NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

01. CORPORATE INFORMATION GRI 2-1

1.1. Reporting Entity

Haycarb 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. The registered office of the Company is located at No. 400, Deans Road, Colombo 10.

All companies in the Group are limited liability companies and of the seventeen companies, seven [viz., Haycarb PLC, Puritas (Pvt) Ltd., Recogen (Pvt) Ltd., Ultracarb (Pvt) Ltd., Lakdiyatha (Pvt) Ltd., Haycarb Value Added Products (Pvt) Ltd. (Amalgamated with Haycarb PLC w.e.f. 28th December 2022), and Carbotels (Pvt) Ltd.] are incorporated and domiciled in Sri Lanka. The information on incorporation and principal activities of these companies are given on page 346 to 349 of the Annual Report.

1.2. Consolidated Financial Statements

The Consolidated Financial Statements for the year ended 31st March 2024 comprise "the Company" referring to Haycarb PLC as the holding Company and the "Group" referring to companies that have been consolidated therein together with the group's interest 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 page 246 to 349 to the Financial Statements. There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

The parent undertaking and controlling party of the Company is Hayleys PLC.

1.4. Approval of Financial Statements

The Consolidated Financial Statements of Haycarb PLC and its subsidiaries (collectively, the Group) for the year ended 31st March 2024 were authorised for issue by the Directors on 16th 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 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 at the time of the acquisition 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.
- Employee benefit obligations which are determined based on actuarial valuations.

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 and presentation currency. Subsidiaries whose functional currencies are different as they operate in different economic environments are reflected in Note 40 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.

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

NOTES TO THE CONSOLIDATED 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. Subsidiaries and equity-accounted investees are disclosed in Note 16 and 17 to the Financial Statements.

3.1.1. Subsidiaries

Subsidiaries are those entities controlled by the Group. Control is achieved when the Group is exposed, or rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- 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 41 to the financial statements are prepared for a common financial year, which ends on 31st March.

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

3.1.3. Equity-Accounted Investees (Investment in Associates)

An equity accounted investee 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 considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries. The Group's investments in its associates are accounted for using the equity method.

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.

The Statement of Profit or Loss reflects the Group's share of the results of operations of the equity accounted investees. Any change in Other Comprehensive Income of those investees is presented as part of the Group's Other Comprehensive Income. 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 gain and loss resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associates.

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 noncontrolling interests in the subsidiaries of the associate.

The Financial Statements of the associate 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. 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 as "Share of profit or loss of equity-accounted investees" 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 the Statement of Profit or Loss .

Unrealised gain arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised loss are eliminated in the same way as unrealised gain, but only to the extent that there is no evidence of impairment.

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 the 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 remeasured 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 Other Comprehensive Income 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 reassesses 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 reassessment 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 Other Comprehensive Income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 the cash-generating unit retained.

3.3. Foreign currency

3.3.1. Transactions and Balances

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the Statement of Profit or Loss. Tax charges and credit attributable to exchange differences on this 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 the Statement of Profit or Loss are also recognized in OCI or statement of 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 Other Comprehensive Income. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

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 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, financial assets at fair value through profit or Loss and derivatives; non-financial assets such as owner occupied lands, at fair value at each reporting date.

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

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

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

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

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

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

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

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

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

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

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing 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 36
- Quantitative disclosures of fair value measurement hierarchy - Note 36.
- Property (land) under revaluation model - Note 36.
- Financial instruments (including those carried at amortised cost) - Note 36.

3.5. Property, Plant and 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 and equipment including construction in progress are measured at cost net of accumulated depreciation and accumulated impairment loss, if any, except for land which is measured at fair value.

3.5.3. Owned Assets

The cost of property, plant and 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 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 and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The 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 and equipment are recognised in the Statement of Profit or Loss as incurred.

3.5.5. Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal; or when no future economic benefits are expected from its use. Any gain and loss 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. Gain are not classified as revenue.

3.6.6. Depreciation

Depreciation is recognised in the Statement of Profit or Loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, in reflecting the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Description	Period
Buildings	20-50 years
Plant and machinery	10-40 years
Stores equipment	05-10 years
Motor vehicles	05 years
Furniture, fittings and office equipment	02-10 years
Data processing equipment	04 years
Laboratory equipment	05 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.

3.6.7. 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.

3.6.7.1. 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.

3.6.7.1.1. 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 remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. 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
Buildings	5-10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment as more fully described in Note 3.11– Impairment of Assets.

3.6.7.1.2. 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 Note 14.2 to the Financial Statements.

3.6.7.1.3. Short-term Leases and Leases Low-Value Assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment and motor vehicle (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment 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.

3.6.7.2. 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.

3.7. Intangible Assets

3.7.1. Basis of Recognition.

An intangible asset 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.

3.7.2. 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 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.

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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 useful 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

Intangible assets are de-recognised on disposal or when no future economic benefits are expected from its use. Gain or loss arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in Statement of Profit or Loss when the asset is derecognised.

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 loss. 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 if there are indicators of impairment.

3.7.6. 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 loss.

3.7.7. 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 the Statement of Profit or Loss as incurred.

3.7.8. Amortisation

Amortisation is recognised in the Statement of Profit or Loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, trademark and brand name, from the date on which they are available for use. The estimated useful lives are as follows:

Description	Period
Softwares	5-10 years
Product development	5 years

3.8. 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.

3.8.1. Financial Assets

3.8.1.1. Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), 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 marketplace (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

3.8.1.2. Subsequent Measurement

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

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with recycling of cumulative gain and loss upon derecognition (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gain and loss upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss Financial Assets at amortised cost (Debt Instruments)

Financial assets at amortised (Debt instruments)

Financial assets at amortised cost are subsequently measured using the Effective Interest Rate method (EIR) and are subject to impairment. Gain and loss are recognised in the Statement of Profit or Loss when the asset is derecognised, modified, or impaired.

The Group's financial assets at amortised cost include trade receivables and loan to employees.

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.

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 on "Financial Instruments: Presentation" and are not held for trading. The classification is determined on an instrument-byinstrument basis.

Gain and loss on these financial assets are never recycled to the Statement of 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 gain 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.

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.

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3.8.1.3. 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.

3.8.1.4. Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 36
- Debt instruments at fair value through OCI Note 36
- Trade receivables, including contract assets Note 19 and 20

For trade receivables and contract assets, the Group applies a simplified approach in calculating Expected Credit Loss (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 Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Write-off

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.

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);
- 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 f lows 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 an 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 the12month 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%.

3.8.2. Financial Liabilities

3.8.2.1. Initial Recognition and Measurement
Financial liabilities are classified, at initial recognition, 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.

3.8.2.2. 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 Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

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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.

3.8.2.3. 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.

3.8.3. 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

3.8.4. Derivative Financial Instruments and Hedge Accounting

3.8.4.1. 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.

3.9. 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 36 to the Financial Statements.

3.10. 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.
- Projects in progress consists of labour and other cost of personnel directly engaged in providing the service, including supervisory personnel and attributable overheads.

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.

3.11. 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 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 tenth 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 31st 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 31st March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired. Basis and assumptions for impairment test are given in Note 15.

3.12. 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.

3.13. Employee Benefits GRI 201-3

3.13.1. 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 contributions respectively.

3.13.2. Defined Benefit Plans GRI 201-3

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 on "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

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benefit obligations are given in Note 27. 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 Benefit". 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 five years of continued service.

The liability is not externally funded. This liability is computed based on legal liability method or the following basis by the respective entities.

Length of each service (Years) Number of month's salary for completed year of service

Length of each service (Years)	Number of month's salary for completed year of service
Up to 20	½
20 up to 25	¾
25 up to 30	1
30 up to 35	1 ¼
Over 35	1 ½

3.13.3. Short-term Benefits

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

3.14. 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.

3.15. Capital Commitments and Contingencies

Capital commitments and contingent liabilities of the Group are disclosed in the Note 35 to the Financial Statements.

3.16. 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.

3.17. 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.

3.18. 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 34 to these Financial Statements. In all operating segments, the Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

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 f inancing components, non-cash consideration, and consideration payable to the customer (if any).

(i) 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.

(ii) *Significant Financing Component*

The Group receives short-term advances from its customers. Using the practical expedient in SLFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant f inancing 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. There are no any long term advances received from customers which need to be discounted.

Rendering of Services

Environmental Engineering Sector within the Group engage in the provision of services to its customers. The Group recognises revenue from services over time, using an output method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

Construction Contracts

In relation to contracts which involve the construction of assets on behalf of its customer, 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 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.

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.

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.

Interest

Interest income and expense are recognised in the Statement of 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 cost 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 of Profit or Loss.

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 are recognised as the related services are performed.

Rental Income

Rental income is recognised in the Statement of Profit or Loss as it accrues.

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Dividend
Dividend income is recognised in profit or loss on the date the entity's right to receive payment is established.

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

Other Income
Other income is recognised on an accrual basis.

3.19. Expenses

Expenses are recognised in the Statement of 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 expense method is adopted. Repairs and renewals are charged to Statement of Profit or Loss in the year in which the expenditure is incurred.

3.19.1. 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.

3.19.2. Finance Income and Finance Cost

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.

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.

3.20. 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 combination, or items recognised directly in Equity or in Other Comprehensive Income.

3.20.1. 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.

3.20.2. Deferred Tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, equity accounted investee and interests in joint ventures, 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 ventures, 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.

Tax on dividend income from subsidiaries is recognised as an expense in the Consolidated Statement of Profit or Loss at the same time as the liability to pay the related dividend is recognised.

3.20.3. Sales Tax

Revenues, 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
- Receivables and payables that are stated with the amount of sales tax.

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 a financing cash flow. Dividend and interest income are classified as cash flows from investing activities. Dividends paid are classified as financing cash flows.

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.

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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.

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 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 ans 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. Taxation

Uncertainties exist with respect to the interpretation of complex tax regulation, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and the complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

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 on upon the likely timing and the level of future taxable profits together as with future tax planning strategies

5.3. 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 27 to the Financial Statements.

5.4. Revaluation of property, plant and equipment

The Group measures the freehold land (classified as property, plant and equipment) at revalued amounts, with changes in fair value being recognized in OCI. The freehold lands were valued by reference to transactions involving properties of a similar nature, location and condition.

The Group engaged a valuation specialist to assess fair values as at 31st March 2022 for the freehold lands. The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Notes 13 and 36 to the Financial Statements.

5.5. Impairment of Property, Plant and Equipment and Intangible Assets other than Goodwill

The impairment analysis is principally based upon discounted estimated cash flows from the use and eventual disposal of the assets. Factors like lower than anticipated sales and resulting decreases of net cash flows and changes in the discount rates could lead to impairment. Further details are disclosed in Notes 13 and 15 to the Financial Statements.

5.6. Revaluation of Land

The Group measures lands which are recognised as property, plant and equipment at revalued amount with change in value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

being recognised in the Statement of Other Comprehensive Income. The valuer has used the open market approach in determining the fair value of the land. Further details on revaluation of land are disclosed in Note 13 to the Financial Statements.

5.7. Consolidation of Entities in which the Group Holds 50% of the Voting Rights

The Group holds 50% of the issued share capital of Carbokarn Company Ltd., (CK) Thailand which in turn is the Parent Company of two fully-owned subsidiaries; CK Regen Systems Co. Ltd. and Shizuka Co. Ltd. Although the Group holds 50% of the issued capital of the mentioned entities they are considered as subsidiaries for financial reporting after due consideration of the agreements with partners and the current operating arrangement.

5.8. Valuation of Inventories

The Group has applied judgement 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 ageing of items of inventories, dates for possible expiry and expectations in relation to how the inventories will be utilised or sold. Judgement has also been applied by Management in determining net realisable value of inventories (NRV). The estimates and judgements applied in the determination of NRV are influenced by expectations of sales relating to identified goods and historically realised sales prices.

At the physical verification, the weight of Charcoal and Activated Carbon stocks with different moisture level are recomputed based on the standard moisture levels of 12% and 6% respectively and compared with the book balances recorded at the same standard rates.

5.9. Provision for expected credit losses

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 forwardlooking 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 20 to the Financial Statements.

6 REVENUE

Timing of revenue recognition

For the year ended 31st March	Note	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Sale of goods and Services					
Goods transferred at a point in time		57,427,904	83,672,313	20,684,291	28,108,406
Services transferred over time		1,325,875	1,073,683	-	-
		58,753,779	84,745,996	20,684,291	28,108,406
Intra group revenue		(15,574,574)	(23,802,740)	-	-
Total revenue from contracts with customers	6.2	43,179,205	60,943,256	20,684,291	28,108,406

6.1 Contract Balances

Contract assets of the Group relating to projects in progress amount to Rs. 293,142,000/- (2023 – Rs. 232,080,000/-) and is reflected within Inventories in Note 19. Contract liabilities of the Group relate to payments received in advance as reflected in Note 30 and amounting to Rs. 393,561,000/- (2023 – Rs. 413,884,000/-).

