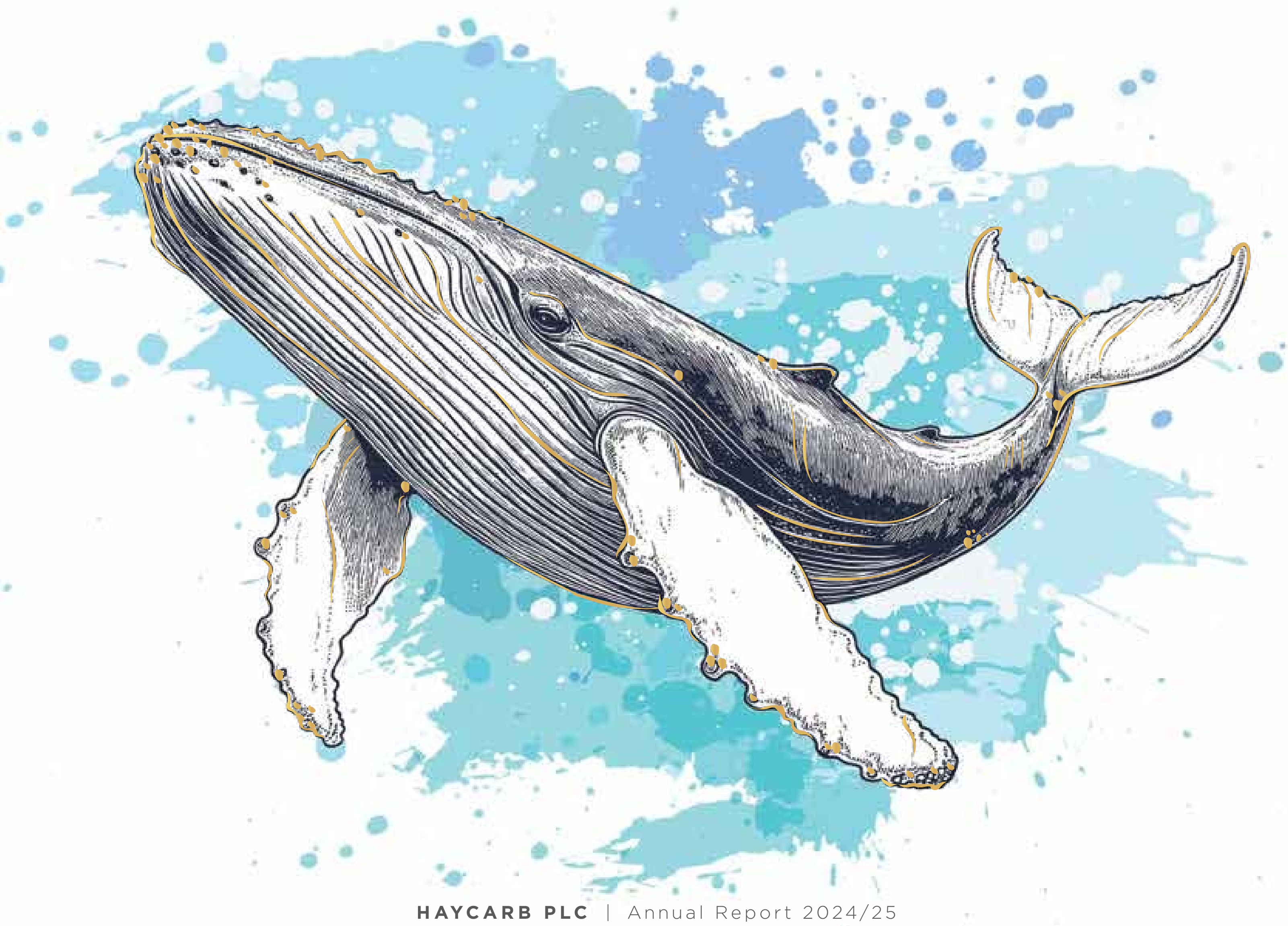
Boundless Impact

Financial Statements



Statement of Profit or Loss

For the year ended 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Revenue	6	43,201,785	43,179,205	23,070,243	20,684,291
Cost of sales		(31,139,438)	(29,910,375)	(17,645,648)	(15,009,748)
Gross profit		12,062,347	13,268,830	5,424,595	5,674,543
Other operating income	7	321,423	178,045	1,031,843	1,405,202
Selling and distribution expenses		(395,530)	(367,249)	(119,033)	(133,186)
Administrative expenses		(6,234,640)	(6,558,529)	(3,056,094)	(3,066,987)
Results from operating activities		5,753,600	6,521,097	3,281,311	3,879,572
Finance income	8.1	957,271	1,392,835	693,207	829,913
Finance cost	8.2	(1,209,317)	(1,791,852)	(767,090)	(910,418)
Net finance cost		(252,046)	(399,017)	(73,883)	(80,505)
Share of profit/(loss) of equity accounted investees (net of tax)	17.1	15,415	(8,826)	-	-
Profit before tax	9	5,516,969	6,113,254	3,207,428	3,799,067
Tax expense	10.3	(1,246,127)	(1,807,625)	(470,811)	(818,793)
Profit for the year		4,270,842	4,305,629	2,736,617	2,980,274
Profit attributable to:					
Owners of the parent		3,596,517	3,743,929	2,736,617	2,980,274
Non-controlling interest		674,325	561,700	-	-
Profit for the year		4,270,842	4,305,629	2,736,617	2,980,274
Earnings per share					
Basic/Diluted earnings per share (Rs.)	11.1	12.10	12.60	9.21	10.03
Dividend per share (Rs.)	12			3.80	6.00

The notes to the Financial Statements on pages 282 to 356 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Comprehensive Income

For the year ended 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Profit for the year		4,270,842	4,305,629	2,736,617	2,980,274
Other comprehensive income					
Items that will be reclassified to statement of profit or loss in subsequent periods					
Net exchange differences on translation of foreign operations		19,991	(1,575,017)	-	-
Items that will not be reclassified to statement of profit or loss in subsequent periods					
Actuarial gain/(loss) on defined benefit obligations	27.1	86,473	(239,962)	96,115	(237,100)
Revaluation of land	13	272,103	-	286,414	-
Net gain on equity investment designated at fair value through OCI	21	1,000,912	109,856	1,000,912	109,856
Tax effect on other comprehensive income	10.4	(119,306)	71,667	(114,758)	71,130
Total other comprehensive income/(loss) for the year (net of tax)		1,260,173	(1,633,456)	1,268,683	(56,114)
Total comprehensive income for the year (net of tax)		5,531,015	2,672,173	4,005,300	2,924,160
Total comprehensive income attributable to:					
Owners of the parent		4,751,914	2,545,984	4,005,300	2,924,160
Non-controlling interest		779,101	126,189	-	-
		5,531,015	2,672,173	4,005,300	2,924,160

The notes to the Financial Statements on pages 282 to 356 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Financial Position

As at 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Assets					
Non-current assets					
Property, plant and equipment	13.1/13.2	12,724,363	10,838,262	6,073,239	5,261,582
Right-of-Use Assets	14.1	1,452,294	490,940	152,680	259,905
Intangible assets	15	421,411	347,380	144,044	121,796
Investments in subsidiaries	16.1	-	-	1,097,792	1,094,769
Investments in equity accounted investees	17	599,342	583,927	92,903	92,903
Non-current financial assets	21	2,287,969	1,285,225	2,238,300	1,237,388
Deferred tax assets	28.1	268,814	239,963	-	-
Total non-current assets		17,754,193	13,785,697	9,798,958	8,068,343
Current assets					
Inventories	19	15,156,266	11,506,658	5,591,040	4,470,465
Trade and other receivables	20	7,076,724	6,711,349	6,516,450	4,651,326
Amounts due from subsidiaries	18.3	-	-	208,206	989,239
Amounts due from other related parties	18.4	60,971	47,870	41,812	18,372
Amounts due from equity accounted investees	18.5	84,483	127,165	792	567
Other current assets	22	1,677,099	1,313,385	840,728	480,469
Cash in hand and at bank	23	4,087,720	6,722,126	1,141,503	3,679,709
Total current assets		28,143,263	26,428,553	14,340,531	14,290,147
Total assets		45,897,456	40,214,250	24,139,489	22,358,490
Equity and liabilities					
Equity					
Stated capital	24	331,774	331,774	331,774	331,774
Capital reserves	25.1	1,070,985	891,290	720,587	520,097
Revenue reserves	25.2	25,131,330	21,681,998	15,690,514	13,008,591
Total equity attributable to equity holders of the Company		26,534,089	22,905,062	16,742,875	13,860,462
Non-controlling interest		3,142,562	2,792,786	-	-
Total equity		29,676,651	25,697,848	16,742,875	13,860,462

Statement of Financial Position

As at 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Non-current liabilities					
Interest bearing loans and borrowings	26.1	1,360,386	253,719	333,852	66,111
Non current lease liability	14.2	1,387,727	416,518	126,748	218,763
Defined benefit obligations	27.1	1,833,504	1,737,269	1,396,842	1,351,969
Deferred tax liabilities	28.2	246,779	192,185	129,385	125,541
Total non-current liabilities		4,828,396	2,599,691	1,986,827	1,762,384
Current liabilities					
Trade and other payables	29	3,472,421	4,203,895	2,040,631	2,771,646
Other current liabilities	30	404,500	393,561	44,337	56,980
Amounts due to subsidiaries	18.1	-	-	275,059	81,604
Amounts due to other related parties	18.2	2,439,313	2,379,820	588,829	817,434
Income tax payable	31	422,725	731,423	-	384,505
Current portion of lease liability	14.2	101,587	85,960	33,804	41,507
Interest bearing loans and borrowings	26.2	4,551,863	4,122,052	2,427,127	2,581,968
Total current liabilities		11,392,409	11,916,711	5,409,787	6,735,644
Total liabilities		16,220,805	14,516,402	7,396,614	8,498,028
Total equity and liabilities		45,897,456	40,214,250	24,139,489	22,358,490

The notes to the Financial Statements on pages 282 to 356 form an integral part of these Financial Statements.

I certify that the Financial Statements set out on pages 274 to 356 have been prepared in accordance with the Companies Act No: 07 of 2007.

Jeevani Abeyratne
Director-Finance

The Board of Directors are responsible for these financial statements.

Signed for and on behalf of the Board by,

Mohan Pandithage
Chairman

15th May 2025

Rajitha Kariyawasan
Managing Director

15th May 2025

Statement of Changes in Equity - Consolidated

	Note	Attributable to equity holders of the parent							Non controlling interest	Total equity
				Revenue Reserves				Total		
		Stated capital	Capital reserves	Fair Value reserve of financial assets at FVTOCI	Foreign currency translation reserves	General reserves	Retained earnings			
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 31st March 2023		331,774	891,290	1,086,871	4,687,634	519,353	14,624,899	22,141,821	3,070,745	25,212,566
Profit for the year		-	-	-	-	-	3,743,929	3,743,929	561,700	4,305,629
Other comprehensive income										
Net exchange difference on translation of foreign operations		-	-	-	(1,143,430)	-	-	(1,143,430)	(431,587)	(1,575,017)
Actuarial loss on define benefit obligations	27 (ii)	-	-	-	-	-	(235,064)	(235,064)	(4,898)	(239,962)
Tax on other comprehensive income	10.4	-	-	-	-	-	70,693	70,693	974	71,667
Net gain on equity instruments designated at fairvalue through OCI	21	-	-	109,856	-	-	-	109,856	-	109,856
Total other comprehensive income for the year			-	109,856	(1,143,430)	-	(164,371)	(1,197,945)	(435,511)	(1,633,456)
Dividends to equity holders	29.1	-	-	-	-	-	(1,782,743)	(1,782,743)	(404,148)	(2,186,891)
Balance as at 31st March 2024		331,774	891,290	1,196,727	3,544,204	519,353	16,421,714	22,905,062	2,792,786	25,697,848
Profit for the year		-	-	-	-	-	3,596,517	3,596,517	674,325	4,270,842
Other comprehensive income										
Revaluation of land	13.1		271,980	-	-	-	-	271,980	123	272,103
Net exchange difference on translation of foreign operations		-	-	-	(88,774)	-	-	(88,774)	108,765	19,991
Actuarial gain / (loss) on define benefit obligations	27 (ii)	-	-	-	-	-	91,600	91,600	(5,127)	86,473
Tax on other comprehensive income	10.4	-	(92,285)	-	-	-	(28,036)	(120,321)	1,015	(119,306)
Net gain on equity instruments designated at fairvalue through OCI	21	-	-	1,000,912	-	-	-	1,000,912	-	1,000,912
Total other comprehensive income for the year		-	179,695	1,000,912	(88,774)	-	63,563	1,155,397	104,776	1,260,173
Dividends to equity holders	29.1	-	-	-	-	-	(1,129,070)	(1,129,070)	(429,325)	(1,558,395)
Recovery for the period		-	-	-	-	-	6,183	6,183	-	6,183
Balance as at 31st March 2025		331,774	1,070,985	2,197,639	3,455,430	519,353	18,958,907	26,534,089	3,142,562	29,676,651

- Capital Reserves relate to the revaluation of land.
- Fair Value Reserves consists of net unrealised gains/(losses) araising from fair valuation of equity investments designated at FVTOCI, excluding the impact arising from impairment of assets.
- Foreign currency translation reserves comprise all foreign currency differences arising from the translation of the financial statements of foreign operations.
- The General Reserves and Retained Earnings represent reserves available for distribution.

