

# Boundless Impact

Annual Report of the Board of Directors on the  
Affairs of the Company



# Annual Report of the Board of Directors on the Affairs of the Company

## GENERAL

The Board of Directors of Haycarb PLC ("the Company") has pleasure in presenting the Annual Report together with the Audited Financial Statements of the Company and of the Group for the year ended 31st March 2025.

The details set out herein provide the pertinent information required by the Companies Act No.07 of 2007 ("the Companies Act"), the Listing Rules of the Colombo Stock Exchange ("CSE"), the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka and are guided by recommended best accounting practices.

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW OF THE YEAR

The principal activities of the Group and its management team are shown on page 374 to 377 respectively of this Report. The Joint Statement from the Chairman and the Managing Director describe the Group's affairs and mention important events of the year. The results for the year are set out in the Consolidated Statement of Profit or Loss page 274.

The Directors to the best of their knowledge and belief confirm that the Group has not engaged in any activities that contravene laws and regulations.

The Financial Statements were reviewed and approved by the Board of Directors on 15th May 2025.

## FINANCIAL STATEMENTS

The Financial Statements of the Company and the Group are given on page 274 to 356.

## AUDITOR'S REPORT

Auditor's Report on the Financial Statements is given on page 271 to 273.

## ACCOUNTING POLICIES

The accounting policies adopted by the Company and its subsidiaries

in the preparation of the Financial Statements are given on page 282 to 303. There were no changes in the accounting policies adopted.

## DIRECTORS' INTERESTS IN TRANSACTIONS

The Directors of the Company have made the general disclosures provided for in Section 192(2) of the Companies Act No.07 of 2007. Note 33 to the Financial Statements dealing with related party disclosures includes details of their interests in transactions.

## DIRECTORS' INTERESTS IN SHARES

Directors of the Company who have relevant interests in the shares of the Company have disclosed their shareholding and any acquisitions/disposals to their Boards, in compliance with Section 200 of the Companies Act.

## INTERESTS REGISTER

The Company, in compliance with the Companies Act No.7 of 2007, maintains an Interests Register. Particulars of entries in the Interests Register are detailed below.

Hayleys PLC holds 201,251,030 shares (67.73%) in Haycarb PLC. Mr. Mohan Pandithage, Mr. Sarath Ganegoda, Mr. Rajitha Kariyawasan, Mr. Yohan Perera and Mr. Timothy Speldewinde are Directors of Hayleys PLC.

200,000 shares were purchased by Mr. Rajitha Kariyawasan, Managing Director (Executive Director) jointly with Mrs. K. H. S. Kariyawasan of Haycarb PLC during the year.

## DIRECTORS' SHAREHOLDINGS

Details relating to shareholdings of Directors are given below.

Name of the Director	As at 31/03/2025	As at 31/03/2024
Mr. Mohan Pandithage (Chairman)	23,790	23,790
Mr. Rajitha Kariyawasan* (Managing Director)	3,179,671	2,979,671
Mr. Brahman Balaratnarajah (Deputy Managing Director)	30,040	30,040
Mr. Sarath Ganegoda	73,150	73,150
Mr. Arjun Senaratna	-	-
Mrs. Jeevani Abeyratne	-	-
Mr. M.S.P. Udaya Kumara	4,620	4,620
Mr. Ali Asgar Munaver Caderbhoy	-	-
Mrs. Shamalie Gunawardana	-	-
Ms. Brindhiini Perera	-	-
Mrs. Anomi Wanigasekera	-	-
Mr. Nanda Fernando	-	-
Mr. Yohan Perera (appointed w.e.f. 01st April 2024)	2,500	2,500
Mr. Timothy Speldewinde (appointed w.e.f. 22nd November 2024)	-	-
Mr. Hisham Jamaldeen (resigned w.e.f. 14th November 2024)	-	-
Mr. Sujeewa Rajapakse (resigned w.e.f. 01st April 2024)	-	-
Mr. James Naylor (resigned w.e.f. 31st January 2025)	-	-

\* Jointly with Mrs. K.H.S. Kariyawasan

## DIRECTORS' REMUNERATION

Executive Directors' Remuneration is determined within an established framework. The total remuneration of Executive Directors for the year ended 31st March 2025 is Rs. 376,630,000 (2023/2024 - Rs. 340,184,000), which includes the value of perquisites granted to them as part of their term of service. The total remuneration of Non-Executive Directors for the year ended 31st March 2025 is Rs. 11,200,000 (2023/2024 - Rs. 10,800,000), determined according to scales of payment decided upon by the Board. The Board is satisfied that the payment of this remuneration is fair to the Company.

