

The Hayleys Lifecode: Enriching the

Future



The Hayleys Lifecode: Enriching the

Future

Over the years, Hayleys PLC has crafted a model of sustainable development that exemplifies responsible, value-driven operations. Our commitment towards upholding environmental, economic, social and good governance practices helps us in our pursuit of excellence - enabling us to positively impact lives across society and build a resilient future for all.

The Hayleys Lifecode is built on these very principles, and serves as a guide towards achieving holistic growth and progress across the board. As an entity that is etched within the very fabric of society, these same values help us connect with our countless partners and inspire sustainable values within our vast stakeholder network; guaranteeing consistent value through times of both triumph and tumult. We're built on structures that steadfastly steer towards a future of endless possibilities, come what may.

The Hayleys Lifecode. We're enriching the future.



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I AM DELIGHTED TO REPORT THAT HAYLEYS PLC RECORDED A PROFIT AFTER TAX OF RS. 28.10 BN, SETTING A NEW RECORD FOR THE HIGHEST PROFIT IN THE 144-YEAR HISTORY OF THE GROUP AS WE SURPASSED THE RECORD SET IN THE PREVIOUS YEAR WITH A 100% INCREASE ”



Mohan Pandithage
Chairman and Chief Executive



In increasing the accessibility of our Chairman's Message to a wider audience, we have also made it available in all three languages.

FEATURED CONTENT IN THIS YEAR'S ANNUAL REPORT



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SASB INDUSTRY STANDARDS

-  Household and personal products (Pg 138)
-  Construction materials (Pg 166)
-  Agricultural products (Pg 186)
-  Multiline and speciality retailers and distributors (Pg 196)
-  Wind technology and power generators (Pg 214)
-  Apparel, accessories and footwear (Pg 156)
-  Air freight and logistics (Pg 224)

Enriching People and Planet...

As we channel value into all walks of life, Hayleys PLC serves as a dynamic source of prosperity and growth. Much like a river, our journey is an impactful one; enabling the Group to equitably distribute valuable resources, and thereby revitalize socio-economic progress, while sustaining the livelihoods of every Sri Lankan across the island. The pages that follow navigate through our ever-advancing path of progress, underscored by principles of transparency and responsibility to the environment around us.





Vision

To be Sri Lanka's corporate inspiration at all times.



Mission

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



Values

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

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

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

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

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

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

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

&

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



Preserving Value

Inspired by the values that have enriched us for generations, those at Hayleys are committed to a more sustainable tomorrow across the entirety of our operations.



We are the Hayleys Group

GUIDE TO OUR INTEGRATED ANNUAL REPORT

We are pleased to present our 9th Integrated Annual Report- the primary publication to our shareholders, investors and other interested stakeholders. In this Report, we provide a balanced insight of the Hayleys Group’s financial, economic, social and environmental performance and impacts of the past year and reflect on our plans for the future.

BASIS OF PREPARATION

Scope and Boundary: This Integrated Annual Report covers the operations of Hayleys PLC and its 178 affiliates (collectively as the “Group”), based in Sri Lanka and overseas (refer to Note 1 of the Financial Statements on Page 315) for the period from 1st April 2021 to 31st March 2022. Both the financial and non-financial information presented in the Report represents the Group’s domestic and international operations, unless specifically stated otherwise. The Integrated Reporting boundary

extends to the Group’s operating environment, value chain and both internal and external stakeholders. The Group adopts an annual reporting cycle for both its financial and non-financial reporting.

Changes to Reporting: There have been no major restatements to information presented in the previous year’s Report. Key changes to the Group’s structure/size/supply chain in 2021/22 include the following:

- Acquisition and consolidation of operations of South Asia Textiles Ltd. by the Textiles Sector
- The performance of Unisyst Engineering PLC (which was previously consolidated under the Others Sector) is now consolidated under the Transportation & Logistics Sector



179 Companies

12 Sectors

148 Local Companies

31 Overseas Companies

STANDARDS AND FRAMEWORKS

 FINANCIAL STATEMENTS	 NARRATIVE REPORT	 SUSTAINABILITY REPORTING	 CORPORATE GOVERNANCE REPORT
<ul style="list-style-type: none"> • Sri Lanka Financial Reporting Standards • Companies Act No.7 of 2007 • Listing Requirements of the Colombo Stock Exchange • Sri Lanka Accounting Standards 	<ul style="list-style-type: none"> • Integrated Reporting Framework of the International Integrated Reporting Council • Guidelines for Presentation of Annual Reports 2022 issued by CA Sri Lanka 	<ul style="list-style-type: none"> • GRI Standards of the Global Reporting Initiative • Industry standards of the Sustainability Accounting Standards Board (SASB) • Recommendations of the Task Force on Climate Related Financial Disclosures (TCFD) • Gender Parity Reporting Framework of CA Sri Lanka • United Nations Global Compact (UNGC) • UNGC CEO Water Mandate • National Green Reporting Standards of Sri Lanka 	<ul style="list-style-type: none"> • Listing Requirements of the Colombo Stock Exchange • Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2017)

COMBINED ASSURANCE

The Group ensures the credibility and integrity of its reporting through a combined assurance model. The Group's Audit Committee monitors the adequacy and effectiveness of the financial reporting and internal control systems while the non-financial information presented by the Sectors is verified and aggregated by the Hayleys Group Sustainability Unit. External assurance obtained comprises the following;

- External assurance on the financial information reporting has been provided by Messrs. Ernst and Young
- External assurance on the Group's Integrated Reporting information have been provided by Messrs. KPMG

FORWARD LOOKING STATEMENTS

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

FEEDBACK

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

 info@cau.hayleys.com



Please scan this QR code to refer the feedback form.

BOARD RESPONSIBILITY STATEMENT

Hayleys PLC's Board of Directors hold ultimate responsibility for ensuring the integrity of this Report. We hereby confirm that the 2021/22 Report addresses all relevant material matters and fairly represents the Group's integrated performance. We also confirm that the Report has been prepared in accordance with the Integrated Reporting Framework of the International Integrated Reporting Council. The Report is approved and authorised for publication.

Chairman & Chief Executive

Chairman of Audit Committee

Group Chief Financial Officer

NAVIGATION ICONS

We have used the following navigation icons across the Report to showcase connectivity between strategy, KPIs, resource allocation, risks and other relevant information.

CAPITALS



Financial



Manufactured



Human



Intellectual



Social & Relationship



Natural

STRATEGIC PILLARS



Profitable Growth



Innovation and Digitalisation



Value Chain and Community Partnerships



Customer Focus



Inspired and Dedicated Team



Climate Action

STAKEHOLDERS



Shareholders



Employees



Customers



Suppliers



Business Partners



Communities



Government

GUIDE TO OUR INTEGRATED ANNUAL REPORT

GLOBAL DEVELOPMENTS IN CORPORATE REPORTING

With a growing body of empirical evidence highlighting the importance of ESG information to investors and other stakeholders, the last few years have seen an acceleration in the pace of change in global corporate reporting. Notable developments in the global corporate reporting landscape include the following:

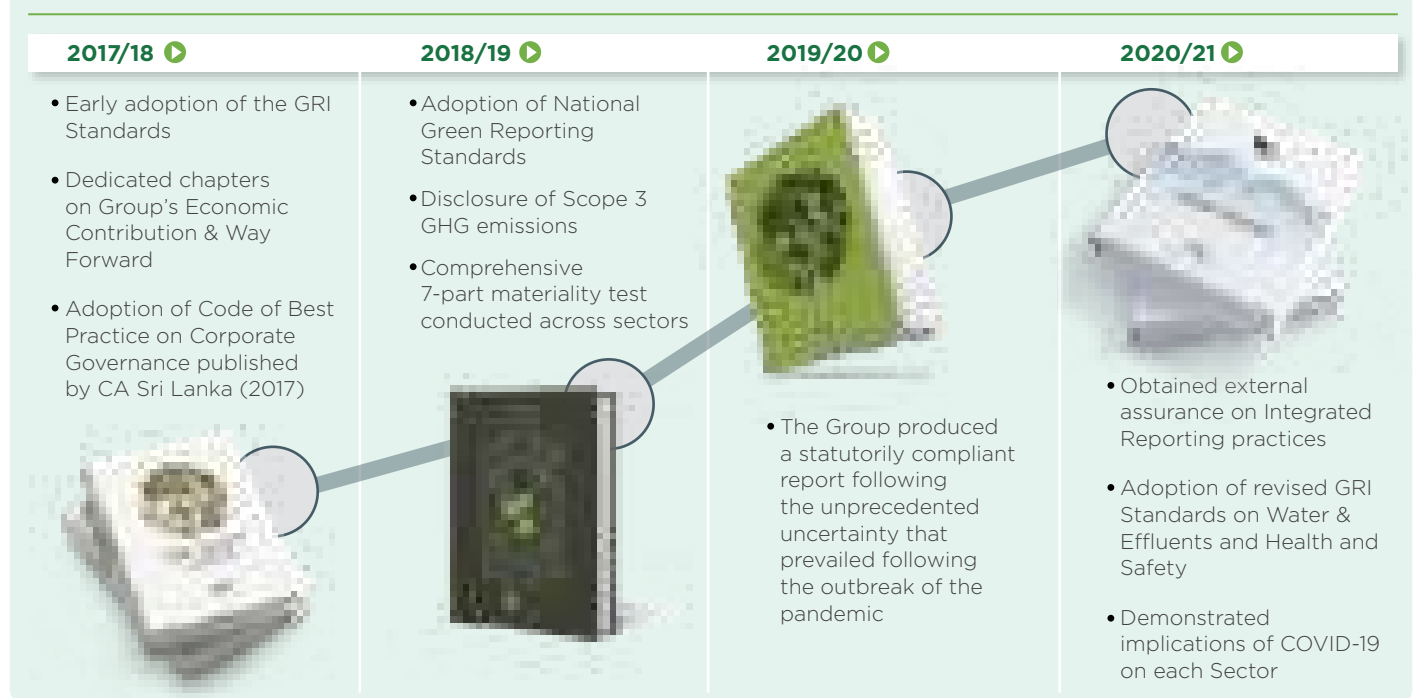
- **Establishment of the Value Reporting Foundation (VRF)** following the merger between the IIRC and SASB which represents significant progress towards simplifying the corporate reporting landscape.

- **Increased use of the TCFD disclosures for emission reporting** with the framework being mandated for selected organisations in Canada, New Zealand, United Kingdom and Hong Kong among others
- **Increased call for external assurance of reports** for ensuring the integrity of disclosures

Regulatory and quasi-regulatory mechanisms in several regions are encouraging organisations to strengthen disclosures and transparency on broader ESG issues that are relevant to investors. International level regulations include the following:

- **European Union:** EU Directive requires large companies (defined as having more than 500 employees) to disclose non-financial information relating to environment, social and employee matters including human rights.
- **India:** The largest 1000 listed companies (by market capitalisation) are required to include a Business Responsibility and Sustainability Report in their annual report, which will become mandatory from FY 2022-23.
- **South Africa:** Companies listed on the Johannesburg Stock Exchange (JSE) are mandated to produce integrated financial and sustainability reports

EVOLUTION OF OUR REPORT



EMBRACING INTERNATIONAL BEST PRACTICE IN CORPORATE REPORTING

Hayleys has consistently demonstrated its commitment to elevating the quality and readability of its Annual Report through embracing international best practice in corporate reporting. Emphasis is placed on presenting comprehensive and coherent information while ensuring conciseness and clarity. Parallel to the Group's significant organic and inorganic growth, we have also strengthened and streamlined our information gathering and reporting processes to improve the accuracy and reliability of the information.

REPORTING IMPROVEMENTS IN 2021/22

Sustainability reporting practices

- Early adoption of new GRI Standards (2021)
- Adoption of 7 industry standards of the Sustainability Accounting Standards Board
- Compliance to the recommended disclosures of the Task Force on Climate Related Financial Disclosures (TCFD)
- Country-by-country reporting for key social and environmental disclosures

Gender reporting

- Adoption of Gender Parity Reporting Framework published by CA Sri Lanka

ESG integration

- Demonstrates how the Hayleys Lifecode seeks to harmonise ESG

integration across Group entities through codifying ESG practices, processes, goals and action plans

- Introduced Statement of Governance (Page 28)

Reporting processes

- Automation of the budgeting process through SAP Business Planning and Consolidation module, to increase the accuracy in planning and forecasting.

Financial reporting

- Adoption of the presentation improvements recommended in the Guidelines for Presentation of Annual Reports 2022 issued by CA Sri Lanka. Key areas of disclosures based on the Guidelines are listed below:

Effective Business Reporting Processes

Financial Reporting

Non-Financial Reporting

- Sustainability Reporting
- Diversity and Inclusion
- Governance
- Risk Reporting
- Management Commentary
- Transparency in Corporate Reporting
- Disclosure of Other Information



Please scan this QR code to refer our 9th Integrated Annual Report.

CONCEPTUAL FRAMEWORK

TRANSPARENCY

- Robust internal processes to ensure the integrity of the financial and non-financial information
- External assurance on the Financial Statements and the Integrated Report
- Strengthened disclosures on Anti-Corruption programmes and Country-by-Country reporting in line with the recommendations of Transparency International Sri Lanka

GOVERNANCE

- Voluntary adoption of the Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2017)
- Skilled and diverse Board of Directors, with an appropriate balance between executive, non-executive and independent Directors
- Comprehensive information on the Group's governance practices and how the Board contributed to value creation during the year is given on page 66 of this Report.



ACCOUNTABILITY

- Clearly defined governance structures at both Sector and Group level to support the timeliness, accuracy and relevance of the financial and non-financial information provided.
- Statement of Board Responsibility in confirming the integrity of the Annual Report
- Board commitment to ESG through the launch of Hayleys Lifecode (Pages 20- 21)

SUSTAINABILITY

- Compliance to several globally accepted sustainability reporting frameworks
- Presentation of Economic, Social and Environmental Sustainability statements
- Sustainability aspirations and roadmap clearly articulated through the Hayleys Lifecode
- Systematic and comprehensive materiality analysis in place to determine sustainability impacts



**NO. 1 IN LMD
TOP 100**

**NO. 1 IN BUSINESS TODAY
TOP 40**

FY 2020/21



CORPORATE REPORTING

CA Sri Lanka Annual Report Awards 2021
Gold Awards

Integrated Reporting: Hayleys PLC

Trading Companies: Singer (Sri Lanka) PLC

Manufacturing Companies Turnover over Rs 5 bn: Dipped Products PLC

Plantation Companies: Joint winners Kelani Valley Plantations PLC and Talawakelle Tea Estates PLC

Service Organisations: Hayleys Advantis Ltd

Silver Awards

Overall Excellence in Financial Reporting: Hayleys PLC

Diversified Holdings (Groups above 10 subsidiaries): Hayleys PLC

Integrated Reporting Best Disclosure on Stakeholder Engagement: Hayleys PLC

Management Commentary: Hayleys PLC

Best Disclosures on Business Model: Hayleys PLC

Manufacturing Companies Turnover over Rs 5 bn: Alumex PLC

Bronze Awards

Manufacturing Companies Turnover over Rs 5 bn: Regnis (Lanka) PLC

Manufacturing Companies Turnover upto Rs 5 bn: Alumex PLC

Asia Integrated Reporting Awards

Asia's Best Integrated Report (Large Company) - Gold: Hayleys PLC

ACCA Sri Lanka Sustainability Reporting Awards 2021

Conglomerates and Diversified Category-Winner: Hayleys PLC



BUSINESS EXCELLENCE

National Business Excellence Awards 2021

- **Winner- Large category:** HJS Condiments Ltd
- **Winner - Manufacturing Non-Traditional Sector:** HJS Condiments Ltd
- **Winner-Machinery and Light Engineering Sector:** Alumex PLC
- **Winner- Excellence Global market Reach:** HJS Condiments Ltd
- **Winner- Export Sector:** Dipped Products PLC

Others

- **Winner-National Industry Excellence Awards 2022:** Chas P.Hayley & Company
- **Winner-Business World Excellence Awards 2020 business world international organisation, USA large scale agriculture & plantations category:** Kelani Valley Plantations PLC



CONTRIBUTION TO EXPORTS

Presidential Export Awards 2020/21

- **Winner-Best Exporter Award:** HJS Condiments Ltd
- **Winner-Best Exporter Award in the Floriculture Sector:** Quality Seed Co. (Pvt) Ltd
- **Best Exporter of the Year in the Latex Rubber Products Sector:** Dipped Products PLC
- **Best Exporter Coconut Shells Sector:** Haycarb PLC
- **Best Exporter Marine and Offshore Engineering:** Hayleys Energy Services Lanka (Pvt) Ltd



National Chamber of Exporter Awards 2020/21

- **Gold Award- Processed Foods Sector Extra Large Category:** HJS Condiments (Pvt) Ltd
- **Gold Award-Rubber and rubber products in the extra large category:** Dipped Products PLC

HR PRACTICES

Great Place to Work Certification
Asia's best workplaces

Talawakelle Tea Estates PLC
Mountain Hawk Express
Singer Finance PLC (Lanka) PLC

Among Sri Lanka's top 40 workplaces

Kelani Valley Plantations PLC

- **Winner- South Asia Business Excellence Awards 2021 - Kelani Valley Plantations PLC**
- **Sector Most innovative HR practices award - Kelani Valley Plantations PLC**
- **Top 10 winner in best management companies - Best Management Practice Company Awards 2022 - Kelani Valley Plantations PLC**



SUSTAINABILITY

Best Corporate Citizen Sustainability Awards 2021

Gold Awards

Triple Bottom Line - Dipped Products PLC

Agriculture Sector: Kelani Valley Plantations PLC

World's first plantation company and Sri Lanka's first organisation to commit to Science Based Targets Talawakelle Tea Estates PLC

Sri Lanka's first fabric mill to commit to Science Based Targets : Hayleys Fabric PLC

* Please refer page 450-454 for the full list of awards

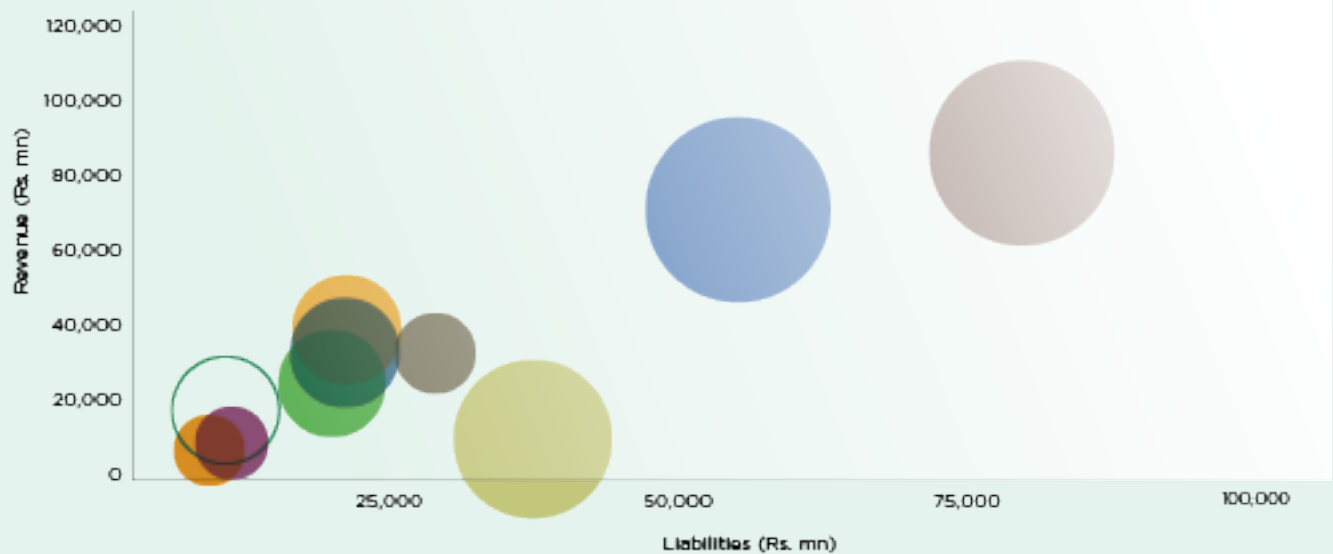
WE ARE THE HAYLEYS GROUP

The Hayleys Group is a leading diversified conglomerate, and one of the country's largest value-added exporters. The Group commands globally leading market positions in several of its key sectors and its products are sold in over 70 markets. Through a vibrant history of 144 years, the Group has nurtured deep-rooted relationships across the country's agricultural supply chains, distribution networks and customer segments, delivering significant socio-economic value to its diverse stakeholders. With strong capabilities in manufacturing, research and development and sustainability, the Group has been at the forefront of driving Sri Lankan industries forward, through innovation, capacity building and responsible corporate citizenship.

BUSINESS PROFILE

RELATIVE CONTRIBUTION OF SECTORS

Size of circle denotes Earnings Before Interest and Tax



Solid circle denotes positive earnings while unfilled circle represents negative earnings

FINANCIAL HIGHLIGHTS 2021/22

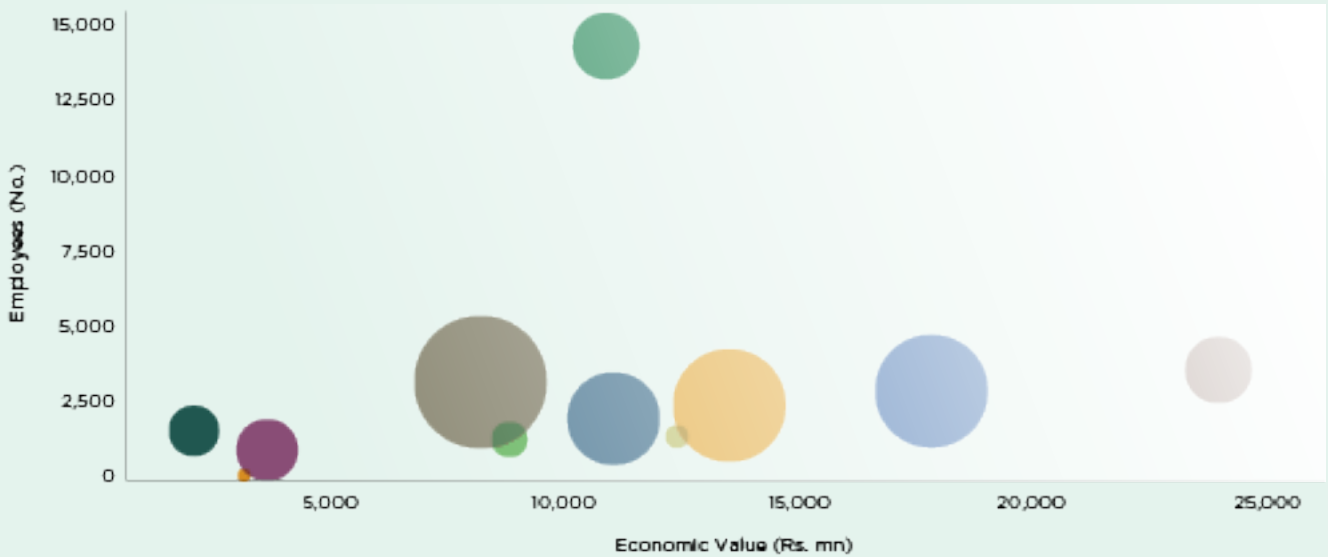


● Eco Solutions	● Construction Materials	● Leisure
● Hand Protection	● Plantations	● Industry Inputs, Power & Energy
● Purification	● Agriculture	● Transportation & Logistics
● Textiles	● Consumer & Retail	● Others

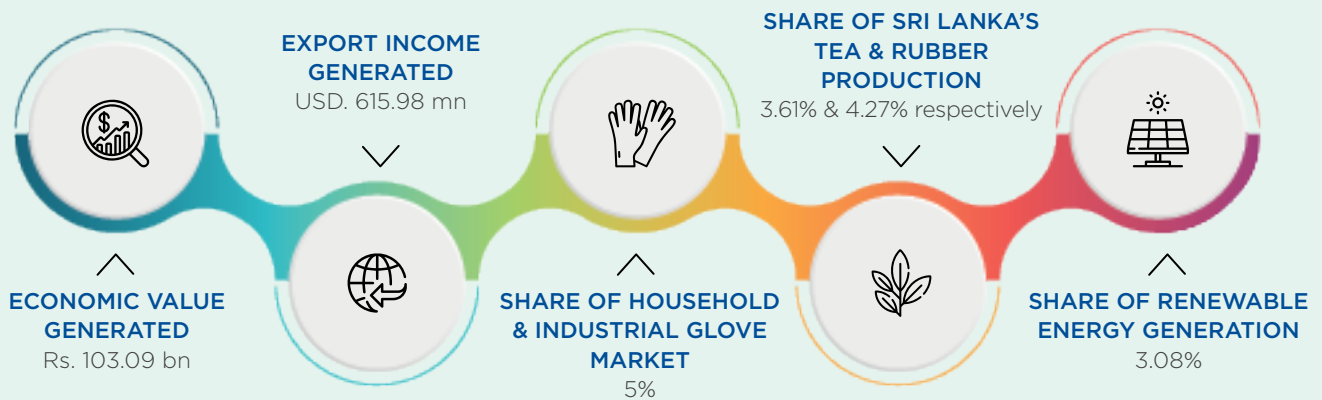
IMPACTS

RELATIVE CONTRIBUTION OF SECTORS

Size of circle indicates Carbon Footprint



SOCIO-ECONOMIC HIGHLIGHTS 2021/22



PORTFOLIO HIGHLIGHTS 2021/22



ECO SOLUTIONS

Sri Lanka's leading manufacturer and exporter of value-added coconut fibre products, with a global reputation for innovation, and customised solutions.

HIGHLIGHTS OF 2021/22

- Entry into 11 new markets
- 43 new products launched
- Ecologically sustainable products

PERFORMANCE

- +42% revenue growth
- +127% profit growth
- +88% economic value growth
- +20% increase in carbon footprint

CONTRIBUTION TO GROUP



Metric	Contribution (%)
Revenue	7%
PBT	3%
Employees	4%
Carbon footprint	3%



HAND PROTECTION

Serves 5% of global demand for household and industrial gloves, with a global reputation for innovation, quality and sustainability

HIGHLIGHTS OF 2021/22

- Capacity expansion across all 5 facilities
- Expansion of "DPL Firstlight" farmer network
- Development of sports gloves

PERFORMANCE

- +25% revenue growth
- -8% profit decline
- +33% economic value growth
- -0.7% decrease in carbon footprint

CONTRIBUTION TO GROUP



Metric	Contribution (%)
Revenue	18%
PBT	7%
Employees	12%
Carbon footprint	11%



PURIFICATION

The world's largest manufacturer of coconut-shell based activated carbon, we have built a global reputation for quality and sustainable production methods

HIGHLIGHTS OF 2021/22

- Value-added products focus
- Expansion of "Haritha Angara" initiative
- Pellet plant capacity enhancement

PERFORMANCE

- +29% revenue growth
- +4% profit growth
- +28% economic value growth
- -12% decrease in carbon footprint

CONTRIBUTION TO GROUP



Metric	Contribution (%)
Revenue	13%
PBT	5%
Employees	11%
Carbon footprint	10%



TEXTILES

We supply fabric to leading global fashion brands and have the capability to cater to end-to-end customer requirements

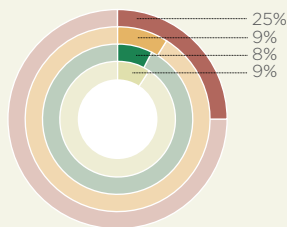
HIGHLIGHTS OF 2021/22

- Acquisition of South Asia Textiles Ltd.
- Expansion of "INNO product" range
- Established largest roof solar system in Sri Lanka

PERFORMANCE

- +117% revenue growth
- +270% profit growth
- +165% economic value growth
- +67% increase in carbon footprint

CONTRIBUTION TO GROUP



■ Revenue ■ PBT
■ Employees ■ Carbon footprint



CONSTRUCTION MATERIALS

We are Sri Lanka's leading manufacturer of aluminium extrusions, offering a range of products to the residential and industrial segments.

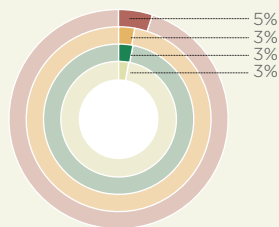
HIGHLIGHTS OF 2021/22

- Strong growth in exports
- Increase reliance on recycled raw materials
- Launch of ABS Proprietary system

PERFORMANCE

- +62% revenue growth
- +37% profit growth
- +19% economic value growth
- +22% increase in carbon footprint

CONTRIBUTION TO GROUP



■ Revenue ■ PBT
■ Employees ■ Carbon footprint



PLANTATIONS

One of Sri Lanka's largest plantation sector contributors, we generate 3.6% and 4.3% of the country's tea and rubber production respectively

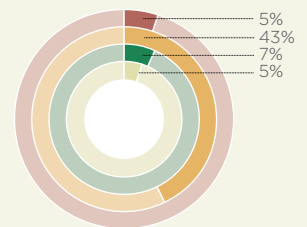
HIGHLIGHTS OF 2021/22

- Innovation and market expansion in value-added tea
- Sustainable and regenerative agriculture
- Both RPCs obtained Great Place to Work certification

PERFORMANCE

- +9% revenue growth
- +69% profit growth
- +22% economic value growth
- -10% decrease in carbon footprint

CONTRIBUTION TO GROUP



■ Revenue ■ PBT
■ Employees ■ Carbon footprint

PORTFOLIO HIGHLIGHTS 2021/22




AGRICULTURE

We are an industry pioneer in agricultural innovation and provide a wide range of agriculture related solutions to the retail and export markets

HIGHLIGHTS OF 2021/22

- 53 new products developed
- Expansion of "Inotec Piyasa" to educate farmers
- Value injection through outgrower programs

PERFORMANCE



- +25% revenue growth
- +41% profit growth
- +55% economic value growth
- No major change in carbon footprint

CONTRIBUTION TO GROUP



Category	Contribution (%)
Revenue	7%
PBT	4%
Employees	6%
Carbon footprint	2%

■ Revenue ■ PBT
■ Employees ■ Carbon footprint

LEISURE

We own and operate 4 properties in Sri Lanka and Maldives and manage 4 properties through the Amaya Resorts chain and five-star city hotel- The Kingsbury

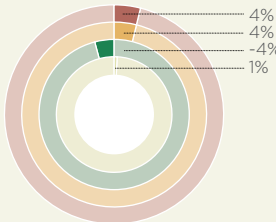
HIGHLIGHTS OF 2021/22

- 60% market share in food delivery
- Above 8 Booking.com rating for all resorts
- >4,300 CSR beneficiaries

PERFORMANCE



- +154% revenue growth
- +29% loss reduction
- +18% increase in carbon footprint

CONTRIBUTION TO GROUP



Category	Contribution (%)
Revenue	1%
PBT	4%
Employees	4%
Carbon footprint	-4%

■ Revenue ■ PBT
■ Employees ■ Carbon footprint

INDUSTRY INPUTS, POWER & ENERGY

We supply close to 3% of the country's total renewable energy with an installed capacity of 50MW of hydro, solar and wind power plants.

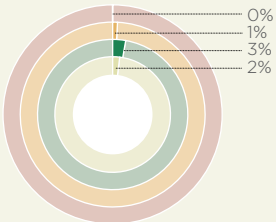
HIGHLIGHTS OF 2021/22

- 154.72 GWh renewable energy generated
- 23 new products launched
- 35 new principals acquired

PERFORMANCE

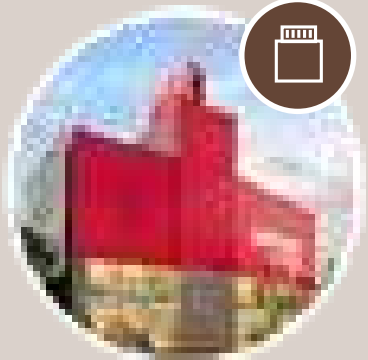
- +41% revenue growth
- +32% profit growth
- +15% economic value growth
- +69% increase in carbon footprint

CONTRIBUTION TO GROUP



Category	Contribution (%)
Revenue	3%
PBT	0%
Employees	2%
Carbon footprint	1%

■ Revenue ■ PBT
■ Employees ■ Carbon footprint



CONSUMER & RETAIL

We own and operate Sri Lanka's leading consumer durables player Singer PLC which has dominant market positions in numerous product segments. We also represent the globally renowned brand Proctor and Gamble

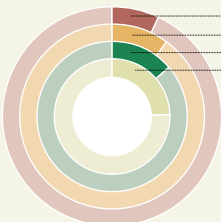
HIGHLIGHTS OF 2021/22

- Certified as a Great Place to Work
- 62 outlets rebranded
- 7 new brands added

PERFORMANCE


- +14% revenue growth
- +59% profit growth
- +43% economic value growth
- -3% decrease in carbon footprint

CONTRIBUTION TO GROUP



Category	Percentage
Revenue	25%
PBT	14%
Employees	10%
Carbon footprint	7%

■ Revenue ■ PBT
■ Employees ■ Carbon footprint



TRANSPORTATION & LOGISTICS

Sri Lanka's leading player in the transportation and logistics industry. We provide the entire gamut of transportation related services

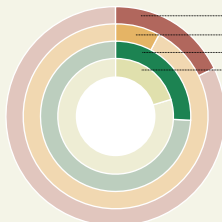
HIGHLIGHTS OF 2021/22

- Acquisition of a multi purpose floating craft
- Acquisition of Unisyst Engineering PLC
- Completed construction of Sri Lanka's largest warehousing complex

PERFORMANCE


- +84% revenue growth
- +243% profit growth
- +87% economic value growth
- +11% increase in carbon footprint

CONTRIBUTION TO GROUP



Category	Percentage
Revenue	20%
PBT	26%
Employees	18%
Carbon footprint	8%

■ Revenue ■ PBT
■ Employees ■ Carbon footprint



OTHERS

The Sector includes our BPO and shared services, Fentons Limited and the Group Services

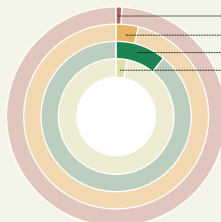
HIGHLIGHTS OF 2021/22

- No. 1 in LMD Top 100
- No. 1 in Business Today Top 40
- 40 MW of solar systems installed

PERFORMANCE

- +112% revenue growth
- +165% profit growth
- +53% economic value growth
- +3% increase in carbon footprint

CONTRIBUTION TO GROUP



Category	Percentage
Revenue	3%
PBT	11%
Employees	4%
Carbon footprint	1%

■ Revenue ■ PBT
■ Employees ■ Carbon footprint

THE HAYLEYS LIFECODE

Escalating implications of climate change, widening inequalities and the implications of COVID-19 have led to a dramatic and unprecedented acceleration of ESG interests across the world. For a Group as diverse and widespread as Hayleys with significant economic, social and environmental impacts across value chains and communities, focus on ESG factors is a critical driver of resilience and sustainability. With this in mind, the Group launched the Hayleys Lifecode in January 2022, a holistic framework, harmonising ESG integration by codifying ESG practices and processes that evolved over the years. In addition to governance structures and policy frameworks in managing ESG issues, the Lifecode sets out the Group’s 2030 environmental, social and governance aspirations, roadmap and action plan.

PURPOSE

Thriving businesses that shape better futures



Environmental

Minimise our footprint while seizing opportunities to shape a greener future



Social

Striving and thriving together for a better tomorrow



Governance

Responsible and responsive corporate citizenry

SCOPE AND BOUNDARIES

The Framework is applicable for all locations at a minimum level of assurance with reporting on relevant material topics for the Group and sector. The scope of ESG reporting also does not extend beyond locations that are owned or leased and operated by businesses that are consolidated for financial reporting purposes, harmonising the scope of financial reporting and ESG reporting.



Integrated thinking



Efficient resource allocation



Financial stability and sustainability

CHAIRMAN’S REFLECTIONS

“The Hayleys Lifecode encapsulates the mantra we have used to steer the Group through the years as we learned from our mentors, nurturing the legacy that we inherited. It is the condensed wisdom developed and passed on throughout the years and now it is up to us to make a difference, together”



LIFECODE GOVERNANCE STRUCTURE



Policy Architecture

Environment	Social
<ul style="list-style-type: none"> Material and Waste Management Policy Energy and Emissions Management Policy Water Management Policy Biodiversity Conservation Policy Chemical Management Policy Sustainability Compliance Guideline 	<p>Employee related policies</p> <ul style="list-style-type: none"> Industrial Relations Policy Disciplinary Policy Grievance Handling Policy Recruitment Policy Learning & Development Policy Talent Management and Succession Planning Policy Performance Management Policy Human Rights Policy Whistleblower Policy Anti-Sexual Harassment Policy Health and Safety Policy <p>Policies related to other stakeholders</p> <ul style="list-style-type: none"> Customer Management Policy Procurement Policy CSR Policy

Governance

- Board Charter
- Board Committee Charters
- Stakeholder Engagement
- Information Disclosure Policies
- IT Policy
- Intellectual Capital Policy
- Information Security Policy
- Business Data Back-up Policy

KEY ELEMENTS		
ESG Approach	Lifecode Stewardship	ESG Lifecode
<ul style="list-style-type: none"> • Vision and Purpose • Roadmap and Goals • Responsible Investment 	<ul style="list-style-type: none"> • Roles and Responsibilities • Policy Architecture • Scoring Methodology 	<ul style="list-style-type: none"> • Environmental Strategies, Targets and KPIs • Social Strategies, Targets and KPIs • Lifecode for Governance



Please scan this QR code to refer Hayleys Lifecode.



These aspirations represent the Group's goals in pre-COVID operating conditions

NAVIGATING MACRO-ECONOMIC HEADWINDS

Sri Lanka's ongoing economic crisis presents the most significant risk to the Group's short to medium term prospects. The country's long-standing economic vulnerabilities and structural problems coupled with the broad-based impacts of the COVID-19 pandemic and global headwinds has pushed the country into unprecedented economic crisis, with several key macro-economic indicators weakening to record lows. In 2021, significant foreign debt payments, together with the sharp fall in tourism earnings and remittances and the country's inability to tap foreign capital markets due to the downgrade of the sovereign rating, led to official foreign reserves falling to precarious lows, a position which weakened further in ensuing months. The Central Bank of Sri Lanka allowed the free float of the exchange rate in early March 2022 resulting in the Rupee depreciation by 46% against the US Dollar and falling further in subsequent months reflecting large overshooting by market forces. The country's fiscal position has weakened significantly with the fiscal deficit increasing to 11% of GDP. The crippling foreign exchange crisis has led to shortages in essential items including medicines, fuel and energy while the sharp depreciation of the Rupee has resulted in escalating inflationary pressures, with headline inflation as measured by the y-o-y change in the National Consumer Price Index accelerating to 22% in March 2022.

Group resilience underpinned by,

- 52% of revenue through exports generating US\$ 615.98 mn
- Globally leading market positions in several sectors
- Industry and geographical diversification
- Long-term, mutually beneficial relationships nurtured across ecosystem



IMPACT ON HAYLEYS...

Lack of predictability and visibility on pricing, given the continued depreciation of the Rupee and escalating inflation

The Group's Manufacturing Sector businesses rely on imported raw materials, and significant and persistent depreciation of the Sri Lankan Rupee has rendered it extremely challenging to predict cost of production and/or pricing levels.

Interruptions to energy supply and difficulties in sourcing fuel including gas, furnace oil and diesel and resultant impact on manufacturing and distribution

To date, the Group has ensured continuity of operations across all its businesses by sourcing adequate inventories of fuel, although if shortage persists, it is likely to have an inevitable impact on the production, continuity as well as distribution capabilities of our companies and distribution partners.

Restrictions of selected imports and challenges in importing raw materials due to shortage in foreign currency

The restrictions on the imports of finished goods (particularly in the Retail Segment) and selected raw materials could adversely impact the Group's cost of production and manufacturing costs

Escalation in interest rates and the resultant increase in the Group's borrowing costs

With the tightening of the monetary policy and resultant increase in market interest rates, the Group's borrowing costs will see an escalation, particularly given the Group's recent debt-funded capacity expansions.

Surge in freight rates

Global freight rates surged during the year, reflecting congestion in shipping lines amidst COVID-19 led disruptions. In addition to the direct impact on the Group's costs, this also led to extensions in lead times, necessitating increased focus on proactively managing logistics and distribution networks.

Disruptions to supply chains and distribution channels stemming from impacts on the Group's business partners

Sector-Level Impacts

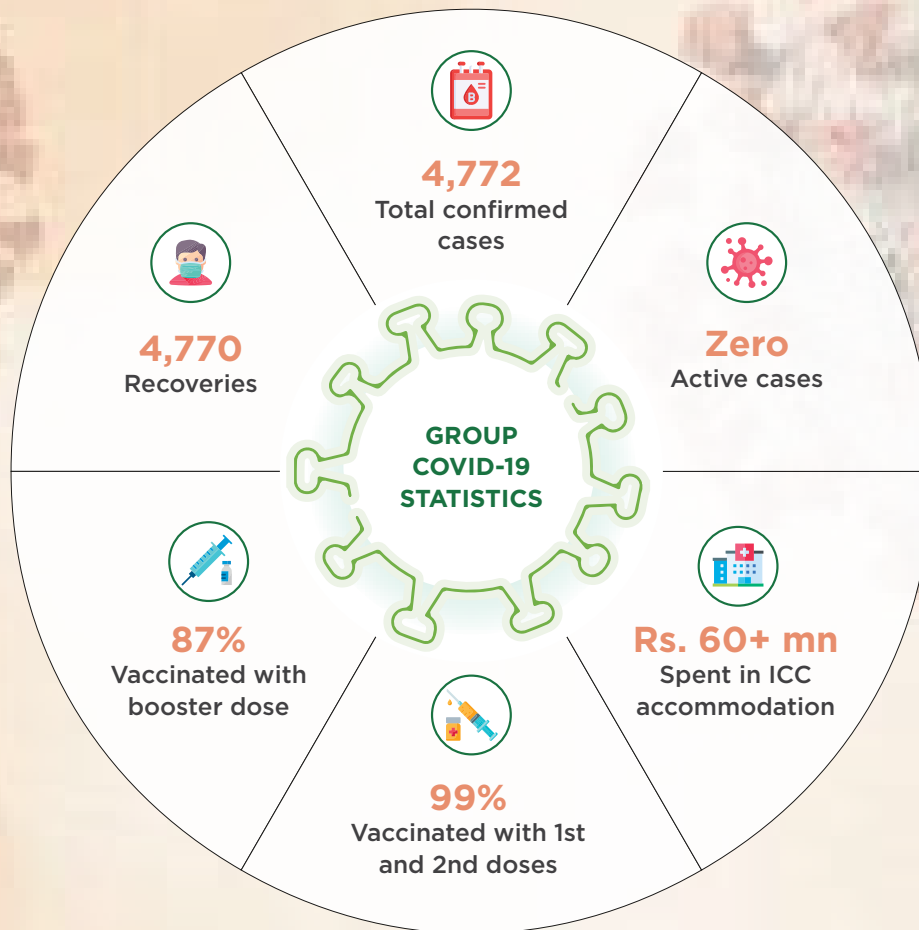
● Low ● Medium ● High

Sector Impact	Impact	Summary of impacts
 Eco Solutions	●	<ul style="list-style-type: none"> • Interruptions to energy supply could affect continuity of manufacturing • Increase in interest rates and its impact on borrowing costs
 Hand Protection	●	<ul style="list-style-type: none"> • Interruptions to energy supply could affect continuity of manufacturing • Increase in freight costs
 Purification	●	<ul style="list-style-type: none"> • Disruptions to supply chain • Increase in distribution costs stemming from higher freight rates • Interruptions to energy supply
 Textiles	●	<ul style="list-style-type: none"> • Implications of the increase in energy costs • Increase in interest rate and its impact on borrowing costs given high level of gearing
 Construction Materials	●	<ul style="list-style-type: none"> • Increased cost of input materials • Concerns on affordability given softening economic conditions
 Plantations	●	<ul style="list-style-type: none"> • Surge in cost of chemical based fertilizer
 Agriculture	●	<ul style="list-style-type: none"> • Surge in cost of chemical based fertilizer • Potential risk of order cancellation
 Consumer & Retail	●	<ul style="list-style-type: none"> • Import restrictions on consumer durables • Increased cost of distribution stemming from higher fuel prices • Shortage and volatility in foreign currency
 Leisure	●	<ul style="list-style-type: none"> • Social unrest and impact on tourist arrivals • Import restrictions on consumables • Increase in energy costs
 Industry Inputs, Power & Energy	●	<ul style="list-style-type: none"> • Shortage and volatility in foreign currency • Increase in interest rates
 Transportation & Logistics	●	<ul style="list-style-type: none"> • Challenges in outward remittances of foreign currency • Shortages in energy supply within local logistics operations
 Others	●	<ul style="list-style-type: none"> • Shortage and volatility in foreign currency • Increase in interest rates and impact on borrowing costs

Please refer to the Sector Reviews from page 121 to 229 for further information on Sector level impacts

OUR RESPONSE		
Immediate term	Medium term	Long-term
Sourcing adequate inventories of essential raw materials and fuel supplies	Increased focus on export markets through new customer acquisition and deepening relationships with existing customers	Generate more foreign currency revenue through continued growth of export-oriented businesses
Preservation of liquidity through curtailing non-essential expenditure	Increasing efficiency and productivity through investments in digitalisation and automation	Focus on renewable energy and storage media
Supporting eco-system of channel partners and distributors to ensure business continuity	New product development with increased focus on value-added products/services	
	Increase reliance on local sourcing and manufacturing activities	

COVID-19 RESPONSE IN 2021/22



Sri Lanka witnessed the 2nd and 3rd waves of the pandemic in 2021, with the emergence of highly transmissible variants resulting in periodic surges in infections and resultant lockdowns and restrictions on movement. All Sectors demonstrated strong adaptability to operating in conditions of limited mobility, leveraging learnings obtained during the first wave to mitigate the risk of cross infection and ensure continuity of operations.

Key measures adopted during the year to safeguard our employees and support other stakeholders are summarised below and described in further detail in subsequent sections of this Report.



OUR TEAM

All sectors continued the health and hygiene protocols that were implemented last year, thereby providing employees the assurance that workplaces were safe. During the year, the Group HR function together with the HR divisions at Sector level, relentlessly pursued vaccination drives, with ongoing engagement aimed at dispelling myths regarding obtaining the vaccination. Key measures adopted include;

- 1 Awareness building sessions conducted by Sri Lanka's leading resource persons in the management of COVID-19
- 2 Vaccination drives across different locations including exclusive drive-through centers for Group employees
- 3 Availability of a full-time nurse and access to medical services 24/7



COMMUNITY SUPPORT

Several sectors contributed to the national effort to combat COVID-19 through direct monetary contributions as well as distribution of PPE, medical equipment, sanitizers and ration packs to hospitals, healthcare workers and vulnerable communities.

- Alumex PLC and Mabroc Teas (Pvt) Ltd combined efforts to refurbish a ward at the Kiribathgoda Base Hospital, investing in both infrastructure and manpower to convert it to a fully-fledged COVID-19 high-dependency unit



BUSINESS AGILITY

Sectors leveraged the learnings obtained during the first wave of the pandemic, to swiftly embrace the new normal and adapt to working in conditions of restrictions and limited mobility. Measures adopted included;

- COVID-19 response plans, which offered a blueprint for operating continuously amidst restrictions
- Facilitated remote and hybrid working for office employees, providing the necessary IT infrastructure and support to ensure seamless operations
- Capitalised on opportunities presented by COVID-19 through agile strategies and operating models
- Increased focus on digital platforms for engagement with both internal and external stakeholders

As a result of these measures, the operations of all Sectors continued relatively uninterrupted during the year, with all Sectors recording revenue growth and improved profitability in comparison to the previous year



MANAGING SUPPLY CHAIN DISRUPTIONS

COVID-19 led disruptions to supply chains remained a key challenge during the year, as several of our agricultural supply chains, out-growers and distribution partners were affected by the pandemic. Against this backdrop, the Group continued to work proactively with its eco-system of network partners, to ensure a continuous supply of raw materials. To this end the Group increased visibility of future demand, supported liquidity requirements and ensured the continued injection of value across our supply chains.

PERFORMANCE HIGHLIGHTS

		2022	Change %	2021	2020
EARNINGS HIGHLIGHTS AND RATIOS					
Revenue	Rs. mn	338,010	40.09	241,276	210,307
Earnings before interest, taxes, depreciation & amortisation (EBITDA)	Rs. mn	42,013	26.53	33,205	23,379
Results from operating activities (EBIT)	Rs. mn	33,594	29.44	25,954	16,473
Profit before tax	Rs. mn	35,717	85.70	19,234	5,504
Income tax	Rs. mn	7,618	46.84	5,188	2,609
Profit after tax	Rs. mn	28,099	100.05	14,046	2,895
Profit attributable to owners of the parent	Rs. mn	18,257	139.06	7,637	372
Dividends	Rs. mn	3,000	207.69	975	-
Gross profit Margin	%	22.89	(9.69)	25.35	23.85
Operating Profit Margin	%	9.94	(7.61)	10.76	7.83
Net Profit Margin	%	8.31	42.80	5.82	1.38
Earnings per share (basic)*	Rs.	24.34	139.06	10.18	0.50
Return on Assets (ROA)	%	6.97	38.66	5.03	1.17
Return on Capital Employed (ROCE)	%	12.12	(11.45)	13.68	8.84
Return on Equity (ROE)	%	27.09	68.92	16.04	0.94
Interest cover	No. of times	3.37	12.14	3.00	1.39
FINANCIAL POSITION HIGHLIGHTS AND RATIOS					
Total Assets	Rs. mn	403,076	44.27	279,383	248,309
Total Debt	Rs. mn	171,934	50.21	114,462	123,555
Equity attributable to equity holders of the parent	Rs. mn	67,390	41.52	47,618	39,705
Stated capital	Rs. mn	1,575	0.00	1,575	1,575
Revenue reserve	Rs. mn	35,026	69.86	20,620	13,809
Gearing	%	62.02	2.77	60.35	66.28
Debt/Equity	%	163.30	7.28	152.21	196.57
Equity Asset ratio	%	26.12	(2.95)	26.92	25.31
Net assets per share*	Rs.	89.85	41.52	63.49	52.94
Current ratio	No. of times	1.16	5.09	1.11	1.04
Quick asset ratio	No. of times	0.77	9.44	0.70	0.67
No. of Shares in issue *	No. mn	750	0.00	750	75
MARKET / SHAREHOLDER INFORMATION					
Market value per share*	Rs.	76.90	26.48	60.80	123.60
Dividend per share*	Rs.	4.00	207.69	1.30	-
Company market capitalisation	Rs. mn	57,675	26.48	45,600	9,270
Group market capitalisation	Rs. mn	146,134	(1.47)	148,317	39,998
Price earnings ratio	No. of times	3.16	(47.09)	5.97	24.89
Dividend yield ratio	%	5.20	143.27	2.14	-
Dividend payout ratio	%	16.43	28.71	12.77	-
Dividend Cover	No. of times	6.09	(22.31)	7.83	-
OTHERS					
Economic Value Generated	Rs. mn	103,092	50.43	68,534	60,493
Economic Value Distributed	Rs. mn	81,656	43.77	56,794	55,226
Government	Rs. mn	20,136	61.32	12,482	12,508
Employees	Rs. mn	33,794	25.74	26,877	27,148
Others	Rs. mn	27,725	68.43	16,461	15,570
Value Added per employee	Rs. mn	3.14	40.92	2.23	1.95
Group employment	Number	32,840	6.74	30,765	31,029
Average Revenue per employee	Rs. mn	10.29	31.24	7.84	6.78
Average operating income per employee	Rs. mn	1.02	21.26	0.84	0.53
Credit Ratings (by ICRA)		AA- (Ika)	-	A+ (Ika)	A+ (Ika)

* Ratios have been adjusted based on post sub-division of 10 shares for every one ordinary share held in 2021.

		2022	Change %	2021	2020
CONSOLIDATED STATEMENT OF SOCIAL PERFORMANCE					
EMPLOYEES					
Employees on payroll	No.	32,840	6.74	30,765	31,029
Female Representation	%	35	(5.41)	37	38
New Recruits	No.	5,739	41.60	4,053	4,651
Investments in training	Rs. mn	69	282.28	18	68
Training hours	Hours	248,649	53.50	161,989	224,275
Average training hours per employee	Hours	7.60	42.86	5.30	7.20
Retention Rate	%	85	(1.16)	86	85
Workplace Injuries	No.	253	69.80	149	192
Lost working days	No.	2,111	13.43	1,861	4,162
CUSTOMERS					
Customer acquired	No.	1,788,842	11.61	1,602,712	1,122,834
Revenue generated	Rs. mn	338,010	40.09	241,276	210,307
SUPPLIERS AND BUSINESS PARTNERS					
Total number of Suppliers (as at end March)	No.	15,392	(18)	18,699	19,224
SME Suppliers	No.	10,527	(1.72)	10,711	11,314
Payments to Suppliers	Rs. mn	237,690	63.36	145,497	131,928
Proportion of spending on local suppliers	%	44	(6.38)	47	63
Supplier supported through development programs	No.	2,422	51.28	1,601	182
COMMUNITY ENGAGEMENT					
Investment in CSR	Rs. mn	311	6.51	292	273
Beneficiaries of CSR	No.	540,573	43.02	377,983	418,038
No of new products developed	No.	749	114.61	349	193
No. of products in pipeline	No.	160	49.53	107	52
Investment in R&D	Rs. mn	429	113.43	201	129
CONSOLIDATED STATEMENT OF ENVIRONMENTAL PERFORMANCE					
Total energy consumption	GJ mn	5.06	25.56	4.03	3.68
Renewable energy consumption	GJ mn	3.38	30.00	2.60	2.34
Non-Renewable energy consumption	GJ mn	1.68	16.67	1.44	1.34
Renewable energy consumption	%	67	4.69	64	64
Renewable energy generation	MWh	185,875	22.57	151,647	92,540
Renewable energy generation					
Out of total energy consumed	%	13	(7.14)	14	9
Out of total electricity consumed	%	114	11.76	102	68
Total Carbon footprint (GHG Emission)	tCO ₂ e	230,053	12.49	204,501	187,784
Scope 1 emission	tCO ₂ e	114,551	25.62	91,187	85,224
Scope 2 emission	tCO ₂ e	94,117	2.27	92,031	84,408
Scope 3 emission	tCO ₂ e	21,385	0.48	21,283	18,152
Biogenic emission	tCO ₂ e	378,973	30.21	291,054	261,956
Total water withdrawal	m ³ mn	6.59	23.64	5.33	5.34
Rain water harvested	m ³	21,664	2.40	21,157	15,686
Recycled water usage	%	9	0.00	9	8
Solid waste	MT	23,120	39.94	16,521	52,051
Effluents discharged	m ³ mn	5.07	29.34	3.92	3.93
Waste water treated through internal treatment plants	%	46	(22.03)	59	56
Energy intensity (energy per revenue)	MJ / Rs.mn	14,980	(10.40)	16,719	17,885
Emission intensity (emission per revenue)	KgCO ₂ e / Rs mn	681	(19.74)	848	913
Water intensity (water withdrawal per revenue)	L / Rs. mn	19,494	(11.68)	22,072	25,970

PERFORMANCE HIGHLIGHTS

		2022	Change %	2021	2020
CONSOLIDATED STATEMENT OF ECONOMIC PERFORMANCE					
Foreign exchange income earned	USD mn	616	2.67	600	554
Indirect employment	No	6,729	12.90	5,960	5,343
Supplier reach	No	15,392	(17.69)	18,700	19,224
CAPACITY BUILDING					
Construction Material (Fabricators trained)	No	155	(54.28)	339	3,768
Agriculture (Farmers / outgrowers trained)	No	21,234	100.00	-	178
Consumer & Retail (Students enrolled)	No	5,400	8.00	5,000	4,605
Job creation outside the Western Province	No	2,405	41.97	1,694	2,085
Tax paid	Rs. mn	20,136	61.32	12,482	12,508
Innovations (total new product introduced)	No	749	114.61	349	193
Renewable energy generated	MWh	185,875	22.57	151,647	92,540
CONSOLIDATED STATEMENT OF GOVERNANCE					
Boards of Directors (in the Group)	No.	293	(0.01)	296	287
Audit Committees (in the Group)	No.	18	-	18	17
HR & Remuneration Committees (in the Group)	No.	4	-	4	4
Related Party Transaction Review Committees (in the Group)	No.	3	0.5	2	2
No. of Board meetings held	No.	128	0.02	126	119
No. of Audit Committee meetings held	No.	72	-	72	72
Female representation on Boards	%	28	0.12	25	24
Human rights violations	No.	Nil	-	Nil	Nil
Anti-corruption incidents	No.	Nil	-	Nil	Nil
Instances of socio-economic non-compliance	No.	Nil	-	Nil	Nil
Instances of environmental non-compliance	No.	Nil	-	Nil	Nil

YEAR AT A GLANCE

▶ APRIL 2021

Hayleys Fabric PLC acquires South Asia Textiles Limited, in line with strategic aspirations to export value-added fabrics



▶ MAY 2021

HJS Condiments wins Gold for plant-based meat substitute products

▶ JUNE 2021

Launch of project Kirulu our flagship biodiversity conservation programme

▶ JULY 2021

Ranked as the Most Awarded Local Conglomerate at Asia's Best Workplace to Work

▶ AUGUST 2021

Gamer.LK launches the Singer Esports Premier League 2021 with Rs. 1 mn prize money



▶ SEPTEMBER 2021

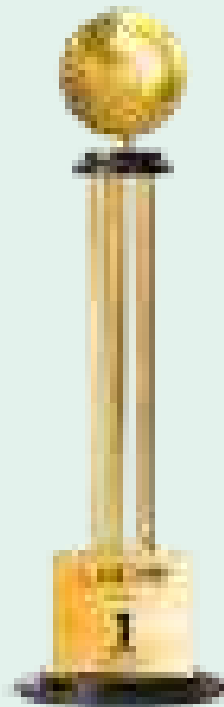
Kelani Valley Plantations PLC (KVPL) secures world's first Sustainability Framework Certificate

▶ OCTOBER 2021

HJS Condiments further expands out-grower network, connecting smallholders to global supply chains

▶ NOVEMBER 2021

Nation's leading business rankings place Hayleys as No.1 Corporate entity for performance and value creation to society and nation



▶ DECEMBER 2021

Advantis Projects and Engineering completes construction services for the New Kelani Bridge Project

▶ JANUARY 2022

Hayleys launches Lifecode- A future-driven roadmap for a better tomorrow

▶ FEBRUARY 2022

Puritas Sathdiyawara continues to support adopted villages with the distribution of educational care packs for the 7th year

▶ MARCH 2022

KVPL partnered with the IUCN to launch Surakimu Ganga conservation program to preserve the Kelani River Basin



MILESTONES

Development of vaccines for diseases



1870

Invention of the telephone



1876

Invention of the lightbulb



1879

First piloted plane



1903

First moving assembly line for mass production of vehicles



1913

1878



Formation of Chas.P.Hayley & Co. in Galle

1913



Hayley & Kenny purchase 400, Deans Road premises

1954



Hayleys becomes a Public company

1958

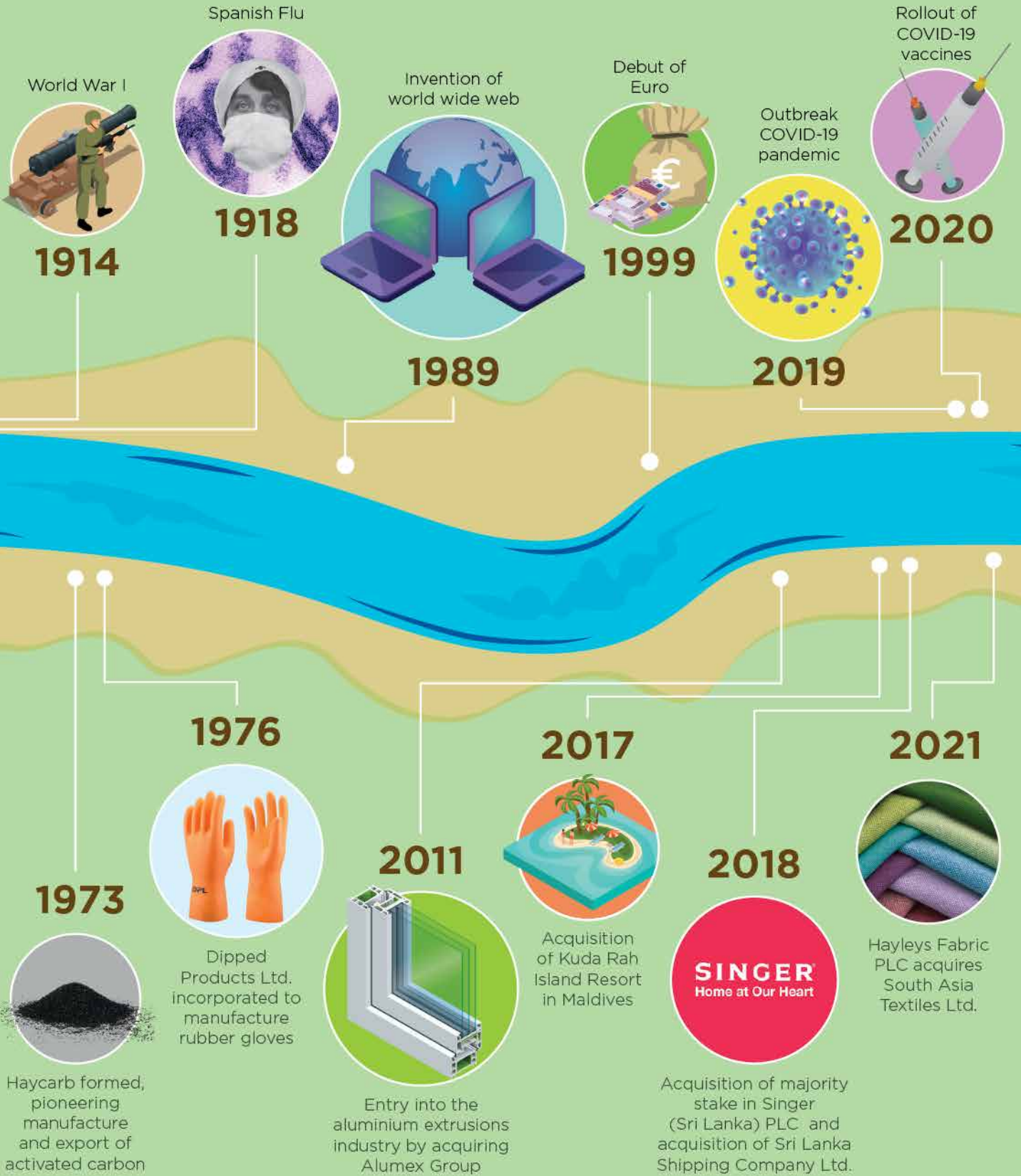


Shipping Agency department formed (forerunner of Advantis)

1968



Haychem Ltd. formed to formulate agrochemicals



A GLOBAL BUSINESS






 **US\$ 615.98 mn**
Revenue generated

 **52%**
of Group Revenue generated from exports

 **5**
Countries with manufacturing locations

 **2,036**
Employees in overseas locations

-  Marketing offices
-  Manufacturing locations
-  Service operations

	Sri Lanka	Australia	Bangladesh	India	Indonesia	Italy
Revenue generated (Rs.mn)	275,902	2,275	3,952	1,668	4,416	14,197
Profit before tax (Rs.mn)	30,560	319	338	100	39	720
Tax (Rs.mn)	6,192	107	161	21	53	384
CAPEX (Rs.mn)	13,383	8	169	0	15	3
Total assets (Rs.mn)	339,813	1,666	4,988	870	9,861	11,157
Total borrowings (Rs.mn)	154,289	56	2,077	109	7,384	4,110
Employees (No.)	29,958	16	280	32	268	22
Carbon footprint (tCO ₂ e)	206	-	0	0	4	0
CSR investment (Rs.mn)	284	-	-	-	2	-



	Maldives	Myanmar	Singapore	Thailand	United Kingdom	USA	Japan	Netherlands	British Virgin Islands
	6,025	1,292	2,785	13,876	4,051	6,961	610	-	-
	579	77	323	2,192	80	276	13	8	93
	140	(0)	34	450	15	56	3	-	-
	95	18	1	906	4	1	-	-	-
	7,694	849	2,244	13,575	2,242	6,648	1,345	104	20
	2,313	123	-	-	10	1,425	36	-	-
	152	406	7	849	-	4	-	-	-
	2	0	-	16	-	-	-	-	-
	0	-	-	25	-	-	-	-	-

SUPPORTING SRI LANKA'S FOOD SECURITY

THE 2022 GLOBAL REPORT ON FOOD CRISES (GRFC), WHICH IS PREPARED ANNUALLY BY THE WORLD FOOD PROGRAMME, HIGHLIGHTS THE LIKELIHOOD OF SEVERE FOOD INSECURITY FOR THE YEAR. THE ECONOMIC SCARRING OF COVID-19, EXTREME WEATHER CONDITIONS AND GEOPOLITICAL CONFLICT HAVE WORSENERED PRE-EXISTING FRAGILITIES, WITH CLOSE TO 193 MILLION PEOPLE FACING ACUTE FOOD INSECURITY IN THE WORLD, AN INCREASE OF 40 MILLION COMPARED TO 2021. IN SRI LANKA, THE POTENTIAL RISK FOR SRI LANKA HAS BEEN AMPLIFIED DUE TO AN IMPORT BAN ON CHEMICAL FERTILIZER WHICH WAS IMPOSED IN 2021; ALTHOUGH SUBSEQUENTLY REVERSED, THE IMPLICATIONS OF THE BAN ARE EXPECTED TO BE FELT IN 2022 WITH SIGNIFICANT DECLINES EXPECTED IN CROP VOLUMES, YIELDS AND QUALITY. AS A PIONEER AND LEADER IN SRI LANKA'S AGRICULTURE SECTOR, HAYLEYS AGRICULTURE HAS TAKEN PROACTIVE MEASURES TO SUPPORT THE SUSTAINABILITY AND LONGEVITY OF THE COUNTRY'S AGRICULTURE SECTOR

TECHNOLOGY & KNOWLEDGE

Context

- Limited knowledge on safe and proper use of agro chemicals
- Low resource utilisation, Lack of mechanisation and farm productivity

Our contribution

- Dedicated islandwide extension network to educate farmers
- Train farmers on use of Personal Protective Equipment
- Education on integrated pest and nutrient management systems
- Climate smart irrigation and protected agriculture technologies
- Mechanisation for field preparation and crop management

CROP PROTECTION

Context:

- Ban on chemical based crop protection imports
- Limited use of integrated pest management and organic products

Our contribution

- High efficacy agro chemicals to reduce dosage
- Introduction of low toxicity safer chemistries
- Products with low post harvest interval
- Research into effective organic pesticides.