Statement of Changes in Equity - Company

	Note	Stated capital	Capital reserves	Revenue Reserves			Total equity
				General reserves	Fair Value reserve of financial assets at FVTOCI	Retained earnings	
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 31st March 2023		331,774	520,097	519,353	1,086,871	10,260,950	12,719,045
Profit for the year		-	-	-	-	2,980,274	2,980,274
Other comprehensive income							
Actuarial loss on employee benefit obligations	27.1	-	-	-	-	(237,100)	(237,100)
Tax effect on other comprehensive income	10.4	-	-	-	-	71,130	71,130
Net gain on equity instruments designated at fairvalue through OCI	21	-	-	-	109,856	-	109,856
Total other comprehensive income for the year		-	-	-	109,856	(165,970)	(56,114)
Dividends to equity holders	29.1	-	-	-	-	(1,782,743)	(1,782,743)
Balance as at 31st March 2024		331,774	520,097	519,353	1,196,727	11,292,511	13,860,462
Profit for the year		-	-	-	-	2,736,617	2,736,617
Other comprehensive income							
Revaluation of land	13.2		286,414			-	286,414
Actuarial gain on employee benefit obligations	27.1	-	-	-	-	96,115	96,115
Tax effect on other comprehensive income	10.4	-	(85,924)	-	-	(28,834)	(114,758)
Net gain on equity instruments designated at fairvalue through OCI	21	-	-	-	1,000,912	-	1,000,912
Total other comprehensive income for the year		-	200,490	-	1,000,912	67,281	1,268,683
Dividends to equity holders	29.1	-	-	-	-	(1,129,070)	(1,129,070)
Recovery for the period		-	-	-	-	6,183	6,183
Balance as at 31st March 2025		331,774	720,587	519,353	2,197,639	12,973,522	16,742,875

- Capital Reserves relate to the revaluation of land.
- Fair Value Reserves consist of net unrealised gains/(losses) arising from fair valuation of equity investments designated at FVTOCI, excluding the impact arising from impairment of assets.
- The General Reserves and Retained Earnings represent reserves available for distribution.

The notes to the Financial Statements on pages 282 to 356 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Cash Flows

For the year ended 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Operating activities					
Profit before tax		5,516,969	6,113,254	3,207,428	3,799,067
Adjustments for:					
Depreciation and impairment of property, plant and equipment	13.1/13.2	1,005,837	881,704	379,416	305,872
Amortisation/ derecognition of Right-of-Use Assets		105,181	97,649	36,812	35,939
Amortisation of intangible assets	15	25,660	22,389	22,350	21,962
Net loss on disposal of property, plant and equipment	7	16,999	9,057	12,318	13,803
Net loss on translation of foreign currencies		(58,894)	(387,334)	(116,100)	(300,593)
Exchange difference on translation of foreign operations		(58,109)	(965,363)	-	-
Finance income	8.1	(957,271)	(1,392,835)	(693,207)	(829,913)
Finance cost	8.2	1,209,317	1,791,852	767,090	910,418
Dividend income from subsidiaries	7	-	-	(507,106)	(1,198,812)
Share of (profit)/loss of equity accounted investees	17.1	(15,415)	8,826	-	-
Provision for slow moving inventories	19.1	(195,782)	3,303	12,344	46,390
Provision / (reversal) for unrealised profit on inventories	19	205,105	(355,126)	-	-
Write off of inventory	19.1	233,409	78,791	-	-
Impairment of trade receivable	20.1	738	5,255	-	-
Provision for defined benefit obligations	27 .1	278,798	361,173	235,766	233,997
Cash generated from operations before working capital changes		7,312,542	6,272,595	3,357,111	3,038,130
Working capital adjustments:					
(Increase)/decrease in trade and other receivables and prepayments		(653,892)	97,433	(2,149,448)	(449,690)
(Increase)/decrease in amounts due from related parties		29,581	30,984	757,368	(332,407)
(Increase)/decrease in inventories		(3,892,341)	2,753,143	(1,132,919)	589,710
Increase/(decrease) in trade and other payables		(782,883)	364,688	(806,006)	701,784
Increase/(decrease) in amounts due to related parties		(61,258)	542,754	(157,525)	514,262
		1,951,749	10,061,597	(131,419)	4,061,789
Interest paid	8.2	(463,929)	(570,993)	(187,611)	(228,823)
Income tax paid	31	(1,732,237)	(1,575,434)	(1,042,165)	(560,426)
Employee benefit paid	27.1	(109,690)	(38,336)	(93,154)	(22,456)
Net cash flows from/(used in) operating activities		(354,107)	7,876,834	(1,454,349)	3,250,084

For the year ended 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Investing activities					
Proceeds from sale of property, plant and equipment		28,244	9,916	109,912	-
Purchase and construction of property, plant and equipment		(2,556,983)	(2,134,787)	(1,026,890)	(1,215,298)
Investment in subsidiary		-	-	(3,023)	-
Settlement of financial asset at amortised cost	21	1,066	850	-	-
Purchase of intangible assets	15	(99,691)	(80,483)	(44,598)	(56,539)
Interest received	8.1	236,428	410,268	151,644	352,075
Dividends received	8.1/7	80,516	93,613	587,618	1,292,420
Net cash flows from / (used) in investing activities		(2,310,420)	(1,700,623)	(225,337)	372,658
Net cash inflow/(outflow) before financing activities		(2,664,527)	6,176,211	(1,679,686)	3,622,742
Financing activities					
Proceeds from interest bearing borrowings	26.1	1,904,496	636,120	746,496	170,000
Repayment of interest bearing borrowings	26.1	(411,817)	(419,702)	(257,739)	(290,241)
Payments to lease creditors	14.2	(155,944)	(120,212)	(49,794)	(45,992)
Dividends paid to equity holders of the parent	29.1	(939,788)	(1,466,415)	(939,788)	(1,466,415)
Dividends paid to non-controlling interests		(429,325)	(404,148)	-	-
Net cash flows from/(used in) financing activities		(32,378)	(1,774,357)	(500,825)	(1,632,648)
Net increase/(decrease) in cash and cash equivalents		(2,696,905)	4,401,854	(2,180,511)	1,990,094
Cash and cash equivalents at the beginning of the year	23.2	2,855,825	(1,546,029)	1,199,390	(790,704)
Cash and cash equivalents at the end of period	23.2	158,920	2,855,825	(981,121)	1,199,390
Analysis of cash and cash equivalents as at 31st March					
Cash in hand and bank balances	23.2	1,633,747	2,751,328	235,608	995,630
Short term deposits	23.2	2,453,973	3,970,798	905,895	2,684,079
		4,087,720	6,722,126	1,141,503	3,679,709
Bank overdrafts and short term loans	23.2	(3,928,800)	(3,866,301)	(2,122,624)	(2,480,319)
Cash and cash equivalents		158,920	2,855,825	(981,121)	1,199,390

The notes to the Financial Statements on pages 282 to 356 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Notes to the Consolidated Financial Statements

1. CORPORATE INFORMATION

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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 nineteen companies, six [viz., Haycarb PLC, Puritas (Pvt) Ltd., Recogen (Pvt) Ltd., Ultracarb (Pvt) Ltd., Lakdiyatha (Pvt) Ltd., and Carbotels (Pvt) Ltd.] are incorporated and domiciled in Sri Lanka. The information on incorporation and principal activities of all the Group companies including foreing are given on page 374 and 377 of the Annual Report.

1.2. Consolidated Financial Statements

The Consolidated Financial Statements for the year ended 31st March 2025 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 374 and 377 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 2025 were authorised for issue by the Directors on 15th May 2025.

1.5. Responsibility for Financial Statements

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance.

The Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and with the requirements of the Companies Act No. 07 of 2007.

2.2 Basis of Measurement

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

- Lands which are recognised as property plant and equipment which are measured at cost 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.

2.6. Rounding

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

2.7. Offsetting

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Basis of Consolidation

The consolidated financial statements encompass the Company, its subsidiaries (together referred to as the "Group") and the Group's interest in equity accounted investees (Associates and Joint Ventures). Subsidiaries and equity-accounted investees are disclosed in Note 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 losses 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.

The Financial Statements of the equity accounted investees are prepared for the same reporting period as the Group.

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. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within Share of profit of an associate and a joint venture in the statement of profit or loss.

The Statement of Profit or Loss reflects the Group's share of the results of operations of the 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 non-controlling interests in the subsidiaries of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss 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 .

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 Profit or Loss..

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

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

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

3.3.3. Current versus Non-current Classification

The Group presents assets and liabilities in the Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to 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 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.

3.5.6. Depreciation

Depreciation is recognised in the Statement of Profit or `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 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.

3.6.1. 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.

3.6.1.1. 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
Land	02-25 years
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.

3.6.1.2. 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.

3.6.1.3. 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.

3.6.2. 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.

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.

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 losses.

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 (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 includes trade receivables, short term deposits and cash and cash equivalents.

Financial assets at fair value through OCI (Debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the Statement of Profit or Loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to Profit or Loss.

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-by-instrument 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.

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);

- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

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

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

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

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

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

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as 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 the 12 month ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.
- Stage 2 : When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3 : For loans considered credit- impaired the Group recognises the lifetime expected credit losses. The method is similar to that of Stage 2 assets, with the PD set at 100%.

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, financial guarantee contracts and derivative financial instruments.

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.

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

Financial Guarantee Contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

3.8.2.3. 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 material, 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

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 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
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. Grants and Subsidies

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

3.16. Capital Commitments and Contingencies

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

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 financing 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 financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. Where long-term advances are received from customers, the transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component. 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.

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

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

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.

3.20.4. Social Security Contribution Levy (SSCL)

Social Security Contribution Levy (SSCL) shall be paid by any person carrying on the business of manufacturing, supply of services or whole/ retail sales, on the liable turnover specified in the Second Schedule of the Social Security Contribution Levy Act No. 25 of 2022, at the rate of 2.5%, with effect from 1st October 2022 and subsequent amendments thereto.

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.

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. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS

9 and SLFRS 15 on or before the date it first applies SLFRS 17. The amendments are not expected to have a material impact on the Group financial statement

4.6.2. Lack of exchangeability – Amendments to LKAS 21

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information. The amendments are not expected to have a material impact on the Group financial statement

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

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

The Group has Rs. 369 Mn (2024: Rs.104 Mn) of tax losses carried forward. These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets.

On this basis, the Group has determined that it cannot recognise deferred tax assets on tax losses carried forward and described in Note 28 to the Financial Statements.

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 recognised 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 2025 for the freehold lands. The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Notes 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. 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. The Group also holds 50% of the issued capital of Solar One Ceylon (Pvt) 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.

5.7. 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.

