairlawn
11th Annua North Americal Tea Conference	Runner-up- Tea and Herbal Association, Canada- Sustainability Awards (2022)
Green Organization awards	International Green Apple Envrionment Award 2022
TAGS awards 2022- Institute of Chartered Accountants of Sri Lanka	Bronze award- Plantation sector
Great place to work certified	Top 15 for Manufacturing & Production Industry- Only plantation company to be recognised
8th Asia Pacific The COMPETITION 2023	Specia Gold Awards (Bejing China) -Elidonhall -BOP -Tillicoultry -Handmae Green Tea
8th Asia Pacific The COMPETITION 2023	Gold- Gouravilla: BOP sp
8th Asia Pacific The COMPETITION 2023	Silver awards Alton: BOP sp, Bambarakelly: BOP 1, Fairlawn: Pekoe, Stockholm: BOP sp
National Business Excellence Award 2023	Merit award- Agriculture & Planttion Sector
Commonwealth Business Excellence Awards 2023, Pan Pacific Singapore	Outstanding Excellence in Corporate Social Responsibility & Environmental Sustainability Awards
Commonwealth Business Excellence Awards 2023, Pan Pacific Singapore	Outstanding Excellence in Strategy & Leadership Award- Plantation Sector
Commonwealth Business Excellence Awards 2023, Pan Pacific Singapore	Outstanding Excellence Local & Global Market Reach Award
Tea Exporters Association in Sri Lanka	Runners-up- Total Excellence in Tea Production (2023)- Alton Estate
Great place to work awards	Ranked 6th in the Best Work Place in Sri Lanka (2023)- Large Category
Great place to work awards	Ranked 48th in Asia's Best Large Work Places in 2023
Institute of Certified Management Accounts of Sri Lanka	CMA Excellence in Integrated rReporting Awards (2023)
Institute of Certified Management Accounts of Sri Lanka	Next Ten Best Integrate Reports- HPL