PLANTING MATERIALS

Context

- Unavailability of high-quality planting material
- Requirement for faster maturity in short season crops

Our contribution

- Research on varieties that can be cultivated in non-traditional areas
- Offering high yielding, disease and pest tolerant, drought resistant varieties.

CROP NUTRITION

Context:

- Ban on chemical based fertilizer imports
- Limited use of organic fertilizer

Our contribution

- Crop specific customised fertilizer blends to improve yields
- Research into complex specialty fertilizers secondary and micro nutrients and organic and bio fertilizers to improve soil health.

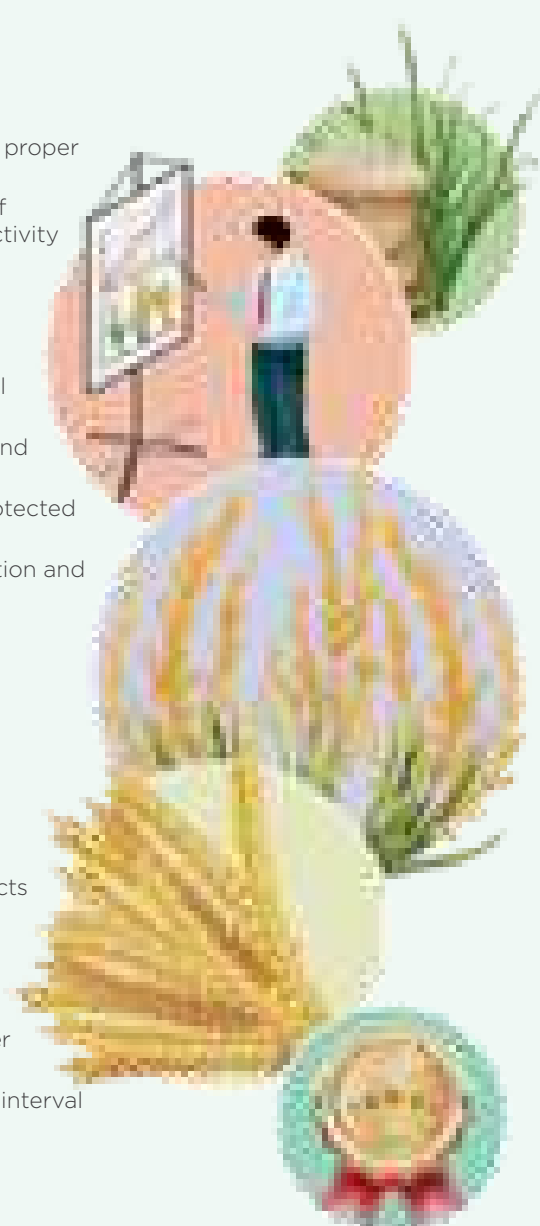
QUALITY AND STANDARDS

Context

- Non-adherence to good agriculture practices
- Poor post-harvest management

Our contribution

- Dedicated island-wide quality assurance teams working with farmers



Inspiring Change

Inspired by a business school and advanced
expertise are not sufficient to lead the way in
an increasingly challenging environment, and drive
positive environmental and progress



Leadership & Governance

CHAIRMAN/CHIEF EXECUTIVE'S MESSAGE

Visionary



THE GREATEST STRENGTH WITHIN THE WORLD OF HAYLEYS IS ITS DIVERSITY, GOVERNANCE STRUCTURE AND ITS ABILITY TO DERIVE SYNERGIES. DIVERSITY IS MULTIFACETED AND GOES BEYOND THE OBVIOUS DIVERSITY ACROSS INDUSTRIES AND COUNTRIES TO THE DIVERSITY OF ITS PEOPLE.

Mohan Pandithage
Chairman and Chief Executive

Dear Shareholder,

I am delighted to report that Hayleys PLC recorded a Profit After Tax of Rs. 28.10 bn, setting a new record for the highest profit in the 144-year history of the Group as we surpassed the record set in the previous year with a 100% increase. Members of the World of Hayleys came together, maximising synergies through Group-wide initiatives to identify early warning signs and overcome the converging challenges that gained momentum as the year progressed.

Sri Lanka is facing its worst socioeconomic crisis post-independence and the path to recovery is being mapped at the time of writing. The country's foreign exchange reserves declined, the currency devalued by 75% during the months of March and April 2022 and inflation climbed steadily to reach 30% by April 2022 y-o-y. Policy interest rates were increased by 700 bps in April 2022 as a corrective measure and the country struggled on its debt repayments, indicating the extent of reform and correction required to bring the economy to an even keel. The economic hardship faced by the people as a result of inflation and shortages of essentials is a critical factor that needs to be addressed urgently. Meanwhile, it is vital that we keep the wheels of the economy turning to earn the sorely needed foreign exchange and safeguard jobs and livelihoods until we have a clear way forward.

DIVERSITY, GOVERNANCE & SYNERGY

The greatest strength within the World of Hayleys is its diversity, governance structure and its ability to derive synergies. Diversity is multifaceted and goes beyond the obvious diversity across industries and countries to the diversity of its people. Our world is a rich ecosystem where the catalysts, scientists, technocrats and pragmatic visionaries are all united by common goals and values and work together to achieve our strategic goals. The Group's governance mechanisms facilitate the harmonisation and synchrony of movement towards the corporate goals within defined bounds. A philosophy of recognising and rewarding performance has nurtured a culture of meritocracy where everyone truly has the ability to shine and rise without any discrimination.

CHAIRMAN/CHIEF EXECUTIVE'S MESSAGE

HIGHLIGHTS 2021/22

Foreign Exchange
Earnings
US\$. 615.98 mn

Dividends Received
from Overseas
Subsidiaries
US\$. 6.24 mn

EXCEPTIONAL PERFORMANCE

Revenue US\$. 1.60 bn	▲ 25%
EBITDA US\$. 199.29 mn	▲ 27%
EBIT US\$. 159.35 mn	▲ 29%
PBT US\$. 169.42 mn	▲ 86%
PAT US\$. 133.29 mn	▲ 100%

SOLID FOUNDATIONS

Total Assets US\$. 1.37 bn
PPE US\$. 378.36 mn
Capex US\$. 66.58 mn
Current Assets US\$. 828.17 mn
Equity US\$. 358.27 mn
Debt US\$. 585.06 mn

Governance is also the key that unlocks the synergies of the Group which is pivotal to risk management and delivery on strategy. Multiple layers of review from sector level Executive Committees to the Group Management Committee (GMC), Board Committees and the Board ensure that there is a high level of scrutiny and monitoring. The collective skills, knowledge and insights within the GMC enable us to identify early warning signs and flex our strategies and risk responses accordingly. The GMC meets every week and meets additionally at short notice whenever there is a need, which enabled timely responses in a year of volatility and uncertainty. Strategies remained flexible throughout the year

with reallocation of resources to where they were needed.

The Group Freight Management Task Force formed last year proved a vital function enabling the timely shipping of our products. Similarly, the COVID Task Force comprising the Group Head of HR, Sector Head of Hayleys Aventura and HR Heads of all sectors also played a key role in ensuring the health and safety at our business locations as well as arranging for the care of those tested as positive. The COVID Task Force coordinated the vaccination of our employees and recorded an overall vaccination rate of 99% for the second dose. Other central functions such as Strategic Planning, Finance and Treasury continue to facilitate management of resources as a Group, unlocking synergies.

Looking at what we have achieved since the Easter Sunday attacks in 2019 it is evident that the knowledge and experience within the leadership teams have grown exponentially to a new level. Across the Hayleys Group, tried-and-tested teams at every level, have consistently delivered a holistic performance by taking smart decisions. This is a key driver of our success and will take the Group into a new era of growth.

RENEWING OUR COMMITMENT TO ESG

An early champion of sustainability, Hayleys PLC has put in place systems to understand its impact on society and the environment, with a view to minimise adverse impacts. It was time to level up the Group's Environmental, Social and Governance (ESG) agenda and ensure that every Sector was aligned to Group's goals. We captured our ESG policies and commitments in one document - The Hayleys Lifecode. It includes commitments to reduce GHG emissions by 30% by 2030, increase the biodiversity by 5 times the area occupied by the Group, achieve zero landfill waste by 2030 and other environment, social and governance

goals. Additionally, it reinforces the Group policies on anti-corruption and anti-bribery, clearly setting out the zero tolerance position of the Group on these key matters. These goals are backed by detailed actions and commitments at sector levels making this the most comprehensive exercise in ESG commitments undertaken by the Group.

Hayleys PLC officially signed on as a member of the Global Reporting Initiative (GRI) South Asia Charter on Sustainability Imperatives which is a clarion call for decisive action by businesses and stakeholders supporting the achievement of UN Sustainable Development Goals (SDGs) within the next decade. Hayleys PLC and a subsidiary of Hayleys Plantations, Talawakelle Tea Estates PLC are two of the first three Regional Members of the GRI South Asia Charter and the sole corporate entities representing Sri Lanka. The move demonstrates an authentic, long-term commitment to adopting and implementing the Charter's principles to proactively establish new systems to authenticate the impact of the Group's sustainability initiatives across the ESG framework. It follows a thorough review of the alignment between the sustainability practices of the Group and the principles of the Charter and a long term commitment to excellence in ESG reporting.



2021 IN NUMBERS



World Economic Growth - 6%

	Revenue Contribution	Economic Growth
Sri Lanka	81.6%	3.7%
Italy	4.2%	6.5%
Thailand	4.1%	1.6%
Maldives	1.8%	18.9%
Myanmar	0.4%	-12.0%
Bangladesh	1.2%	4.5%
Australia	0.7%	3.8%
India	0.5%	8.9%
Indonesia	1.3%	3.7%
Singapore	0.8%	7.6%
United Kingdom	1.2%	7.5%
USA	2.1%	5.7%
Japan	0.2%	1.8%



WORLD TRADE FLOWS

▲ 25%



SRI LANKA

Imports ▲ 28.5%

Exports ▲ 24.4%



SRI LANKA

	April 2022	Dec 2021	Dec 2020
GDP (US\$ mn)	-	84.5	80.7
Per Capita Income (US\$)	-	3,815	3,695
Unemployment (%)	-	5.1%	5.50%
GDP Growth by Sector			
Agriculture	-	2.0%	-2.2%
Industry	-	5.3%	-6.9%
Services	-	3.0%	-1.6%
AWPLR (%)	16.4%	8.6%	5.8%
Exchange Rate (Rs:1US\$)	347.06	199.88	185.52
Inflation	29.8%	12.1%	6.2%
Food Inflation	46.6%	22.1%	9.2%
Non-Food Inflation	22.0%	7.5%	2.0%

WIDENING FAULT LINES AND A DISRUPTED RECOVERY

The global economy was forecast to recover at 6% as we commenced the year, although there were signs that the path of vulnerable economies would diverge from the advanced economies due to structural issues. Policy reform was going to be key to limit the setbacks and drive recovery. Against this backdrop, Sri Lanka introduced a ban on imports of chemical fertiliser and other agrochemicals in April 2021 which had a devastating impact on the agriculture sector of the country. Poor yields drove up food inflation and threatened the food security of the country which was bridged with imports of basic food items, during the year, necessitating imports of essential food. The ban on chemical fertiliser imports was lifted in September 2021, by which time fertiliser and agrochemical prices had increased significantly in the global market and it was too late for the Maha season which is the major season for paddy.

Inflation which increased during the financial year, accelerated sharply in April 2022 to 30% y-o-y reflecting the pressure on prices. Food inflation was the main driver, soaring to 47% y-o-y by end of April 2022 partly due to the depreciation of the rupee. Non-Food inflation followed a similar pattern increasing to 22% y-o-y in April 2022 reflecting the repricing of fuel during the month.

Unemployment declined from 5.5% to 5.1%. However, the decline in the labour force participation from 50.6% to 49.9% is perhaps a turning point, since the population that does not participate in productive employment exceeds the population that does. Addressing this is perhaps one of the greatest challenges for the country.

The third wave of the pandemic delayed the recovery of the tourism sector as well, stymieing inflows of

CHAIRMAN/CHIEF EXECUTIVE'S MESSAGE

foreign exchange. Worker remittances, a key source of foreign exchange, declined due to fewer migrations for employment during the pandemic and the expansion of informal channels due to large exchange rate differentials between the formal market and the grey market. The Central Bank also mandated conversion of export proceeds by exporters and directed banks to sell a part of the converted export proceeds and workers' remittances to the Central Bank to facilitate importation of food, fuel and medicines. The exchange rate declined by a mere 2.4% during the first eleven months of the financial year as the Central Bank adopted several measures to support the rate. March and April 2022 saw the rupee devalue by 75% having been allowed to float in view of the external sector crisis.

Interest rates edged up from August 2021 and increased during the year. Policy interest rates increased by 700 basis points in April 2022 targeting price stability in the economy. The foreign currency crisis led to fuel and gas shortages disrupting transport systems and households. Together with inflation, these shortages led to severe hardships to the society. Discussions with the International Monetary Fund have commenced and the country has also secured credit lines to finance essential imports until the negotiations are finalised and funds are released. The three months ahead are expected to be challenging due to the external sector crisis but we are optimistic that the changes thereafter will pave the way for a sustained recovery.

THE POWER OF POSITIVITY

At Hayleys, we understand the power of motivated teams as we worked through the challenges of the pandemic to come out stronger than before. This proved to be our greatest strength, as a tried and tested team went into 2021/22 with a will to win.

The results speak for themselves. Hayleys PLC worked through the multiple challenges that escalated during the year to record pre-tax earnings of Rs. 35.72 bn, an impressive increase of 86% over the previous year which was also the highest profit at the time. Revenue increased by 40% from Rs. 241.28 bn to Rs. 338.01 bn. The Transportation & Logistics sector recorded a strong growth of 84% to Rs. 69.27 bn which accounted for 20% of Group revenue. Consumer & Retail recorded 14% growth to Rs. 83.54 bn, becoming the highest contributor to Group revenue.

Group EBITDA and EBIT increased by 27% and 29% respectively to Rs. 42.01 bn and Rs. 33.59 bn. The main contributors to both EBITDA and EBIT were Consumer & Retail and Transportation and Logistics who contributed to almost 50% of the total for both, reflecting the key role played by these two sectors in the cashflows of the Group.

Finance income increased by 430% to Rs.16.83 bn as we recorded exceptional exchange gains during March 2022. Hand Protection, Purification, Textiles and Transportation & Logistics, made significant contributions, accounting for 69% of the total. Finance costs increased by 48% to Rs.14.88 bn which is attributable to increased borrowings to finance working capital.

Profit Before Tax, our main yardstick for financial performance, increased by 86% to Rs. 35.72 bn with Transportation & Logistics contributing 30% while Consumer & Retail and Hand Protection contributed 16% and 14% respectively. All sectors recorded increased Profit Before Tax except for the Leisure sector. Textiles, Transportation & Logistics, and Eco Solutions recorded increases of 337%, 238% and 132% respectively.

The effective tax rate declined from 27% to 21% as tax deductible expenses increased giving rise to a tax charge of Rs. 7.62 bn. Accordingly, the Profit After Tax for the Group increased by 100% to Rs. 28.10 bn in FY 2021/22 compared to Rs.14.05 bn in the previous year, the highest profit in the Group's history.

INCREASED CAPACITY & RESILIENCE

The Group's balance sheet continued to expand as Total Assets increased by 44% from Rs. 279.38 bn to Rs. 403.08 bn largely due to increased receivables, inventory and property, plant and equipment. This reflects the increased earnings capacity of the Group and the acquisition of South Asia Textiles Ltd., in April 2021 which has turned around during the year to make a positive contribution to the Group. Notably, this makes Hayleys Fabric PLC the largest fabric manufacturer in the country with bright prospects as the industry looks to shorten its supply chain by reducing the import of fabric. Transportation & Logistics increased their floating crafts with the acquisition of another container ship, making it the largest fleet in Sri Lanka and enhancing its earnings capacity. Additionally, most sectors invested in increasing their capacity, although in a limited manner due to the paucity of dollars in the market. It is also noteworthy that the significant increases in capacity strengthen the Group's foreign exchange earnings. Inventory grew by 55% as the Group increased stocks of raw materials and finished goods to accommodate the increased lead times due to shipping delays. The increase in receivables is largely due to the Transport & Logistics and Consumer and Retail sectors which accounted for 16% and 41% respectively.

Total equity increased by 40% to Rs. 105.29 bn boosted by retained earnings. Interest bearing liabilities increased during the year by 50% largely due to the increase in funding for inventory, expansions and also

due to the translation of foreign currency denominated loans to rupees. Accordingly, debt to equity increased to 1.63:1 while gearing increased to 63%.

The investments undertaken during the year address structural changes in the Group's foreign exchange liquidity positions. Assets acquired are already contributing positively and boosting the foreign exchange liquidity of the Group, strengthening our resilience to the exchange rate volatility as well.

OUR RELEVANCE TO THE ECONOMY

Hayleys PLC is a key contributor to the socioeconomic progress of the country. Foreign exchange earnings out of Sri Lanka during the year increased by 45% to US\$ 615.98 mn which is 4.2% of the country's total exports during the same period. Additionally, the Group received dividends of US\$ 6.24 mn from its overseas subsidiaries during the year, boosting foreign exchange inflows to the country.

The Group employs 29,258 people in Sri Lanka, creating jobs in the economy with 62.8% of employees located outside the Western Province. Rs. 104.59 bn was paid to local suppliers during the year, supporting their growth. Our supply chains support livelihoods of over 10,500 microentrepreneurs with structured programmes to provide technical knowledge. The operations of the Group cover the entire island with each sector playing a key role in their industries which are more specifically discussed in the Sector Review of this report.

REVIEW OF BUSINESS VERTICALS

Hayleys derives 52% of its revenue from export and other foreign exchange earnings while the balance is derived from the domestic market in which it is a key player. Hand Protection, Purification, Eco Solutions, Textiles and Transportation & Logistics earnings are mostly in foreign currency

while the other sector earnings are weighted to rupees. Consumer & Retail is the largest sector in terms of total assets accounting for 23% of Total Assets. Transportation & Logistics and Textiles increased their share of total assets during the year with the investments in capacity, accounting for 17% and 9% of Total Assets at the close of the year, reflecting the structural changes in the Group's investment direction as it aims to increase generation of foreign exchange.

The Group's performance in US dollars is also impressive with turnover growth of 25% to US\$ 1.60 bn reflecting strong activity levels. Earnings Before Interest and Taxation was US\$ 159.35 mn, an increase of 16% driven by increased volumes as margins declined marginally. The bottom line was boosted by net finance income compared to a charge in the previous year. Accordingly Profit After Tax amounted to US\$ 133.28 mn, an impressive increase of 79%. It is worth pondering the impact of exchange rates that was regulated for 11 months on a Group that derives 52% of its earnings in foreign exchange, followed by a 46% devaluation in the last month of the financial year. Hayleys PLC also received US\$ 24.41 mn as dividends from its subsidiaries (eliminated on consolidation) of which 26% was in foreign currencies.

Consumer & Retail

Consumer and Retail Sector recorded profit after tax of Rs. 4.30 bn, the highest in its 145-year history, raising the bar on its previous record last year by 59%. The retail giant, Singer Sri Lanka was crowned the People's Brand of the year in 2022 for the 16th consecutive year and is the undisputed leader in retail business in the country. An island wide presence, clearly articulated strategic priorities, coupled with an increase in the number of SKUs and e-commerce, positioned the company for growth. Sustained demand for electrical and electronic items supported top line growth of 14%

CONSUMER & RETAIL



Country of operation:

Sri Lanka

- Revenue Rs. 83.54 bn ▲ 14%
- EBITDA Rs. 10.35 bn ▲ 44%
- Op. Profit Rs. 8.50 bn ▲ 52%
- PBT Rs. 5.77 bn ▲ 46%
- PAT Rs. 4.30 bn ▲ 59%
- Capex Rs. 841.68 mn
- Total Assets Rs. 91.03 bn ▲ 29%
- Value Created Rs. 22.65 bn ▲ 43%

TRANSPORTATION & LOGISTICS



Countries of Operation:

Sri Lanka / Maldives / Bangladesh / India / Myanmar / Singapore

- Revenue Rs. 69.27 bn ▲ 84%
- EBITDA Rs. 10.02 bn ▲ 80%
- Op. Profit Rs. 8.42 bn ▲ 111%
- PBT Rs. 10.87 bn ▲ 238%
- PAT Rs. 8.61 bn ▲ 243%
- Capex Rs. 3.28 bn
- Total Assets Rs. 67.97 bn ▲ 71%
- Value created Rs. 16.67 bn ▲ 87%
- Earnings in Foreign Exchange US\$ 166.78 mn

HAND PROTECTION



Countries of Operation:

Sri Lanka / Thailand / Italy

- Revenue Rs. 37.86 bn ▲ 25%
- EBITDA Rs. 3.54 ▼ 43%
- Op. Profit Rs. 2.90 bn ▼ 47%
- PBT Rs. 5.00 bn ▼ 10%
- PAT Rs. 4.05 bn ▼ 8%
- Capex Rs. 3.11 bn
- Total Assets Rs. 35.30 bn ▲ 28%
- Value created Rs. 12.50 bn ▲ 33%
- Foreign Exchange Earnings: US\$ 82.28 mn
- Dividends from foreign subsidiaries US\$: 3.37 mn

CHAIRMAN/CHIEF EXECUTIVE'S MESSAGE

to Rs. 83.54 bn. Demand coupled with its island wide network and aftersales service enabled Singer to retain the #1 position amongst Sri Lanka's consumer and commercial retailers.

Foreign exchange liquidity constraints highlighted the need for a change in sourcing strategies resulting in a growing local supplier base. Regnis also has an opportunity to establish themselves more strongly in the market by expanding the range of appliances manufactured. However, the costs of imported raw materials and the upward movement of interest rates will be a challenge.

Singer Finance PLC recorded its best performance in its history with a Profit Before Tax of Rs. 959.66 mn. Ranked among the top 10 finance companies in the country by Brand Finance Lanka, this company has excellent potential for growth. The main strategy for this resilient player is through branch expansion, leveraging its strong liquidity positions and brand.

The outlook for this vibrant sector is positive despite the foreign exchange constraints and declining disposable income at present. The change in sourcing strategies is expected to enhance the relevance of our product portfolio to the customer and there are potential areas that can be explored to drive growth. An island wide network, a growing online presence and a strong brand support the ambitious growth plans of this sector.

Transportation & Logistics

It was smooth sailing for the Advantis Group who delivered its highest Profit After Tax of Rs. 8.61 bn, accounting for 30% of Group Profit After Tax which is the highest contribution by any sector. Restructuring of the sector into 6 verticals last year enhanced the customer value proposition and maximised synergies across the verticals, strengthening its position as the leading logistics provider in the country.

Performance of the sector was boosted by strong growth in exports and transshipment business, gains in currency translations and increased demand for logistics and warehouse operations as supply chain management became a critical operation due to global issues. The increase in freight rates also supported profitability of the sector.

International Freight Management delivered triple digit top and bottom line growth supported by expansion of the export and transshipment business, increasing freight rates and exchange gains as the rupee devalued. Marine and Engineering acquired a container vessel becoming the only Sri Lankan company to own one. Strong demand, increased activity with the Maldives and growth in bunkering operations supported profitability together with earnings from the new acquisition. Integrated Logistics also saw strong growth in demand as customers sought expertise in inventory management as they built up inventory to overcome supply chain issues.

Express Freight strengthened delivery of the last mile with CityPak supported by the growth of e-commerce. Projects & Engineering maintained its leadership of pre-engineered steel buildings but was impacted by the slowdown in large scale infrastructure development projects. International Operations recorded steady growth of its Bangladesh, Indonesia and Maldives business although businesses in Myanmar was affected by the political instability. The Aviation business also had a good year supported by growth in cargo handling. Unisyst Engineering PLC focused on streamlining its operations during the year and is ready for growth in the year ahead.

The Advantis Group is well positioned for future growth with a broad presence across the value chain and further headroom for growth utilising

PURIFICATION



Countries of Operation:

Sri Lanka / Indonesia / Thailand / United Kingdom / Australia / USA / Singapore / India / British Virgin Island

- Revenue Rs. 32.75 bn ▲ 29%
- EBITDA Rs. 3.72 ▼ 26%
- Op. Profit Rs. 3.08 bn ▼ 31%
- PBT Rs. 4.64 bn ▲ 4%
- PAT Rs. 3.71 bn ▲ 4%
- Capex Rs.1.68 bn
- Total Assets Rs. 38.16 bn ▲ 66%
- Value created: Rs. 10.17 bn ▲ 28%
- Foreign Exchange Earnings: US\$ 68.95 mn
- Dividends received from Foreign Subsidiaries US\$ 2.69 mn

AGRICULTURE



Countries of Operation:

Sri Lanka / Bangladesh

- Revenue Rs. 24.09 bn ▲ 25%
- EBITDA Rs. 3.26 ▲ 43%
- Op. Profit Rs. 3.01 bn ▲ 52%
- PBT Rs. 2.30 bn ▲ 35%
- PAT Rs. 1.71 bn ▲ 41%
- Capex Rs. 293 mn
- Total Assets Rs. 25.83 bn ▲ 61%
- Value created: Rs. 8.01 bn ▲ 55%
- Foreign Exchange Earnings: US\$ 13.19 mn
- Dividends from Foreign Subsidiaries US\$ 0.18 mn

PLANTATIONS



Country of Operation:

Sri Lanka

- Revenue Rs.17.37 bn ▲ 9%
- EBITDA Rs. 3.02 ▲ 28%
- Op. Profit Rs. 2.45 bn ▲ 30%
- PBT Rs. 2.85 bn ▲ 61%
- PAT Rs. 2.62 bn ▲ 69%
- Capex Rs. 858.72 mn
- Total Assets Rs. 18.19 bn ▲ 12%
- Value created: Rs. 10.04 bn ▲ 22%
- Foreign Exchange Earnings: US\$ 82.25 mn

the capacity in place. A sound track record and reputation together with a committed team supports its growth aspirations.

Hand Protection

Top line growth for the Hand Protection sector was 25% supported by volume growth and customer acquisition in selected markets. Overall, the first half of the year saw the market normalising after the surge in demand with the onset of the pandemic in the previous year. Consequently, sales were slow due to overstocking in the previous year by customers initially but picked up pace in the last two quarters. Increased rubber prices proved to be another challenge, exerting pressure on margins. Profit After Tax dipped by 8% to Rs. 4.04 bn, accounting for 14% of Group's Profit After Tax.

The sector focused on increasing capacity in all 5 manufacturing facilities and moved to higher value-added products in the premium and supported gloves categories. Supply chains were strengthened with the addition of over 2,000 new farmers to the First Light programme while the programme itself was strengthened to address the concerns of farmers. Over 20 new products were introduced to the market including a premium sports glove which presents a potential area of growth. Additionally, 5 new patents have been applied for, including 1 at the World Intellectual Property Office. The Group is well positioned for growth in the year ahead, maintaining the momentum of the last two quarters. A strong commitment to ESG and strong customer relationships underpin its growth prospects.

Purification

Positioned as the world's largest producer of activated coconut shell carbon, Haycarb is a geographically diversified Group with a ubiquitous product that is relevant in a myriad of applications across a wide range of industry sectors as the world seeks

to move to a greener and smarter economy. Demand for the product is driven by an increasing need for air and water purification and increasingly more stringent environmental and food safety regulations. Its relevance in fields such as medicine, energy and technology keep the product relevant to stable industries as well as cutting edge technologies with potential for increasingly higher value addition through customer centric innovation.

Top line growth of 29% to Rs. 32.75 bn was driven by increased focus on high value-added products in the sales mix, market development and buoyant gold prices. Increased freight costs and raw material prices dampened margins. Additionally, it was necessary to build up both raw materials and finished goods inventory resulting in increased finance costs for working capital. However, the steep devaluation of the rupee in March boosted finance income which increased Profit Before Tax and Profit After Tax to Rs. 4.64 bn and Rs. 3.71 bn, respectively, recording the highest profit recorded since inception for the second consecutive year.

The outlook for the Purification sector is positive as demand for activated carbon is expected to grow significantly, particularly in North America and China. Steadily climbing gold prices, a strong innovation pipeline of hard carbons, super capacitor carbons and EDLC products support market development and penetration. There is headroom for growth overseas as well, expanding our presence into markets where raw material is available to overcome challenges in freight costs. Attracting, developing and retaining talent in critical areas will be key to growth in the medium term.

Agriculture

Hayleys Agriculture managed several challenges during the year to record its highest profit for the second consecutive year with Profit After

INDUSTRY INPUTS, POWER & ENERGY



Countries of Operation:

Sri Lanka / Bangladesh

- Revenue Rs. 7.04 bn ▲ 41%
- EBITDA Rs. 1.54 bn ▲ 8%
- Op. Profit Rs. 1.20 bn ▲ 9%
- PBT Rs. 1.22 bn ▲ 22%
- PAT Rs. 1.05 bn ▲ 32%
- Capex Rs. 68.34 mn
- Total Assets Rs. 15.20 bn ▲ 13%
- Value created: Rs. 2.62 bn ▲ 15%

ECO SOLUTIONS



Countries of Operation:

Sri Lanka / India

- Revenue Rs. 11.13 bn ▲ 42%
- EBITDA Rs. 892.43 mn ▲ 9%
- Op. Profit Rs. 717.99 mn ▲ 9%
- PBT Rs. 1.77 bn ▲ 132%
- PAT Rs. 1.50 bn ▲ 127%
- Capex Rs. 360.78 mn
- Total Assets Rs. 17.52 bn ▲ 34%
- Value Created Rs. 3.09 bn ▲ 88%
- Foreign Exchange Earnings: US\$ 43.67 mn

CONSTRUCTION MATERIALS



Country of Operation:

Sri Lanka

- Revenue Rs. 9.52 bn ▲ 62%
- EBITDA Rs. 1.78 bn ▲ 22%
- Op. Profit Rs. 1.49 bn ▲ 21%
- PBT Rs. 1.38 bn ▲ 35%
- PAT Rs. 1.15 bn ▲ 37%
- Capex Rs. 747.49 mn
- Total Assets Rs. 12.07 bn ▲ 57%
- Value created: Rs. 3.00 bn ▲ 19%
- Foreign Exchange Earnings: US\$ 6.73 mn

CHAIRMAN/CHIEF EXECUTIVE'S MESSAGE

Tax of Rs. 1.71 bn, a growth of 41% over the previous year. A catalyst in the country's agriculture sector, the sector plays a key role in modernising agriculture and addressing the food security of the country through capacity building of farmers and providing the tools, seeds and other inputs while also linking them to global supply chains through purchase of harvests at agreed prices.

Consequently, the ban on fertilizer and agrochemicals in April 2021 was a heavy blow as it dampened yields for the Yala and Maha seasons. The reversal of the decision in September 2021 was too late for the necessary preparation of the fields. The sector also rationalised its costs and improved efficiencies in view of the impact of the ban on fertiliser and chemicals and also moved to a cash business model to mitigate increased levels of credit risk. Agri equipment consolidated its market leadership and was a key contributor to profitability of the sector.

Flower seed operations were expanded with a new seed processing facility in Bangladesh which will support penetration in the region with global customers remained steady although movement of seeds has been a challenge in global markets due to the pandemic. Bangladesh operations recorded its best performance to date as it was able to provide uninterrupted supply of material although the sector was affected by supply constraints.

The farmers were badly affected by the convergence of the ban on fertilizer, inflation, lockdowns and fuel shortages and the rise in cost of inputs on top of two poor seasons. It is imperative that we find solutions to support this vital sector of the country to restore food security and livelihoods to 30% of the country's labour force. Hayleys Agriculture continues to seek win-win solutions to drive the stability and growth of this sector.

Plantations

The Plantations sector delivered a solid performance amidst significant challenges recording Profit After Tax growth of 69% to Rs. 2.62 bn. Steady demand for tea and rubber prices and a focus on quality supported top line growth as all top 10 prices of GSA at the auctions were from the sector. Estate management teams were trained on leadership. Both companies scored in the 90s on the Great Place to Work survey and were the first companies in the Plantation sector to undertake the survey with 2000 employees picked randomly by them. Talawakelle Tea Estates was ranked the 2nd in Asia reflecting the care and concern for our employees who are resident on the estates. Training and recognition platforms such as Best Plucker Awards are in place.

The ban on imports of fertiliser and agrochemicals was a blow but we overcame these with regenerative agriculture practices. Soil augers were purchased by each division to drill holes which were then filled with composting material. We also purchased weeds to incentivise employees to manually weed which were then used for composting. Fields were cleaned, workers earned supplementary income and jobs were created for reverse migrants to the estates. The sector looked at mechanisation in its pre-harvesting activities including pruning but continued the practice of plucking by hand to ensure that quality was maintained.

The sector continues to focus on crop diversification and is planting coconut, a third crop following tea and rubber. A low maintenance plant with uses for every part of the tree makes it an attractive proposition. The number of greenhouses for strawberries are being doubled. We have also installed solar power systems on five of our factories supporting clean energy generation.

TEXTILES



Country of Operation:

Sri Lanka

- Revenue Rs. 31.67 bn ▲ 117%
- EBITDA Rs. 2.50 bn ▲ 93%
- Op. Profit Rs. 1.76 bn ▲ 100%
- PBT Rs. 3.16 bn ▲ 337%
- PAT Rs. 2.69 bn ▲ 270%
- Capex Rs. 2.29 bn
- Total Assets Rs. 36.71 bn ▲ 217%
- Value created: Rs. 7.41 bn ▲ 165%
- Foreign Exchange Earnings: US\$ 147.83 mn

LEISURE



Countries of Operation:

Sri Lanka / Maldives

- Revenue Rs. 3.42 bn ▲ 154%
- EBITDA Rs. 128.67 mn ▲ 112%
- Op. Loss Rs. 1.02 bn ▲ 44%
- Loss before tax Rs. 1.70 bn ▲ 31%
- Loss after tax Rs. 1.67 bn ▲ 29%
- Capex Rs. 360.22 mn
- Total Assets Rs. 18.66 bn ▲ 19%
- Value created: Rs. 1.56 bn (2021 - Rs. -3 mn)

OTHERS



Countries of Operation:

Sri Lanka / Netherlands / Japan / United Kingdom

- Revenue Rs. 10.35 bn ▲ 112%
- EBITDA Rs. 6.69 ▲ 46%
- Op. Profit Rs. 6.52 bn ▲ 48%
- PBT Rs. 4.57 bn ▲ 155%
- PAT Rs. 4.50 bn ▲ 165%
- Capex Rs. 149.37 mn
- Total Assets Rs. 79.46 bn ▲ 10%
- Value created: Rs. 11.51 bn ▲ 53%

Mabroc also recorded an excellent year as they became the largest shipper of tea to China for the last three years despite a culture of green tea. The company implemented a different route by offering blends. We also developed Ready To Drink tea which were marketed to the Ready To Drink tea manufacturers. This model was used successfully in Taiwan as well by modifying the Ready To Drink tea. Mabroc is also the 3rd largest exporter of tea to Japan, shipping to some of the largest companies in the country. Leveraging the understanding of flavour profiles was key to success, enabling the company to increase top and bottom lines by 100% with further headroom for growth in key markets.

The outlook for the Plantation and Tea export companies is positive with plans for crop diversification and potential for growth in existing and new markets for Mabroc.

Industry Inputs, Power & Energy

Industry Inputs, Power & Energy sector expanded its product portfolios and geographical markets to deliver Rs. 1.05 bn as Profit After Tax, recording an increase of 32% over the previous year. Industrial Inputs focused on specialty raw materials and worked with customers to develop new products. New principals were added and the portfolio was expanded, supporting its regional presence across the SAARC countries, Indonesia and Thailand. Lifesciences also expanded its product portfolio to introduce DNA testing machines and moved into Maldives as well. Power & Energy followed a similar strategy, moving into small scale generators which were distributed through the Singer network while also exporting to the Maldives. The Power business applied for 5 renewable power projects in solar and wind and aspires to increase its current capacity of 100 MW to 500 MW.

Future plans for this sector are focused on making inroads into overseas

markets and managing liquidity in view of improving receivables. We are also looking at manufacturing some of the inputs with assistance from the principals.

Eco Solutions

Eco Solutions delivered a strong performance during the year with an increase of 42% in revenue and an increase of 127% on Profit After Tax, reaching Rs. 1.50 bn for the first time in the history of the company. This is one of the Group's oldest sectors with value added products sought by domestic and export markets. The sector adds around 90% of value to the products locally for both the local and global markets, minimising the pressure on foreign exchange. Additionally, having a manufacturing facility in India also supported access to raw materials as well as volumes. Sourcing raw materials continues to be a challenge and the sector has invested in backward integration to mitigate the risk.

The outlook is promising for this sector as its products which incorporate coconut fibre are widely used in environmental engineering solutions. This is expected to drive demand in the years ahead.

Construction Materials

The Construction Materials sector delivered strong top line and bottom line growth of 62% and 37% respectively to record Profit After Tax of Rs. 1.15 bn. Export volume growth was encouraging with volumes and values increasing by multiples of 2.8 and 3 respectively. We moved to a new factory to manufacture value added products with light engineering solutions, moving away from basic extrusions. Further, Alumex Building Systems, our proprietary window and door solutions and façade systems were introduced to local and global markets with certification of their ability to withstand wind, water, acoustic and dynamic pressure.

These products are used in high rise building overseas as well, affirming its adherence to global standards and tests. The sector also introduced a range of value-added products to the local market while also expanding its dealer network. These initiatives enabled high capacity utilisation and improved cost absorption. Alumex introduced a new brand "Dwellings" to the local residential market with a product range of doors and windows which are attractively priced at a point lower than timber doors and windows. Local aluminium recycling and billet production increased significantly, saving foreign exchange through import substitution.

The outlook for this sector is promising with its Alumex Building Systems gaining traction in both the local and global markets as it augurs well for growth in exports. The local market also presents opportunities for growth as the products are priced attractively. The capacity increases done during the year will also support top line growth while the productivity efficiencies are expected to boost profitability.

Textiles

Hayleys Fabric PLC took a giant stride forward to its next era of growth with the acquisition of South Asia Textiles Ltd in April 2021 having turned in a solid year in 2020/21 to reach maximum capacity utilisation at its existing plant. The acquisition was timely and financed in the right currency. The leadership team harmonised strategy, policies and processes with the existing plant and turned around its operations in record time to become the largest fabric manufacturer in the country. The financial performance reflects the effective capacity utilisation of the new acquisition as revenue increased by 117% to Rs. 31.67 bn. Hayleys Fabric was unswerving in its long-term strategy and aligned operations of the new plant to work with strategic partners on its own branded portfolio

CHAIRMAN/CHIEF EXECUTIVE'S MESSAGE

of high value synthetic fabrics which has yielded dividends in the past three years. Profit After Tax recorded 270% growth to Rs. 2.69 bn accounting for 10% of Group profits.

Hayleys Fabric has been an innovator in its field, becoming the first Sri Lankan company to develop its own portfolio of fabrics for global fashion brands and has worked with strategic customers whose requirements are factored into its research and development. Launching two collections each year, the company caters predominantly to the trending athleisure industry. These have gained traction with Tier 1 buyers with whom the sector has developed strong partnerships and maintain full order books.

A strong focus on ESG has seen the company innovate using natural dyes, minimising the use of chemicals. Biodiversity and regeneration have been part of its commitment to the environment, going beyond regulatory compliance to minimise its environmental footprint. Its commitment to the employees and the community has been equally strong with over 85% of its workforce employed from within a 15 km radius. Quality, environment and social compliance certifications affirm its commitment and provide a sound platform for the growth aspirations of this innovative sector.

Leisure

Recovery of the Leisure sector gathered momentum from November 2021 until March 2022 as over 70% of countries opened borders for vaccinated tourists. While the sector is able to recover quickly, sustained growth momentum is required to set it back on an even keel. Amaya Kuda Rah, the resort in the Maldives turned around and is making money while the outstation resorts also managed to break even. The Kingsbury and Amaya

Beach are still making losses although these have reduced. The sector needs a strong and sustained recovery to regain its vibrancy and contribute positively to the inflow of foreign exchange and the country's progress as it has been 3 years since the sector experienced a good year. Economic and political stability will be key to the renaissance of the sector and we look forward to a promising season in the year ahead.

OTHERS

This sector includes operations of the holding company, BPO operations, and Fentons Ltd. Expansion of activities by Fentons and dividends received by Hayleys PLC supported the growth of Profit After Tax of this sector by 165% to Rs. 4.49 bn, contributing 16% of the Group's total. The growth of Fentons, a 103-year-old electro mechanical company during this year has been phenomenal as it expanded operations across all its businesses including air conditioning, plumbing, fire protection, electrical work, facilities management and solar. The power outages during the year spurred interest in solar solutions which is now the largest business vertical. The sector also acquired principals to facilitate supply to large projects. Fentons also grew its ICT business by more than 100% to become one of the top 3 companies in the field.

Dividends received by the holding company amounted to Rs. 5.15 bn which gets set off in consolidation and is not reflected in the results of the sector.

The outlook for the sector is promising with a strong order book which is tempered by the slowdown of the construction sector, foreign exchange liquidity and higher interest rates.

THE POWER OF PEOPLE

It is the people who make every cog and gear in the World of Hayleys

run smoothly, ensuring that our strategic goals are achieved. We ensured that the salaries were not affected during the pandemic and found a way to provide relief for those badly affected by the current crisis. Our calls have been justified as the performance in both the previous year and this year have affirmed. The culture of meritocracy that prevails throughout the organisation serves as fertile ground for intrapreneurship, generating ideas that are nurtured to realisation leveraging the infrastructure, processes and tacit knowledge within the Group.

Equal opportunity, diversity and inclusion are integrated into the policy framework of Hayleys and our awareness of its dimensions are evolving as we dig deeper. Gender inequalities is a key area of focus for us and we are focused on creating new opportunities for women. Hayleys Fabric PLC commenced a knitting plant with an all-female team which has been successful. Likewise, Advantis has trained women to operate forklifts, paving the way for women to prove their abilities and skill. The Plantations sector has also encouraged women to step up into roles of kankanees. We are also keen to fix the broken rungs on the ladder and are committed to increasing women in leadership in alignment with our equal opportunity principles. This is evident in the appointments of females to the main Board and Subsidiary Boards. While there is more that needs to be done, we've made a start and pledge to continue to build on these solid foundations.

OUTLOOK

The global outlook is forecasted at 3.6% for both 2022 and 2023 compared to the estimated 6.1% in 2021. It is expected to drive food and fuel prices higher with inevitable upward pressure on inflation. This is

EQUAL OPPORTUNITY, DIVERSITY AND INCLUSION ARE INTEGRATED INTO THE POLICY FRAMEWORK OF HAYLEYS AND OUR AWARENESS OF ITS DIMENSIONS ARE EVOLVING AS WE DIG DEEPER. GENDER INEQUALITIES IS A KEY AREA OF FOCUS FOR US AND WE ARE FOCUSED ON CREATING NEW OPPORTUNITIES FOR WOMEN IN NEW AREAS.

expected to affect the low-income countries the most and multilateral efforts will be needed to minimise its impacts. Growth in world trade is also expected to moderate to 5% in 2022 compared to the estimated growth rate of 10% in 2021, dimming prospects.

The outlook for the country remains extremely fluid at present, with pending negotiations with the IMF and other donor countries. Its macroeconomic challenges of high debt, low foreign reserves and high inflation weigh on growth which is forecasted to moderate to 2.4% by the Asian Development Bank. Increasing prices of food, fuel and other essentials, supply shortages and straitened foreign exchange liquidity are expected to drive up inflation further in 2022. However, it is expected to moderate in 2023 as inflationary pressures ease with decreasing global prices and stability of supplies. Immediate measures to restore macroeconomic stability are essential to create the conditions necessary for growth. The three months ahead are expected to be difficult until there is a clear way forward. However, we are optimistic that the second half of the financial year will see solutions being rolled out simultaneously with the commencement of much needed structural reforms.

Our plans, discussed above within each business sector, are largely aligned to the country's needs to drive export growth. Our strong governance mechanisms will be key to navigating the challenges ahead and our collective wits are sharpened after the pressures of the past three years. Strong communication lines and trained teams support our aspirations as we set out to define new boundaries for the World of Hayleys.

VALUE TO SHAREHOLDERS

The share price of Hayleys PLC increased from Rs. 60.80 share to Rs. 76.90, providing shareholders a return of 26% for the financial year from capital appreciation.

Value to shareholders increased considerably during the year with Earnings per share moving up from Rs. 10.18 to Rs. 24.34 and an increase of 125%. We also distributed an interim dividend of Rs. 4.00 per share in March 2022.

The issuer rating of Hayleys PLC was revised upwards twice during the year and now stands at AA- with a Stable outlook reflecting the performance and resilience of the Group.

APPRECIATIONS

The exceptional performance set out in the report is the result of the hard work and dedication of the teams across our diverse sectors who have all contributed to create value for our stakeholders. The Board joins me in thanking everyone for living the values and making Hayleys one of the most admired companies in the country. I take this opportunity to thank the Group Management Committee and the Sector Heads who led the teams from the front, inspiring and coaching them to perform at a new level.

I thank the Co-Chairman for his ready counsel and vision which has contributed to the outstanding

performance during the year. I also thank my fellow Board Members for their vigilance and insights that enabled us to navigate a difficult year. We are appreciative of the confidence and trust of our shareholders and other stakeholders who have shared this epic journey.



Mohan Pandithage
Chairman and Chief Executive
19th May 2022

BOARD OF DIRECTORS

Future



Left to Right

Gamini Gunaratne, Jayanthi Dharmasena, Hisham Jamaldeen, Mohan Pandithage, Dr. Harsha Cabral, PC, Sarath Ganegoda, Rajitha Kariyawasan, Ruwan Waidyaratne, Dhammika Perera, Aravinda Perera, Rohan Karr, Kawshi Amarasinghe

Focused



BOARD OF DIRECTORS

1. MOHAN PANDITHAGE

Chairman & Chief Executive

Joined the Hayleys Group in 1969. Appointed to the Board of Hayleys PLC in 1998 and as the Chairman and Chief Executive of Hayleys PLC in July 2009.

Fellow of the Chartered Institute of Logistics and Transport (UK). Serves as Honorary Consul of the United Mexican States (Mexico) to Sri Lanka. Council Member of the Employers' Federation of Ceylon. Member of the Advisory Council of the Ceylon Association of Shipping Agents (CASA). Leadership Excellence Recognition by the Institute of Chartered Accountants of Sri Lanka. Recipient of the 'Best Shipping Personality' Award by the Institute of Chartered Shipbrokers. Honoured with a Lifetime Achievement Award by Seatrade - Sri Lanka Ports, Trade and Logistics (SLPTL) and the first-ever Sri Lanka Pinnacle Lifetime Award by the Chartered Institute of Logistics and Transport (CILT). Inducted as Legend of Logistics by the Sri Lanka Logistics and Freight Forwarding Association in recognition of services rendered to Sri Lanka's logistics industry. He is the Chairman of Alumex PLC, Hayleys Leisure PLC, Dipped Products PLC, Haycarb PLC, Hayleys Fabric PLC, Hayleys Fibre PLC, Kelani Valley Plantations PLC, Regnis (Lanka) PLC, Singer (Sri Lanka) PLC, Singer Industries (Ceylon) PLC, Talawakelle Tea Estates PLC, The Kingsbury PLC, Unisyst Engineering PLC, Horana Plantations PLC and serves on the Board of Diesel & Motor Engineering PLC.

2. DHAMMIKA PERERA

Co-Chairman Non-Executive

Mr Dhammika Perera is a quintessential strategist and a business leader with interests in a variety of key industries including manufacturing, banking

and finance, leisure, plantations, and hydropower generation. He has over 30 years of experience in building formidable businesses through unmatched strategic foresight and extensive governance experience gained through membership of the Boards of quoted and unquoted companies.

Mr Perera is the Chairman of Vallibel One PLC, Royal Ceramics Lanka PLC, Lanka Tiles PLC, Lanka Walltiles PLC, The Fortress Resort PLC, Vallibel Power Erathna PLC, Greener Water Ltd, Delmege Limited, and LB Microfinance Myanmar Company Limited. He is the Co Chairman of Hayleys PLC, The Kingsbury PLC and Singer (Sri Lanka) PLC. Executive Deputy Chairman of L B Finance PLC, Deputy Chairman of Horana Plantations PLC. He is also an Executive Director of Vallibel Finance PLC and serves on the Boards of Hayleys Leisure PLC, Haycarb PLC, Hayleys Fabric PLC and Dipped Products PLC. Also, a Director of Dhammika and Priscilla Perera Foundation.

3. SARATH GANEGODA

Executive Director

Rejoined Hayleys in March 2007. Appointed to the Group Management Committee in July 2007. Appointed to the Board of Hayleys PLC in September 2009. Fellow Member of CA Sri Lanka and Member of Institute of Certified Management Accountants of Australia. Holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura. Worked for Hayleys Group between 1987 and 2002, ultimately as an Executive Director. Subsequently, held several senior management positions in large private sector entities in Sri Lanka and overseas. Has responsibility for the Strategic Business Development Unit, Group Information Technology

of Hayleys PLC and appointed as the Deputy Chairman of Alumex PLC in October 2020. He serves on the Boards of Unisyst Engineering PLC, Dipped Products PLC, Haycarb PLC, Hayleys Fabric PLC, Hayleys Fibre PLC, Kelani Valley Plantations PLC, Regnis (Lanka) PLC, Singer (Sri Lanka) PLC, Singer Industries (Ceylon) PLC, The Kingsbury PLC, Horana Plantations PLC, and Hayleys Leisure PLC.

4. RAJITHA KARIYAWASAN

Executive Director

Joined Hayleys Group in January 2010. Appointed to the Group Management Committee in February 2010. Appointed to the Board in June 2010. Holds a BSc. Eng. (Electronics and Telecommunications) from the University of Moratuwa, Sri Lanka. Fellow Member of the Chartered Institute of Management Accountants, UK. Also a Six Sigma (Continuous Improvement Methodology) Black Belt, certified by the Motorola University, Malaysia. Before joining Hayleys, held the position of Director/General Manager of Ansell Lanka (Pvt) Ltd. Served as the Chairman of the Manufacturing Association of Export Processing Zone, Biyagama. Has overall responsibility for the Purification Products sector as the Managing Director of Haycarb PLC. Is also the Deputy Chairman of Dipped Products Plc and the Eco Solutions Sector. Serves in the board of Sri Lanka Institute of Nanotechnology (SLINTEC) as the nominee Director of Hayleys PLC.

5. DR. HARSHA CABRAL, PC

Independent Non-Executive Director

Dr. Cabral is a President's Counsel in Sri Lanka with 35 years' experience in the field of Commercial Arbitration, Company Law, Intellectual Property Law, Commercial Law, Securities Laws,

International Trade Law covering both civil and criminal aspect of the said areas of law. He has been a President's Counsel for 16 years and commands an extensive practice in the Commercial High Courts and the Supreme Courts of Sri Lanka, and has 15 Attorneys-at-Law working in his Chambers. He holds a doctorate in Corporate Law from the University of Canberra, Australia. He is a former member of the Board of Investment (BOI) of Sri Lanka. He is also a former sitting member of the International Chamber of Commerce (ICC) International Court of Arbitration in Paris and a Representative Member of the Federation of Integrated Conflict Management (FICM) as well as a Representative Member of the International Commercial Disputes Tribunal (ICDT). Dr. Cabral is a Director of the CCC-ICLP (Ceylon Chamber of Commerce and the Institute for the Development of Commercial Law and Practice) International ADR Centre, a member of the Council of Management of ICLP, and a member of the Ministerial Committee appointed to reform Commercial Arbitration in Sri Lanka. He was the Founder Board Member of the Sri Lanka International Arbitration Centre and was involved in the drafting of the Arbitration Act, No. 11 of 1995, the current Act. At the request of the Government of Sri Lanka he was part of a two-member delegation sent to create awareness on commercial arbitration to the official & unofficial bars of the Republic of Maldives. Dr. Cabral is also a member of the Law Commission of Sri Lanka, a member of the Intellectual Property Advisory Commission in Sri Lanka and the Chairman of the Intellectual Property Law Reform Project of the Ministry of Justice, a member of the Corporate Governance Faculty and the Corporate Governance Committee of the Institute of Chartered Accountants of Sri Lanka, a member of the Council

of Legal Education in Sri Lanka and University Grants Commission (UGC) nominee on the Post Graduate Institute of Medicine (PGIM). As a member of the Advisory Commission on Company Law in Sri Lanka, Dr. Cabral was one of the architects of the Companies Act No. 7 of 2007, the current Act. Dr. Cabral is also a Senior Advisor to the Ministry of Sports in drafting the new National Sports Law, a Senior Advisor to the Ministry of Justice on the new House of Justice Project (Chairman) and a Senior Advisor to the Ministry of Justice on Commercial Law Reform.

Dr. Cabral serves as the Chairman of the Tokyo Cement Group, which commands the largest market share for cement in Sri Lanka. He was the immediate past Chairman of LOLC Finance PLC, one of the largest finance companies in Sri Lanka. He was also the immediate past Acting Chairman of Hatton National Bank PLC (HNB). In addition, Dr. Cabral was a Senior Director of the Union Bank of Sri Lanka. Dr. Cabral currently serves as Independent Non-Executive Director of DIMO PLC, Hayleys PLC, Alumex PLC, Tokyo Cement Company (Lanka) PLC, Tokyo Super Cement Company Lanka (Private) Limited, Tokyo Cement Power Lanka (Private) Limited, Tokyo Eastern Cement Company (Private) Limited, Tokyo Super Aggregate (Private) Limited, Tokyo Supermix (Private) Limited, World Export Centre Limited, Darley Property Holdings (Private) Limited, CCC-ICLP Alternative Dispute Resolution Centre (Guarantee) Limited and Sri Lanka Institute of Information Technology (Guarantee) Limited (SLIIT), SLIIT International (Private) Limited, and he serves on several Audit Committees, Nomination Committees, Remuneration Committees, Recoveries Committees and Related Party Transaction Committees, chairing most of them.

Dr. Cabral is a senior visiting lecturer at several Universities here and abroad, a regular speaker at public seminars and an author of several books. He has also presented several papers on Commercial Arbitration, Corporate Law, Intellectual Property Law, International Trade Law here and abroad. In addition to his active practice in courts and lecturing, he has been a counsel in many Arbitration and has served as Sole-Arbitrator, Co-Arbitrator and Chairman in a large number of arbitrations, domestic and international.

6. RUWAN WAIDYARATNE **Executive Director**

Joined Hayleys Advantis Group in 1985. Was appointed as a Director to a subsidiary company in 1996 and a Director of the Hayleys Advantis Group in July 2002. Was appointed as the Deputy Managing Director of Hayleys Advantis Group in January 2010 and was appointed to the Hayleys Group Management Committee in February 2011. Was appointed as the Managing Director of Hayleys Advantis Group in April 2011 and an Executive Director of Hayleys PLC in April 2013. Serves as the Deputy Chairman of Unisyst Engineering PLC. Former Chairman of the Ceylon Association of Shipping Agents (CASA) and the Sri Lanka Logistics and Freight Forwarders' Association (SLFFA). Chartered Member of the Chartered Institute of Logistics & Transport of Sri Lanka. Committee member of the Sri Lanka-Japan Business Council, Council Member representing the Transport & Logistics Services Group at the Council of the Employers' Federation of Ceylon (EFC) and Member of the EDB Advisory Committee on Logistics Sector. Holds an MBA from the Edith Cowan University of Western Australia and has undergone executive

BOARD OF DIRECTORS

development programmes with the National University of Singapore, Indian School of Business and INSEAD.