6 REVENUE

Timing of revenue recognition

For the year ended 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Sale of goods and Services					
Goods transferred at a point in time		60,102,997	57,427,904	23,070,243	20,684,291
Services transferred over time		1,359,261	1,325,875	-	-
		61,462,258	58,753,779	23,070,243	20,684,291
Intra group revenue		(18,260,473)	(15,574,574)	-	-
Total revenue from contracts with customers	6.2	43,201,785	43,179,205	23,070,243	20,684,291

6.1 Contract Balances

Contract assets of the Group relating to projects in progress amount to Rs. 293,223,000/- (2024 – Rs. 293,142,000/-) 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. 404,500,000/- (2024 – Rs. 393,561,000/-)

6.2 Geographical Segment Revenue by customer destination

For the year ended 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Revenue outside Sri Lanka		41,937,922	41,646,596	22,884,499	20,518,078
Revenue in Sri Lanka		1,263,863	1,532,609	185,744	166,213
	6	43,201,785	43,179,205	23,070,243	20,684,291

7 OTHER OPERATING INCOME

For the year ended 31st March	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Export incentive income	27,891	5,470	-	-
Gain on disposal of property, plant and equipment	1,990	4,905	-	-
Loss on disposal of property, plant and equipment	(18,989)	(13,962)	(12,318)	(13,803)
Fees for marketing services	-	-	96,209	86,943
Sundry income	310,531	181,632	377,238	22,325
Rental income	-	-	11,217	11,217
Income from technical consultations	-	-	52,391	99,708
Dividend income -subsidiaries	-	-	507,106	1,198,812
	321,423	178,045	1,031,843	1,405,202

8 NET FINANCE COST

8.1 Finance Income

For the year ended 31st March	Consolidated		Company	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Dividend income - quoted	77,306	91,546	77,306	91,546
- unquoted	3,210	2,067	3,206	2,062
Interest income on loans and receivables	236,428	410,268	151,644	352,075
Foreign exchange gain	640,327	888,954	461,051	384,230
Total finance income	957,271	1,392,835	693,207	829,913

8.2 Finance Cost

For the year ended 31st March	Consolidated		Company	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interest cost - Short-term borrowings	327,073	406,077	74,896	64,326
- Long-term borrowings	136,856	164,916	112,715	164,497
Interest on lease liabilities	46,267	25,289	20,490	3,365
Foreign exchange loss	699,121	1,195,570	558,989	678,230
Total finance costs	1,209,317	1,791,852	767,090	910,418
Net finance cost	(252,046)	(399,017)	(73,883)	(80,505)

9 PROFIT BEFORE TAX

For the year ended 31st March	Consolidated	
	2025	2024
	Rs. '000	Rs. '000
Parent	3,207,428	3,799,067
Subsidiaries	3,088,651	3,210,112
Equity accounted investees	15,415	(8,826)
	6,311,494	7,000,353
Unrealised profit on intra-group sales	(205,105)	355,126
Intra-group adjustments	(589,420)	(1,242,225)
	5,516,969	6,113,254

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 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Depreciation on property, plant and equipment	13.1/13.2	1,005,837	881,704	379,417	305,872
Amortisation of Right-of-Use Assets	14.1	106,538	97,649	38,168	35,939
Amortisation of intangible asset	15	25,660	22,389	22,350	21,962
Directors' emoluments including Non-Executive Directors' consultation fees		387,830	350,984	321,273	282,935
Auditor's remuneration (fees and expenses)					
Ernst & Young		4,883	4,545	2,851	2,568
Others		38,293	44,466	-	-
Fees paid to Auditors for non-audit work					
Ernst & Young		6,090	4,602	3,404	3,336
Others		8,819	7,435		
Donations		20,751	34,078	15,805	21,624
Provision for slow moving inventories	19.1	37,627	82,094	12,344	46,390
Provision of unrealised profits in inventories		205,105	(355,126)	-	-
Impairment of trade receivable	20.1	738	5,255	-	-
Staff training and development cost		9,559	11,321	6,947	9,338
Legal/litigation fees		7,967	8,611	3,209	5,277
Staff costs	9.1.1	4,969,399	5,235,341	2,088,871	2,367,495

9.1.1 Staff Costs

For the year ended 31st March	Consolidated		Company	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Defined contribution plan cost	365,035	277,812	243,342	177,637
Defined benefit plan cost	278,798	361,173	235,766	233,997
Other staff cost	4,325,566	4,596,356	1,609,763	1,955,861
	4,969,399	5,235,341	2,088,871	2,367,495
Number of employees at year end	2,026	1,933	1,128	1,016

10 TAX EXPENSE

10.1 The Company has applied the tax rate introduced by the Inland Revenue (Amendment) Act No. 45 of 2022, certified on 19 December 2022, for both income tax and deferred taxation. Accordingly, a tax rate of 30% has been used for income tax and deferred tax across all segments in Sri Lanka for the current year and previous year. The resulting impact has been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Corporate taxes of non-resident companies within the group have been computed based on their domestic tax status in their respective jurisdictions.

Tax rates of non resident Companies

Company	Income tax rate
Carbokarn Co.Ltd	20%
CK Regen Systems Co.Ltd	20%
Eurocarb Germany GmbH	30%
Eurocarb Products Ltd	19%
Haycarb Holdings Australia (Pty) Ltd	30%
Haycarb Holdings Bitung Ltd.	Tax exempted
Haycarb Philippine Corporation Ltd.	Tax holiday
Haycarb Singapore Pte Ltd.	17%
Haycarb USA Inc.	21%
PT Haycarb Palu Mitra	22%
PT Mapalus Makawanua Charcoal Industry	22%
Puricarb Pte.Ltd	17%
Shizuka Co.Ltd	20%

10 TAX EXPENSE CONTD.

10.3 Tax Expense

For the year ended 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Sri Lanka taxes					
Parent		371,792	732,841	371,792	732,841
Subsidiaries		87,313	26,735	-	-
		459,105	759,576	371,792	732,841
Overseas taxes					
Subsidiaries		621,570	764,672	-	-
		1,080,675	1,524,248	371,792	732,841
Under/(over) provision in respect of previous years					
Parent		209,934	(25,047)	209,934	(25,047)
Subsidiaries		(773)	(24,771)	-	-
	10.5	209,161	(49,818)	209,934	(25,047)
Deferred taxation					
Parent		(110,915)	110,999	(110,915)	110,999
Subsidiaries		15,651	14,645	-	-
	10.5	(95,264)	125,644	(110,915)	110,999
Tax on dividend income	10.5	51,555	207,551	-	-
Tax expense reported in the statement of profit or loss	10.5	1,246,127	1,807,625	470,811	818,793

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 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Tax effect of actuarial (gain)/loss on defined benefit obligations	(27,021)	71,667	(28,834)	71,130
Tax effect on revaluation surplus	(92,285)	-	(85,924)	-
Tax charged directly to other comprehensive income	(119,306)	71,667	(114,758)	71,130

10.5 Reconciliation of accounting profit to income tax expense

For the year ended 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Profit before tax		5,516,969	6,113,254	3,207,428	3,799,067
Share of profit of equity accounted investees	17.1	(15,415)	8,826	-	-
Consolidation adjustments		788,695	887,098	-	-
		6,290,249	7,009,178	3,207,428	3,799,067
Tax exempt income		(1,047,874)	(1,785,351)	(738,383)	(1,451,216)
Aggregated disallowable expenses		2,862,203	3,100,256	1,316,749	1,176,875
Aggregated allowable expenses		(3,379,851)	(1,976,089)	(2,693,235)	(1,443,439)
Tax losses brought forward		(103,531)	(95,106)	-	-
Other taxable income		167,183	402,408	146,748	361,516
Tax losses carried forward		369,272	103,531	-	-
Taxable income		5,157,651	6,758,827	1,239,307	2,442,803
Tax @ 20%		304,274	199,072	-	-
Tax @ 22%		160,127	367,258	-	-
Tax @ 30%		570,300	953,488	371,792	732,841
Tax at other rates		45,974	4,430	-	-
		1,080,675	1,524,248	371,792	732,841
Under/(over) provision in respect of previous years	10.3	209,161	(49,818)	209,934	(25,047)
Deferred tax charge/(reversal)	10.3	(95,264)	125,644	(110,915)	110,999
Tax on dividend income	10.3	51,555	207,551	-	-
Tax expense for the year		1,246,127	1,807,625	470,811	818,793
Effective tax rate		23%	30%	15%	22%

11 EARNINGS / NET ASSET PER SHARE

11.1 Earnings per Share

Basic Earnings per Share

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

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

11 EARNINGS / NET ASSET PER SHARE CONTD.

Basic/diluted earning per share calculated as follows;

	Consolidated		Company	
For the year ended 31st March	2025	2024	2025	2024
Profit attributable to ordinary shareholders of the parent (Rs.'000)	3,596,517	3,743,929	2,736,617	2,980,274
Weighted average number of ordinary shares (No.)	297,123,750	297,123,750	297,123,750	297,123,750
Basic/diluted earnings per ordinary share (Rs.)	12.10	12.60	9.21	10.03

11.2 Net Assets per Share

	Consolidated		Company	
For the year ended 31st March	2025	2024	2025	2024
Net assets attributable to equity holders (Rs.'000)	26,534,089	22,905,062	16,742,875	13,860,462
Number of ordinary shares (No.)	297,123,750	297,123,750	297,123,750	297,123,750
Net assets per share (Rs.)	89.30	77.09	56.35	46.65

12 DIVIDEND PER SHARE

For the year ended 31st March	2025 Rs. '000	2024 Rs. '000
1st interim dividend 2024/25 - Rs. 0.60/- per share (Final dividend 2022/23 - Rs. 1.00/- per share)	178,274	297,124
2nd Interim dividend - Rs. 1.10/- per share (1st interim Dividend 2023/24 - Rs. 2.00/- per share)	326,836	594,247
3rd Interim dividend - Rs. 0.50/- (2nd Interim dividend 2023/24 - Rs. 2.00/- per share)	148,562	594,248
4th Interim dividend -Rs. 1.60/- (3rd Interim dividend 2023/24- Rs. 1.00/- per share)	475,398	297,124
	1,129,070	1,782,743
Dividend per ordinary share-Rs.	3.80	6.00
Dividend payout ratio	31%	48%

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	Approval of solvency certificate
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.	1st interim dividend 2nd interim dividend 3rd interim dividend 4th 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

For the year ended 31st March	Freehold land Rs.'000	Buildings Rs.'000	Machinery and equipment Rs.'000	Vehicles Rs.'000	Furniture fittings and office equipment Rs.'000	Data processing equipment Rs.'000	Total Rs.'000
Cost or valuation							
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)
At 31st March 2024	2,196,619	3,288,706	11,254,779	412,457	360,435	130,575	17,643,571
Revaluation of land	272,103	-	-	-	-	-	272,103
Additions during the year	237,753	277,332	1,973,543	25,384	74,487	14,574	2,603,073
Disposals during the year	-	(6,318)	(71,154)	(11,647)	(1,474)	-	(90,593)
Reclassification	(179,791)	179,791	-	-	-	-	-
Effect of movement in exchange rates	(1,971)	62,215	139,932	5,109	5,279	-	210,564
At 31st March 2025	2,524,713	3,801,726	13,297,100	431,303	438,727	145,149	20,638,718
Accumulated Depreciation							
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)
At 31st March 2024	-	1,080,103	6,877,101	270,332	282,125	99,890	8,609,551
Depreciation charge for the year	-	148,013	774,521	42,910	24,475	15,918	1,005,837
Disposals during the year	-	(1,093)	(31,230)	(11,647)	(1,380)	-	(45,350)
Effect of movement in exchange rates	-	22,697	102,269	3,766	3,793	-	132,525
At 31st March 2025	-	1,249,720	7,722,661	305,361	309,013	115,808	9,702,563
Provision for impairment							
At 31st March 2025	-	-	(25,543)	-	-	-	(25,543)
At 31st March 2024	-	-	(25,543)	-	-	-	(25,543)
Net book value							
At 31st March 2025	2,524,713	2,552,006	5,548,896	125,942	129,714	29,341	10,910,612
At 31st March 2024	2,196,619	2,208,603	4,352,135	142,125	78,310	30,685	9,008,477
Capital work-in-progress							
At 31st March 2025							1,813,751
At 31st March 2024							1,829,785
Carrying value							
At 31st March 2025	2,524,713	2,552,006	5,548,896	125,942	129,714	29,341	12,724,363
At 31st March 2024	2,196,619	2,208,603	4,352,135	142,125	78,310	30,685	10,838,262

13 PROPERTY, PLANT AND EQUIPMENT CONTD.

(a) Capital work-in-progress represents the amount of expenditure recognised under property plant and equipment during the period of the construction of a capital asset. Movement of capital work-in-progress is given below.

Movement of capital work-in-progress	Consolidated		Company	
	2024/25 Rs. '000	2023/24 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
Balance at the beginning of the year	1,829,785	1,714,071	1,151,752	1,238,719
Additions during the year	2,507,997	884,141	1,439,976	150,046
Capitalised during the year	(2,524,031)	(768,427)	(1,723,658)	(237,013)
Balance at the end of the year	1,813,751	1,829,785	868,070	1,151,752

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

Company Name	Location	Last revaluation date	Land extent	Number of buildings	Unobservable input per perch Avg. Rs. '000	Carrying value as at 31st March 2025 Rs. '000	Cost as at 31st March 2025 Rs. '000
Haycarb PLC	Madampe Factory - Madampe	31.03.2025	30A-0R-37.2P	18	63	305,232	124,587
	Badalgama Factory -Badalgama	31.03.2025	28A-0R-12.8P	25	73	328,785	154,561
	Heenagara Estate Kuliyapitiya	31.03.2025	10 A	2	34	55,000	56,809
	Wewalduwa Stores - Wewalduwa	31.03.2025	2A-1R-36.04 P	6	1,387	549,160	4,309
						1,238,177	340,266
Ultracarb (Pvt) Ltd	Badalgama, Makandura -Badalgama	31.03.2025	19A-1R-11.3P	-	72	222,187	221,027
Recogen (Pvt) Ltd	Badalgama Factory - Badalgama	31.03.2025	10A-3R-15 P	5	78	135,547	38,093
Carbokarn Co. Ltd	Chonburi Province - Thailand	31.03.2025	15A-2R-22P	22	104	259,579	214,780
Shizuka Co. Ltd.	Ratchburi Province - Thailand	31.03.2025	24A-2R-19P	12	33	128,348	90,141
PT Mapalus Makawanua Charcoal Industry	Bitung City - Indonesia	31.03.2025	11A -3R-16P	8	204	387,412	154,618
PT Haycarb Palu Mitra	Palu City - Indonesia	31.03.2025	6A-3R-37.5P	18	137	153,463	179,803
						2,524,713	1,238,728

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

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

As at 31st March	2025 Rs. '000	2024 Rs. '000
Buildings	369,768	404,214
Machinery and equipments	4,005,925	3,313,037
Motor vehicles	160,549	108,117
Furniture fittings and office equipments	457,833	354,688
	4,994,075	4,180,056

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

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

Company Name	Details of assets	Banks mortgaged to	Cost Rs. '000	Carrying Value Rs. '000
PT Mapalus Makawanua Charcoal Industry	Land	BNI	177,281	387,412
	Building	BNI	260,459	120,551
PT Haycarb Palu Mitra	Land	HSBC (Indonesia)	93,333	153,463
	Building	HSBC (Indonesia)	323,893	178,487
	Machinery and equipment	HSBC (Indonesia)	733,592	309,617

(f) A borrowing cost of Rs. 12,675,000/- have been capitalised under property, plant and equipment during the year ended 31st March 2025.(2023/24 – Nil).