	Award Title	Award Desciption
	Centre of Child Rights in Business	Mother and Child Friendly Seal for Responsible Business- HPL
	Commemoration of 30th anniversary at alle Region	Merit award- Best Estate Worker Housing Co-operative society (2023) -Halwathura estate
	South Asia Partnership Summit & Business Excellence Awards 2023	Outstanding Excellence in Strategy & Leadership Award- Plantation Sector
	Institute of Chartered Accounants 2023	Silver in the TAGS Awards(2023)- Plantation Sector
	SAFA	Gold- Agriculture & Plantation Sector
	ACCA Sri Lanka Sustainability reproting awards	Joint Runner up- Retail & Trading Category- HPL
Agriculture	HJS Condiments Limited, Best Corporate Citizen Sustainability Awards (2023)	Best Project Sustainability Award
	Hayleys Agriculture Holdings Limited	Best Stall - 20th Pro food, Pro Pack, and Agbiz Exhibition Awards 2023
	Quality Seed Company (Pvt) Limited	Silver Award - Medium Category - Floriculture and Horticulture Products Sector
	Hayleys Agro Biotech (Pvt) Limited	Silver Award - Medium Category - Floriculture and Horticulture Products Sector
	HJS Condiments Limited	Gold Award - Extra-Large Category - Processed Food Sector
	Quality Seed Company (Pvt) Limited- Presidential Export Awards (2023)	Best SME Exporter of the Year (2022/2023)
	Quality Seed Company (Pvt) Limited- Presidential Export Awards (2024)	Best Exporter in the Floriculture Category (2021/2022)
	Quality Seed Company (Pvt) Limited- Presidential Export Awards (2024)	Best Exporter in the Floriculture Category (2022/2023)
	HJS Condiments Limited- Presidential Export Awards (2024)	Best Exporter in the Processed Fruits, Nuts, and Vegetable Category (2021/2022)
	HJS Condiments Limited- Presidential Export Awards (2024)	Best Exporter in the Processed Fruits, Nuts, and Vegetable Category (2022/2023)
	HJS Condiments Limited- National Occupational Health & Safety Excellence Awards 2024	National Occupational Health & Safety Excellence Award - Food and Beverage Sector
	Hayleys Agro Biotech (Pvt) Limited	Gold -Best Award National Level (Small Category)- Ceylon National Chamber of Industries - Achiever Awards 2024
	Hayleys Agro Biotech (Pvt) Limited	Gold -CNCI Provincial Level (Small Category) - Ceylon National Chamber of Industries - Achiever Awards 2024
	Quality Seed Company (Pvt) Limited	Merit Award (Medium Category) - Ceylon National Chamber of Industries - Achiever Awards 2024
	Quality Seed Company (Pvt) Limited	Winner – Excellence in Corporate Social Responsibility - National Business Excellence Awards 2024
	Quality Seed Company (Pvt) Limited	Runner Up – Excellence in Environmental Sustainability - National Business Excellence Awards 2024
	Quality Seed Company (Pvt) Limited	Merit Award – Excellence in Global Market Reach - National Business Excellence Awards 2024
	HJS Condiments Limited	Winner – Manufacturing – Non Traditional Sector - National Business Excellence Awards 2024
	Hayleys Agro Biotech (Pvt) Limited	Runner Up – Manufacturing – Non Traditional Sector - National Business Excellence Awards 2024
	Quality Seed Company (Pvt) Limited	Runner Up – Agriculture and Plantations Sector - National Business Excellence Awards 2024
	Quality Seed Company (Pvt) Limited	3rd Runner Up – Medium Category - National Business Excellence Awards 2023
Consumer & Retail	SLIM KANTAR PEOPLE'S DURABLE BRAND OF THE YEAR	
	SLIM KANTAR PEOPLE'S BRAND OF THE YEAR	
	BEST CORPORATE CITIZEN SUSTAINABILITY AWARDS 2023	Winner- Retail Sector
	SAFA AWARDS	Best Presented Annual Reports- Integrated Reporting Awards & SAARC Anniversary Awards for Corporate Governance Disclosure (2022)
	TAGS AWARDS 2023	Gold- Trading Sector
	CMA EXCELLENCE IN INTEGRATED REPORTING AWARDS 2023	Next 10 Best Integrated Reports
	CMA EXCELLENCE IN INTEGRATED REPORTING AWARDS 2023	Best Integrated Report- Other (Trade & Commerce)
	CHAIRMAN'S AWARDS WINNER	Re-Launch of Singer Red Loyalty Programme
Leisure		
Aventura	-	Gold award in the Highest Growing Market in Asian Pacific Region- 100% natural cosmetics raw material
	National Chamber of Exports	Silver Award – Chemical Product Sector
Transportation	Hayleys Aviation & Travels	Qatar Airways – Outstanding Performance year 2022/23
	Hayleys Aviation & Travels	Singapore Airline – Top Agent Distinction – 2022/23
	CMA-CGM Lanka (Pvt) Ltd	2nd Runner-up- CILT Market Segment Customer Service Award
	Advantis Freight (Pvt) Ltd	Certificate of Ethical Trading' (CET)- National Chamber of Exports
	National Chamber of Exporters of Sri Lanka (NCE)	Bronze in the Logistic Service Sector- Extra-Large Category- 31st Annual Export Awards 2023
	ICS-ACDO Awards 2023	The Oustanding Inland Container Depot Award, Import Category (Inbound) - LIL
	Advantis Express (Pvt) Ltd	Bronze Award- SLIM National Sales
	National Chamber of Exporters of Sri Lanka (NCE)	Certificate of Ethical Trading' (certificate no: CET2340)-Operations of Door to Door Express Transportation Services And Airport Freight Services to International Destination
	Advantis Express (Pvt) Ltd	Top Ten Cargo Agent Award- Singapore Airlines- Advantis Express Pvt Ltd Receives Prestigious Recognition
	Advantis Express (Pvt) Ltd	Singapore Airlines - Cargo Agent Awards
		Sri Lanka's Top 10 Best Workplaces in Logistics & Transportation (2024)- Advantis Express
		Sri Lanka's Best Workplaces in Logistics & Transportation (2024)