6.2 Geographical segment revenue by customer destination

For the year ended 31st March	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000
Revenue outside Sri Lanka	41,646,596	59,305,647
Revenue in Sri Lanka	1,532,609	1,637,609
	43,179,205	60,943,256

7 OTHER OPERATING INCOME

For the year ended 31st March	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Export incentive income	5,470	6,092	-	-
Gain on disposal of property, plant and equipment	4,905	500	-	500
Loss on disposal of property, plant and equipment	(13,962)	(516)	(13,803)	-
Fees for marketing services	-	-	86,943	129,203
Sundry income	181,632	194,554	22,325	34,762
Rental income	-	-	11,217	14,055
Income from technical consultations	-	-	99,708	90,049
Dividend income from subsidiaries	-	-	1,198,812	2,124,581
	178,045	200,630	1,405,202	2,393,150

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8 NET FINANCE INCOME/ (COST)

8.1 Finance Income

For the year ended 31st March		Consolidated		Company	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Dividend income	- quoted	91,546	118,253	91,546	118,401
	- unquoted	2,067	160	2,062	-
Interest income on loans and receivables		410,268	209,885	352,075	247,970
Foreign exchange gain		888,954	3,064,421	384,230	1,795,065
Total finance income		1,392,835	3,392,719	829,913	2,161,436

8.2 Finance Cost

For the year ended 31st March		Consolidated		Company	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Interest cost	- Short-term borrowings	406,077	1,470,808	64,326	995,445
	- Long-term borrowings	164,916	124,767	164,497	124,348
Interest on lease liabilities		25,289	8,880	3,365	6,837
Foreign exchange loss		1,195,570	1,806,932	678,230	600,848
Total finance costs		1,791,852	3,411,387	910,418	1,727,478
Net finance income/(cost)		(399,017)	(18,668)	(80,505)	433,958

9 PROFIT BEFORE TAX

For the year ended 31st March	Consolidated	
	2024 Rs. '000	2023 Rs. '000
Parent	3,799,067	6,910,187
Subsidiaries	3,210,112	4,047,643
Equity accounted investees	(8,826)	2,417
	7,000,353	10,960,247
Unrealised profit on intra-group sales	355,126	(595,606)
Intra-group adjustments	(1,242,225)	(2,106,609)
	6,113,254	8,258,032

9. PROFIT BEFORE TAX CONTD.

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

For the year ended 31st March	Note	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Depreciation on property plant and equipment	13.1/13.2	**881,704**	834,336	**305,872**	225,185
Amortisation of Right-of-Use Assets	14.1	**97,649**	64,616	**35,939**	34,564
Amortisation of intangible assets	15	**22,389**	15,681	**21,962**	12,883
Directors' emoluments including Non-Executive Directors' consultation fees		**350,984**	350,454	**282,935**	277,449
Auditor's remuneration (fees and expenses)					
Ernst & Young		**4,545**	3,588	**2,568**	2,214
Others		**44,466**	38,748	**-**	-
Fees paid to Auditors for non-audit services					
Ernst & Young		**4,602**	3,132	**3,336**	1,941
Others		**7,435**	25,684	**-**	-
Donations		**34,078**	22,830	**21,624**	14,914
Provision/write off of slow moving inventories	19.1	**3,303**	262,348	**46,390**	59,640
Provision/ (reversal) for unrealised profits in inventories		**(355,126)**	595,605	**-**	-
Impairment of trade receivable	20.1	**5,255**	20,169	**-**	-
Staff training and development cost		**11,321**	7,354	**9,338**	4,898
Legal/litigation fees		**8,611**	19,179	**5,277**	2,623
Staff costs	9.1.1	**5,235,341**	4,688,809	**2,367,495**	2,081,594

9.1.1 Staff costs

For the year ended 31st March	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Defined contribution plan cost	**277,812**	434,154	**177,637**	151,468
Defined benefit plan cost	**361,173**	167,432	**233,997**	168,317
Other staff cost	**4,596,356**	4,087,223	**1,955,861**	1,761,809
	5,235,341	4,688,809	**2,367,495**	2,081,594
Number of employees at year end	**1,933**	1,880	**1,016**	998

10 TAX EXPENSE

10.1 The Company has used the tax rate introduced by the Inland Revenue (Amendment) Act No. 45 of 2022 certified on 19 December 2022 for income and deferred taxation. Accordingly, tax rate of 30% has been used for income tax and deferred tax of all segments in Sri Lanka during the year. The resultant impact has been recognised in the Statement of Profit or Loss and Other Comprehensive Income. Income tax rates used in 2022/23 were 18% for manufacturing business profits, 14% for export profits and 24% for trading and other income in the first Six months and 30% in second Six months for all the sectors in Sri Lanka

Corporate taxes of non-resident companies in the Group have been computed in keeping with the domestic statutes in their respective countries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10.2 Tax rates of non resident Companies

Company	Income tax rate
Eurocarb Products Ltd.	19%
Haycarb Holdings Australia (Pty) Ltd.	30%
Haycarb USA Inc.	30%
Carbokarn Co.Ltd.	20%
CK Regen Systems Co.Ltd.	20%
Shizuka Co.Ltd.	20%
PT Mapalus Makawanua Charcoal Industry	22%
PT Haycarb Palu Mitra	22%
Puricarb Pte.Ltd.	17%

Haycarb Holdings Bitung Ltd. is exempted for tax.

10.3 Tax Expense

For the year ended 31st March	Note	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Sri Lanka taxes					
Parent		732,841	1,033,865	732,841	1,033,865
Subsidiaries		26,735	174,983	-	-
		759,576	1,208,848	732,841	1,033,865
Overseas taxes					
Subsidiaries		764,672	861,304	-	-
		1,524,248	2,070,152	732,841	1,033,865
Under/(over) provision in respect of previous years					
Parent		(25,047)	(9,284)	(25,047)	(9,284)
Subsidiaries		(24,771)	30,642	-	
	10.5	(49,818)	21,358	(25,047)	(9,284)
Deferred taxation					
Parent		110,999	(326,841)	110,999	(326,841)
Subsidiaries		14,645	(103,708)	-	-
	10.5	125,644	(430,549)	110,999	(326,841)
Tax on dividend income	10.5	207,551	91,583	-	-
Tax expense reported in the statement of profit or loss	10.5	1,807,625	1,752,544	818,793	697,740

10.4 Tax effect on other comprehensive income

Deferred tax related to items charged or credited directly to other comprehensive income during the year

For the year ended 31st March	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Tax effect of actuarial loss on defined benefit obligations	71,667	13,482	71,130	10,448
Tax effect on revaluation surplus	-	(103,468)	-	(97,840)
Tax charged directly to other comprehensive income	71,667	(89,986)	71,130	(87,392)

10 TAX EXPENSE CONTD.

10.5 Reconciliation of accounting profit to income tax expense

For the year ended 31st March	Note	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Profit before tax		6,113,254	8,258,032	3,799,067	6,910,187
Share of profit of equity accounted investees	17.1	8,826	(2,417)	-	-
Consolidation adjustments		887,098	2,952,745	-	-
		7,009,178	11,208,360	3,799,067	6,910,187
Tax exempt income		(1,785,351)	(2,806,786)	(1,451,216)	(2,168,683)
Aggregated disallowable expenses		3,100,256	3,677,726	1,176,875	2,525,653
Aggregated allowable expenses		(1,976,089)	(1,677,984)	(1,443,439)	(1,435,164)
Tax losses brought forward		(95,106)	(81,657)	-	-
Other taxable income		402,408	695,043	361,516	673,811
Tax losses carried forward		103,531	95,106	-	-
Taxable income		6,758,827	11,109,808	2,442,803	6,505,804
Tax @ 14%		-	786,453	-	697,453
Tax @ 20%		199,072	267,966	-	-
Tax @ 22%		367,258	282,682	-	-
Tax @ 24%		-	58,221	-	54,266
Tax @ 30%		953,488	577,985	732,841	213,752
Tax at other rates		4,430	96,845	-	68,394
		1,524,248	2,070,152	732,841	1,033,865
Under/(over) provision in respect of previous year	10.3	(49,818)	21,358	(25,047)	(9,284)
Deferred tax charge/(reversal)	10.3	125,644	(430,549)	110,999	(326,841)
Tax on dividend income	10.3	207,551	91,583	-	-
Tax expense for the year		1,807,625	1,752,544	818,793	697,740
Effective tax rate		30%	21%	22%	10%

11 EARNINGS / NET ASSET PER SHARE

11.1 Earnings per Share

Basic Earnings per Share

The calculation of basic earnings per share is based on the net profit attributable to ordinary share holders of the parent divided by 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 net profit attributable to ordinary share holders of the parent and the weighted average number of ordinery 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.

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Basic/diluted earnings per share calculated as follows;

For the year ended 31st March	Consolidated		Company	
	2024	2023	2024	2023
Profit attributable to ordinary shareholders of the parent (Rs.'000)	3,743,929	5,823,160	2,980,274	6,212,447
Weighted average number of ordinary shares	297,123,750	297,123,750	297,123,750	297,123,750
Basic/diluted earnings per ordinary share (Rs.)	12.60	19.60	10.03	20.91

11.2 Net Assets per Share

As at 31st March	Consolidated		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Net assets attributable to equity holders (Rs.'000)	22,905,062	22,141,821	13,860,462	12,719,045
Number of ordinary shares	297,123,750	297,123,750	297,123,750	297,123,750
Net assets per share (Rs.)	77.09	74.52	46.65	42.81

12 DIVIDENDS PER SHARE

For the year ended 31st March	2024 Rs. '000	2023 Rs. '000
Final dividend 2022/23 - Rs. 1.00/- per share (2021/22 - Rs. 0.40/- per share)	297,124	118,850
1st Interim dividend - Rs. 2.00/- per share (2022/23 - Rs. 2.75/- per share)	594,247	817,090
2nd Interim dividend - Rs. 2.00/- (2022/23 - Rs. 1.50/- per share)	594,248	445,685
3rd Interim dividend -Rs. 1.00/- (2022/23- Rs. 1.00/- per share)	297,124	297,124
	1,782,743	1,678,749
Dividends per ordinary share-Rs.	6.00	5.65
Dividends payout ratio	48%	29%

12.1 Compliance with Section 56 and 57 of Companies Act No. 07 of 2007

Compliance with Section 56 and 57 of Companies Act No. 07 of 2007	Dividend	Date of solvency approval date by Messrs EY Chartered Accountants
As required by Section 56 of the Companies Act No. 07 of 2007, the Board of Directors of the Company satisfied the solvency test in accordance with Section 57, prior to recommending the dividends.	Final dividend 2022/23 1st interim dividend 2nd interim dividend 3rd interim dividend	A statement of solvency completed and duly signed by the Board of Directors and the certificate of solvency audited by Messrs Ernst & Young, Chartered Accountants obtained prior to payment of the dividends.

13 PROPERTY, PLANT AND EQUIPMENT

13.1 Consolidated

	Freehold land Rs.'000	Freehold buildings Rs.'000	Machinery and equipment freehold Rs.'000	Vehicles Rs.'000	Furniture fittings and office equipment Rs.'000	Data processing equipment Rs.'000	Total Rs.'000
Cost or valuation							
As at 31st March 2022	1,976,291	2,605,031	9,422,993	348,693	344,056	107,258	14,804,322
Additions during the year	252,082	596,008	881,996	89,257	31,896	9,614	1,860,853
Disposals during the year	-	-	(3,441)	(9,200)	(2,250)	-	(14,891)
Effect of movement in exchange rates	34,411	124,081	464,764	12,017	21,442	-	656,715
As at 31st March 2023	2,262,784	3,325,120	10,766,312	440,767	395,144	116,872	17,306,999
Additions during the year	37,666	283,888	1,629,000	30,212	16,866	21,441	2,019,073
Disposals during the year	-	(1,230)	(132,084)	(19,491)	(14,189)	(7,738)	(174,732)
Effect of movement in exchange rates	(103,831)	(319,072)	(1,008,449)	(39,031)	(37,386)	-	(1,507,769)
As at 31st March 2024	2,196,619	3,288,706	11,254,779	412,457	360,435	130,575	17,643,571
Accumulated Depreciation							
As at 31st March 2022	-	890,396	6,100,888	218,526	256,051	84,869	7,550,730
Depreciation charge for the year	-	127,460	619,965	47,864	28,899	10,148	834,336
Disposals during the year	-	-	(2,687)	(9,200)	(1,278)	-	(13,165)
Effect of movement in exchange rates	-	56,947	327,848	8,982	15,567	-	409,344
As at 31st March 2023	-	1,074,803	7,046,014	266,172	299,239	95,017	8,781,245
Depreciation charge for the year	-	141,180	653,413	48,118	26,492	12,501	881,704
Disposals during the year	-	(241)	(116,949)	(17,110)	(13,831)	(7,628)	(155,759)
Effect of movement in exchange rates	-	(135,639)	(705,377)	(26,848)	(29,775)	-	(897,639)
As at 31st March 2024	-	1,080,103	6,877,101	270,332	282,125	99,890	8,609,551
Provision for impairment							
As at 31st March 2024	-	-	(25,543)	-	-	-	(25,543)
As at 31st March 2023	-	-	(25,543)	-	-	-	(25,543)
Net book value							
As at 31st March 2024	2,196,619	2,208,603	4,352,135	142,125	78,310	30,685	9,008,477
As at 31st March 2023	2,262,784	2,250,317	3,694,755	174,595	95,905	21,855	8,500,211
Capital work-in-progress							
As at 31st March 2024							1,829,785
As at 31st March 2023							1,714,071
Carrying value							
As at 31st March 2024	2,196,619	2,208,603	4,352,135	142,125	78,310	30,685	10,838,262
As at 31st March 2023	2,262,784	2,250,317	3,694,755	174,595	95,905	21,855	10,214,282

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(a) Property, plant and equipment include fully depreciated assets, the cost of which as at 31st March 2024 amounted to Rs.4,180,056,057/- (2023 - Rs.4,179,316,360/-).