(g) Land owned by the Group was revalued as at 31st March 2025 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. 2,557 million (2023/24 - Rs. 2,134 million) on cash basis.

13 PROPERTY, PLANT AND EQUIPMENT CONTD.

13.2 Company

For the year ended 31st March	Freehold land Rs.'000	Buildings Rs.'000	Machinery and equipment Rs.'000	Vehicles Rs.'000	Furniture fittings and office equipment Rs.'000	Data processing equipment Rs.'000	Total Rs.'000
Cost or valuation							
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)
At 31st March 2024	951,429	1,188,690	3,951,643	150,127	91,134	117,890	6,450,913
Additions during the year	333	125,523	1,126,492	-	45,473	12,751	1,310,572
Revaluation of land	286,414	-	-	-	-	-	286,414
Disposals during the year	-	(15,243)	(108,282)	(1,695)	(4,298)	(559)	(130,077)
At 31st March 2025	1,238,176	1,298,970	4,969,853	148,432	132,309	130,082	7,917,822
Accumulated Depreciation							
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)
At 31st March 2024	-	192,608	1,860,875	112,947	59,573	89,537	2,315,540
Depreciation charge for the year	-	28,116	314,236	15,545	7,422	14,097	379,417
Disposals during the year	-	(1,093)	(5,194)	(1,560)	-	-	(7,847)
At 31st March 2025	-	219,631	2,169,917	126,932	66,995	103,634	2,687,110
Impairment Provision							
At 31st March 2025	-	-	(25,543)	-	-	-	(25,543)
At 31st March 2024	-	-	(25,543)	-	-	-	(25,543)
Net book value							
At 31st March 2025	1,238,176	1,079,339	2,774,393	21,500	65,314	26,448	5,205,169
At 31st March 2024	951,429	996,082	2,065,225	37,180	31,561	28,353	4,109,830
Capital work-in-progress							
At 31st March 2025							868,070
At 31st March 2024							1,151,752
Carrying amount							
At 31st March 2025	1,238,176	1,079,339	2,774,393	21,500	65,314	26,448	6,073,239
At 31st March 2024	951,429	996,082	2,065,225	37,180	31,561	28,353	5,261,582

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

As at 31st March	2025 Rs. '000	2024 Rs. '000
Buildings	1,574	1,081
Machinery and equipments	1,079,135	710,634
Motor Vehicles	70,513	71,476
Furniture Fittings & Office Equipments	114,237	74,841
	1,265,459	858,032

(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. 1,027 million (2023/24 - Rs.1,215 million) on cash basis.

(e) There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year 2024/25.(2023/24 – 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 Right of Use Assets

	Consolidated				Company	
As at 31st March	Land	Buildings	Total	Total	Buildings	
	2025	2025	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost						
At the beginning of the year	-	540,997	540,997	437,241	261,282	152,904
Additions during the year	1,080,388	57,004	1,137,392	323,548	-	261,282
Derecognition during the year	-	(70,432)	(70,432)	(198,672)	(70,432)	(152,904)
Effects of movements in exchange rates	1,501	(2,629)	(1,128)	(21,120)	-	-
At the end of the year	1,081,889	524,940	1,606,829	540,997	190,850	261,282
Accumulated Amortisation						
At the beginning of the year	-	50,057	50,057	153,786	1,377	118,342
Charge for the year	21,608	84,930	106,538	97,649	38,168	35,939
Derecognition during the year	-	(1,375)	(1,375)	(198,672)	(1,375)	(152,904)
Effects of movements in exchange rates	30	(715)	(685)	(2,706)	-	-
At the end of the year	21,638	132,897	154,535	50,057	38,170	1,377
At the end of the year	1,060,251	392,043	1,452,294	490,940	152,680	259,905

14 RIGHT OF USE ASSETS / LEASE LIABILITIES CONTD.

14.2 Lease Liability

As at 31st March	Consolidated				Company	
	Land	Buildings	Total	Total	Buildings	
	2025	2025	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At the beginning of the year	-	502,478	502,478	292,895	260,270	41,615
Additions during the year	1,080,388	57,004	1,137,392	323,548	-	261,282
Accretion of interest	30,056	46,267	76,323	25,289	20,490	3,365
Payments to lease creditors	(30,919)	(125,025)	(155,944)	(120,212)	(49,794)	(45,992)
Derecognition during the year	-	(70,414)	(70,414)	-	(70,414)	-
Effect of movement in exchange rates	1,499	(2,020)	(521)	(19,042)	-	-
At the end of the year	1,081,024	408,290	1,489,314	502,478	160,552	260,270
Current portion of lease liability	9,990	91,597	101,587	85,960	33,804	41,507
Non-current portion of lease liability	1,071,034	316,693	1,387,727	416,518	126,748	218,763
At the end of the year	1,081,024	408,290	1,489,314	502,478	160,552	260,270

14.3 Amounts recognised in the statement of profit or loss

For the year ended 31st March	Consolidated		Company	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Amortisation of Right-of-Use Assets	84,930	97,649	38,168	35,939
Accretion of interest	46,267	25,289	20,490	3,365
Total amount recognised in the statement of profit or loss	131,197	122,938	58,658	39,304

Aging analysis of lease liability

Consolidated	Total	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31.03.2025	1,489,314	-	26,356	75,231	107,809	266,060	1,013,858
As at 31.03.2024	502,478	-	20,529	65,431	95,910	320,608	-

Company	Total	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31.03.2025	160,552	-	8,107	25,697	37,716	89,032	-
As at 31.03.2024	260,270	-	9,950	31,557	46,365	172,398	-

15 INTANGIBLE ASSETS

As at 31st March	Consolidated Software Rs. '000	Consolidated Goodwill Rs. '000	Consolidated Product development Rs. '000	Consolidated Total Rs. '000	Company Software Rs. '000	Company Product development Rs. '000	Company Total Rs. '000
Cost							
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
Effect of movement in exchange rates	(3,694)	-	(18,110)	(21,804)	-	-	-
Derecognitions	(281)	-	-	(281)	-	-	-
As at 31st March 2024	183,787	257,206	288,497	729,490	117,229	171,739	288,968
Additions during the year	-	-	99,691	99,691	-	44,598	44,598
Effect of movement in exchange rates	(561)	-	6,387	5,826	-	-	-
As at 31st March 2025	183,226	257,206	394,575	835,007	117,229	216,337	333,566
Accumulated amortisation							
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
Amortisation for the year	8,468	-	17,192	25,660	6,074	16,276	22,350
Effect of movement in exchange rates	(561)	-	6,387	5,826	-	-	-
As at 31st March 2025	148,107	55,164	210,325	413,596	103,260	86,262	189,522
Net book value							
At 31st March 2025	35,119	202,042	184,250	421,411	13,969	130,075	144,044
At 31st March 2024	43,587	202,042	101,751	347,380	20,043	101,753	121,796

(a) The cost of fully depreciated intangible assets which are still in use at the reporting date is as follows.

As at 31st March	Consolidated 2025	Consolidated 2024	Company 2025	Company 2024
Fully depreciated intangible assets	79,311	41,833	37,257	36,203

15 INTANGIBLE ASSETS CONTD.

Goodwill

There have been no permanent impairment of intangible assets that require a provision 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 10% for PT Mapalus Makawanua Charcoal Industry, 9% for Haycarb USA Inc. and 8.5% 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 is being equally amortised over a period of 3 to 5 years.

Research expenses on product development have been charged to the Statement of Profit or Loss

16 INVESTMENTS IN SUBSIDIARIES

16.1 Company Investments in Subsidiaries

As at 31st March	Company Holding 2025 %	Company Holding 2024 %	No.of Shares 2025 No.	No.of Shares 2024 No.	Cost 2025 Rs. '000	Cost 2024 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
Haycarb Singapore Pte Ltd.	100	100	10,000	-	3,023	-
Company investment in subsidiaries (at cost)					1,197,792	1,194,769
Provision for fall in value of investment in Recogen (Pvt) Ltd.					(100,000)	(100,000)
Company investment in subsidiaries					1,097,792	1,094,769

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

16.2 Indirect Investments in Subsidiaries

As at 31st March Investor	Investee	Effective Holding 2025 %	Effective Holding 2024 %	No.of Shares 2025 No.	No.of Shares 2024 No.	Value 2025 Rs. '000	Value 2024 Rs. '000
Unquoted investments							
Haycarb Holdings 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
Puricarb Pte Ltd	Haycarb Philippine Corporation	100	-	300,000	-	16,998	-
Haycarb Singapore Pte Ltd	Eurocarb Germany GmbH	100	-	25,000	-	7,858	-

The countries of incorporation and the principal activities of the above companies are given on pages 374 and 377.

17 INVESTMENT IN EQUITY ACCOUNTED INVESTEES

As at 31st March		Holding		No of shares		Consolidated		Company	
		2025	2024	2025	2024	2025	2024	2025	2024
	Note	%	%	No.	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Carbotels (Pvt) Ltd.	17.1	25.2	25.2	9,290,311	9,290,311	597,734	582,827	92,903	92,903
Lakdiyatha (Pvt) Ltd.	17.1	49.0	49.0	2,450,000	2,450,000	1,608	1,100	-	-
						599,342	583,927	92,903	92,903

17.1 Movement in equity accounted investees

As at 31st March	Lakdiyatha (Pvt) Ltd		Carbotels (Pvt) Ltd		Consolidated	
	2025	2024	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At the beginning of the year	1,100	16,315	582,827	576,438	583,927	592,753
Share of profit of equity accounted investees(Note 17.2)	508	(15,215)	14,907	6,389	15,415	(8,826)
At the end of the year	1,608	1,100	597,734	582,827	599,342	583,927

17.2 Summarised financials of equity accounted investees

As at 31st March	Lakdiyatha (Pvt) Ltd		Carbotels (Pvt) Ltd		Consolidated	
	2025	2024	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Statement of financial position						
Non current asset	127,746	196,559	2,188,854	2,154,853	2,316,600	2,351,412
Current asset	30,324	47,905	210,752	180,590	241,076	228,495
Total assets	158,070	244,464	2,399,606	2,335,443	2,557,676	2,579,907
Non current liabilities	-	(32,160)	(21,056)	(21,738)	(21,056)	(53,898)
Current liabilities	(154,788)	(210,059)	(6,590)	(899)	(161,378)	(210,958)
Total liabilities	(154,788)	(242,219)	(27,646)	(22,637)	(182,434)	(264,856)
Net Assets	3,282	2,245	2,371,960	2,312,806	2,375,242	2,315,051
Group carrying amount of the investment	1,608	1,100	597,734	582,827	599,342	583,927
Revenue	18,874	36,274	-	-	18,874	36,274
Profit/ (loss) from continuing operation	25,114	(40,372)	64,038	34,729	89,152	(5,643)
Profit after tax	1,036	(31,050)	59,154	25,353	60,190	(5,697)
Total comprehensive income	1,036	(31,050)	59,154	25,353	60,190	(5,697)
Group share of profit for the year	508	(15,215)	14,907	6,389	15,415	(8,826)

18 RELATED PARTY DISCLOSURES

18.1 Amounts due to Subsidiaries

As at 31st March	Company 2025 Rs. '000	Company 2024 Rs. '000
Carbokarn Co. Ltd.	150,332	-
Haycarb USA Inc.	378	4,149
Eurocarb Products Ltd.	40,702	16,133
Haycarb Holdings Australia (Pty) Ltd.	1,267	28,490
Haycarb Holdings Bitung Ltd.	10,970	12,843
Puritas (Pvt) Ltd.	5,956	1,845
Recogen(Pvt) Ltd.	39,103	16,221
Shizuka Co. Ltd.	24,818	-
Ultracarb(Pvt) Ltd.	1,533	1,923
	275,059	81,604