AWARDS AND RECOGNITION

	Award Title	Award Desciption
	Advantis Bunkering	Marine & offshore services Best Exporter (2021-22)- 25th Presidential Export Awards
	Advantis Bunkering	Marine & offshore services Best Exporter (2022-23)- 25th Presidential Export Awards
	Advantis Bunkering	Service Excellence Category Winner- Supply of Fuel to the Domestic Market
	Hayleys Energy Services Lanka (Pvt)	Merit award in the Marine & Offshore Sector- Presidential Export Awards
	COSCO Shipping Lines Lanka (Pvt) Ltd	GPTW certified (Dec 2023- Dec 2024)
	COSCO Shipping Lines Lanka (Pvt) Ltd	Won two awards- ICS- Best Customer Service Agent for Colombo/Indian Sub Continent & Colombo/Gulf & Red Sea Trade
	Hayleys Free Zone Ltd	Presidential Export Awards (2021/22)
	Hayleys Free Zone Ltd	Presidential Export Awards (2022/23)
	Hayleys Free Zone Ltd	NCE Exports Awards (2023)
	Hayleys Free Zone Ltd	Silver award in the National Convention on Quality and Productivity NCQP 2023
	Hayleys Free Zone Ltd	Gold award in the National Convention on Quality and Productivity NCQP 2023
	Hayleys Free Zone Ltd	Silver award in the National Convention on Quality and Productivity NCQP 2023
	Hayleys Free Zone Ltd	Best Exporter Hub Operation and Entrepot Trade- Presidential Export Awards (2021/22)
	Hayleys Free Zone Ltd	Best Exporter Hub Operation and Entrepot Trade- Presidential Export Awards (2022/23)
	Hayleys Free Zone Ltd	Gold- Logistics Service Sector- Large Category-NCE Xport Awards
	Sri Lanka Shipping Company Limited	ISO 9001 - 2015
	Sri Lanka Shipping Company Limited	Leadership Awards Winner - Advantis Awards 2023
	Total Transport Solutions Group	Sustainable Logistics solutions provider in Maldives
	Hayleys Advantis Group	Gold - Service Sector – TAGS Awards 2023
	Hayleys Advantis Group	Best Transportation and Logistics Company in Sri Lanka
	Hayleys Advantis Group	Best Transportation and Logistics Company in South Asia
	National Chamber of Commerce Sri Lanka.	Gold- Construction Sector- Large Category- National Business Excellence Awards (2023)
	Advantis Engineering	Gold- Top 10 Companies for Insutrial Excellence- National Level Service Sector- Extra Large Catgeory- CNCI Achiever Awards 2023- Ceylong National Chamber of Industries
	Advantis Engineering	Advantis Engineering & Projects have been upgraded their CIDA gradings as follows,
		Building Construction to CS2
		Bridge Construction to C2
		Highway Construction to C3
	Logiwiz Logistics India (Pvt)	Kaizen Award - TTIPL Location
	CEVA Logistics	Best Performer medal-Business Excellence Vibrant Stage- Hayleys Advantis Awards year (22/24)
	MIT Global Solutions – Digital Solutions	ISO/IEC 27001:2013
	Intermarc Marine Pvt Ltd	Qualified in Chartered Institute of Management Accountant
Others		
Tea Exports	NCE awards	Silver- Extra Large Category- Tea Exports
Projects & Engineering	ISO 41001:2018-Providing Facility Management Services for Residential and Commercial Buildings	
	National Awards for Construction 2020/2021	Merit Award - Construction
		Platinum award for PV-DG and Energynet Battery Backup System
		Winner - Construction/ Infrastructure Development Sector
		Winner - Green Outcomes
		Runner-up - Power and Energy Sector
		Runner-up - Technology and IT Sector
	EGUARDIAN Emerging Partner of the Year	
	CA TAGS Awards 2023	Silver Award- Construction Sector
	CNCI Achiever Awards 2023	Silver Award- National Level Service Sector - Extra large category
	Environmental Sustainability Awards 2023	Award for Promoting Environmental Sustainability - Hayleys Solar
	Global Marketing Excellence Awards 2023	Award for Marketing Excellence in Solar and Renewable Energy
	Global Marketing Excellence Awards 2023	Best Experiential Marketing Campaign
	National Construction Association of Sri Lanka	Best Displayed Stall - Renewable Energy Solutions
	National Construction Association of Sri Lanka	Official Solar Partner
	National Industry Excellence Award 2023	Silver Award- Advanced- Manufacturing and Digital Technology Sector - Large Scale
	National Sales Awards 2023	Merit award for Mr. Chanaka Indrajith -Other Support Services Category
	SLIM Brand Excellence 2023	Bronze Award for Green Brand of the Year 2023 - Hayleys Solar
	SLIM Brand Excellence 2023	Merit Award for New Entrant of the Year 2023 - Hayleys Solar
	Corporate Membership of the Green Building Council of Sri Lanka	Platinum Member
	Best Corporate Citizen Sustainability Awards 2024	Winner- Construction Sector
	CPM - Best Management Practices Company Awards	Merit Award
	Performance Award - Most Outstanding BIM Modeling Project	