7. HISHAM JAMALDEEN

Independent Non-Executive Director

Appointed to the Board in February 2014. Mr. Jamaldeen has extensive experience in relation to accounting, corporate finance, acquisition and disposals, restructuring, strategic business development & partnerships and business planning. His experience spans across a range of industries including real estate, retail, leisure, manufacturing, agriculture, industrial solutions, power & energy, plantations, transportation and logistics. Given his deep level expertise in multiple industries, he is recognised as a sector specialist in a multitude of industries and provides vital support towards board level decision making.

Mr Jamaldeen brings forth both local and global expertise having worked as the Finance Director at Newbridge Capital Investments Limited, a property investment and development company, transacting directly into UK commercial and London residential property. He has been extensively involved in all aspects of property investment especially in transactional analysis, financing, refinancing debt structures and tax assemblies. He was instrumental in transactions involving real estate assets exceeding USD 1.6 billion during his career. His international exposure and real estate experience was gained whilst at Freeman & Partners accountancy practice (UK) and subsequently at Barclays Capital (a British multinational investment Bank).

He has the distinction of being the founder Managing Director of Steradian Capital Investments, an exclusive real estate advisory and consultancy firm with both global and local clientele who seek exposure and asset management services for real estate investment into Sri Lanka. His key responsibilities include acquisitions, structuring debt financing, and corporate structures. Mr Jamaldeen is the key contact point for all existing foreign investors spread across Europe, East Asia and South East Asia. He has been instrumental in growing the Assets under Management to over LKR 18 billion within a short span of time. In 2020, Mr Jamaldeen was recognised by Echelon as a trail blazer and disruptor in the investments sector for his contribution towards the sector.

He further serves as the Executive Director of Lanka Realty Investments PLC, Managing Director of On'ally Holdings PLC, and functions as the Non-Executive Director of Hayleys PLC, Singer Industries (Ceylon) PLC, Regnis (Lanka) PLC and Talawakelle Tea Estates PLC. He was a former director of People's Bank. He is a Fellow of the Association of Certified Chartered Accountants, UK and holds a degree in Engineering and Business from the University of Warwick, UK.

8. ARAVINDA PERERA

Independent Non-Executive Director

Mr Aravinda Perera counts over 39 years in the Banking sector and functioned as the Managing Director of Sampath Bank PLC from 1st January 2012, until his retirement in September 2016.

He serves on the Boards of Singer Finance Lanka PLC as Chairman, as Deputy Chairman in Pan Asia Banking Corporation PLC, Managing Director of Royal Ceramics Lanka PLC, Director of Rocell Bathware Ltd., SNAPS Residencies Pvt Ltd., & Kosgulana Hydro Company Ltd. Further to the Directorships, he Chairs the Audit committees of Hayleys PLC, Hayleys Aventura Private Ltd, Hayleys Advantis Ltd and Fentons Ltd.

He was the former Chairman of Siyapatha Finance PLC, former Director of Sampath Centre Ltd., Colombo Stock Exchange and Lanka Bangla Finance Limited in Bangladesh.

He passed out from University of Moratuwa in 1980 with an Honours Degree in Mechanical Engineering. He is a Member of the Institute of Engineers (Sri Lanka) (MIESL) and a Chartered Engineer (C.Eng.). He is also a Fellow Member of the Chartered Institute of Management Accountants (UK) (FCMA) and a Fellow of the Institute of Bankers Sri Lanka (FIB). He also holds an MBA from the Post-graduate Institute of Management, University of Sri Jayewardenepura.

Mr. Perera was honoured with the "CEO Leadership Achievement Award 2016" by the Asian Banker magazine and was also the recipient of the prestigious "Platinum Honours - 2014" Award by the Postgraduate Institute of Management Alumni (PIMA) of Sri Jayewardenepura University. He was honoured with the "Award for the Outstanding Contribution to the Banking Industry - 2015" by the Association of Professional Bankers and was also awarded an Honorary Life Membership by the Association of Professional Bankers in October 2018.

9. JAYANTHI DHARMASENA

Executive Director

Joined Hayleys Group as a Management Accountant in 1991 and has been with Hayleys Agriculture Sector throughout her career at Hayleys. Appointed to the Group Management Committee and to the Board on 1st April 2018. She is the Managing Director of Hayleys Agriculture Holdings and all its subsidiary companies. She is a Fellow Member of the Chartered Institute of Management Accountants, UK.

10. ROHAN KARR

Executive Director

Joined as Executive Director of the board of Hayleys PLC in June 2019. He also serves as Managing Director of the Hayleys Leisure sector which includes The Kingsbury PLC, Hayleys Leisure PLC and its subsidiaries Amaya Resorts & Spas. Mr. Karr holds a Masters in Hospitality and Business Studies from the UK and is a veteran in the hospitality industry with nearly 40 years' experience. He has held senior positions such as Executive Vice President / Sector Head / General Manager at leading hotels in both Sri Lanka and in UK. He has also served as Regional Director - Revenue Management of Marriott Hotels for Whitbread Hotel Company - UK, as General Manager of Bristol Marriott Hotel - UK and Marriott Marble Arch - London UK before his return to Sri Lanka. He was instrumental in revitalising standards for the entire domestic hospitality sector through his groundbreaking work as Executive Vice President of John Keells Holdings, overlooking the Cinnamon City Hotels and Resorts chain and as Head of Brand Development for Cinnamon.

11. GAMINI GUNARATNE

Independent Non - Executive Director

Appointed to the Board on 1st October 2019. He presently serves as Chairman of Lanka Hotels and Residencies (Pvt) Ltd (Sheraton Colombo), Board Member of Swisstek Ceylon PLC, Regnis (Lanka) PLC, Dipped Products PLC, Lanka Walltiles PLC, Lanka Tiles PLC, Lanka Ceramic PLC, Horana Plantations PLC and SLIIT International (Pvt) Ltd. Previously he has served as Vice Chairman of the National Water Supply and Drainage Board.

12. KAWSHI AMARASINGHE

Alternate Director to Dhammika Perera

Appointed as Alternate Director to Mr. Dhammika Perera on 17th October 2019. Ms. Amarasinghe currently serves as Group Director, International Business Development & CSR at Vallibel One PLC.

Prior to joining Vallibel One, Ms. Amarasinghe served as an intern at Strategic Policy Division at Department of Community Safety in Queensland, Australia.

Ms. Amarasinghe earned a Bachelor's Degree in International Studies from University of Queensland in Brisbane, Australia and a specialisation in French Studies at University of Lausanne, Switzerland.

In addition, she holds a certificate in Management Acceleration from INSEAD Business School in Fontainebleau, France and a certificate in Hotel Revenue Management from Cornell University, USA.

GROUP MANAGEMENT COMMITTEE

Nurturing



Left to Right

Dr. Roshan Rajadurai, Rohan Goonetilleke, Darshi Talpahewa, Pramuk Dediwela, Niran Ranatunga, Choliya De Silva, Andrew Ng, Hasith Prematillake, Mahesh Wijewardene, Rajeeve Goonetilleke, Wasaba Jayasekera

Value



GROUP MANAGEMENT COMMITTEE

1. MOHAN PANDITHAGE

Please refer profile in Board of Directors

2. SARATH GANEGODA

Please refer profile in Board of Directors

3. RAJITHA KARIYAWASAN

Please refer profile in Board of Directors

4. RUWAN WAIDYARATNE

Please refer profile in Board of Directors

5. JAYANTHI DHARMASENA

Please refer profile in Board of Directors

6. ROHAN KARR

Please refer profile in Board of Directors

7. DR. ROSHAN RAJADURAI

Joined Hayleys Group in 2013.

Dr Roshan Rajadurai is the Managing Director of Hayleys Plantation Sector comprising Talawakelle Tea Estates PLC, Kelani Valley Plantations PLC and Horana Plantations PLC. A member of the Hayleys Group Management Committee. Since 1993 - 2001 held Senior Plantation Management position in Kelani Valley Plantations PLC and from 2002 - 2012 joined Kahawatte Plantations of Dilmah and was Director/CEO 2008 - 2012.

He holds a B.Sc. Honours in Plantation Management, MBA and M.Sc. in Agriculture and Plantation Crops from the Post Graduate Institute of Agriculture, University of Peradeniya and M.Sc. in Organisational Behaviour. He has a Ph.D. in Management and a D.Sc. in Agriculture.

He had been the Chairman of The Planters' Association of Ceylon, Board Member of the Sri Lanka Tea Board, Tea Research Institute, Rubber Research Board, Tea Small Holdings Development Authority and the Tea Council of Sri Lanka. He is the Chairman of the Sustainability Working Group and the Co-Chairman of the Sri Lanka Tea Road Map Strategy 2030. He serves in the Standing Committee on Agriculture of University Grants Commission.

8. ROHAN GOONETILLEKE

Mr. Eranga Rohan Peiris Goonetilleke joined Hayleys Fabric PLC, as Managing Director/CEO on the 1st of March 2013, and was appointed to the Group Management Committee in the same month. He also serves as Managing Director/CEO of South Asia Textiles Limited with effect from April 2021. Prior to joining Hayleys Fabric PLC, he was appointed as a Director of Brandix X'pressions (Pvt) Ltd, and was appointed to the Board of CLT Apparel (India) (Pvt) Ltd in January 2011, a fully owned subsidiary of Brandix Lanka Ltd. During the period, 2003 to 2010 he was the Managing Director/CEO of Textured Jersey Lanka (Pvt) Ltd, prior to which he was the Managing Director/ CEO of Linea Clothing (Pvt) Ltd, a subsidiary of MAS Holdings (Pvt) Ltd, and prior to that he was at Carson Cumberbatch & Company Ltd as the CEO of Elpitiya Plantations Ltd. He received his higher education in the United Kingdom qualifying as a Graduate Engineer (B. Sc. Eng.).

9. DARSHI TALPAHEWA

Joined Hayleys Group in January 2010 and appointed to the Group Management Committee in November 2015. Non-Executive Director Singer Finance (Lanka) PLC. Lawyer by profession, with a LL.B from the University of Colombo and Attorneys-At-Law with first class honours from Sri Lanka Law College. Holds a Master's Degree in Human Resource Management from the University of Northampton. Also holds Master's Degrees in International Relations and Law, from the University of Colombo. Has had the unique opportunity of working in the government, non-governmental, private/corporate sectors including the banking sector and academia. Has responsibility for Human Resources and Legal services for the Hayleys Group.

10. PRAMUK DEDIWELA

Mr. Dediwela started his career in January 1989 and has over 33 years of experience in the fields of Marketing and Sales, Material and Logistics, Finance, Manufacturing

and Administration as well as Human Resources under Alumex Group. He was appointed as an Executive Director of the Alumex PLC and its subsidiaries in December 2010, as the Chief Operating Officer in November 2017 and as the Managing Director in July 2018.

Mr. Dediwela is a Marketer cum Financial Economist and holds a Master in Financial Economics (University of Colombo), Master of Business Administration (University of Southern Queensland), Post-Graduate Diploma in Business and Financial Administration (CA Sri Lanka/Cranfield - UK), Postgraduate Diploma in Marketing (Chartered Institute of Marketing - UK).

Mr. Dediwela is a member of the Advisory Committee on Light Engineering sector under EDB/ Ministry of Industry & Supply Chain Management and member of the Sri Lanka Economic Association. He is a Council Member of the Foundry Development & Services Institute of Sri Lanka.

11. NIRAN RANATUNGA

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

He commenced a career in tea tasting in 1980 by joining John Keells Ltd. as an auctioneer and a tea broker. Subsequently was trained in tea tasting and blending at UK's Lyons Tetley and R. Twinings & Co. Ltd. Was a founder member of Mabroc Teas (Pvt) Ltd. in 1988 and was appointed Commercial Director in 1991, having undertaken the responsibilities of marketing bulk tea and branded teas in numerous international markets. Mr. Ranatunga was responsible for spearheading the initiative to launch an ethical tea brand of the world at the United Nations Global Compact. He was promoted as Managing Director of Mabroc Teas in 2014 and serves on the boards of Hayleys Plantation Services (Pvt) Ltd. and Kelani Valley Instant Tea (Pvt) Ltd. as well as serving on the Committee of Management of the Tea Exporters Association of Sri Lanka.

12. CHOLIYA DE SILVA

Mr. De Silva was appointed to the Group Management Committee in July 2018 and is a senior finance professional possessing over 30 years' experience in diversified conglomerates, multinational FMCG, and investment banking. He is former Finance Director of Coca-Cola Beverages Sri Lanka Ltd and holds a varied and multi-faceted international working experience in New Zealand, India, Nepal, Ethiopia, South Africa and United Arab Emirates. He was a governing Council Member of AAT Sri Lanka from 2016 to 2019 and represented various Committees of AAT and CA Sri Lanka. He is a Board Member of United Nations Global Compact Network (UNGC) Sri Lanka and act as advisor to Business and Human Rights Working Group of UNGC. His 30 years' experience include 14 years at Nestlé and 9 years at Coca-Cola of which 7 years was overseas whilst working for these two entities. Mr. De Silva is a Fellow Member of CA Sri Lanka, Fellow Member of the Chartered Institute of Management Accountants, UK and a Fellow Member of Institute of Certified Practising Accountants of Australia. He also holds a MBA from Postgraduate Institute of Management, University of Sri Jayewardenepura and has completed an EDP in University of Stellenbosch Business School, Cape Town, South Africa and a Breakthrough Leadership course in Ashridge Business School, London, England.

13. ANDREW NG

Joined Dipped Products PLC in October 2018 as Managing Director and was appointed to the Hayleys Management Committee. Prior to joining Dipped Products PLC, was the Vice-President of Medical Global Operations of Ansell. Has over 25 years of international glove manufacturing experience of which 10 years in senior managerial positions. Experience in the areas of Engineering, Operations and holds a Degree in Engineering from the University of New South Wales, an MBA from Deakin University in Australia and a Master Black Belt in Lean Six Sigma.

14. HASITH PREMATILAKE

Joined Hayleys Group in 2018 and was appointed to the Hayleys Group Management Committee in October 2018. Currently serves as the Managing Director of Fentons Limited and its subsidiaries. Previously Mr. Prematillake served as the Country Director. General Manager of Ansell Lanka (Pvt) Ltd and Chief Executive Officer of Phoenix Industries Ltd. He also held a managerial position at Chevron Lubricants Lanka. He holds a Master of Business Administration Degree (Merit pass) from the University of Colombo where he was awarded prestigious Dr. Linus Silva Medal for Best Overall Performance, B.Sc. Engineering Degree (Hon's.) from University of Moratuwa, Fellow Member of the Chartered Institute of Management Accountants, Member of the Chartered Institute of Marketing, Passed Finalist of CA Sri Lanka and a Graduate of the British Computer Society. He is also a certified Lean Six Sigma Black Belt.

15. MAHESH WIJewardENE

Mr. Mahesh Wijewardene was appointed to the Group Management Committee and also as an Executive Director and the Group Chief Executive Officer of Singer (Sri Lanka) PLC and its subsidiary companies with effect from 1st November 2018. He was appointed to the Singer (Sri Lanka) PLC Board on 1st June 2006. He counts for over 30 years of managerial experience in diverse fields of business.

Mr. Wijewardene holds a Master's Degree in Business Administration from the University of Southern Queensland and received the Dean's Award for Outstanding Academic Achievement. He also holds a Diploma in General Management from the Open University of Sri Lanka.

He served as the past Chairman of Ceylon Chamber of Commerce – import section and Sri Lanka – China Business Council. Mr. Wijewardene currently serves in the Executive Council of Sri Lanka Retailers' Association and a member of the International Chamber of Commerce – Policy Committee.

He serves as a Director of Singer Industries (Ceylon) PLC, Singer Finance (Lanka) PLC, Regnis (Lanka) PLC, Regnis Appliances (Private) Limited, Singer Digital Media (Private) Limited, Singer Business School (Private) Limited, Reality Lanka Limited, Domus Lanka (Private) Limited and Equity Investments Lanka Limited.

16 RAJEEVE GOONETILEKE

Joined Hayleys Group in September 2021 as a Group Management Committee member. He is the Managing Director of Hayleys Fibre PLC and is responsible for all the subsidiaries of the Eco Solution sector. Prior to joining the Group he has served Brandix as the CEO of Brandix Apparel Solutions – Deep Discounter, as the Supply Chain Director of Glaxo Smithkline – Sri Lanka and Country Head/ GM of MAS Fashionline in Vietnam. He holds a B.Sc. Eng (Mechanical) from University of Moratuwa and a M.Eng – Industrial Engineering from Asian Institute of Technology – Thailand.

17 WASABA JAYASEKERA

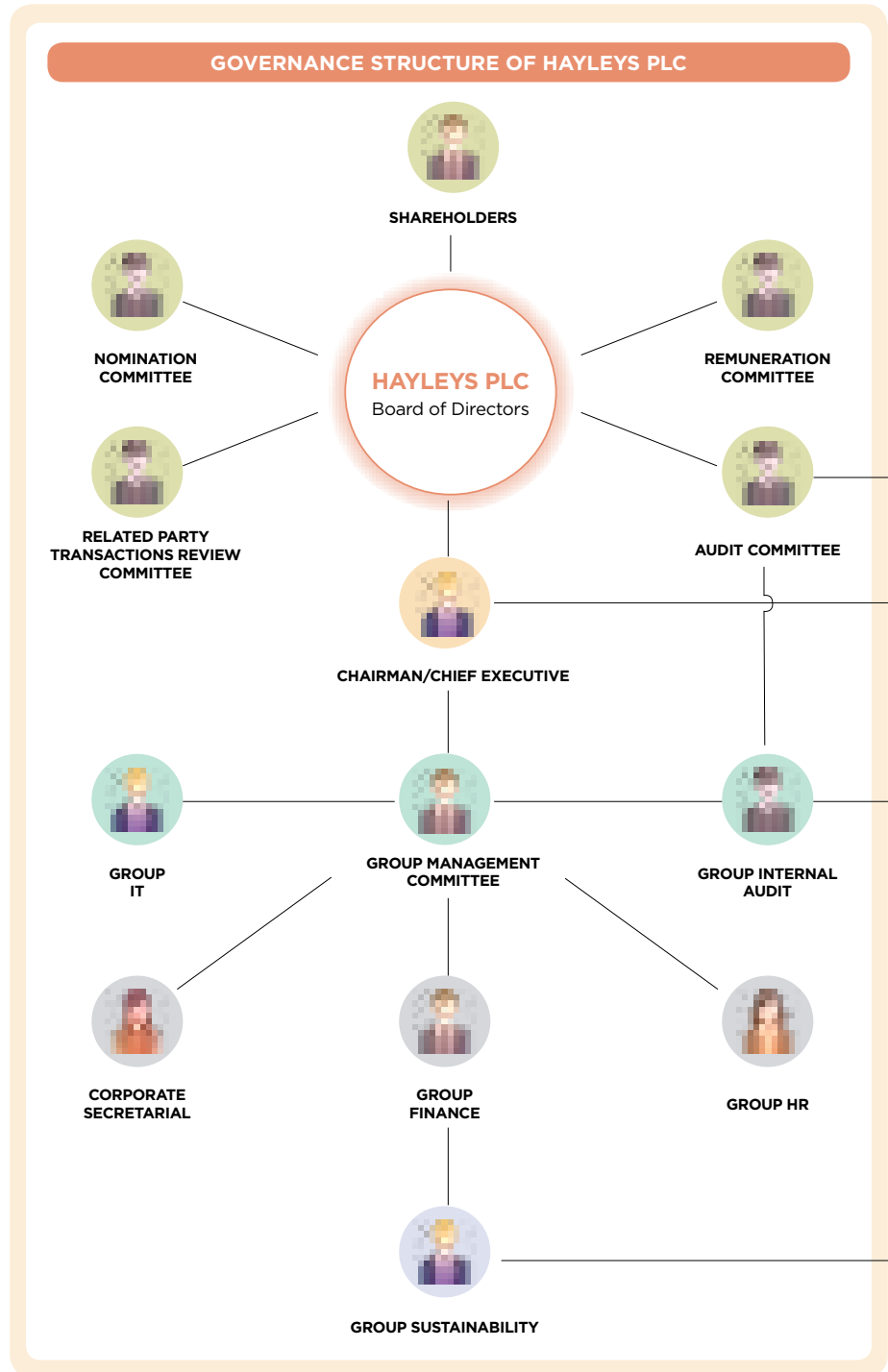
Mr. Wasaba Jayasekera is the Managing Director of both Hayleys Aventura (Pvt) Ltd and Hayleys Consumer Products Limited. He holds a Bachelor's Degree in Physical Science, from the University of Kelaniya, Sri Lanka and a Master's Degree in Business Administration from the Postgraduate Institute of Management, University of Sri Jayewardenepura. He is a fellow member of the Institute of Chartered Accountants of Sri Lanka and an Ordinary Life Member of the Sri Lanka Institute of Marketing. He also holds a diploma in Computer Systems & Design from the National Institute of Business Management (NIBM). Mr. Jayasekera counts extensive international and domestic experience in the areas of marketing and sales, finance and controlling, business restructuring, development and planning and information technology & systems

CORPORATE GOVERNANCE

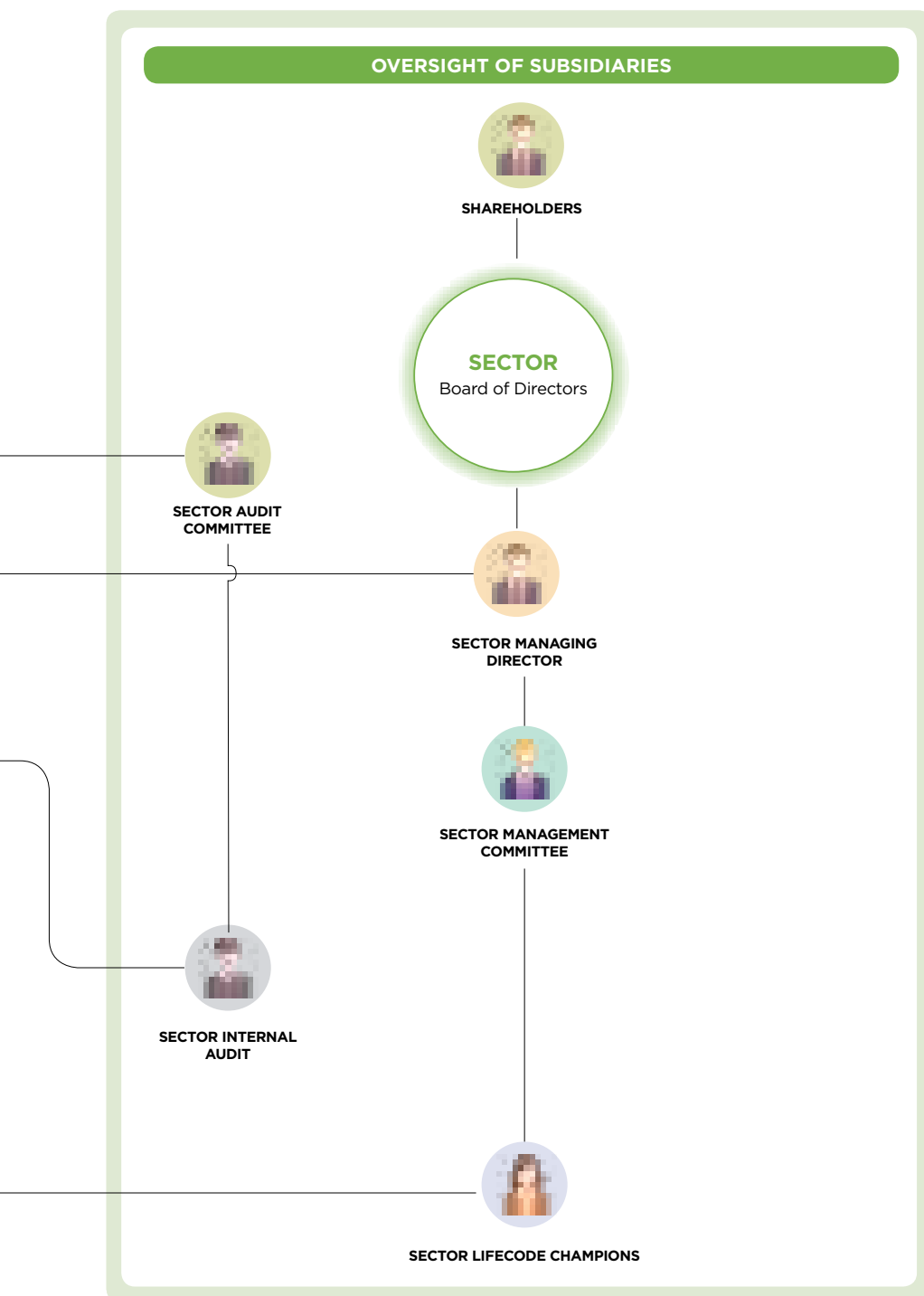
Corporate governance is key to our growth and to building our future as it creates the necessary checks and balances to hold leaders accountable for their performance and the diligent discharge of their fiduciary duties. As one of the oldest institutions in the country, pre-dating even the Currency Board System which was the predecessor of the Central Bank of Sri Lanka, we



THE CORPORATE GOVERNANCE REPORT HAS BEEN STRUCTURED ON THE THEMES SET OUT IN THE IFC TOOLKIT FOR DISCLOSURE & TRANSPARENCY ON CORPORATE GOVERNANCE. THE COMPLIANCE TABLES FOR THE CONTINUING LISTING RULES OF THE COLOMBO STOCK EXCHANGE AND THE CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA ARE GIVEN IN ANNEX I AND ANNEX II.



understand that it is these checks and balances that have built resilience and driven progress to bring the Group to this place in time. It has been the sacred duty of each successive leader to strengthen this framework and align it to the not just the needs of the present but also for the foreseeable future. Put very simply, we believe in it, we strengthen it and we rely on it.



HIGHLIGHTS 2021/22

- Launch of the Hayleys Lifecode in January 2022 setting out the Group's ESG policy framework and targets for 2030

- Strengthening the Boards of identified sectors with their own Remuneration Committee and Related Party Transactions Review Committees to meet their growing business needs.

CORPORATE GOVERNANCE

THE BOARD COMPOSITION

Composition is key to effective functioning of the Board as we need people with sound credentials and domain expertise. They must be able to articulate their opinions and exercise their informed judgement regarding matters set before the Board with a broad understanding of its impacts on our businesses and our stakeholders. Diversity of skills, perspectives and opinions enrich the deliberations which are a necessary part of good governance. Consequently, Board balance and diversity are critical factors that are determined in consultation with the Board Nomination Committee who have oversight responsibility for assessing the number, expertise and other attributes required to provide leadership to Hayleys PLC and its subsidiaries.



COMMITMENT TO ESG

As leading corporate in Sri Lanka and an early champion of sustainability, Hayleys PLC has a strong governance framework that has grown in complexity with the business needs of the Group and the evolution of both corporate governance and sustainability. The Group's commitment to going beyond regulatory compliance is guided by voluntary adoption of relevant ESG frameworks and standards as given below. More recently, its commitment to ESG is codified in the Hayleys Lifecode which was launched in January 2022.

Hayleys' governance framework comprises the following:



REGULATORY

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



VOLUNTARY STANDARDS, CODES & FRAMEWORKS

- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants 2017
- Integrated Reporting Framework
- Global Reporting Initiative Standards
- Requirements of Environmental & Social Certifications
- Quality standard certifications obtained by companies



INTERNAL DOCUMENTS

- Articles of Association
- Board Charter
- Hayleys Lifecode
- The Hayleys Way
- Board Sub Committee Charters

IMPLEMENTING THE FRAMEWORK AND ENSURING THE INTEGRITY OF NON-FINANCIAL INFORMATION

The Group Sustainability Division has day to day responsibility for implementing the ESG Framework and ensuring that the metrics required to assess progress are reliable. They are supported by Lifecode Champions in each sector who coordinate with the centre and the sector and serve as a contact point for the Group Sustainability Division. Regular meetings are conducted by the Sustainability Department to ensure that there is clear understanding about the objectives and progress made.

Non-financial Information required for ESG reporting is gathered through an inhouse developed system "The Cube" which collects the information on material topics. Non-financial information is input by the different entities and can be extracted to provide information for each location, entity, sector, and the Group facilitating a drill down in case of need.

The non-financial information is fed in monthly or quarterly as preferred by the entity. The Group Sustainability Division reviews the information quarterly and discusses progress made with the relevant sectors.

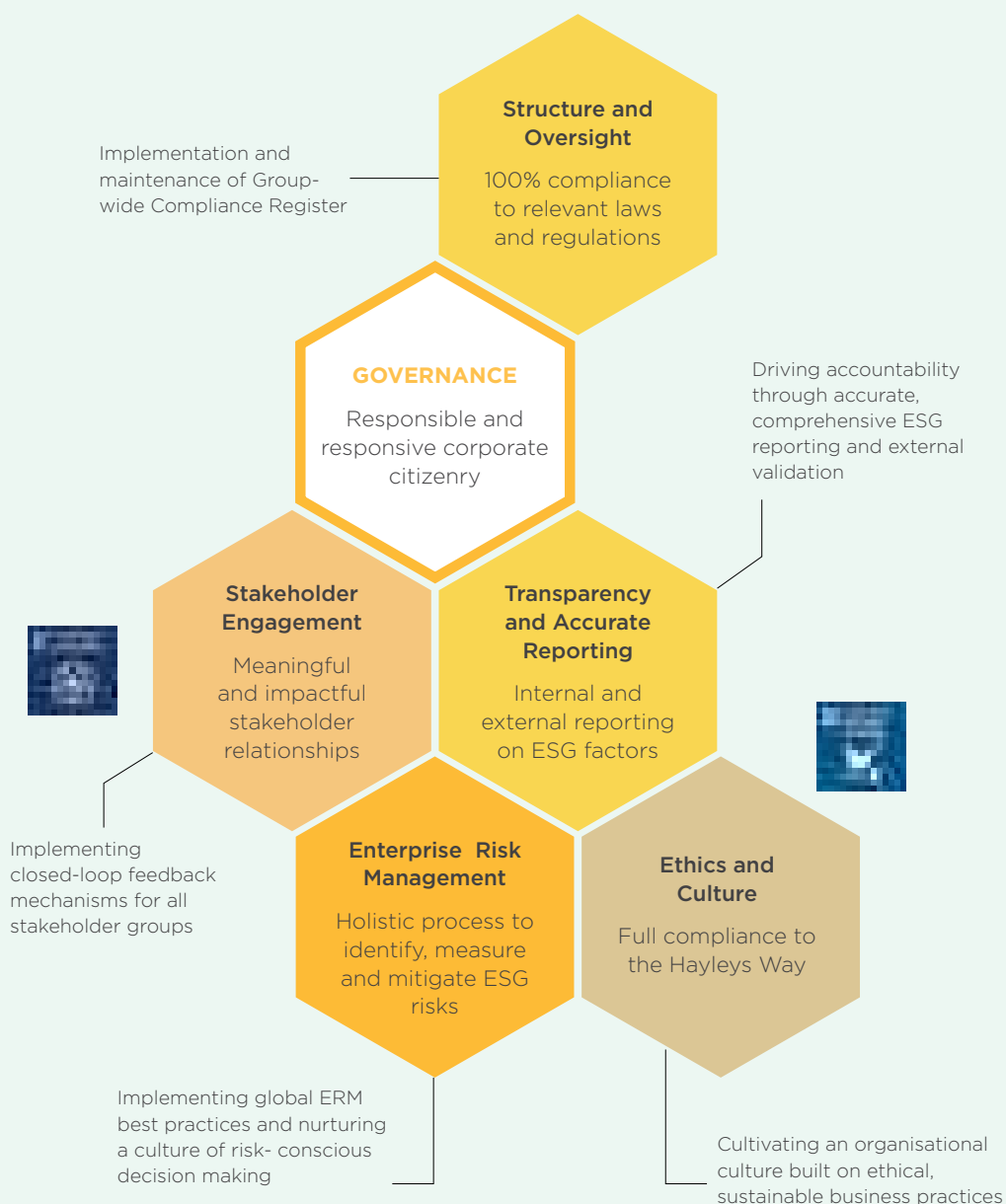
The information is presented to the Group Management Committee and the Board on a quarterly basis and more frequently as maybe deemed necessary.

The information from the Cube is subject to review by Management Audit & System Review Department (MA & SRD) who provide assurance to the Audit Committee and Boards that the internal controls over the Cube function effectively.

CORPORATE GOVERNANCE

STRENGTHENING CORPORATE GOVERNANCE THROUGH THE HAYLEYS LIFECODE

As we grow, articulating our values, governance structures and mechanisms becomes necessary to ensure that they function effectively across all our businesses, providing the necessary assurance to the parent company. We also needed to fully integrate the ESG frameworks with other policies. Commencing in 2020/21, we compiled an ESG framework for the Group which we called the Hayleys Lifecode as it charts a new sustainable course for Hayleys Group. Our sustainability targets were also linked to the same to ensure that all employees understand our commitment to reach and perhaps surpass these goals. Here we provide excerpts from this key governance document.



TRANSPARENCY AND ACCURATE REPORTING

The Board of Hayleys PLC is committed to facilitating transparency and accurate reporting to its investors and other market participants.

“THE CORPORATE GOVERNANCE FRAMEWORK SHOULD ENSURE THAT TIMELY AND ACCURATE DISCLOSURE IS MADE ON ALL MATERIAL MATTERS REGARDING THE CORPORATION, INCLUDING THE FINANCIAL SITUATION, PERFORMANCE, OWNERSHIP, AND GOVERNANCE OF THE COMPANY.”

OECD Guidelines 2015

Financial and operating results

Quarterly financial statements and the Annual Report serve as regular communication of our financial performance which is disseminated through the Colombo

Stock Exchange. Material developments that arise between these reporting dates are announced through the Colombo Stock Exchange to facilitate equal access to information by investors and market participants. Additionally, we also issue press releases on our quarterly financial performance and material developments that arise in the interim period to facilitate timely dissemination of information.

Related-party transactions

Related party transactions are reported in line with the requirements of the CSE Listing Rules. Each Group company is expected to ensure that effective processes are in place to comply with the requirements of the same and that all Board members and key management personnel of the company are aware of their roles, responsibilities, obligations and duties in this regard.

Other Information

The Annual Reports of the Group and listed companies of the Group should provide information on the following:

- Company objectives
- Value created for stakeholders
- Environmental, Social and Governance information
- Issues regarding employees and other stakeholders
- Foreseeable risk factors

Information provided in the Annual Reports must be accurate, reliable, comparable and consistent. The Annual Reports must also provide a balanced view of the performance and standing of the company, explaining both positive and negative aspects in a responsible manner. We encourage public listed companies within the Group to prepare Annual Reports adopting international best practice using reputed standards, codes and frameworks.

STAKEHOLDER DIALOGUE

Hayleys Group’s stakeholder universe is diverse and widespread reflecting the depth and breadth of the Group’s operations. These stakeholders can

play a vital role in enabling the Group to identify, mitigate and manage ESG opportunities and risks before a problem arises. Feedback received also informs the Group’s materiality

assessment, ESG strategy and reporting. This section sets out the Group’s approach to stakeholder engagement.

Stakeholder Value

The value propositions for the Group’s key stakeholders are set out below;

STAKEHOLDER	ROLE & RESPONSIBILITY
Shareholders	Deliver sustainable returns commensurate with the risk undertaken and long-term growth
Employees	Create an inclusive and dynamic work environment which values employee well-being and satisfaction.
Customers	Consistently deliver high-quality, innovative solutions with excellent customer service.
Business Partners	Create opportunities for long-term business growth and sustainable value creation.
Community	Address the social and environmental impacts of our operations through responsible business practices and drive meaningful change in communities.

CORPORATE GOVERNANCE

THE HAYLEYS WAY

This is the Ethical Road Map for all employees of the Group including its key management personnel and sets out clearly the expectations of all employees of the Group. It also provides information on the culture, grievance mechanisms and commitment of the Group to create a conducive work environment for all employees. This code of conduct is reinforced through the orientation training which all employees joining the Group undertake, typically within one month of joining. It sets out explicit statements on anti-corruption and acceptable gifts.

It is based on the following principles:

- The Hayleys Group is committed to conducting its business operations with honesty, integrity and with respect to the rights and interests of all stakeholders.
- All Hayleys companies and employees are required to comply with the laws and regulations of the countries in which they operate.
- Every employee shall be responsible for the implementation of and compliance with the Code in his/her environment.

The Code of Conduct provides guidelines for employees on the conduct of its businesses and operations in all the countries we operate in.



STRUCTURE & FUNCTIONING OF THE BOARD OF DIRECTORS

Hayleys has developed a governance structure that has evolved over time and is fit for purpose. The Board of Hayleys PLC has line of sight to the Group's industrially and geographically diverse operations as set out on pages 444 to 448. The Group comprises 179 companies which includes 15 public listed companies which are categorised in to 12 sectors. 31 of the Group companies are located overseas in 14 countries which are part of the 12 sectors. The Group's governance structure is set out on pages 58 to 59 together with the composition of the Board by role, gender, skills, age and

tenure. The names of the companies organised by sector are set out on pages 444 to 448.

Board Diversity & Qualification

Profiles of the Board members and the Group Management Committee are set out on pages 48 to 57 while page 60 provides information on the diversity of the Board

Independence

The Board comprises 11 Directors of whom 6 are Executive Directors including the Chairman/Chief Executive. Board balance is facilitated by the presence of Non-Executive Directors of whom 4 are independent

“THE HAYLEYS GROUP AND ITS EMPLOYEES SHALL NEITHER RECEIVE NOR OFFER OR MAKE, DIRECTLY OR INDIRECTLY, ANY ILLEGAL PAYMENTS, REMUNERATION, GIFTS, DONATIONS OR COMPARABLE BENEFITS THAT ARE INTENDED, OR PERCEIVED, TO OBTAIN UNCOMPETITIVE FAVOURS FOR THE CONDUCT OF ITS BUSINESS. THE COMPANY SHALL COOPERATE WITH GOVERNMENTAL AUTHORITIES IN EFFORTS TO ELIMINATE ALL FORMS OF BRIBERY, FRAUD AND CORRUPTION.”

The Hayleys Way

Executive Directors	Mr. A.M. Pandithage	Chairman & Chief Executive
	Mr. S.C. Ganegoda	
	Mr. H.S.R. Kariyawasan	
	Mr. R.J. Karunarajah	
	Mr. R. Waidyaratne	
	Ms. J. Dharmasena	
Non-Executive, Non-Independent	Mr. K.D.D. Perera	Co-Chairman
Independent Non-Executive Directors	Dr. H.Cabral PC	Senior Independent Director
	Mr. M.H. Jamaldeen	
	Mr. K.D.G. Gunaratne	
	Mr. M.Y.A. Perera	
Alternate Director	Ms. A.A.K. Amarasinghe	

Directors. As the role of the Chairman and Chief Executive are combined, the Board has appointed a Co-Chairman and a Senior Independent Director to ensure sufficient balance of power. The Co-Chairman is the majority shareholder and the Senior Independent Director is a President's Counsel ensuring an effective balance of power.

The following Directors are deemed independent having considered the following matters:

- Dr. H. Cabral PC served on the Board of Hayleys PLC for a period

exceeding 10 years.

- Mr. M. H Jamaldeen is an Independent Non-Executive Director of Hayleys PLC, and Ms. I. Jamaldeen, an Independent Non-Executive Director of The Kingsbury PLC, a subsidiary of Hayleys PLC, is the spouse of Mr. M. H. Jamaldeen

The Board is of the opinion that the above Directors conduct themselves in an impartial manner on matters deliberated by the Board and that independence will not be affected by the matters referred to above.

Nomination, Appointment & Succession

The Nominations Committee assesses the strategic demands of the Group as well as the skills and competence of the Board to determine the optimum size, skills and other attributes needed and makes their recommendations accordingly. Profiles of requirements are drawn up and potential candidates are screened by the Nominations Committee prior to recommendation to the Board. The Board considers the recommendations of the Nominations Committee and recommends suitable candidates for appointment or re-

election by the shareholders at the Annual General Meeting under the advisement of the Nomination Committee. Following details of new Directors are disclosed on their appointment to the Colombo Stock Exchange and selected newspapers.

- A brief resume of the Director
- The nature of his expertise in relevant functional areas
- The names of companies in which the Director holds directorships or memberships in Board Committees; and
- Whether such Director can be considered 'Independent'.

The Board has the power to appoint Directors to fill any casual vacancies that may arise during the year. The Articles of Association require that Directors appointed in this manner hold office until the next Annual General Meeting and seek election by the shareholders at that meeting ensuring shareholder participation in the election of Directors.

One third of the Directors in office retire at each Annual General Meeting by rotation with the Directors who have served for the longest period since their appointment/re-appointment retiring first. Retiring Directors are eligible for re-election and maybe recommended for re-election by the Board. The profile of Directors whose names are submitted for election or re-election are accompanied by a resume to enable shareholders to make an informed decision on their election. Provisions of the Articles of the Company do not require the Director who serves as the Chief Executive to retire by rotation.



179
companies

15
public listed companies

31
overseas companies located in
14 countries

12 sectors

CORPORATE GOVERNANCE

BOARD WORK & COMMITTEES

Work of Boards

The Board bears ultimate responsibility for the performance of the Group and is accountable to the shareholders who receive the Annual Report of the Company setting out the performance of the Company. The functions of the Chairman and Chief Executive are vested in one person due to the diversity and scale of operations of the Group and the Board is of the view that this is the most appropriate arrangement for Hayleys PLC. The Board has also appointed Mr.K.D.D.Perera as Co-Chairman and Dr H Cabral, PC , Non-Executive Director functions as Senior Independent Director to facilitate Board balance. Company secretarial services are provided by Hayleys Group Services (Pvt) Ltd., who are competent secretarial professionals registered as company secretaries with the Registrar of Companies. The Roles and Responsibilities of the Board, the Chairman, Senior Independent Director and the Company Secretary are given below.

ROLE & RESPONSIBILITIES OF THE BOARD

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

ROLE OF CHAIRMAN

- Ensure that the Board is in control of the affairs of the company
- Efficient conduct of the Board Meetings
- Ensure that there is a balance of power between Executive and Non-Executive Directors
- Ascertain views of all Directors

ROLE OF SENIOR INDEPENDENT DIRECTOR

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

ROLE OF THE COMPANY SECRETARY

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

The Board held 14 meetings during the year and attendance at these meetings and meetings of Board committees of the Board are given below:

Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Related Party Transaction Review Committee
Mr. A. M. Pandithage	14/14	-	-	12/12	-
Mr. K. D. D. Perera	7/14	-	2/2	6/12	-
Mr. S. C. Ganegoda	14/14	-	-	-	4/4
Mr. H. S. R. Kariyawan	14/14	-	-	-	-
Dr. H. Cabral PC	13/14	4/4	1/2	11/12	4/4
Mr. L. R. V. Waidyaratne	14/14	-	-	-	-
Mr. M. H. Jamaldeen	13/14	4/4	2/2	-	-
Mr. M. Y. A. Perera	14/14	4/4	2/2	-	4/4
Ms. J. Dharmasena	14/14	-	-	-	-
Mr. R. J. Karunarajah	14/14	-	-	-	-
Mr. K. D. G. Gunaratne	14/14	3/4	-	-	-
Ms. A. A. K. Amarasinghe (Alternate Director to Mr. K. D. D. Perera)	9/14	-	-	-	-
Total	14	4	2	12	4

Committees

The Board is assisted in the discharge of its duties by the following committees of the Board.

Board Committee	Areas of Oversight	Composition
Audit Committee Report of the Audit Committee is given on pages 297 to 298	<ul style="list-style-type: none"> Financial Reporting Internal Controls Internal Audit External Audit 	<ul style="list-style-type: none"> Independent Non-Executive Directors - 4
Nominations Committee Report of the Nominations Committee is given on page 293	<ul style="list-style-type: none"> Appointment of Key Management Personnel Succession Planning Effectiveness of the Board and its Committees Code of Ethics 	<ul style="list-style-type: none"> Chairman - 1 Independent Non-Executive Directors - 1 Non-Executive Directors - 1
Remuneration Committee Report of the Remuneration Committee is given on page 294	<ul style="list-style-type: none"> Remuneration Policy for Group with particular reference to Key Management Personnel Goals and targets for Key Management Personnel Performance Evaluation HR Policy Organisation Structure 	<ul style="list-style-type: none"> Independent Non-Executive Directors - 3 Non-Executive Directors - 1
Related Party Transaction Review Committee Committee Report of the RPTRC is given on page 296	<ul style="list-style-type: none"> Related Party Transaction Policy Disclosure of Related Party Transactions 	<ul style="list-style-type: none"> Independent Non-Executive Directors - 2 Executive Director - 1

CORPORATE GOVERNANCE

Role of Management

The Group Management Committee is pivotal to the management of the Group and is the apex management committee of the Group. It is chaired by the Chairman/Chief Executive of the Board and comprises the Executive Directors of the Group, the Chief Financial Officer, the Head of Human Resources Officer and 9 Sector Heads. Their profiles are set out on pages 54 to 57 of the report. This committee meets once a week at present to conduct a detailed review of the businesses of the Group and makes recommendations to the Board accordingly. The minutes of the Group Management Committee are made available to the Board as part of the information pack.

BOARD EVALUATION CRITERIA

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

The HaySmart Committee appointed with the onset of the pandemic also comprises the same members although the agenda is different. The HaySmart Committee meetings started out as daily meetings at the beginning of the pandemic but have now reduced to once a week as urgent issues were addressed and performance was stabilised. The task force continues to be in place due to the volatility and uncertainty of the operating environment. Consequently, the GMC meets four times a month and more frequently as may be required, ensuring that they are updated on developments that affect the business of the Group which has provided early

warnings of potential issues, facilitating timely responses. It has also facilitated synergies within the Group as sectors were able to assist each other using their expertise across a diverse sector.

Board Evaluation

The Chairman and Remuneration Committee are responsible for evaluating the performance of the Executive Directors and Committees through an annual self-evaluation of its own performance. The responses are submitted to the Chairman for discussion at a Board Meeting. Board evaluation criteria are given in the adjacent box.

SUBSIDIARY AUDIT COMMITTEES

Dipped Products PLC
 Haycarb PLC
 Hayleys Leisure PLC
 The Kingsbury PLC
 Kelani valley Plantations PLC
 Hayleys Fibre PLC
 Unisyst Engineering PLC
 Alumex PLC
 Talawakelle Tea Estates PLC
 Hayleys Fabric PLC
 Singer Finance (Lanka) PLC
 Singer (Sri Lanka) PLC
 Hayleys Consumer Products Limited
 Hayleys Aventura Limited
 Hayleys Agro Products Limited
 Hayleys Advantis Limited
 Fentons Limited

CONTROL ENVIRONMENT

Internal Controls

The Board is responsible for the Group's internal control and its effectiveness. Internal control is established with emphasis placed

on safeguarding assets, ensuring availability of accurate and timely information and imposing greater discipline on decision making. It covers all controls, including financial, operational and compliance and risk management. However, any system can ensure only reasonable, and not absolute, assurance that errors and irregularities are prevented or detected within a reasonable time.

Internal Audit

The Group's Management Audit & System Review Department (MA & SRD) plays a significant role in assessing the effectiveness of controls and strengthening them and establishing new controls where necessary. The MA & SRD's reports are made available to the Chairman & Chief Executive and the Chairman of the Audit Committee. The Group's Management Audit & System Review Department is responsible for internal audit function. The Group also obtains the services of independent professional accounting firms other than the statutory auditors to carry out internal audits and reviews to supplement the work done by the MA & SRD. The Board has reviewed the effectiveness of the system of financial controls for the period up to the date of signing the accounts. There is a direct channel between the Head of MA&SRD and the Chairman of the Audit Committee without the interference of any Directors or Executives.

Audit Committee

The Board has established an Audit Committee which has oversight responsibility for considering how they should select and apply accounting policies, financial reporting and internal control principles and maintaining an appropriate relationship with the external auditors. The composition of the Audit Committee is as follows:

- Mr. M.Y.A. Perera – Chairman, Independent Non-Executive

- Dr. H. Cabral. PC - Independent Non-Executive
- Mr. M.H. Jamaldeen - Independent Non-Executive
- Mr. K.D.G.Gunaratne - Independent Non-Executive

Hayleys Group Services (Pvt) Ltd, serves as its Secretary. The Chairman and Chief Executive, Group CFO, General Manager-Finance and Head of MA & SRD are invited to attend meetings, and other Executive Directors attend meetings as required. The input of the statutory auditors is obtained where necessary.

The Audit Committee reviews the scope and results of the audit and its effectiveness, and the independence and objectivity of the auditors. They also review the nature and extent of non-audit services provided by the auditors to ensure that auditors are able to maintain objectivity and independence. The Terms of Reference of the Audit Committee have been approved by the Board. This addresses the purpose of the Committee, its duties and responsibilities including the scope and functions of the Committee which are summarised in the Audit Committee Report on page 297 which also provides the names of the members of the Audit Committee.

Independence of the Auditors is disclosed in page 298 under the section on the "External Audits" in the "Audit Committee Report" on pages 297 to 298 of this Report

The Audit Committee reviews internal control issues and risk management measures identified by MA & SRD and evaluate the adequacy and effectiveness of the risk management and internal control systems including financial reporting.

The Audit Committee of Hayleys PLC maintains contact with audit committees of the subsidiaries

through the annual Audit Committee Forum which brings together all Audit Committee members of subsidiaries to discuss emerging concerns, trends and potential areas for improvement. The Audit Committee chairs of the subsidiaries are also encouraged to escalate matters to the parent company Audit Committee chair where deemed appropriate.

In FY 2021/22, the Audit Committee increased focus on risk management which moved up the agenda as the uncertainty in the operating environment increased during the year. As a result, scrutiny of inventories, receivables, cyber risk and working capital management increased to build resilience of the respective entities. MA&SRD was required to assess inventories and receivables to identify potential areas of concern while cyber security controls were strengthened with assistance external consultants. All sector audit committees were also required to followed suit. Risk matrices were reviewed with increased rigour and expanded to include impacts from operational aspects such as supply chain management, financial risk exposures and other operational matters. Financial reporting processes continued to improve with the implementation of the SAP Business Planing Consolidation module, strengthening accuracy and timeliness of financial reporting.

Risk Governance

A separate report on Risk Management on pages 105 to 118 provides insightful information on the Group's governance of risk.

Compliance

The Group's policy framework facilitates compliance with regulatory requirements and voluntarily adopted standards of best practice and which are verified by MA & SRD. The Group also has a whistle-blowing policy in place which is clearly communicated to all employees and the Audit

Committee and Board receive information in this regard. There were no whistles blown during the year under review.

External Audit

The Audit Committee reviews the independence, the skills and experience and the work of the external auditors annually and recommends appointment accordingly to the Board. The Audit Committee also monitors non-audit work done by the external auditors to ensure their independence. The Audit Committee conducts an in-camera meeting with the external auditors on completion of the audit to identify any areas of concern. The Report of the Board of Directors provides the nature of non-audit work carried out by the external auditors for the entire Group together with the amounts paid for services. Further details of work undertaken by the Audit Committee are set out in the Report on the Audit Committee on pages 297 to 298.

UPHOLDING RIGHTS OF SHAREHOLDERS

The Board has well established procedures in place to ensure fair treatment of all shareholders. Quarterly Financial Statements with an accompanying review, the Annual Report, timely announcements to the Colombo Stock Exchange of price sensitive information and press releases ensure that all shareholders have access to price sensitive information. The Annual General Meeting is the main forum for engaging with shareholders and the Group has a history of well attended shareholder meetings. Further, a track record of setting benchmarks for corporate reporting affirms the Group's commitment to disclosure and transparency. Assurance on financial statements, sustainability information and compliance with the Integrated Reporting Framework supports the reliability of the information contained in the Annual Report which provides

CORPORATE GOVERNANCE

comprehensive information on relevant matters to the shareholders. The Reports and other information are available on the Company's website and price sensitive information is also available on the Colombo Stock Exchange website.

Ownership & Control

Information on the twenty largest shareholders is given on page 437.

Rights of Minority Shareholders

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

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

Remuneration

The Remuneration Committee determines the remuneration of the Chairman/Chief Executive and the Executive Directors and the Group Management Committee (GMC) members set guidelines for the remuneration of the management staff within the Group. The Report and summarised terms of reference of the Remuneration Committee Report are set out on page 294. The Remuneration Committee comprises the following Non- Executive Directors and the Chairman of this Committee is appointed by the Board.

- Dr. H. Cabral, PC - Chairman, Independent Non-Executive
- Mr. K.D.D. Perera - Non-Executive
- Mr. M.Y.A. Perera - Independent Non Executive
- Mr. M.H. Jamaldeen - Independent Non-Executive

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

More recently, some sector holding companies which are Groups in their own right, have determined the need to establish their own Remuneration Committees to address the specific concerns within the industry in which it operates. These Remuneration Committees liaise with the Hayleys PLC Remuneration Committee on a needs basis which is facilitated by the Company Secretary, the respective CEO and Corporate HR department.

SUBSIDIARY REMUNERATION COMMITTEES

Hayleys Fabric PLC
Singer Finance (Lanka) PLC
Singer (Sri Lanka) PLC

Level & Make Up of Remuneration

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

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

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

The Report of the Remuneration Committee is set out on page 294 which includes a statement on Remuneration Policy. Please refer page 343 for the total Directors' remuneration.

Investor Relations

The Chairman ensures the views of the shareholders are communicated to the Board as a whole. Discussions are held with Institutional Investors, involving the Chairman, and other Executive Directors where necessary. This process is supported by the Strategic Business Development Unit and the Corporate Affairs Unit. During these meetings, the Directors ensure protection of price sensitive information that has not been made available to the company's shareholders. The Institutional Investors are encouraged to give due weight to all relevant matters relating to the Board structure and composition.

Related Party Transactions

The Related Party Transactions Review Committee of the Company has oversight responsibility for related party transactions of the Company and its Subsidiaries. The Committee composition is given on page 296 and comprises two Independent Non-Executive Directors and one Executive Director. Additionally, the Chairman of the Committee is an Independent Non- Executive Director appointed by the Board. Its operations comply with the requirements of the CSE Listing Rules and LKAS 24. The committee has a written Terms of Reference and procedures set in place to facilitate discharge of their duties

The Company Secretaries maintain a permanent record of such statement, submissions, approvals and minutes. The Committee ensures that the Board is updated on the activities of the committee and also review and recommend the related party disclosures to be included in the Annual Report of the Company.

Some of the Companies of the Hayleys Group have also established their own Related Party Transaction Committees to ensure that these are given due attention considering the complexity

DUTIES OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

- a. Establishing a procedure for documenting related parties
- b. Obtaining a statement of related party interest on a quarterly basis, in the event of change in status and prior to entering in to any transaction that comes within the definition of a related party transaction
- c. Provision of a list of related parties to Key Management Personnel related to their areas of responsibility
- d. Process for KMPs to capture and report any related party transaction
- e. A procedure to identify and Directors to report recurrent and non-recurrent related party transactions and obtain Board or shareholder approvals as required by CSE listing Rules
- f. Guideline and procedure to facilitate KMP dealings with recurrent related party transactions
- g. A procedure and definition of disclosures that are required to be made on an annual basis, those requiring immediate disclosure, those requiring shareholder approval and those requiring shareholder approval by special resolution at an extra- ordinary general meeting
- h. A process to identify related party transactions requiring immediate disclosure as per CSE Listing Rules and to ensure that disclosures are in accordance with the same

and scale of operations. These Committees communicate with the Hayleys PLC Related Party Transactions Review Committee on a needs basis on matters of mutual concern.

SUBSIDIARY RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Singer Finance (Lanka) PLC

Singer (Sri Lanka) PLC

GOVERNANCE OF STAKEHOLDER ENGAGEMENT

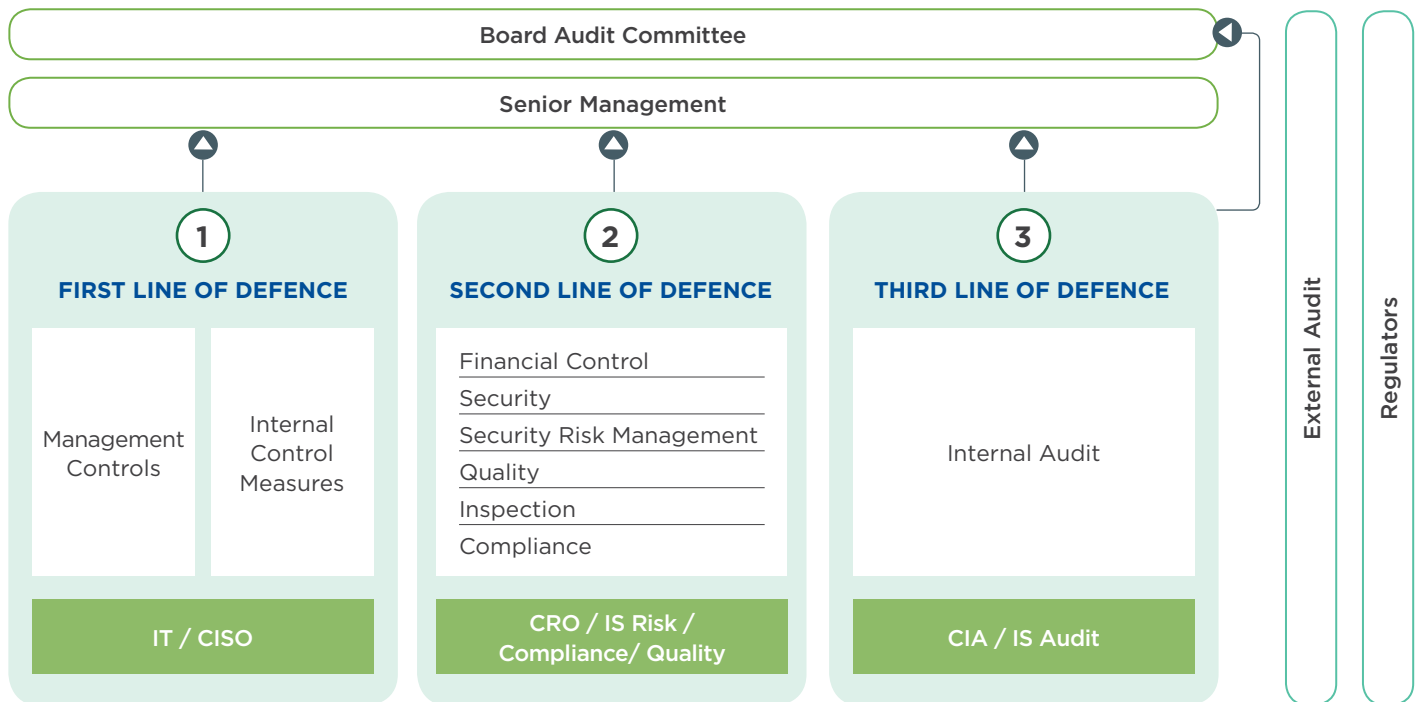
Stakeholder engagement is a pre-requisite for sound corporate governance and the Group has a sound stakeholder engagement framework which is set out on pages 84 to 87 of this report. The Board has also put in place grievance mechanisms for workers and affected communities to raise their concerns without fear of reprisal. These, and concerns of regulators are regular items on the Board agenda even if there is a nil report to ensure that such matters are brought to the attention of the respective Boards and escalated to the Group Audit Committee.

DIGITAL GOVERNANCE

Hayleys PLC and its subsidiaries are heavily dependent on Information Technology for its business needs and have invested in putting in place the necessary infrastructure, organisation structures, policies and processes for effective governance over its digital infrastructure, systems and information assets. The Board bears ultimate responsibility for setting this in place and is assisted by the Audit Committee in this regard.

CORPORATE GOVERNANCE

THREE LINES OF DEFENCE MODEL



The above is reinforced by the IT governance structures at sector level. Group Information Security Committee was formed representing all Sectors to be aligned with Hayleys Information Security Framework. Sector Information Security Officers are the conduit for communicating Group wide IT policies and nurturing a culture of IT risk awareness at sector level.

The Group wide IT policies are as follows:

HAYLEYS		
Hayleys IT Security Policy	Acceptable IT Use Policy	Group Access Policy
<ul style="list-style-type: none"> Information Security Policy Information Security Organisation Policy Human Resources Security Policy Asset Management Policy Access Control Policy Cryptography Policy Physical and Environmental Security Policy Operations Security Management Policy Communications Security Management Policy System Acquisition, Development and Maintenance Policy Supplier Relationships Management Policy Incident Management Policy Information Security aspects of Business Continuity Management Policy Information Security Compliance Policy 	<ul style="list-style-type: none"> Acceptable IT Use Password Protection Standards Email Usage Internet Usage Monitoring VPN Acceptable Use Removable Media Acceptable Use Work From Home Guidelines 	<ul style="list-style-type: none"> Guidelines for web hosting Guidelines for secure web development

Hayleys Information Security Framework	
IT Governance	Strengthening Cybersecurity
<p>In order to ensure IT investments generates business values and to mitigate IT risks, Group IT Governance focus on below four pillars</p> <ul style="list-style-type: none"> • Strategic Alignment with Businesses • Value Delivery • Risk Management • Resource Management 	<p>Below steps are taken to Strengthen Cybersecurity in the group</p> <ul style="list-style-type: none"> • Continuous improvements on the effectiveness of current security measures. • Invested in scalable, cutting edge network infrastructure. • Upgrade IT security protocols. • Conducting cybersecurity awareness and phishing email simulations.