## DIRECTORS' INDEMNITY AND INSURANCE

The ultimate parent of the Company, Hayleys PLC has obtained a Directors' and Officers' Liability insurance from a reputed insurance company in Sri Lanka providing worldwide cover to indemnify all past, present and future Directors and Officers of the Group.

## SUBSIDIARIES

The Shareholders of the following Subsidiaries, being private companies registered under Companies Act, have unanimously agreed to dispense with the requirement to maintain an Interests Register.

- Recogen (Private) Limited
- Puritas (Private) Limited
- Ultracarb (Private) Limited

## DONATIONS

GRI 415-1

The donations made during this year by the Company and the Group amounted to Rs. 15,805,000 and Rs. 20,751,000 respectively

(2023/24 - Rs 21,624,000/- and Rs 34,078,000/-)

The Donations made by the Company and the Group are disclosed in Note 9.1 on page 306.

No donations were made for political purposes.

## DIRECTORATE

GRI 2-11

The names of the Directors who served during the year are given below and their brief profiles appear on page 28 to 32 of this report.

### Executive Directors

Mr. Mohan Pandithage (Chairman)

Mr. Rajitha Kariyawasan (Managing Director)

Mr. Brahman Balaratnarajah (Deputy Managing Director)

Mrs. Jeevani Abeyratne

Mr. M.S.P. Udaya Kumara

Mr. Ali Asgar Munaver Caderbhoy

Mr. James Naylor (resigned w.e.f. 31st January 2025)

### Non-Executive Directors

Mr. Sarath Ganegoda

Mr. Arjun Senaratna

Ms. Brindhiini Perera

### Independent Non-Executive Directors

Mrs. Shamalie Gunawardana

Mrs. Anomi Wanigasekera

Mr. Nanda Fernando

Mr. Yohan Perera (appointed on 01st April 2024)

Mr. Timothy Speldewinde (appointed on 22nd November 2024)

Mr. Sujeewa Rajapakse (resigned on 01st April 2024)

Mr. Hisham Jamaldeen (resigned on 14th November 2024)

With a view to improving the collective effectiveness and performance of the Board, Board and Subcommittees evaluations were carried out during the year, including an assessment of the systems and processes which are in place.

None of the Directors or their close family members have any material business relationship with other Directors of the Company.

Mr. Timothy Speldewinde was appointed to the Board with effect from 22nd November 2024, in terms of Article 27(2) of the Articles of Association of the Company, Shareholders will be requested to re-elect them at the Annual General Meeting.

In terms of Article No. 29(1) of the Articles of Association of the Company, Mr. M.S.P. Udaya Kumara, Mr. Brahman. Balaratnarajah, Mrs. Shamalie Gunawardana and Mr. Sarath Ganegoda retire by rotation and being eligible to offer themselves for re-election.

Notice has been given of the intention to propose ordinary resolutions in terms of Section 211 of the Companies Act for the re-appointment of Mr. Mohan Pandithage and Mr. Arjun Senaratna and who are over seventy years of age, resolving that the age limit of seventy years stipulated in Section 210 of the Companies Act shall not apply to the aforesaid directors.

The Directors of the Subsidiaries are given on page 374.

In accordance with Rule 9.8.5 of the Listing Rules of CSE, Independent Directors have submitted a signed and dated declaration as per the

# Annual Report of the Board of Directors on the Affairs of the Company

specimen given in Appendix 9A of Corporate Governance Rules of CSE.

## BOARD SUBCOMMITTEES

The Company had established and maintains the following Subcommittees, each of which is responsible to the Board.

- Audit Committee
- Related Party Transactions Review Committee
- Nominations and Governance Committee
- Remunerations Committee

Please refer to Subcommittee Reports given on page 244 to 253.

## RELATED PARTY TRANSACTIONS

The related party transactions of the Group during the financial year have been reviewed by the Related Party Transactions Review Committee and are in compliance with the Section 09 of the CSE Listing Rules.

Please refer Related Party Transactions Review Committee Report on page 244.

## DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Company to present a true and fair view of the state of its affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, the Companies Act and the Listing Rules of the Colombo Stock Exchange. The Statement of Directors' Responsibility for Financial Reporting is given on page 243 which forms an integral part of the Annual Report of the Board of Directors.

## AUDITORS

The Financial Statements for the year have been audited by

Messrs Ernst & Young, Chartered Accountants.