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.

Climate-related scenario analysis

A process for identifying and assessing a potential range of outcomes of future climate relted events under conditions of uncertainty.

Sustainability-related risks and opportunities (SRRO)

Risks and opportunities that arise from sustainability-related events that could reasonably be expected to affect the entity's financial performance, position and prospects

Climate-related risks and opportunities (CRRO)

Risks and opportunities that arise from climate-related events that could reasonably be expected to affect the entity's financial performance, position and prospects

INDEPENDENT LIMITED ASSURANCE REPORT

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(Chartered Accountants)
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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 31 March 2024 (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:

- Ensured that the engagement team possess the appropriate knowledge, skills and professional competencies;
- Used our professional judgement to plan and perform the engagement to provide limited assurance that we are not aware of any material misstatements in the Company's Integrated Report, whether due to fraud or error; and
- Considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness.

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 evidence we obtained from the assurance procedures performed, as described below, we are not aware of any material misstatements that causes us to believe that the Integrated Report, as defined above, for the year ended 31st March 2024, 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;
- Processes 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 for professional Accountants issued by CA Sri Lanka (Code of Ethics).

SLSAE 3000 requires that we plan and perform the engagement to obtain limited assurance about whether the Integrated Report is free from material misstatement.

The firm applies Sri Lanka Standard on Quality Control (SLSQC) 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding professional 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. Reading 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 17 May 2024 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
17 May 2024

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 Ziyard FCMA (UK), FTII

GRI CONTENT INDEX TOOL

Statement of use	Hayleys PLC has reported in accordance with the GRI Standards for the period from 1st April 2023 to 31st March 2024.
GRI 1 used	GRI 1: Foundation 2021

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
General disclosures						
GRI 2: General Dis-closures 2021	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				
	2-3 Reporting period, frequency and contact point	8				
	2-4 Restatements of information	8				
	2-5 External assurance	9				
	2-6 Activities, value chain and other business relationships	82				
	2-7 Employees	258				
	2-8 Workers who are not employees	NA				
	2-9 Governance structure and composition	54-55				
	2-10 Nomination and selection of the highest governance body	56				
	2-11 Chair of the highest governance body	54				
	2-12 Role of the highest governance body in overseeing the management of impacts	289				
	2-13 Delegation of responsibility for managing impacts	289				
	2-14 Role of the highest governance body in sustainability reporting	289				
	2-15 Conflicts of interest	289				
	2-16 Communication of critical concerns	298				
	2-17 Collective knowledge of the highest governance body	289				
	2-18 Evaluation of the performance of the highest governance body	289				
	2-19 Remuneration policies	67				
	2-20 Process to determine remuneration	67				
	2-21 Annual total compensation ratio	-				
	2-22 Statement on sustainable development strategy	-				
	2-23 Policy commitments	102				