(b) Capital work-in-progress represents the amount of expenditure recognised under property, plant and equipment during the year of the construction of a capital asset.

(c) On reassessment of fair value of the group's assets, it has been identified that there is no impairment of property, plant and equipment other than disclosed above which requires provision in the Financial Statements.

(d) Freehold Land carried at re-valued amount:

Company	Location	Last revaluation date	Land extent	Number of buildings	Estimates for unobservable input per perch Avg. Level 3 Rs.'000	Carrying value as at 31st March 2024 freehold land Rs.'000	Cost as at 31st March 2024 Rs.'000
Haycarb PLC	Madampe Factory - Madampe	31.03.2022	30 A - 0R - 37.20P	18	53	260,891	124,254
	Badalgama Factory -Badalgama	31.03.2022	28 A - 0R - 12.80 P	23	67	300,495	154,561
	Heenagara Estate Kuliyapitiya	31.03.2023	10 A	2	36	56,809	56,809
	Wewalduwa Stores - Wewalduwa	31.03.2022	2 A - 1R - 36.04 P	6	840	333,234	4,309
						951,429	339,933
Recogen (Pvt) Ltd	Badalgama Factory - Badalgama	31.03.2022	10 A - 3R - 15 P	5	67	115,501	21,701
Carbokarn Co. Ltd	Chonburi Province - Thailand	31.03.2022	15 A - 2R - 22P	22	145	362,386	193,083
Shizuka Co. Ltd.	Ratchburi Province - Thailand	31.03.2022	24 A - 2R - 19P	12	48	189,724	137,197
PT Mapalus Makawanua Charcoal Industry	Bitung City - Indonesia	31.03.2022	11A - 3R - 16P	8	218	413,745	167,043
PT Haycarb Palu Mitra	Palu City - Indonesia	31.03.2022	6A - 3R - 37.5P	18	147	163,834	90,537
						2,196,619	949,494

Significant increase / (decrease) in estimated price per perch in isolation would result in a significantly higher / (lower) fair value on linear basis

(e) There were no assets pledged by the Group as securities for facilities obtained from the Banks other than those disclosed below,

Company	Details of assets Rs.'000	Banks mortgaged to Rs.'000	Cost Rs.'000	Carrying value Rs.'000
PT Mapalus Makawanua Charcoal Industry	Land	BNI	167,043	413,745
	Building	BNI	276,928	129,267
PT Haycarb Palu Mitra	Land	HSBC (Indonesia)	90,537	163,834
	Building	HSBC (Indonesia)	350,986	202,122
	Machinery and tools	HSBC (Indonesia)	771,249	327,779

(f) There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year 2023/24. (2022/23 – Nil).

(g) 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.

(h) There were no restrictions that existed on the title to the property, plant and equipment of the Group as at the reporting date.

(i) During the Financial Year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 2,1345 million (2022/23 - Rs. 1,907 million on cash basis.

(j) There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year 2023/24. (2022/23 – Nil).

13 PROPERTY, PLANT AND EQUIPMENT

13.2 Company

	Freehold land Rs.'000	Freehold buildings Rs.'000	Machinery and equipment freehold Rs.'000	Vehicles Rs.'000	Furniture fittings and office equipment Rs.'000	Data processing equipment Rs.'000	Total Rs.'000
Cost or valuation							
As at 31st March 2022	835,486	730,439	2,440,225	130,077	75,731	90,080	4,302,038
Additions during the year	100,735	91,664	197,633	29,250	9,732	9,029	438,043
Disposals during the year	-	-	-	(9,200)	-	-	(9,200)
Transfer from amalgamation	-	103,627	407,405	-	151	158	511,341
As at 31st March 2023	936,221	925,730	3,045,263	150,127	85,614	99,267	5,242,222
Additions during the year	15,208	264,190	994,109	-	7,317	21,441	1,302,265
Disposals during the year	-	(1,230)	(87,729)	-	(1,797)	(2,818)	(93,574)
As at 31st March 2024	951,429	1,188,690	3,951,643	150,127	91,134	117,890	6,450,913
Accumulated Depreciation							
As at 31st March 2022	-	135,889	1,245,200	87,276	51,141	73,085	1,592,591
Depreciation charge for the year	-	15,645	182,130	14,420	4,772	8,218	225,185
Disposals during the year	-	-	-	(9,200)	-	-	(9,200)
Transfer from amalgamation	-	19,100	261,480	-	125	158	280,863
As at 31st March 2023	-	170,634	1,688,810	92,496	56,038	81,461	2,089,439
Depreciation charge for the year	-	22,215	247,184	20,451	5,232	10,790	305,872
Disposals during the year	-	(241)	(75,119)	-	(1,697)	(2,714)	(79,771)
As at 31st March 2024	-	192,608	1,860,875	112,947	59,573	89,537	2,315,540
Impairment Provision							
As at 31st March 2024	-	-	(25,543)	-	-	-	(25,543)
As at 31st March 2023	-	-	(25,543)	-	-	-	(25,543)
Net book value							
As at 31st March 2024	951,429	996,082	2,065,225	37,180	31,561	28,353	4,109,830
As at 31st March 2023	936,221	755,096	1,330,910	57,631	29,576	17,806	3,127,240
Capital work-in-progress							
As at 31st March 2024							1,151,752
As at 31st March 2023							1,238,719
Carrying amount							
As at 31st March 2024	951,429	996,082	2,065,225	37,180	31,561	28,353	5,261,582
As at 31st March 2023	936,221	755,096	1,330,910	57,631	29,576	17,806	4,365,959

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(a) Property, plant and equipment include fully depreciated assets, the cost of which as at 31 March 2024 amounted to Rs. 858,031,644/- (2023- Rs. 697,982,253/-).

(b) There were no assets pledged by the Company as securities for facilities obtained from the Banks.

(c) There were no restrictions that existed on the title to the property, plant and equipment of the Company as at the reporting date.

(d) During the Financial Year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 1,215 million (2022/23 - Rs. 814 million on cash basis.

(e) There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year 2023/24. (2022/23 – Nil).

13.3 Valuation method of free hold lands

Valuation Technique	Significant Unobservable Inputs	Sensitivity of Fair Value Measurement to Inputs
Market Comparable Method		
This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for any differences in the nature, size, location or condition of the specific property	Market value of land (Price per perch) . Valuer has used range of prices for respective lands based on their recently transacted cost	Estimated fair value would increase/ (decrease) if the price per perch would increase/ (decrease).

14. RIGHT OF USE ASSETS / LEASE LIABILITIES

14.1 . Rights of Use Assets

Leasehold Buildings As at 31st March	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Cost				
At the beginning of the year	**437,241**	246,970	**152,904**	152,904
Additions during the year	**323,548**	261,167	**261,282**	-
Derecognition during the year	**(198,672)**	(59,193)	**(152,904)**	-
Effects of movements in exchange rates	**(21,120)**	(11,703)	**-**	-
At the end of the year	**540,997**	437,241	**261,282**	152,904
Accumulated Amortisation				
At the beginning of the year	**153,786**	141,100	**118,342**	83,778
Charge for the year	**97,649**	64,616	**35,939**	34,564
Derecognition during the year	**(198,672)**	(59,193)	**(152,904)**	-
Effects of movements in exchange rates	**(2,706)**	7,263	**-**	-
At the end of the year	**50,057**	153,786	**1,377**	118,342
Carrying amount at the end of the year	**490,940**	283,455	**259,905**	34,562

14. RIGHT OF USE ASSETS / LEASE LIABILITIES CONTD.

14.2 . Lease Liability

Leasehold Buildings As at 31st March	Consolidated 2024 Rs. '000	 2023 Rs. '000	Company 2024 Rs. '000	 2023 Rs. '000
Lease liability				
At the beginning of the year	**292,895**	113,412	**41,615**	78,914
Additions during the year	**323,548**	261,467	**261,282**	-
Accretion of interest	**25,289**	9,188	**3,365**	6,837
Payments to lease creditors	**(120,212)**	(71,011)	**(45,992)**	(44,136)
Effect of movement in exchange rate	**(19,042)**	(20,161)	**-**	-
At the end of the year	**502,478**	292,895	**260,270**	41,615
Current portion of lease liability	**85,960**	86,718	**41,507**	41,615
Non-current portion of lease liability	**416,518**	206,177	**218,763**	-
Total lease liabilities at the end of the year	**502,478**	292,895	**260,270**	41,615

14.3 Amounts recognised in the statement of profit or loss

Leasehold Buildings As at 31st March	Consolidated 2024 Rs. '000	 2023 Rs. '000	Company 2024 Rs. '000	 2023 Rs. '000
Amortisation of Right-of-Use Assets	**97,649**	64,616	**35,939**	34,564
Accretion of interest	**25,289**	9,188	**3,365**	6,837
Total amount recognised in the statement of profit or loss	**122,938**	73,804	**39,304**	41,401

Aging analysis for lease liability

Consolidated	Total Rs.'000	On demand Rs.'000	Less than 3 months Rs.'000	3 to 12 months Rs.'000	1 to 2 years Rs.'000	2 to 5 years Rs.'000	Over 5 years Rs.'000
As at 31.03.2024	502,478	-	20,529	65,431	95,910	320,608	-
As at 31.03.2023	292,895	-	20,764	65,954	36,638	137,496	32,043

Company	Total Rs.'000	On demand Rs.'000	Less than 3 months Rs.'000	3 to 12 months Rs.'000	1 to 2 years Rs.'000	2 to 5 years Rs.'000	Over 5 years Rs.'000
As at 31.03.2024	260,270	-	9,950	31,557	46,365	172,398	-
As at 31.03.2023	41,615	-	9,981	31,634	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 INTANGIBLE ASSETS

	Consolidated				Company		
	Software Rs.'000	Goodwill on acquisition Rs.'000	Product development Rs.'000	Consolidated total Rs.'000	Software Rs.'000	Product development Rs.'000	Company total Rs.'000
Cost							
As at 31st March 2022	141,150	257,206	211,964	610,320	93,969	87,788	181,757
Additions during the year	11,396	-	34,714	46,110	11,396	34,714	46,110
Effect of movement in exchange rates	3,970	-	10,692	14,662	-	-	-
Transfer from amalgamation	-	-	-	-	4,562	-	4,562
As at 31st March 2023	156,516	257,206	257,370	671,092	109,927	122,502	232,429
Additions during the year	31,246	-	49,237	80,483	7,302	49,237	56,539
Derecognitions	(281)	-	-	(281)	-	-	-
Effect of movement in exchange rates	(3,694)	-	(18,110)	(21,804)	-	-	-
As at 31st March 2024	183,787	257,206	288,497	729,490	117,229	171,739	288,968
Accumulated Amortisation							
As at 31st March 2022	128,632	55,164	168,059	351,855	83,884	43,881	127,765
Amortisation for the year	5,850	-	9,831	15,681	3,052	9,831	12,883
Effect of movement in exchange rates	3,465	-	10,692	14,157	-	-	-
Transfer from amalgamation	-	-	-	-	4,562	-	4,562
As at 31st March 2023	137,947	55,164	188,582	381,693	91,498	53,712	145,210
Amortisation for the year	6,115	-	16,274	22,389	5,688	16,274	21,962
Derecognitions	(168)	-	-	(168)	-	-	-
Effect of movement in exchange rates	(3,694)	-	(18,110)	(21,804)	-	-	-
As at 31st March 2024	140,200	55,164	186,746	382,110	97,186	69,986	167,172
Net book value							
As at 31st March 2024	43,587	202,042	101,751	347,380	20,043	101,753	121,796
As at 31st March 2023	18,569	202,042	68,788	289,399	18,429	68,790	87,219

(a) Intangible assets include fully depreciated assets, the cost of which as at 31 March 2024 amounted to Rs. 41,833,917/- (2023- Rs. 41,785,057/-).

15 INTANGIBLE ASSETS CONTD.

Goodwill

There were no permanent impairment of intangible assets that require a provisioning during the year. The method used in estimating the recoverable amount of intangible assets of Haycarb USA Inc Rs. 13,791,000/-., PT Mapalus Makawanua Charcoal Industry Rs, 49,656,000/- and Shizuka Co. Ltd. Rs. 138,595,000/- were based on the value in use, which was determined by discounting the future cash flows generated for the continuing use of the unit.

The key assumptions used are given below:

- Business growth - based on historical growth rate and business plan.
- Inflation - based on the current inflation rate and the percentage of the total cost subjected to the inflation.
- Discount rate - average market borrowing rate adjusted for the risk premium, which is 16% for PT Mapalus Makawanua Charcoal Industry, 9% for Haymark Inc. and 6% for Shizuka Co. Ltd.
- Margin - based on current margin and business plan.

Software

Software includes purchased software and licenses and is amortised over the period of the expected economic benefit.

Product Development

The Group has recognised an intangible asset in respect of new product developments. The Management is in the opinion that the Group is capable of generating future economic benefits through these products. This asset is amortised equally over a period of 3 to 5 years.