18.2 Amounts due to Other Related Parties

As at 31st March	Relationship	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Hayleys PLC	Parent	370,687	272,152	363,153	238,803
Advantis Express (Pvt) Ltd.	Affiliate	4,396	-	4,396	-
Advantis Freight (Pvt) Ltd.	Affiliate	13,335	7,103	12,438	6,357
Advantis Projects & Engineering (Pvt) Ltd.	Affiliate	2,327	8,506	1,940	8,457
Chas P. Hayley & Company (Pvt) Ltd.	Affiliate	1,173	1,450	1,173	1,450
Charles Fibre (Pvt) Ltd.	Affiliate	157,515	-	-	-
CEVA Logisitics Lanka (Private) Limited	Affiliate	230	3,783	230	3,783
Clarion Shipping (Private) Limited	Affiliate	-	401	-	401
Cosco Lanka (Pvt) Ltd.	Affiliate	-	186	-	186
Dipped Products PLC	Affiliate	899	-	899	-
Energynet (Pvt) Ltd.	Affiliate	-	7,474	-	6,662
Fentons Limited	Affiliate	186,031	536,251	186,031	536,251
Hayleys Aventura (Pvt) Ltd.	Affiliate	5,771	4,130	5,771	4,130
Hayleys Business Solutions (Pvt) Ltd.	Affiliate	2,222	518	2,053	499
Hayleys Fibre PLC	Affiliate	-	122,925	-	-
Hayleys Lifesciences (Pvt) Ltd.	Affiliate	3,796	321	3,500	298
Hayleys Travels (Pvt) Ltd.	Affiliate	4,609	4,705	4,528	4,705
Kelani Valley Plantations PLC	Affiliate	-	63	-	-
Key Management Personnel - Carbokarn Co. Ltd. *	Affiliate	1,682,504	1,404,352	-	-
Logiwiz Ltd.	Affiliate	407	519	407	519
Mountain Hawk (Pvt) Ltd	Affiliate	-	247	-	247
Mountain Hawk Express (Pvt) Ltd.	Affiliate	112	4,157	-	4,157
Sri Lanka Shipping Company Limited	Affiliate	930	503	930	503
The Kingsbury PLC	Affiliate	1,192	-	1,192	-
Toyo Cushion Lanka (Pvt) Ltd.	Affiliate	793	-	-	-
Other Hayleys Group companies	Affiliate	384	74	188	26
		2,439,313	2,379,820	588,829	817,434

*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 MLR (Thailand) -1% per annum during the financial year.

18 RELATED PARTY DISCLOSURES CONTD.

18.3 Amounts due from Subsidiaries

As at 31st March	Company 2025 Rs. '000	Company 2024 Rs. '000
Carbokarn Co. Ltd.	158,088	259,582
Eurocarb Products Ltd.	-	102,231
Haycarb Holdings Australia (Pty) Ltd.	-	101,700
Haycarb Singapore Pte Ltd.	17,874	-
Puritas (Pvt) Ltd.	28,643	40,039
PT Mapalus Makawanua Charcoal Industry	2,353	1,308
PT Haycarb Palu Mitra	1,244	90,137
Puricarb Pte Ltd.	4	4
Recogen (Pvt) Ltd.	-	78,936
Ultracarb (Pvt) Ltd.	-	315,302
	208,206	989,239

18.4 Amounts due from Other Related Parties

As at 31st March	Relationship	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Hayleys PLC	Parent	589	292	-	-
Advantis Express (Pvt) Ltd.	Affiliate	204	-	-	-
Chas P Hayley & Company (Pvt) Ltd.	Affiliate	5,980	16,038	-	-
Creative Polymats (Pvt) Ltd.	Affiliate	508	434	-	-
Dipped Products PLC	Affiliate	37,757	15,407	36,166	13,839
Fentons Limited	Affiliate	2,459	2,348	2,321	2,321
Haycolour (Pvt) Ltd.	Affiliate	230	162	-	-
Hayleys Agriculture Holding Ltd.	Affiliate	148	139	-	-
Hayleys Fibre PLC	Affiliate	1,627	692	1,588	600
Kelani Valley Plantation PLC	Affiliate	501	230	-	-
Logiwiz Ltd	Affiliate	1,102	1,741	-	-
Martin Bauer Hayleys (Pvt) Ltd.	Affiliate	330	-	-	-
Mountain Hawk (Pvt) Ltd	Affiliate	219	-	-	-
Mountain Hawk Express (Pvt) Ltd	Affiliate	-	311	-	-
Ravi Industries Ltd	Affiliate	188	2,366	-	-
Rileys (Pvt) Ltd.	Affiliate	3,017	3,049	1,161	1,167
Singer (Sri Lanka) PLC	Affiliate	3,356	2,419	-	-
Singer Finance (Lanka) PLC	Affiliate	106	-	-	-
S & T Interiors (Pvt) Ltd.	Affiliate	522	-	-	-
The Kingsbury PLC	Affiliate	216	216	-	-
Toyo Cushion Lanka (Pvt) Ltd.	Affiliate	550	550	403	403
Volanka (Pvt) Ltd.	Affiliate	130	-	131	-
Other Hayleys group companies	Affiliates	1,232	1,476	42	42
		60,971	47,870	41,812	18,372

18.5 Amounts due from equity accounted investees

As at 31st March	Relationship	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Lakdiyatha (Pvt) Ltd.	Associate	84,483	127,165	792	567
		84,483	127,165	792	567

19 INVENTORIES

As at 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Raw materials and consumables		6,390,816	5,382,759	3,144,189	2,871,907
Finished and semi finished goods		10,035,676	7,384,883	2,667,062	1,806,425
Project in progress		293,223	293,142	-	-
Provision for unrealised profits		(1,252,201)	(1,047,096)	-	-
		15,467,514	12,013,688	5,811,251	4,678,332
Provision for write down of inventories	19.1	(311,248)	(507,030)	(220,211)	(207,867)
Total inventories at the lower of cost and net realisable value		15,156,266	11,506,658	5,591,040	4,470,465

19.1 Movement of provision for write down of inventories

For the year ended 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
At the beginning of the year		507,030	503,727	207,867	161,477
Provision for slow moving inventories		37,627	82,094	12,344	46,390
Write off during the year		(233,409)	(78,791)	-	-
At the end of the year	19	311,248	507,030	220,211	207,867

20 TRADE AND OTHER RECEIVABLES

As at 31st March		Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Trade receivables	- External customers		7,211,607	6,860,503	2,026,484	2,034,983
	- Inter Company		-	-	4,442,130	2,583,516
Less: Provision for impairment on trade receivable		20.1	(182,719)	(181,981)	-	-
			7,028,888	6,678,522	6,468,614	4,618,499
Loans to employees			47,836	32,827	47,836	32,827
			7,076,724	6,711,349	6,516,450	4,651,326

20.1 Movement of provision for impairment on trade receivable

For the year ended 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
At the beginning of the year		181,981	176,726	-	-
Impairment of trade receivables		738	5,255	-	-
At the end of the year	20	182,719	181,981	-	-

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 2025	7,211,607	5,402,492	1,538,053	122,038	149,024
Balance as at 31st March 2024	6,860,503	5,328,137	1,118,180	71,025	343,161

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 2025	2,026,484	1,149,594	876,890	-	-
Balance as at 31st March 2024	2,034,983	1,730,869	296,470	7,644	-

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

As at 31st March	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
At the beginning of the year	8,306	5,939	8,306	5,939
Granted during the year	18,322	4,150	18,322	4,150
	26,628	10,089	26,628	10,089
Repaid during the year	(5,029)	(1,783)	(5,029)	(1,783)
At the end of the year	21,599	8,306	21,599	8,306
Number of loans over Rs. 20,000/-	18	31	18	31

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

21 NON - CURRENT FINANCIAL ASSETS

As at 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Equity investments designated at FVTOCI					
Unquoted equity shares					
Quality Seed Co. Ltd.		490	490	490	490
Barrack Gold Corporation		193	193	-	-
Effect of movement in exchange rates		95	110	-	-
		778	793	490	490
Quoted equity shares Dipped Products PLC					
Fair value at the beginning of the year		1,236,898	1,127,042	1,236,898	1,127,042
Change in fair value		1,000,912	109,856	1,000,912	109,856
Fair value at the end of the year	21.1	2,237,810	1,236,898	2,237,810	1,236,898
Equity investments designated at FVTOCI		2,238,588	1,237,691	2,238,300	1,237,388
Financial assets at amortised cost					
Receivable from suppliers					
At the beginning of the year		47,534	56,792	-	-
Settlements during the year		(1,066)	(850)	-	-
Effect of movement in exchange rates		2,913	(8,408)	-	-
At the end of the year		49,381	47,534	-	-
Total non-current financial assets		2,287,969	1,285,225	2,238,300	1,237,388

21 NON - CURRENT FINANCIAL ASSETS CONTD.

21.1 Market price and cost of investments in quoted shares

As at 31st March Dipped Products PLC	No of shares	Market price per share	Market Value Rs. '000	Total cost Rs. '000
As at 31st March 2025	40,687,460	Rs. 55.00	2,237,810	40,170
As at 31st March 2024	40,687,460	Rs. 30.40	1,236,898	40,170

22 OTHER CURRENT ASSETS

As at 31st March	Consolidated		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Deposits and payments in advance	1,070,141	814,596	700,392	302,534
Other receivables	484,658	452,424	20,122	133,656
Tax recoverable	122,300	46,365	120,214	44,279
	1,677,099	1,313,385	840,728	480,469

23 CASH IN HAND AND AT BANK

As at 31st March	Consolidated		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Cash in hand	11,670	17,677	7,508	14,419
Bank balances	1,622,077	2,733,651	228,100	981,211
Short-term deposits	2,453,973	3,970,798	905,895	2,684,079
	4,087,720	6,722,126	1,141,503	3,679,709

23.1 Currency wise analysis of cash in hand and at bank

As at 31st March	Consolidated		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Sri Lankan Rupees	1,196,613	2,945,118	674,773	2,553,178
United States Dollars	1,804,944	2,295,540	447,604	989,569
Sterling pounds	39,008	49,124	13,724	27,807
Euros	23,509	127,396	5,402	109,155
Australian Dollars	39,816	69,439	-	-
Indonesian Rupiah	154,927	530,408	-	-
Thai Baht	726,147	594,651	-	-
Maldivian Rufiyaa	102,756	110,450	-	-
	4,087,720	6,722,126	1,141,503	3,679,709

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

As at 31st March	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Cash in hand and at bank	1,633,747	2,751,328	235,608	995,630
Short-term deposits	2,453,973	3,970,798	905,895	2,684,079
Bank overdrafts & short term borrowings	(3,928,800)	(3,866,301)	(2,122,624)	(2,480,319)
Cash and cash equivalents for the purpose of statement of cash flow	158,920	2,855,825	(981,121)	1,199,390

24 STATED CAPITAL

As at 31st March	Company 2025 Rs. '000	Company 2024 Rs. '000
Issued and fully paid - ordinary shares		
At the beginning of the year - 297,123,750 (1st April 2023 -297,123,750)	331,774	331,774
At the end of the year - 297,123,750 (31st March 2024 - 297,123,750)	331,774	331,774

25 RESERVES

As at 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Capital Reserves	25.1	1,070,985	891,290	720,587	520,097
Revenue Reserves	25.2	25,131,330	21,681,998	15,690,514	13,008,591

25 RESERVES CONTD.

25.1 Capital Reserves - Attributable to equity holders of the parent

As at 31st March	Revaluation surplus Rs. '000	Reserve on amalgamation Rs. '000	Legal reserve Rs. '000	Total Rs. '000
Consolidated				
Balance as at 1st April 2023	858,864	25,885	6,541	891,290
Tax effect on revaluation	-	-	-	-
Balance as at 31st March 2024	858,864	25,885	6,541	891,290
Revaluation of lands	271,980	-	-	271,980
Tax effect on revaluation	(92,285)	-	-	(92,285)
Balance as at 31st March 2025	1,038,559	25,885	6,541	1,070,985
				-
Company				
Balance as at 1st April 2023	428,049	92,048	-	520,097
Tax effect on revaluation	-	-	-	-
Balance as at 31st March 2024	428,049	92,048	-	520,097
Revaluation of lands	286,414	-	-	286,414
Tax effect on revaluation	(85,924)	-	-	(85,924)
Balance as at 31st March 2025	628,539	92,048	-	720,587

- Legal reserve relates to a statutory reserve created under Carbokarn Co. Ltd. Thailand.
- Amalgamation reserve 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 of Rs.92,048,000/- 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.