The Auditors, Messrs Ernst & Young, Chartered Accountants, were paid Rs. 2,851,000 (2023/24 – Rs 2,568,000) and Rs. 4,883,000 (2023/24 – Rs 4,545,000) as audit fees by the Company and the Group respectively. In addition, they were paid Rs.3,404,000 (2023/24 – Rs 3,336,000) and Rs. 6,090,000 (2023/24 – Rs 4,602,000) by the Company and the Group, for non-audit related work, which consisted mainly of tax advisory services.

As far as the Directors are aware, the Auditors of the Company and of the Subsidiaries do not have any relationships (other than that of an Auditor) with the Company or any of its Subsidiaries other than those disclosed above. The Auditors also do not have any interests in the Company or any of its Group companies.

Messrs Ernst & Young, Chartered Accountants have expressed their willingness to continue in office and in accordance with the Companies Act a resolution proposing the re-appointment of Messrs Ernst & Young, Chartered Accountants, as Auditors and to authorise the directors to determine their remuneration is being proposed at the Annual General Meeting.

## GROUP REVENUE

The revenue of the Group was Rs. 43,201,785,000 (2023/24 – Rs.43,179,205,000) in the year under review. A detailed analysis of the Group's revenue is given in Note 6 to the Financial Statements.

The Group's revenue from international trade, which includes the revenue of overseas subsidiaries in addition to exports from Sri Lanka amounted to Rs. 41,937,921,000 (2023/24– Rs. 41,646,596,000). Trade between Group companies is conducted at fair market prices.

## PROFITS

The Group's profit before tax amounted to Rs. 5,516,969,000 (2023/24 – Rs 6,113,254,000). After a deducting Rs. 1,246,127,000 (2023/24 – Rs 1,807,625,000) for taxation, the profit was Rs. 4,270,842,000 (2023/24– Rs 4,305,629,000). When non-controlling interest of Rs. 674,325,000 (2023/24 – Rs 561,700,000) was deducted, the profit attributable to the equity holders of the Company was Rs. 3,596,517,000 (2023/24 – Rs 3,743,929,000).

## STATED CAPITAL AND RESERVES

The stated capital of the Company, consisting of 297,123,750 ordinary shares, amounts to Rs. 331,774,000. There was no change in stated capital during the year.

Total Group reserves as of 31st March 2025 amount to Rs. 26,202,315,000 comprising Capital Reserves of Rs.1,070,985,000 and Revenue Reserves of Rs. 25,131,330,000. Composition of reserves is shown in the Statement of Changes in Equity in the Financial Statements.

## DIVIDEND

The first interim dividend of Rs. 0.60 per share was paid to the shareholders on 18th July 2024. The second interim dividend of Rs. 1.10 per share was paid to the shareholders on 21st October 2024. The third interim dividend of Rs. 0.50 per share was paid to the shareholders on 22nd January 2025. The fourth interim dividend of Rs. 1.60 per share was paid to the shareholders on 23rd April 2025.

The Directors have confirmed that the Company satisfied the solvency test requirement under Section 56 of the Companies Act for all dividends paid. Solvency certificates were obtained from the Auditors in respect of the dividends paid.



## STATUTORY PAYMENTS

The declaration relating to statutory payments is made in the Statement of Directors' Responsibilities on page 243.

## CAPITAL EXPENDITURE

Capital expenditure during the year, on property, plant and equipment by the Group and by the Company amounted to Rs.2,556,983,000 (2023/24 - Rs. 2,134,787,000) and Rs. 1,026,890,000 (2023/24 - Rs 1,215,298,000) respectively. Information relating to movements in property, plant and equipment is given in Note 13 to the Financial Statements.

## MARKET VALUE OF PROPERTIES

The freehold land of the Group has in general been subjected to routine revaluation by independent qualified valuers. The most recent revaluations in respect of the Group were carried out as of 31st March 2025.

Details of revaluations, carrying values and market values are provided in Note 13 to the Financial Statements. The statement on the value of real estate on page 311 gives details of freehold land held by the Group.

## EVENTS AFTER THE REPORTING PERIOD

No circumstances have arisen since the Reporting date that would require adjustments, other than those disclosed in Note 38 to the Financial Statements.

## ESG RISK AND OPPORTUNITIES

The Company's business activities can have direct and indirect effects on the environment. It is the policy of the Company to conduct its activities in an environmentally responsible manner in order to keep adverse effects to a minimum and to ensure compliance with the relevant regulations.