GRI CONTENT INDEX TOOL

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
	2-24 Embedding policy commitments	102				
	2-25 Processes to remediate negative impacts	102				
	2-26 Mechanisms for seeking advice and raising concerns	102				
	2-27 Compliance with laws and regulations	88				
	2-28 Membership associations	102				
	2-29 Approach to stakeholder engagement	88				
	2-30 Collective bargaining agreements	476				
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	91	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	91				
Economic performance						
GRI 3: Material Topics 2021	3-3 Management of material topics	-				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	-				
	201-2 Financial implications and other risks and opportunities due to climate change	288				
	201-3 Defined benefit plan obligations and other retirement plans	369				
	201-4 Financial assistance received from government	NA		Not applicable	The Group does not receive any financial benefit from the Government	
Indirect economic impacts						
GRI 3: Material Topics 2021	3-3 Management of material topics	22				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	22				
	203-2 Significant indirect economic impacts	22				
Procurement practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	269				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	269				

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
Tax						
GRI 3: Material Topics 2021	3-3 Management of material topics	361				
GRI 207: Tax 2019	207-1 Approach to tax	361				
	207-2 Tax governance, control, and risk management	-				
	207-3 Stakeholder engagement and management of concerns related to tax	86				
	207-4 Country-by-country reporting	24				
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics	284				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	284				
	301-2 Recycled input materials used			Information not tracked at the moment		
	301-3 Reclaimed products and their packaging materials			Not Relevant	Group does not use any reclaimed products and their packaging materials	
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	280				
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	280				
	302-2 Energy consumption outside of the organisation	280				
	302-3 Energy intensity	-				
	302-4 Reduction of energy consumption	281				
	302-5 Reductions in energy requirements of products and services	-				
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	-				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	284				
	303-2 Management of water discharge-related impacts	284				
	303-3 Water withdrawal	282				
	303-4 Water discharge	282				
	303-5 Water consumption	282	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	
Biodiversity						
GRI 3: Material Topics 2021	3-3 Management of material topics	286				
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	286				
	304-2 Significant impacts of activities, products and services on biodiversity	286				
	304-3 Habitats protected or restored	286				
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	286				
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	-				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	304				
	305-2 Energy indirect (Scope 2) GHG emissions	304				
	305-3 Other indirect (Scope 3) GHG emissions	304				
	305-4 GHG emissions intensity	304				
	305-5 Reduction of GHG emissions	304				
	305-6 Emissions of ozone-depleting substances (ODS)	NA	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	NA4	305-7 a,b,c			
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	285				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	285				
	306-2 Management of significant waste-related impacts	285				
	306-3 Waste generated	286				
	306-4 Waste diverted from disposal	286				
	306-5 Waste directed to disposal	286				

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	258				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	258				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	-				
	401-3 Parental leave	262	401-3 a,b,c,d,e	Information not available	The Group currently does not monitor parental leave	
Labour/management relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	265				
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	265				
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	264				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	264				
	403-2 Hazard identification, risk assessment, and incident investigation	264				
	403-3 Occupational health services	264				
	403-4 Worker participation, consultation, and communication on occupational health and safety	264				
	403-5 Worker training on occupational health and safety	264				
	403-6 Promotion of worker health	264				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	264				
	403-8 Workers covered by an occupational health and safety management system	264				
	403-9 Work-related injuries	264				
	403-10 Work-related ill health	264				
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	261				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	261				

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	-				
	404-3 Percentage of employees receiving regular performance and career development reviews	-				
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	271				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	271				
	413-2 Operations with significant actual and potential negative impacts on local communities	271				
Customer health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	-				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	268				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	268				
Marketing and labelling						
GRI 3: Material Topics 2021	3-3 Management of material topics	-				
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	268				
	417-2 Incidents of non-compliance concerning product and service information and labelling	268				
	417-3 Incidents of non-compliance concerning marketing communications	268				