Research expenses on product development have been charged to the statement of profit or loss

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 INVESTMENTS IN SUBSIDIARIES

16.1 Company Investments in Subsidiaries

As at 31st March	Company Holding		No.of Shares		Cost	
	2024 %	2023 %	2024	2023	2024 Rs.'000	2023 Rs.'000
Unquoted investments						
Eurocarb Products Ltd.	100	100	100,000	100,000	4,064	4,064
Haycarb Holdings Australia (Pty) Ltd.	100	100	150,000	150,000	951	951
Puritas (Pvt) Ltd.	100	100	700,000	700,000	18,000	18,000
Haycarb USA Inc.	100	100	1,285,000	1,285,000	168,080	168,080
PT Mapalus Makawanua Charcoal Industry *	2	2	707	707	1,025	1,025
Carbokarn Co. Ltd	50	50	250,000	250,000	64,771	64,771
Recogen (Pvt) Ltd.	100	100	37,000,000	37,000,000	370,000	370,000
Haycarb Holdings Bitung Ltd.	100	100	1,400,000	1,400,000	141,736	141,736
Ultracarb (Pvt) Ltd.	100	100	25,000,000	25,000,000	250,000	250,000
PT.Haycarb Palu Mitra	60	60	1,290,000	1,290,000	168,268	168,268
Haycarb Activated Carbon (Pvt) Ltd.	100	100	336,797	336,797	7,874	7,874
Company investment in subsidiaries (at cost)					1,194,769	1,194,769
Provision for fall in value of investment in Recogen (Pvt) Ltd.					(100,000)	(100,000)
Company investment in subsidiaries					1,094,769	1,094,769

*The remaining 98% of PT Mapalus Makawanua Charcoal Industry is held by Haycarb Holding Bitung Ltd.which is a fully owned subsidiary of Haycarb PLC

16 INVESTMENTS IN SUBSIDIARIES CONTD.

16.2 Indirect Investments in Subsidiaries

As at 31st March		Effective Holding		No.of Shares		Value	
		2024	2023	2024	2023	2024	2023
Investor	Investee	%	%			Rs.'000	Rs.'000
Unquoted investments							
Haycarb Holding Bitung Ltd.	PT Mapalus Makawanua Charcoal Industry	98	98	36,395	36,395	362,574	362,574
Carbokarn Co.Ltd	CK Regen Co.Ltd.	50	50	75,000	75,000	17,050	17,050
Carbokarn Co.Ltd	Shizuka Co. Ltd.	50	50	137,500	137,500	57,264	57,264
Puritas (Pvt) Ltd	Puricarb Pte Ltd.	100	100	50,000	50,000	6,638	6,638

The countries of incorporation and the principal activities of all the above companies in the group are given on pages 346 to 349

17 INVESTMENT IN EQUITY ACCOUNTED INVESTEES

As at 31st March	Holding	Consolidated		Company	
		2024	2023	2024	2023
	%	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Carbotels (Pvt) Ltd. (Note 17.1)	25.2	582,827	576,438	92,903	92,903
Lakdiyatha (Pvt) Ltd. (Note 17.1)	49.0	1,100	16,315	-	-
		583,927	592,753	92,903	92,903

17.1 Movement in equity accounted investees

As at 31st March	Lakdiyatha (Pvt) Ltd.		Carbotels (Pvt) Ltd.		Consolidated	
	2024	2023	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance at the beginning of the year	16,315	24,923	576,438	565,413	592,753	590,336
Share of profit/(loss) of equity accounted investees(Note 17.2)	(15,215)	(8,608)	6,389	11,025	(8,826)	2,417
Balance at the end of the year	1,100	16,315	582,827	576,438	583,927	592,753

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17.2 Summarised Financials of Equity Accounted Investees

As at 31st March	Lakdiyatha (Pvt) Ltd.		Carbotels (Pvt) Ltd.		Consolidated	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Statement of financial position						
Non current asset	196,559	193,941	2,154,853	2,141,551	2,351,412	2,335,492
Current asset	47,905	49,022	180,590	160,456	228,495	209,478
Total assets	244,464	242,963	2,335,443	2,302,007	2,579,907	2,544,970
Non current liabilities	(32,160)	(74,540)	(21,738)	(13,150)	(53,898)	(87,690)
Current liabilities	(210,059)	(135,127)	(899)	(1,406)	(210,958)	(136,533)
Total liabilities	(242,219)	(209,667)	(22,637)	(14,556)	(264,856)	(224,223)
Net Assets	2,245	33,296	2,312,806	2,287,451	2,315,051	2,320,747
Group carrying amount of the investment	1,100	16,315	582,827	576,438	583,927	592,753
Revenue	36,274	39,519	-	-	36,274	39,519
Profit/ (loss) from continuing operation	(40,372)	(46,230)	34,729	52,415	(5,643)	6,185
Profit/ (loss) after tax	(31,050)	(17,567)	25,353	43,750	(5,697)	26,183
Total comprehensive income	(31,050)	(17,567)	25,353	43,750	(5,697)	26,183
Group share of profit for the year	(15,215)	(8,608)	6,389	11,025	(8,826)	2,417

18 RELATED PARTY DISCLOSURES

18.1 Amounts due to Subsidiaries

As at 31st March	Company	
	2024 Rs. '000	2023 Rs. '000
Haycarb USA Inc.	4,149	68,764
Eurocarb Products Ltd.	16,133	-
Haycarb Holdings Australia (Pty) Ltd.	28,490	11,824
Haycarb Holdings Bitung Ltd.	12,843	13,109
Puritas (Pvt) Ltd.	1,845	3,465
Recogen(Pvt) Ltd.	16,221	13,707
Ultracarb(Pvt) Ltd.	1,923	-
	81,604	110,869

18 RELATED PARTY DISCLOSURES CONTD.

18.2 Amounts due to other related parties

As at 31st March	Relationship	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Hayleys PLC	Parent	272,152	58,433	238,803	46,940
Advantis Freight (Pvt) Ltd.	Affiliate	7,103	12,256	6,357	12,207
Advantis Projects & Engineering (Pvt) Ltd.	Affiliate	8,506	2,458	8,457	2,458
Chas P. Hayley & Company (Pvt) Ltd.	Affiliate	1,450	927	1,450	927
CEVA Logisitics Lanka (Pvt) Ltd.	Affiliate	3,783	-	3,783	-
Clarion Shipping (Pvt) Ltd.	Affiliate	401	-	401	-
Cosco Lanka (Pvt) Ltd.	Affiliate	186	-	186	-
Energynet (Pvt) Ltd.	Affiliate	7,474	-	6,662	-
Fentons Limited	Affiliate	536,251	117	536,251	-
Hayleys Advantis Ltd.	Affiliate	-	888	-	888
Hayleys Agriculture Holdings Limited	Affiliate	26	26	26	26
Hayleys Aventura (Pvt) Ltd.	Affiliate	4,130	-	4,130	-
Hayleys Business Solutions (Pvt) Ltd.	Affiliate	518	524	499	511
Hayleys Consumer Products Ltd.	Affiliate	16	16	-	-
Hayleys Fabric Solutions Ltd.	Affiliate	-	37	-	37
Hayleys Fibre PLC	Affiliate	122,925	7,454	-	-
Hayleys Lifesciences (Pvt) Ltd.	Affiliate	321	23	298	
Hayleys Travels (Pvt) Ltd.	Affiliate	4,705	2,761	4,705	2,761
Kelani Valley Plantations PLC	Affiliate	63	-	-	-
Key Management Personnel - Carbokarn Co. Ltd. *	Affiliate	1,404,352	1,542,158	-	-
Logiwiz ltd	Affiliate	519	687	519	8
Mabroc Teas (Pvt) Ltd.	Affiliate	-	291	-	291
Mountain Hawk (Pvt) Ltd	Affiliate	247	405	247	404
Mountain Hawk Express (Pvt) Ltd.	Affiliate	4,157	3,268	4,157	3,269
Singer (Sri Lanka) PLC	Affiliate	32	228	-	-
Sri Lanka Shipping Company Limited	Affiliate	503	-	503	-
The Kingsbury PLC	Affiliate	-	1,929	-	1,929
Toyo Cushion Lanka (Pvt) Ltd.	Affiliate	-	929	-	-
		2,379,820	1,635,815	817,434	72,656

**Equity partners of the Carbokarn Group have provided loans to these companies for working capital requirements at the current market rates prevailing in Thailand, which is in the range of MLR (Thailand) - 1% per annum during the financial year.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18.3 Amounts due from Subsidiaries

As at 31st March	Company	
	2024 Rs. '000	2023 Rs. '000
Puritas (Pvt) Ltd.	40,039	15,140
Haycarb Holdings Australia (Pty) Ltd.	101,700	194,497
Carbokarn Co. Ltd.	259,582	44,165
Eurocarb Products Ltd.	102,231	59,810
PT Mapalus Makawanua Charcoal Industry	1,308	5,903
Ultracarb (Pvt) Ltd.	315,302	226,454
Puricarb Pte Ltd	4	4
Recogen (Pvt) Ltd	78,936	102,525
PT Haycarb Palu Mitra	90,137	893
	989,239	649,391

18 RELATED PARTY DISCLOSURES CONTD.

18.4 Amounts due from other related parties

As at 31st March	Relationship	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Hayleys PLC	Parent	292	2,199	-	-
Advantis Projects & Engineering (Pvt) Ltd	Affiliate	95	99	-	-
Alco Industries (Pvt) Ltd.	Affiliate	194	194	-	-
Alumex PLC	Affiliate	498	498	-	-
Amaya Leisure PLC	Affiliate	-	17	-	-
Bonterra Ltd.	Affiliate	-	2,332	-	111
Chas P Hayley & Company (Pvt) Ltd.	Affiliate	16,038	54,192	-	551
Clarion Shipping (Pvt) Ltd.	Affiliate	9	12	-	-
CMA CGM Lanka (Pvt) Ltd.	Affiliate	8	-	-	-
Creative Polymats (Pvt) Ltd.	Affiliate	434	-	-	-
Diamond shipping services (Pvt) Ltd.	Affiliate	17	-	-	-
D P L Premier Gloves Ltd.	Affiliate	97	-	-	-
Dipped Products PLC	Affiliate	15,407	22,319	13,839	20,751
Fentons Limited	Affiliate	2,348	2,321	2,321	2,321
Haycolour (Pvt) Ltd.	Affiliate	162	-	-	-
Hayleys Advantis Ltd.	Affiliate	44	24	-	-
Hayleys Agriculture Holding Ltd.	Affiliate	139	115	-	-
Hayleys Aventura (Pvt) Ltd.	Affiliate	77	67	42	42
Hayleys Business Solutions (Pvt) Ltd.	Affiliate	15	138	-	-
Hayleys Consumer Products Ltd.	Affiliate	20	-	-	-
Hayleys Fibre PLC	Affiliate	692	7,651	600	255
Hayleys Free Zone Limited	Affiliate	99	94	-	-
Hayleys Travels (Pvt) Ltd.	Affiliate	11	11	-	-
IML Delivery Systems (Pvt) Ltd.	Affiliate	123	91	-	-
Kelani Valley Plantation PLC	Affiliate	230	21	-	-
Logiwiz Ltd	Affiliate	1,741	1,057	-	-
Martin Bauer Hayleys (Pvt) Ltd.	Affiliate	-	2,274	-	-
Mountain Hawk Express (Pvt) Ltd.	Affiliate	311	93	-	-
North South Lines (Pvt) Ltd.	Affiliate	12	-	-	-
Ocean Network Express Lanka (Pvt) Ltd.	Affiliate	40	-	-	
Ravi Industries Ltd.	Affiliate	2,366	2,357	-	406
Rileys (Pvt) Ltd.	Affiliate	3,049	3,009	1,167	1,161
South Asia Textiles (Pvt) Ltd.	Affiliate	68	100	-	-
Singer (Sri Lanka) PLC	Affiliate	2,419	1,958	-	-
Thalawakelle Tea Estates PLC	Affiliate	34	26	-	-
The Kingsbury PLC	Affiliate	216	216	-	-
Toyo Cushion Lanka (Pvt) Ltd.	Affiliate	550	550	403	403
Volanka (Pvt) Ltd.	Affiliate	-	154	-	132
Volanka Insurance Brokers (Pvt) Ltd.	Affiliate	15	6	-	-
		47,870	104,195	18,372	26,133

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18.5 Amounts due from equity accounted investees

As at 31st March	Relationship	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Lakdiyatha (Pvt) Ltd.	Associate	127,165	101,824	567	247
		127,165	101,824	567	247

19 INVENTORIES

As at 31st March	Note	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Raw materials and consumables		5,382,759	7,540,360	2,871,907	3,954,291
Finished and semi finished goods		7,384,883	8,120,278	1,806,425	1,313,751
Project in progress		293,142	232,080	-	-
Provision for unrealised profits		(1,047,096)	(1,402,222)	-	-
		12,013,688	14,490,496	4,678,332	5,268,042
Provision for write down of inventories	19.1	(507,030)	(503,727)	(207,867)	(161,477)
Total inventories at the lower of cost and net realisable value		11,506,658	13,986,769	4,470,465	5,106,565

19.1 Movement of provision for write down of inventories

For the year ended 31st March	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
At the beginning of the year	503,727	241,379	161,477	101,837
Provision for slow moving inventories	82,094	262,348	46,390	59,640
Write off during the year	(78,791)	-	-	-
At the end of the year	507,030	503,727	207,867	161,477

20 TRADE AND OTHER RECEIVABLES

As at 31st March	Note	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Trade receivables - External customers		6,860,503	6,859,479	2,034,983	1,079,454
- Inter company		-	-	2,583,516	3,117,570
Less: Provision for impairment on trade receivable	20.1	(181,981)	(176,726)	-	-
		6,678,522	6,682,753	4,618,499	4,197,024
Loans to employees		32,827	27,166	32,827	27,166
		6,711,349	6,709,919	4,651,326	4,224,190

20 TRADE AND OTHER RECEIVABLES CONTD.

20.1 Movement of provision for impairment on trade receivable

For the year ended 31st March	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
At the beginning of the year	176,726	156,557	-	-
Impairment loss of trade receivables	5,255	20,169	-	-
At the end of the year	181,981	176,726	-	-