25.2 Revenue Reserves

	Consolidated		Company	
As at 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Fair Value Reserve of Financial Assets at FVTOCI	2,197,639	1,196,727	2,197,639	1,196,727
Foreign currency translation reserves	3,455,430	3,544,204	-	-
General reserve	519,353	519,353	519,353	519,353
Retained Earnings				
Haycarb PLC	12,973,522	11,292,511	12,973,522	11,292,511
Subsidiaries	5,503,447	4,662,679	-	-
Associates	481,939	466,524	-	-
	18,958,908	16,421,714	12,973,522	11,292,511
	25,131,330	21,681,998	15,690,514	13,008,591

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

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

		Consolidated		Company	
		2025	2024	2025	2024
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Non-current interest-bearing loans and borrowings					
Secured term loans					
At the beginning of the year		509,470	300,783	167,760	294,594
loans obtained during the year		1,904,496	636,120	746,496	170,000
Effect of movements in foreign exchange rates		(18,700)	(7,731)	(18,162)	(6,593)
		2,395,266	929,172	896,094	458,001
Repayments during the year		(411,817)	(419,702)	(257,739)	(290,241)
At the end of the year		1,983,449	509,470	638,355	167,760
Repayable within one year	26.2	(623,063)	(255,751)	(304,503)	(101,649)
Repayable after one year	26.3	1,360,386	253,719	333,852	66,111

26.2 Current portion of interest bearing loans and borrowings

	Consolidated		Company	
As at 31st March	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Short-term interest bearing borrowings				
Short-term loans	2,853,600	2,722,298	1,120,581	1,409,436
Bank overdrafts	1,075,200	1,144,003	1,002,043	1,070,883
Short-term borrowings and bank overdraft	3,928,800	3,866,301	2,122,624	2,480,319
Current portion of long term interest bearing borrowings	623,063	255,751	304,503	101,649
Total current interest-bearing loans and borrowings	4,551,863	4,122,052	2,427,127	2,581,968
Total interest bearing loans and borrowings	5,912,249	4,375,771	2,760,979	2,648,079

26 INTEREST-BEARING LOANS AND BORROWINGS CONTD.

26.3 Analysis of secured term loans by year of repayment

As at 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Repayable between 1-2 years from the year end		542,113	212,506	257,281	56,667
Repayable between 2-5 years from the year end		818,273	41,213	76,571	9,444
Total non-current borrowings	26.1	1,360,386	253,719	333,852	66,111

26.4 Long term interest bearing loans and borrowings

Company	Lender	Rate of interest	31.03.2025 Rs. '000	31.03.2024 Rs. '000	Repayment terms	Security
Haycarb PLC	The Hongkong & Shanghai Banking Corporation Ltd	1 Month HSBC Bank cost of funds +3%	9,444	66,111	16 monthly installments	None
	Pan Asia Banking Corporation PLC	3 Month SOFR + 3.5% p.a with a rebate of 2% p.a	324,408	-	35 monthly equal capital repayment	None
Ultracarb (Pvt) Ltd.	The Hongkong & Shanghai Banking Corporation Ltd	1 Month HSBC Bank cost of funds +3% *	25,278	176,944	16 monthly installments	None
	Nations Trust Bank PLC	Monthly AWPLR (to be reviewed every 3 months from the loan granted date)	498,153	-	53 monthly equal capital repayment with 6 month grace period from the date of loan granted	None
Haycarb Holding Australia Pty Ltd.	Power Torque Finance	2.95%	1,319	2,715	53 monthly equal capital repayment with 6 month grace period from the date of loan granted	None
	Chattel Mortgage	7.89%	6,384	7,949	48 equal monthly installments commencing from March 2022	None
Recogen (Pvt) Ltd.	Nations Trust Bank PLC	Monthly AWPLR (to be reviewed every 3 months from the loan granted date)	495,400	-	53 monthly equal capital repayment with 6 month grace period from the date of loan granted	None
Total secured term loans repayable after one year			1,360,386	253,719		

Fair value of the interest-bearing loans and borrowings of the Group Rs.5,912,249,000/- (31 st March 2024-Rs. 4,375,770,511/-) Company Rs.2,760,979,000/- (31st March 2024- Rs.2,648,079,165/-).

* Loans granted under the green loan principles of HSBC.

26.5 Currency wise analysis of interest bearing loans and borrowings

As at 31st March	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Sri Lankan Rupees	2,756,565	823,885	1,298,467	365,024
United States Dollars	2,605,671	2,987,847	1,462,512	2,283,055
Australian Dollars	10,150	13,098	-	-
Indonesian Rupiah	539,863	529,821	-	-
Sterling Pounds	-	21,120	-	-
	5,912,249	4,375,771	2,760,979	2,648,079

27 DEFINED BENEFIT OBLIGATIONS

27.1 Details of defined benefit obligatins

	As at 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
(i)	**Expenses recognised in the statement of profit or loss**					
	Current service cost	27 (iv)	113,933	172,143	79,217	73,420
	Interest cost	27 (iv)	164,865	189,030	156,549	160,577
	The total expense recognised in administrative expenses in the statement of profit or loss		278,798	361,173	235,766	233,997
(ii)	**Actuarial gains and losses recognised directly in OCI**					
	Actuarial gain/ (loss) recognised in OCI	27 (iv)	86,473	(239,962)	96,115	(237,100)
			86,473	(239,962)	96,115	(237,100)
(iii)	**Present value of defined benefit obligations**					
	Present value of defined benefit obligations	27 (iv)	1,833,504	1,737,269	1,396,842	1,351,969
			1,833,504	1,737,269	1,396,842	1,351,969

(iv) Movement of provision for defined benefit obligations

As at 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
At the beginning of the year		1,737,269	1,230,526	1,351,969	903,328
Interest cost	27 (i)	164,865	189,030	156,549	160,577
Current service cost	27 (i)	113,933	172,143	79,217	73,420
Benefits paid		(109,690)	(38,336)	(93,154)	(22,456)
Actuarial gain/ (loss) on defined benefit obligations	27 (ii)	(86,473)	239,962	(96,115)	237,100
Release due to employee transfers		-	-	(1,624)	
Effect of movement in exchange rates		13,600	(56,056)	-	-
At the end of the year		1,833,504	1,737,269	1,396,842	1,351,969
Legal Liability		1,473,744	1,051,178	974,682	863,726

27 DEFINED BENEFIT OBLIGATIONS CONTD.

27.1 Actuarial assumptions

As at 31st March	Consolidated		Company	
	2025	2024	2025	2024
	%	%	%	%
Sri Lanka				
Discount rate:	11.00	12.00	11.00	12.00
Salary escalation rate	10.00	11.00	10.00	11.00
Indonesia				
Discount rate:	6.97	10.00		
Salary escalation rate	8.50	8.50		
Thailand				
Discount rate:	2.75	2.75		
Salary escalation rate	2.5	2.5		

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.

27.2 Distribution of the Employee Benefit Obligations over Future Working Lifetime

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

As at 31st March	Consolidated		Company	
	2025	2024	2025	2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Less than or equal to 1 Year	209,709	191,543	94,899	89,506
Over 1 year and less than or equal to 5 year	405,531	370,322	332,929	320,112
Over 5 year and less than or equal to 10 year	698,762	665,676	551,347	544,925
Over 10 years	519,502	509,728	417,667	397,426
	1,833,504	1,737,269	1,396,842	1,351,969

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 Indonesia entities as at 31st March 2025.

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		Company	
		2025	2024	2025	2024
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Discount rate	+1%	1,698,506	1,612,090	1,292,115	1,248,368
Discount rate	-1%	1,982,134	1,890,003	1,515,279	1,469,274
Salary escalation rate	+1%	1,986,612	1,908,005	1,521,774	1,489,038
Salary escalation rate	-1%	1,692,290	1,594,655	1,284,746	1,229,895

28 DEFERRED TAX ASSETS / LIABILITIES

28.1 Deffered Tax Assets

As at 31st March		Consolidated	
		2025	2024
	Note	Rs. '000	Rs. '000
At the beginning of the year		239,963	244,159
Origination and reversal of temporary differences	28.1.2	28,851	(4,196)
At the end of the year		268,814	239,963

28.1.1 Deffered tax assets are attributable to the followings

As at 31st March		Consolidated	
		2025	2024
	Note	Rs. '000	Rs. '000
Consolidated			
Property, plant and equipment		(2,081)	(6,872)
Inventory provision		23,955	87,539
Debtor provision		51,597	51,213
Carried forward tax losses		79,711	5,835
Defined benefit obligations		108,381	97,796
Unrealised exchange gains		5,322	3,602
Other items		1,929	850
Net deferred tax asset	28.1	268,814	239,963

28 DEFERRED TAX ASSETS / LIABILITIES CONTD.

28.1.2 Movement of Deffered Tax Assets and the composition

Consolidated Rs. 000	Balance as at 31.03.2024	Recognised in Statement of Profit or Loss	Recognised in Other Comprehensive Income	Effect of movement in exchange rate	Balance as at 31.03.2025
Property, plant and equipment	(6,872)	4,789	-	2	(2,081)
Inventory provision	87,539	(63,584)	-	-	23,955
Debtor provision	51,213	384	-	-	51,597
Carried forward tax losses	5,835	73,876	-	-	79,711
Defined benefit obligations	97,796	10,287	2,073	(1,775)	108,381
Unrealised exchange gains	3,602	1,647	-	73	5,322
Other items	850	1,079	-	-	1,929
Net deferred tax asset	239,963	28,478	2,073	(1,700)	268,814

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	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

28.2 Deffered tax Liabilities

As at 31st March	Consolidated		Company	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At the beginning of the year	192,185	136,709	125,541	85,673
Origination and reversal of temporary differences	54,594	55,476	3,844	39,868
At the end of the year	246,779	192,185	129,385	125,541

28.2.1 Deffered tax liabilities are attributable to the followings

As at 31st March	Consolidated		Company	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Property, plant and equipment	(934,428)	(718,585)	(787,159)	(622,446)
Inventory provision	69,419	64,569	66,063	62,360
Carried forward tax losses	16,422	24,057	-	-
Defined benefit obligations	421,893	408,084	419,053	405,566
Unrealised exchange gains	(4,405)	29,407	(5,127)	28,870
Other items	184,320	283	177,785	109
Net deferred tax liabilities	(246,779)	(192,185)	(129,385)	(125,541)

28.2.2 Movement of deferred tax liabilities and the composition

Consolidated Rs. 000	Balance as at 31st March 2024	Recognised in Statement of Profit or Loss	Recognised in Other Comprehensive Income	Balance as at 31st March 2025
Property, plant and equipment	(718,585)	(123,558)	(92,285)	(934,428)
Inventory provision	64,569	4,850	-	69,419
Carried forward tax losses	24,057	(7,635)	-	16,422
Defined benefit obligations	408,084	42,903	(29,094)	421,893
Unrealised exchange gains (losses)	29,407	(33,812)	-	(4,405)
Other items	283	184,037	-	184,320
Net deferred tax liabilities	(192,185)	66,785	(121,379)	(246,779)

Consolidated Rs. 000	Balance as at 31st March 2023	Recognised in Statement of Profit or Loss	Recognised in Other Comprehensive Income	Balance as at 31st March 2024
Property, plant and equipment	(547,415)	(171,170)	-	(718,585)
Inventory Provisions	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)

28 DEFERRED TAX ASSETS / LIABILITIE CONTD.

28.2.3 Movement of deferred tax liabilities and the composition:

Company Rs. 000	Balance as at 31st March 2024	Recognised in Statement of Profit or Loss	Recognised in Other Comprehensive Income	Balance as at 31st March 2025
Property, plant and equipment	(622,446)	(78,789)	(85,924)	**(787,159)**
Inventory Provisions	62,360	3,703	-	**66,063**
Defined benefit obligations	405,566	42,321	(28,834)	**419,053**
Unrealised exchange gains/losses	28,870	(33,997)	-	**(5,127)**
Other items	109	177,676	-	**177,785**
Net deferred tax liabilities	(125,541)	110,914	(114,758)	**(129,385)**

Company Rs. 000	Balance as at 31st March 2023	Recognised in Statement of Profit or Loss	Recognised in Other Comprehensive Income	Balance as at 31st March 2024
Property, plant and equipment	(458,765)	(163,681)	-	(622,446)
Inventory Provisions	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)

29 TRADE AND OTHER PAYABLES

As at 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Trade payables		**1,015,537**	1,351,339	**614,309**	672,506
Freight Payables		**227,434**	669,787	**171,716**	593,678
Salaries and wages		**673,159**	631,291	**632,914**	602,032
Dividend payable	29.2	**211,138**	142,607	**211,138**	142,607
Accrued expenses and other payables		**1,345,153**	1,408,871	**410,554**	760,823
		3,472,421	4,203,895	**2,040,631**	2,771,646

29.1 Currency wise analysis of trade and other payables

As at 31st March	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Sri Lankan Rupees	**835,532**	1,594,009	**587,949**	1,447,687
Sterling Pounds	**58,033**	175,803	**1,404**	1,262
United States Dollars	**1,947,151**	1,701,174	**1,451,278**	1,322,697
Euros	**29,454**	40,470	**-**	-
Indonesian Rupiah	**152,879**	132,721	**-**	-
Thai Baht	**429,823**	519,901	**-**	-
Australian Dollars	**19,549**	39,817	**-**	-
	3,472,421	4,203,895	**2,040,631**	2,771,646

29.2 Dividend Payable

As at 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
At the beginning of the year					
Recognised under dividend payable		142,607	27,530	142,607	27,530
Recognised under related party		201,251	-	201,251	-
Declared during the year		1,129,070	1,782,743	1,129,070	1,782,743
Dividends paid to equity holders of the parent		(939,788)	(1,466,415)	(939,788)	(1,466,415)
At the end of the year		533,140	343,858	533,140	343,858
Recognised under related party		322,002	201,251	322,002	201,251
Recognised under dividend payable	20.9	211,138	142,607	211,138	142,607

30 OTHER CURRENT LIABILITY

As at 31st March	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Payments received in advance	404,500	393,561	44,337	56,980
	404,500	393,561	44,337	56,980

31 INCOME TAX PAYABLE/(RECEIVABLE)

As at 31st March	Note	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
At the beginning of the year		685,058	609,544	340,225	192,857
Tax on current year's profit	10.5	1,080,675	1,524,248	371,792	732,841
Tax on dividend income	10.5	51,555	207,551	-	-
Under/(Over) provision in respect of previous years	10.5	209,161	(49,818)	209,934	(25,047)
Payments made during the year		(1,732,237)	(1,575,434)	(1,042,165)	(560,426)
Effect of movement in exchange rates		6,213	(31,033)	-	-
At the end of the year		300,425	685,058	(120,214)	340,225
Income tax receivable at the end of the year	22	122,300	46,365	120,214	44,280
Income tax payable at the end of the year		422,725	731,423	-	384,505

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.