COMPLIANCE WITH THE CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

Code Ref.	Compliance and Implementation	Compliance
<p>A. DIRECTORS</p> <p>A.1 An effective Board should direct, lead and control the Company</p> <p>A.1.1 Regular meetings, structure and process of submitting information</p>	<p>The Board meets on a monthly basis and attendance at meetings is given on page 67. Board packs are circulated one week prior to the Board meeting and typically include the following information:</p> <ul style="list-style-type: none"> • Financial and operational information including progress on agreed Key Performance Indicators and information on the external operating environment; • Financial statements for the relevant quarter and year to date together with comparatives for the corresponding period of the previous financial year and budgets; • Forecast performance for the financial year • A description of key risks including an assessment of their impact and likelihood of occurrence, assessment of the previous quarter, how the risks are managed and those accountable for monitoring or managing risk; • Operational and financial compliance statements confirming regulatory compliance and other matters considered necessary in accordance with policies of the Group and Board. • These statements include information regarding breaches of internal controls or fraud detected during the period together with any action taken or confirm the absence thereof; • Report on number of calls to whistle blowing line or a confirmation that there were no calls recorded • Information on human resources and capital expenditure • Share trading of the Company and related party transactions by key management personnel • Documents to which the Company seal has been affixed • Resolutions on other matters referred to the Board 	✓
<p>A.1.2 Role & Responsibilities of the Board</p>	<p>The Role and Responsibilities of the Board are inset on page 66 and encompass those set out in the Code.</p>	✓

CORPORATE GOVERNANCE

Code Ref.	Compliance and Implementation	Compliance
A.1.3 Act in Accordance with laws	The Board has set in place a framework of policies set out on page 66 to xx, procedures and a risk management framework to ensure compliance with relevant laws, and international best practices with regards to the operations of the Group. Directors have the power to obtain independent professional advice as deemed necessary which is co-ordinated by the Group Legal Department or Group Finance, as and when it is necessary.	✓
A.1.4 Access to advice and services of Company Secretary	All Directors have access to the advice and services of the Company Secretarial function provided by Hayleys Group Service (Pvt) Ltd., who are responsible for ensuring follow up of Board procedures, compliance with rules and regulations, directions and statutes, keeping and maintaining minutes and relevant records of the Group. Hayleys PLC has obtained insurance cover for the Board of Directors and key management personnel.	✓
A.1.5 Independent judgement	Directors bring independent judgment to bearing on decisions taken by the Board on issues of strategy, performance, resources and business conduct. Composition of the Board ensures that there is a sufficient balance of power on the Board and that all Directors have the opportunity to contribute. Many of the Board members are independent professionals who are required to conform to professional codes of conduct which require the exercise of independent judgement in discharge of their duties.	✓
A.1.6 Dedicate adequate time and effort to matters of the Board and the Company	Dates of regular Board meetings and Board Sub-Committee meetings are scheduled well in advance and the relevant papers are circulated a week prior to the meeting giving sufficient time for review. There is provision to circulate papers closer to the meeting on an exceptional basis. It is estimated that Non-Executive Directors dedicate not less than 12 days per annum for the affairs of the Group and those Directors who are also on Audit Committee dedicate a further 4 days for the affairs of the Group In addition they are available for any adhoc meeting or discussion at anytime	✓
A.1.7 Calls for resolutions	Any Director can call for a resolution to be presented to the Board if deemed necessary.	✓
A.1.8 Board induction and Training	Directors recognise the need for continuous training and expansion of their knowledge and skills to effectively discharge their duties. They are encouraged to attend sessions of the Sri Lanka Institute of Directors and other corporate forums on relevant matters. As independent professionals, many of the Directors also conform to Continuing Professional Development requirements of their respective professional organisations. Board members are also given insights in to regulatory changes that may impact the industry at Board meetings. Audit Committee members receive updates on regulatory changes relating to matters entrusted to the Committee on a semi-annual basis to ensure that they are updated on regulatory requirements impacting reporting and risk management processes. They are also given insights in to organisation wide initiatives to strengthen internal controls, risk management and financial reporting processes at the same meetings.	✓

Code Ref.	Compliance and Implementation	Compliance
A.2 Chairman & Chief Executive Officer	Functions of Chairman and Chief Executive are vested in one person as the Board is of the opinion that it is the most appropriate arrangement for Hayleys PLC considering the diversity and size of the Group. The Board has also appointed Mr. K.D.D. Perera as Co-Chairman and Dr H Cabral, PC, who is a Non-Executive Director functions as Senior Independent Director to facilitate Board balance.	✓
A.3. Chairman's role in preserving good corporate governance	See Role of Chairman in Corporate Governance Report.	✓
A.3.1 Conduct of Board Meetings	<p>The Chairman ensures the following:</p> <ol style="list-style-type: none"> Development of an appropriate agenda for Board meetings with the Company Secretaries taking into consideration recommendations of the Directors, Best Practices in Corporate Governance, regulatory and other compliance requirements, and business needs of the company including performance review, resource allocation and risk management Sufficiency of information in Board packs and timely availability of the same Induction programmes for newly appointed Directors to acquaint them with their duties and responsibilities and Corporate Governance structure of the Group Effective participation of Executive and Non-Executive Directors, Directors are encouraged to seek additional information necessary to engage in discussion of agenda items and to request inclusion of matters of concern on the agenda A Sufficient balance of power between Executive and Non-Executive Directors Views of Directors are obtained and the minutes reflect the deliberations of the Board Board's control of the affairs of the Company and its obligations to shareholders and stakeholders 	✓
A.4 Availability of financial acumen	Refer Principle A.4. in Corporate Governance Report.	✓
A.5 Board Balance A.5.1 Majority of Non-Executive Directors	There are only five Non-Executive Directors and hence, Executive Directors form the majority of the Board. The Board is reviewing this requirement at present with a view to compliance with the same.	The specialist skills required for managing the diverse interests of the Group requires a sufficient number of Executive Directors
A.5.2 If only 3 NEDs, they should be independent	Of the 5 NEDs, 4 are independent of any material business relationships subject to the disclosure made on pages 64 to 65.	✓

CORPORATE GOVERNANCE

Code Ref.	Compliance and Implementation	Compliance
A.5.3 Independence of Directors	<p>Independent Directors are independent of management and free of business dealings that may be perceived to materially interfere with the exercise of their unfettered and independent judgement.</p> <p>The Chairman holds a meeting at least once a year with only the NEDs without the presence of the Executive Directors. Directors' concerns regarding matters which are not resolved unanimously are recorded in the minutes.</p>	✓
A.5.4 Annual declaration by Directors	The Board determines the independence of Directors on an annual basis based on annual declarations submitted by the Directors and other information based on the requirements of the Code as set out in A.5.5.	✓
A.5.5 Annual determination of independence		
A.5.6 Alternate Directors	Ms. A.A.K. Amarasinghe act as an alternate Director to Mr.K.D.D.Perera in line with the Articles of Association of the Company.	✓
A.5.7 & A.5.8 Senior Independent Directors	Dr. H. Cabral PC has been appointed as Senior Independent Director as disclosed in A.1. in the Corporate Governance Report. The role has been expanded to 2 meetings a year with NEDs and 1 meeting with Executive Directors on governance matters and communicating matters discussed to the Chairman.	✓
A.5.9 Annual In camera meeting with NED	The Chairman holds a meeting with only Non-Executive Directors at least once a year.	✓
A.5.10 Recording of dissent in minutes	Directors' concerns on matters which have not been resolved unanimously are recorded in the Board minutes and Directors have the opportunity to review minutes	✓
A.6. Supply of Information	<p>The Chairman ensures that all Directors are briefed on issues arising at Board Meetings by requiring management to provide comprehensive information including both quantitative and qualitative information for the monthly Board meetings 7 days prior to the Board/Sub-Committee meetings. The Directors have free and open access to Management at all levels to obtain further information or clarify any concerns they may have. They also have the right to seek independent professional advice at the Company's expense and copies of advice obtained in this manner are circulated to other Directors who request it. Any Director who does not attend a meeting is updated on proceedings prior to the next meeting through:</p> <ul style="list-style-type: none"> Formally documented minutes of discussions. By clarifying matters from the Board Secretary. Separate discussions at start of meeting regarding matters arising for the previous meeting. Archived minutes and Board papers accessible electronically at the convenience of the Directors. <p>Directors also have an open invitation to attend the meetings of the Management Committees and can interact with Senior Management after Board meetings. Directors are provided with monthly reports on performance, minutes of review meetings and such other reports and documents as necessary. Minutes of meetings are circulated with the Board packs for the next monthly meeting within the agreed time.</p>	✓

Code Ref.	Compliance and Implementation	Compliance										
A.7. Appointments to the Board & reelection	Refer Nomination, Appointment & Succession in Corporate Governance Report on page 293	✓										
A.8 Directors to submit themselves for re-election												
A.9 Appraisal of Board & Committee Performance	The Chairman and Remuneration Committee are responsible for evaluating the performance of the Executive Directors and Committees through an annual self-evaluation of its own performance. The responses are submitted to the Chairman for discussion at a Board Meeting.	✓										
A.10 Annual Report to disclose specified information regarding directors	<table border="1"> <thead> <tr> <th></th> <th>Page Reference</th> </tr> </thead> <tbody> <tr> <td>Profiles of Board members</td> <td>48 - 53</td> </tr> <tr> <td>Membership of sub-committees and attendance at Board and Subcommittee meetings</td> <td>67</td> </tr> <tr> <td>Remuneration paid to Directors</td> <td>343</td> </tr> <tr> <td>Related party transaction and other business interests</td> <td>413 - 416</td> </tr> </tbody> </table>		Page Reference	Profiles of Board members	48 - 53	Membership of sub-committees and attendance at Board and Subcommittee meetings	67	Remuneration paid to Directors	343	Related party transaction and other business interests	413 - 416	✓
	Page Reference											
Profiles of Board members	48 - 53											
Membership of sub-committees and attendance at Board and Subcommittee meetings	67											
Remuneration paid to Directors	343											
Related party transaction and other business interests	413 - 416											
A.11 Appraisal of the CEO Refer	Prior to the commencement of each financial year, the Board in consultation with the Chief Executive, set reasonable financial and non financial targets which are in line with short, medium and long-term objectives of Hayleys, achievement of which should be ensured by the Chief Executive. A monthly performance evaluation is performed at which actual performance is compared to the budget. The Chief Executive is responsible to provide the Board with explanations for any adverse variances together with actions to be taken.	✓										
Directors' Remuneration												
B.1. Establish process for developing policy on executive and director remuneration.	Refer Remuneration Committee Report on page 294	✓										
B.2. Level & Make Up of Remuneration	Refer Level & Make Up of Remuneration Committee Report on page 294	✓										
B.3 Disclosure of remuneration	The Report of the Remuneration Committee on page 294 provides a statement on Remuneration Policy. The total for Directors' Remuneration is given on page 344	✓										
Relations with Shareholders												
C.1. Constructive use of the AGM & Other General Meetings	Refer upholding rights of shareholders on pages 84 to 87	✓										
C.2. Communication with shareholders												
C.3. Disclosure of major transactions	Transactions, if any, which materially affect the net asset base of Hayleys PLC, will be disclosed in the Quarterly / Annual Financial Statements. During the year, there were no major transactions as defined by Section 185 of the Companies Act No 07 of 2007 which materially affect the asset base of Hayleys PLC or consolidated Group asset base	✓										

CORPORATE GOVERNANCE

Code Ref.	Compliance and Implementation	Compliance
Accountability & Audit		
D.1 Accountability & audit	<p>The Board recognises its responsibility to present a balanced and understandable assessment of the Group's financial position, performance and prospects in accordance with the requirements of the Companies Act No 07 of 2007. The Financial Statements included in this Annual Report are prepared and presented in accordance with Sri Lanka Accounting Standards. The Annual Report also conforms to the Universal standard on Sustainability Reporting published by the Global Reporting Initiative and the Integrated Reporting Framework published by the International Integrated Reporting Council.</p> <p>Hayleys PLC has complied with the reporting requirements prescribed by the Colombo Stock Exchange.</p> <p>The following specialised information requirements are also included in this Annual Report:</p> <ul style="list-style-type: none"> • The Business model - on pages 82 to 83 • Operating environment - on pages 88 to 89. • Opportunities & Threats - on pages 106 to 118. • Risk Management - on pages 106 to 118. • Stakeholder relationships on pages 84 to 87. • The Capital Report on pages 232 to 283 • The Annual Report of the Board of Directors on the Affairs of the Company given on pages 84 to 290 cover all areas of this section. • The "Statement of Directors' Responsibilities" is given on page 295. • The Directors' Statement on Internal Controls is given on page 292. • The "Independent Auditors' Report "on pages 300 to 303 For the Auditor's responsibility. • The Financial Capital Review, the Value Creation Report on pages 232 to 239 and 82 to 83. <p>There has been no serious loss of capital to convene an EGM in terms of the Companies Act.</p>	✓
D.2. Risk Management & Internal Control	Refer Control Environment on pages 106 to 118	✓
D.3. Audit Committee	Refer Audit Committee on page 297 to 298	✓
D.4 Related Party Transactions Review Committee	Refer Related Party Transaction on page 296	✓
D.5. Code of Ethics	Refer the Hayleys Way on page 64	✓
D.5 Corporate Governance Disclosures	The Corporate Governance Report from page 58 to 80 and this Annex I: Compliance with the Code of Best Practice on Corporate Governance complies with the requirement to disclose the extent of compliance with the Code of Best Practice on Corporate Governance as specified in Principle D5.	✓
E. Institutional Investors and Other Investors	Please refer Investor Relations on page 239	✓

Code Ref.	Compliance and Implementation	Compliance
E.1 & F Encourage voting at AGM	Shareholders are encouraged to participate at the AGM and vote on matters set before them and Hayleys PLC has a track record of a high level of participation at its Annual General Meetings. All shareholders are encouraged to participate and vote at the same.	✓
E.2 Evaluation of Governance Disclosures	All shareholders are provided sufficient information to facilitate and encourage effective shareholder participation including governance matters.	✓
Internet of Things & Cybersecurity		
G.1 Identify connectivity and related cyber risks	This function was complied with by the Group Head of IT for the year under review.	✓
G.2 Appoint a CISO and allocate budget to implement a cybersecurity policy	A Group Information Security Deputy General Manager was appointed and allocated a budget for cybersecurity	✓
G.3 Include cyber security in Board agenda	It is a regular agenda item on the Board agenda	
G.4 Obtain periodic assurance to review effectiveness of cybersecurity risk management	A firm of external consultants were engaged to review the effectiveness of the Group's cybersecurity risk management during the year.	✓
G.5 Disclosures in Annual Report	Please refer Digital Governance on page xx	✓
Environment, Society & Governance		
H Sustainability Reporting	<p>Sustainability principles are embedded in our business operations and considered in formulating our business strategy and reported in a holistic manner throughout this report. Information required by the Code is located as follows:</p> <ul style="list-style-type: none"> • Principle 1 - Reporting of Economic Sustainability on page 28 • Principle 2 - Reporting on the Environment on pages 271 to 283 of the Capital Management Report • Principle 3 - Reporting on Labour Practices on pages 242 to 253 of the Capital Management Report. • Principle 4 - Reporting on Society on pages 254 to 260 of the Capital Management Report. • Principle 5 - Reporting on Product Responsibility on pages 254 to 260 of the Capital Management Report. • Principle 6 - Reporting on Stakeholder identification, engagement and effective communication on pages 84 to 87. • Principle 7 - Sustainable reporting to be formalised as part of the reporting process and to take place regularly (About this Report) 	✓

CORPORATE GOVERNANCE

COMPLIANCE WITH CSE CONTINUING LISTING RULES

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Hayleys' Extent of Adoption
7.10.1(a)	Non-Executive Directors	Compliant	Five out of eleven Directors are NEDs
7.10.2(a)	Independent Directors	Compliant	Four out of Five Non-Executive Directors are Independent
7.10.2(b)	Independent Directors	Compliant	All NEDs have submitted their confirmations on Independence as per the criteria set by Hayleys PLC, which is in with the regulatory requirements.
7.10.3(a)	Disclosure relating to Directors	Compliant	The Board assessed the independence declared by the Directors and determined the Directors who are independent and disclosed same in item on pages 64 to 65.
7.10.3(b)	Disclosure relating to Directors	Compliant	The Board has determined that all Non-Executive Directors except for Mr. K.D.D Perera satisfy the criteria for "independence" set out in the Listing Rules.
7.10.3(c)	Disclosure relating to Directors	Compliant	Please refer pages 48 to 53 for the brief resume of each Director.
7.10.3(d)	Disclosure relating to Directors	Compliant	Disclosed the appointments of new Directors to the Colombo Stock Exchange to be disclosed to the public. Brief resumes of the Directors appointed during the year have been provided to the Colombo Stock Exchange.
7.10.5 (a)	Composition of Remuneration Committee	Compliant	Please refer the Remuneration Committee Report on page 294 and Principles B1 to B3 on page 77 of this Corporate Governance Report.
7.10.5(b)	Functions of Remuneration Committee	Compliant	The remuneration paid to Directors is given in note 10 to the financial statements on page 343.
7.10.5(c)	Disclosure in the Annual Report relating to Remuneration Committee	Compliant	
7.10.6(a)	Composition of Audit Committee	Compliant	
7.10.6(b)	Audit Committee Functions	Compliant	Refer Audit Committee Report on pages 297 to 298.
7.10.6 (c)	Disclosure in the Annual Report relating to Audit Committee	Compliant	
9.2.1& 9.2.3	Related Party Transactions Review Committee	Compliant	The Functions of the Committee are stated in the Report of the Related Party Transaction Review Committee in page 296.
9.2.2	Composition	Compliant	Please refer the Report of the Related Party Transaction Review Committee in page 296.
9.2.4	Related Party Transactions Review Committee Meetings	Compliant	Met 04 times during the Financial year 2021/22.
9.3.1	Immediate Disclosures	Compliant	Please refer Note 38 of the Notes to the Accounts on pages 413 to 416.
9.3.2(a) & (b)	Disclosure of Non-Recurrent and Recurrent Related Party Transactions	Compliant	Please refer Note 38 of the Notes to the Accounts on pages 413 to 416.
9.3.2(C)	The Report by the Related Party Transaction Review Committee	Compliant	Please refer the Report of the Related Party Transaction Review Committee on page 296.
9.3.2(d)	A Declaration by the Board of Directors	Compliant	Please refer the Annual Report of Board of Directors for an affirmative statement of compliance of the Board on pages 284 to 290.

Shaping

Strategies

Our designed strategies are built on integrated principles, working as a feature and craft the critical potential of the assets and assess the possibilities of revenue.



Unlocking Value

VALUE CREATION MODEL

CAPITAL INPUTS

Financial Capital

Shareholders' funds:
Rs. 105.29 bn
Debt: **Rs. 171.93 bn**

Pages 234 to 239

Manufactured Capital

Manufacturing plants
05 countries
Property, plant and equipment including buildings, machinery & equipment and vessels:
Rs. 111.19 bn

Pages 240 to 243

Human Capital

32,840 employees
Skills, value and industry insights
Organisational culture- Hayleys Way

Pages 244 to 253

Social & Relationship Capital

Customer relationships:
>1.7 mn
Supplier relationships:
15,392 suppliers

Pages 254 to 260

Intellectual Capital

Our brand
Innovation capabilities
Systems, processes and standards
Organisational capital

Pages 262 to 269

Natural Capital

Land extent: **418.26 acres**
Water use: **6.59 m³mn**
Energy consumption: **5.06 mn GJ**

Pages 270 to 283

VISION:

To be Sri Lanka's corporate inspiration at all times

VALUES:

Honesty and Integrity, Accountability
Yes, we CAN, Love for Humanity, Enduring Customer Value,
Yes, we will WIN! Social Responsibility as a good corporate citizen, Innovation

PROCUREMENT

Engage with an extensive network of supply chain partners in procuring a range of agricultural and non-agricultural input materials

MANUFACTURED PRODUCTS

A diversified portfolio of value-added products catering to households, businesses and governments Services

NURTURING OUR TALENT

Holistic approach to people management to build mutually beneficial relationships

ENRICHING THE ENVIRONMENT

Identification of our impacts and measures to preserve and enrich the environment

RESEARCH & DEVELOPMENT

Product and process innovation through ongoing research and development

MARKETING AND DISTRIBUTION

Distribute our products through a network of global partners













MANAGING OUR PHYSICAL AND DIGITAL INFRASTRUCTURE

Optimising physical and digital infrastructure to enhance stakeholder relationships and strengthen processes

MANAGING SOCIAL IMPACTS

Assessment and effectively manage social impacts, drive initiatives to enhance social value creation

SECTORS

 Eco Solutions	 Hand Protection	 Purification	 Textiles	 Construction Materials	 Plantations
 Agriculture	 Consumer & Retail	 Leisure	 Industry Inputs, Power & Energy	 Transportation & Logistics	 Others

GROUP STRATEGIC PRIORITIES

Profitable Growth	Innovation and Digitalisation	Value chain & Community Development	Customer Focus	Inspired & Dedicated Team	Climate Action
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RISKS & OPPORTUNITIES

ECONOMIC AND GEOPOLITICAL ISSUES

- Macro-economic uncertainty
- Exchange rate dynamics
- Interest rate trends
- Inflation
- Disposable income
- Policy direction and stability
- Regulatory developments

SOCIAL ISSUES

- Skilled labour
- Health and safety
- Population growth and urbanisation
- Agricultural supply chains and livelihoods
- Changes in consumer behaviour

ENVIRONMENTAL ISSUES

- Implications of climate change
- Water scarcity
- Degradation of natural resources
- Increasing energy costs

OUTPUTS



Fiber based products



Protective hand-ware



Activated carbon



Fabrics



Aluminium profiles



Tea, Rubber and value added Tea



Agricultural products



Consumer durables



Hotels and Resorts



Industry inputs



Transportation and Logistics services



MEP, Solar, BPO and Shared services

OUTCOME

Financial Capital



Sustainable shareholder returns commensurate with the risk undertaken

Profit After Tax:
+Rs. 28.10 bn

Return on equity:
27%

Dividends:
Rs. 3.00 bn

Pages 234 to 239

Manufactured Capital



Strengthened manufacturing capabilities, technology and productivity

Capital expenditure:
+Rs. 14.04 bn

Asset turnover ratio:
84%

Pages 240 to 243

Human Capital



Attractive rewards and opportunities for skill and career development in a conducive work, dynamic and inclusive environment

Payments to employees:
+Rs. 33.79 bn

Investment in training:
+Rs. 69 mn

Pages 244 to 253

Intellectual Capital



Strengthen our organisational capital through honing our unique skills and capabilities

Investment in R&D:
+Rs. 429 mn

New products
launched: **+749**

Products in the
pipeline: **+160**

Pages 262 to 269

Social & Relationship Capital



Customers: Access to innovative, high-quality and sustainable products

Customer complaints resolved: **99%**

Business partners: Opportunities for mutual growth which lead to socio-economic empowerment

Payments to suppliers:
+Rs. 237.69 bn

Investment in supplier
development: **+Rs. 132.08 bn**

Pages 254 to 260

Natural Capital



Impacts generated through our value-creating activities and holistic measures to enrich the environment

Solid waste generated:
-23,120 MT

Emissions:
-230,053 tCO₂e

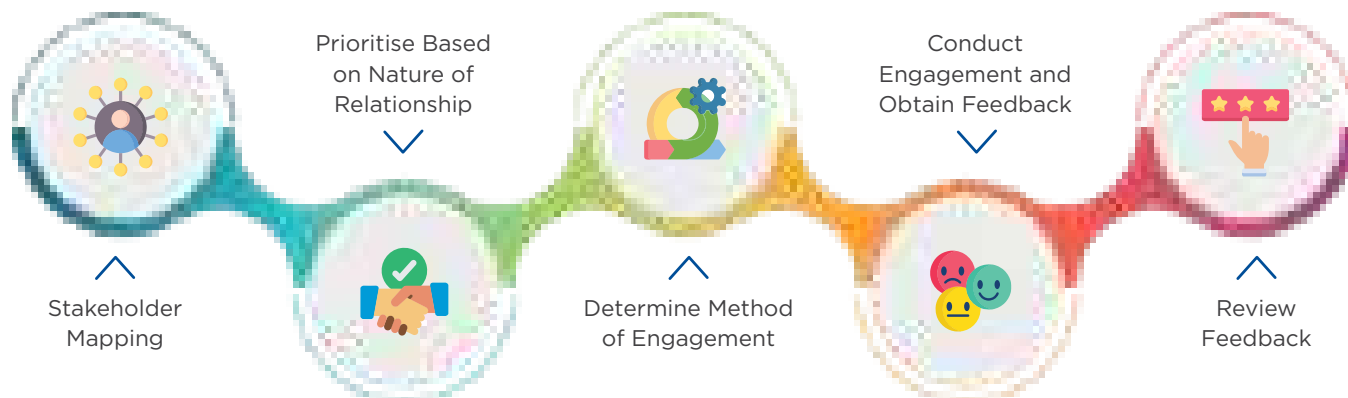
Renewable Energy
Generated:
+185,875 MWh

Pages 270 to 283

STAKEHOLDER ENGAGEMENT

Hayleys understands the need for effective, open and transparent stakeholder engagement mechanisms with its diverse stakeholders which aims to form and sustain mutually value adding relations. Given the depth and diversity of our stakeholder relationships, the Group prioritises the stakeholders its stakeholder relationships, based on the those who could potentially have the most significant impact on our ability to create value.

The Group’s stakeholder review process is set out below:



GOVERNANCE OF STAKEHOLDER ENGAGEMENT

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









ENGAGEMENT MECHANISMS

 <p>SHAREHOLDERS</p>	<ul style="list-style-type: none"> • Annual General Meeting • Quarterly financial results released to the CSE • Investor road shows when required • Ongoing engagement with investment analysts, stockbrokers and media • Corporate website (ongoing) • Press releases through the CSE and media (ongoing)
 <p>CUSTOMERS</p>	<ul style="list-style-type: none"> • Customer interaction at contact points (ongoing) • Engagement with marketing teams (ongoing) • Periodic customer satisfaction surveys in certain sectors • Print and electronic media publications as and when required (ongoing)
 <p>EMPLOYEES</p>	<ul style="list-style-type: none"> • Digital engagement (ongoing) • Performance appraisals (annual) • Periodic satisfaction surveys • Periodic staff meetings • Quarterly CEO forums • Year-round event calendar including work life balance initiatives, sports activities and cultural activities; these events were curtailed during the year, given restrictions on gatherings • Annual award schemes • Chairman's awards • CSR programmes (ongoing)
 <p>SUPPLIERS & BUSINESS PARTNERS</p>	<ul style="list-style-type: none"> • Supplier development initiatives (ongoing) • Periodic supplier reviews and assessments • Periodic meetings and written communication • Community engagement initiatives (ongoing)
 <p>GOVERNMENT</p>	<ul style="list-style-type: none"> • Ongoing regulatory reporting in certain sectors • Consultations and meetings when required • Announcements to the CSE when required • Represents in various chambers
 <p>COMMUNITIES</p>	<ul style="list-style-type: none"> • Meetings with beneficiaries of CSR initiatives and capacity building programmes (ongoing) • Press releases and other publications (ongoing)

STAKEHOLDER ENGAGEMENT

STAKEHOLDER GROUP	STRENGTH OF RELATIONSHIPS	KEY CONCERNS RAISED IN 2021/22
 <p>SHAREHOLDERS</p> <p>811 institutional shareholders and 13,387 retail shareholders</p>	<p>Strong</p> <p>27% Return on Equity</p>	<ul style="list-style-type: none"> • Implications of macro-economic environment on performance and stability • Business continuity given COVID-19 led disruptions and macro-economic stress • Strength of corporate governance and risk management practices in navigating the shifts in the landscape • Contributions towards ESG related matters
 <p>CUSTOMERS</p> <p>Our customer base comprises individuals, SMES and corporates in Sri Lanka and across the world</p>	<p>Strong</p> <p>90% Average satisfaction score (across sectors)</p>	<ul style="list-style-type: none"> • Continued availability of products given possible interruptions to manufacturing and distribution • Increased concerns on affordability given the prevalent inflation and lower spending power • Responsible and sustainable business practices • New products offerings catering to emerging requirements
 <p>EMPLOYEES</p> <p>32,840 employees</p>	<p>Strong</p> <p>85% retention rate</p>	<ul style="list-style-type: none"> • Job and financial security given prevalent crisis • Adequacy of remuneration given escalating inflation • Physical and mental well-being and measures to prevent isolation when working from home • Opportunities for career and skill development
 <p>SUPPLIERS AND BUSINESS PARTNERS</p> <p>Linkages with extensive network of suppliers and business partners</p>	<p>Good</p> <p>63% increase in supplier payments</p>	<ul style="list-style-type: none"> • Sustainability of demand given uncertain conditions • Support in obtaining the necessary approval and fuel sources in facilitating transportation • Continuity of relationships • Transfer of technical knowledge
 <p>GOVERNMENT</p> <p>We engage with a number of regulators through our diverse business sectors.</p>	<p>Good</p>	<ul style="list-style-type: none"> • Foreign currency generation given the country's severe shortage of US Dollars • Compliance to all relevant regulations, directions and guidelines • Contribute positively to the economy, society and environment and support the achievement of macro-economic objectives
 <p>COMMUNITIES</p> <p>We have nurtured deep-rooted and sustainable connections with the communities we operate in</p>	<p>Good</p> <p>540,573 No. of CSR Beneficiaries</p>	<ul style="list-style-type: none"> • Employment creation within communities • CSR initiatives and capacity building programmes • Environmental preservation and minimising environmental impacts

OUR RESPONSE	CAPITALS IMPACTED	LINK TO LIFE CODE
<p>As discussed in further detail in the Portfolio Review Chapter, Sectors proactively sought to address the near term risks stemming from the crisis while continuing to build capabilities for the future.</p> <p>The Group launched the Hayleys Lifecycle, a holistic ESG framework supporting integration of ESG practices across the organisation</p>	 <p>The financial performance is a result of the culmination of all capitals</p>	<ul style="list-style-type: none"> E Optimise use of natural inputs S Stronger relationships and communities G Strong governance
<p>Despite the prevalent conditions, all sectors ensured continuity of operations throughout the year, which enabled customers to access required products as and when needed. Ongoing focus is also placed on strengthening customer proposition through innovation and value addition</p>	 <p>The Sector leveraged its physical and human infrastructure to ensure continued service to customers</p>	<ul style="list-style-type: none"> E Products with low environmental impact S Products that drive community empowerment G Product responsibility
<p>The Group maintained a high level of engagement with employees across the organisation, while adopting comprehensive measures to support their physical and emotional well-being.</p>	 <p>Employee remuneration, investments in training and safety have supported higher satisfaction levels</p>	<ul style="list-style-type: none"> E Pride in working for a sustainable organisation S Engaged and inclusive work culture G Transparency and equity in employee dealings
<p>Sectors worked proactively in supporting the ecosystem of suppliers and business partners through facilitating required fuel supplies and increasing visibility over future demand</p>	 <p>Ongoing investment in supplier development and other forms of support in ensuring business continuity</p>	<ul style="list-style-type: none"> E Propagation of environmentally friendly practices S Community wellbeing across the supply chain G Fair and equitable terms
<p>The Group maintains a close and transparent working relationship with its regulators, to ensure compliance and obtain clarification on issues if required.</p>	 <p>The Group's value creation process supports development and socio-economic empowerment</p>	<ul style="list-style-type: none"> E Responsible environmental practices S Uplifting communities G Compliance, integrity and transparency
<p>In line with our long-term commitment towards sustainability we strive to create value for the communities we operate in through meaningful and proactive projects</p>	 <p>Ongoing investments in community support and empowerment</p>	<ul style="list-style-type: none"> E Responsible environmental practices S Uplifting communities G Compliance, integrity and transparency

OPERATING LANDSCAPE

Given the depth and breadth of its operations, the Group is exposed to numerous socio-economic and environmental factors stemming from the external operating landscape. We consistently monitor these dynamics to manage emerging risks and leverage opportunities that could arise from the external landscape. The factors are discussed through the PESTEL analysis given below. Trends related to the specific industry sectors are discussed in the Portfolio Review from pages 119 to 229 of this Report.



POLITICAL

DOMESTIC POLITICAL UNCERTAINTY

- Rising social unrest amidst the prevalent economic challenges had led to political uncertainty in the last months of the financial year and ensuing weeks. Political stability is a vital pre-requisite for addressing Sri Lanka's economic challenges and it is noteworthy that at the time of this Report going to print, a degree of political stability has been restored.

GEOPOLITICAL DYNAMICS

- As a Group with a global footprint, dynamics in global geopolitics have a significant impact on operations, growth and the risk landscape, although this is somewhat mitigated by the Group's diversity. Key geopolitical developments that shaped our operating environment during the year included:
 - 1- Russian/Ukrainian conflict and its impact on global demand and supply chain dynamics
 - 2- Potential slowdown in China
 - 3- Long-term geopolitical dynamics of COVID-19 and inequality of access to pandemic relief
 - 4- Cyber attacks, misinformation and targeted strikes
 - 5- Power grabs and resultant economic and diplomatic consequences

Potential impact on Group	Link to material risks & opportunities	Our strategic response
<ul style="list-style-type: none"> • Impact of Russian/Ukrainian conflict on prices and supply of commodities which in turn affect our manufacturing sector businesses as well as impact on the Leisure and Plantation Sectors • Disruptions to global supply chains stemming from the slowdown in China 	Geopolitical risk Cyber risk	<ul style="list-style-type: none"> • Diversification of industry sectors, markets and operating locations • Expanding supply chains with increased focus on developing local suppliers 



ECONOMIC

MACRO-ECONOMIC VULNERABILITIES

- Global economic growth firmed to 5.9% in 2021, mainly due to strong recovery from advanced economies, which grew by 5% in view of unprecedented fiscal stimulus and an easing of restrictions. Emerging markets and developing economies also grew by 6.5% supported by stronger commodity prices and a release in pent-up demand. The outlook for 2022, however, remains uncertain given potential economic scarring from the Ukrainian conflict, inflationary pressures and rising COVID-19 infections in China.
- Sri Lanka is currently facing an unprecedented economic crisis as COVID-19 led impacts converged with deep-rooted economic imbalances and structural issues inserted considerable pressure on the country's external sector.
- The first quarter of 2021 witnessed strong rebound in economic activity, resulting in GDP growing by 3.7% in 2021 (2020: contraction of 3.6%). The surge in COVID-19 infections in the 2nd and 3rd quarters of the year led to a slowdown in activity, which was further exacerbated by an increasing shortage of foreign exchange liquidity.
- The sharp fall in tourism earnings and remittances, together with international debt servicing inserted unprecedented pressure on the country's external position. The crisis deepened in the last quarter of FY2022 and ensuing months with shortages in essential items, fuel and medicine leading to social unrest and political instability.
- The regulator allowed the free float of the exchange rate from March 2022, following which the Rupee depreciated sharply reflecting overshooting by market participants; resultantly the Sri Lankan Rupee fell by 46% which in turn has led to escalating inflationary pressures. Accordingly, y-o-y inflation measured by CCPI increased to 30% in April 2022.
- Interest rates remained low for most part of the year, before gradually increasing in view of monetary policy tightening, with AWPLR nearing 16% in April 2022.
- The need for appropriate fiscal and monetary policy action is critical as the country pursues bridging facilities from friendly nations and inter-governmental organisations. Sri Lanka is also currently negotiating an extended fund facility (EFF) from the IMF, and the conditions entailing such a support program could pave way for long-term macro-economic stability through bringing about much needed fiscal consolidation and structural reforms.

Potential impact on Group	Link to material risks & opportunities	Our strategic response
<ul style="list-style-type: none"> • Disruptions to supply chains relying on imported input materials • Sharp escalation in the increase of imported raw material prices • Potential increase in borrowing costs given the rise in market interest rates • Slowdown in domestic demand across key sectors • Favourable impact on export earnings 	<ul style="list-style-type: none"> • Macro-economic risk • Interest rate risk • Exchange rate risk 	<ul style="list-style-type: none"> • Preservation of liquidity • Leverage industry and geographical diversity to build resilience • Pursue increased penetration in export markets across key sectors • Expand local manufacturing and reliance on local input material



OPERATING LANDSCAPE



SOCIAL

NEW WAYS OF WORKING

The pandemic has completely redefined the workplace and ways of working, with organisations now under increasing pressure to build more agile and adaptable operating models. This shift also has a bearing on compensation schemes, training propositions and measures to maintain employee morale

MIGRATION AND BRAIN DRAIN

The ongoing economic crisis in the country has led to a significant increase in migration levels, with young professionals seeking career opportunities outside the country. This brain drain will adversely impact the country and organisations over the short-to-medium term, given the exodus of talented, skilled and ambitious young people from the country.

INCOME INEQUALITY

The pandemic, followed by the country’s macro-economic crisis have widened income disparities as vulnerable segments with relatively lower opportunities have borne the brunt of the economic downturn. This provides an opportunity for organisations such as ours, which operate extensive supply and value chains to promote economic inclusion through outgrower programmes, ethical procurement and capacity building among others.

EVOLUTION OF THE PANDEMIC

Sri Lanka experienced the 2nd and 3rd waves of the pandemic in 2021, with the emergence of highly transmissible variants leading to periodic lockdowns. The country’s vaccination drive has largely been successful with nearly 75% of the country vaccinated by end-2021 and most organisations facilitating vaccinations for its employees. Businesses demonstrated strong adaptability to operating in conditions of limited mobility, deploying technology to engage with both internal and external stakeholders.

SOCIAL & ENVIRONMENTAL SUSTAINABILITY

Organisations are under increasing pressure to contribute towards addressing critical issues facing the world today, particularly in the socio-economic and environmental arena. Businesses are thereby being called upon to deliver on their ESG initiatives through committing to emission reduction strategies, nature-positive developments and contributing to community empowerment and well-being among others.

Potential impact on Group	Link to material risks & opportunities	Our strategic response
<ul style="list-style-type: none"> New work models while ensuring employee morale and well-being is preserved Opportunity to drive meaningful community change through the Group's many outgrower and capacity building programmes Need to embed ESG considerations to strategy, operations and every day decision making 	<p>People-related risks</p> <p>Operational risk</p>	<ul style="list-style-type: none"> Facilitating remote working and driving increasingly agile operating models Launch of the Hayleys Lifecode the Group's comprehensive ESG framework



TECHNOLOGY

The pandemic has accelerated the shift towards digital, with advances in technology and emergence of new capabilities such as data analytics, robotics and artificial intelligence offering considerable opportunities for organisations to drive efficiencies while adopting new ways of working have offered an unparalleled opportunity for organisations to drive considerable improvements in efficiency, productivity and reliability

Potential impact on Group	Link to material risks & opportunities	Our strategic response
<ul style="list-style-type: none"> • Opportunities in enhancing the efficiency of manufacturing operations through automating processes • Transforming engagement with both internal and external customers • Opportunity in embracing new ways of working 	People-related risks IT risk	<ul style="list-style-type: none"> • Enhance the Group’s online visibility • Increase employee and customer engagement through digital platforms • Drive efficiencies through automation and digitalisation

ENVIRONMENTAL



IMPLICATIONS OF CLIMATE CHANGE

- The Global Risk Report (2021) by the World Economic Forum continues to rank natural disasters and failure to prevent climate change implications as key risks facing the world today both in terms of impact and likelihood. Erratic weather conditions, and natural disasters are becoming increasingly frequent across the world with severe impacts on value chains, agricultural outputs, communities and businesses.

TRANSITION RISKS

- Transition risks are risks associated with transitioning to a low carbon economy including increasing reliance on renewable energy and customers’ increasing preference for sustainably designed and manufactured products

Potential impact on Group	Link to material risks & opportunities	Our strategic response
<ul style="list-style-type: none"> • Direct implications on the Agriculture and Plantations Sector through impacting crop quality, production volumes and yields • Impacts on Sectors such as Hand Protection, Purification and Eco Solutions which rely on agricultural supply chains • Adverse implications on Sectors which rely heavily on natural resources such as Textiles and Hand Protection 	Operational risk Climate-related risk	<ul style="list-style-type: none"> • Launch of a holistic ESG Framework- the Hayleys Lifecode which harmonizes ESG integration across Group companies, with the aim of managing socio-economic and environmental impacts and building resilience • Numerous environmental initiatives conducted by Sectors (Refer to pages 270 to 283 for further information)

OPERATING LANDSCAPE







LEGAL

POLICY DEVELOPMENTS

Key regulatory developments impacting the Group's operations during the year included the following:

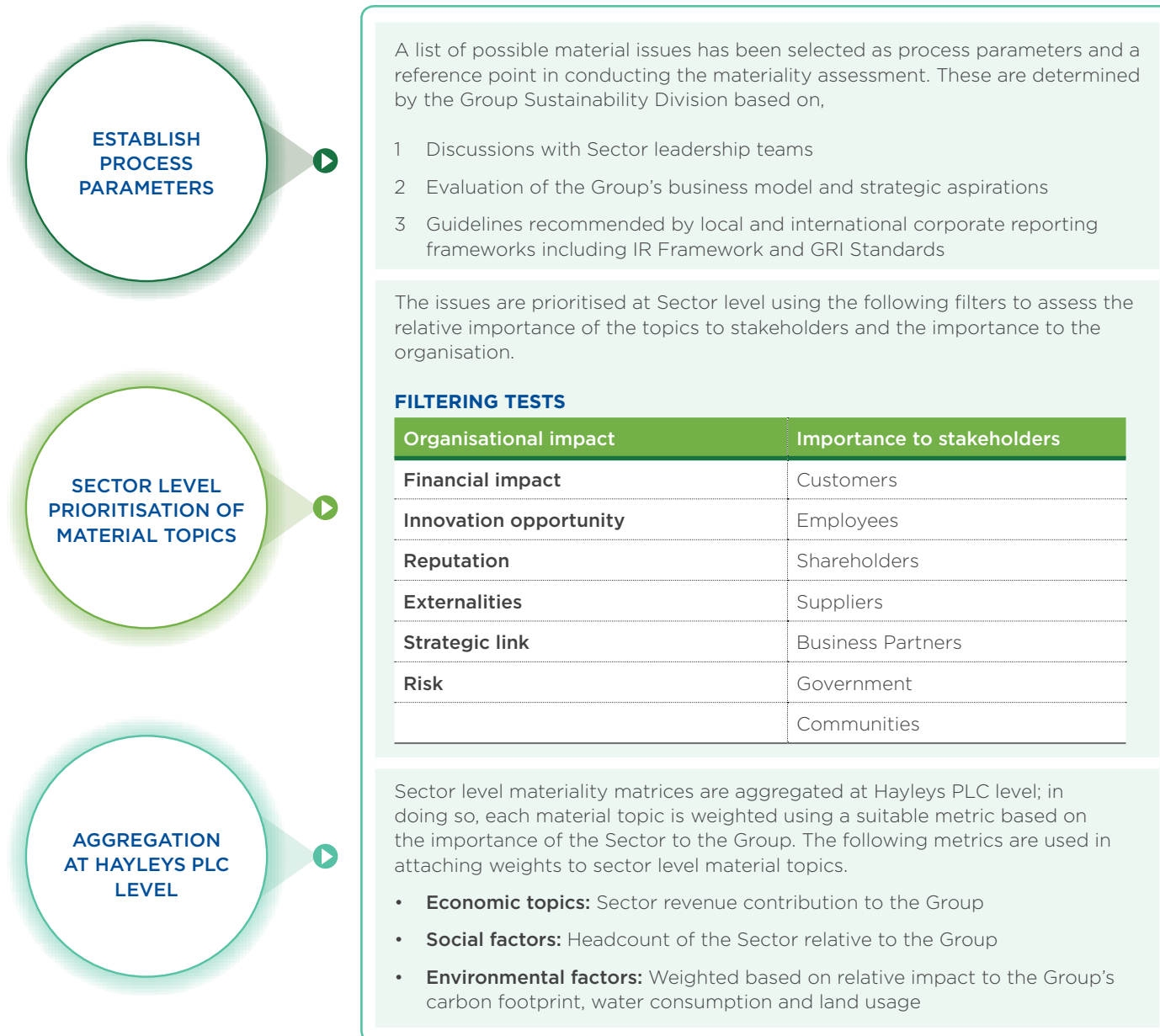
- Monetary policy measures
- Import restrictions on selected non-essential items
- The ban on the import of chemical fertilizer and crop protection materials
- Wage hike in the plantation sector

Potential impact on Group	Link to material risks & opportunities	Our strategic response
<ul style="list-style-type: none"> • Tightening monetary policy stance has led to a gradual uptick of interest rates which will lead to an inevitable increase in the Group's borrowing costs • Import restrictions on consumer durables and consumer electronics have had a sharply adverse impact on Singer • The Plantation and Agriculture sectors affected by the ban on import of chemical fertilizer and crop protection materials • A near 35% increase in plantation sector wages sans link to productivity will result in a significantly higher labour bill 	<p>Government Policy</p> <p>Exchange rate risk</p> <p>Interest rate risk</p>	<ul style="list-style-type: none"> • Pursue increased penetration in export markets • Enhance local manufacturing footprint • Ongoing negotiation with banks to obtain favourable rates • Proactive inventory planning and working capital management • Propagation of sustainable agriculture practices in the Plantation and Agriculture sectors <div style="display: flex; justify-content: space-around; align-items: center;">     </div>

DETERMINING MATERIAL MATTERS

Hayleys PLC conducts a comprehensive materiality assessment annually, with the engagement of all business sectors. The process facilitates regular review and update of material topics which are material to the Group's stakeholders and value creation, in view of changes in both the internal and external operating environment. The assessment is conducted at Sector level and aggregated at Hayleys PLC, with each topic weighted using a suitable metric based on the importance of the Sector's impacts to the Group.

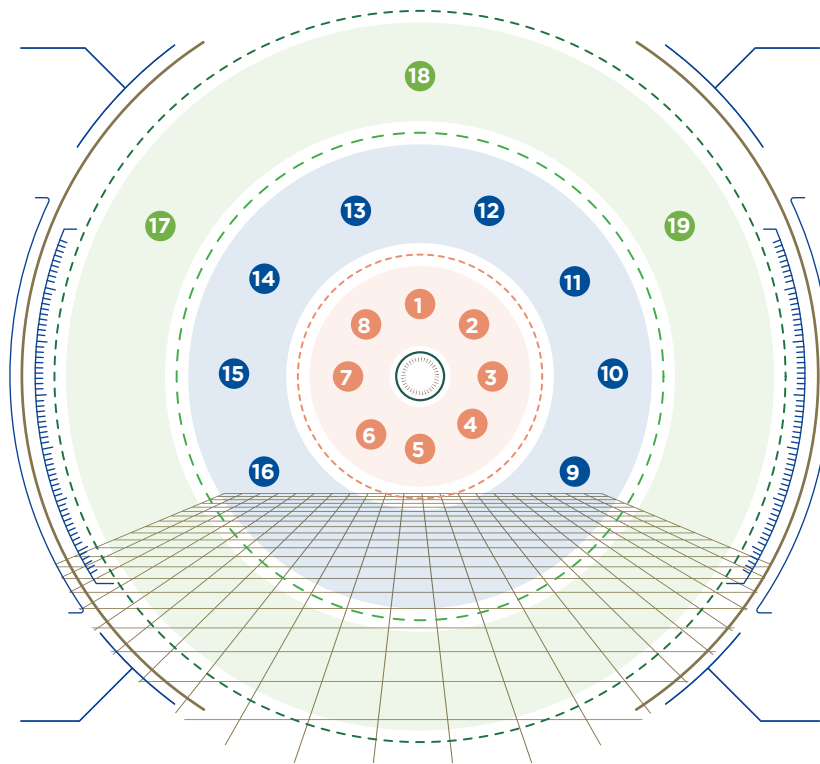
The process adopted for assessing material issues is presented below:







Changes to the Reporting Boundary: Following its acquisition by Hayleys Fabric PLC in April 2021, South Asia Textiles Ltd. was added to the financial, non-financial and integrated reporting boundary.

DETERMINING MATERIAL MATTERS

MATERIALITY RADAR



Material topic	Corresponding GRI /NGRC principle	Materiality compared to 2020/21	Link to UN SDG	Reporting boundary
1. Customer satisfaction	-	-	-	The Group's customers across its business sectors
2. Pandemic-led disruptions	-	▲	-	The Group's operations and its environment
3. Economic impacts & livelihood development	GRI 201-Economic Performance GRI 203-Indirect economic impacts ECON1, ECON2 ECON6	-	 	The Group's broader impacts and communities
4. Product quality and responsibility	GRI417-Marketing and labelling SOCL18	-	-	The products and services manufactured and/or distributed by the Group
5. Macro-economic vulnerabilities	-	New topic	-	Reporting boundary relates to the Group's employees
6. Employee well-being	GRI 403-Occupational Health and safety	▲	-	Reporting boundary relates to the Group's employees

Material topic	Corresponding GRI /NGRC principle	Materiality compared to 2020/21	Link to UN SDG	Reporting boundary
7. People Proposition	GRI 401-Employment SOCL2 GRI 402-Labour management relations SOCL2 GRI 404-Training and education SOCL7	-		Refers to the Group's direct employees across its operating locations
8. Compliance	ENVT22 SOCL12	-	-	Relates to the compliance of all entities within the Group
9. Availability of foreign exchange	-		-	The Group's operations in Sri Lanka
10. Principal Relationships	-	-	-	Our local and international principals across key business sectors
11. Best practices along supply chains	GRI 204:Procurement practices	-	-	Relates to the Group's key supply chains, primarily in Sri Lanka
12. Customer Health and Safety	ECON4,SOCL11	-	-	The Group's customers across its business sectors
13. Innovation	GRI 416: Customer Health and Safety			Relates to the Group's product and process innovations
14. Managing Environmental Impacts	GRI 301-Materials GRI 302-Energy GRI 303-Water & Effluent GRI 304-Bio-diversity GRI 305-Emissions GRI 306-Waste	ENVT1, ENVT2 ENVT8 ENVT11,ENVT12		The reporting boundary includes the Group's direct environmental impacts
15. Government policy including import restrictions	-	New topic	-	The Group's operations in Sri Lanka
16. Access to interrupted energy	-	New topic	-	The Group's operations in Sri Lanka
17. Tax	GRI 219-Tax	-	-	All operations
18. Local communities	GRI 413-Local communities	-		Relates to the communities with whom the Group engages and broader communities in operating areas
19. Manufacturing capabilities and operational efficiency		-	-	The Group's manufacturing operations in Sri Lanka and overseas

STRATEGY AND RESOURCE ALLOCATION

Sectors adopt unique strategies which reflect the risks, opportunities and core competencies of each business; however, the overall strategic direction is underpinned by six, Group-wide long-term pillars which are formulated by the Strategic Business Development Unit (SBDU) at Hayleys PLC and cascaded to the Sectors under the leadership of the Group Management Committee.

PORTFOLIO GROWTH

To have a balanced investment portfolio in terms of risk returns and growth to ensure sustainable profitability and liquidity

Strategic drivers

**NEW
MARKETS**

**ORGANIC
GROWTH**

**BRAND
DEVELOPMENT**

**INORGANIC
GROWTH**

Initiatives in 2021/22	<ul style="list-style-type: none"> Penetration of new markets and deeper relationships in existing markets Capacity expansion through investments and acquisitions Emphasis on enhancing customer experience and retention Offer wider product portfolio 	<p>STRATEGIC ALIGNMENT TO SDGS</p> <div style="display: flex; margin-bottom: 10px;"> <div style="background-color: #FFC107; padding: 5px; text-align: center; width: 30px; height: 30px; margin-right: 5px;"> <p style="font-size: 8px; color: white; margin: 0;">7 AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="font-size: 8px; margin: 0;">Renewable energy generation through the Industry Inputs, Power & Energy Sector</div> </div> <div style="display: flex;"> <div style="background-color: #C0392B; padding: 5px; text-align: center; width: 30px; height: 30px; margin-right: 5px;"> <p style="font-size: 8px; color: white; margin: 0;">8 DECENT WORK AND ECONOMIC GROWTH</p> </div> <div style="font-size: 8px; margin: 0;">Continued value creation to stakeholders through revenue and profit growth</div> </div>												
Measuring progress	<p>RESOURCE ALLOCATION</p> <div style="margin-bottom: 10px;"> Capital expenditure Rs. 14.04 mn </div> <div> Extensive relationships with customers and distribution partners </div>	<p>KEY PERFORMANCE INDICATORS</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <thead> <tr style="background-color: #4CAF50; color: white;"> <th style="text-align: left;">KPI</th> <th style="text-align: right;">Performance in 2021/22</th> </tr> </thead> <tbody> <tr> <td>New customers</td> <td style="text-align: right;">1.78 mn</td> </tr> <tr> <td>Acquisitions</td> <td style="text-align: right;">2</td> </tr> <tr> <td>No. of sectors which expanded capacity</td> <td style="text-align: right;">4</td> </tr> <tr> <td>Revenue growth</td> <td style="text-align: right;">40%</td> </tr> <tr> <td>EBIT growth</td> <td style="text-align: right;">29%</td> </tr> </tbody> </table>	KPI	Performance in 2021/22	New customers	1.78 mn	Acquisitions	2	No. of sectors which expanded capacity	4	Revenue growth	40%	EBIT growth	29%
KPI	Performance in 2021/22													
New customers	1.78 mn													
Acquisitions	2													
No. of sectors which expanded capacity	4													
Revenue growth	40%													
EBIT growth	29%													
Outlook for 2022/23	<p>Short-term</p> <ul style="list-style-type: none"> Preserve liquidity and management inventory given potential disruptions to supply chains Work proactively with eco system to ensure continuity of supplies for manufacturing 	<p>Medium to long-term</p> <ul style="list-style-type: none"> Strategic focus on strengthening our presence in export markets Pursue opportunities for inorganic growth Expansion of local and regional manufacturing footprint 												

We are the Hayleys Group ● Leadership & Governance ● **Unlocking Value** ● Management Discussion & Analysis ● Financial Statements



INNOVATION AND DIGITALISATION

Adapting to the dynamic digital age by utilising technology and social media to create new revenue streams by introducing innovative solutions and products have a balanced investment portfolio in terms of risk returns and growth to ensure sustainable profitability and liquidity

Strategic drivers

R&D AND
INNOVATION

DIGITAL
PRESENCE

PROCESS
AUTOMATION

DIGITAL
ENGAGEMENT

Initiatives in 2021/22

- Several sectors made considerable progress in widening value-added product portfolios through innovation
- Facilitated working from home
- Proactive digital media marketing and monitoring which enables identification of customer complaints and suggestions
- Virtual customer tours by DPL and Haycarb PLC
- Full implementation of Business Process Consolidation including MIS and budgeting processes
- Cost savings generated through automation and mechanisation

STRATEGIC ALIGNMENT TO SDGS



Fostering innovation that is sustainable and addresses key social and environmental challenges

Measuring progress

RESOURCE ALLOCATION



Investment in R&D capabilities: Rs. 429.35 mn



Investment in digital infrastructure: Rs. 546.93 mn

KEY PERFORMANCE INDICATORS

749

new products launched

160

products in the pipeline

Sustainable product and process innovation (refer to pages 261 to 269)

Outlook for 2022/23

Short-term

- Ongoing focus on leveraging R&D capabilities to strengthen offerings across key sectors
- Enhance the Group's online and social media presence

Medium to long-term

- Process automation across key sectors

STRATEGY AND RESOURCE ALLOCATION

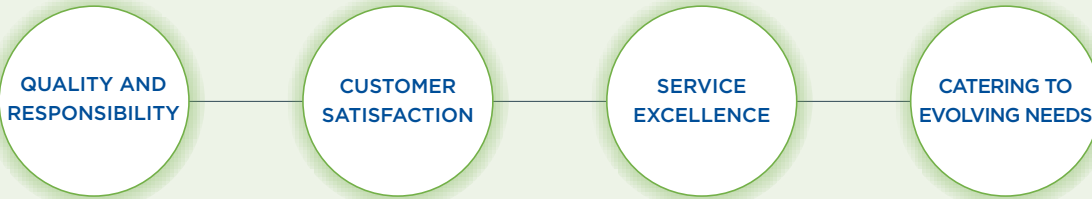




CUSTOMER FOCUS

Enhancing experiences for every customer, from the rural farmer to the global consumer through excellence in product quality and service

Strategic drivers



Initiatives in 2021/22

- Expansion of customer base with entry into new markets
- Ongoing engagement through digital platforms
- Customisation of products to cater to specific customer needs
- Employee training on customer engagement and service

STRATEGIC ALIGNMENT TO SDGS



Encouraging sustainable consumption habits among customers through offering responsible product solutions

Measuring progress

RESOURCE ALLOCATION

- Continued engagement by our front line employees
- Customer surveys conducted
- Compliance to numerous quality and safety certifications

KEY PERFORMANCE INDICATORS

- 1.78 mn**
New customers
- 90%**
Average customer satisfaction
- 99%**
Complaints resolved

Outlook for 2022/23

Short-term


- Provide assurance on customers on ability to continuously serve their requirements
- Drive customer acquisition in new markets while pursuing increased penetration in existing markets

Medium to long-term

- Geographical diversification
- Strengthening customer management skills

STRATEGY AND RESOURCE ALLOCATION

INSPIRED AND DEDICATED TEAM



Creating a dynamic team to steer the "World of Hayleys" to be Sri Lanka's corporate inspiration at all times




Strategic drivers

EMPLOYEE
WELL-BEING

ATTRACTION
AND
RETENTION

AGILE WORK
PLAN

TRAINING &
DEVELOPMENT

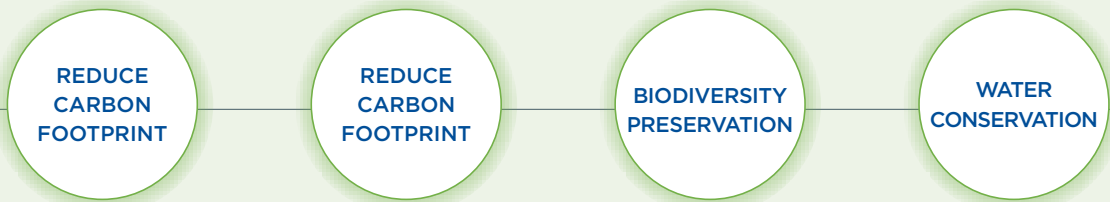
Initiatives in 2021/22	<ul style="list-style-type: none"> Vaccination drive across all Sectors and operating locations including engagement to dispel myths regarding obtaining the vaccination Ongoing investment training focus on leadership development, technical skills and soft skills Strengthened remuneration in view of prevalent conditions Commenced the Management Trainee programme Enhanced communication 	STRATEGIC ALIGNMENT TO SDGS	 <p>Nurture a dynamic, inclusive and rewarding work culture for employees ensuring continued value creation to employees</p>														
Measuring progress	<p>RESOURCE ALLOCATION</p> <ul style="list-style-type: none">  Payments to employees: Rs. 33.79 bn  Investment in training and development Rs. 68.81 mn 	KEY PERFORMANCE INDICATORS	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #008000; color: white;"> <th style="text-align: left;">KPI</th> <th style="text-align: right;">Performance in 2021/22</th> </tr> </thead> <tbody> <tr> <td>Total employees</td> <td style="text-align: right;">32,840</td> </tr> <tr> <td>Vaccination rate</td> <td style="text-align: right;">99% (2 doses)</td> </tr> <tr> <td>Average training hours/employee</td> <td style="text-align: right;">7.57</td> </tr> <tr> <td>Retention rate</td> <td style="text-align: right;">85%</td> </tr> <tr> <td>Female representation (%)</td> <td style="text-align: right;">35</td> </tr> <tr> <td>Profit per employee</td> <td style="text-align: right;">Rs. 0.86 mn</td> </tr> </tbody> </table>	KPI	Performance in 2021/22	Total employees	32,840	Vaccination rate	99% (2 doses)	Average training hours/employee	7.57	Retention rate	85%	Female representation (%)	35	Profit per employee	Rs. 0.86 mn
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Retention rate	85%																
Female representation (%)	35																
Profit per employee	Rs. 0.86 mn																
Outlook for 2022/23	<p>Short-term</p> <ul style="list-style-type: none"> Enhance engagement with employees to maintain morale and prevent isolation given the general increase in anxiety levels 	Medium to long-term	<ul style="list-style-type: none"> Enhance employee productivity through efficiency drive Nurture a performance driven culture 														



CLIMATE ACTION

Strive to protect, enhance and sustain the wider ecological system we operate within

Strategic drivers



Initiatives in 2021/22

- Launch of Hayleys Lifecode- with Sector and Group-level targets and action plans to achieve a 30% reduction in CO2 emissions by 2030
- Launch of "Project Kirulu" organisation-wide tree planting initiative
- Several sectors engaged in the generation of renewable energy
- Pursue options for recycled and renewable raw materials
- Increase rainwater harvesting

STRATEGIC ALIGNMENT TO SDGS



Increase reliance on renewable energy to drive reductions in the carbon footprint



Solar roof installation and services offered by Hayleys Fentons



Support biodiversity preservation through tree planting

Measuring progress

RESOURCE ALLOCATION

- Investment in environmental initiatives: Rs. 55.72 mn
- Investment in solar roof systems Rs. 981.32 mn
- 1,200 trees planted under the Kirulu programme

KEY PERFORMANCE INDICATORS

KPI	Performance in 2021/22
Reliance on renewable energy	67%
Sustainable water sourcing	53%
Waste to landfill	1,609.22 MT
Changes in,	
Energy intensity	-10%
Water intensity	-12%
Emission intensity	-20%

Outlook for 2022/23

Short-term

- Several sectors pursuing options of increased reliance on solar energy
- Lifecode related training across all sectors
- Continuation of tree planting initiative

Medium to long-term

- Sustainable products and solutions which offer greener solutions
- Pursue continued reductions in carbon footprint through process innovation

COMMITMENT TO THE SUSTAINABLE DEVELOPMENT GOALS (SDG)

Our Approach: Through the Group's ESG Framework, the Group intends to link its ESG aspirations to the SDGs in which it can make the most significant contribution. This was completed for the Environmental Pillar of the ESG Framework, which was launched during the year. A summary of the Group's contribution to the selected SDGs are presented below; these initiatives are discussed in detail in subsequent sections of this Report.