## CORPORATE GOVERNANCE

The Company has complied with the revised Corporate Governance rules laid down under the Listing Rules of the Colombo Stock Exchange and the recommendations provided in the Code of Best Practice on Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka. The Corporate Governance Report on page from 190 to 237 discusses this further.

Mr. Yohan Perera was appointed as the Senior Independent Director, in accordance with the Corporate Governance requirements. The Board was of the opinion that Mr. Mohan Pandithage should remain as the Executive Chairman of the Company due to his extensive experience, deep insights and domain knowledge evidenced through the leadership provided to the Group. Please refer the Senior Independent Director's Report on page 254.

The Directors and the Managing Director satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange. There were no non-compliances by any Director or CEO during the financial year.

The Directors have declared all material interests in contracts involving the Company and the Group and they refrain from voting on matters in which they have a material interest.

The Board has updated themselves with the applicable laws, rules and regulations and are aware of the changes to the Listing Rules and other regulatory requirements.

There has been no non-compliance with laws or regulations and the Directors to the best of their knowledge and belief confirm

that the Company nor the Group have engaged in any activity that contravenes applicable laws and regulations. There have been no material fines imposed on the Company and the Group by the Government or any regulatory authority in any jurisdiction where the Group companies operate.

## INTERNAL CONTROLS

The Directors acknowledge their responsibility for the Group's system of internal control. The system is designed to give assurance, inter alia, regarding the safeguarding of assets, the maintenance of proper accounting records, reliability of financial information generated and cyber security.

All internal controls which include financial controls, operational and compliance controls and risk management have been reviewed by the Board of Directors and they have obtained reasonable assurance of the effectiveness of the existing controls. The successful adherence to existing controls has been ascertained and improvements have been carried out where necessary. The Board is satisfied with the Group's adherence to and the effectiveness of these controls.

## POLICIES

The Company has adopted the following policies, with effect from 1st October 2024, and has uploaded them to the Company's website in accordance with the Corporate Governance Rules of the Colombo Stock Exchange.

- Policy on matters relating to the Board of Directors
- Policy on Board Committees
- Policy on Corporate Governance, Nominations and re-election
- Policy on Risk Management and Internal Controls

# Annual Report of the Board of Directors on the Affairs of the Company

- Policy on Remuneration
- Policy on Whistleblowing
- Policy on Anti-Bribery and Corruption
- Policy on Corporate Disclosures
- Policy on Control and Management of Company Assets and Shareholder Investments
- Human Rights Policy
- Policy on Environment, Social and Governance (ESG) Sustainability – Social Policies
- Policy on Environment, Social and Governance (ESG) Sustainability – Environmental Policies
- Policy on Internal Code of Business Conduct and Ethics for all Directors and Employees including policies on Trading in the entity's Listed Securities

The Policy on Internal code of Business Conduct and Ethics, which is in line with "The Hayleys Way", serves as the Code of Business conduct and Ethics for all Directors, Key Management Personnel and other employees. The "Activate - ESG Framework 2030" includes a suite of environmental, social and governance-related policies which are applicable across the Group.

The Company has adopted own policies including "Activate" its ESG Roadmap 2030 in line with the ESG framework of Hayleys PLC.

## MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS

Details relating to material issues pertaining to employees and industrial relations are given in Human Capital on page 144.

## EXPOSURE TO RISK

The Group has a structured risk management process in place support its operations. The Audit Committee plays a major role in this process. The risk management section referred on page 59 to 80 elaborates these practices and the risk factors.

## GOING CONCERN

The Directors believe, after reviewing the financial position and the cash flow of the Group, that the Group has adequate resources to continue operations well into the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements.

## SHAREHOLDERS

The Company has made all endeavors to ensure the equitable treatment of shareholders. The Board has established a comprehensive mechanism such as Related Party Transactions Review Committee and regular interactions with shareholders to ensure the interests of the shareholders as a whole are safeguarded.

## SHARE INFORMATION

Information relating to earnings, dividends, net assets, market value per share and share trading is given on page 371.

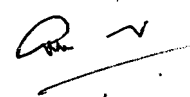
## MAJOR SHAREHOLDINGS

The twenty major shareholders as of 31st March 2025 are given on page 369 in this Report.

## ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Thursday, 26th June 2025 at 9.00 a.m. at the Chas P. Hayley Lounge of Hayleys PLC, No. 400, Deans Road, Colombo 10. The Notice of the Annual General Meeting appears on page 381.

For and on behalf of the Board,



**Mohan Pandithage**  
Chairman



**Rajitha Kariyawasan**  
Managing Director



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

No. 400, Deans Road  
Colombo 10

15th May 2025