20.2 The age analysis of trade receivables is as follows :

Consolidated	Total Rs.'000	Neither past due nor impaired Rs.'000	0-60 Days Rs.'000	61-120 Days Rs.'000	Above 120 Days Rs.'000
Balance as at 31st March 2024	6,860,503	5,328,137	1,118,180	71,025	343,161
Balance as at 31st March 2023	6,859,479	4,922,202	1,555,785	134,255	247,237

Company	Total Rs.'000	Neither past due nor impaired Rs.'000	0-60 Days Rs.'000	61-120 Days Rs.'000	Above 120 Days Rs.'000
Balance as at 31st March 2024	2,034,983	1,730,869	296,470	7,644	-
Balance as at 31st March 2023	1,079,454	825,804	237,913	15,737	-

Loans to employees (over Rs. 20,000/- included below)

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	5,939	2,283	5,939	2,283
Granted during the year	4,150	5,046	4,150	5,046
	10,089	7,329	10,089	7,329
Repaid during the year	(1,783)	(1,390)	(1,783)	(1,390)
At the end of the year	8,306	5,939	8,306	5,939
Number of loans over Rs. 20,000/-	31	37	31	37

No loans have been given to the Directors of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 NON - CURRENT FINANCIAL ASSETS

As at 31st March	Note	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Equity investments designated at FVOCI					
Unquoted equity shares					
Quality Seed Co. Ltd.		490	490	490	490
Barrack Gold Corporation		193	193	-	-
Effect of movement in exchange rates		110	149	-	-
Carrying value at the year end		793	832	490	490
Quoted equity shares-Dipped Products PLC					
Fair value of quoted equity shares at the beginning of the year		1,127,042	1,322,342	1,127,042	1,322,342
Change in fair value		109,856	(195,300)	109,856	(195,300)
Fair value of quoted equity shares at the end of the year	21.1	1,236,898	1,127,042	1,236,898	1,127,042
Fair value of equity investments designated at FVOCI		1,237,691	1,127,874	1,237,388	1,127,532
Financial assets at amortised cost					
Receivable from suppliers					
At the beginning of the year		56,792	55,707	-	-
Settlements during the year		(850)	(4,250)	-	-
Effect of movement in exchange rates		(8,408)	5,335	-	-
At the end of the year		47,534	56,792	-	-
Total other non-current financial assets		1,285,225	1,184,666	1,237,388	1,127,532

21.1 Market price and cost of investments in quoted shares

	No of shares	Market price per share	Market Value Rs.'000	Total cost Rs.'000
Dipped Products PLC				
As at 31st March 2024	40,687,460	Rs. 30.40	1,236,898	40,170
As at 31st March 2023	40,687,460	Rs. 27.70	1,127,042	40,170

22 OTHER CURRENT ASSETS

As at 31st March	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Deposits and payments in advance	814,596	719,480	302,534	295,199
Other receivables	452,424	651,657	133,656	118,437
Tax recoverable	46,365	35,741	44,279	16,816
	1,313,385	1,406,878	480,469	430,452

23 CASH IN HAND AND AT BANK

As at 31st March	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Cash in hand	17,677	12,847	14,419	9,148
Bank balances	2,733,651	3,184,947	981,211	1,107,100
Cash in hand and bank balances	2,751,328	3,197,794	995,630	1,116,248
Short-term deposits	3,970,798	1,875,098	2,684,079	961,244
	6,722,126	5,072,892	3,679,709	2,077,492

23.1 Currency wise analysis of cash in hand and at bank

As at 31st March	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Sri Lankan Rupees	2,945,118	798,829	2,553,178	737,114
United States Dollars	2,295,540	2,646,098	989,569	1,315,794
Sterling pounds	49,124	53,303	27,807	13,126
Euro	127,396	12,874	109,155	11,458
Australian Dollars	69,439	128,162	-	-
Indonesian Rupiah	530,408	605,753	-	-
Thai Baht	594,651	762,095	-	-
Maldivian Rufiyaa	110,450	65,778	-	-
	6,722,126	5,072,892	3,679,709	2,077,492

Management of foreign currency risk is disclosed in Note no.37

23.2 For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following:

As at 31st March	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Cash in hand and at bank	2,751,328	3,197,794	995,630	1,116,248
Short-term deposits	3,970,798	1,875,098	2,684,079	961,244
Bank overdrafts and short term borrowings	(3,866,301)	(6,618,921)	(2,480,319)	(2,868,196)
Cash and cash equivalents for the purpose of statement of cash flow	2,855,825	(1,546,029)	1,199,390	(790,704)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 STATED CAPITAL

Issued and fully-paid - ordinary shares

As at 31st March	Company	
	2024 Rs. '000	2023 Rs. '000
At the beginning of the year - 297,123,750 (1st April 2022 -297,123,750)	**331,774**	331,774
At the end of the year - 297,123,750 (31 March 2023 - 297,123,750)	**331,774**	331,774

25 RESERVES

As at 31st March	Consolidated		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Capital Reserves (Note. 25.1)	**891,290**	891,290	**520,097**	520,097
Revenue Reserves (Note. 25.2)	**21,681,998**	20,918,757	**13,008,591**	11,867,174

25.1 Capital Reserves - Attributable to equity holders of the parent

	Revaluation surplus Rs.'000	Reserve on amalgamation Rs.'000	Legal reserve Rs.'000	Total Rs.'000
Consolidated				
Balance as at 1st April 2022	962,332	25,885	6,541	994,758
Tax effect on revaluation surplus	(103,468)	-	-	(103,468)
Balance as at 31st March 2023	858,864	25,885	6,541	891,290
Tax effect on revaluation surplus	-	-	-	-
Balance as at 31st March 2024	858,864	25,885	6,541	891,290
Company				
Balance as at 1st April 2022	525,889	23,758	-	549,647
Amalgamation of Haycarb Value Added Products (Pvt) Ltd	-	68,290	-	68,290
Tax effect on revaluation surplus	(97,840)	-	-	(97,840)
Balance as at 31st March 2023	428,049	92,048	-	520,097
Tax effect on revaluation surplus	-	-	-	-
Balance as at 31st March 2024	428,049	92,048	-	520,097

- Legal reserve relates to a statutory reserve created under Carbokarn Co. Ltd. Thailand.
- Amalgamation reserve as at 01st April 2022 of Rs. 25,885,000/- in consolidated financial statements consists of Rs. 23,758,000/- created at the time of amalgamation of Deltacarb Ltd and Pelaco Ltd with Haycarb PLC in year 1999 and year 2004 respectively. Balance Rs. 2,127,000/- is attributable to amalgamation of PT Mapalus Makawanua Charcoal Industry in 2012.
- Amalgamation reserve in company financial statements recorded in 2022/23 is due to amalgamation of Haycarb Value Added Products (Pvt) Ltd with Haycarb PLC on 28th December 2022.
- Revaluation surplus consists of net surplus resulting from the valuation of Property, plant and equipment. The unrealised amount cannot be distributed to shareholders.

25 RESERVES CONTD.

25.2 Revenue Reserves

As at 31st March	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Fair value reserve of financial assets at FVOCI	**1,196,727**	1,086,871	**1,196,727**	1,086,871
Foreign currency translation reserves	**3,544,204**	4,687,634	**-**	-
General reserves	**519,353**	519,353	**519,353**	519,353
Retained Earnings				
Haycarb PLC	**11,292,511**	10,260,950	**11,292,511**	10,260,950
Subsidiaries	**4,662,679**	3,888,599	**-**	-
Associates	**466,524**	475,350	**-**	-
	16,421,714	14,624,899	**11,292,511**	10,260,950
	21,681,998	20,918,757	**13,008,591**	11,867,174

Fair Value Reserve of Financial Assets at FVOCI
Fair value reserve comprises the cumulative net change in fair value of financial assets designated as fair value through other comprehensive income(FVOCI).

Foreign currency translation reserve
Foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

General Reserve
General reserve which is a revenue reserve represents the amounts set aside by the board of directors for general application.

26 INTEREST-BEARING LOANS AND BORROWINGS

26.1 Non - current portion of interest bearing loans and borrowings

As at 31st March	Note	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Non-current interest-bearing loans and borrowings					
Secured term loans					
At the beginning of the year		**300,783**	982,583	**294,594**	967,029
Loans obtained during the year		**636,120**	200,000	**170,000**	200,000
Effect of movements in foreign exchange rates		**(7,731)**	35,456	**(6,593)**	35,266
		929,172	1,218,039	**458,001**	1,202,295
Repayments during the year		**(419,702)**	(917,256)	**(290,241)**	(907,701)
At the end of the year		**509,470**	300,783	**167,760**	294,594
Repayable within one year		**(255,751)**	(160,589)	**(101,649)**	(159,133)
Repayable after one year	26.3	**253,719**	140,194	**66,111**	135,461

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26.2 Current portion of interest bearing loans and borrowings

As at 31st March	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Short-term interest bearing borrowings				
Short-term loans	2,722,298	5,561,399	1,409,436	1,846,958
Bank overdrafts	1,144,003	1,057,522	1,070,883	1,021,238
Short-term borrowings and bank overdraft	3,866,301	6,618,921	2,480,319	2,868,196
Current portion of long term interest bearing borrowings	255,751	160,589	101,649	159,133
Current portion of interest-bearing loans and borrowings	4,122,052	6,779,510	2,581,968	3,027,329

26.3 Analysis of secured term loans by year of repayment

As at 31st March	Note	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
As at 31st March					
Repayable between 1-2 years from the year end		212,506	105,806	56,667	104,350
Repayable between 2-5 years from the year end		41,213	34,388	9,444	31,111
Total non-current borrowings	26.1	253,719	140,194	66,111	135,461

26 INTEREST-BEARING LOANS AND BORROWINGS CONTD.

26.4 Secured term loans repayable after one year

Company	Lender	Rate of interest and currency	31.03.2024 Rs. '000	31.03.2023 Rs. '000	Repayment terms	Security
Haycarb PLC	Standard Chartered Bank (1M LIBOR + 4.9%)	1 month - SOFR + 3% Currency - USD	-	49,350	60 equal monthly installments commencing from November 2019	None
	The Hongkong & Shanghai Banking Corporation Ltd	1 Month HSBC Bank cost of funds +3.2% Currency - USD	-	77,778	36 monthly installments	None
	The Hongkong & ShanghaiBanking Corporation Ltd	1 Month HSBC Bank cost of funds +3% Currency - USD	-	8,333	16 monthly installments	None
	The Hongkong & ShanghaiBanking Corporation Ltd	1 Month HSBC Bank cost of funds +3% * Currency - USD	66,111	-	16 monthly installments	None
Ultracarb (Pvt) Ltd.	The Hongkong & ShanghaiBanking Corporation Ltd	1 Month HSBC Bank cost of funds +3% * Currency - USD	176,944	-	16 monthly installments	None
Haycarb Holding Australia Pte Ltd.	Power Torque Finance	2.95% Currency - AUD	2,715	4,733	48 equal monthly installments commencing from March 2022	
	Chattel Mortgage	7.89% Currency - AUD	7,949		48 equal monthly installments + final payment of AUD 27,279 commencing from June 2023	
Total secured term loans repayable after one year			253,719	140,194		

Fair value of the interest-bearing loans and borrowings of the Group Rs. 4,375,770,511/- (31 st March 2023-Rs. 6,919,703,500/-) Company Rs. 2,648,079,165/- (31st March 2022- Rs.3,162,790,444/-).

* Loans granted under the green loan principles of HSBC

27 DEFINED BENEFIT OBLIGATIONS GRI 201-3

	As at 31st March	Note	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
(i)	**Expenses recognised in the statement of profit or loss**					
	Current service cost	27 (iv)	172,143	33,686	73,420	53,442
	Interest cost on defined benefit obligations	27 (iv)	189,030	133,745	160,577	114,875
	The total expense recognised in administrative expenses in the statement of profit or loss	9.1.1	361,173	167,431	233,997	168,317
(ii)	**Actuarial gains and losses recognised directly in OCI**	27 (iv)				
	Actuarial loss recognised in OCI		239,962	47,461	237,100	34,828
			239,962	47,461	237,100	34,828

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	As at 31st March	Note	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
(iii)	**Present value of defined benefit obligations**					
	Present value of defined benefit obligations	27 (iv)	**1,737,269**	1,230,526	**1,351,969**	903,328
			1,737,269	1,230,526	**1,351,969**	903,328
(iv)	**Movement of the provision for defined benefit obligations**					
	At the beginning of the year		**1,230,526**	1,143,285	**903,328**	831,502
	Interest cost	27 (i)	**189,030**	133,745	**160,577**	114,875
	Current service cost	27 (i)	**172,143**	33,686	**73,420**	53,442
	Benefits paid		**(38,336)**	(155,948)	**(22,456)**	(131,319)
	Actuarial loss on defined benefit obligations	27 (ii)	**239,962**	47,461	**237,100**	34,828
	Effect of movement in exchange rates		**(56,056)**	28,297	**-**	-
	At the end of the year		**1,737,269**	1,230,526	**1,351,969**	903,328
	Legal Liability		**1,051,178**	817,677	**863,726**	674,710

27.1 Actuarial assumptions

As at 31st March	Consolidated 2024 %	Consolidated 2023 %	Company 2024 %	Company 2023 %
Sri Lanka				
Discount rate:	**12.00**	18.00	**12.00**	18.00
Salary escalation rate	**11.00**	16.00	**11.00**	16.00
Indonesia				
Discount rate:	**10.00**	7.43		
Salary escalation rate	**8.50**	8.50		
Thailand				
Discount rate:	**2.75**	3.26		
Salary escalation rate	**2.5**	3		

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 withdrawal from service and retirement on medical grounds.