SDG 1: NO POVERTY

Sri Lankan context: Sri Lanka's poverty levels have recorded gradual decrease in recent decades, with the poverty headcount index amounting to 4.1% in 2016.

Relevant SDG targets	Hayleys' contribution
Target 1.1: By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day	Nearly 20,000 suppliers and out-growers supported
Target 1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance	House for every plantation worker' initiative supports 304,911 estate workers and community through a holistic proposition.



SDG 2: ZERO HUNGER

Sri Lankan context: Prevalence of undernourishment of 7.6%, with 17.3% prevalence of stunting among children the age of 5 years.

Relevant SDG targets	Hayleys' contribution
Target 2.3: By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment	+Agriculture Sector's research into developing high quality planting materials, crop nutrition and protection solutions. +Plantation sector's efforts to drive productivity improvements in estates
Target 2.4: By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality	+Climate smart agriculture solutions by the Agriculture Sector



SDG 4: QUALITY EDUCATION

Sri Lankan context: Sri Lanka's literacy rates are among the best in the region although 13.8% of the population complete the GCE Advanced level examination

Relevant SDG targets	Hayleys' contribution
Target 4.3: By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university	Equal opportunity employer in offering skill and career development
Target 4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	7.57 average training hours per employee Skill development for fabricators, out-growers and fashion entrepreneurs (through Singer)



SDG 5: GENDER EQUALITY

Sri Lankan context: Labour force participation among women is relatively low at 36

Relevant SDG targets	Hayleys' contribution
5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	35% female representation rate, 11% female representation in management level
5.c Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels	Equal opportunity employer, with policies in place for anti-sexual harassment, non-discrimination and grievance handling.



SDG 6: CLEAN WATER AND SANITISATION

Sri Lankan context: 81% of Sri Lanka's population has access to safely managed drinking water services

Relevant SDG targets	Hayleys' contribution
Target 6.1: By 2030, achieve universal and equitable access to safe and affordable drinking water for all	190,000 litres of water purified through 19 projects under the Puritas Sath Diyawara project
Target 6.3: By 2030, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally	46% of all used is recycled through effluent treatment plants
Target 6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity	Increased focus on water recycling with 9% of water recycled in 2021/22 24% increase in water consumption and 12% reduction in water intensity



SDG 3: GOOD HEALTH AND WELL-BEING

Sri Lankan context: Maternal Mortality Rate of 36 per 100,000 live births

Relevant SDG targets	Hayleys' contribution
Target 3.1: By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births	The Plantation Sector offers a "womb-to-tomb" proposition for estate employees which includes pre-natal and post-natal care



SDG 7: AFFORDABLE AND CLEAN ENERGY

Sri Lankan context: 100% electrification with 37% of energy generated through renewable energy including hydro and non-conventional renewable energy sources

Relevant SDG targets	Hayleys' contribution
Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.	67% of the Group's total energy requirements fulfilled by renewable energy Accounts for 3% of the country's total renewable energy generation
Target 7.3: By 2030, double the global rate of improvement in energy efficiency	10% reduction in energy intensity during the year

COMMITMENT TO THE SUSTAINABLE DEVELOPMENT GOALS (SDG)



SDG 8: DECENT WORK AND ECONOMIC GROWTH

Sri Lankan context: Unemployment rate of 4.8%, with female unemployment relatively higher at 6.9%.

Relevant SDG targets	Hayleys' contribution
Target 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors	Group-wide focus on innovation and value addition with over 749 new products introduced during the year, with R&D spend
Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	Equal remuneration for men and women at a 1:1 ratio
Target 8.6: By 2020, substantially reduce the proportion of youth not in employment, education or training	Youth skill development through Fabricator training, The Singer Business School and Agricultural Training School



SDG 11: RESPONSIBLE CONSUMPTION AND PRODUCTION

Sri Lankan context: The country lacks a coherent national waste management policy, with only an estimated 50% of waste generated collected.

Relevant SDG targets	Hayleys' contribution
Target 12.2: By 2030, achieve the sustainable management and efficient use of natural resources	Comprehensive waste management policy in place across the Group with the aim of driving reductions in waste to land-fill
Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	7% land-fill waste while over 63% of waste is recycled and re-used



SDG 13: CLIMATE ACTION

Sri Lankan context: Sri Lanka remains highly vulnerable to climate related risks and was ranked 6th on the Climate Risk Index of the UNDP.

Relevant SDG targets	Hayleys' contribution
Target 13.2: Integrate climate change measures into national policies, strategies and planning	The Group has set a target of reducing its Scope 1 and Scope 2 emissions by 30% by 2020. The carbon footprint is monitored across all Sectors and reported to the GMC on a quarterly basis.



SDG 15: LIFE ON LAND

Sri Lankan context: Sri Lanka's forest cover has reduced gradually over the years due to an estimated deforestation rate of 1.1%. The forest cover was estimated at around 17% in 2019.

Relevant SDG targets	Hayleys' contribution
Target 15.1: By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements	Green belt and Wetland biodiversity zone implemented by the Textile sector Biological corridors established by the Plantation sector in order to develop a self-sustaining ecological model.
Target 15.2: By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally	>49,000 trees planted during the year

RISKS & OPPORTUNITIES

AS A DIVERSIFIED CONGLOMERATE, WE ARE IN THE BUSINESS OF TAKING RISKS TO SEIZE OPPORTUNITIES. THAT IS HOW WE GROW. THE BOARD HAS PUT IN PLACE THE RISK MANAGEMENT FRAMEWORKS THAT SUPPORT RISK AWARENESS AT ALL LEVELS OF THE ORGANISATION, FACILITATING A DISCIPLINED APPROACH TO IDENTIFYING, MEASURING, MONITORING AND MANAGING RISKS AND OPPORTUNITIES.

A DISRUPTED RECOVERY

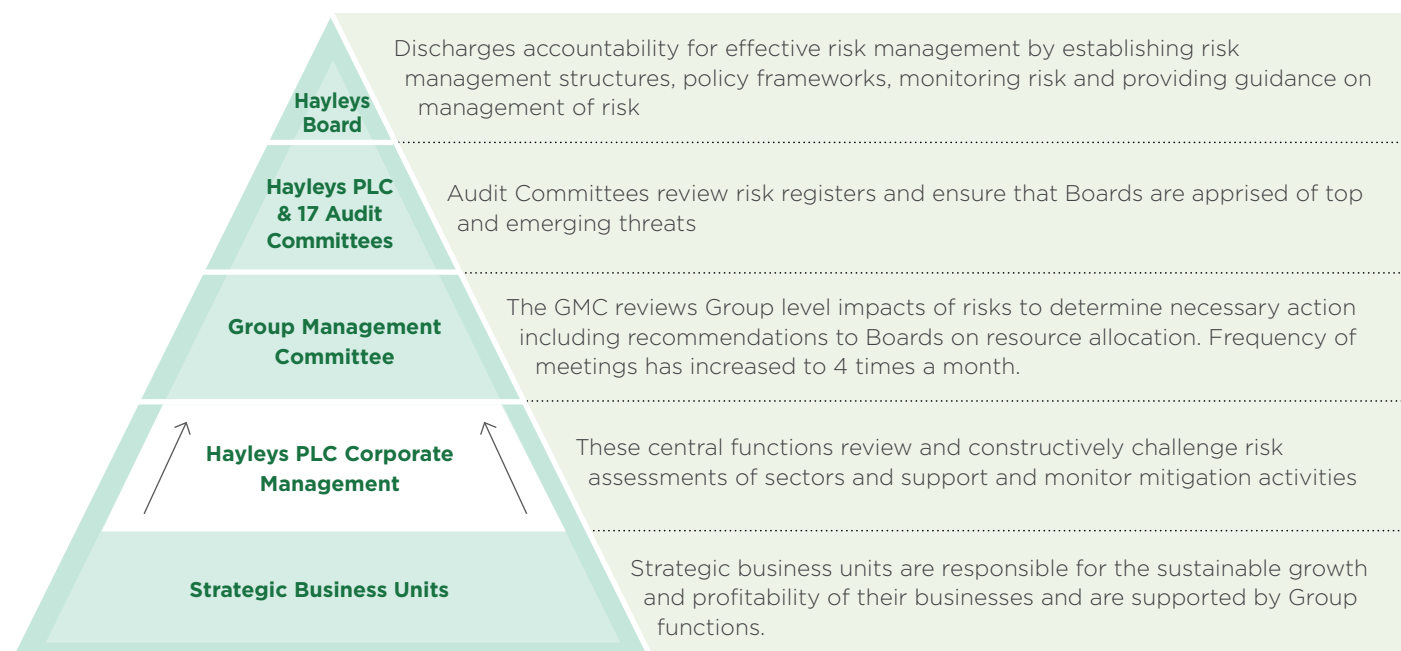
FY 2021/22 was a year of stops and starts as the pandemic continued to disrupt the recovery with new waves and variants which resulted in negative economic growth for the country in the 2nd quarter of the financial year. The

nationwide vaccination programmes were largely successful enabling a return to a semblance of normalcy by November 2021. The policy environment was uncertain and proved to be challenging as in the instance of the ban on agrochemicals which was subsequently reversed due to the adverse consequences. Inflation was a global concern but in Sri Lanka the pace and level of inflation was significantly above global averages, mainly driven by food inflation with non-food inflation playing a supporting role. Increasing prices of commodities including oil and other inputs resulted in macroeconomic stress in developing economies, particularly in the external sector. Supply chain disruptions and an exponential increase in freight costs were a key concern for manufacturers, making working capital management a key priority. Continuing stress made credit risk a key concern as well. Retaining talent pools will be critical for the country to progress as global markets open up with shortages of labour across many categories.

Sovereign rating downgrades, a growing trade deficit and debt repayments made foreign exchange liquidity and foreign exchange rate volatility were an ever present concern during the year. Management of the exchange rate during the first 11 months of the financial year and the subsequent 46% devaluation of the rupee in March 2022 was a shock to the system which continued throughout April as the currency devalued by a further 22%. The widening trade deficit and dwindling foreign exchange reserves gave rise to shortages of fuel which then resulted in the introduction of nationwide power cuts, further disrupting businesses which were already stressed in many ways. The unexpected interest rate increase in April 2022 by 700 bps was another shock albeit necessary to curtail inflation. The resultant social unrest and political instability continues to be a key concern as we move into another financial year.

RISK GOVERNANCE

The Board has ultimate responsibility for management of risk and are assisted by the Audit Committee in discharge of this duty. The diverse business sectors of the Group have high levels of autonomy in driving their businesses with Group governance structures playing a key role in harmonising policies, sharing best practices, guiding strategic direction, managing risks and optimising resource allocation across the Group as depicted below.



RISKS & OPPORTUNITIES

COVID-19

Signs that the pandemic is nearing endemicity are welcome relief but the gradual increase in numbers in the USA/ China give cause for concern, keeping the pandemic on our risk radar.
Refer risk no. 13 on pages 114 to 115

GOVERNMENT POLICY

Government policy is key to how we do business. Policy direction is critical to managing risk. Given the current level of economic stress, policy plays a key roles in shaping outcomes, not just for the year ahead but in the medium term as well.
Refer risk no. 2 on pages 110 to 111

GEOPOLITICS

The Russo-Ukraine war has dampened global growth forecasts and added to inflationary pressures due to the anticipated fuel and food shortages. Sanctions in place also have a direct impact on some businesses.
Refer risk no. 1 on pages 110 to 111

RELIABLE ACCESS TO ENERGY

All business and homes require energy for continued operations. This needs to be secured without delay as it has a significant impact on the country's productivity.
Refer risk no. 15 on pages 114 to 115

CYBERSECURITY

Cybersecurity continues to remain as a key risk due to the increased threat levels and dependency on information technology
Refer risk no. 23 on pages 116 to 117

TALENT RETENTION

The extreme economic stress can motivate skilled talent to migrate for employment causing a brain drain
Refer risk no. 18 on pages 114 to 115

CONSUMER DEMAND & BEHAVIOURS

All these factors will combine to change consumer behaviours throughout the world and predicting trends will be key to managing finite resources.
Refer risk no. 5 on pages 110 to 111

INFLATION & WAGE PRESSURES

Soaring inflation will increase pressure on wages, increasing economic hardship for the people
Refer risk no. 6 on pages 110 to 111

CLIMATE CHANGE

Extreme weather events have been on the rise varying from floods to droughts. Any extreme weather event can push the country further into crisis.
Refer risk no. 3 on pages 110 to 111

TRADE FLOWS & SUPPLY CHAINS

Growth in world trade is expected to moderate to 5% in 2022 as supply chain disruptions increase due to the Russo-Ukraine war. Freight costs and capacity are expected to remain a key concern during this year as well.
Refer risk no. 14 on pages 114 to 115

AN ECONOMY IN STRESS

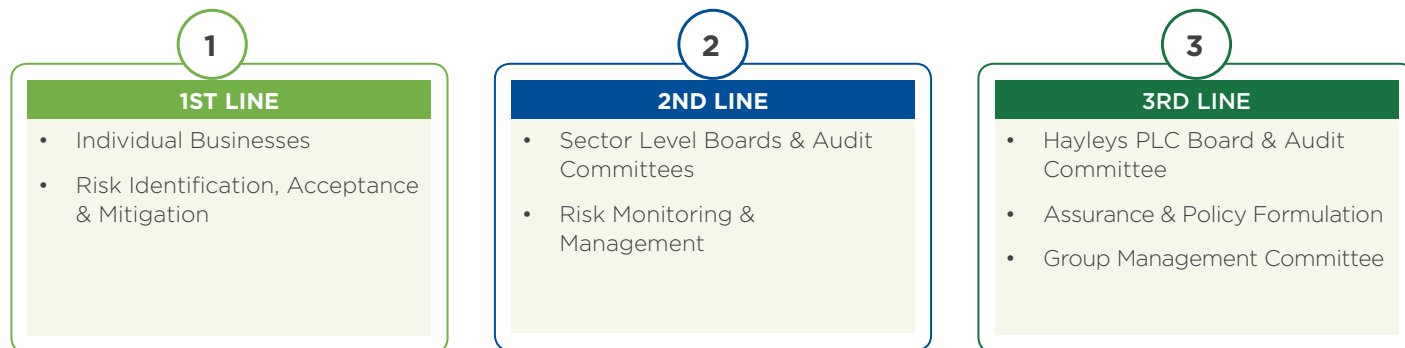
For businesses located in Sri Lanka, this is the main concern. The past two months have seen corrective action being implemented but there is more to be done to see a clear path forward. The progress of discussions with the IMF and other countries for bilateral assistance will be key. As warned by the Prime Minister, the next few months are critical and likely to be difficult. Maintaining stability during this time is essential. These are taking place at a time for stress for the world economy as well which makes the road to recovery even more rough and more urgent.

FOOD SECURITY

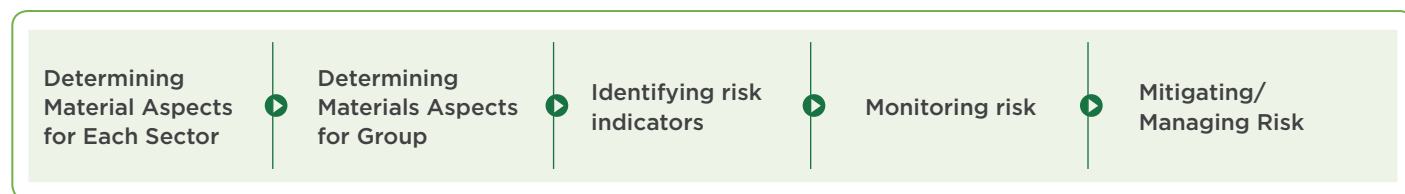
The agriculture policies have resulted in poor yields, threatening the food security of the country which also has no means to secure imports. This is happening against a backdrop of world shortages of wheat and other food items leaving little headroom for securing additional supplies.
Refer risk no. 14 on pages 114 to 115

A STRUCTURED APPROACH

The Group adopts the three lines of defence model with clear segregations of duties.



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



INTEGRATED THINKING & EFFICIENT RESOURCE ALLOCATION

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

DEPARTMENT & AREA OF FOCUS

Management Audit & System Review Department (MA&SRD)

Manage risks at a strategic level whereas MA&SRD approach it primarily from a risk mitigation and management perspective

Responsible for collating risk registers, constructively challenging them and presenting to Group Management Committee, Audit Committee and the Board.



RISKS & OPPORTUNITIES

Strategic Business Development Unit

- Monitoring the PESTEL factors to identify new opportunities as well as assess risks related to the opportunities
- Review risk from a portfolio perspective

PESTEL ANALYSIS

Political
Economic
Social
Technological
Environmental
Legal



Group Treasury

- Management of foreign exchange risk and interest rate risk
- Managing Group liquidity and funding, including cost of funding

Group Finance & Sustainability

- Manages Group financial performance and resilience
- Review and monitor non-financial indicators to identify areas of concern and opportunities to optimise resource allocation

Group Procurement

- Manage risks across the supply chain and ensure availability of raw materials
- Ensure that finished goods are shipped out on time

Group Human Resources

- Managing risks relating to human resources through effective recruitment and monitoring processes

Group Insurance

- Managing the financial risks relating to group employees and other assets through insurance covers.

Group IT

- Responsible for safeguarding the digital infrastructure and information assets of the Group
- Surveillance to assess control
- Cybersecurity

The dynamic risk landscape has seen risk move to the top of the GMC, Audit Committee and Board agendas throughout the Group. The Chairman himself spends a significant amount of time with the heads of the Corporate functions to determine potential risk areas and prioritise them. The experience of the past two years have proved valuable in maintaining a disciplined approach towards risk management. It taught us to tide over the short term and drive growth in our businesses with the support of willing teams across the Group. This approach of understanding the risks, opportunities, impacts and outcomes to drive optimal resource allocation across all our businesses is firmly entrenched in our businesses and epitomises the integrated thinking of the Board, the Group Management Committee and the leadership teams across all our sectors.

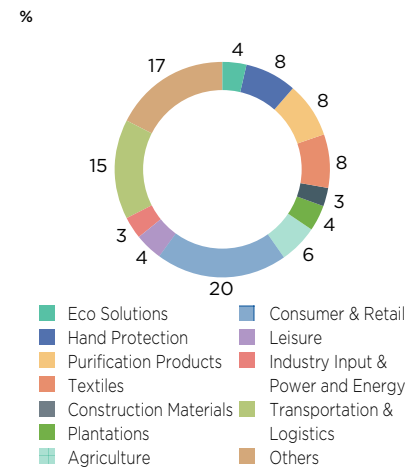
STRATEGIC RISKS

The strength of the Hayleys Group lies in its diversity across industry sectors and its geographical reach across business locations and revenue

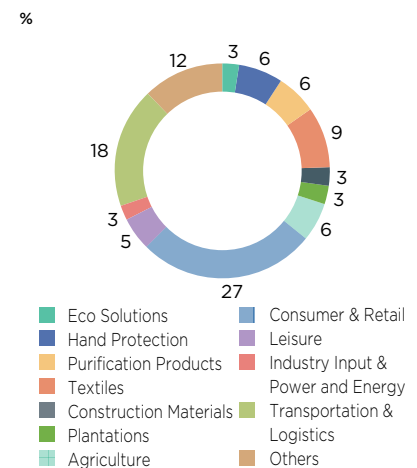
markets. However, this also increases the number of risks it is exposed to although the impact is cushioned due to diversification as observed in the past three years. The following graphs provide insights into the Group's diversification of risks.

INDUSTRY DIVERSITY

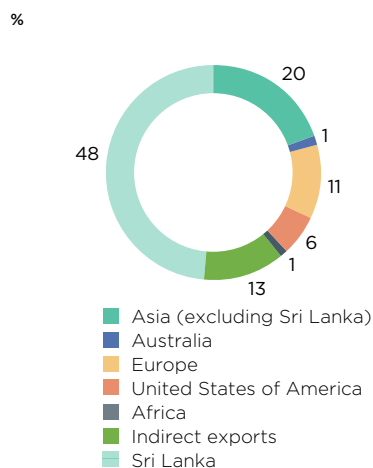
TOTAL ASSETS COMPOSITIONS



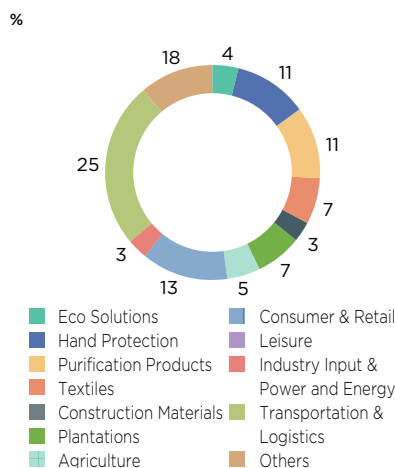
TOTAL LIABILITIES COMPOSITIONS



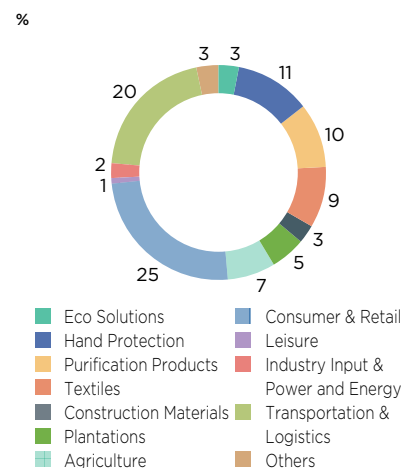
GEOGRAPHICAL REVENUE



PBT COMPOSITION



REVENUE COMPOSITION

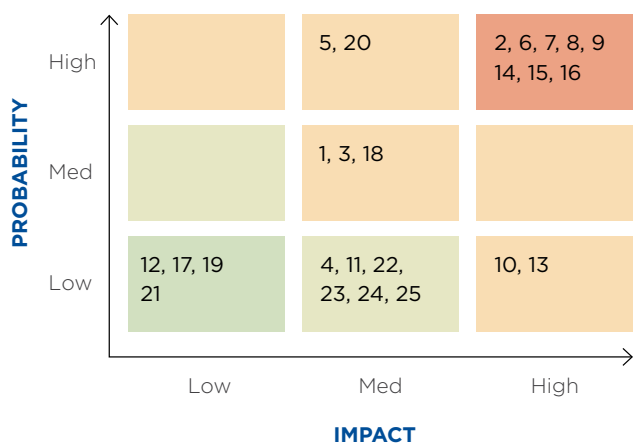


The Group's reputation is a critical factor for the Group, carefully nurtured over 144 years managed at all levels of the Group. Embedding stakeholder engagement and ESG principles into all our businesses has been a key initiative that serves to mitigate the reputation risk through a shared Lifecode. Innovation has always featured prominently in our success, driving our growth as reflected in Intellectual Capital on pages 262 to 269. Understanding consumer behaviour is a key part of our business as our products must be relevant to customers.

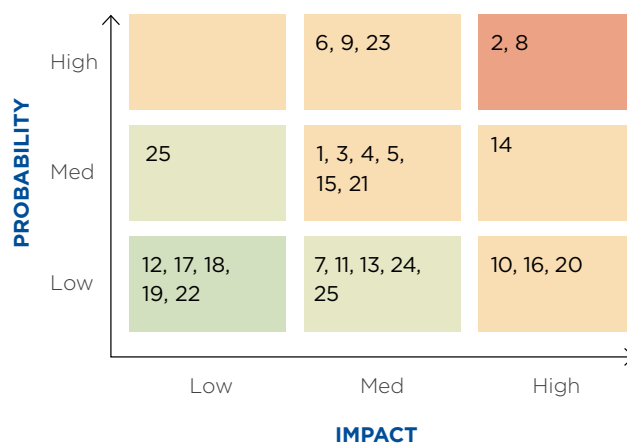
OUR TOP RISKS

Risks are assessed in line with the adjacent matrix and a score is obtained for each type of risk, facilitating identification of common risks, aggregation and prioritisation. These are presented to the Group Management Committee, Audit Committee and the Board and used for decision making including the strategic direction of growth and resource allocation. This year, we present our risks in two time horizons based on the assumption that the country will recover from its present economic crisis.

Time Horizon: 1 Year



Time Horizon: 3 Year



RISKS & OPPORTUNITIES

HAYLEYS GROUP - RISK ASSESSMENT MATRIX

No.	Risk Exposure	Description of Risks & Potential Impact	One Year Time Horizon		
			Severity Impact on Business	Probability of Occurrence	Risk (Probability x Likelihood)
1	Geo Political Risk	<ul style="list-style-type: none"> 52% of Group turnover is derived from exports As an investment company, it depends on dividends from subsidiaries Tea export business exposure to Russia and Middle East can impact dividends from the sector 	2	2	4
2	Local Political Risk	<ul style="list-style-type: none"> 48% of Group turnover is derived locally Manufacturing facilities are located throughout the island Majority of the workforce are local Unstable political environment can have a significant impact on operations, and negatively impact dividend income 	3	3	9
3	Environment Risk	<ul style="list-style-type: none"> The Group owns biological assets in the plantation sector which are heavily dependent on favourable weather patterns. Additionally, the agriculture sector is directly impacted by weather patterns. A number of other sectors are also directly or indirectly impacted by climate change in varying degrees. Increased calls for tighter environmental regulation by climate change champions. 	2	2	4
4	Increased Competition	<ul style="list-style-type: none"> Players in the Asian region have ramped up production with production growth outpacing the uptick in demand resulting in intense price competition. This will likely impact both export market and the domestic market exerting pressure on both top and bottom lines 	2	1	2
5	Subdued Demand	<ul style="list-style-type: none"> Demand for products may weaken in markets due to the reduced disposable incomes/current political & economic situation in SL and buildup of inventory during the year, impacting top line growth. 	2	3	6
6	Economic Risk	<ul style="list-style-type: none"> Economic instability due to higher budget deficit, higher current account deficit, high unemployment, higher inflation and balance of payment deficits may lead to possible downgrading of country's sovereign credit rating. this can have an adverse impact to companies business operations and its cross-border transactions and international trade businesses 	3	3	9

Action Plan/Mitigating Activities	5 Year Time Horizon			Rationale for Change
	Severity Impact on Business	Probability of Occurrence	Risk	
<ul style="list-style-type: none"> Diversified export markets Focused growth in selected markets Increased penetration in stable markets 	2	2	4	<i>Maintained at the same rate due to Russo-Ukrain war</i>
<ul style="list-style-type: none"> Revenue diversification in export and local operations 	3	3	9	<i>Cautiously optimistic that a bailout from the IMF and other multilateral agencies will set the country on the right path to recovery</i>
<ul style="list-style-type: none"> Coordinated response on environmental risks by Group sustainability and sector sustainability champions Setting environmental targets to be achieved by 2030 Group environmental policies revised and implemented Investment in reducing the Group's carbon and water footprint with improved access to market Increase environmental certifications Strengthen environmental management system Drive responsible consumption practices throughout the Group Increase employee environmental consciousness through training and other initiatives. 	2	2	4	<i>We expect this to be a relatively low priority for policymakers as they strive to get the economy on track, deferring a coordinated response to the environmental threats</i>
<ul style="list-style-type: none"> Aggressive client acquisition in export markets Increased focus on strengthening presence in export markets Diversification of export markets Differentiated customer value proposition in domestic market ESG compliance and certification to gain access to markets and also drive strategic differentiation 	2	2	4	<i>We expect regional competition to intensify as we grow and level up in global markets</i>
<ul style="list-style-type: none"> Diversification across market and product categories Forward contracts with key buyers Focus on new customer acquisition Explore feasibility of establishing distribution presence in key export market 	2	2	4	<i>Consumer demand will have moderate growth and flexible strategies will align our own growth to cater to the new norms</i>
<ul style="list-style-type: none"> Diversification of the affected sectors to operate in environments beyond Sri Lanka to reduce the over dependency on the local economy Group maintains strong relationships with relevant stakeholders, lobby groups and banking partners which plays a vital role in influencing progress towards economic stability within the country. 	2	3	6	<i>We expect the Group to build resilience to economic cycles to weather the low to moderate growth forecasts for the global economy</i>

RISKS & OPPORTUNITIES

No.	Risk Exposure	Description of Risks & Potential Impact	One Year Time Horizon		
			Severity Impact on Business	Probability of Occurrence	Risk (Probability x Likelihood)
7	Liquidity and financial stability	<ul style="list-style-type: none"> Financial stress and impaired ability to meet future debt obligations 	3	3	9
8	Interest Rate Risk	<ul style="list-style-type: none"> Interest rate volatility will have a significant impact on the Group, increasing the costs of finance and minimising profits. This can also lead to a change in credit ratings. 	3	3	9
9	Foreign Currency and Exchange Rate Risk	<ul style="list-style-type: none"> 52% of group turnover is derived from exports Raw material imports will be negatively impacted from LKR depreciation Therefore, exchange risk fluctuation can have both a positive and negative impact on dividend income The regulator has imposed a restriction on forward exchange contracts for foreign currency purchases. Due to high dollar shortage difficulty of remitting the principal balances both in Airlines and shipping lines 	3	3	9

CREDIT RISK

10	Counterparty Risk	<ul style="list-style-type: none"> Company has provided corporate guarantees to subsidiaries of the Company A default by any of these subsidiaries can result in liability exposure 	3	1	3
11	Credit Risk	<ul style="list-style-type: none"> Increasing working capital cycle stressing cashflow management Potential losses due to impairment of receivables Inability of banks to honour fair USD and LKR deposits honour timely manner 	2	1	2

Action Plan/Mitigating Activities	5 Year Time Horizon			Rationale for Change
	Severity Impact on Business	Probability of Occurrence	Risk	
<ul style="list-style-type: none"> • Increase oversight on liquidity by Board and GMC • Management of liquidity by Group Treasury • Strong cashflow generation during the year • Strengthened financial stability 	2	1	2	<i>Group efforts to build financial resilience to weather potential shocks is expected to reduce the liquidity risk</i>
<ul style="list-style-type: none"> • Debt repayment utilising divestment of low yielding investments • Use of both fixed and floating rate instruments when debt funding is structured • Refinancing of long-term loans at low interest rates • Maintain an appropriate mix of floating rate and fixed rate debt structure • Use of interest rate swaps in maintaining a proper mix of floating rate debt Vs fixed rate debt • Close monitoring of interest rate movement with an intention of restructuring the debt mix (fixed Vs floating and LTL Vs STL) 	3	3	9	<i>Stabilisation of interest rates and our own resilience is expected to moderate the risk</i>
<ul style="list-style-type: none"> • Growth in export revenue • Matching of forex receivables with forex payables • Use of synthetic forward foreign exchange contracts within Group Companies in hedging payables and receivables when there is a mis-match • Use of currency swaps in managing the forex risk associated with forex debt • Close monitoring of forex movements with an intention of adopting appropriate hedging mechanisms • Monthly evaluation of net open exposure for forex 	2	3	6	<i>The Group plans to grow its export businesses to restore its former position as a net exporter</i>
<ul style="list-style-type: none"> • Corporate governance and regular monitoring of performance of these subsidiaries 	3	1	3	<i>We do not expect a change in the level of risk as these guarantees maybe replaced by others in the course of business</i>
<ul style="list-style-type: none"> • Implement Group Credit Risk Management Policy • Oversight of sector liquidity by Group Treasury • Increased rigour over receivables by all Audit Committees and sectors • Strengthened credit processes across businesses sectors 	2	1	2	<i>We will strengthen credit controls to manage this risk which is expected to increase.</i>

RISKS & OPPORTUNITIES

No.	Risk Exposure	Description of Risks & Potential Impact	One Year Time Horizon		
			Severity Impact on Business	Probability of Occurrence	Risk (Probability x Likelihood)
OPERATIONAL RISK					
12	Reputational Risk	<ul style="list-style-type: none"> Company is considered as a leading conglomerate in Sri Lanka and overseas Negative PR due to foreseen or any unforeseen event can have a significant impact on Company 	1	1	1
13	Business Interruption Risk	<ul style="list-style-type: none"> Subsidiary business interruption mainly due to COVID 19 outbreak Health and safety of employees Business interruption will have a negative impact on subsidiary performance and will impact dividend payout 	3	1	3
14	Increasing raw material prices and discontinuation of key supply chains	<ul style="list-style-type: none"> Commodity price are expected to increase by 30% in 2021/22 as demand picks up with countries emerging from the pandemic. This will exert pressure on margins as headroom for passing on price increases is limited in the current economic environment. 	3	3	9
15	Access to steady supplies of fuel and energy	<ul style="list-style-type: none"> The foreign exchange liquidity crisis has led to a shortage of all type of fuel disrupting logistics and increasing costs 	3	3	9
16	Continuous increase of freight rates and limited availability of shipping space	<ul style="list-style-type: none"> Export company margins are eroded due to increased costs of freight making exports less attractive Reduction of shipping and freight space due to higher demand and non availability of containers 	3	3	9
17	Employee Health and Safety including Occupational Health	<ul style="list-style-type: none"> Loss of working hours, loss of lives, increase in costs 	1	1	1
18	High staff turnover and Employee Relations	<ul style="list-style-type: none"> Due to high staff turnover of skilled employees the tourism industry has been severely impacted. Migration is a significant contributing factor Disputes may result in trade union actions 	2	2	4

Action Plan/Mitigating Activities	5 Year Time Horizon			Rationale for Change
	Severity Impact on Business	Probability of Occurrence	Risk	
<ul style="list-style-type: none"> • Focused PR management • Integrating ESG Framework throughout all businesses • Upward movement in credit rating 	1	1	1	<i>This is non-negotiable in setting the risk appetite</i>
<ul style="list-style-type: none"> • Business diversification • Employee vaccination • Remote working and work from home to maintain social distancing • Internal COVID task force have been appointed to manage risk 	2	1	2	<i>Pandemic will remain on our risk radar even though we expect the COVID-19 pandemic to reach endemicity this year</i>
<ul style="list-style-type: none"> • Daily monitoring of raw material prices • Forward booking where possible • Build up of sufficient inventory while balancing liquidity and other constraints such as potential for price volatility due to new waves of pandemic and order pipelines • Expanding upstream supply chains 	3	2	6	<i>As the world goes into ecological overshoot, supply issues are likely to remain a key concern</i>
<ul style="list-style-type: none"> • Daily monitoring of fuel quantities and prices • Storage capacities for fuel have been increased • Build up of sufficient inventory levels at all companies/factories 	2	2	4	<i>While the shortages are expected to be resolved in the near term, costs of fossil fuels are expected to increase with the gradual withdrawal of fuel subsidies</i>
<ul style="list-style-type: none"> • Task force has been appointed and regular meetings to manage both space and rates. • Expert knowledge of Group Freight Management to resolve any rate/space issues. • Consolidation of shipments to get best rates. 	3	1	3	<i>We expect this to ease over the medium term as issues get resolved</i>
<ul style="list-style-type: none"> • Comprehensive safety protocols in place to manage the COVID-19 pandemic • Occupational health and safety certifications throughout the Group facilitate prevention of serious injuries • High levels of health and safety awareness nurtured as part of the Group culture 	1	1	1	<i>Employee health and safety is critical to us and necessary actions are taken to minimise risks to them</i>
<ul style="list-style-type: none"> • Progressive HR policies • Maintaining cordial relationships with employees across all employee categories 	1	1	1	<i>We expect the brain drain to abate with economic recovery</i>

RISKS & OPPORTUNITIES

No.	Risk Exposure	Description of Risks & Potential Impact	One Year Time Horizon		
			Severity Impact on Business	Probability of Occurrence	Risk (Probability x Likelihood)
19	Legal Risk	Possible legal fees, fines, penalties and payouts	1	1	1
20	Compliance Risk	<ul style="list-style-type: none"> The operations of the Company should be compliant based on local regulations and laws Currently each division is responsible for meeting compliance requirements (e.g. CAU regarding accounting, treasury dept. regarding credit facilities, IT for software registration) There is no compliance officer overlooking overall compliance for the Company 	2	3	6
21	Data Protection Risk and IT Governance	<ul style="list-style-type: none"> Data risk is the potential loss related to data An Information Protection Policy is in place Current challenges faced by us obtaining timely licenses due to some partners not having USD to pay for licenses. 	1	1	1
22	Information System Availability Risk	<ul style="list-style-type: none"> Use of cloud base applications and platforms. Services can be affected due to global geopolitical situation. Availability of the Infrastructure. Services can be affected due to Infrastructure failure. Current shortage of technology equipment as well as shipment delays resulting non-availability of certain critical technology components. 	2	1	2
23	Cyber Security Risk	Cyber Attacks or Ransomware attacks. Group System availability and websites can be affected due to such attacks.	2	1	2
INVESTMENT RISK					
24	Investment Risk	<ul style="list-style-type: none"> The probability or uncertainty of losses rather than expected profit from investment Hayleys PLC's primary investment is in shares of subsidiary companies and associates. Expected return is dividends. Geo political, economic, sector specific or company specific issues which can have a negative impact on subsidiary performance, thus impacting expected returns for Hayleys PLC 	2	1	2
ENVIRONMENT RISKS					
25	Extreme weather events	Damages to property and loss of lives	2	1	2

Action Plan/Mitigating Activities	5 Year Time Horizon			Rationale for Change
	Severity Impact on Business	Probability of Occurrence	Risk	
<ul style="list-style-type: none"> Timely action and follow up 	1	1	1	<i>We expect this to remain manageable due to our compliance culture</i>
<ul style="list-style-type: none"> Regular training Comprehensive policy framework Certifications Internal audits 	3	1	3	<i>We expect this to remain manageable due to our compliance culture</i>
<ul style="list-style-type: none"> Data Protection Policy Have a Insurance Policy Negotiating with relevant Partners to pay on time. 	2	2	4	<i>Efforts will be made to maintain these risks within manageable levels</i>
<ul style="list-style-type: none"> Mitigation activities in place. Obtain a Cyber Security Insurance Policy Hiring of certain IT equipment 	1	1	1	<i>Efforts will be made to maintain these risks within manageable levels</i>
<ul style="list-style-type: none"> Have appropriate tools and teams to mitigate the risk. Insurance policies are in place for computer hardware Business continuity plans 	2	3	6	<i>Efforts will be made to maintain cyber threats at this level</i>
<ul style="list-style-type: none"> Hayleys PLC investments are diversified Review of budgets, performance of each sector on a regular basis 	2	1	2	<i>Investment risk is maintained at a manageable level through diversification</i>
<ul style="list-style-type: none"> Regular safety review meetings Monitoring sustainability report for H&S incidents and identifying increasing trends Annual check of effectiveness of fire extinguishers Adequate insurance arrangements 	2	1	2	<i>We expect climate change to be a key concern as extreme weather event become more frequent</i>

RISKS & OPPORTUNITIES

ACQUISITIONS

The Group has a strong history of growth through acquisition and has a finely-honed team in place for the purpose with the expertise required. A strengthened cashflow position supports our aspirations for growth together with a strong talent pool of leaders and aspiring leaders who are eager for opportunities for growth. The year under review saw the acquisition and turnaround of South Asia Textiles enhancing the capabilities of the Textiles sector.

DIVERSIFICATION

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

EXPAND CAPACITY

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

TALENT PIPELINE & SUCCESSION

Growth in world trade is expected to moderate to 5% in 2022 as supply chain disruptions increase due to the Russo-Ukraine war. Freight costs and capacity are expected to remain a key concern during this year as well.

INVESTMENT IN RENEWABLE ENERGY

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

DIGITALISATION

The agriculture policies have resulted in poor yields, threatening the food security of the country which also has no means to secure imports. This is happening against a backdrop of world shortages of wheat and other food items leaving little headroom for securing additional supplies.

SUSTAINABLE INNOVATION

Soaring inflation will increase pressure on wages, increasing economic hardship for the people

EXPAND PRESENCE ALONG VALUE CHAIN

All these factors will combine to change consumer behaviours throughout the world and predicting trends will be key to managing finite resources.

OPPORTUNITIES

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

HONOURING OUR COMMITMENT TO ESG

Government policy is key to how we do business. Policy direction is critical to managing risk. Given the current level of economic stress, policy plays a key roles in shaping outcomes, not just for the year ahead but in the medium term as well.

Sharing Insights

The success and growth of businesses and economies are our priorities. Sustaining communities and innovation that strengthen and uplift people, processes and the planet.



Management Discussion & Analysis
Portfolio Review

INFORMATION WE SHARE IN OUR PORTFOLIO REVIEW

<p>OPERATING LANDSCAPE</p> <p>High level overview of the developments that shaped the relevant industry landscape during the year.</p>	<p>STRATEGY & RESOURCE ALLOCATION</p> <p>The Sector's key strategic priorities during the year, the resources allocated for each strategy and how we measure progress</p>	<p>INTEGRATED PERFORMANCE OVERVIEW</p> <p>Concise yet comprehensive overview of the Sector's financial, social, environmental and economic performance</p>	<p>COMMITMENT TO HAYLEYS LIFECODE GOALS</p> <p>The Sector's alignment to Sustainable Development Goals and progress made to the aspirations of the Hayleys Lifecycle</p>	<p>PLANS & OUTLOOKS</p> <p>The future operating dynamics of the industry assessed through a PESTEL framework and our plans for the future, classified as immediate/short-term plans and medium/long-term plans.</p>
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PORTFOLIO REVIEW

Eco Solutions	pages 121 to 130	Agriculture	pages 179 to 188
Hand Protection	pages 131 to 140	Consumer & Retail	pages 189 to 198
Purification	pages 141 to 148	Leisure	pages 199 to 206
Textiles	pages 149 to 158	Industry Inputs, Power & Energy	pages 207 to 216
Construction Materials	pages 159 to 168	Transportation & Logistics	pages 217 to 226
Plantations	pages 169 to 178	Others	pages 227 to 229

PORTFOLIO REVIEW



ECO SOLUTIONS

The Eco Solutions is Sri Lanka's pioneering and leading manufacturers of value-added coconut fibre products, with a global reputation for quality, innovation and tailor-made solutions.



ECO SOLUTIONS

MARKET POSITION



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



Products sold in over 80 countries



Array of over 1,000 products in 70 markets

FINANCIAL PERFORMANCE AND STABILITY



REVENUE

Rs. 11.13 bn
(+42%)



PAT

Rs. 1.50 bn
(+127%)



ASSETS

Rs. 17.52 bn
(+34%)

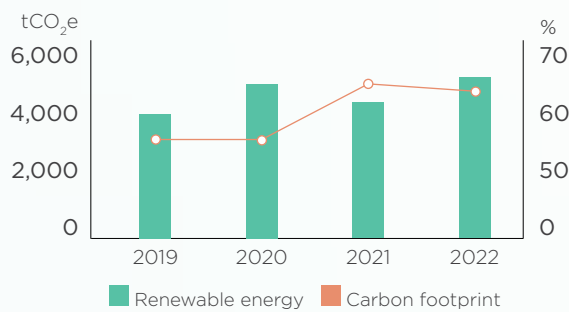


LIABILITIES

Rs. 8.14 bn
(+57%)

The Sector delivered the highest profitability in its operating history, supported by strong volume growth and increased penetration in new markets

INCREASING RELIANCE ON RENEWABLE ENERGY



STRATEGIC PRIORITIES 2021/22



Market diversification and new product development



Backward integration and effective management of upstream value chain



Supporting employee safety and well-being



Strategic focus on eco-fibre segment

ECONOMIC IMPACT

USD 43.67 mn Foreign exchange generated

80% Local sourcing

Significant local value addition



NEW MARKETS AND PRODUCTS

- 11 New markets
- 69 New customers
- 43 New products

NURTURING HUMAN CAPITAL

Strategic focus on ensuring health and safety of employees and achieved 100% vaccination rate

Rs. 0.44 mn
Training investment

46
Promotions

Rs. 854.17 mn
Value to employees

ECO SOLUTIONS

SECTOR OVERVIEW



BRUSHWARE

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

Contribution to Sector

Revenue: 17%
PBT: 7%

Performance 2021/22

Revenue: 20% growth
PBT: 159% growth



FLOOR COVERING

Manufacturer of coir, rubber, and flocked door mats

Contribution to Sector

Revenue: 24%
PBT: 14%

Performance 2021/22

Revenue: 32% growth
PBT: 322% growth



ECO FIBRE

Manufactured a range of value-added coir fibre products

Contribution to Sector

Revenue: 59%
PBT: 79%

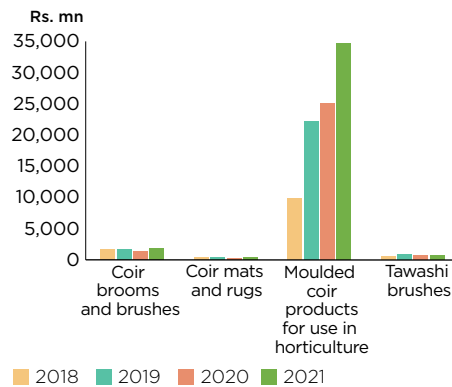
Performance 2021/22




Revenue: 36% growth
PBT: 126% growth

OPERATING ENVIRONMENT

Coconut fibre based finished products exports from Sri Lanka recorded strong growth during the year, with volume and value increasing by a respective 19% and 32% in 2021. COVID-19 led disruptions continued to impact operators during the year, affecting access to market, operations and supply chain partners during the year. Meanwhile, product cost increased in view of the surge in freight costs while lead time to customers lengthened in view of shipping constraints and disruptions to global logistics networks. Despite these challenges demand remained resilient and posted strong recovery towards the latter part of the year, with the Eco-Fibre Sub-Sector demonstrating strong potential for growth.







VALUE ADDED FIBRE-BASED PRODUCT EXPORTS



	Developments in 2021/22	Implications on the Sector
 +12% Coconut crop	Sri Lanka's coconut production reached a record-high during the year supported by favourable weather patterns and conducive temperature.	+ Easing of local supply chain disruptions, given the increase in supply of input materials
 +13.7% Average retail price of coconut	Prices of coconuts remained elevated for most part of the year, due to increased demand from industries. The Maximum Retail Price imposed for coconuts were revoked in June 2021	- Increase in cost of raw materials and cost of production
 +13% Growth forecast (2021-2026)	The long-term outlook for eco-fibre products remains positive, supported by increased prevalence towards eco-friendly products and more stringent environmental regulations in major export markets	+ Strong growth potential in eco-fibre, particularly in growing media

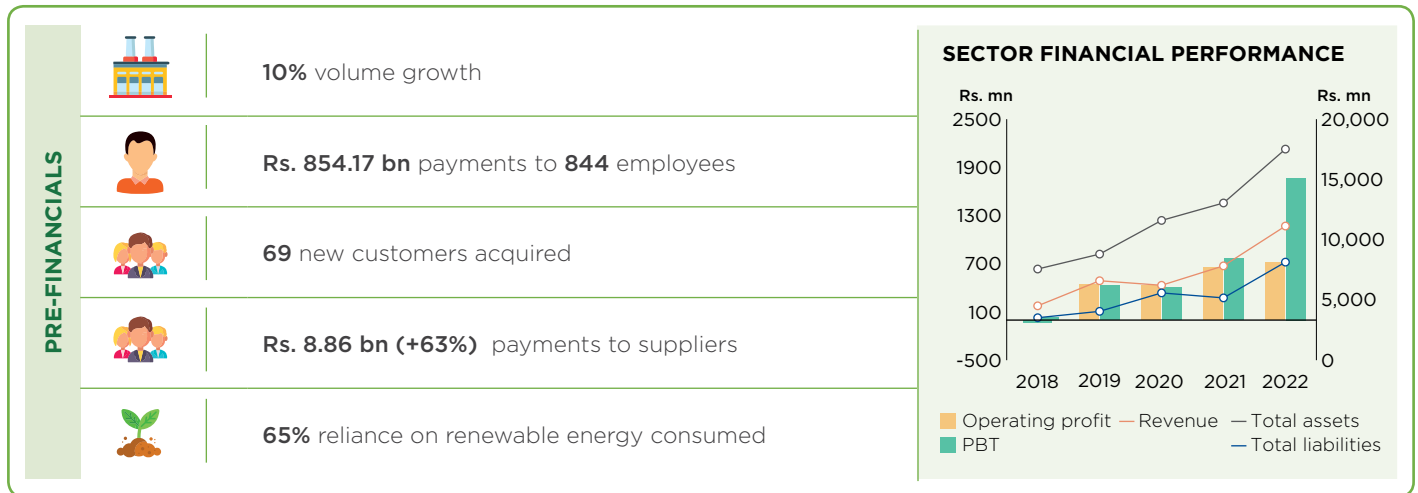
STRATEGY & RESOURCE ALLOCATION

The Sector's strategy during the year was consistent with the growth agenda it has pursued in recent years and centered on entering new markets, seeking increased penetration in existing markets and widening the product portfolio through ongoing innovation. Disruptions to both supply chains and distribution networks during the year, resulted in the lengthening of lead times, which prompted the Sector to effectively manage both the upstream and downstream value chains through proactive demand planning, inventory build-up and close engagement with customers. The Sector also leveraged its strong R&D capabilities to drive continued innovation, thereby facilitating entry into new markets and driving increased penetration of existing markets.

STRATEGIC PRIORITY	RESOURCES ALLOCATED	KPI
 Market diversification through pursuing entry into new markets	 Rs. 163.21 bn Sales & marketing expense	>11 New markets entered 69 Customers acquired
 Effective management of upstream and downstream value chain	 Rs. 100.04 mn Investment in backward integration	75 New suppliers added
 New product development with strategic focus on the eco-fibre segment	 5 Heads Strength of R&D team	43 New products launched 47 Products in the pipeline

ECO SOLUTIONS

INTEGRATED PERFORMANCE REVIEW



The Sector recorded strong top line growth of 42%, driven by penetration into new markets, robust demand for eco-fibre products and development of new products. Operating profitability was affected by the increase in the price of raw materials, resulting in the Earnings Before Interest and Tax (EBIT) margin narrowing to 6% from 8% the year before. Overall profitability was, however, supported by exchange gains arising from the depreciation of the Rupee towards the latter part of the year. Resultantly, the Sector's Pre-Tax-Profit increased by 132% to Rs.1.77 bn during the year.

In recent years, the Sector has focused on diversifying its markets and made significant progress in penetrating new markets across several regions including Europe and South America. The Sector's manufacturing operations in India have also aided entry into new markets while mitigating risks through geographical diversification. Revenue from new markets amounted to Rs. 147.15 mn during the year.

The Sector's product strategy in recent years has centered on expanding the eco-fibre range for which we see significant growth potential. Grow bags delivered good growth during the year, supported by the Sector's ability to manufacture a range of customised

offerings suited for specific markets. Research and development capabilities continue to be a vital element of the Sector's competitive edge and during the year we launched 43 new products including a rice seedling pad which has seen an encouraging response from markets pursuing mechanised agriculture. The Sector has continued to leverage its R&D capabilities to formulate innovative products that offer sustainable solutions to address emerging environmental challenges such as soil erosion, waste to landfill and limited availability of land for cultivation.

Following the surge in COVID-19 infections during the year and resultant lockdowns, the Sector

sought to ensure the well-being of employees through establishing a dedicated Taskforce to lead COVID-19 mitigation efforts. The Sector successfully obtained the COVID safety certification from SGS Lanka and achieved a vaccination rate of 100% (both doses) among its employees. Investments were directed towards enhancing employee facilities while strategic emphasis was placed on ensuring the safety of our employees through facilitating vaccinations and offering ongoing support for all infected employees and their families. Meanwhile, given the increase in operational activity, the Sector absorbed contract workers to the permanent cadre.

A SUSTAINABLE PRODUCT PORTFOLIO

Erosion control products which preserves soil quality

Seedling pads facilitating mechanised agriculture

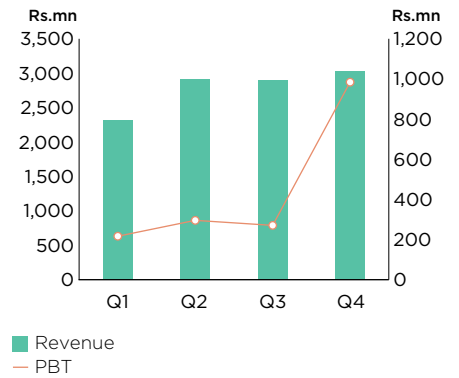
Growing media encourages cultivation in areas of limited arable land

Eco friendly mats featuring biodegradable properties

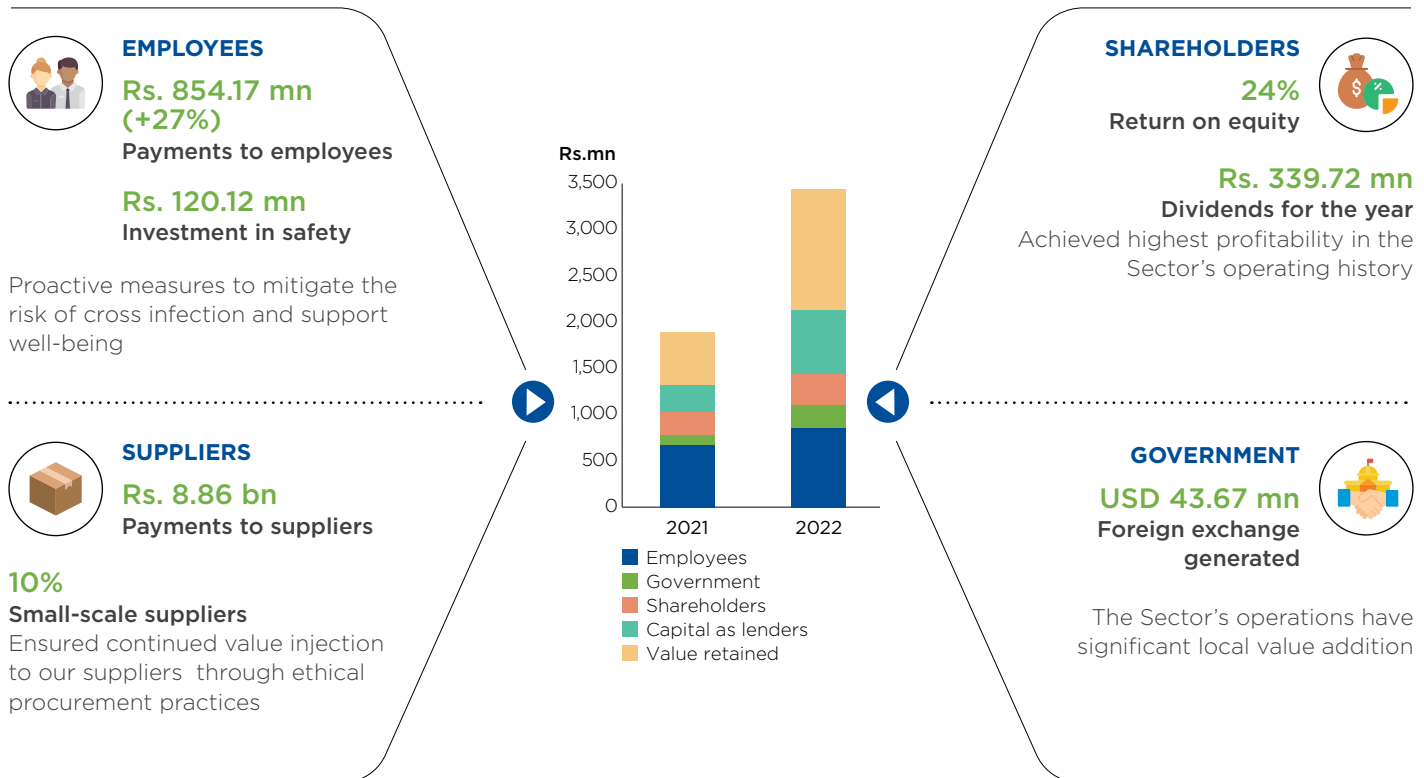
As a Sector which is reliant on agricultural raw materials, we are inevitably exposed to vagaries in weather patterns which can in turn lead to volatile prices and interruptions to supply. In addressing this challenge, the Sector has increasingly sought backward integration, seeking to develop inhouse fibre extracting capabilities while expanding local sourcing channels. Recent efforts to increase reliance on local material and thereby eliminate the use of imported palmyrah fibre through expanding our collection centres paid dividends during the year, with nearly 80% of the Sector’s raw materials now sourced locally. This also enables the Sector to drive economic empowerment through supporting over 100 livelihoods, most of which are in economically vulnerable areas.

The Sector has increasingly focused on renewable energy, as part of its emission reduction journey. During the year, energy generated from bio-mass sources accounted for 65% of total energy consumption, enabling the Sector to reduce reliance on fossil-fuel based energy sources. While the Sector’s carbon footprint increased by 20% due to increased operational activity, carbon intensity (as measured by emissions per turnover Rs. mn) declined by 15% during the year. Ongoing efforts to rationalise water consumption led to a 12% decline in the Sector’s water use during the year, water intensity declined by a sharper 38% during the year.

QUARTERLY PERFORMANCE TRENDS

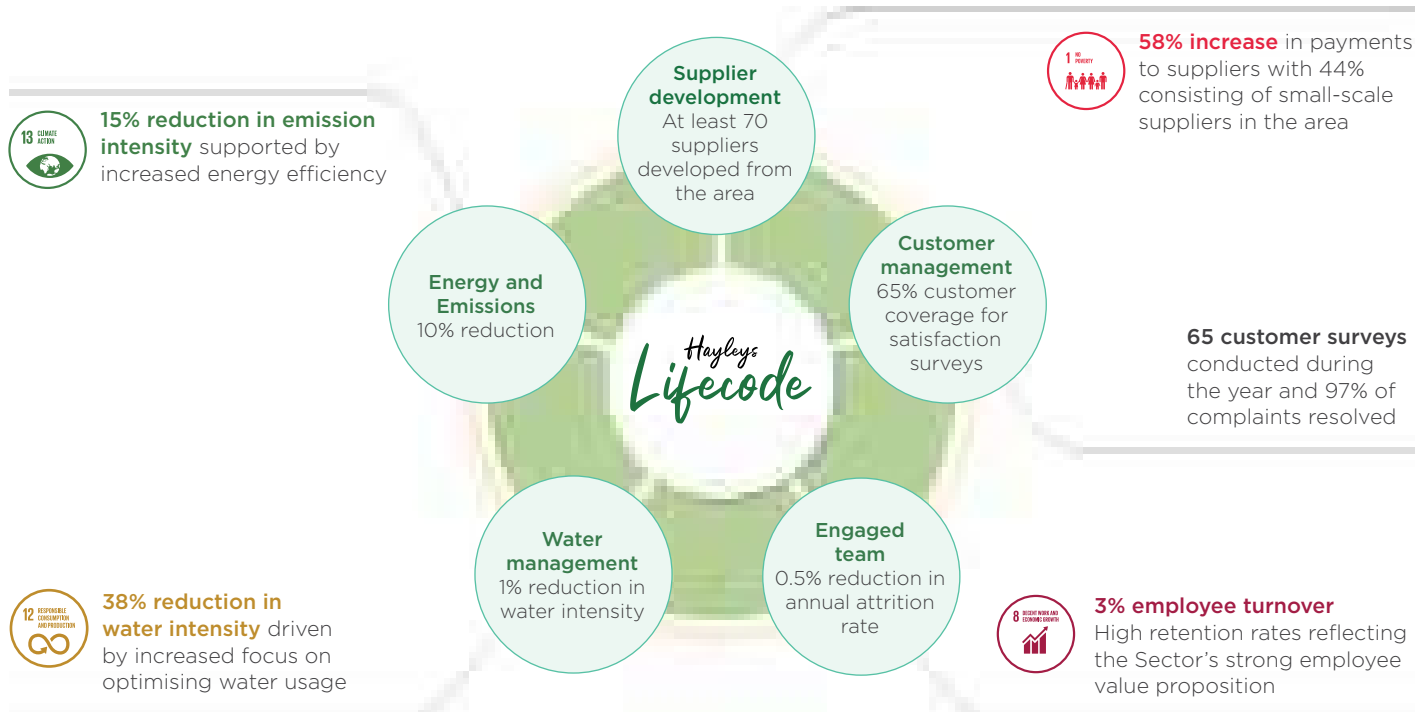


STAKEHOLDER VALUE CREATION



ECO SOLUTIONS

PROGRESS AGAINST LIFECODE GOALS FOR YEAR 2030 AND ALIGNMENT TO SDG



OUTLOOK & PLANS

The Sector is expected to be relatively resilient to the ongoing economic crisis given its limited reliance on imported raw materials. Key downside risks stem from shortages in fuel and interruptions to energy supply, which could impact continuity of our operations as well as our suppliers. Meanwhile the rising interest rate scenario is expected to impact profitability through higher finance costs in the short-to-medium term. Demand is expected to remain robust with strong growth potential in selected product categories, such as growing media, erosion control and horticulture. While global logistical challenges arising from shipping constraints are likely to prevail in the short-term, the Sector has taken proactive measures to address these challenges through forward integration and engaging closely with customers to ensure that lead times are manageable.