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

Hayleys 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

S. C. Ganegoda

H. S. R. Kariyawasan

Dr. H. Cabral, PC - Senior Independent Director

L. R. V. Waidyaratne

M. H. Jamaldeen

M. Y. A. Perera

Ms. J. Dharmasena

R. J. Karunarajah

K. D. G. Gunaratne

T. A. B. Speldewinde (appointed on 3rd January 2024)

P. Y. S. Perera (appointed on 1st April 2024)

Group Management Committee

A. M. Pandithage – Chairman & Chief Executive

S. C. Ganegoda

H. S. R. Kariyawasan

L. R. V. Waidyaratne

Ms. J. Dharmasena

Dr. W. G. R. Rajadurai

E. R. P. Goonetilleke

Ms. D. Talpahewa

N. R. Ranatunge

D. W. P. N. Dediwela

H. Prematillake

M. H. Wijewardene

R. J. Karunarajah

J. A. W. M. Jayasekara

M. M. A. R. P. Goonetileke

R. H. P. Janadheera

T. M. Hewagama

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

M. H. Jamaldeen

M. Y. A. Perera

K. D. G. Gunaratne

T. A. B. Speldewinde (appointed to the Committeee on 17th May 2024)

Nominations and Governance Committee

M. Y. A. Perera– Chairman

Dr. H. Cabral, PC

K. D. G. Gunaratne

T. A. B. Speldewinde (appointed to the Committeee on 17th May 2024)

Related Party Transactions Review Committee

Dr. H. Cabral, PC - Chairman

S. C. Ganegoda

M. Y. A. Perera

T. A. B. Speldewinde (appointed to the Committeee on 17th May 2024)

Secretaries

Hayleys Group Services (Private) Limited

400, Deans Road, Colombo 10, Sri Lanka

Telephone: (94-11)2627650

E-mail: 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.somaratne@sbdu.hayleys.com

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE SEVENTY THIRD ANNUAL GENERAL MEETING OF HAYLEYS PLC will be held on Friday, 28th June 2024 at 1.00 p.m. at the Chas P. Hayley Lounge 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 2024 with the Report of the Auditors thereon.
2. To re-elect as a Director Mr. T.A.B. Speldewinde, who has been appointed to the Board since the last Annual General Meeting, in terms of Article 27(2) of the Articles of Association of the Company.
3. To re-elect as a Director Mr. P.Y.S. Perera, who has been appointed to the Board since the last Annual General Meeting, in terms of Article 27(2) of the Articles of Association of the Company.
4. To re-elect as a Director Mr. S.C. Ganegoda, 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 re-elect as a Director Mr. L.R.V. Waidyaratne, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company.
6. To re-elect as a Director Mr. H.S.R. Kariyawasan, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company.
7. 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 three 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'.

8. To authorise the Directors to determine donations and contributions to charities for the ensuing year.
9. To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2024/25 and to authorise the Directors to determine their remuneration.
10. To consider any other business of which due notice has been given.:

By Order of the Board,

HAYLEYS PLC



HAYLEYS GROUP SERVICES (PRIVATE) LIMITED

Secretaries

Colombo.

04th June 2024.

Notes to shareholders:

1. The Annual Report of the Company for 2023/24 is available on the corporate website **www.hayleys.com/investor-relation** and on the Colombo Stock Exchange website - **www.cse.lk**.
2. A Shareholder is entitled to appoint a proxy to attend and vote instead of him/her 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. 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.

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 Third Annual General Meeting of the Company to be held on Friday, 28th June 2024 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

	For	Against
1. To adopt the Annual Report of the Directors and the Statement of Accounts for the year ended 31st March 2024 with the Report of the Auditors thereon.	☐	☐
2. To re-elect as a Director Mr. T.A.B. Speldewinde, as set out in the Notice.	☐	☐
3. To re-elect as a Director Mr. P.Y.S. Perera, as set out in the Notice.	☐	☐
4. To re-elect as a Director Mr. S.C. Ganegoda, as set out in the Notice.	☐	☐
5. To re-elect as a Director Mr. L.R.V. Waidyaratne, as set out in the Notice.	☐	☐
6. To re-elect as a Director Mr. H.S.R. Kariyawasan, as set out in the Notice.	☐	☐
7. To re-appoint Mr. A.M. Pandithage, in terms of Section 211 of the Companies Act No. 07 of 2007.	☐	☐
8. To authorise the Directors to determine donations and contributions to charities for the ensuing year.	☐	☐
9. To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2024/25 and to authorise the Directors to determine their remuneration.	☐	☐

Signed on this ..... day of ..... 2024.

.....

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 Form of Proxy 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 :



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No.400, Deans Road, Colombo 10, Sri Lanka.
www.hayleys.com