As at 31st March	Carbokarn Co. Ltd (group)		PT.Haycarb Palu Mitra	
	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	9,510,873	8,865,578	1,870,965	2,096,744
Profit before tax	1,495,141	955,724	249,741	529,428
Cash flows from operating activities	940,594	150,859	144,521	443,277
Cash flows from investing activities	(228,304)	(247,066)	(49,931)	(84,843)
Cash flows from financing activities	(618,812)	(40,679)	(97,297)	(352,246)
Non-current assets	2,878,789	2,913,185	666,393	715,686
Current assets	5,268,614	4,250,634	917,533	837,848
Total assets	8,147,403	7,163,819	1,583,926	1,553,534
Non-current liabilities	335,231	243,650	22,234	23,497
Current liabilities	2,560,149	2,271,377	270,230	359,061
Total liabilities	2,895,380	2,515,027	292,464	382,558
Equity attributable to the owners of the company	2,626,011	2,324,396	774,877	702,586
Non-controlling interest	2,626,011	2,324,396	516,549	468,390
Non-controlling interest (%)	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 374 and 377 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 incurres common expenses such as administration and personnel cost. Such costs are chared to subsidiaries

iv) No provision was made in respect of related party receivables

v) Details of guarantees given in respect of related parties are given in Note 35 to the Financial Statements

vi) No security has been obtained for related party receivables and all related party dues are payable on demand.

vii) Interest on related party dues are decided based on the inter bank lending rates, associated risk and purpose for which funds are used.

viii) There are no related parties or related party transactions other than those disclosed in Note 33 to the Financial Statements.

ix) *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 2025 audited Financial Statements, which required additional disclosures in financial statements under Colombo Stock Exchange listing Rule 9.14.8 (1) 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 31st March 2025 audited Financial Statements, which required additional disclosures in the financial statements under Colombo Stock Exchange listing Rule 9.14.8 (2) and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission are disclosed below.

Transactions with related parties	Year ended 31.03.2025		Year ended 31.03.2024	
	Value of transaction	Percentage of Gross Revenue	Value of transaction	Percentage of Gross Revenue
Sales of activated carbon from Haycarb PLC to Haycarb USA Inc.	7,526,501	17%	6,134,284	14%

x) Transactions with Advantis Projects & Engineering (Pvt) Ltd, Air Global (Pvt) Ltd., Alco Industries (Pvt) Ltd., Alumex PLC, Amaya Leisure PLC, Chas P. Hayley Company (Pvt) Ltd., Civaro Lanka (Pvt) Ltd., Dipped Products PLC, Fentons Limited, Hanwella Rubber Products Ltd., Haylex (Japan) Ltd., Hayleys Agriculture Holdings Ltd., Hayleys Aventura (Pvt) Ltd., Hayleys Consumer Products (Pvt) Ltd., Hayleys Fabrics PLC, Hayleys Fibre PLC, Hayleys Industrial Solutions Ltd., Hayleys Lifesciences (Pvt) Ltd., Haymat (Pvt) Ltd., Horana Plantations PLC, Kelani Valley Plantations PLC, Logiventures (Pvt)Ltd., Logiwiz (Pvt) Ltd., Mabroc Teas (Pvt) Ltd., North South Lines (Pvt) Ltd., Pan Asia Bank PLC, Quaity Seeds Co.Ltd., Ravi Industries (Pvt) Ltd., Rileys (Pvt) Ltd., Royal Ceramics PLC, Sampath Bank PLC, Singer (Sri Lanka) PLC, Singer Finance PLC, Thalawakelle Tea Estates PLC, The Kingsburry PLC and Toyo Cushion Lanka (Pvt) Ltd. are given below under details of related party transactions with affiliates.

33 RELATED PARTY TRANSACTIONS CONTD.

RELATED PARTY DISCLOSURES

Year ended 31st March	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Fully-owned subsidiaries				
Sales of Activated Carbon	-	-	9,863,066	8,559,384
Sales of raw material and consumables	-	-	111,239	100,939
Purchase of raw material	-	-	56,160	31,828
Reimbursement of salaries/Bonus	-	-	351,319	333,183
Dividend Income	-	-	115,047	770,238
Current account interest received	-	-	20,745	74,466
Current account interest Paid	-	-	13	-
Rental Income	-	-	14,080	14,080
Purchase of services	-	-	338,546	275,099
Investment	-	-	3,023	-
Income on Services rendered	-	-	152,419	86,148
Partly-owned subsidiaries				
Sales of goods and services	-	-	3,451	10,906
Sale of raw material & consumables	-	-	148,871	15,952
Income from services provided	-	-	117,247	126,777
Dividend Income	-	-	392,060	428,574
Purchase of services	-	-	8,332	-
Reimbursement of salaries/Bonus	-	-	1,161	-
Equity accounted investees				
Services related expenses paid	-	-	225	-
Services related Income received	1,330	1,330	-	-
Parent - Hayleys PLC				
Services related expenses paid	738,117	707,109	700,551	671,563
Dividend paid	764,754	1,207,506	764,754	1,207,506
Affiliates				
Sales of goods and services	1,013,320	476,836	389,144	436,667
Purchase of goods and services	1,912,575	1,209,356	1,177,598	948,011
Dividend Income	80,512	91,547	80,512	93,608
Interest Income	-	48	-	48
Interest paid	25,314	-	25,314	-
Loans obtained from/(repaid to) PABC	899,394	-	584,898	-
Loans obtained from/(repaid to) Directors Carbokarn Co. Ltd.	278,152	(137,806)	-	-

34 SEGMENT ANALYSIS

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

34.1.1 Turnover -Net

For the year ended 31st March	External	Intra-group	Consolidated	
			2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Activated carbon	41,679,723	17,766,647	59,446,370	57,196,792
Environmental engineering	1,522,062	493,826	2,015,888	1,556,987
	43,201,785	18,260,473	61,462,258	58,753,779
Intra-group sales			(18,260,473)	(15,574,574)
			43,201,785	43,179,205

34.1.2 Profit before tax

For the year ended 31st March	Consolidated	
	2025	2024
	Rs. '000	Rs. '000
Activated carbon	5,439,367	6,065,714
Environmental engineering	62,187	56,366
Purification -associate	508	(15,215)
Leisure-associate	14,907	6,389
	5,516,969	6,113,254

34 SEGMENT ANALYSIS CONTD.

34.1.3 Assets and Liabilities

As at 31st March	Total Assets		Provision for Liabilities and Charges		Trade and Other Payables	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Activated carbon	43,472,105	37,890,585	2,080,283	1,929,454	3,685,092	4,313,578
Environmental engineering	1,826,009	1,739,738	-	-	191,829	283,878
	45,298,114	39,630,323	2,080,283	1,929,454	3,876,921	4,597,456
Investment in associates and others	599,342	583,927				
	45,897,456	40,214,250				

34.1.4 Capital expenditure and depreciation

As at 31st March	Capital Expenditure		Depreciation	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Activated carbon	2,550,148	2,132,084	1,000,721	867,221
Environmental engineering	6,835	2,703	5,116	14,483
	2,556,983	2,134,787	1,005,837	881,704

34.1.5 Cashflows from

As at 31st March	2025		2024	
	Activated carbon Rs. '000	Environmental engineering Rs. '000	Activated carbon Rs. '000	Environmental engineering Rs. '000
Operating activities	(475,721)	121,615	8,017,862	(141,028)
Investing activities	(2,314,869)	4,449	(1,677,827)	(22,796)
Financing activities	(8,805)	(23,573)	(1,757,928)	(16,429)
	(2,799,395)	102,491	4,582,107	(180,253)

34.2 Geographical Segments

34.2.1 Turnover- Net

For the year ended 31st March	External Rs. '000	Intra-group Rs. '000	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000
USA	9,752,844	-	9,752,844	8,815,622
Europe	3,352,928	-	3,352,928	4,579,068
Australia	3,343,314	-	3,343,314	3,306,989
Sri Lanka	18,440,156	8,589,363	27,029,519	23,390,216
Thailand	6,376,238	5,271,691	11,647,929	10,714,963
Indonesia	1,936,305	4,399,419	6,335,724	7,946,921
	43,201,785	18,260,473	61,462,258	58,753,779
Intra-group sales			(18,260,473)	(15,574,574)
			43,201,785	43,179,205

34.2.2 Profit before tax

For the year ended 31st March	Consolidated 2025 Rs. '000	Consolidated 2024 Rs. '000
USA	249,205	220,630
Europe	(173,231)	(156,458)
Australia	371,018	523,491
Sri Lanka	3,159,032	2,791,315
Thailand	1,495,141	955,724
Indonesia	626,738	1,466,838
	5,727,903	5,801,540
Consolidation adjustments	(210,934)	311,714
	5,516,969	6,113,254

34.2.3 Assets and Liabilities

As at 31st March	Total Assets		Non-Interest Bearing Liabilities			
			Provision for Liabilities and Charges		Trade and Other Payables	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
USA	6,874,681	4,683,888	-	-	377,725	259,166
Europe	1,442,634	1,830,750	-	-	102,833	213,726
Australia	1,548,960	1,446,664	-	-	150,090	127,241
Sri Lanka	21,735,900	18,258,097	1,655,299	1,735,400	2,287,413	3,098,877
Thailand	8,147,403	7,968,850	218,224	182,852	540,661	536,450
Indonesia	5,548,536	5,442,074	206,760	194,054	418,199	361,996
	45,298,114	39,630,323	2,080,283	2,112,306	3,876,921	4,597,456
Investments in equity accounted investees	599,342	583,927				
	45,897,456	40,214,250				

34.2.4 Capital expenditure and depreciation

As at 31st March	Capital Expenditure 2025 Rs. '000	Capital Expenditure 2024 Rs. '000	Depreciation 2025 Rs. '000	Depreciation 2024 Rs. '000
USA	8,550	-	215	3,289
Europe	4,124	10,163	8,723	13,101
Australia	-	12,596	3,665	4,273
Sri Lanka	2,199,195	1,781,875	495,655	377,486
Thailand	286,143	214,526	361,730	333,775
Indonesia	58,972	115,627	135,848	149,782
	2,556,983	2,134,787	1,005,837	881,705

35 COMMITMENTS AND CONTINGENCIES

Capital Expenditure Commitments

The approximate amount of capital expenditure approved by the Directors and contracted for as at 31st March 2025, for, which no provision has been made in the Financial Statements amounts to Rs. 219,066,114/- (2023/24 – Rs. 962,585,411/-) for the Group and Rs. 165,546,030/- (Rs. 2023/24 – Rs. 560,783,525/- for the Company. Capital expenditure approved by the Directors but not contracted for was Rs. Rs. 383,977,733/- (2023/24 – Rs. 195,582,972/-) for the Group and Rs. 265,086,134/- (2023/24 – Rs. 83,990,000/-) for the Company.

Contingent liabilities

Contingent liabilities as at 31st March 2025 on guarantees given by Haycarb Group to third parties amounted to Rs. 8,027,176,131/- (2023/24 – Rs. 8,532,997,390/-) of this sum, Rs. 6,436,706,930/- (2023/24 – Rs. 6,832,096,870/-) relates to facilities obtained by subsidiaries.

36 FAIR VALUE MEASUREMENT

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 assets that are carried in the financial statements.