As one of Sri Lanka's leading exporters in the fibre-industry, we are keen to support the country's economic recovery through local value addition and the generation of valuable foreign exchange income. The Sector will therefore seek aggressive penetration of new markets, leveraging its R&D capabilities to drive introduce new products catering to emerging market requirements. Capacity expansion plans are on the cards and the Sector intends to invest close to Rs.1.7 bn in expanding its rubber and polymer product range. The Sector's short, medium and long-term risks and opportunities are summarised below:

← IMPACT →						
High	Medium	Low		Low	Medium	High
		Political instability	P Political			
Shortages in fuel supply	Fluctuations in raw material prices		E Economic		Favourable exchange rate	
	Labour shortages in agricultural supply chain		S Social	Growth potential in new products and markets		Rapid urbanisation
			T Technological	Mechanisation of agriculture		
Implications of climate change on raw material supply			E Environmental		Cultivation in urban areas	
	Regulations pertaining to foreign exchange earnings		L Legal			



ECO SOLUTIONS



Response and Plans

Short-term

- Rationalise front-end supply chain strategy
- Focus on service excellence to optimise lead times
- Pursue growth in the South American market
- New product launches in planting materials business
- Launch of new products/varieties in horticulture exports and landscaping

Medium-to-long term

- Market development through forming new partnerships with major distributors in key markets
- Enhance value added portfolio through capacity expansion and R&D
- Expansion of Indian manufacturing plant
- Develop and promote own-branded products

Financial objectives

Short-term financial objectives	Medium to long-term financial objectives
ROCE 27%	ROCE 30%
ROE 16%	ROE 20%
Gearing <50%	

PORTFOLIO REVIEW



HAND PROTECTION

Dipped Products PLC is a global leader in protective hand-wear serving close to 5% of the global demand for natural and synthetic-latex based household and industrial gloves. The Group manufactures an array of high-quality, innovative and sustainably manufactured gloves which are sold in over 70 countries across the world.



HAND PROTECTION

MARKET POSITION



Among the top household and industrial glove manufacturers in the world



USD 82 mn of Sri Lanka's glove exports



5 manufacturing facilities in Sri Lanka and Thailand

FINANCIAL PERFORMANCE AND STABILITY



REVENUE

Rs. 37.86 bn
(+25%)



PAT

Rs. 4.05 bn
(-8%)



ASSETS

Rs. 35.30 bn
(+28%)



LIABILITIES

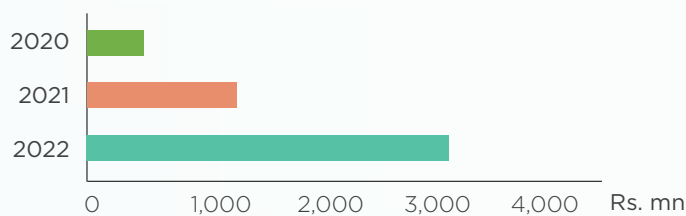
Rs. 19.24 bn
(+17%)

The Sector delivered the highest revenue in its operating history, driven by 10% volume growth and a favourable product mix

STRENGTHENING OUR MANUFACTURED CAPITAL

Rs. 3.11 bn

Capital Expenditure



STRATEGIC PRIORITIES 2021/22



Capacity expansion across all key product categories



New product development focusing on supported gloves, premium offerings and sustainable products



Expansion of local supply chain



Acquisition of new customers in the European region

MANAGING OUR ENVIRONMENTAL FOOTPRINT THROUGH RESOURCE EFFICIENCY



11%
Water recycled



93%
Reliance on renewable energy



24%
Reduction in water intensity



20%
Reduction in carbon intensity

NEW PRODUCTS

- ▶ **20**
new products
- ▶ **5**
Patents applied
- ▶ **Rs. 317.32 mn**
Revenue generated from new products

NURTURING HUMAN CAPITAL

Certified as a
GREAT PLACE TO WORK



Rs. 15.34 mn
Training investment

+35
Promotions

Rs. 4.35 bn
Value to employees

HAND PROTECTION

SECTOR OVERVIEW



LOCAL OPERATIONS

4 manufacturing facilities producing a range of household and industrial gloves

Contribution to Sector

Revenue: 46%
PBT: 60%

Performance 2021/22

Revenue: 23% growth
PBT: 23% growth



ICOQUANTI S.P.A (ITALY)

Distribution arm in Italy, supplying our products to the European market

Contribution to Sector

Revenue: 35%
PBT: 13%

Performance 2021/22

Revenue: 22% growth
PBT: -69% growth



THAILAND OPERATIONS

Manufacturing facility in Thailand producing disposable gloves

Contribution to Sector

Revenue: 19%
PBT: 27%

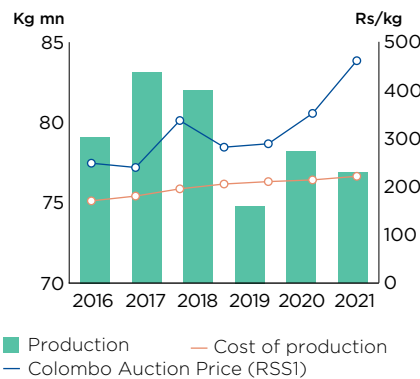
Performance 2021/22




Revenue: 16% growth
PBT: 27% growth

OPERATING ENVIRONMENT

Global demand for disposable gloves moderated from the record-highs of the previous year reflecting increased inventory holding by customers in the first year of the pandemic. Demand for household and industrial gloves, however, remained robust during the year, due to a general increase in hygiene and safety awareness following the outbreak of the pandemic. While demand dynamics remained generally favourable to the Sector, pandemic-led disruptions to both global and local supply chains together with a sharp increase in the cost of input materials resulted in an escalation in costs. This was further exacerbated by the shortage in foreign currency and sharp depreciation of the Rupee, which affected our packing material and other suppliers relying on imported materials.







RUBBER CULTIVATION IN SRI LANKA



	Developments in 2021/22	Implications on the Sector
 <p>31% Increase in rubber prices (RSS1)</p>	In line with the escalation in global natural rubber prices, domestic prices at the Colombo Rubber Auction along with the FOB prices increased significantly during the year.	-Direct impact on cost of production and profitability margins -Implications on price competitiveness in the global market
 <p>+47% Increase in Sri Lanka's rubber glove exports</p>	Export of rubber products including gloves, recorded strong growth during the year, emerging as Sri Lanka's third largest exporter after garments and tea.	+ Opportunity to support Sri Lanka's foreign exchange crisis through generating export income
 <p>13% Growth forecasted (2021-2026)</p>	With stocks gradually depleting across the distribution channels, demand is expected to gain momentum in 2022, with strong growth expected in the supported glove category	+DPL is aptly positioned to capitalise on opportunities presented by the anticipated growth in supported gloves +Opportunity to pursue growth in new markets

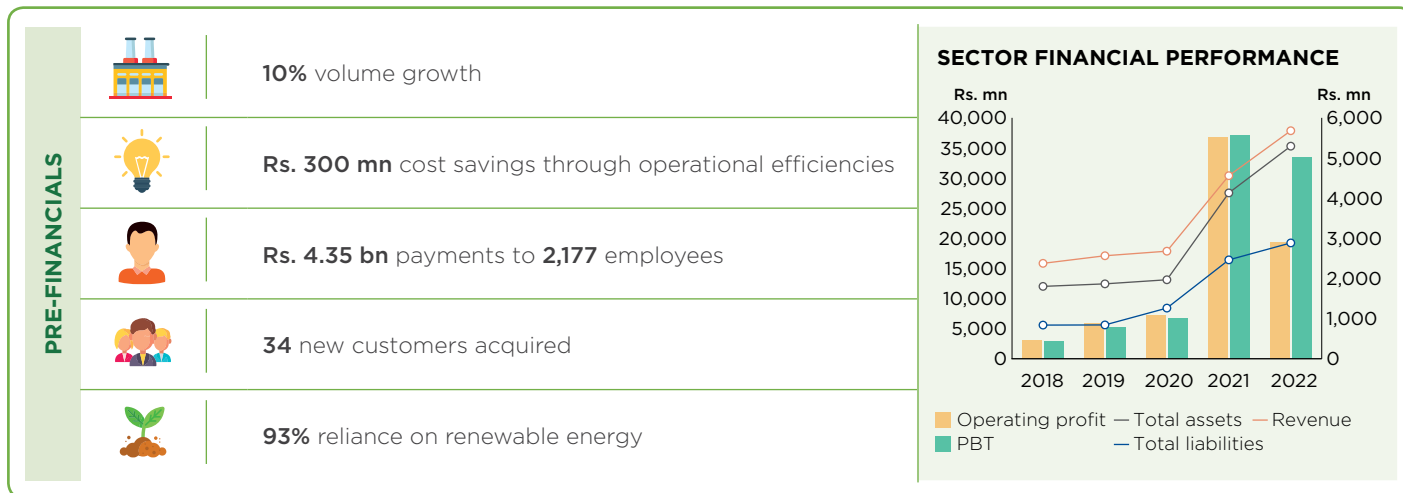
STRATEGY & RESOURCE ALLOCATION

The Sector successfully navigated the numerous external challenges that prevailed during the year, to continue operations uninterrupted and ensure that customer requirements were fulfilled in a timely manner. Supply chain disruptions for natural latex, were addressed through increasing reliance on local farmers through expanding the DPL Firstlight network. The Sector worked closely with its ecosystem of suppliers, supporting them through dollar payments and favourable terms to ensure their continued commercial sustainability. Meanwhile, the marketing strategy centered on prioritising the demands of our long-term customers, despite a surge in demand from new customers at a higher price point. The Sector also pursued new customer acquisition, through the appointment of four new agents in selected regions, with emphasis on driving increased penetration in supported gloves. In catering to emerging dynamics, the Sector also invested over Rs. 3.11 bn in increasing and enhancing manufacturing capacity during the year.

STRATEGIC PRIORITY	RESOURCES ALLOCATED	KPI
 <p>Capacity expansions in all 5 manufacturing lines</p>	 <p>Rs. 3.11 bn Capital expenditure</p>	<p>16% Capacity expansion</p>
 <p>Development of new products, focusing primarily on supported and premium gloves</p>	 <p>Rs. 231.20 mn Investment in R&D</p>	<p>20 New products developed 5 Patents applied</p>
 <p>Secure supply chain through expanding the local farmer base</p>	 <p>2,392 New farmers added to DPL Firstlight network</p>	<p>66% Local procurement (2020/21: 64%) Rs. 14.14 bn Payments to local suppliers (+41%)</p>

HAND PROTECTION

INTEGRATED PERFORMANCE REVIEW



The Sector recorded a revenue growth of 25% supported by timely capacity expansions which facilitated volume growth of 10% and aggressive customer acquisition in selected markets. Profitability was also supported by strategic focus on high-value products such as electrician’s gloves, which enabled the Sector to sharpen its competitive edge while supporting profitability margins. The Sector also engaged in an organisation-wide efficiency drive which generated savings of Rs. 300 mn through implementation of over 150 projects aimed at reducing costs, minimising waste and reducing energy consumption. The Thailand operation performed commendably during the year, although demand for disposable gloves moderated. Profitability was however, adversely affected by cost escalations resulting in PBT and PAT declining by a respective 10% and 8% to Rs.5.01 bn and Rs.4.05 bn.

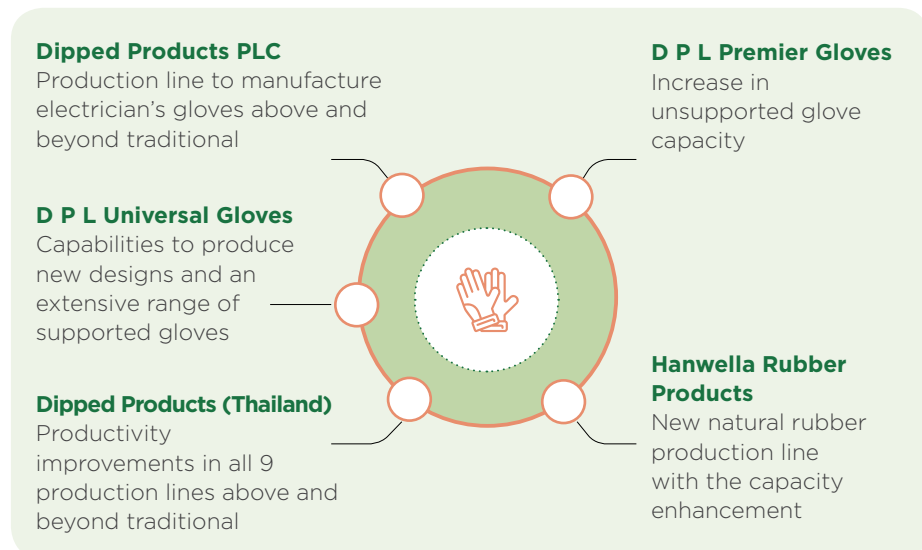
The Sector benefits from strong research and development capabilities which has enabled it to consistently introduce new products catering to emerging requirements. During the year, the Sector introduced 20 new products comprising 3 unsupported, 6 supported gloves and 11 disposable gloves offering several unique features. The Sector also

applied for 5 new patents including 1 at the World Intellectual Property office. DPL also marked entry into a new product vertical with the launch premium sports gloves, a segment which presents significant potential for growth.

On the people front, emphasis was placed on supporting the physical and mental well-being of our employees through facilitating vaccination drives, mental health awareness sessions as well as ongoing investments in

stringent safety protocols. People development was a key priority during the year, with the Sector investing Rs. 15.34 mn, offering more than 27,000 training hours in leadership development, lean management, marketing and sales among others. During the year, the Sector successfully obtained the Great Place to Work (GPTW) Certification, attesting to the strong value proposition offered to employees. DPL also shared the gains of its strong financial performance with its employees.

CAPACITY EXPANSION

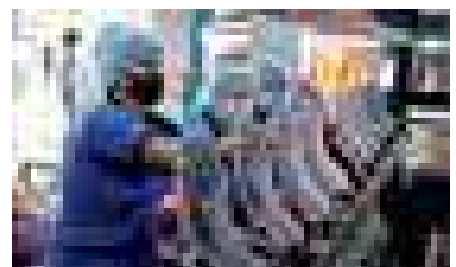
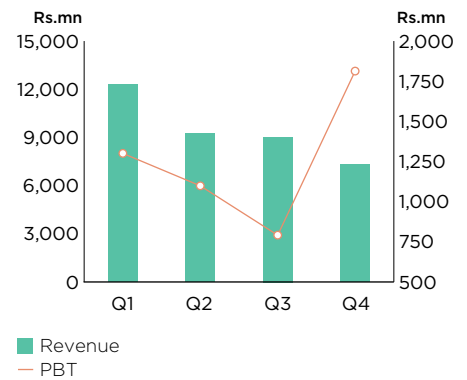


We worked closely with its ecosystem of farmers and suppliers in ensuring their commercial sustainability, which in turn was essential to securing our supply chain. The Sector expanded the DPL First light program with the addition of 2,392 new farmers in Kegalle, Ratnapura, Hambantota and Kurunegala. The program continues to play a vital role in empowering livelihoods through skill development, distribution of fertilizer and propagation of good agricultural practices. Local procurement accounted for 66% of our procurement during the year, with Rs. 14.14 bn injected to the local supply chain.

The Sector has made significant progress in adopting sustainable manufacturing methods and continues to make inroads in reducing the environmental footprint of its operations.

Through its reliance on biomass to power its boilers, renewable energy accounted for 93% of the Sector's total energy consumption. In line with capacity expansions during the year, the Sector directed parallel investments towards enhancing its effluent treatment and water recycling facilities. This included Rs. 100 mn investment in the Sector's largest effluent treatment plant (ETP) at the Universal Gloves factory, tripling the recycling capacity in the Hanwella facility and conversion of chemical treatment method to biological methods at Premier Gloves. As a result of these initiatives, the recycled water quantity increased during the year, while 10% of total water withdrawn was recycled. With customers' increasing preference towards socially and environmentally sustainable products, the Sector commenced the use of bio-degradable packaging for a certain products and intends to expand this over the short-to-medium term.

QUARTERLY PERFORMANCE TRENDS



STAKEHOLDER VALUE CREATION

EMPLOYEES
Rs. 4.35 bn (+55%)
Payments to employees

Rs. 2.00 mn
Remuneration per employee
Enhanced remuneration and incentive schemes to employees through annual increments and bonus payments.

LOCAL RUBBER FARMERS
4,500+
Farmers trained

Rs. 6.01 mn
Worth of fertilizer distributed

Rs. 2.70 mn
Payments to farmers
Offered a holistic value proposition through DPL Firstlight

Year	Employees	Government	Shareholders	Capital as lenders	Value retained
2021	3,500	1,000	1,500	2,000	2,000
2022	4,000	1,500	1,500	2,000	2,500

SHAREHOLDERS
30%
Return on Equity

Rs. 1.20 bn
Dividends for the year

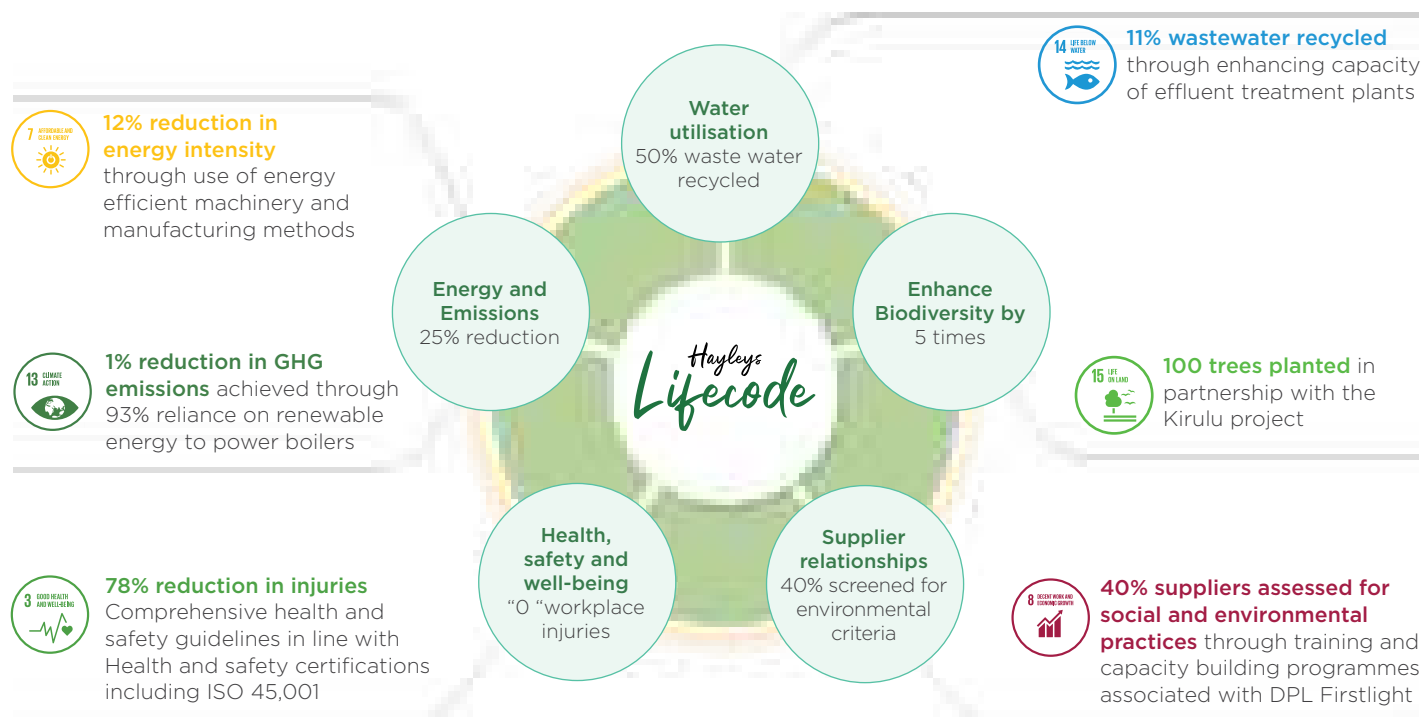
Rs. 37.86 bn
Achieved highest revenue in the Sector's operating history

CUSTOMERS
96%
Customer satisfaction rate

Emphasis on fulfilling the requirements of our long-term customers by sacrificing short-term gains for long-term relationships

HAND PROTECTION

PROGRESS AGAINST LIFECODE GOALS FOR YEAR 2030 AND ALIGNMENT TO SDG



SASB DISCLOSURES

Table: Household and Personal Products Standard- Sustainability Disclosure Topics & Accounting Metrics

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	DISCLOSURE/Pg. reference
Water Management	(1) Total water withdrawn (2) Total water Consumed (3) Percentage in regions with High or Extremely High Baseline Water Stress	(m ³), Percentage (%)	1,781,210 1,781,210 (withdrawn quantity is consumed) Not Applicable
	Description of water management risks and discussions of strategies in place to manage those risks	-	DPL manufacturing operations are not in regions of high water stress
Product Environmental, Health, and Safety Performance	Revenue from products that contain REACH substances of very high concern (SVHC)	Rs. mn	The sector does not use such substances in our products
	Revenue from products that contain substances on the California DTSC Candidate Chemicals List	Rs. mn	The sector does not use such substances in our products
	Discussion of process to identify and manage emerging materials and chemicals of concern		No such processes with such materials and chemicals concern
	Revenue from products designed with green chemistry principles	Rs. mn	Rs. 171.62 mn (Products: Interface ECO, Xtralite Prime)

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	DISCLOSURE/Pg. reference
Packaging Lifecycle Management	(1) Total weight of packaging	MT	5,661
	(2) Percentage made from recycled and/or renewable materials	%	55
	(3) Percentage that is recyclable, reusable, and/or compostable	%	86
	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	-	<ul style="list-style-type: none"> • When purchasing priority is given for packaging which is made using recycled material. • Priority for the suppliers those who adhered to Eco friendly manufacturing processes. • Priority for the products which can be recycled easily or biodegradable.
Environmental & Social Impacts of Palm Oil Supply Chain	Amount of palm oil sourced, percentage certified through the Roundtable on Sustainable Palm Oil (RSPO) supply chains as (a) Identity Preserved (b) Segregated (c) Mass Balance (d) Book & Claim	Metric tons (t), Percentage (%)	Not applicable

ACTIVITY METRICS		
Units of products sold	Number	275Mn Pairs
Total weight of products sold	MT	15,000
Number of manufacturing facilities	Number	05

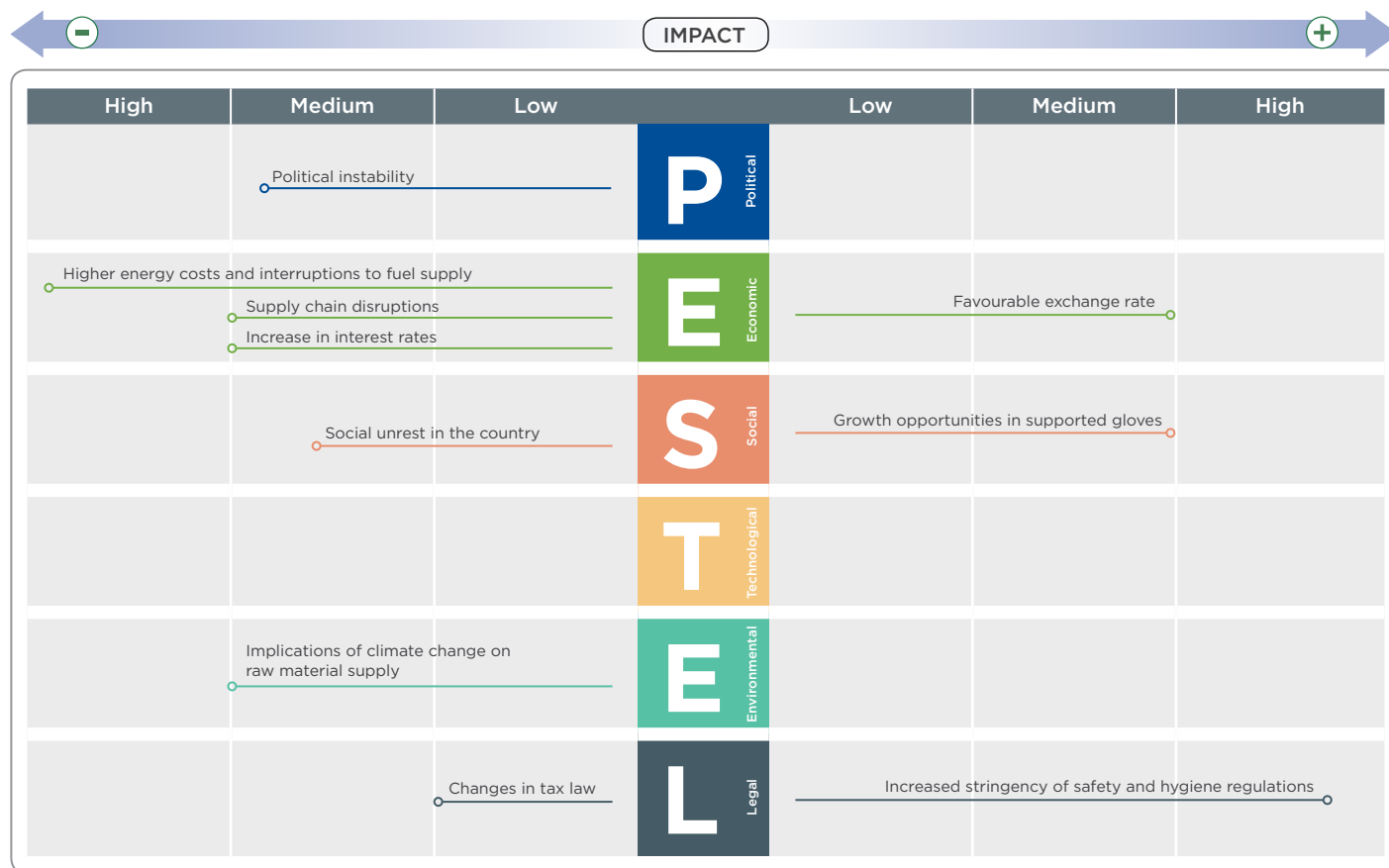
OUTLOOK & PLANS

We are cognizant of the inevitable pressures that can stem from the ongoing macro-economic crisis in the short-term. Key risks for the Sector include supply chain disruptions, escalation in the costs of imported materials, interruptions to energy supply and the increase in interest rates which would result in higher finance costs. That said, as discussed in the table below, the Sector has taken proactive measures to address these challenges and we are confident of fulfilling all customer requirements in a timely and satisfactory manner. Demand dynamics remain strong, with selected product segments including supported gloves and value-added products presenting significant potential for growth.

Despite the immediate-term pressures, measures taken by the Central Bank of Sri Lanka to stabilize the external sector, together with fiscal consolidation and structural reforms in line with the recommendations of the IMF-supported program are expected to facilitate a gradual recovery of the economic over the medium-to-long term. (Refer to pages 22 to 23 for further details on the economic outlook). Accordingly the Sector remains optimistic on medium-to-long term growth prospects and will maintain focus on its strategic priorities, consistent with the agenda followed in 2021/22.

Having recently expanded production capacity by 16% supported by strengthened research and development capabilities and exciting new product propositions DPL is well positioned to capture emerging growth opportunities in the industry. The Sector will accordingly pursue increased penetration in Supported gloves through new customer acquisition and deepening relationships with existing customers. Sustainable manufacturing will also be a key priority, as we seek to further reduce our carbon footprint, reduce water withdrawal and explore avenues for sustainable packaging in line with the Hayleys Group's long-term environmental aspirations set out in the Hayleys Lifecode. The short, medium and long-term outlook and plans in place to respond to the emerging risks and opportunities are presented below:

HAND PROTECTION



Response and Plans	
Short-term	Medium-to-long term
<ul style="list-style-type: none"> Pursue aggressive growth in existing and new markets Leverage relationships with banks in facilitating continued imports of input materials Increase reliance on local suppliers through the DPL Firstlight programme Increase buffer stocks of fuel to ensure continuity of production and increase reliance on renewable energy Proactively monitor interest rate movements and engage with banks to mitigate potential impacts Support our eco-system of suppliers through providing access to foreign currency through our export income 	<ul style="list-style-type: none"> Increased focus on use of recycled input materials and environmentally friendly packaging materials Development of a favourable product mix with increased focus on value-added products

Financial objectives

Short-term targets	Medium to long-term targets
Revenue growth 39%	ROCE > 15%
ROE 20%	Borrowings < 50%
Gearing 35%	

PORTFOLIO REVIEW



PURIFICATION

Haycarb is a global leader in the manufacture of coconut shell based activated carbon, with a strong reputation for innovation, quality, technical excellence and sustainability. The Sector is also a leading provider of water and waste purification systems in Sri Lanka and the Maldives.



PURIFICATION

MARKET POSITION



A global leader in coconut shell based activated carbon with a market share of 16%



Leading provider of water and waste purification in Sri Lanka, the Maldives and the region



Portfolio of over 1,000 products and at the forefront of innovation

FINANCIAL PERFORMANCE AND STABILITY



REVENUE

Rs. 32.75 bn
(+29%)



PAT

Rs. 3.71 bn
(+4%)



ASSETS

Rs. 38.16 bn
(+66%)

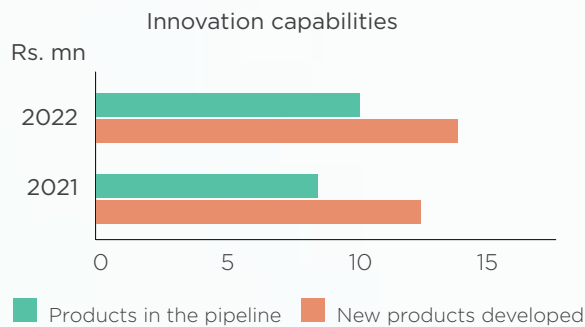


LIABILITIES

Rs. 18.91 bn
(+88%)

Focus on innovation which increased value added carbon products and development of existing and new markets, and efficient execution of an uninterrupted supply chain were key to growth and profitability

STRENGTH OF OUR INNOVATION



STRATEGIC PRIORITIES 2021/22



Innovation in the value added-product portfolio



Penetration of new markets and applications



Effective supply chain management



Operational excellence

MANAGING OUR ENVIRONMENTAL FOOTPRINT



10%
Reduction in water intensity



26%
Reduction in energy intensity



32%
Reduction in emission intensity

COMMUNITY
VALUE CREATION

Rs. 13.78 bn
(+70% y-o-y)

Payments to suppliers

- ▶ **Rs. 72.75 mn**
Investment in supplier development
- ▶ **Rs. 28.40 mn**
Investment in Puritas Sath Diyawara, Going Beyond and Hospital projects
- ▶ **99%**
Customer retention

NURTURING
HUMAN CAPITAL

Caring for our team and ensuring their safety in uncertain times

Rs. 0.91 mn
Training investment

+42
Promotions

Rs. 3.47 bn
Value to employees

PURIFICATION

SECTOR OVERVIEW



SRI LANKAN OPERATIONS

Manufacture of coconut-shell based activated carbon

Contribution to Sector

Revenue: 36%
PBT: 50%

Performance 2021/22

Revenue: 38% growth
PBT: 27% growth



OVERSEAS MANUFACTURING

Manufacturing facility in Thailand & Indonesia

Contribution to Sector

Revenue: 28%
PBT: 34%

Performance 2021/22

Revenue: 15% growth
PBT: 20% decline



OVERSEAS MARKETING

Marketing arm engaged in distribution

Contribution to Sector

Revenue: 30%
PBT: 15%

Performance 2021/22

Revenue: 63% growth
PBT: 28% growth



ENVIRONMENTAL ENGINEERING

Provider of water and waste purification systems

Contribution to Sector

Revenue: 6%
PBT: 1%

Performance 2021/22

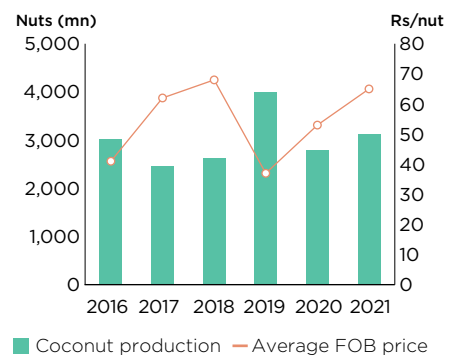
Revenue: 0% growth
PBT: 78% decline






OPERATING ENVIRONMENT

Global demand for activated carbon has remained resilient, upheld by increasingly stringent environmental regulations, improved drinking water treatments and emphasis on health and safety in the aftermath of the pandemic. As a manufacturer and marketer of coconut-shell based activation, the Sector is directly exposed to dynamics in the coconut industry. Sri Lanka's coconut production reached a record high supported by favourable weather conditions in both 2020 and 2022. Coconut is also exposed to climate risks as extended dry spells can affect yield. Meanwhile, disruptions to global supply chains and congestion on shipping lines have led to a surge in freight rates, difficulty in securing shipping space and extended lead times.







COCONUT PRODUCTION



	Developments in 2021/22	Implications on the Sector
 <p>+12% Sri Lanka's Coconut production</p>	Sri Lanka's coconut production increased to a record high, following a contraction in 2020. However, the increase demand from the industrial sector, particularly for processed products continued to surpass supply levels	+Adequate supply to support production volumes in Sri Lanka
 <p>+ 14% Increase in average retail price</p>	Cost of coconut and coconut-based products increased during the year, mainly due to higher demand from coconut-based industries.	- Negative impact on profitability margins, given difficulties in immediately passing on cost increases
 <p>8% Anticipated growth</p>	Growth is expected to be driven by increasingly stringent regulations on industrial discharge, stringency of air pollution regulations and pandemic-driven prevalence towards hygiene and cleanliness.	+Opportunities for growth in high value-added products +Development of new products across key application sectors

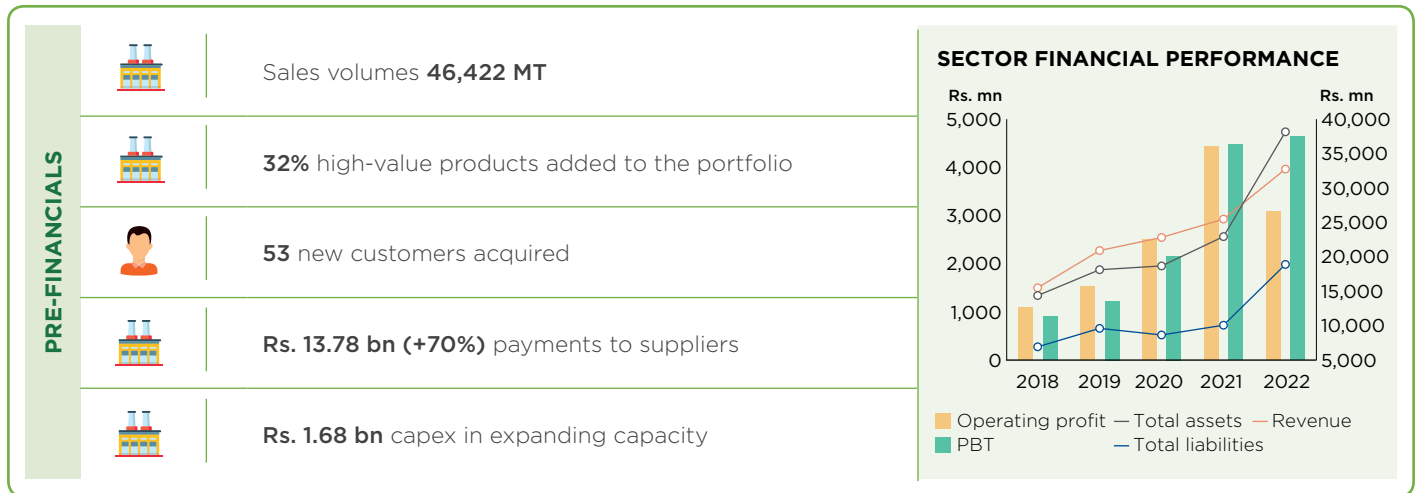
STRATEGY & RESOURCE ALLOCATION

Innovation and new product development continue to be a key pillar of the Group's strategy and a key source of competitive strength. During the year, our R&D efforts were focused on driving innovation in higher value-added products such as hard carbons, impregnation products and wood catalytic carbons. Hard carbons are used in emerging battery technology and remains a key area of priority given significant potential for growth; during the year considerable focus was placed on fine-tuning the manufacturing process and developing markets. The Sector also continued to pursue increased penetration in key markets such as USA and Europe while also venturing into new markets. Disruptions to local and global supply chains remained a key challenge during the year; the Sector leveraged partnerships built through the Haritha Angara initiative to secure its local supply chain while working with the Hayleys Group's global task force on shipping to ensure shipping space on a timely basis.

STRATEGIC PRIORITY	RESOURCES ALLOCATED	KPI
 <p>Innovation focused on higher value-added products</p>	 <p>Rs. 123.92 mn Investment in Research & Development</p>	<p>14 New products developed</p> <p>10 Products in the pipeline</p>
 <p>Proactive management of supply chain and distribution networks</p>	 <p>Rs. 13.78 bn Payments to suppliers</p>	<p>68 New suppliers added</p>
 <p>Operational excellence and efficiency</p>	 <p>Productivity focused culture</p>	<p>26% Yield improvement of the vertical kiln programme in Thailand</p>

PURIFICATION

INTEGRATED PERFORMANCE REVIEW



The Sector's revenue increased by 29% to Rs.32.75 bn supported by increased penetration of value-added products and strong growth in the American region. The sharp increase in raw material costs and freight rates, however, adversely affected profitability margins, with the Sector's Profit Before Interest & Taxation declining by 31% to Rs.3.08 bn during the year. Overall profitability was supported by exchange gains following the devaluation of the Rupee, resulting in the Sector's Profit Before Tax increasing by 4% to a record high of Rs. 4.64 bn. The performance of the Environmental Engineering arm was below expectations due to the downturn in the economy and will face further challenges due to suspension of government-funded infrastructure projects in Sri Lanka.

During the year, the Sector's local supply chain was affected by pandemic led disruptions and strategic emphasis was placed on securing access to inventories, thereby ensuring uninterrupted production. We continued to work closely with our suppliers in supporting them through first pandemic-led challenges and subsequently the economic crisis. We made considerable progress in the Haritha Angara initiative and the improving the yield of vertical charcoaling kilns which aim to promote environmentally-friendly charcoaling,

thereby reducing the carbon footprint across our supply chain. During the year, we added 50 new 'Haritha Angara' pits bringing the total to almost 400 and empowering over 230 suppliers across the island.

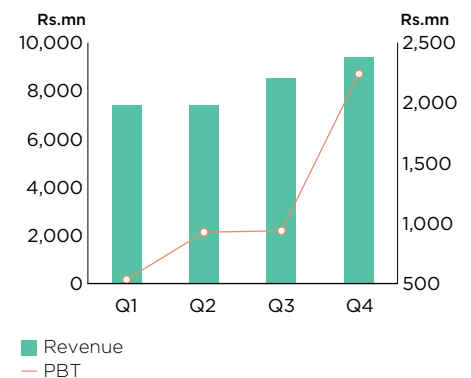
We strengthened our value proposition to employees during the year, adopting comprehensive measures to ensure well-being and enhancing remuneration and rewards in view of the prevalent conditions in the country. Vaccination drives were conducted in all three countries where we operate, resulting in nearly 99% of our total employees obtaining both vaccines. Our Sri Lankan facilities have also obtained the Certificate of Conformity, Covid-19 Management System SLS 1672: 2020 from SLSI - Sri Lanka. We also strengthened employees' financial security by offering the highest increment applicable under the collective agreement.

As an organisation with an extensive manufacturing footprint, the Sector is committed to reducing the environmental impacts of its operations and across its supply chain. Measures adopted in our manufacturing process includes modification to the air treatment process in the pellet plant and driving circularity through conversion of waste gas. The green charcoaling initiatives described above have also resulted in

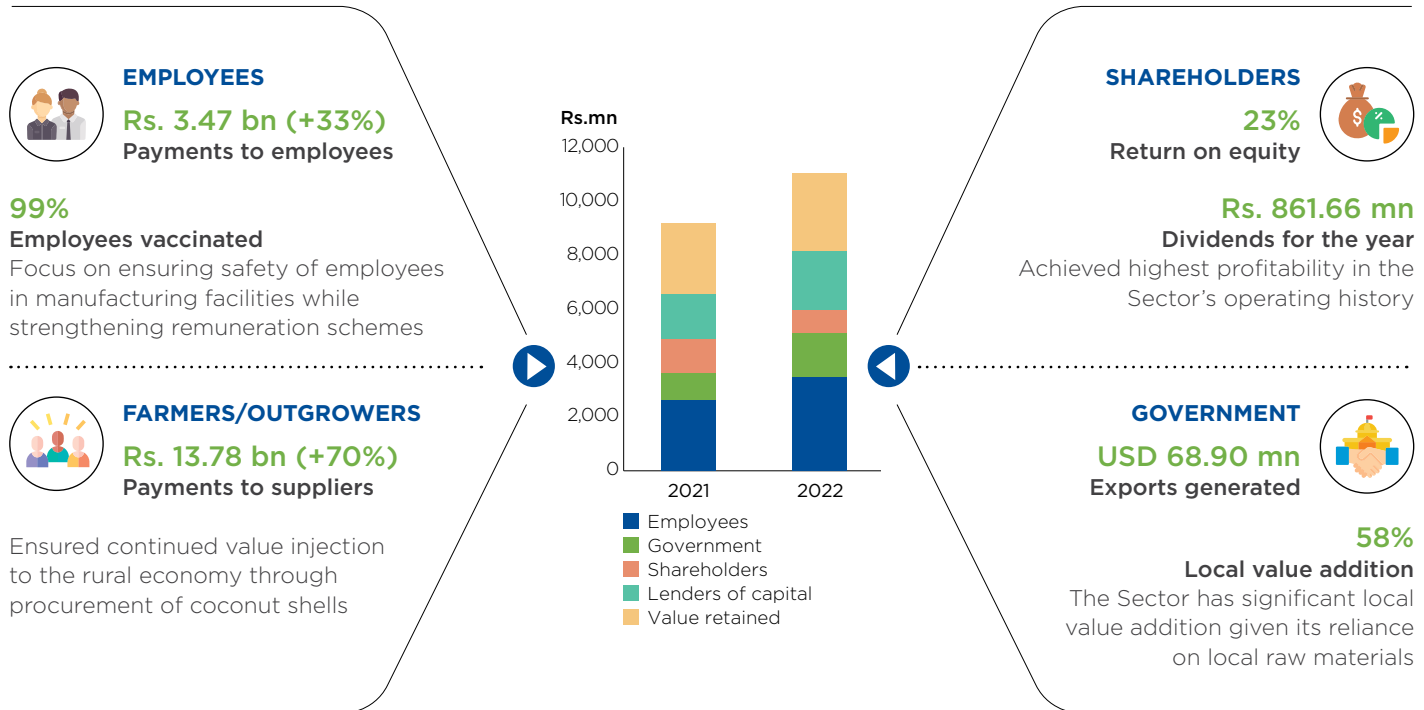
the considerable reduction of carbon emissions. The Sector is also exploring options for installing solar systems, with the aim of increasing reliance on renewable energy and driving towards its carbon footprint reduction aspirations.

The Sector invested Rs. 28.4 mn in community engagement initiatives during the year. It is the driving force behind the Hayleys' Group's flagship CSR project Puritas Sath Diyawara through which we provide access to 190,000 litres of purified water per day to over 43,800 people in 23 villages affected by Chronic Kidney Disease. The Sector also continues to maintain the sea turtle conservation project in the Kirigalbe Turtle Conservation Centre in the Kumana National Park.

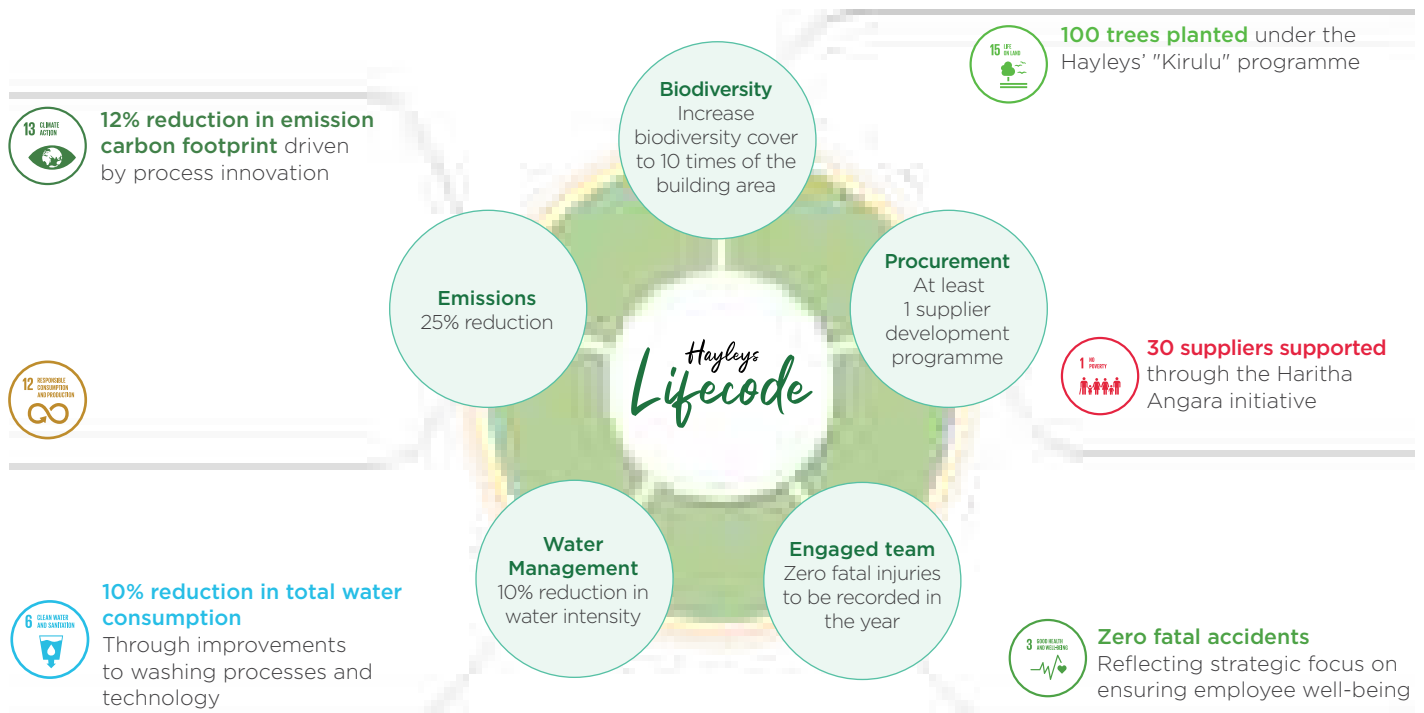
QUARTERLY PERFORMANCE TRENDS



STAKEHOLDER VALUE CREATION



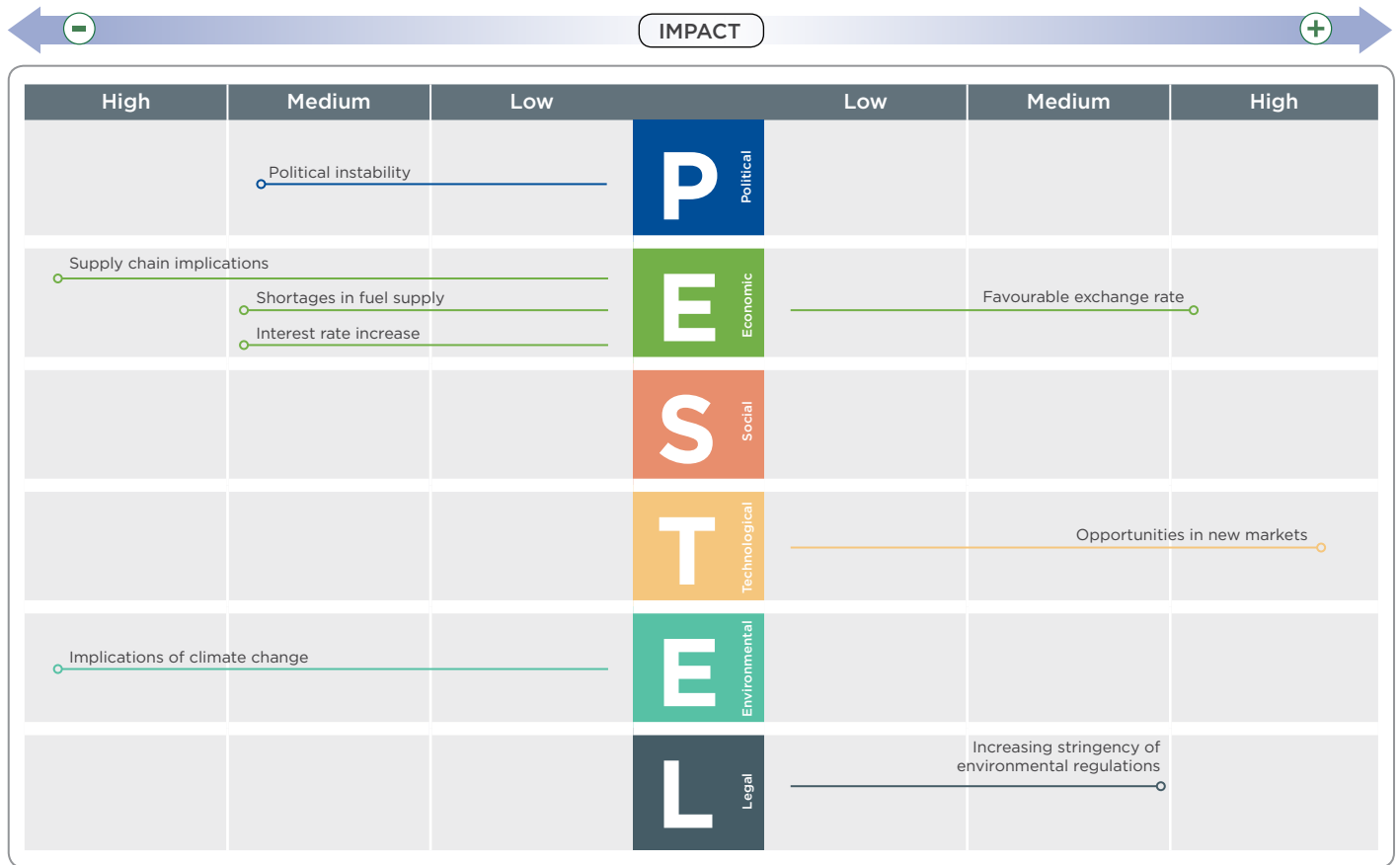
PROGRESS AGAINST LIFECODE GOALS AND ALIGNMENT TO SDG



PURIFICATION

OUTLOOK & PLANS

The Sector is expected to be relatively resilient to the immediate challenges presented by the economic crisis. While the energy crisis presents a considerable risk to manufacturing activities, the Sector has taken pre-emptive efforts to equip all plants with generators which are able to run 24X7, should power cuts be extended. As an export-driven company, we are committed towards supporting Sri Lanka's economic recovery through the continued generation of foreign exchange to the country. We are cognisant of the impacts of the economic crisis on the financial security and purchasing power of our Sri Lankan employees and will continue to support them through strengthening remuneration schemes. Our growth strategy will focus on the value-added range of products as we seek to expand our penetration through new distributorships



Response and Plans	
Short-term	Medium-to-long term
<ul style="list-style-type: none"> Business development through market expansion of new products, identifying new applications Increased research and development in value added products Process improvements, automation and system improvements 	<ul style="list-style-type: none"> Increase contributions from value added carbons through innovation and partnering with customers Explore opportunities in the regeneration business Expansion of Haritha Angara across all operating locations Increased local procurement of charcoal and shell Re-engineering and automating manufacturing systems

Financial objectives	
Short-term financial objectives	Medium to long-term financial objectives
Sales growth >8%	ROI>16%
ROCE >14%	ROCE>14%
	Gearing <50%

PORTFOLIO REVIEW



TEXTILES

Hayleys Fabric PLC is Sri Lanka's pioneering fabric manufacturer supplying a range of knits and fabrics for leading global fashion brands. Having acquired and consolidated the operations of South Asia Textiles Limited in April 2021, the Sector is now the largest textile manufacturer in the country.



TEXTILES

MARKET POSITION



Sri Lanka's largest textile manufacturer



Supplier of innovative high-quality fabric for leading global fashion brands



Portfolio of end-to-end solutions from design to manufacture

FINANCIAL PERFORMANCE AND STABILITY



REVENUE

Rs. 31.67 bn
(+117%)



PAT

Rs. 2.69 bn
(+270%)



ASSETS

Rs. 36.71 bn
(+217%)



LIABILITIES

Rs. 26.91 bn
(+264%)

The Sector delivered the highest profitability in its operating history, reflecting the consolidation of South Asia Textiles Ltd and strong volume growth during the year

ECONOMIC IMPACT

- ▶ **USD 147.83 mn**
Export income generated
- ▶ **Rs. 4.99 bn**
Overall value distributed
- ▶ **Rs. 8.59 bn**
Payments to local suppliers

STRATEGIC PRIORITIES 2021/22



Innovation and value addition



Capacity expansion through acquisition



Embedding social and environmental sustainability



Productivity and operational excellence

MANAGING OUR ENVIRONMENTAL FOOTPRINT



60%
Chemicals Level 3 ZDHC certified



71%
Reliance on renewable energy



25%
Reduction in water intensity



23%
Reduction in carbon intensity

COMMUNITY VALUE CREATION

Rs. 2.37 mn
Investment in CSR

>1,100
Product Variants

98%
Revenue generated through INNO

46
Certifications

NURTURING HUMAN CAPITAL

Rs. 2.90 mn
Training investment

42
Promotions

Rs. 3.13 bn
Value to employees



TEXTILES

SECTOR OVERVIEW



HAYLEYS FABRIC PLC

Fabric manufacturer

Contribution to Sector

Revenue: 65%

PBT: 73%

Performance 2021/22

Revenue: 45% growth

PBT: 229% growth



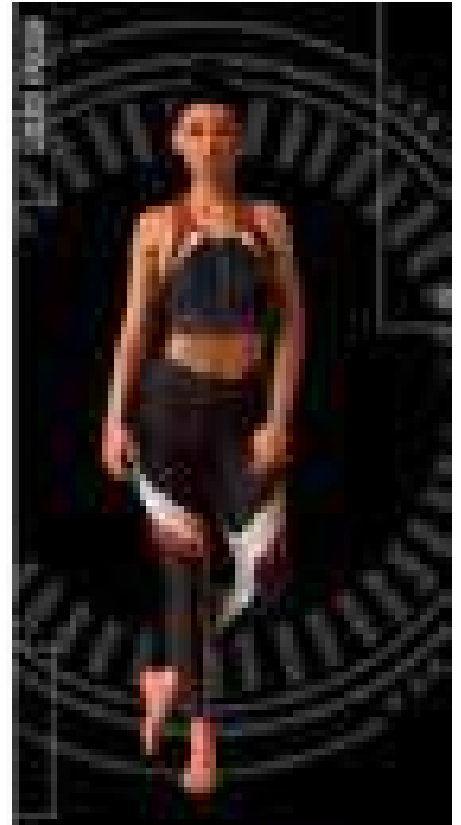
SOUTH ASIA TEXTILES

Fabric manufacturer, acquired by Hayleys Fabrics in April 2021

Contribution to Sector

Revenue: 35%

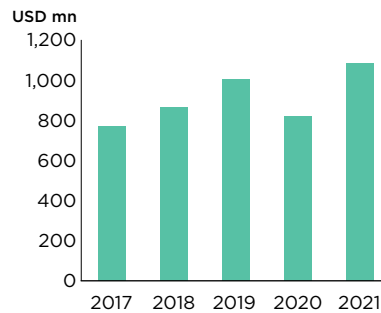
PBT: 27%






OPERATING ENVIRONMENT

The global textile and apparel industry is a competitive and fragmented market, with key suppliers being China, Bangladesh, Pakistan, Turkey and Egypt. The Industry was among the hardest hit from the pandemic, as global fashion brands curtailed orders amidst lockdowns and outlet closures. The industry has in recent months demonstrated signs of recovery as global brands recommenced orders driven by the materialisation of pent-up demand and surge in e-commerce channels. In Sri Lanka, the apparel and textile sector plays a vital role in the country's economy, contributing 44% to total exports in 2021. The country is a preferred destination for apparel sourcing given its track record of quality and timely delivery together with its strong social and environmental practices.







TEXTILE AND APPAREL EXPORTS



	Developments in 2021/22	Implications on the Sector
 <p>+23% Growth in garment and textile exports</p>	Growth was driven by strong recovery of orders from the USA and other major markets, with the increase in textile and garment exports contributing more than 40% to the total increase in exports	+Robust demand conditions +Opportunities to pursue growth in new markets and product categories
 <p>Sustainability consciousness</p>	Customer preference is increasingly shifting towards environmentally produced and ethically sourced textiles and garments	+Leverage our strong track record in sustainability to sharpen competitive edge and build brand
 <p>+4% Anticipated global growth</p>	Global growth will be driven by normalisation of activity after several years of pandemic-led restrictions and the anticipated surge in e-commerce channels	+ Continued opportunities to penetrate new markets and deepen relationships in existing markets

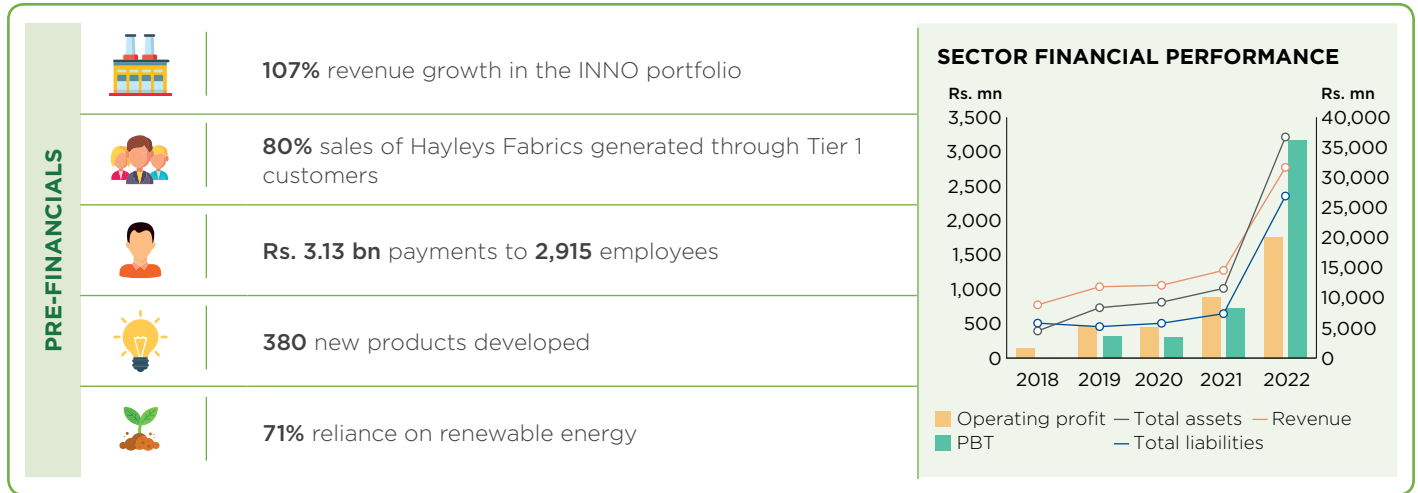
STRATEGY & RESOURCE ALLOCATION

The Sector's strategy in recent years has centered on positioning itself as a supplier to world-class retailers and attracting these brands through a superior value proposition. This was actioned through the development and launch of INNO- several years ago, the Sector's innovative, value-added fabric brand. Strategic focus has been placed on directing R&D efforts towards strengthening the INNO proposition and widening the product portfolio. The brand has gained significant traction, with the Sector successfully attracting several tier 1 brands and recording strong growth in volumes. During the year under review, the Sector also pursued capacity expansion with the acquisition of the South Asia Textiles Ltd for a consideration of Rs. 3.61 bn. The Sector swiftly sought to consolidate operations and further capital investments followed, as we upgraded the manufacturing infrastructure, information systems, environmental management frameworks and technology. The loss-making South Asia Textiles was turned around to be a profitable entity within one month of acquisition which has increased the Sector's manufacturing capacity by 45%, positioning it for strong growth to cater to emerging demand.