27 DEFINED BENEFIT OBLIGATIONS CONTD.

27.2 Distribution of the employee benefit obligations over future working lifetime

As at 31st March	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Less than or equal to 1 Year	**191,543**	122,902	**89,506**	44,154
Over 1 year and less than or equal to 5 year	**370,322**	345,258	**320,112**	287,947
Over 5 year and less than or equal to 10 year	**665,676**	391,007	**544,925**	300,224
Over 10 years	**509,728**	371,359	**397,426**	271,003
	1,737,269	1,230,526	**1,351,969**	903,328

The expenses recognised is included in administration expenses in the financial statements. LKAS 19 requires the use of actuarial techniques to make a reliable estimate of the employee benefit that employees have earned in return for their service in the current and prior periods and discount that benefits using the Projected Unit Credit Method in order to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic variables that will influence the cost of the benefit. As per LKAS 19 gain or loss arising from actuarial valuation is recognised in other comprehensive income.

The actuarial valuation was carried out by a professionally qualified Actuary, Actuarial and Management Consultant (Pvt) Ltd. for Srilanka and Thailand entities and Kantor Konsultan Aktuaria Tubagus Syafrial & Ammn Nangasan for Indonesian entities as at 31st March 2024

27.3 Sensitivity Analysis - Salary Escalation rate/Discount rate

Values appearing in the Financial Statements are sensitive to the changes in the financial and non financial assumptions used.

As at 31st March	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Present value of defined benefit obligation				
One Percentage point increase (+ 1%) in discount rate	**1,612,090**	1,165,591	**1,248,368**	840,614
One Percentage point decrease (- 1%) in discount rate	**1,890,003**	1,349,984	**1,469,274**	973,585
One Percentage point increase (+ 1%) salary escalation rate	**1,908,005**	1,354,209	**1,489,038**	978,383
One Percentage point decrease (- 1%) salary escalation rate	**1,594,655**	1,160,603	**1,229,895**	835,468

28 DEFERRED TAX ASSETS / LIABILITIES

28.1 Deffered Tax Assets

As at 31st March	Note	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000
At the beginning of the year		**244,159**	132,820
Origination and (reversal) of temporary differences		**(4,196)**	111,339
At the end of the year	28.1.2	**239,963**	244,159

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28.1.1 Deffered tax assets are attributable to the followings;

As at 31st March	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000
Consolidated		
Property plant and equipment	(6,872)	(2,496)
Inventory provision	87,539	100,263
Debtor provision	51,213	49,005
Carried forward tax losses	5,835	-
Defined benefit obligations	97,796	89,770
Unrealised exchange gains/(losses)	3,602	5,742
Other items	850	1,875
Net deferred tax asset	239,963	244,159

28.1.2 Movement of deffered tax assets and the composition :

Consolidated Rs.'000	Balance as at 31.03.2023	Recognised in Statement of Profit or loss	Recognised in Other Comprehensive Income	Effect of movement in exchange rate	Balance as at 31.03.2024
Property plant and equipment	(2,496)	(4,376)	-	-	(6,872)
Inventory provision	100,263	(12,724)	-	-	87,539
Debtor provision	49,005	2,208	-	-	51,213
Carried forward tax losses	-	5,835	-	-	5,835
Defined benefit obligations	89,770	13,535	110	(5,619)	97,796
Unrealised exchange gains/(losses)	5,742	(2,140)	-	-	3,602
Other items	1,875	(1,025)	-	-	850
Net deferred tax asset	244,159	1,313	110	(5,619)	239,963

Consolidated Rs.'000	Balance as at 31.03.2022	Recognised in Statement of Profit or loss	Recognised in Other Comprehensive Income	Effect of movement in exchange rate	Balance as at 31.03.2023
Property plant and equipment	(2,242)	16	-	(270)	(2,496)
Inventory provision	26,043	74,220	-	-	100,263
Debtor provision	30,579	18,426	-	-	49,005
Carried forward tax losses	19,176	(19,176)	-	-	-
Defined benefit obligations	64,672	22,104	-	2,994	89,770
Unrealised exchange gains/(losses)	(6,159)	11,901	-	-	5,742
Other items	751	1,124	-	-	1,875
Net deferred tax asset	132,820	108,615	-	2,724	244,159

28 DEFERRED TAX ASSETS / LIABILITIES CONTD,

28.2 Deffered tax Liabililities

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	136,709	368,658	85,673	294,955
Transfers on amalgamation	-	-	-	30,168
Origination and reversal of temporary differences	55,476	(231,949)	39,868	(239,450)
At the end of the year	192,185	136,709	125,541	85,673

28.2.1 Differed tax liabilities are attributable to the followings;

As at 31st March	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Property plant and equipment	(718,585)	(547,415)	(622,446)	(458,765)
Inventory provision	64,569	50,872	62,360	48,443
Carried forward tax losses	24,057	28,532	-	-
Defined benefit obligations	408,084	272,645	405,566	270,998
Unrealised exchange gains/(losses)	29,407	57,170	28,870	51,535
Other items	283	1,487	109	2,116
Net deferred tax liabilities	(192,185)	(136,709)	(125,541)	(85,673)

28.2.2 Movement of deferred tax liabilities and the composition:

Consolidated Rs.'000	Balance as at 31st March 2023	Recognised in Statement of Profit or loss	Recognised in Other Comprehensive Income	Balance as at 31.03.2024
Consolidated				
Property plant and equipment	(547,415)	(171,170)	-	(718,585)
Inventory provision	50,872	13,697	-	64,569
Carried forward tax losses	28,532	(4,475)	-	24,057
Defined benefit obligations	272,645	63,882	71,557	408,084
Unrealised exchange gains/(losses)	57,170	(27,763)	-	29,407
Other items	1,487	(1,204)	-	283
Net deferred tax liabilities	(136,709)	(127,033)	71,557	(192,185)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Rs.'000	Balance as at 31st March 2022	Recognised in Statement of Profit or loss	Recognised in Other Comprehensive Income	Balance as at 31.03.2023
Property plant and equipment	(294,388)	(149,559)	(103,468)	(547,415)
Inventory provision	15,258	35,614	-	50,872
Carried forward tax losses	19,598	8,934	-	28,532
Defined benefit obligations	117,318	141,845	13,482	272,645
Unrealised exchange gains/(losses)	(227,966)	285,136	-	57,170
Other items	1,522	(35)	-	1,487
Net deferred tax liabilities	(368,658)	321,935	(89,986)	(136,709)

28.2.3 Movement of deferred tax liabilities and the composition:

Company Rs.'000	Balance as at 31st March 2023	Recognised in Statement of Profit or loss	Recognised in Other Comprehensive Income	Balance as at 31.03.2024
Property, plant and equipment	(458,765)	(163,681)	-	**(622,446)**
Inventory provision	48,443	13,917	-	**62,360**
Defined benefit obligations	270,998	63,438	71,130	**405,566**
Unrealised exchange gains/(losses)	51,535	(22,665)	-	**28,870**
Other items	2,116	(2,007)	-	**109**
Net deferred tax liabilities	(85,673)	(110,998)	71,130	**(125,541)**

Company Rs.'000	Balance as at 31st March 2022	Recognised in Statement of Profit or loss	Recognised in Other Comprehensive Income	Balance as at 31.03.2023
Property, plant and equipment	(210,685)	(150,240)	(97,840)	(458,765)
Inventory provision	14,257	34,186	-	48,443
Defined benefit obligations	116,410	144,140	10,448	270,998
Unrealised exchange gains/(losses)	(216,308)	267,843	-	51,535
Other items	1,371	745	-	2,116
Net deferred tax liabilities	(294,955)	296,674	(87,392)	(85,673)

29 TRADE AND OTHER PAYABLES

As at 31st March	Note	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Trade payables		1,351,339	991,941	672,506	321,230
Freight payables		669,787	692,610	593,678	612,430
Salaries and wages		631,291	634,164	602,032	602,032
Dividend payable	29.1	142,607	27,530	142,607	27,530
Accrued expenses and other payables		1,408,871	1,357,562	760,823	416,372
		4,203,895	3,703,807	2,771,646	1,979,594

29.1 Dividend 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				
Recognised under dividend payable	27,530	92,240	27,530	92,240
Recognised under related party	-	150,938	-	150,938
Declared during the year	1,782,743	1,678,749	1,782,743	1,678,749
Dividends paid to equity holders of the parent	(1,466,415)	(1,894,397)	(1,466,415)	(1,894,397)
At the end of the year	343,858	27,530	343,858	27,530
Recognised under related party	201,251	-	201,251	-
Recognised under dividend payable	142,607	27,530	142,607	27,530
	343,858	27,530	343,858	27,530

30 OTHER CURRENT LIABILITY

As at 31st March	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Payments received in advance	393,561	413,884	56,980	32,171
	393,561	413,884	56,980	32,171

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 INCOME TAX PAYABLE/(RECEIVABLE)

As at 31st March	Note	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
At the beginning of the year		609,544	377,592	192,857	(23,479)
Taxation on current year's profit	10.5	1,524,248	2,070,152	732,841	1,033,865
Tax on dividend	10.5	207,551	91,583	-	-
Under/(over) provision in respect of previous years	10.5	(49,818)	21,358	(25,047)	(9,284)
Transfer from amalgamation		-	-	-	30,529
Payments made during the year		(1,575,434)	(1,976,015)	(560,426)	(838,774)
Effect of movement in exchange rates		(31,033)	24,874	-	-
At the end of the year		685,058	609,544	340,225	192,857
Income tax recoverable at the end of the year	22	(46,365)	(35,741)	(44,279)	(16,816)
Income tax payable at the end of the year		731,423	645,285	384,505	209,673

32 PRINCIPAL SUBSIDIARIES WITH MATERIAL NON- CONTROLLING INTEREST

Summarised financial information in respect of Haycarb PLC's subsidiaries that have material non controlling interest, reflecting amount before inter-company eliminations, is set out below.

The significant figures extracted from the financials of subsidiaries with material-non controlling interest

As at 31st March	Carbokarn Co. Ltd (Group) 2024 Rs. '000	Carbokarn Co. Ltd (Group) 2023 Rs. '000	PT.Haycarb Palu Mitra 2024 Rs. '000	PT.Haycarb Palu Mitra 2023 Rs. '000
Revenue	8,865,578	11,744,024	2,096,744	2,825,090
Profit before tax	955,724	1,280,877	529,428	536,741
Cash flows from operating activities	150,859	852,044	443,277	289,434
Cash flows from investing activities	(247,066)	(475,188)	(84,843)	(8,660)
Cash flows from financing activities	(40,679)	(868,297)	(352,246)	(131,135)
Non-current assets	2,913,185	3,386,192	715,686	794,600
Current assets	4,250,634	4,235,757	837,848	1,113,833
Total assets	7,163,819	7,621,949	1,553,534	1,908,433
Non-current liabilities	243,650	227,344	23,497	19,921
Current liabilities	2,271,377	2,372,729	359,061	488,995
Total liabilities	2,515,027	2,600,073	382,558	508,916
Equity attributable to the owners of the company	2,324,396	2,510,938	702,586	839,710
Non-controlling interest	2,324,396	2,510,938	468,390	559,807
Non-controlling interest in %	50	50	40	40

33 RELATED PARTY TRANSACTIONS

Transactions with key management personnel
The Directors of the Company are considered the key management personnel of the Company.