Consolidated		Carrying Amount		Fair Value	
As at 31st March		2025	2024	2025	2024
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets					
Equity instruments designated at fair value through OCI					
- Quoted equity shares		2,237,810	1,236,898	2,237,810	1,236,898
- Unquoted equity shares		778	793	778	793
Total	21	2,238,588	1,237,691	2,238,588	1,237,691
Financial assets at amortised cost					
- Trade and other receivables	20	7,028,888	6,678,522	7,028,888	6,678,522
- Loans to employees	20	47,836	32,827	47,836	32,827
- Amounts due from other related parties	18.4	60,971	47,870	60,971	47,870
- Amounts due from equity accounted investee	18.5	84,483	127,165	84,483	127,165
- Cash and short term deposits	23	4,087,720	6,722,126	4,087,720	6,722,126
Total		11,309,898	13,608,510	11,309,898	13,608,510
Non-Financial Assets					
Freehold land	13.1	2,524,713	2,196,619	2,524,713	2,196,619
Total		2,524,713	2,196,619	2,524,713	2,196,619
Financial Liabilities					
Interest-bearing loans and borrowings					
- Lease liabilities	14.2	1,489,314	502,478	1,489,314	502,478
- Long term loans	26.1	1,983,449	509,470	1,983,449	509,470
- Short term loans and bank overdraft	26.2	3,928,800	3,866,301	3,928,800	3,866,301
Trade and other payables	29	3,472,421	4,203,895	3,472,421	4,203,895
Amounts due to other related parties	18.2	2,439,313	2,379,820	2,439,313	2,379,820
Total		13,313,297	11,461,964	13,313,297	11,461,964

Company As at 31st March	Note	Carrying Amount 2025 Rs. '000	 2024 Rs. '000	Fair Value 2025 Rs. '000	 2024 Rs. '000
Financial Assets					
Equity instruments designated at fair value through OCI					
- Quoted equity shares	21	2,237,810	1,236,898	2,237,810	1,236,898
- Unquoted equity shares	21	490	490	490	490
Total	21	2,238,300	1,237,388	2,238,300	1,237,388
Financial assets at amortised cost					
- Trade and other receivables	20	6,468,614	4,618,499	6,468,614	4,618,499
- Loans to employees	20	47,836	32,827	47,836	32,827
- Amounts due from subsidiaries	18.3	208,206	989,239	208,206	989,239
- Amounts due from other related parties	18.4	41,812	18,372	41,812	18,372
- Amounts due from equity accounted investees	18.5	792	567	792	567
- Cash and short term deposits	23	1,141,503	3,679,709	1,141,503	3,679,709
Total		7,908,763	9,339,213	7,908,763	9,339,213
Non-Financial Assets					
Freehold land	13.2	1,238,176	951,429	1,238,176	951,429
Total		1,238,176	951,429	1,238,176	951,429
Financial Liabilities					
Interest-bearing loans and borrowings					
- Lease liabilities	14.2	160,552	260,270	160,552	260,270
- Long term loans	26.1	638,355	167,760	638,355	167,760
- Short term loans and bank overdraft	26.2	2,122,624	2,480,319	2,122,624	2,480,319
Trade and other payables	29	2,040,631	2,771,646	2,040,631	2,771,646
Amounts due to subsidiaries	18.1	275,059	81,604	275,059	81,604
Amounts due to other related parties	18.2	588,829	817,434	588,829	817,434
Total		5,826,050	6,579,033	5,826,050	6,579,033

36 FAIR VALUE MEASURMENT CONTD.

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

The carrying value of available for sale financial instruments at fair value through OCI and financial instruments at fair value through profit or loss at fair value.

Cash and 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.

The Fair value of financial assets at amortised cost and financial liabilities at amortised cost is not significantly different from the value based on amortised cost methodology.

Long term loans and lease liabilities approximate 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.

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 2025 the Group/Company held the following financial assets carried at fair value in the Statement of Financial Position.

Assets Measured at Fair Value		Consolidated				Company			
As at 31st March 2025	Note	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Quoted equity shares	21	2,237,810	-	-	2,237,810	2,237,810	-	-	2,237,810
Unquoted equity shares	21	-	-	778	778	-	-	490	490
Property, plant and equipment									
Freehold land	13	-	-	2,524,713	2,524,713	-	-	1,238,176	1,238,176

During the reporting period ended 31st March 2025, there were no transfers between Level 1 and Level 2 fair value measurements.

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		Consolidated				Company			
As at 31st March 2024	Note	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	-	-	2,196,619	2,196,619	-	-	951,429	951,429

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 obligation

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.

37 FINANCIAL RISK MANAGEMENT CONTD.

For the year ended 31st March 2025	Note	Non current financial assets	Cash in hand and at bank	Trade and other receivables	Short term investments	Amounts due to related parties	Total
Consolidated							
Short term deposits	23	-	-	-	2,453,973	-	2,453,973
Loans to employees	20	-	-	47,836	-	-	47,836
Equity shares - Unquoted	21	778	-	-	-	-	778
- Quoted	21	2,237,810	-	-	-	-	2,237,810
Trade and other receivables	20	-	-	7,028,888	-	-	7,028,888
Financial assets at amortised cost	21	49,381	-	-	-	-	49,381
Amounts due from related parties	18.4	-	-	-	-	60,971	60,971
Amounts due from equity accounted investees	18.5	-	-	-	-	84,483	84,483
Cash in hand and at bank	23	-	1,633,747	-	-	-	1,633,747
Total credit risk exposure		2,287,969	1,633,747	7,076,724	2,453,973	145,454	13,597,867

For the year ended 31st March 2024	Note	Non current financial assets	Cash in hand and at bank	Trade and other receivables	Short term investments	Amounts due to 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 and other receivables	20	-	-	6,678,522	-	-	6,678,522
Financial assets at amortised cost	21	47,534	-	-	-	-	47,534
Amounts due from 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

For the year ended 31st March 2025	Note	Non current financial assets	Cash in hand and at bank	Trade and other receivables	Short term investments	Amounts due to related parties	Total
Company							
Short term deposits	23	-	-	-	905,895	-	905,895
Loans to employees	20	-	-	47,836	-	-	47,836
Equity shares - Unquoted	21	490	-	-	-	-	490
- Quoted	21	2,237,810	-	-	-	-	2,237,810
Trade and other receivables	20	-	-	6,468,614	-	-	6,468,614
Amounts due from subsidiaries	18.3	-	-	-	-	208,206	208,206
Amounts due from related parties	18.4	-	-	-	-	41,812	41,812
Amounts due from equity accounted investees	18.5	-	-	-	-	792	792
Cash in hand and at bank	23	-	235,608	-	-	-	235,608
Total credit risk exposure		2,238,300	235,608	6,516,450	905,895	250,810	10,147,063

For the year ended 31st March 2024	Note	Non current financial assets	Cash in hand and at bank	Trade and other receivables	Short term investments	Amounts due to 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 and other receivables	20	-	-	4,618,499	-	-	4,618,499
Amounts due from subsidiaries	18.3	-	-	-	-	989,239	989,239
Amounts due from 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

37 FINANCIAL RISK MANAGEMENT CONTD.

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.

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. Trade and other receivables relate mainly to the Group's wholesale customers.

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	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Sri Lankan Rupees	495,140	462,827	383,212	403
Australian Dollars	156,888	93,136	-	-
Sterling Pounds	27,879	23,954	122,390	67,453
Euros	428,075	310,666	279,404	176,206
United States Dollars	4,607,972	4,540,520	5,690,836	4,374,437
Thai Baht	536,755	407,373	-	-
Maldivian Rufiya	83,907	84,604	-	-
Indonesian Rupiah	692,272	755,441	-	-
	7,028,888	6,678,521	6,475,842	4,618,499

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.

Cash and cash equivalents

The Group held cash in hand and at bank equivalents of Rs. 4,087,720,000/- as at 31 March 2025 (2024 -Rs. 6,722,126,000/-) which represents its maximum credit exposure on these assets.

Respective credit ratings of banks which group cash balances held are as follows;

Bank Name	Rating
Bank of Ceylon	AA- (lka)
Bank of China Limited	A- (lka)
Citibank N.A.	AAA (lka)
Commercial Bank of Ceylon PLC	AA- (lka)
Deutsche Bank Limited Company	A- (lka)
DFCC Vardhana Bank Limited	A- (lka)
Hatton National Bank PLC	AA- (lka)
Hongkong & Shanghai Banking Corporation Limited	AAA (lka)

Bank Name	Rating
Nations Trust Bank PLC	A- (lka)
National Development Bank PLC	AA- (lka)
Pan Asia Banking Corporation PLC	BBB (lka)
People's Bank	AA (lka)
Sampath Bank PLC	AA- (lka)
Seylan Bank PLC	A+ (lka)
Standard Chartered Bank	AAA (lka)

Source - http://www.fitchratings.lk

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts 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.

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

The table below summarises the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31st March 2025						
Consolidated						
Interest bearing loans and borrowings	1,075,200	2,461,304	1,015,359	1,360,386	-	5,912,249
Lease liability	-	26,356	75,230	107,809	1,279,919	1,489,314
Trade and other payables	766,452	1,077,887	1,628,082	-	-	3,472,421
	1,841,652	3,565,547	2,718,671	1,468,195	1,279,919	10,873,984

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31st March 2024						
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

37 FINANCIAL RISK MANAGEMENT CONTD.

	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
As at 31st March 2025						
Company						
Interest bearing loans and borrowings	1,002,043	1,196,707	228,377	333,852	-	2,760,979
Lease liability	-	8,108	25,697	37,716	89,031	160,552
Trade and other payables	546,775	1,018,216	475,640	-	-	2,040,631
	1,548,818	2,223,031	729,714	371,568	89,031	4,962,162

	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
As at 31st March 2024						
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

Market risk

Market risk refers to the possibility that the fair value or future cash flows of a financial instrument may fluctuate due to changes in market prices. It encompasses four key types of risk: interest rate risk, currency risk, commodity price risk, and other price risks such as equity price risk. Financial instruments exposed to market risk include loans and borrowings, deposits, and financial assets measured at fair value through Other Comprehensive Income (OCI). The primary objective of market risk management is to effectively monitor and control these exposures within acceptable limits, while maximising returns.

The sensitivity analysis in the following sections relate to the position as at 31st March 2025.

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 2025.

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 which is managed with prudent management of loan portfolio.

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	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Increase in borrowing rates by 100 basis points	(75,948)	(57,801)	(27,610)	(26,481)
Decrease in borrowing rates by 100 basis points	75,948	57,801	27,610	26,481

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 Rufiya and Euros.

The Group evaluates foreign currency translation exposure on a case-by-case basis and, where necessary, employs forward contracts to hedge against fluctuations arising from the translation of its foreign operations.

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 is not material.

37 FINANCIAL RISK MANAGEMENT CONTD.

As at 31st March	Increase (Decrease)	Effect on Profit before Tax			
		Consolidated		Company	
		2025	2024	2025	2024
	%	Rs. '000	Rs. '000	Rs. '000	Rs. '000
United States Dollars	1%	18,601	21,470	30,297	18,438
	-1%	(18,601)	(21,470)	(30,297)	(18,438)
Thai Baht	1%	8,331	4,821	-	-
	-1%	(8,331)	(4,821)	-	-
Indonesian Rupiah	1%	1,545	6,233	-	-
	-1%	(1,545)	(6,233)	-	-
Sterling Pounds	1%	89	(1,239)	1,489	981
	-1%	(89)	1,239	(1,489)	(981)
Austrailian Dollars	1%	1,670	1,097	-	-
	-1%	(1,670)	(1,097)	-	-
Euros	1%	4,221	3,976	3,886	2,971
	-1%	(4,221)	(3,976)	(3,886)	(2,971)
Maldivian Rufiya	1%	1,867	1,951	-	-
	-1%	(1,867)	(1,951)	-	-

Commodity Risk

The Group is affected by the volatility of certain commodities that is required for ongoing manufacturing process. Due to the significantly increased volatility of the price of the underlying, the management has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. Group constantly monitor the Raw material price of Charcoal and other consumables for downwards trends and invest in bulk purchase when low prices are prevalent. Management may revise the selling price based on the commodity prices whenever possible.

Equity price risk

The Group does not engage in equity trading other than holding of equity shares as a strategic investments on long term basis. Equity shares are assessed 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 as well as the level of dividends to ordinary shareholders.

The Group has not given any collateral as at 31st March 2025 other than those disclosed in Note 13

The gearing ratio at the reporting date was as follows:

As at 31st March	Consolidated		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Interest bearing borrowings -external	5,912,249	4,375,771	2,760,979	2,648,079
Interest bearing borrowings -related party	1,682,504	1,404,352	-	-
Lease liability	1,489,314	502,478	160,552	260,270
Total equity	29,676,652	25,697,848	16,742,875	13,860,462
Total equity and debt	38,760,719	31,980,449	19,664,406	16,768,811
Gearing ratio percentage (%)	23.4	19.6	14.9	17.3
Debt to equity ratio (%)	30.6	24.4	17.4	21.0

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 except for the following,

39 FOREIGN CURRENCY TRANSLATION

The principal exchange rates used for translation purposes were:

	Average		Year End	
	2025	2024	2025	2024
US Dollars	297.606	316.540	296.250	299.875
Australian Dollars	193.535	207.681	186.164	195.578
Sterling Pound	380.746	397.958	383.436	378.712
Thai Baht	8.587	8.982	8.731	8.227
Indonesian Rupiah	0.0185	0.0206	0.0179	0.0189
Euros	319.075	343.561	319.654	324.495
Indian Rupee	3.518	3.823	3.460	3.597

40 FUNCTIONAL CURRENCY

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

Company	Functional Currency
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
Eurocarb Germany GmbH.	Euro

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.