STRATEGIC PRIORITY	RESOURCES ALLOCATED	KPI
 <p>Ongoing focus on expanding the INNO portfolio through leveraging R&D capabilities</p>	 <p>Rs. 39.39 mn Investment in R&D capabilities</p>	<p>380 New products</p> <p>40 Products in the pipeline</p>
 <p>Capacity expansion with the acquisition of South Asia Textiles</p>	 <p>Rs. 3.61 bn Acquisition cost</p> <p>Rs. 2.29 bn Capital expenditure</p>	<p>45% Capacity expansion</p>
 <p>Embedding environmental sustainability to our process to drive reductions in our footprint</p>	 <p>Rs. 805.82 mn Largest roof solar system in Sri Lanka with a capacity of 4.6 MW</p>	<p>71% Reliance on renewable energy</p> <p>Conversion of South Asia Textiles to 90% renewable energy</p>

TEXTILES

INTEGRATED PERFORMANCE REVIEW



The Sector delivered an exceptional performance, demonstrating strong resilience and agility to the numerous challenges that prevailed during the year. Revenue increased by 117% to Rs. 31.67 bn, reflecting contributions from South Asia Textiles as well as continued volume expansion of INNO which accounted for over 98% of revenue during the year. Gross profit margins were somewhat affected by the sharp increase in raw material costs reflecting pandemic-led disruptions to supply chains. However, profitability was preserved through increased contributions from value-added products, reflecting a richer product mix. Overall, the Sector's Profit Before Tax more than tripled to Rs. 3.16 bn during the year.

During the year, strategic focus was placed on strengthening the Hayleys Fabric brand, by leveraging on the unique product features such as innovation, quality and sustainability associated with the INNO brand. The Sector's efforts to develop sustainable fabrics with natural dyes and recycled yarn took centre stage in its market efforts for Tier 1 customers, which in turn enabled the Sector to increase penetration among global retailers. We anticipate South Asia Textiles Ltd to also benefit from the improving brand

image of INNO, together with strong management capabilities which will allow it to gain traction among Tier 1 customers. Given the conditions that prevailed during the year, the Sector maintained proactive engagement with customers in aligning their strategies on fabric structures, allowing flexibility in lead times and ensuring fast turn-around strategies.

The Sector placed considerable focus on driving productivity and efficiency improvements, resulting in Hayleys Fabrics delivering increased volumes without investments in new dye machines. During the year, the Sector focused on establishing shorter process methods and routes, reducing re-processing due to colour failure, strengthening production monitoring tools and frequent reporting to the leadership team on efficiency indicators.

Sustainability is a key element of our DNA and vital to our brand and competitive edge. We are acutely aware of the escalating implications of climate change and are cognisant that a holistic strategy is essential in building climate resilience while reducing the carbon footprint of our own operations. Hayleys Fabrics was accordingly the first fabric mill in

Sri Lanka to commit to the Science-Based-Target-Initiative by UNGC, World Wide Fund for Nature and World Resource Institute. The Sector has continued to drive improvements in its environmental footprint through increasing reliance on renewable energy, water recycling, biodiversity preservation and sustainable innovation. During the year, we invested in setting up Sri Lanka's largest single roof-top project with a generation capacity of 4.6 MW, which is expected to generate around 22% of the Company's requirement and result in a near 8% reduction in the carbon footprint.

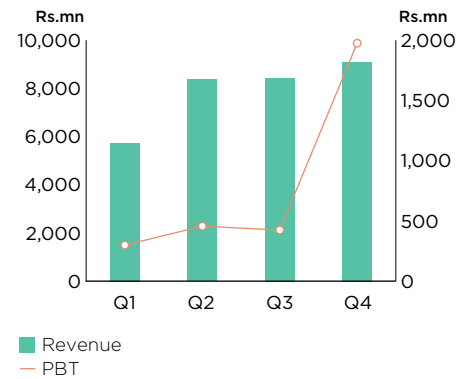
As a Sector which uses chemicals in its manufacturing process, organisation-wide measures have been implemented to ensure the use of safe and sustainable chemicals. The Sector adheres to the ZDHC (Zero Discharge of Hazardous Chemicals) global initiative and has been compliant since 2015. We have also committed to the roadmap to zero programme, which strives to reduce the chemical footprint in line with the global objectives of building a toxic-free global fashion industry. All the chemicals and dyes we use are certified as ZDHC level 1, while 60% have obtained level-3 compliance.

UNIQUE VALUE PROPOSITION TO CUSTOMERS

The Sector has successfully attracted and deepened relationships with Tier 1 customers through offering a unique value proposition centered on the following vital elements.

Innovation Over 1,100 products offered through INNO	Quality Quality levels maintained over 95% >91% right the first time <2% customer complaints	On-time delivery 3 day turnaround for speed orders >90% on-time delivery Flexible storage
Sustainability 71% reliance on renewable energy Responsible disposal of waste	Product responsibility and transparency Compliance to a range of certifications	

QUARTERLY PERFORMANCE TRENDS



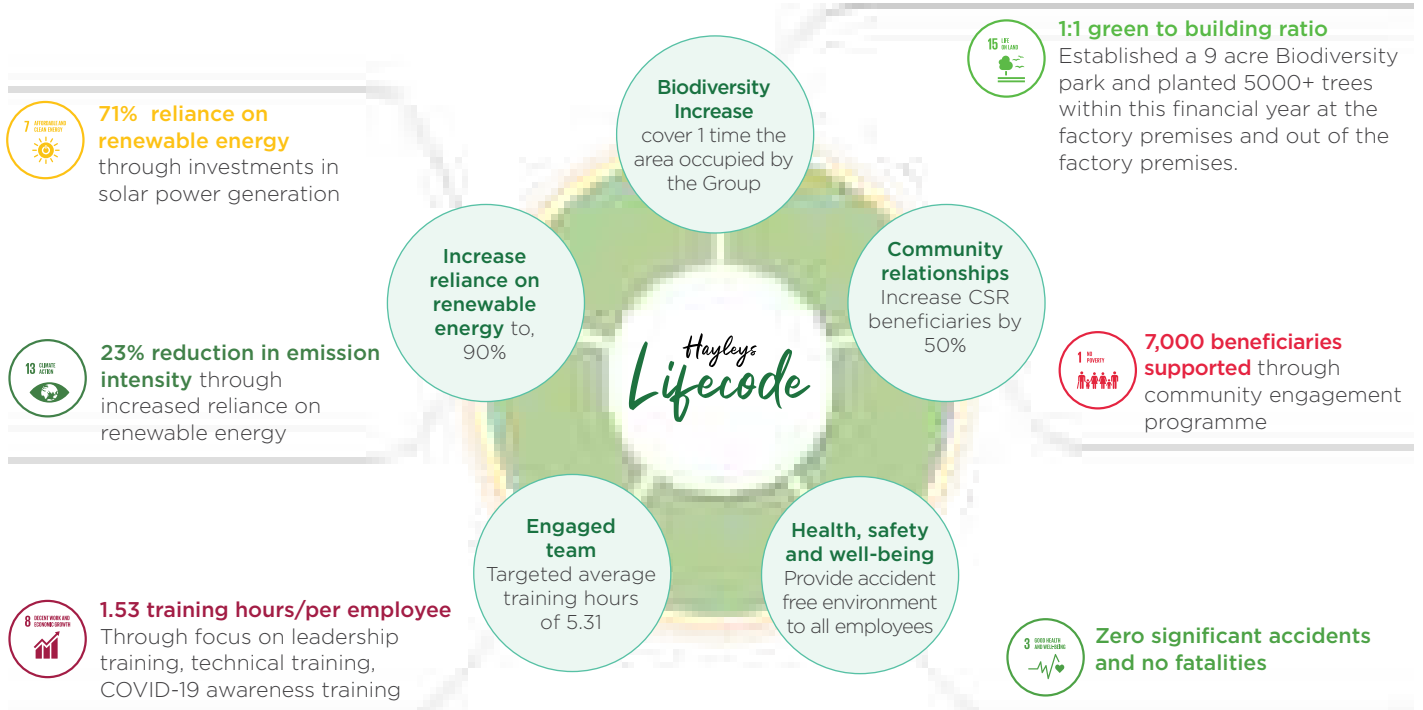
The Sector's raw materials consist of yarn, greige, dyes and chemicals; as an agriculture linked output, the yarn supply chain is directly exposed to risks of climate change which includes fluctuations in availability, quality and pricing.

STAKEHOLDER VALUE CREATION

EMPLOYEES Rs. 3.13 bn (+111%) Payments to employees 77% Retention rate Focus on integrating the two organisational cultures of Hayleys Fabrics and South Asia Textiles and managing organisational behaviour	<p>Rs.mn</p> <p>2021 2022</p> <p>Legend: Employees, Government, Shareholders, Lenders of capital, Value retained</p>	SHAREHOLDERS 57% Return on equity Rs. 519.35 mn Dividends for the year Achieved highest profitability in the Sector's operating history
COMMUNITIES Rs. 2.37 mn Community investments 7,000 Beneficiaries We support communities through employment generation, local procurement and strategic CSR projects		GOVERNMENT USD 147.83 mn Export income generated Direct generation of export income

TEXTILES

PROGRESS AGAINST LIFECODE GOALS FOR 2030 AND ALIGNMENT TO SDG



SASB DISCLOSURES

Table: Apparel, Accessories and Footwear Standard- Sustainability Disclosure Topics & Accounting Metrics

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	DISCLOSURE/Pg. reference
Management of Chemicals in Product	Discussion of processes to maintain compliance with restricted substances regulations	N/A	Refer to page 154
	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	N/A	Refer to page 154
Environmental Impacts in the Supply Chain	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreements	%	1) 95% of Tier 1 suppliers 2) All suppliers (Tier 1) Comply with the environment management system
	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	%	N/A

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	DISCLOSURE/Pg. reference
Labour Conditions in the Supply Chain	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labour code of conduct, (3) percentage of total audits conducted by a third-party auditor	%	100% Complied with 09 labour principles of International Labour Organisation
	Priority non-conformance rate and associated corrective action rate for suppliers' labour code of conduct audits	Rate	No incidence non-conformity incidents.
	Description of the greatest (1) labour and (2) environmental, health, and safety risks in the supply chain	N/A	No such risk factors identify
Raw Materials Sourcing	1) List of priority raw materials; for each priority raw material: (2) environmental and/or social factor(s) most likely to threaten sourcing, (3) discussion on business risks and/or opportunities associated with environmental and/or social factors, and (4) management strategy for addressing business risks and opportunities	N/A	Main material used is Yarn, greige, Dye & chemical. Yarn/Greige - RM price (Forward booking)
	(1) Amount of priority raw materials purchased, by material, and (2) amount of each priority raw material that is certified to a third-party environmental and/or social standard, by standard	MT	33,479
	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	Number	71

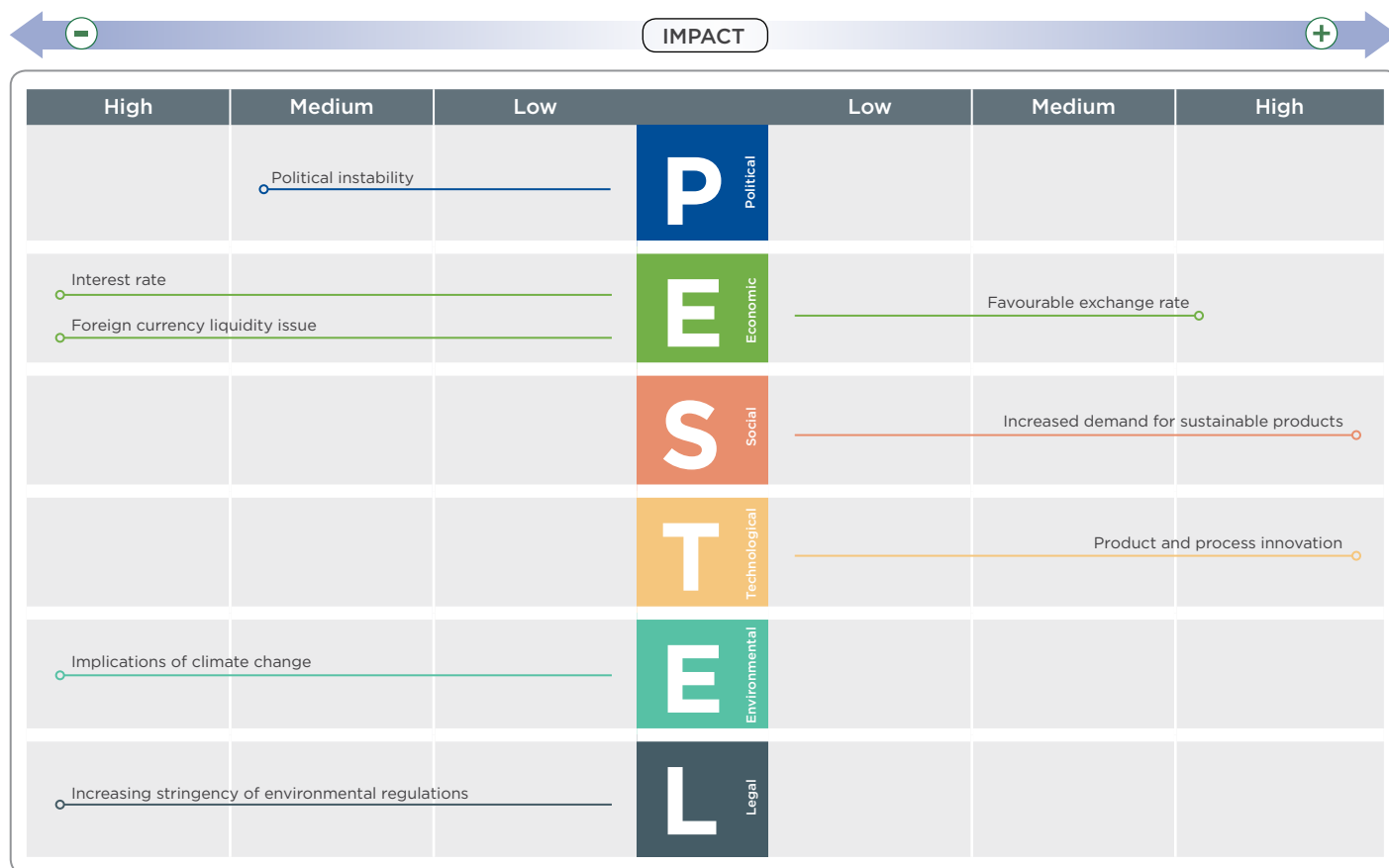


OUTLOOK & PLANS

The Sri Lankan apparel industry is poised to benefit from the shift from China to other parts of the world including South Asia. The country also continues to be recognised as a niche manufacturer with a strong edge in innovation, value addition, sustainability and quick turnaround times. Sri Lanka's strong track record was further bolstered during the pandemic, in which the country swiftly commenced production of face masks; against this backdrop, we are confident that our customers will continue source from Sri Lanka despite prevalent challenges arising from the country's economic situation.

The Sector is aware of the immediate challenges that are inevitable in the face of the current crisis and has taken pre-emptive measures to ensure uninterrupted production and on-time delivery to customers. Interruptions to fuel have been addressed through increasing our inventory and installing generators which can be used during power outages. The Sector is also working very closely with its suppliers in obtaining the inventory required on a timely basis to ensure continuity of production. The Sector's short, medium and long-term risks and opportunities are summarised below:

TEXTILES



Response and Plans	
Short-term	Medium-to-long term
<ul style="list-style-type: none"> Retention of Tier-1 customer base Drive further reductions in carbon footprint Retain sustainability and innovation leadership in the country Reduce cost of imported greige by increasing internal knitting capacity 	<ul style="list-style-type: none"> Capacity expansions through pursuing joint ventures and expansion at South Asia Textiles Development of higher value added innovative synthetic products Continued efficiency and productivity improvements through training and development Ongoing focus on sustainability issues

Financial objectives	
Short-term financial goals	Long-term financial goals
ROCE 16%	ROCE 16%-18%
ROE 27%	ROE 24%-27%
Gearing 57%	Gearing 49%-57%

PORTFOLIO REVIEW



CONSTRUCTION MATERIALS

ALUMEX is Sri Lanka's leading manufacturer of aluminium extrusions, offering a range of high quality, innovative products to the residential and industrial segments. The Sector has leveraged its access to international proprietary systems and learnings derived through compliance to global aluminium quality certifications to develop world-class capabilities in product design and manufacture.



CONSTRUCTION MATERIALS

MARKET POSITION



Market leader in aluminium extrusions with a share of over 50%



Approved applicator of leading global powder coating brands



License holder of leading global aluminium proprietary systems

FINANCIAL PERFORMANCE AND STABILITY



REVENUE

Rs. 9.52 bn
(+62%)



PAT

Rs. 1.15 bn
(+37%)



ASSETS

Rs. 12.07 bn
(+57%)



LIABILITIES

Rs. 8.11 bn
(+73%)

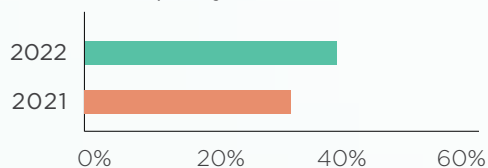
The Sector delivered the highest profitability in its operating history, supported by 27% volume growth

LEVERAGING OUR MANUFACTURED CAPITAL

Rs. 747.49 mn

Capital Expenditure

Capacity utilisation levels



STRATEGIC PRIORITIES 2021/22



Increased penetration of export markets



New product development focusing on value-added products and customised solutions



Efficiency and cost management



Increase reliance on recycled raw materials

MANAGING OUR ENVIRONMENTAL FOOTPRINT THROUGH RESOURCE EFFICIENCY



20%
Reduction in energy intensity



50%
Reliance on recycled aluminium



24%
Reduction in water intensity

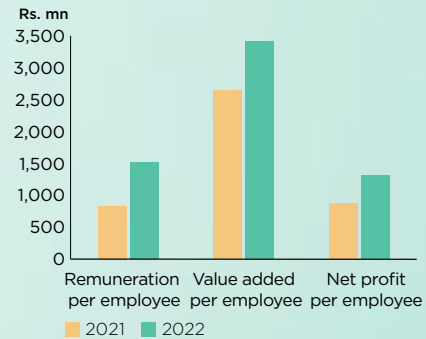
VALUE CREATION ACROSS ECO SYSTEM

- ▶ **Rs. 10.84 bn (+193%)**
Supplier payments
- ▶ **Rs. 3.50 mn (+75%)**
Fabricators & VTA Training
- ▶ **Rs. 393.00mn (+653%)**
Commissions paid

NURTURING HUMAN CAPITAL

Our employee value proposition centres on people development, attractive reward schemes and meaningful engagement

HUMAN CAPITAL INDICATORS



NEW PRODUCTS AND BRANDS

The Sector leveraged its Intellectual Capital to launch,

189
New products

ALCO
Brand

Alumex Building System (ABS)
Accredited Proprietary System

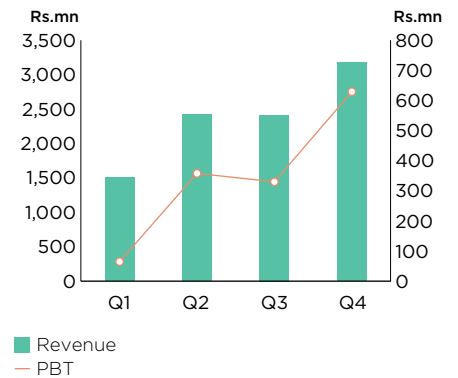
CONSTRUCTION MATERIALS

OPERATING ENVIRONMENT

Demand for aluminium extrusions is being driven by increasing preference for lightweight, durable and corrosion resistant products, with customised extrusions offering significant opportunities for growth. Industry performance is typically correlated to the construction sector, which in Sri Lanka posted recovery in 2021, following a sharp contraction in 2020. Demand growth was supported by renewed activity in housing and the resumption of projects, although supply-side challenges including shortage of imported materials, disruptions to global and local supply chains and the sharp escalation in costs hindered industry growth. Key external variables which impacted the Sector’s performance are listed below:










QUARTERLY PERFORMANCE TRENDS




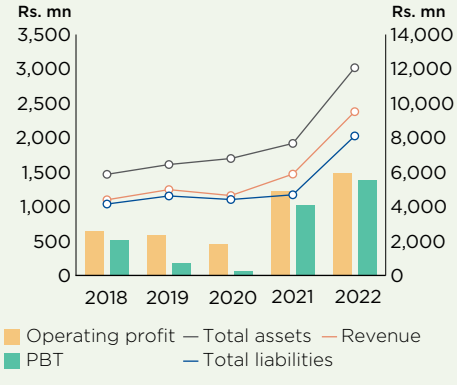




	Developments in 2021/22	Implications on the Sector
<p>+1.9% Construction Sector growth</p>	<p>Demand dynamics were favourable given resumption of economic activity following the first wave of the pandemic, although persistent supply-side challenges hindered stronger recovery.</p>	<p>+Favourable demand from both residential and industrial segments -Slowdown in activity towards the latter part of the financial year reflecting increasing macro-economic stress and weaker sentiments</p>
<p>46% Depreciation of SLR/USD (End- of month exchange rate)</p>	<p>With market forces allowing to determine the exchange rate from March 2022, the Rupee fell drastically in the last few weeks of the financial year.</p>	<p>-Sharp escalation in imported raw material costs and resultant increase in product price will erode competitiveness through increased cost +Translation gains on export earnings in the short-term</p>
<p>+50.8% Global aluminium prices</p>	<p>Global aluminium prices surged owing to supply limitations in China and increased demand due to resumption of economic activity in most Advanced countries.</p>	<p>-Escalation in material inputs and potential margin pressure -Increased stock holding costs</p>

STRATEGY & RESOURCE ALLOCATION

The Sector pursued aggressive growth in export markets, acquiring new customers and deepening relationships in key markets such as the UK, Canada, Australia, USA, New Zealand and Italy. This growth was achieved through deploying unutilised capacity to manufacture customised value-added products and light engineering solutions and the launch of the Sector's own proprietary system, Alumex Building System (ABS). In the domestic market, the Sector focused on expanding its value-added range of products. We also launched a new brand, ALCO, with the aim of capturing market share in the generic segment, while Alumex will continue to target the premium segment. Ongoing focus was placed on cost management through enhancing internal efficiencies and increasing dependency on recycled aluminium.

STRATEGIC PRIORITY	RESOURCES ALLOCATED	KPI
 <p>Pursue increased penetration in export markets</p>	 <p>Rs. 267.51 mn Sales and marketing expense in export markets</p>  <p>17 Export customers</p>	<p>189% Growth in export volumes</p> <p>16% Contribution to total sales</p>
 <p>Local market expansion through developments of new products and brand</p>	 <p>Rs. 6.11 mn Investment in R&D</p>	<p>15% Growth in domestic sales volumes</p> <p>189 New products developed</p>
 <p>Efficiency and cost management drive</p>	 <p>40% Capacity utilisation (2020/21: 31%)</p>	<p>50% Use of recycled billets</p> <p>24% Gross profit margin (2020/21: 28%)</p>

INTEGRATED PERFORMANCE REVIEW

PRE-FINANCIALS		27% increase in volumes and 28% increase in average price	<p>SECTOR FINANCIAL PERFORMANCE</p> 
		22 customers acquired	
		Launch of ABS Proprietary System and ALCO brand	
		Rs. 7.38 mn investments in upskilling employees	
		9% Increase in use of recycled aluminium	

CONSTRUCTION MATERIALS

The Sector achieved record profitability during the year under review, with Revenue and Profit Before Tax increasing by a respective 61.53% and 35%. The recovery of the local construction sector together with strategic focus on expanding export revenue enabled the Sector to record volume growth of 189%, with export and domestic sales increasing by 288% and 44% respectively. Export growth during the year was driven by customer acquisition in key markets while domestic volumes benefitted from the introduction of several value-added products, the launch of a new generic brand and expansion of the dealer network. Escalation in raw material costs, surge in freight rates and disruptions to supply chains led to significant cost pressure, resulting in the Operating Profit Margin narrowing from 21% last year to 16%. The Sector sought to address these pressures through relentless focus on efficiency initiatives and increasing contributions from value-added products. Resultantly, the Sector's Profit Before Tax increased to Rs.1.38 bn during the year.

The Sector strengthened its manufacturing capabilities during the year, introducing state-of-the-art machinery which enables customisation of value-added products and light engineering solutions. Capacity utilisation increased to 40% as the Sector deployed unutilised capacity to cater to export demand. The Company also widened its product range through introducing ready-made windows, doors, shower cubicles, kitchen cabinets and solar components, thereby catering to new segments of the domestic market. The Sector also expanded its network of outlets with the addition of 05 LUMIN showrooms and 06 kitchen cabinet showrooms during the year.

The Sector marked a key milestone during the year with the launch of

its own proprietary system, Alumex Building System (ABS), offering a range of high-quality doors, windows and facades. The System obtained the UKAS Accreditation following stringent product testing at an accredited overseas laboratory. The initial response for the ABS solutions has been extremely encouraging, with the Sector securing several large contracts in Singapore. We also launched value-for-money proposition through the introduction of the ALCO brand, with the aim of capturing market share in the generic segment.

Employee development was a key priority during the year, as we increased total training hours by over 10-fold to nearly 8,045 hours, focusing on lean management and competency development. Strategic focus was placed on ensuring employee well-being through stringent COVID prevention guidelines, ongoing awareness programmes and a successful vaccination drive, with 99% of our staff obtaining the first two doses. We also sponsored treatment at Interim Care Centres and subsequently offered medicines, dry rations and meals for all employees and their families who underwent home quarantine.

Alumex continues to drive the transfer of technical knowledge across its value chain through ongoing fabricator training programmes and training for technocrats including students of the Vocational Training Authority and NAITA among others. The Sector also operates a tri-lingual mobile app for fabricators, providing access to comprehensive technical support. As part of our community agenda, the Sector partnered with Mabroc Teas (Pvt) Ltd to refurbish a ward at the Kiribathgoda Base Hospital and convert it to a fully-fledged COVID-19 high-dependency unit.

The Sector made considerable progress in its circularity aspirations, through increasing reliance on recycled aluminium, thereby reducing waste to landfill and optimising the use of virgin aluminium, which is a non-renewable material. Use of recycled aluminium increased by 9% and accounted for 50% of total aluminium inputs during the year. In addition to reducing reliance on imports, procurement of recycled aluminium from scrap collectors also support the livelihoods of around 148 micro-entrepreneurs. In line with the environmental targets set out in the Hayleys Lifecode, the Sector successfully reduced its energy and water consumption per unit, while carbon intensity also increased by 29% during the year.

IMPACT ON OUR ECOSYSTEM

774

Suppliers including 638 SME suppliers supported through procurement of materials

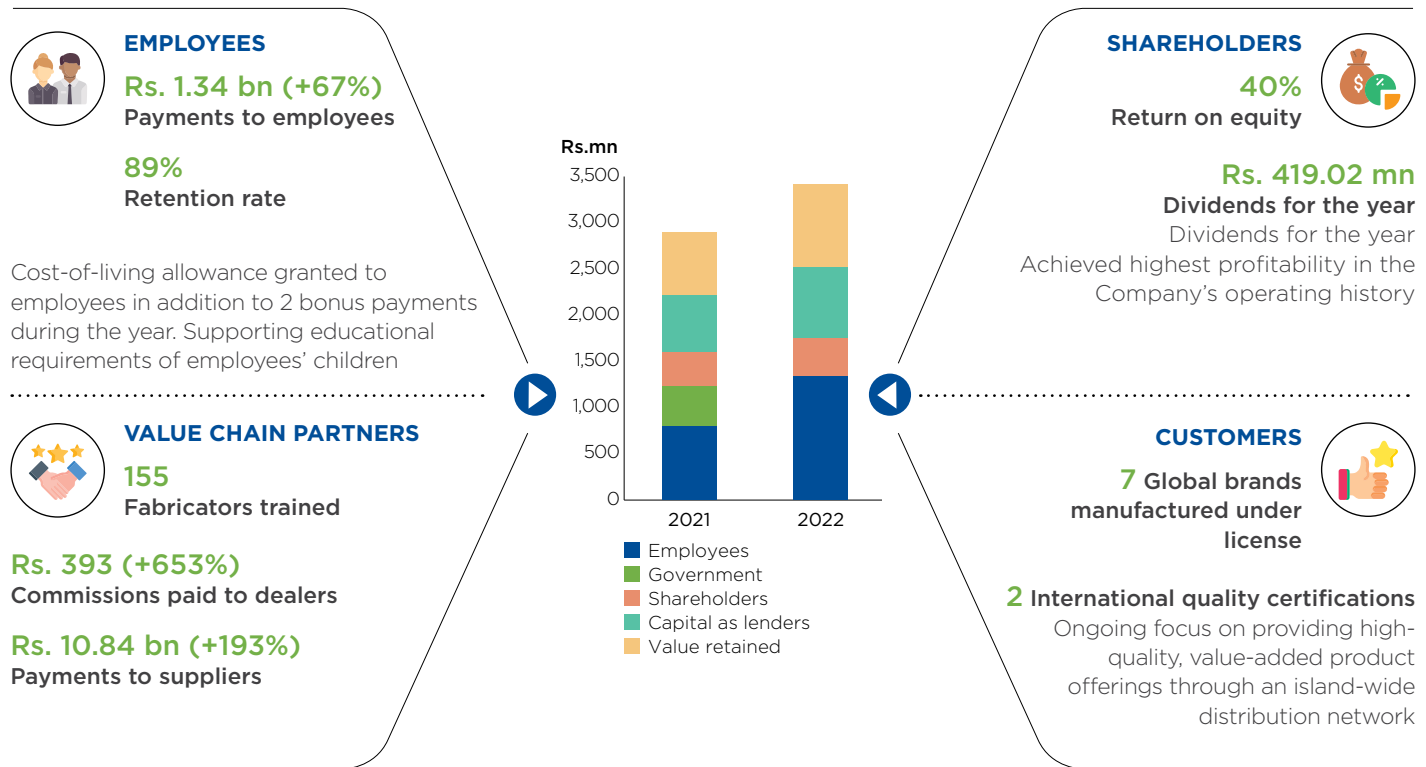
50

Registered fabricators supported with training and access to customers

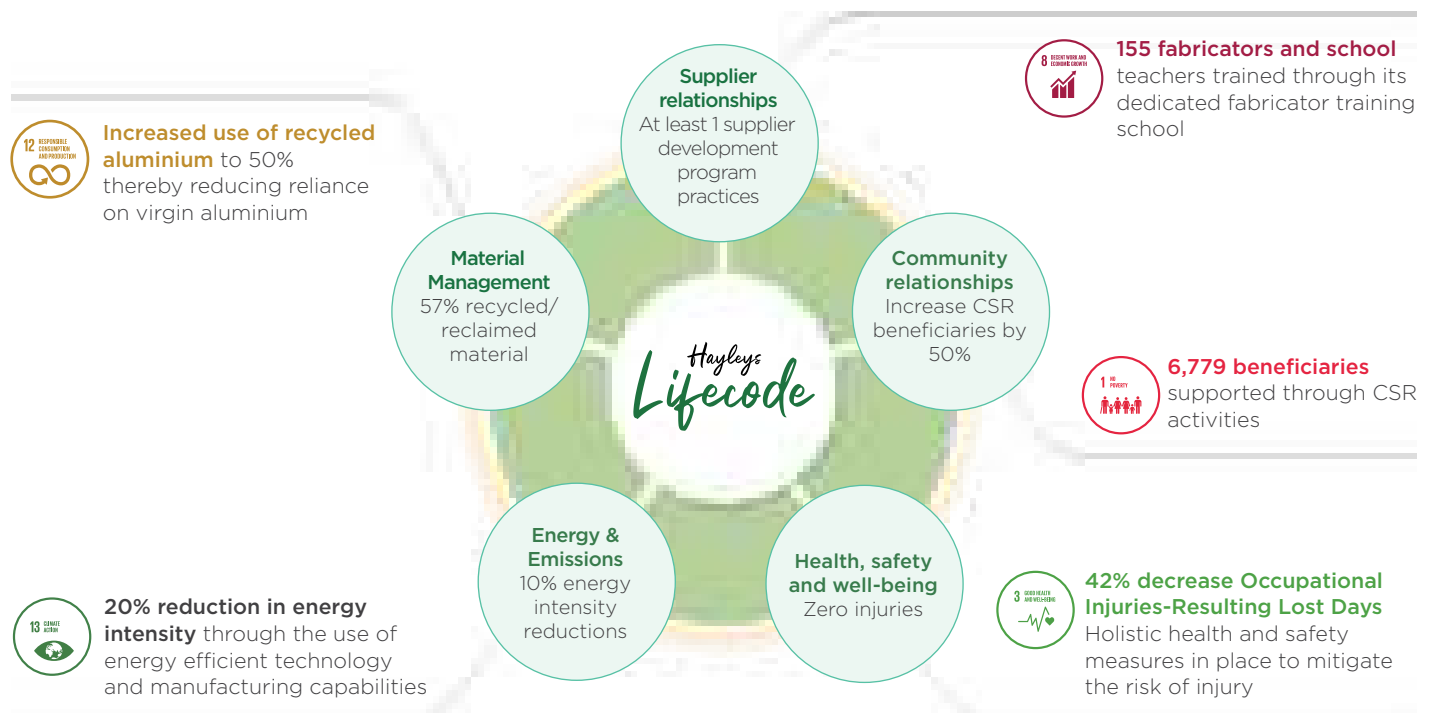
31

Dealers supported through commissions on sale

STAKEHOLDER VALUE CREATION



PROGRESS AGAINST LIFECODE GOALS FOR 2030 AND ALIGNMENT TO SDG



CONSTRUCTION MATERIALS

SASB DISCLOSURES

Table: Construction Materials Standard- Sustainability Disclosure Topics & Accounting Metrics

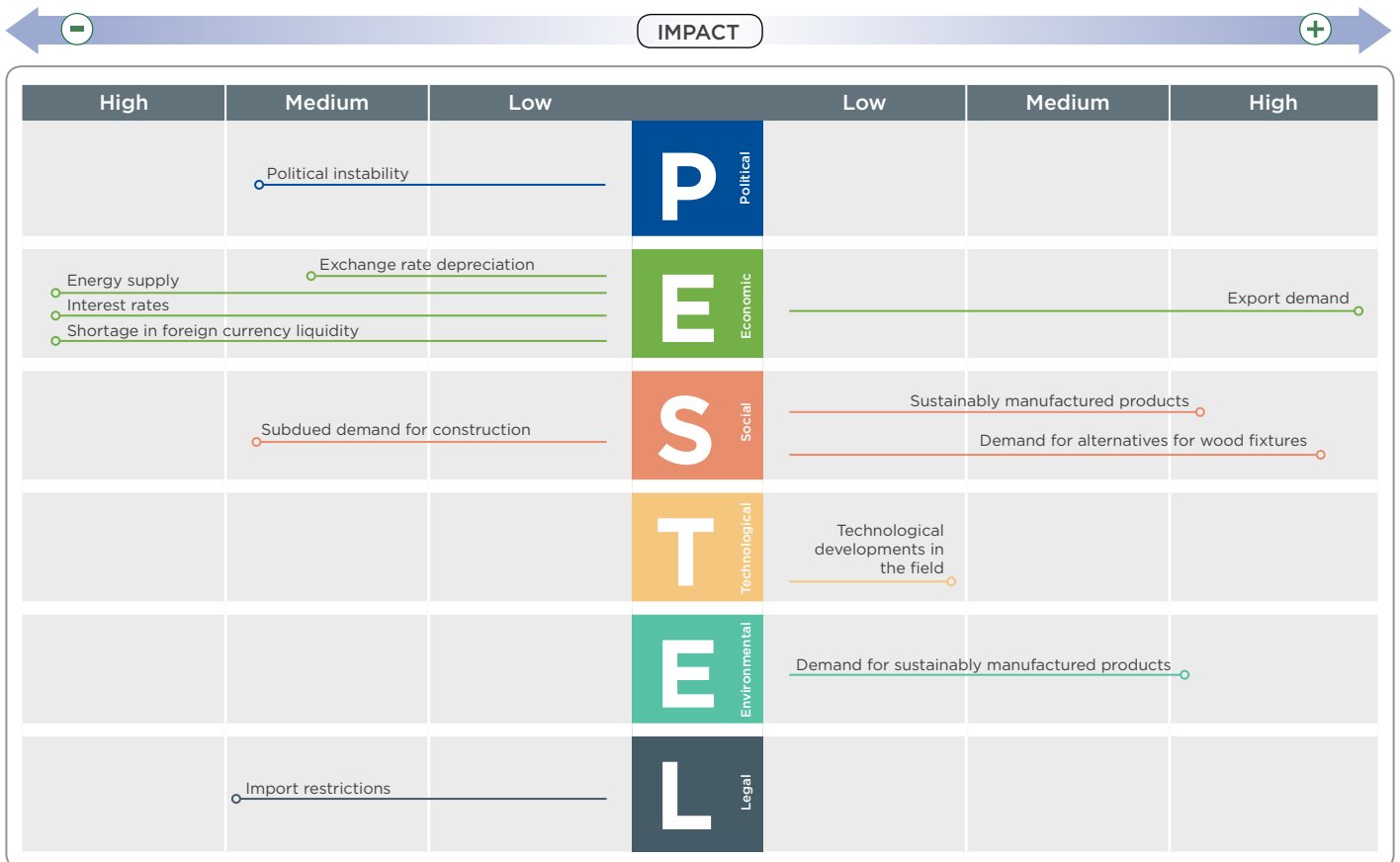
TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	DISCLOSURE/Pg. reference
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	MT	6,223 CO ₂ e
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	-	Refer to pages 20 to 21
Air Quality	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) Sox	MT	Not available
Energy Management	(1) Total energy consumed	GJ	115,906
	(2) Percentage grid electricity	%	27.81
	(3) Percentage alternative	%	72.82
	(4) Percentage renewable	%	0
Water Management	(1) Total fresh water withdrawn	(m ³),	98,995
	(2) Percentage recycled	Percentage	0.09
	(3) Percentage in regions with High or Extremely High Baseline Water Stress	(%)	N/A
Waste Management	Amount of waste generated	Metric tons (t),	2,018
	Percentage hazardous	Percentage	2
	Percentage recycled	(%)	38
Biodiversity Impacts	Description of environmental management policies and practices for active sites	Acres (ac), Percentage (%)	None
	Terrestrial acreage disturbed, percentage of impacted area restored		None
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) (2) Near miss frequency rate (NMFR) for (a) full time employees and (b) contract employees	Rate	6.81 0 a) 6.81 b) 0
	Number of reported cases of silicosis	Number	N/A
Product Innovation	Percentage of products that qualify for credits in sustainable building design and construction certifications		
	Total addressable market and share of market for products that reduce energy, water, and/or material impacts during usage and/or production	Rs. mn %	Zero



OUTLOOK & PLANS

The current macro-economic vulnerabilities can impact the Sector through challenges in sourcing imported input materials, interruptions to energy supply, depreciation of the exchange rate and through a potential liquidity crunch in the banking sector. Demand dynamics, particularly on exports are likely to remain favourable and we will continue to drive increased penetration in new and existing markets, with a goal of exports contributing 50% to the Sector’s total sales by 2027/28. Locally, we anticipate demand to be impacted in the immediate to short-term, as escalating inflation and shortage in construction materials hinder activity in the construction sector.

That said, we are confident that the Sri Lankan economy will post gradual recovery over the medium-to-long term, supported by bridging facilities to address critical shortages in essential items as well as measures to improve external sector stability, fiscal consolidation and a tighter monetary policy to curb inflationary pressures (Refer to pages 22 to 23 for further details on the economic outlook)



CONSTRUCTION MATERIALS



Response and Plans

As discussed in the table below, the Sector, along with the Hayleys Group are taking proactive measures to mitigate the impacts of the current economic stresses while remaining optimistic on the medium-to-long term growth prospects. With a current capacity utilisation of 50%, the Sector has significant potential for growth, as the release of pent-up demand in the domestic market is expected to drive demand growth following the recovery of the economy. We will continue to focus on developing value-added products, enhancing manufacturing capabilities and expanding its export reach. Sustainable manufacturing will continue to be a key focus as we align with the Hayleys Group's long-term environmental aspirations set out in the Hayleys Lifecode. The short, medium and long-term outlook and plans in place to respond to the emerging risks and opportunities are presented below:

Short-term	Medium-to-long term
<ul style="list-style-type: none"> • Import substitution through increasing reliance on recycled material • Increase buffer stocks of fuel to ensure continuity of production • Continued penetration of exports in new and existing markets • Ongoing focus on new product development to cater to diversified market segments • Proactively monitor interest rate movements and engage with banks in curtailing impacts 	<ul style="list-style-type: none"> • Measures to enhance local distribution channels and access to customers • Ongoing focus on innovation and product development to cater to emerging customer needs

Financial objectives

Short-term goals	Medium-to-long term goals
GP ratio: at least 19%	ROCE: >20%
Gearing <53%	ROE>15%
	Gearing <40%

PORTFOLIO REVIEW



PLANTATIONS

The Sector consists of Sri Lanka's leading Regional Plantation Companies (RPC) Kelani Valley Plantations PLC (KVPL) and Talawakelle Tea Estates PLC (TTE) which cultivate over 19,000 hectares of tea and rubber across 41 estates. The Sector also engages in the export of tea through Mabroc Teas (Pvt) Ltd and Martin Bauer Hayleys (Pvt) Ltd.



PLANTATIONS

MARKET POSITION



Accounts for 3.61% and 4.27% of Sri Lanka's tea and rubber production



Commands the industry's highest pricing for tea and rubber



Value-added tea exporter

FINANCIAL PERFORMANCE AND STABILITY



REVENUE

Rs. 17.37 bn
(+9%)



PAT

Rs. 2.62 bn
(+69%)



ASSETS

Rs. 18.19 bn
(+22%)



LIABILITIES

Rs. 8.41 bn
(-2%)

The Sector delivered the highest profitability in its operating history, driven by a respective 5% and 57% increase in prices commanded for Tea and Rubber and a 17% price improvement in value-added tea exports by Mabroc

QUALITY AND INTELLECTUAL CAPITAL

22 CERTIFICATIONS INCLUDING

- ▶ 7 Food safety certifications
- ▶ 13 Sustainability
- ▶ 2 HR practices

STRATEGIC PRIORITIES 2021/22



Strategic focus on employee engagement and value creation



Ongoing investments in automation and digitalisation



Sustainable and regenerative agriculture practices



Product innovation and new market penetration in value-added-tea

MANAGING OUR ENVIRONMENTAL FOOTPRINT



4%
Reduction in energy intensity



83%
Reliance on renewable energy



17%
Reduction in water intensity



18%
Reduction in emission intensity

COMMUNITY VALUE CREATION

Rs. 244.20 mn
Investment in CSR

- **>305,800**
Beneficiaries
Community capacity building
- **>453,000**
Beneficiaries
Health and nutrition
- **>112,000**
Beneficiaries
Youth & empowerment

NURTURING HUMAN CAPITAL

Certified as a
GREAT PLACE TO WORK



Rs. 8.25 mn
Training investment

71
Promotions

Rs. 5.80 bn
Value to employees

PLANTATIONS

SECTOR OVERVIEW



PLANTATIONS

Consists of the Sector's RPCs, KVPL and TTE

Contribution to Sector

Revenue: 56%
PBT: 51%

Performance 2021/22

Revenue: 11% growth
PBT: 31% growth



MABROC TEAS

Exporter of value-added tea

Contribution to Sector

Revenue: 44%
PBT: 47%

Performance 2021/22

Revenue: 6% growth
PBT: 116% growth



MARTIN BAUER HAYLEYS

Manufacturer and exporter of quality tea extracts

Contribution to Sector

PBT: 2%

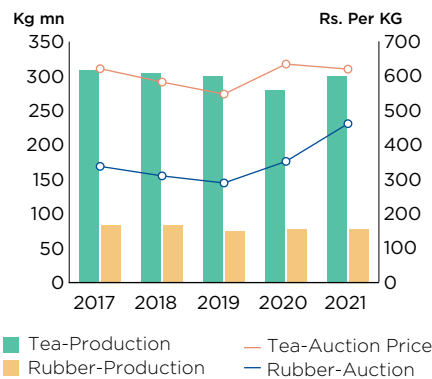
Performance 2021/22




PBT: 3% reduction

OPERATING ENVIRONMENT

It was a year of mixed fortunes for Sri Lanka's Plantation industry; rubber prices surged in line with increased demand, while tea prices were maintained during the year. However, the industry was adversely affected by unfavourable weather, fertilizer shortage and a near 35% wage hike for estate sector workers. The country's tea production increased by 7% to 299.52 mn Kg in 2021, albeit from a low base in the previous year while rubber production continued to decline, falling by 2% during the year. The shortage in chemical fertilizer, weedicides and fungicides have resulted in broad-based drop in yields, with tea volumes falling by 7% in the second half of calendar year 2021 and a further 15% in the first quarter of 2022. Prices for both tea and rubber, however, remained comparatively higher in the last quarter, reflecting favourable global demand for both commodities and supply disruptions in other markets.







TEA AND RUBBER PRODUCTION TRENDS-SRI LANKA



	Developments in 2021/22	Implications on the Sector
 <p>27% Increase in Q4 2021/22 (National tea prices)</p>	<p>Demand for Sri Lankan tea has remained strong, which in turn has supported elevated pricing. Tea prices strengthened significantly in the first quarter of 2022, increasing by 27% to close the quarter at around Rs. 763 per Kg</p>	<p>+Favourable impacts on revenue and profitability +Higher volumes given increased demand for Orthodox black tea</p>
 <p>15% Increase in average rubber prices (National)</p>	<p>Rubber prices showed significant improvement during the year, in line with the increase in global prices on the back of supply disruptions and higher demand from East Asia.</p>	<p>+ Favourable impacts on revenue and profitability</p>
 <p>35% Wage hike for estate workers</p>	<p>The Wages Board mandated that the daily basic wage of estate workers be increased to Rs.1000 without any reference to productivity</p>	<p>-Significant increase in cost of production</p>

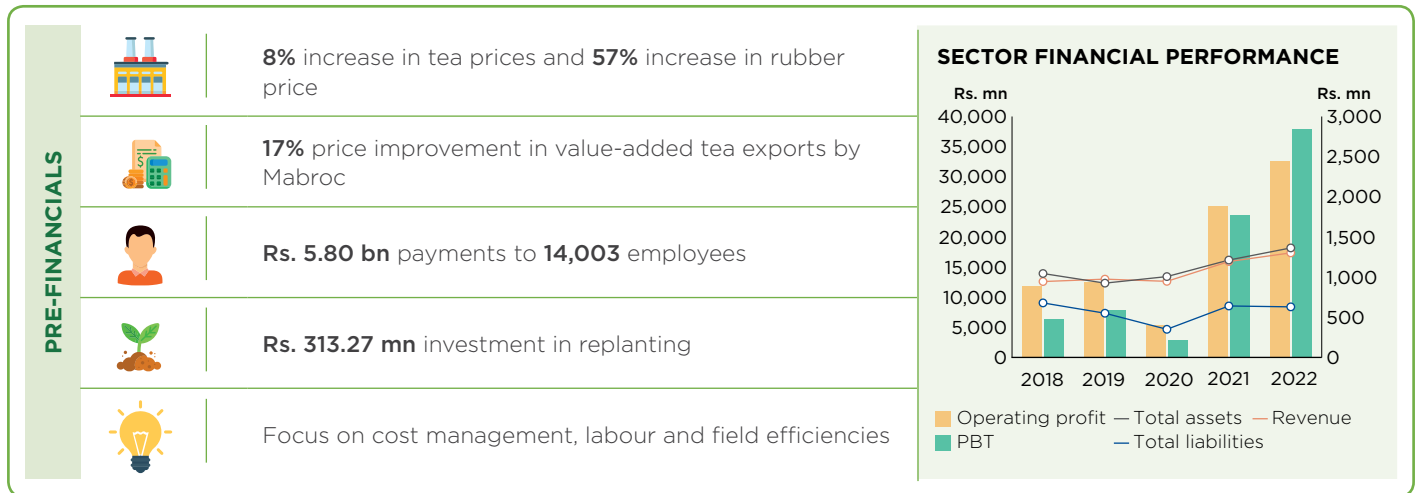
STRATEGY & RESOURCE ALLOCATION

The Plantation Sector's strategy for the year centered on mitigating the impacts of broad-based cost escalations stemming from the 35% wage hike and the sharp increase in input costs. We encouraged workers to accept non-wage remuneration methods, thereby providing them an opportunity to increase their earnings through productivity-linked remuneration. The Sector also placed strategic emphasis on strengthening its employee value proposition and creating an engaged, dynamic and inclusive workplace for all employees. Regenerative agriculture was also a key priority during the year, as the Sector increased reliance on organic fertilizer through manual weeding and composting with the aim of enriching soil to supplement the reducing of the application of chemical-based fertilizer. We also pursued selective crop diversification and see significant potential in coconut, given its relatively high profitability, opportunities for value addition and relatively low labour requirement. The Sector also cultivated cinnamon and spices in a smaller scale and piloted the cultivation of strawberries during the year.

STRATEGIC PRIORITY	RESOURCES ALLOCATED	KPI
 <p>Enhancing employee value creation through encouraging productivity-linked remuneration</p>	 <p>Rs. 5.80 bn Payments to employees</p>	<p>Rs. 1.24 mn Revenue per employee</p>
 <p>Sustainable and regenerative agriculture practices</p>	 <p>Rs. 55.72 mn Investment in environmental initiatives</p>	<p>200 Number of trees planted for the project 'Kirulu'</p>
 <p>New product development and market expansion in value-added tea exports</p>	 <p>Rs. 0.42 mn Investment in R&D initiatives</p>	<p>22 New products developed 411 Customers acquired</p>

PLANTATIONS

INTEGRATED PERFORMANCE REVIEW



The Plantation Sector delivered record profitability amidst unprecedented challenges to record a Revenue and Profit Before Tax growth of 9% and 61% respectively. Performance was upheld by strong pricing for both tea and rubber, as well as sustainable agricultural practices and judicious cost management initiatives which enabled the Sector to be resilient to industry challenges. The 35% wage hike imposed on the Plantation Sector companies have added approximately Rs. 15 bn to the industry's cost base, further pressurising profitability. Against this backdrop, both KVPL and TTE encouraged non-wage-based remuneration models thereby attempting to inculcate a productivity-focused culture. The Sector also increased reliance on contract work during the year. Mechanisation and automation continued to be a priority as we invested in mechanical pruning and soil auger holing machines. Both RPCs continued to be the leading price takers for Tea and Rubber at the auctions, attesting to the superior quality of its products and strong brand reputation in the industry. The Sector's profitability was upheld by the strong profitability of Mabroc, which contributed over Rs. 1.62 bn to Profit Before Tax during the year. Meanwhile,

Martin Bauer Hayleys (Pvt) Ltd was strengthened with new leadership capabilities and infrastructure during the year and is expected to contribute positively to earnings over the medium-to-long term.

Given the uncertainties that prevailed during the year, the leadership team strengthened engagement with employees, with ongoing communication between the management and field staff. Workers engagement through digital channels provided an opportunity for employees to put forward their suggestions for improvement which facilitated a bottom-up approach to innovation across the organisation. The Sector also conducted numerous initiatives to improve employee morale and motivation during the year while continuing to invest in training and development to enrich our workforce. As a result of these initiatives, both KVPL and TTE obtained the prestigious "Great Place to Work" (GPTW) certification during the year emerging as the first RPCs in the industry to do so.

The Sector's long-standing commitment to sustainable agriculture practices served it well during the year,




as it enabled resilience to numerous challenges which adversely impacted many industry counterparts. For instance, the Sector adapted to the industry-wide shortage in chemical fertilizer and weedicide, by deploying workers to engage in manual weeding for an additional income, which was then used to produce compost. Meanwhile vermicomposting was used to convert organic waste to fertilizer, thereby reducing reliance on chemical fertilizers. Continued emphasis is also placed on reducing the Sector's carbon footprint through increasing reliance on renewable energy, through solar power and hydro power generation.

During the year, the Sector invested Rs. 240.13 mn in the Home for Every Plantation Worker programme, which includes improvements to living conditions, community capacity building, health and nutrition and youth empowerment. We continue to safeguard and ensure the well-being of over 300,000 people living in the estate communities through ensuring child protection, promoting health and nutrition and ensuring participation of students in online education programmes among others.

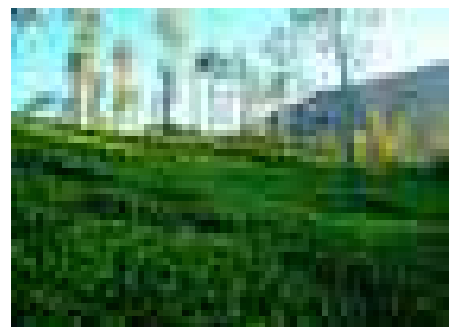
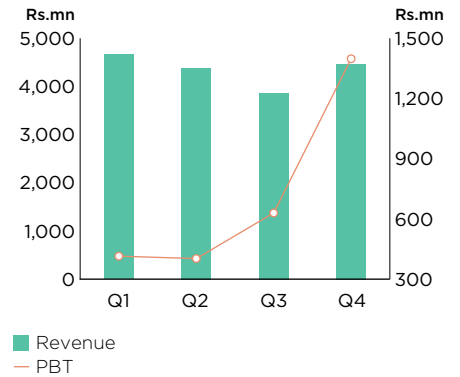
TEA EXPORTS

Mabroc has gradually strengthened its market penetration, product portfolio and brand to emerge as one of the largest exporters of value-added-tea from Sri Lanka. The Company has effectively positioned itself as a supplier of the entire range of value-added-tea products including tea bags, green tea, flavoured tea, herbal tea and many others.

Wider market reach and deeper penetration

CHINA 3,363 MT Developed unique blends catering to the Chinese market 	JAPAN 625 MT New customer acquisition Unique blends in ready to drink tea 	TAIWAN 1,088 MT Innovative blends launched for the bubble tea market 
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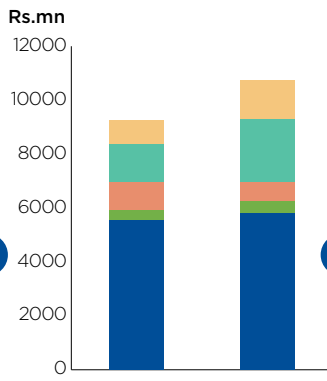
QUARTERLY PERFORMANCE TRENDS



STAKEHOLDER VALUE CREATION

EMPLOYEES
Rs. 5.80 bn (+4%)
 Payments to employees

Value proposition to employees centered on a high-level of engagement, ongoing efforts to ensure health and safety and opportunities for skill development



Rs.mn

2021 2022

- Employees
- Government
- Shareholders
- Capital as lenders
- Value retained

SHAREHOLDERS
34%
 Return on equity

Rs. 709.11 mn
 Dividends for the year

Achieved highest profitability in the Sector's operating history

COMMUNITIES
Rs. 240.13 mn
 Community investments

304,911
 Beneficiaries

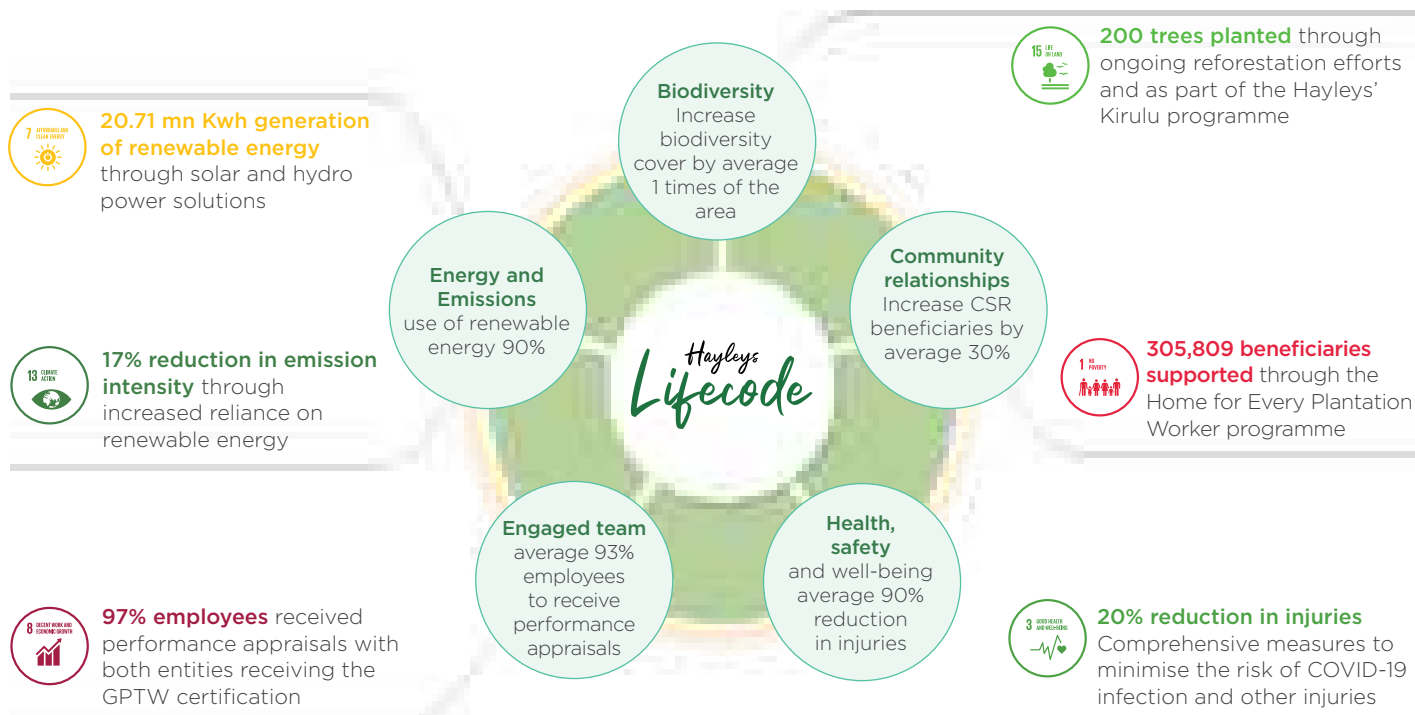
Through the Home for Every Plantation Sector Worker programme

GOVERNMENT
USD 82.25 mn
 Export income generated

Direct generation of export income through Mabroc Teas and indirect generation through the primary crops of tea and rubber.