Loans to Directors
No loans have been granted to Directors of the Company

Transactions with parent, subsidiaries, equity accounted investees and other related companies
Relationship with subsidiaries and equity accounted investees are explained in Note 16 and 17 also under Group companies in page 346 to 349 Business segment classification is also given under Group companies.

i) Companies within the Group engage in trading transactions under normal commercial terms and conditions. Outstanding current account balances at the year end are unsecured and charged with weighted average cost of debt rate. Settlements occur in cash.

ii) Companies of Haycarb group have paid charges on office space and other services such as export shipping, secretarial, data processing, personnel administration and other functions obtained from Hayleys PLC.

iii) Haycarb PLC provides factory space to its subsidiaries and charges rent. In addition, the Company incurs common expenses such as administration and personnel cost which are allocated to subsidiaries.

iv) Transactions with Hayleys Advantis Ltd., Advantis Freight (Pvt) Ltd., Advantis Projects & Engineering (Pvt) Ltd, Air Global (Pvt) Ltd., Alco Industries (Pvt) Ltd., Alumex PLC, Amaya Leisure PLC, Chas P. Hayley Company (Pvt) Ltd., CEVA Logisitics Lanka (Pvt) Ltd., Clarion Shipping (Pvt) Ltd., Cosco Lanka (Pvt) Ltd., Creative Polymats (Pvt) Ltd., D P L Universal Gloves Limited, Dipped Products PLC, Energynet (Pvt) Ltd., Fentons Limited, Hanwella Rubber Products Ltd., Haylex (Japan) Ltd., Hayleys Agriculture Holdings Ltd., Hayleys Agro Fertilizers (Pvt) Ltd., Hayleys Aventura (Pvt) Ltd., Hayleys Consumer Products (Pvt) Ltd., Hayleys Fabrics PLC, Hayleys Fibre PLC, Hayleys Lifesciences (Pvt) Ltd., Hayleys Travels (Pvt) Ltd., Horana Plantations PLC, Kelani Valley Plantations PLC, Logiventures (Pvt) Ltd., Logiwiz (Pvt) Ltd., Mabroc Teas (Pvt) Ltd., MIT Cargo (Pvt) Ltd., Mountain Hawk (Pvt) Ltd, Mountain Hawk Express (Pvt) Ltd., North South Lines (Pvt) Ltd., Pan Asia Bank PLC, Quality Seeds Co.Ltd., Ravi Industries (Pvt) Ltd., Rileys (Pvt) Ltd., Royal Ceramics PLC, Singer (Sri Lanka) PLC, Singer Finance PLC, Sri Lanka Shipping Company Limited, Thalawakelle Tea Estates PLC, The Kingsburry PLC and Toyo Cushion Lanka (Pvt) Ltd. are given below under details of related party transactions with affiliates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Transactions with related parties

For the year ended 31st March	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Fully-owned subsidiaries				
Sales of activated carbon	-	-	8,559,384	14,017,368
Sales of raw material and consumables	-	-	100,939	121,378
Purchase of raw material	-	-	31,828	101,021
Reimbursement of salaries/Bonus	-	-	333,183	311,710
Dividend income	-	-	770,238	1,683,261
Current account interest received	-	-	74,466	63,173
Rental income	-	-	14,080	13,346
Purchase of services	-	-	275,099	273,518
Income on services rendered	-	-	86,148	110,928
Partly-owned subsidiaries				
Sales of goods and services	-	-	10,906	6,751
Sale of raw material and consumables	-	-	15,952	62,215
Income from services provided	-	-	126,777	163,150
Dividend income	-	-	428,574	441,347
Parent - Hayleys PLC				
Services related expenses paid	707,109	516,971	671,563	475,689
Dividend paid	1,207,506	1,137,068	1,207,506	1,137,068
Affiliates				
Sales of goods and services	476,836	647,377	436,667	594,507
Purchase of goods and services	1,174,468	1,360,746	913,123	198,322
Dividend income	91,547	118,401	93,608	118,401
Interest expense	48	35,423	48	35,423
Loans obtained from/(repaid to) directors Carbokarn Co. Ltd.	(137,806)	(281,007)	-	-

(v) (a) Non-Recurrent Related Party Transactions

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 31 st March 2024 audited Financial Statements, which required additional disclosures in financial statements under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

(b) Recurrent Related Party Transactions

Recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2024 audited Financial Statements, which required additional disclosures in the financial statements under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission are disclosed below.

For the year ended 31st March Transactions with related parties	2024 Value of transaction	2024 Percentage of Gross Revenue	2023 Value of transaction	2023 Percentage of Gross Revenue
Sales of activated carbon from Haycarb PLC to Haycarb USA Inc.	6,134,284	14%	10,319,247	17%

34 SEGMENT ANALYSIS GRI 207-4

The segmental information is based on two segment formats. The business segment is considered as primary format and based on the nature of the business. The geographic segment is considered as secondary format and based on the geographical location of the business.

34.1 Business Segments

Turnover -Net For the Year Ended 31st March	External Rs. '000	Intra-group Rs '000	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000
Activated carbon	41,659,615	15,537,177	**57,196,792**	83,427,165
Environmental engineering	1,519,590	37,397	**1,556,987**	1,318,831
	43,179,205	15,574,574	**58,753,779**	84,745,996
Intra-group sales			**(15,574,574)**	(23,802,740)
			43,179,205	60,943,256

34.2 Profit before tax

For the Year Ended 31st March	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000
Activated carbon	**6,065,714**	8,499,656
Environmental engineering	**56,366**	(244,041)
Purification -associate	**(15,215)**	(8,608)
Leisure-associate	**6,389**	11,025
	6,113,254	8,258,032

34.3 Assets and liabilities

As at 31st March	Total assets 2024 Rs. '000	Total assets 2023 Rs. '000	Provision for liabilities and charges 2024 Rs. '000	Provision for liabilities and charges 2023 Rs. '000	Trade and other payables 2024 Rs. '000	Trade and other payables 2023 Rs. '000
Activated carbon	**37,890,585**	37,947,535	**1,929,454**	1,367,235	**4,313,578**	3,741,111
Environmental engineering	**1,739,738**	1,650,901	**-**	-	**283,878**	376,578
	39,630,323	39,598,436	**1,929,454**	1,367,235	**4,597,456**	4,117,689
Investment in associates and others	**583,927**	592,753				
	40,214,250	40,191,189				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34.4 Capital expenditure and depreciation

For the Year Ended 31st March	Capital expenditure 2024 Rs. '000	Capital expenditure 2023 Rs. '000	Depreciation 2024 Rs. '000	Depreciation 2023 Rs. '000
Activated carbon	**2,132,084**	1,900,464	**987,259**	900,435
Environmental engineering	**2,703**	6,825	**14,483**	14,198
	2,134,787	1,907,289	**1,001,742**	914,633

34.5 Cashflows from

For the Year Ended 31st March	2024 Activated carbon Rs. '000	2024 Environmental engineering Rs. '000	2023 Activated carbon Rs. '000	2023 Environmental engineering Rs. '000
Operating activities	**8,017,862**	**(141,028)**	10,242,943	(120,989)
Investing activities	**(1,677,827)**	**(22,796)**	(1,616,588)	(2,553)
Financing activities	**(1,757,928)**	**(16,429)**	(3,119,317)	(24,317)
	4,582,107	**(180,253)**	5,507,038	(147,859)

Geographical Segments

34.6 Turnover -Net

For the Year Ended 31st March	External Rs. '000	Intra-group Rs '000	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000
USA	8,815,622	-	**8,815,622**	19,294,240
Europe	4,579,068	-	**4,579,068**	6,484,822
Australia	3,306,989	-	**3,306,989**	4,111,942
Sri Lanka	15,371,731	8,018,485	**23,390,216**	31,753,247
Thailand	7,341,034	3,373,929	**10,714,963**	13,552,953
Indonesia	3,764,761	4,182,160	**7,946,921**	9,548,792
	43,179,205	15,574,574	**58,753,779**	84,745,996
Intra-group sales			**(15,574,574)**	(23,802,740)
			43,179,205	60,943,256

34 SEGMENT ANALYSIS CONTD.

34.7 Profit before tax

For the Year Ended 31st March	Consolidated 2024 Rs. '000	Consolidated 2023 Rs. '000
USA	220,630	564,846
Europe	(156,458)	133,011
Australia	523,491	329,715
Sri Lanka	2,791,315	5,348,085
Thailand	955,724	1,280,887
Indonesia	1,466,838	1,179,121
	5,801,540	8,835,665
Consolidation adjustments	311,714	(577,633)
	6,113,254	8,258,032

34.8 Assets and liabilities

			Non-interest bearing liabilities			
	Total assets		Provision for liabilities and charges		Trade and other payables	
As at 31st March	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
USA	4,683,888	6,146,976	-	-	259,166	420,597
Europe	1,830,750	2,079,373	-	-	213,726	54,923
Australia	1,446,664	1,546,057	-	-	127,241	150,343
Sri Lanka	18,258,097	13,832,498	1,735,400	1,045,524	3,098,877	2,653,296
Thailand	7,968,850	8,362,656	182,852	177,654	536,450	611,796
Indonesia	5,442,074	7,630,876	194,054	144,057	361,996	226,736
	39,630,323	39,598,436	2,112,306	1,367,235	4,597,456	4,117,691
Investments in equity accounted investees	583,927	592,753				
	40,214,250	40,191,189				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34.9 Capital expenditure and depreciation

For the Year Ended 31st March	Capital expenditure		Depreciation	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
USA	-	1,215	3,289	3,744
Europe	10,163	7,471	13,101	15,029
Australia	12,596	114	4,273	2,839
Sri Lanka	1,781,875	1,164,324	378,713	308,294
Thailand	214,526	554,143	430,195	385,040
Indonesia	115,627	180,022	149,782	184,005
	2,134,787	1,907,289	979,353	898,951

35 COMMITMENTS AND CONTINGENCIES

Capital Expenditure Commitments. The approximate amount of capital expenditure approved by the Directors and contracted for as at 31st March 2024, for, which no provision has been made in the Financial Statements amounts to Rs. 962,585,411/- (2022/23 – Rs. 381,923,911/-) for the Group and Rs. 560,783,525/- (Rs. 2022/23 – Rs. 259,067,398/- for the Company. Capital expenditure approved by the Directors but not contracted for was Rs. 195,582,972/- (2022/23 – Rs. 380,165,324/-) for the Group and Rs. 83,990,000/- (2022/23 – Rs. 105,925,500/-) for the Company.

Contingent Liabilities

The contingent liability as at 31st March 2024 on guarantees given by Haycarb Group to third parties amounted to Rs. 5,532,997,390/- (2022/23 – Rs. 7,876,928,434/-). Of this sum, Rs. 7,527,596,870/- (2022/23 – Rs. 7,123,509,891/-) relates to facilities obtained by subsidiaries

36 FAIR VALUE MEASURMENT

The 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 of the measurement date.

Set out below is a comparison by class of the carrying amount and fair value of the Group's financial instruments and certain non-financial asset that are carried in the financial statements.

Consolidated	Note	Carrying Amount		Fair Value	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Financial Assets					
Equity instruments designated at fairvalue through OCI					
- Quoted equity shares		1,236,898	1,127,042	1,236,898	1,127,042
- Unquoted equity shares		793	832	793	832
Total	21	1,237,691	1,127,874	1,237,691	1,127,874
Financial assets at amortised cost					
- Trade receivables	20.1	6,678,522	6,682,753	6,678,522	6,682,753
- Loans to employees	20.1	32,827	27,166	32,827	27,166
- Amounts due from other related parties	18.4	47,870	104,195	47,870	104,195
- Amounts due from equity accounted investees	18.5	127,165	101,824	127,165	101,824
- Cash and short term deposits	23	6,722,126	5,072,892	6,722,126	5,072,892
Total		13,608,510	11,988,830	13,608,510	11,988,830
Non-Financial Assets					
Freehold land	13.1	2,196,619	2,262,784	2,196,619	2,262,784
Total		2,196,619	2,262,784	2,196,619	2,262,784
Financial Liabilities					
Interest-bearing loans and borrowings					
- Lease liabilities	14.2	502,478	292,895	502,478	292,895
- Long term loans	26.1	509,470	300,783	509,470	300,783
- Short term loans and bank overdraft	26.2	3,866,301	6,618,921	3,866,301	6,618,921
Trade and other payables	29	4,203,895	3,703,807	4,203,895	3,703,807
Amounts due to other related parties	18.2	2,379,820	1,635,815	2,379,820	1,635,815
Total		11,461,964	12,552,221	11,461,964	12,552,221

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Company	Note	Carrying Amount		Fair Value	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Financial Assets					
Equity instruments designated at fairvalue through OCI					
- Quoted equity shares		1,236,898	1,127,042	1,236,898	1,127,042
- Unquoted equity shares		490	490	490	490
Total	21	1,237,388	1,127,532	1,237,388	1,127,532
Financial assets at amortised cost					
- Trade receivables	20.1	4,618,499	4,197,024	4,618,499	4,197,024
- Loans to employees	20.1	32,827	27,166	32,827	27,166
- Amounts due from subsidiaries	18.3	989,239	649,391	989,239	649,391
- Amounts due from other related parties	18.4	18,372	26,133	18,372	26,133
- Amounts due from equity accounted investees	18.5	567	247	567	247
- Cash and short term deposits	23	3,679,709	2,077,492	3,679,709	2,077,492
Total		9,339,213	6,977,453	9,339,213	6,977,453
Non-Financial Assets					
Freehold land	13.2	951,429	936,221	951,429	936,221
Total		951,429	936,221	951,429	936,221
Financial Liabilities					
Interest-bearing loans and borrowings					
- Lease liabilities	14.2	260,270	41,615	260,270	41,615
- Long term loans	26.1	167,760	294,594	167,760	294,594
- Short term loans and bank overdraft	26.2	2,480,319	2,868,196	2,480,319	2,868,196
Trade and other payables	29	2,771,646	1,979,594	2,771,646	1,979,594
Amounts due to subsidiaries	18.1	81,604	110,869	81,604	110,869
Amounts due to other related parties	18.2	817,434	72,656	817,434	72,656
Total		6,579,033	5,367,524	6,579,033	5,367,524

The following methods and assumptions were used to estimate the fair values;

Cash and short term deposits, trade and other receivables, amounts due to/from related parties and trade payables approximate their carrying amounts largely due to the short term maturities of these instruments.

Long term loans and lease liabilities approxiamte their carrying amount as majority of the loan portfolio consist loan obtained at variable interest rates.

The methods and assumptions used to estimate fair value of freehold land are disclosed in Note 13.

36 FAIR VALUE MEASUREMENT CONTD.

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 that are not based on observable market data

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 31st March 2024 the Group/Company held the following financial assets carried at fair value in the Statement of Financial Position.

Assets Measured at Fair Value

As at 31st March 2024 Rs.'000	Note	Consolidated				Company			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Fair value through OCI									
Quoted equity shares	21	1,236,898	-	-	1,236,898	1,236,898	-	-	1,236,898
Unquoted equity shares	21	-	-	793	793	-	-	490	490
Property, plant and equipment									
Freehold land	13.1	-	-	2,196,619	2,196,619	-	-	951,429	951,429

During the reporting period ended 31st March 2024, there were no transfers between Level 1 and Level 2 fair value measuremets.

As at 31st March 2023 the Group/Company held the following financial assets carried at fair value in the Statement of Financial Position.

Assets Measured at Fair Value

As at 31st March 2023 Rs.'000	Note	Consolidated				Company			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Fair value through OCI									
Quoted equity shares	21	1,127,042	-	-	1,127,042	1,127,042	-	-	1,127,042
Unquoted equity shares	21	-	-	832	832	-	-	490	490
Property, plant and equipment									
Freehold land	13.1	-	-	2,262,784	2,262,784	-	-	936,221	936,221

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks 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 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. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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 internal audit. Internal audit 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, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The maximum risk position of above mentioned assests which are generally subject to credit risk are equal to their carrying amount (without consideration of collateral, if available). Following table shows the maximum credit risk positions.

As at 31st March 2024 Rs. '000	Note	Non current financial assests	Cash in hand and at bank	Trade and other receivables	Short term investments	Amounts due from related parties	Total
Consolidated							
Short term deposits	23	-	-	-	3,970,798	-	3,970,798
Loans to employees	20	-	-	32,827	-	-	32,827
Equity shares - Unquoted	21	793	-	-	-	-	793
- Quoted	21	1,236,898	-	-	-	-	1,236,898
Trade receivables	20	-	-	6,678,522	-	-	6,678,522
Financial assets at amortised cost	21	47,534	-	-	-	-	47,534
Amounts due from other related parties	18.4	-	-	-	-	47,870	47,870
Amounts due from equity accounted investees	18.5	-	-	-	-	127,165	127,165
Cash in hand and at bank	23	-	2,751,328	-	-	-	2,751,328
Total credit risk exposure		1,285,225	2,751,328	6,711,349	3,970,798	175,035	14,893,735

37 FINANCIAL RISK MANAGEMENT CONTD.

As at 31st March 2023 Rs. '000	Note	Non current financial assests	Cash in hand and at bank	Trade and other receivables	Short term investments	Amounts due from related parties	Total
Consolidated							
Short term deposits	23	-	-	-	1,875,098	-	1,875,098
Loans to employees	20	-	-	27,166	-	-	27,166
Equity shares - Unquoted	21	832	-	-	-	-	832
- Quoted	21	1,127,874	-	-	-	-	1,127,874
Trade and other receivables	20	-	-	6,682,753	-	-	6,682,753
Financial assets at amortised cost	21	56,792	-	-	-	-	56,792
Amounts due from related parties	18.4	-	-	-	-	104,195	104,195
Amounts due from equity accounted investees	18.5	-	-	-	-	101,824	101,824
Cash in hand and at bank	23	-	3,197,794	-	-	-	3,197,794
Total credit risk exposure		1,185,498	3,197,794	6,709,919	1,875,098	206,019	13,174,328

As at 31st March 2024 Rs. '000	Note	Non current financial assests	Cash in hand and at bank	Trade and other receivables	Short term investments	Amounts due from related parties	Total
Company							
Short term deposits	23	-	-	-	2,684,079	-	2,684,079
Loans to employees	20	-	-	32,827	-	-	32,827
Equity shares - Unquoted	21	490	-	-	-	-	490
- Quoted	21	1,236,898	-	-	-	-	1,236,898
Trade receivables	20	-	-	4,618,499	-	-	4,618,499
Amounts due from subsidiaries	18.3	-	-	-	-	989,239	989,239
Amounts due from other related parties	18.4	-	-	-	-	18,372	18,372
Amounts due from equity accounted investees	18.5	-	-	-	-	567	567
Cash in hand and at bank	23	-	995,630	-	-	-	995,630
Total credit risk exposure		1,237,388	995,630	4,651,326	2,684,079	1,008,178	10,576,601

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As at 31st March 2023 Rs. '000	Note	Non current financial assests	Cash in hand and at bank	Trade and other receivables	Short term investments	Amounts due from related parties	Total
Company							
Short term deposits	23	-	-	-	961,244	-	961,244
Loans to employees	20	-	-	27,166	-	-	27,166
Equity shares - Unquoted	21	490	-	-	-	-	490
- Quoted	21	1,127,042	-	-	-	-	1,127,042
Trade and other receivables	20	-	-	4,197,024	-	-	4,197,024
Amounts due from subsidiaries	18.3	-	-	-	-	649,391	649,391
Amounts due from other related parties	18.4	-	-	-	-	26,133	26,133
Amounts due from equity accounted investees	18.5	-	-	-	-	247	247
Cash in hand and at bank	23	-	1,116,248	-	-	-	1,116,248
Total credit risk exposure		1,127,532	1,116,248	4,224,190	961,244	675,771	8,104,985

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 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. Further, SLECIC cover or other forms of credit insurance is obtained for most exports and other sales wherever appropriate.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are individuals 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.

The Group effort is to maintain a diversed customer portfolio across different industries and geographical territories, with the objective of mitigating credit risk. This is achieved through a continuous process of evaluation and monitoring, conducted by the customer management unit. Credit limits are determined based on the financial capabilities of each customer. Furthermore, provisions are established and reserves are created to cover anticipated credit losses against receivables. This approach ensures a robust and effective risk management strategy.

The maximum exposure to credit risk for trade and other receivables at the reporting date by currency-wise was as follows:

As at 31st March	Consolidated		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Sri Lankan Rupees	462,827	267,145	403	78,061
Australian Dollar	93,136	303,219	-	-
Sterling Pound	23,954	42,044	67,453	90,090
Euro	310,666	259,644	176,206	168,415
United States Dollar	4,540,520	4,362,583	4,374,437	3,860,459
Thai Baht	407,373	486,975	-	-
Maldivian Rupiah	84,604	223,860	-	-
Indonesian Rupiah	755,441	737,282	-	-
	6,678,522	6,682,752	4,618,499	4,197,025

37 FINANCIAL RISK MANAGEMENT CONTD.

Investments

Credit risk from investments in equity market and balances with the financial institutions are managed by the Group. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. Aligning with policies the Group has invested the excess funds diversifying among government securities, investment funds, licensed commercial banks local and international minimising the risk.

Cash in banks and short term deposits

The Group held cash in bank and shortterm deposits of Rs. 6,704,449/- at 31st March 2024 (Rs. 5,060,045,000 at 31st March 2023), in recognised commercial banks, investments funds approved by the Central/Federal Bank and/or Monetary Authority of the relevant country and government securities.

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 and bank loans. 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.

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 loans. Short term investments are funded using short term loans. Group has been successful in arranging short term funding from overseas for overease entities, which reduces its dependancy on domestic market for working capital.

The monthly liquidity position is monitored by the Hayleys group treasury. All liquidity policies and procedures are subject to review and approval by Board of Directors.

The table below summarises the maturity profile of the Group's and Company'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	1,144,003	2,171,422	806,627	253,719	-	4,375,771
Lease liability	-	20,529	65,431	416,518	-	502,478
Trade and other payables	631,291	1,408,871	2,163,733	-	-	4,203,895
	1,775,294	3,600,822	3,035,791	670,237	-	9,082,144

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	1,057,522	1,907,329	3,814,659	140,194	-	6,919,704
Lease liability	-	21,680	65,039	206,176	-	292,895
Trade and other payables	634,164	1,357,562	1,712,081	-	-	3,703,807
	1,691,686	3,286,571	5,591,779	346,370	-	10,916,406

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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	1,070,883	1,409,436	101,649	66,111	-	2,648,079
Lease liability	-	9,951	31,556	218,763	-	260,270
Trade and other payables	602,032	760,823	1,408,791	-	-	2,771,646
	1,672,915	2,180,210	1,541,996	284,874	-	5,679,995

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
Company						
Interest bearing loans and borrowings	1,021,238	159,133	1,846,958	135,461	-	3,162,790
Lease liability	4,317	8,945	28,353	-	-	41,615
Trade and other payables	429,562	1,033,660	516,372	-	-	1,979,594
	1,455,117	1,201,738	2,391,683	135,461	-	5,183,999

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 and financial asset designated as fair value through OCI. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The sensitivity analysises in the following sections relate to the position as at 31st March 2024.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed-to-floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant.

The analysis exclude the impact of movements in market variables on the carrying value of pension and other post-retirement obligations, provisions and the non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analysis:

- The statement of financial position sensitivity relates to equity instruments designated as fair value through OCI.
- The sensitivity of the relevant Income Statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31st March 2024.

37 FINANCIAL RISK MANAGEMENT CONTD.

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's exposure to the risk of change in market interest rates relates to the Group's short-term obligations and long-term obligations with floating interest rates. Prudent management of working capital facilities with a proper mix between LKR and USD borrowings to manage cost of borrowings. The group has not engaged in any interest rate swap agreements.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Group's and Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Effect on Profit before Tax			
	Consolidated		Company	
As at 31st March	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Increase in borrowing rates by 100 basis points	(43,758)	(69,197)	(26,481)	(31,628)
Decrease in borrowing rates by 100 basis points	43,758	69,197	26,481	31,628

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's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

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. The currencies in which these transactions primarily denominated are US Dollar, Australian Dollar, Sterling Pound, Thai Baht, Indonesian Rupiah, Maldivian Rupiah and Euros.

The Group evaluate on a case by case basis and where required hedges its exposure to fluctuations on the translation of its foreign operations by using forwards contracts wherever applicable.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rate, with all other variables held constant of the Group's and Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Group's and Company's exposure to foreign currency changes for all other currencies other than below are not material.

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As at 31st March	Increase/ (Decrease)	Effect on Profit before Tax			
		Consolidated		Company	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
US Dollar	10%	**214,704**	159,401	**184,381**	162,930
	-10%	**(214,704)**	(159,401)	**(184,381)**	(162,930)
Thai Baht	10%	**48,212**	65,190	**-**	-
	-10%	**(48,212)**	(65,190)	**-**	-
Indonesian Rupiah	10%	**62,331**	(113,004)	**-**	-
	-10%	**(62,331)**	113,004	**-**	-
GBP	10%	**(12,385)**	4,654	**9,806**	10,322
	-10%	**12,385**	(4,654)	**(9,806)**	(10,322)
Australian Dollar	10%	**10,966**	30,423	**-**	-
	-10%	**(10,966)**	(30,423)	**-**	-
Euro	10%	**39,759**	23,441	**29,711**	17,987
	-10%	**(39,759)**	(23,441)	**(29,711)**	(17,987)
Maldivian Rupiah	10%	**19,505**	26,188	**-**	-
	-10%	**(19,505)**	(26,188)	**-**	-

Equity price risk
The Group does not engage in equity trading other than holding of equity shares as a strategic investments on long term basis. Equity shares are assed at fair value using valuation techniques of fair value hierarchy.

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 stated capital, reserves, retained earnings and non-controlling interests of the Group. The Board of Directors monitors the return on capital and the level of dividends to ordinary shareholders.

The Group has not given any collateral as at 31st March 2024 other than those disclosed in Note 13

The gearing ratio at the reporting date was as follows:

As at 31st March	Consolidated		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Interest bearing borrowings -external	**4,375,771**	6,919,704	**2,648,079**	3,162,790
Interest bearing borrowings -related party	**1,404,352**	1,542,158	**-**	-
Total equity	**25,697,848**	25,212,566	**13,860,462**	12,719,045
Total equity and debt	**31,477,971**	33,674,428	**16,508,541**	15,881,835
Gearing ratio percentage (%)	**18%**	25%	**16%**	20%

38 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No circumstances have arisen since the Balance Sheet date, which would require adjustment to or disclosure in the Financial Statements.

39 FOREIGN CURRENCY TRANSLATION

The principal exchange rates used for translation purposes were:

	Average		Year End	
	2024	2023	2024	2023
US Dollar	316.540	360.163	299.875	329.000
Australian Dollar	207.681	246.010	195.578	220.891
Pound Sterling	397.958	434.146	378.712	407.499
Thai Baht	8.982	10.203	8.227	9.657
Indonesian Rupiah	0.0206	0.0239	0.0189	0.0220
Euro	343.561	375.259	324.495	358.577
Indian rupee	3.823	4.472	3.597	4.002

40 FUNCTIONAL CURRENCY

The Group's functional currency is Sri Lanka Rupee, except in the following subsidiaries:

Company	Company
PT Mapalus Makawanua Charcoal Industry	Indonesian Rupiah
PT Haycarb Palu Mitra	Indonesian Rupiah
Haycarb Holdings Bitung Ltd.	United States Dollar
Eurocarb Products Ltd.	Sterling Pounds
Haycarb Holdings Australia (Pty) Ltd.	Australian Dollars
Haycarb USA Inc.	United States Dollar
Carbokarn Co. Ltd.	Thai Baht
CK Regen Systems Co. Ltd.	Thai Baht
Shizuka Co. Ltd.	Thai Baht
Puricarb Pte. Ltd.	Euro
Haycarb Activated Carbon (Pvt) Limited	Indian rupee
Haycarb Philippines Corporation	Philippine peso
Haycarb Singapore Pte.Ltd.	United States Dollar

41 COMPANIES WITH DIFFERENT ACCOUNTING YEARS

The Financial Statements of Carbokarn Co. Ltd., CK Regen Systems Co. Ltd., Shizuka Co. Ltd., Thailand, Haycarb Holdings Australia (Pty) Ltd., Australia, Haycarb USA, USA and PT Mapalus Makawanua Charcoal Industry, PT Haycarb Palu Mitra, Indonesia which has financial year end as 31st December.

These subsidiaries with 31st December financial year end prepare additional financial information for consolidation purpose as of the same date as the Financial Statements of the parent.