PLANTATIONS

PROGRESS AGAINST LIFECODE GOALS FOR 2030 AND ALIGNMENT TO SDG



SASB DISCLOSURES

Table: Agricultural Products Standard- Sustainability Disclosure Topics & Accounting Metrics

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	DISCLOSURE/Pg. reference
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Metric tons tCO ₂ e	4,917
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	-	Refer to pages 20 to 21
	Fleet fuel consumed	GJ	0.3
	Percentage renewable (total renewable energy % from the fleet fuel consumed)	%	Nil
Energy Management	(1) Operational energy consumed	GJ	392,539
	(2) Percentage grid electricity	%	10
	(3) Percentage renewable	%	16

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	DISCLOSURE/Pg. reference
Food Safety	Global Food Safety Initiative (GFSI) audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	Rate	ISO 2200:2018 1) Below 3 NCRs average per audit 2) All NCRs corrected and verified within allocated timeline
	Percentage of agricultural products sourced from suppliers certified to a Global Food Safety Initiative (GFSI) recognised food safety certification programme	%	N/A
	(1) Number of recalls issued (2) total amount of food product recalled	Number MT	N/A
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) (2) Fatality rate (3) Near miss frequency rate (NMFR) for (a) direct employees and (b) seasonal and migrant employees	Rate	0.5% Nil Nil
Environmental & Social Impacts of Ingredient Supply Chain	Percentage of agricultural products sourced that are certified to a third-party environmental and/or social standard, and percentages by standard	Percentage (%) by cost	N/A
	Suppliers' social and environmental responsibility audit (1) non-conformance rate (2) associated corrective action rate for (a) major and (b) minor non-conformances	Rate	1) Below 10 NCR average per audit 2) 95% NCRs corrected within allocated timeline
	Discussion of strategy to manage environmental and social risks arising from contract growing and commodity sourcing	Percentage (%) by cost	
GMO Management	Discussion of strategies to manage the use of genetically modified organisms (GMOs)		N/A
Ingredient sourcing	Identification of principal crops and description of risks and opportunities presented by climate change		N/A
	Percentage of agricultural products sourced from regions with High or Extremely High Baseline Water Stress		N/A

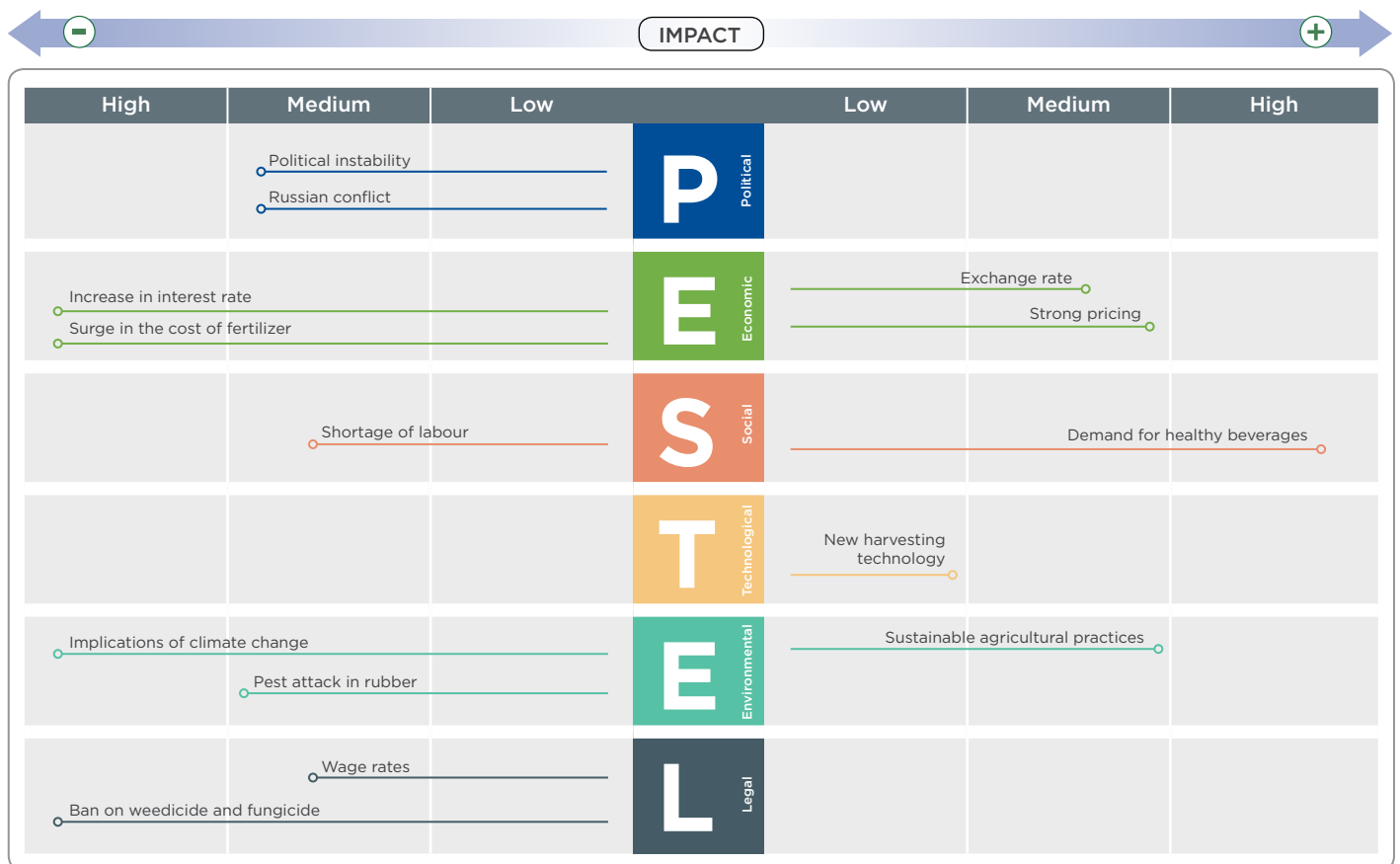
ACTIVITY METRICS			
Production by principal crop	MT	FB-AG-000.A	
Tea			10,633
Rubber	MT	FB-AG-000.A	3,144
Number of processing facilities	Number	FB-AG-000.B	40
Total land area under active production	Hectares	FB-AG-000.C	19,000
Cost of agricultural products sourced externally	Rs. mn	FB-AG-000.D	N/A

PLANTATIONS

OUTLOOK & PLANS

Sri Lanka's ongoing economic crisis and severe shortage of foreign currency have impacted the supply of fertilizer, chemicals and weedicide. In addition to supply shortages, the sharp depreciation of the Sri Lankan Rupee has led to a dramatic increase in the cost of these imports, which will insert further cost pressures on the Sector's already high cost of production. On the other hand, tea and rubber prices are expected to remain favourable over the short-to-medium term, somewhat cushioning this impact.

Against this backdrop, KVPL and TTE will seek to maintain uninterrupted operations while consolidating its market leadership position through persistent focus on quality and sustainability. Declining yield and rising cost of production remains a key challenge for the Sector, which coupled with the sharp depreciation of the Rupee could render Sri Lankan tea uncompetitive in the global market. In curtailing exposure to these two crops, the Sector will pursue selective crop diversification, with increased emphasis on coconut, cinnamon, spices and strawberry cultivation. The Sector's short, medium and long-term risks and opportunities are summarised below:



Response and Plans	
Short-term	Medium-to-long term
<ul style="list-style-type: none"> Ensure continuity of operations through procuring the adequate energy supply and input materials Ongoing focus on sustainable agricultural practice Pursue productivity-based remuneration models to support increased income generation by employees 	<ul style="list-style-type: none"> Pursue opportunities in new markets for value added tea Selective crop diversification Automation and mechanisation to enhance productivity New product development in value added tea

Financial objectives	
Short-term financial goals	Long-term financial goals
ROCE 19%	ROCE >20%
Revenue Rs. 18 bn	ROE >10%
	Gearing <10%

PORTFOLIO REVIEW



AGRICULTURE

The Sector is a dominant player in the Agriculture industry offering an array of products and services to the local and export markets. Hayleys Agriculture is a leader in agricultural innovation and sustainability, having pioneered many industry-firsts in Sri Lanka's Agriculture Sector.



AGRICULTURE

MARKET POSITION



Largest Sri Lankan exporter of processed fruits and vegetables



Leading provider of agri input solutions and equipment



At the forefront of industry innovation

FINANCIAL PERFORMANCE AND STABILITY



REVENUE

Rs. 24.09 bn
(+25%)



PAT

Rs. 1.71 bn
(+41%)



ASSETS

Rs. 25.83 bn
(+61%)



LIABILITIES

Rs. 17.75 bn
(+67%)

The Sector delivered the highest profitability in its operating history, supported by its diverse businesses which enabled resilience to external challenges

QUALITY AND INTELLECTUAL CAPITAL

38 CERTIFICATIONS INCLUDING

- ▶ 13 Food Safety Certifications
- ▶ 6 Organic Food Certifications
- ▶ 5 Ethical and Fair Trade
- ▶ 6 Quality Management
- ▶ 4 Environmental Management
- ▶ 4 other

STRATEGIC PRIORITIES 2021/22



Optimising available inventory through proactive working capital management



Product development and innovation targeting the export market



Propagation of sustainable agriculture practices across farmer networks



Supporting our network of outgrowers

MANAGING OUR ENVIRONMENTAL FOOTPRINT



14% Reduction in energy intensity



16% Reduction in waste intensity



9% Reduction in water intensity



20% Reduction in emission intensity

STRENGTH OF OUR RELATIONSHIPS

Rs. 22.88 bn (+65% y-o-y)

Payments to suppliers

>2,000 Suppliers

29 Agencies

12 Principals

NURTURING HUMAN CAPITAL

Strengthened employee proposition through the ongoing focus on skill and career development

Rs. 1.07 mn Training investment

+38 Promotions

Rs. 1.55 bn Value to employees



AGRICULTURE

SECTOR OVERVIEW



CROP PROTECTION & PLANTING MATERIALS

Import of crop protection and planting materials

Contribution to Sector

Revenue: 15%
PBT: 30%

Performance 2021/22

Revenue: 16% growth
PBT: 93% growth



ANIMAL HEALTH

Markets a range of animal health products from reputed international suppliers

Contribution to Sector

Revenue: 5%
PBT: 8%

Performance 2021/22

Revenue: 8% growth
PBT: 1% growth



AGRI EQUIPMENT

Markets a range of Agri Equipment and Machinery

Contribution to Sector

Revenue: 36%
PBT: 26%

Performance 2021/22

Revenue: 35% growth
PBT: 29% growth



AGRO FERTILIZER

Provides a range of specialty crop nutrition products

Contribution to Sector

Revenue: 15%
PBT: 5%

Performance 2021/22

Revenue: 34% growth
PBT: 66% decline



AGRO EXPORTS

Exporter of processed fruits and vegetables, horticulture products and flower seeds

Contribution to Sector

Revenue: 15%
PBT: 17%

Performance 2021/22

Revenue: 0.3% decline
PBT: 141% growth



HAYCHEM (BANGLADESH) LTD

International Operations

Contribution to Sector

Revenue: 15%
PBT: 13%

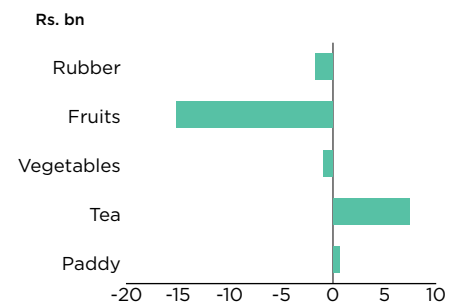
Performance 2021/22




Revenue: 32% growth
PBT: 30% growth

OPERATING ENVIRONMENT

Sri Lanka's Agriculture sector recorded a growth of 2%, recovering from 2% contraction recorded in 2020. Tea, fishing, oleaginous fruit (including coconut) recorded expansion during the year, while paddy, rice, vegetables and fruit recorded a decline during the year. In May 2021, the Government banned the importation of chemical fertilizer and agrochemicals with a view to pursuing organic agricultural practices. Despite its good intentions, the overnight ban on chemical input material adversely impacted crop volume, quality, yields and ultimately farmer income. The ban on chemical fertilizer was subsequently lifted in September 2021, by which the Maha season was already affected by the lack of nutrients and agrochemicals. Meanwhile global Urea prices and freight rates had surged, which led to a significant escalation in the cost of chemical fertilizer, which was further pressured by the removal of the Government subsidy on fertilizer.







AGRICULTURE PRODUCTION INDEX



	Developments in 2021/22	Implications on the Sector
 <p>2% Agriculture Sector Growth</p>	<p>Sri Lanka's Agriculture sector posted marginal recovery compared to a contraction in 2020, although it was prevented from reaching its full potential due to the lack of nutrients and agrochemicals.</p>	<p>-Broad-based implications of the ban on chemical input material given the decline in crop volumes and yield, particularly towards the second half of 2021.</p>
 <p>Decline in Paddy Yield</p>	<p>Paddy declined by more than 50% during 2020/21, highlighting the inadequacies in the supply of fertilizer, agro chemicals.</p>	<p>- Adverse implications on demand arising from the declined in farmers' incomes.</p>
 <p>+17% Growth in Agricultural Exports</p>	<p>While growth was driven mainly by higher earnings from spices, tea and coconut products, earnings from minor agricultural products also increased due to higher export volumes of fruits, cereals and essential oil exports.</p>	<p>-Hayleys' agricultural food export markets were somewhat affected by pandemic-led closures in the European region, although demand picked up towards the latter part of the financial year.</p>

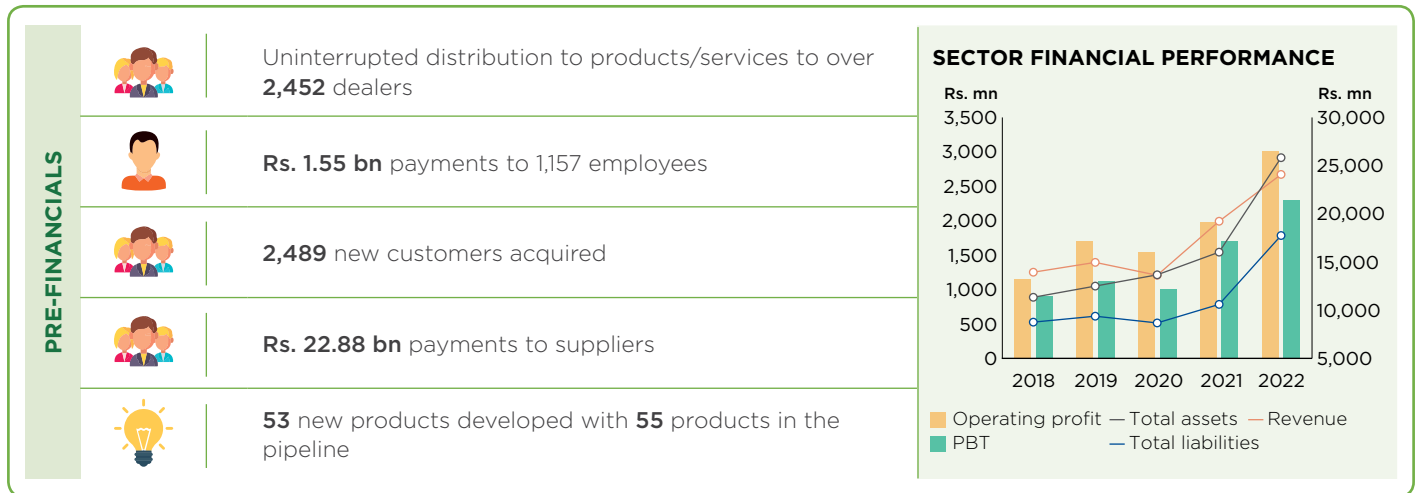
STRATEGY & RESOURCE ALLOCATION

Given import restrictions on the several of the Sector's key products, strategic focus was placed on optimising existing inventories. Hayleys Agriculture's decision to procure increased stocks towards the latter part of 2021, in view of impending supply constraints from China, served the Sector well in enabling it to mitigate the adverse impacts of the ban on imported chemical fertilizer. Cost rationalisation and efficiency improvements was a key focus during the year, as the Group optimised its warehouses spaces and sought to mitigate credit risk through effective management of debtors and shifted to cash basis in sales.

STRATEGIC PRIORITY	RESOURCES ALLOCATED	KPI
 <p>Proactive working capital management to optimise available inventories, while mitigating credit risk</p>	 <p>Extensive Domain-specific Knowledge</p>	<p>10% Reduction in Debtors</p>
 <p>Ongoing focus on innovation and product development</p>	 <p>Rs. 25.26 mn Investment in Research & Development</p>	<p>53 New Products Launched 55 Products in the Pipeline</p>
 <p>Propagation of sustainable agricultural practices across its outgrower network</p>	 <p>16 Agriculture Extension Officers</p>	<p>215 Farmer/ Outgrower Training Programmes</p>

AGRICULTURE

INTEGRATED PERFORMANCE REVIEW



The Sector demonstrated strong resilience to the challenges that prevailed in the industry, to record a 25% growth in Revenue and 35% growth in Profit Before Tax during the year. Performance was upheld by strong profitability in Crop Protection, Agriculture Equipment and Horticulture Exports, particularly during the first half of the year. In Crop Protection, the Sector was able to ensure uninterrupted supply to its customers supported by its decision to increase inventory towards the latter part of the previous financial year. Agri Equipment also emerged as a key contributor to profitability, as it widened its product portfolio with the launch of a new dual-purpose tractor, thereby consolidating its market leadership position; we also introduced a rubber tapping machine and gain collecting machine. Animal Health also delivered an exceptional performance as it leveraged its research capabilities and partnerships with globally renowned principals to drive increased penetration. The cluster launched the Aflatoxin M1 & Antibiotic residual monitoring test kit as new solutions during the year.

In exports, Horticulture delivered a year of strong growth, with both

flower seeds and horticulture seeing resilient demand for its products. The performance of the Food Exports cluster was below expectations reflecting pandemic-led disruptions in the European region which led to restricted out-of-home dining, particularly in the 2nd and 3rd quarter of the financial year. However, we have seen a gradual pick up in orders towards the latter part of the year and are confident of the cluster's outlook for the financial year 2022/23. Meanwhile Haychem Bangladesh Ltd delivered its best year supported by early procurement of material, which enabled uninterrupted supply, despite subsequent supply constraints from China. During the year, Haychem Bangladesh also expanded its operations, establishing a seed paddy processing facility in Bangladesh, which will facilitate increased penetration in the region.

Innovation is a key element of the Sector's competitive edge, and during the year the Sector tied with an international supplier to trial an organic weedicide, which due to its high efficacy levels can be used as an alternative to glyphosate. Positioned as a niche, premium product, this proposition has positioned the Sector

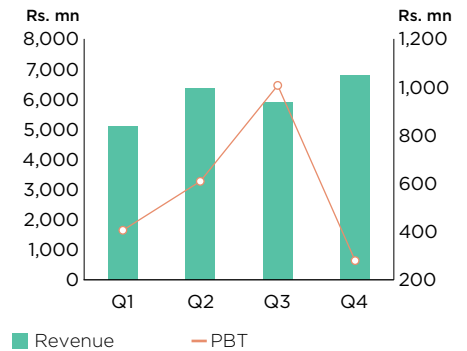
to effectively capture potential growth opportunities in organic cultivation. The Sector also developed several customised flavours of tender jack fruit targeting different markets and introduced a motorised tapping machine as a potential solution to address the shortage of skilled rubber tappers.

Given the conditions that prevailed during the year, strategic focus was placed on supporting our ecosystem of farmers and distributors. In addition to ongoing farmer training on sustainable and modern agriculture solutions, the Sector also played a key role in facilitating the transportation of products through supporting the fuel requirements of all our distribution partners. The prevalent fuel shortage remains a key threat to the industry and farmer livelihoods, as inability to transport produce has resulted in wastage at the producers' end and shortages to the consumer. The team at Hayleys Agriculture Training School conducted a physical training programme in April and participated as resource persons for 10 online sessions for the Teacher Capacity Development Programme organised by the Ministry of Education.

HAYLEYS AGRICULTURE HOLDINGS EXPANDS THEIR NETWORK OF INOTEC PIYASA

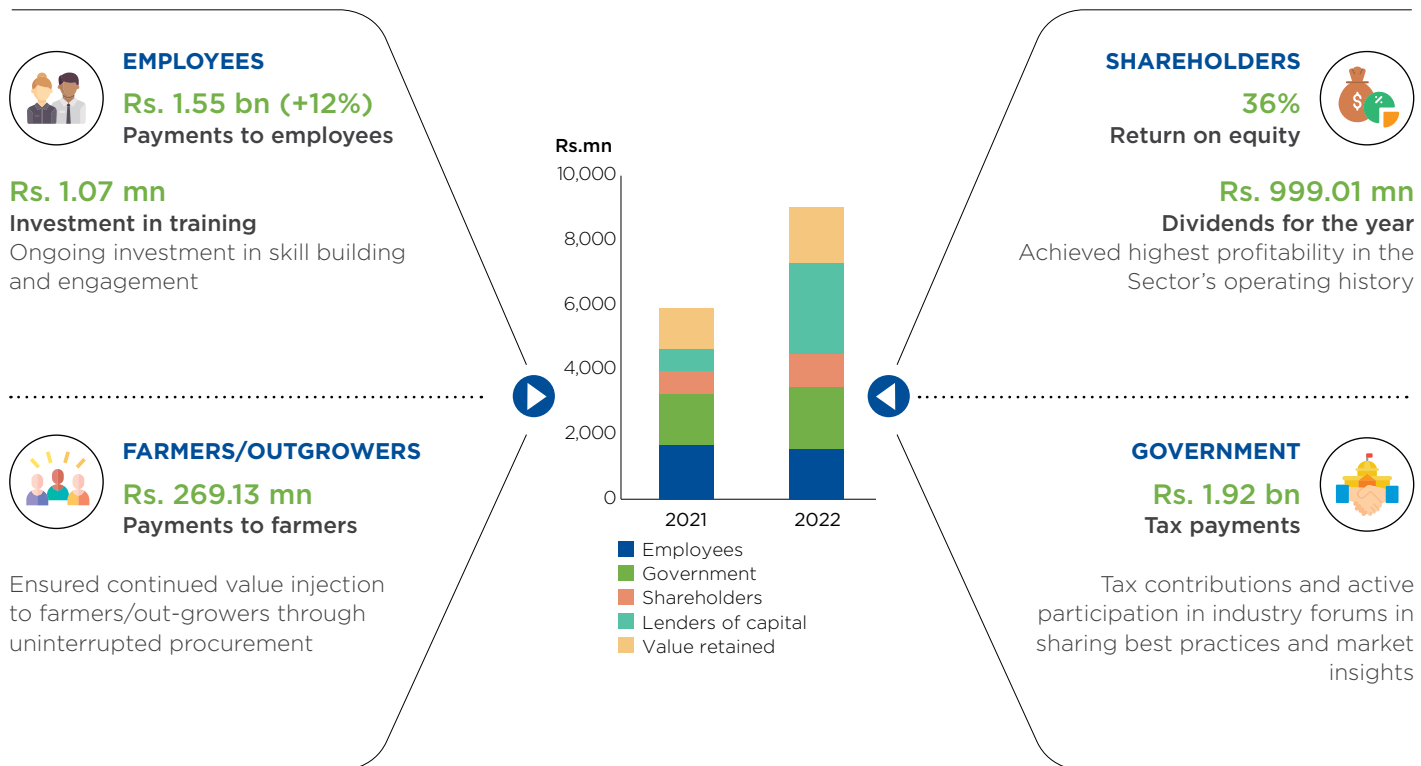
In line with its aspiration of propagating sustainable agriculture through innovation, quality inputs, and extension services, the Sector expanded its network of Inotec Piyasa during the year. With 13 Inotec Piyasa outlets around the island, the Sector aims to transfer knowledge and educate farmers on protective agriculture solutions that can effectively mitigate the escalating implications of climate change. The centre increases the accessibility of climate-smart agriculture solutions to farmers, thereby contributing to the resilience and sustainability of Sri Lanka's agriculture sector. The showroom features several agricultural equipment, including irrigation items, protected agriculture items, and light machinery.

QUARTERLY PERFORMANCE TRENDS



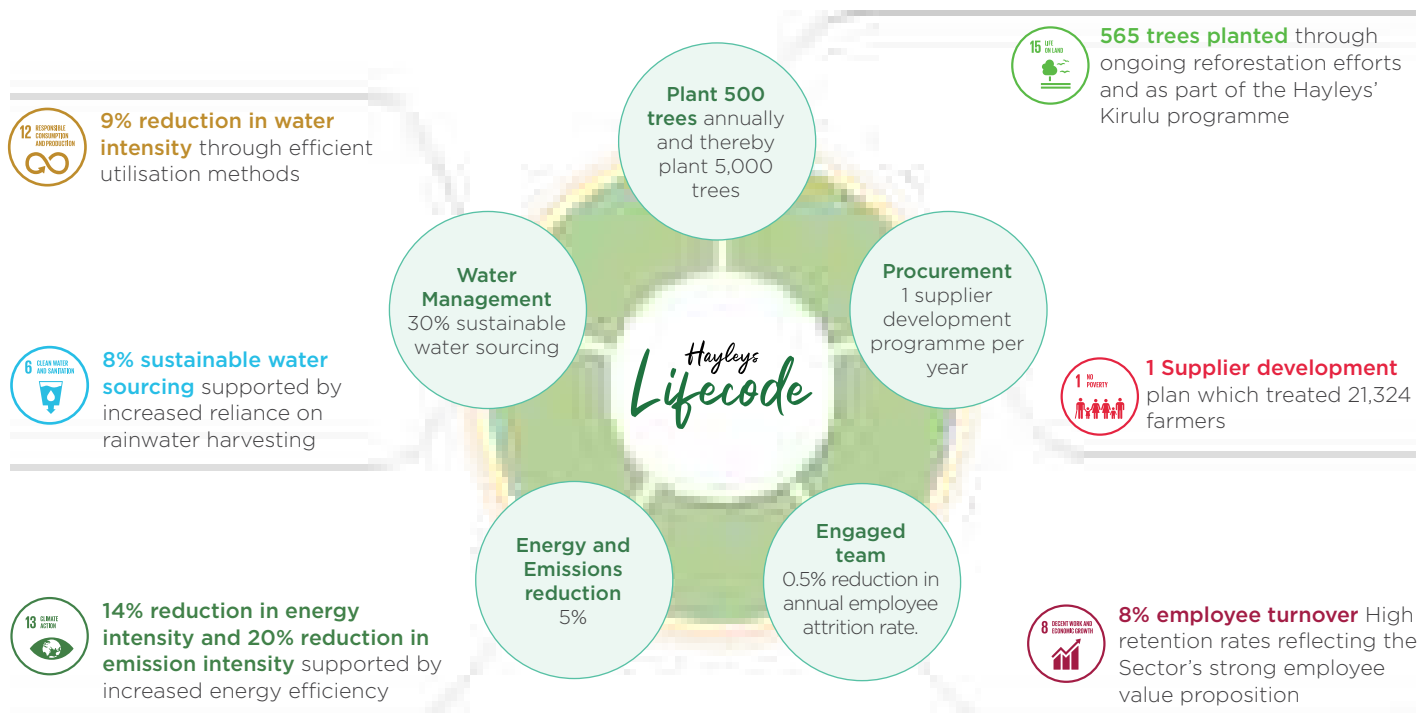
Strengthening internal processes emerged as a key priority during the year, with the Sector leveraging the capabilities of its best-in-class team to identify leaner, more effective way of ways of working. The Sector also enhanced its digital capabilities during the year, revamping its websites to facilitate an increase in leads and higher conversion rates.

STAKEHOLDER VALUE CREATION



AGRICULTURE

PROGRESS AGAINST LIFECODE GOALS AND ALIGNMENT TO SDG



SASB DISCLOSURES

Table: Agricultural Products Standard- Sustainability Disclosure Topics & Accounting Metrics

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	DISCLOSURE/Pg. reference
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Metric tons (t) CO ₂ e	1,776.46
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	-	Refer to pages 20 to 21
	Fleet fuel consumed Percentage renewable	GJ %	3,518.09
Energy Management	(1) Operational energy consumed	GJ	30,395
	(2) Percentage grid electricity	%	22%
	(3) Percentage renewable	%	0%
Workforce Health & Safety	(1) Total recordable incident rate (TRIR)	Rate	1) 0
	(2) Fatality rate		2) 0
	(3) Near miss frequency rate (NMFR) for (a) direct employees and (b) seasonal and migrant employees		3) 0

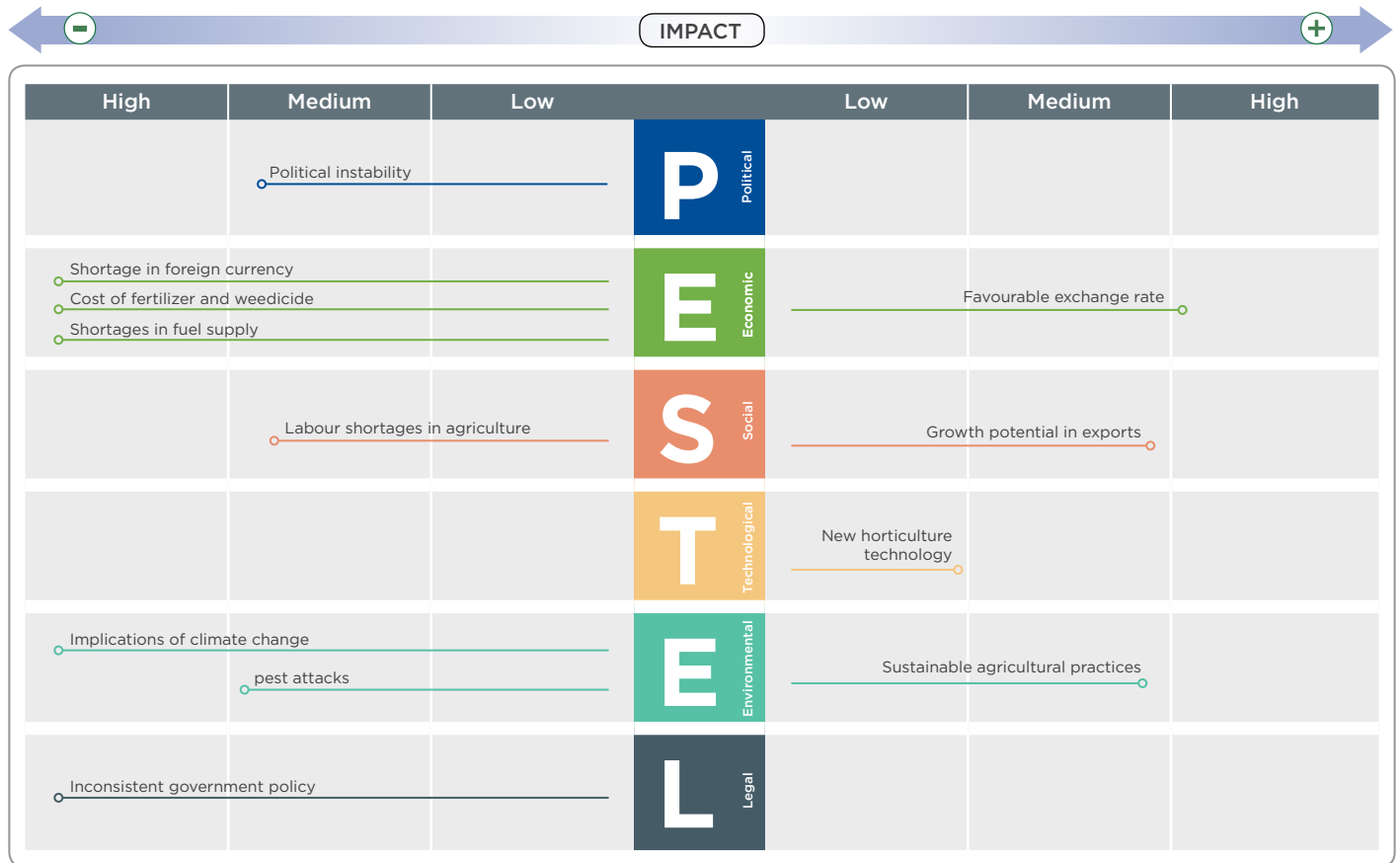
TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	DISCLOSURE/Pg. reference
Food Safety	Global Food Safety Initiative (GFSI) audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	Rate	(1) <3 % non-conformance (2) a and b All the measures are taken to educate farmers to achieve 0% non-conformances at farm level.
	Percentage of agricultural products sourced from suppliers certified to a Global Food Safety Initiative (GFSI) recognised food safety certification programme	%	100 % All products are sourced according to the Food Safety Standards.
	(1) Number of recalls issued (2) total amount of food product recalled	Number MT	1) 0 2) 0
Environmental & Social Impacts of Ingredient Supply Chain	Percentage of agricultural products sourced that are certified to a third-party environmental and/or social standard, and percentages by standard	Percentage (%) by cost	All agricultural products are sourced according to Company's GAP and GMP standards.
	Suppliers' social and environmental responsibility audit (1) non-conformance rate (2) associated corrective action rate for (a) major and (b) minor non-conformances	Rate	All new and existing suppliers are screened in line with our the guide lines in our social and environmental policy.
	Discussion of strategy to manage environmental and social risks arising from contract growing and commodity sourcing		-Extended out-grower network to several new districts. -Obtained the Fairtrade certification to ensure that all farmers are treated fairly.
GMO Management	Discussion of strategies to manage the use of genetically modified organisms (GMOs)		No use of (GMOs). Few products under HJS Condiments Limited are GMO certified.
Ingredient sourcing	Identification of principal crops and description of risks and opportunities presented by climate change		All farmers under outgrower networks are continuously advised to follow nutrient and water management practices.
	Percentage of agricultural products sourced from regions with High or Extremely High Baseline Water Stress		90% (Fruits & Vegetable) by Sunfrost (Pvt) Ltd 100% (Young Plants) by Quality Seed Company Private Limited

OUTLOOK & PLANS

In the immediate to short-term the country's Agriculture Sector is likely to face inevitable pressures arising from the sharp increase in fertilizer costs and shortage in fuel supply which impacts harvesting and distribution as well as a severe shortage in foreign currency which will affect the continuous supply of input materials. Over the medium-to-long term, however, the Sector is anticipated to post gradual recovery with the Government demonstrating its commitment to support the Sector through continued imports of fertilizer. As a Sector which provides employment to nearly 30% of Sri Lanka's population, the long-term survival and growth of Agriculture is vital in supporting livelihoods, ensuring food security and driving economic prosperity in the country.

AGRICULTURE

As Sri Lanka's leading agriculture business, we are committed to supporting the industry's survival and sustainability and will continue to work with our extensive network of farmers and out-growers in propagating modern agriculture practices and supporting our ecosystem of partners. We will also continue to pursue increased penetration of our export business, as we seek to diversify our geographical footprint while generating much needed foreign currency to the country. Agricultural food exports present significant potential for growth and the Sector is aptly positioned to capitalise on these opportunities through a strong pipeline of products. The Sector's short, medium and long-term risks and opportunities are summarised below



Response and Plans	
Short-term	Medium-to-long term
<ul style="list-style-type: none"> Increased market share in natural weedicide, insecticide and fungicides Focus on cost management and efficiency improvements New product launches in planting materials business Launch of new products/ varieties in horticulture exports and landscaping 	<ul style="list-style-type: none"> Reduce dependency on fully synthetic crop protection products Expand product portfolio in agricultural equipment to cover post-harvest machinery and equipment Expansion of products and markets in food exports Widen portfolio of services offered under Haychem Bangladesh Strengthen horticulture and landscaping business operations to improve productivity by upgrading facilities and automation

Financial objectives	
Short-term financial objectives	Medium to long-term financial objectives
Turnover of > Rs 29 bn	Turnover of >Rs 38 bn
ROCE >20%	ROCE >20%
ROE >20%	ROE >20%
	Gearing <60%

PORTFOLIO REVIEW



CONSUMER & RETAIL

Singer (Sri Lanka) PLC is the undisputed market leader in the country's consumer durables industry, offering an extensive product portfolio across an island-wide network of 431 customer touch points. The Sector also includes the Hayleys Consumer division, which is a distributor for Proctor & Gamble products in Sri Lanka.



CONSUMER & RETAIL

MARKET POSITION



Market leader in Sri Lanka's Consumer Durables industry with a customer penetration rate of 50% years



Represents an array of global and local brands



Distributor for Procter & Gamble products in Sri Lanka and Maldives

FINANCIAL PERFORMANCE AND STABILITY



REVENUE

Rs. 83.54 bn
(14%+)



PAT

Rs. 4.30 bn
(59%+)



ASSETS

Rs. 91.03 bn
(29%+)



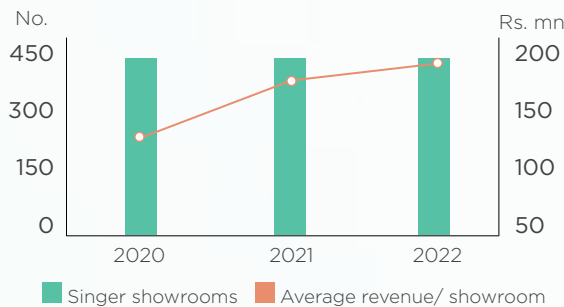
LIABILITIES

Rs. 78.92 bn
(28%+)

The Sector delivered the highest profitability in its operating history, driven by volume growth and a favourable product mix

CUSTOMER PENETRATION ACROSS NETWORK

Revenue generation across network



STRATEGIC PRIORITIES 2021/22



Rebranding exercise, positioning Singer for the next phase of its growth



Enhancing local manufacturing capabilities



Elevate customer care



Effective management of supply chain

MANAGING OUR ENVIRONMENTAL FOOTPRINT



146,035 Kg of e-waste collected during the year



6 Models of Smart Inverter refrigerator introduced during the year

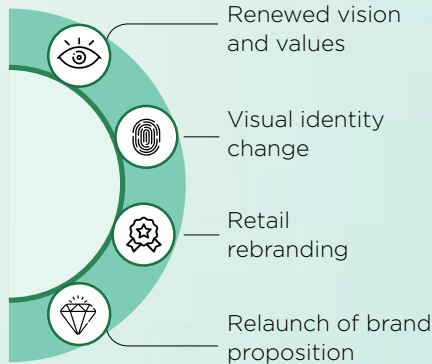


100% of Singer refrigerator side packing replaced with locally sourced paper pulps



50% reduction in energy consumption of green inverter air conditioners

**BRAND
RELAUNCH**



**NURTURING
HUMAN CAPITAL**

Certified as a **GREAT PLACE TO WORK**



Rs. 3.12 mn
Training investment

Rs. 4.44 bn
Employee payments

CONSUMER & RETAIL

SECTOR OVERVIEW



SINGER MARKETING

Represents 431 outlets across the country and a dealer network of 1,350

Contribution to Sector

Revenue: 81%
PBT: 77%

Performance 2021/22

Revenue: 12% growth
PBT: 41% growth



SINGER FACTORIES

Represents 4 manufacturing facilities engaged in the production of refrigerators, washing machines, sewing machines and furniture.

Contribution to Sector

Revenue: 10%
PBT: 2%

Performance 2021/22

Revenue: 38% growth
PBT: 15% decline



SINGER FINANCE

Licensed finance company engaging in consumer finance

Contribution to Sector

Revenue: 6%
PBT: 16%

Performance 2021/22

Revenue: 16% growth
PBT: 59% growth



SINGER- OTHERS

Business School and Reality Lanka

Contribution to Sector

Revenue: 0%
PBT: 1%

Performance 2021/22

Revenue: 89% growth
PBT: 268% growth



HAYLEYS CONSUMER

Distributor for Proctor & Gamble products in Sri Lanka and Maldives

Contribution to Sector

Revenue: 4%
PBT: 4%

Performance 2021/22

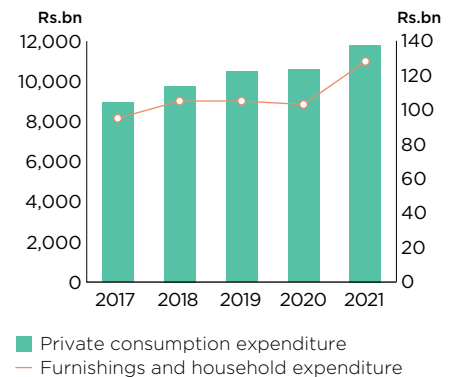
Revenue: 11% growth
PBT: 70% growth






OPERATING ENVIRONMENT

Sri Lanka's consumer durables sector remained largely resilient to COVID-19 led disruptions, as demand conditions were favourable for most part of the year. Demand was driven by a good agricultural harvest, and a prevalence of increasing demand for household appliances and furniture. Supply side challenges, however, affected the industry towards the second part of the year as the country's foreign exchange crisis, together with restrictions on selected imports and a surge in global freight rates led to procurement-related challenges. With the CBSL allowing free-float of the Rupee from mid-March 2022, the currency recorded sharp depreciation against the US Dollar resulting in a surge in product prices. Given the country's prevalent economic conditions and escalating inflationary pressures, this is expected to lead to an inevitable slowdown in demand over the short-term.







CONSUMPTION EXPENDITURE



	Developments in 2021/22	Implications on the Sector
 <p>11% Increase in PCE and 24% increase in household equipment and furnishings</p>	<p>The relatively strong growth in private consumption expenditure (PCE) -compared to a marginal growth of 1% in 2020 reflects the release of pent-up demand, gradual easing of restrictions and the low interest rates that prevailed during the first half of the year.</p>	<p>+Increase in demand for household appliances and furniture +Favourable interest rate scenario supported demand for consumer durable funding facilities</p>
 <p>46% Depreciation in the exchange rate in the month of March</p>	<p>Sharp depreciation in the Sri Lankan Rupee towards the latter part of March 2022, which weakened further in ensuing weeks</p>	<p>-Significant impact on cost of imported items and resultant demand implications given discretionary nature of items +Opportunities in expanding reliance on locally manufactured products</p>
 <p>60 International brand partners</p>	<p>The Government has restricted the import of non-essential goods imports in a bid to preserve currency outflows</p>	<p>-Inevitable disruptions to supply chains -Increased complexity and resources allocated towards applying for licenses</p>

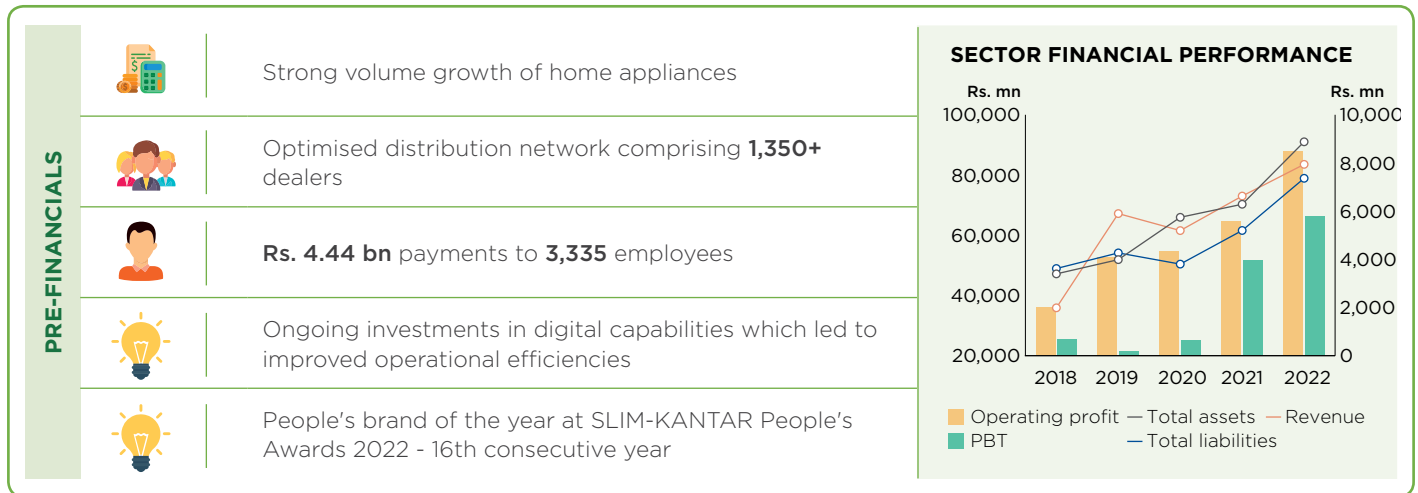
STRATEGY & RESOURCE ALLOCATION

Despite volatility in the external landscape, Singer maintained unyielding focus on its strategic priorities as it pursued an ambitious plan to future-proof the business for its next decade of growth. The strategy adopted during the year was consistent with the Must-Win-Battles framework launched in 2019/20, which provided a blueprint for driving transformation in operations, processes and stakeholder experience. Through the Must-Win-Battles, Singer has made considerable progress in enhancing brand visibility, deploying technology for better decision-making, driving customer-centricity and achieving operational excellence. Meanwhile, the Hayleys Consumer Division leveraged Group synergies to effectively provide a platform for the products of the Value-Added-Tea and Agriculture Sectors, thereby expanding its product portfolio.

STRATEGIC PRIORITY	RESOURCES ALLOCATED	KPI
 <p>Holistic rebranding exercise including the refurbishment and rebranding of retail outlets.</p>	 <p>Rs. 144.10 mn Investment in re-branding</p>	<p>62 Outlets rebranded</p> <p>4 Branding awards won</p>
 <p>Expansion of product portfolio and focus on enhancing local manufacturing capabilities and offerings</p>	 <p>Rs. 841.68 mn Capital expenditure</p>	<p>7 New brands added including 2 mobile phone brands</p> <p>200%+ Volume growth in locally manufactured products</p>
 <p>Elevate customer-care through enhancing call centre and service centre operations</p>	 <p>3,500+ Customer service related training hours</p>	<p>83% Customer satisfaction rate</p> <p>91% Customer satisfaction in after sales service</p>

CONSUMER & RETAIL

INTEGRATED PERFORMANCE REVIEW



The Consumer & Retail Sector delivered record high revenue and profitability, supported by the strong performance of both Singer and the Hayleys Consumer division. Sector revenue increased by 14% to Rs. 83.54 bn, as Singer placed strategic focus on ensuring product availability across the network, widened the product portfolio and engaged in proactive and targeted marketing campaigns to drive demand across key product categories. Given the conditions that prevailed, increased focus was placed on locally manufactured products and Singer successfully modernised and upgraded the range of refrigerators manufactured by its subsidiary- Regnis (Lanka) PLC. The Sector also sought to streamline its distribution and logistics functions through optimising resource allocation and increasing the efficiency of distribution channels. Proactive negotiations with both local and international suppliers ensured the uninterrupted supply of materials for manufacturing and finished goods despite the challenges that prevailed. Meanwhile, the Hayleys Consumer Division also delivered a year of strong growth, supported by a wider distribution network and strategic expansion of the product portfolio. Resultantly the Sector's Operating

Profit increased by 52% while Profit After Tax increased by 59% to Rs. 4.30 bn during the year.

Enhancing the customer value proposition through elevating customer care to world-class standards is a key strategic priority for Singer. During the year, the Sector improved effectiveness of the call centre, introduced interactive panels at all outlets and conducted customer service interventions to ensure consistency in service standards across all touchpoints. Improvements to the product portfolio include the launch of metal body washing machines, introduction of 2 new mobile phone brands- TCL and ZTE and increased penetration in the security and automation segment. Contributed by these initiatives, Singer retained its market leadership position in key product categories including televisions, washing machines, refrigerators and sewing machines. The Singer Brand continues to be recognised as one of Sri Lanka's leading brands, receiving the People's Brand of the Year 2021 for the 16th consecutive year and the People's Youth Brand of the Year 2021 at the at SLIM-KANTAR People's Awards.

Singer is an employer of choice to its' 3,154 employees (Singer only), underpinned by a value proposition centering on a high-level of engagement, a comprehensive development agenda and a diverse and inclusive culture. During the year, Singer was certified as a Great Place to Work and was ranked among Sri Lanka's top 40 employers, attesting to the Sector's best-in-class HR practices. In 2021/22 Singer placed emphasis on strengthening performance management systems, ensuring the physical and mental well-being of employees and developing employees through 100,474 training hours.

Singer's extensive customer footprint, local value addition in manufacturing, geographical reach, and operating model has enabled it to be a catalyst in driving socio-economic progress. Through its supply and distribution chains, the Group supports an eco-system of nearly 10,000 families across the island contributing towards skill development, economic empowerment and job creation. Meanwhile, the Singer Fashion Academy provides access to affordable skill development through a network of 62 branches across the country, catering to nearly 5,400+ students on an annual basis.

RECOGNITION FOR THE SINGER BRAND

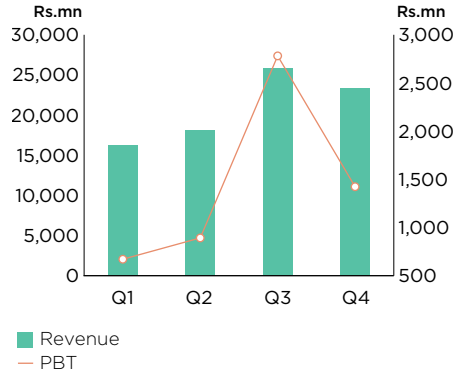
People's Brand of the Year 2022
at SLIM-KANTAR People's Awards for the 16th consecutive year

People's Youth Brand of the Year 2022
at SLIM-KANTAR People's Awards

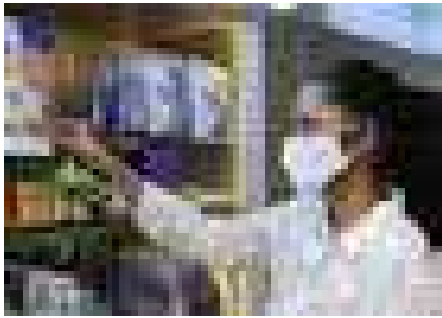
Top 10 Strongest Sri Lankan Brands
Brand Finance

Top 20 Most Valuable Consumer Retail Brand
Brand Finance

QUARTERLY PERFORMANCE TRENDS



Singer's subsidiary, Singer Finance (Lanka) PLC recorded portfolio and deposit growth of 14% and 25% respectively, supported by increasing geographical penetration and a strengthening brand underpinned by a relationship-driven approach to customer management. The Company also obtained the Great Place to Work Certification and was ranked among both Sri Lanka's and Asia's best places to work.



STAKEHOLDER VALUE CREATION

EMPLOYEES
Rs. 4.44 bn (+8%)
Payments to employees

Rs. 1.33 mn (+19%)
Remuneration per employee
Focus on nurturing a climate for success through aligning corporate goals with individual goals

Year	Employees	Government	Shareholders	Lenders of capital	Value retained
2021	~3,500	~6,500	~1,000	~2,500	~2,500
2022	~4,500	~10,500	~1,000	~4,000	~3,500

SHAREHOLDERS
40%
Return on equity

Rs. 1.01 bn
Dividends for the year
Achieved highest profitability in the Sector's operating history

CUSTOMERS
1,200+ Home appliances
600+ Electronic items
Product varieties

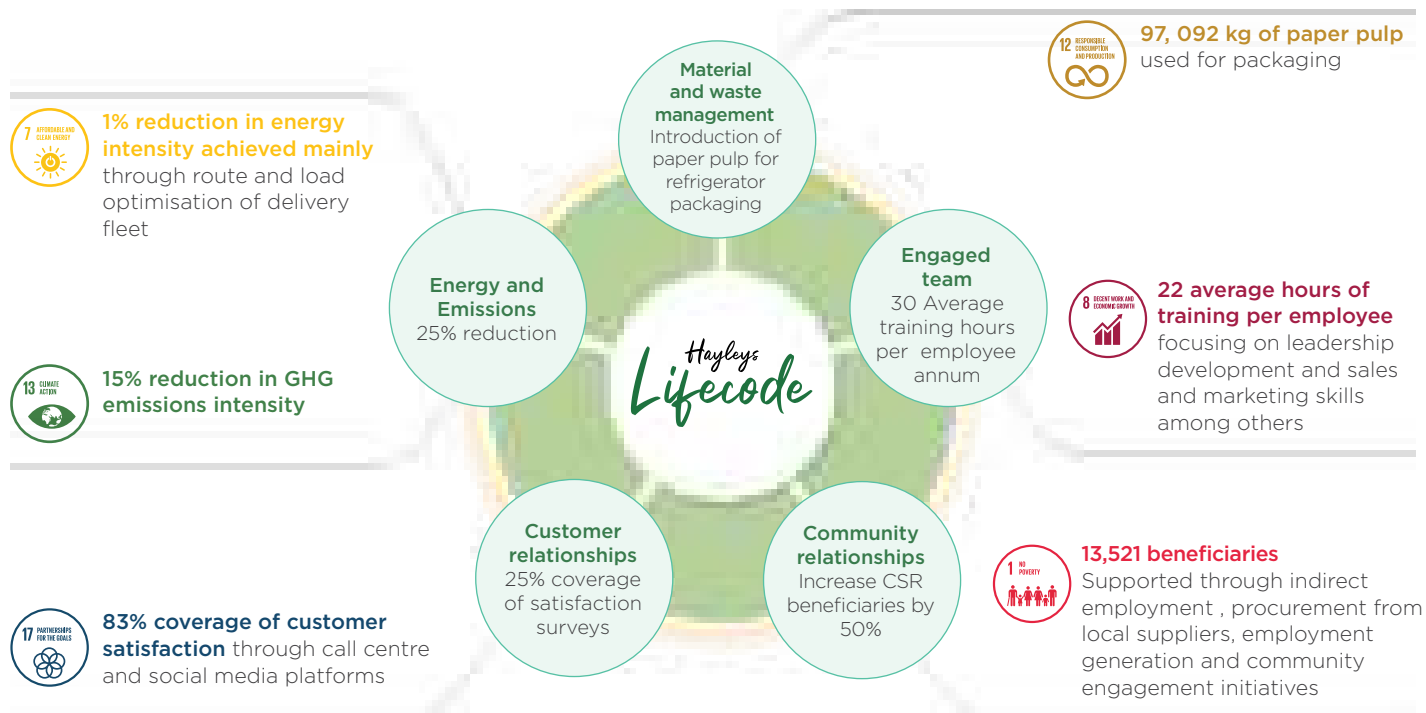
Island-wide access to an array of consumer durable products at varying price points

COMMUNITIES
2,700
Indirect employment

The Group generates significant socio-economic benefits through its supply, disruption and local manufacturing activities

CONSUMER & RETAIL

PROGRESS AGAINST LIFECODE GOALS FOR 2030 AND ALIGNMENT TO SDG



SASB DISCLOSURES

Table: Multiline and Specialty Retailers & Distributors - Sustainability Disclosure Topics & Accounting Metrics

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	DISCLOSURE/Pg. reference
Energy Management in Retail & Distribution	(1) Total energy consumed	GJ	51,448
	(2) % grid electricity	%	98
	(3) % renewable	%	nil
Data Security	Description and approach to identifying and addressing data security risks	n/a	Robust policies and standards are in place to identify cyber security risks. A monthly meeting is held to identify, mitigate exposure to and share knowledge between departments on cybersecurity risks
	(1) Number of data breaches	No.	nil
	(2) % involved personally identifiable information (3) Number of customers affected	% No.	
Labour practices	(1) Average hourly wage	Rs.	164
	(2) % of in-store employees earning minimum wage by region	%	(Non-Executive) 100
	(1) Voluntary turnover rate for in-store employees (2) Involuntary turnover rate for in-store employees	% %	12.5 nil
	Total amount of monetary losses as a result of legal proceedings associated with labour law violations	Rs. mn	nil

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	DISCLOSURE/Pg. reference
Workforce diversity & inclusion	Percentage of gender and racial/ethnic group representation for (1) management (2) all other employees	% %	nil
	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	Rs. mn	12.5
Product sourcing, packaging and marketing	Revenue from products third-party certified to environmental and/or social sustainability standards	Rs. mn	nil
	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products		-
	Discussion of strategies to reduce the environmental impact of packaging		In refrigerator and washing machine packaging, the Group has replaced Styrofoam packaging with paper pulp packaging for top and side panels

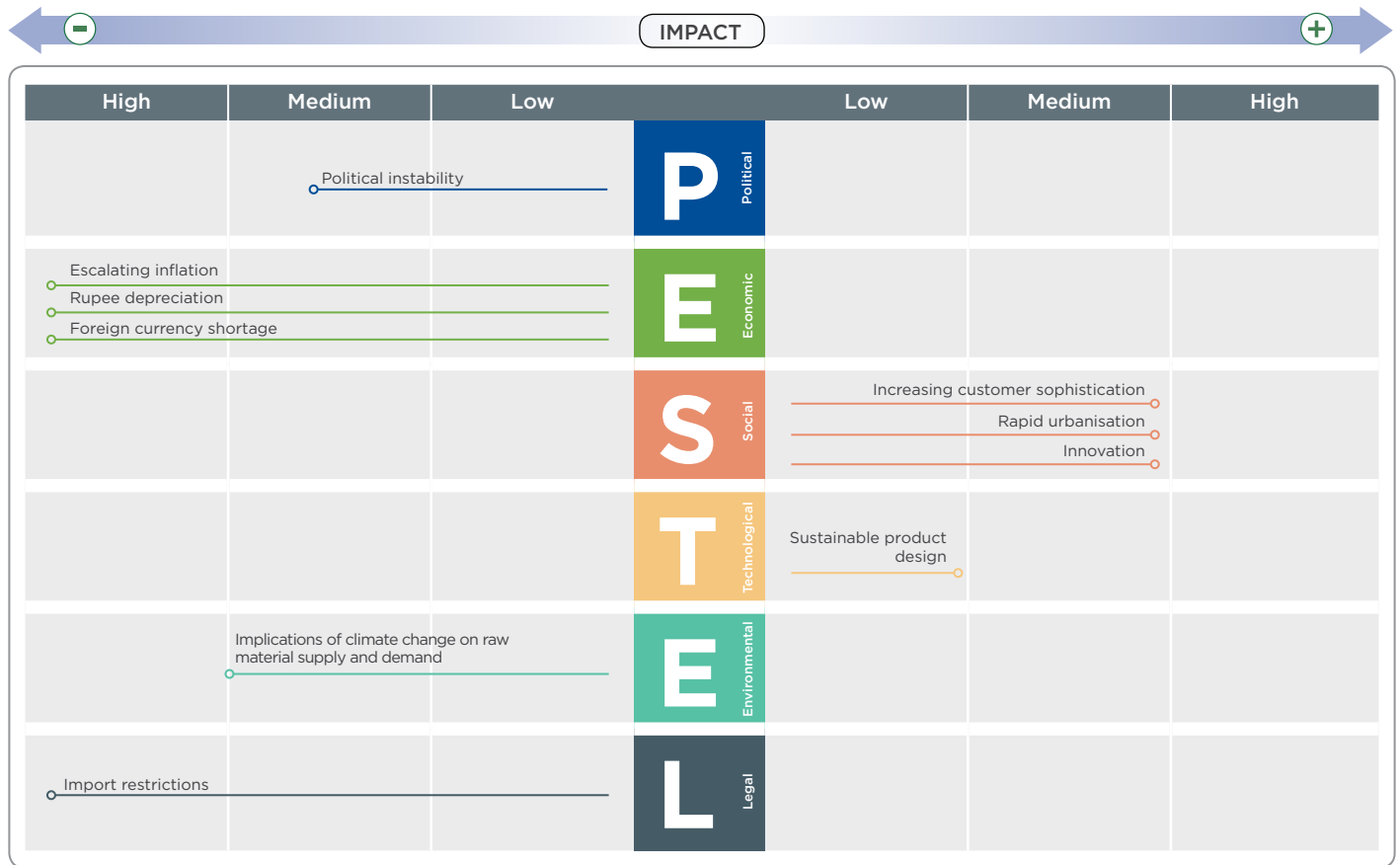


OUTLOOK & PLANS

The ongoing macro-economic crisis presents considerable short-term risks for the Consumer & Retail Sector, which relies on imported goods to generate majority of its Revenue. The severe shortage in foreign currency and significant volatility in the exchange rate renders the immediate outlook extremely difficult to predict. Meanwhile, the escalation in inflationary pressures is likely to result in a slowdown in demand for our products, which are largely discretionary in nature. In this backdrop, Singer will focus on optimising the inventory it holds at present while increasing reliance on local manufacturing, expanding capacity, capabilities and the range of products to effectively capture opportunities arising from the vacuum created by import restrictions. That said, interruptions to the energy supply and difficulties in sourcing imported raw materials required for local production are likely to present considerable challenges going forward.

We anticipate a gradual improvement in the country's economic conditions over the medium-to-long term, given appropriate policy measures including commitment to fiscal consolidation, bridging facilities to facilitate the importation of essential items together with an IMF-supported bailout program. (Refer to pages 22 to 23 for further details on the economic outlook). We remain optimistic on the long-term growth potential of the consumer durables industry, driven by the relatively low penetration levels in certain product categories, faster replacement cycles, increasing customer sophistication and urbanisation. The short, medium and long-term outlook and plans in place to respond to the emerging risks and opportunities are presented below:

CONSUMER & RETAIL



Response and Plans	
Short-term	Medium-to-long term
<ul style="list-style-type: none"> Optimise available inventories and resources shortages in supply Enhance local manufacturing capabilities Relentless focus on cost management and efficiency improvements Pursue opportunities in e-commerce 	<ul style="list-style-type: none"> Enhance capacity of local manufacturing and local sourcing Acquire sustainable local procurement sources Optimisation of channels and product portfolio Rightsizing the organisational structure

Financial objectives

Short-term financial targets	Long-term financial targets
ROE > 6%	ROE > 10%
ROCE > 8%	ROCE > 12%



PORTFOLIO REVIEW



LEISURE

The Sector owns and operates 4 hotel properties in Sri Lanka and the Maldives and manages 5 properties through the Amaya Resorts chain as well as the five-star city hotel, The Kingsbury, in Colombo.



LEISURE

MARKET POSITION



Owner and operator of 4 resort properties through the Amaya Resorts chain



Owner and operator of the 5-star city hotel, The Kingsbury



Managing agent for 5 properties

FINANCIAL PERFORMANCE AND STABILITY



REVENUE

Rs. 3.42 bn
(+154)



LOSS AFTER TAX

Rs. 1.67 bn
(Reduced by 29%)



ASSETS

Rs. 18.66 bn
(19%)



LIABILITIES

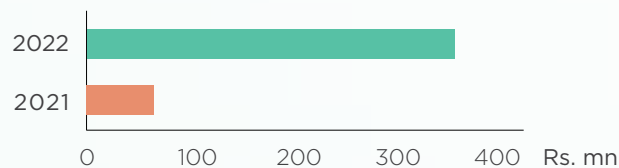
Rs. 15.40 bn
(+41%)

The Sector recorded good revenue growth while losses during the year reduced by 29%

INVESTING IN OUR MANUFACTURED CAPITAL

356 rooms in 3 districts
229 rooms in The Kingsbury
55 rooms in the Maldives

Capital expenditure



STRATEGIC PRIORITIES 2021/22



Enhancing the product
and service
proposition



Ongoing investment in
people
development



Revenue diversification
through food delivery
platform



Operational excellence
and cost management

MANAGING OUR ENVIRONMENTAL FOOTPRINT



54%
Reduction in energy intensity



54%
Reduction in emission intensity



66%
Reduction in water intensity

CUSTOMER
SATISFACTION

TripAdvisor Ratings

- ▶ Amaya Hills **4/5**
Amaya Lake **4/5**
Amaya Beach **4.5/5**
Amaya Resorts- Sri Lanka
- ▶ **4.5/5**
The Kingsbury
- ▶ **4.5/5**
Amaya Kuda-Rah

NURTURING
HUMAN CAPITAL

162
Promotions

Rs. 1.35 bn
Value to employees

LEISURE

SECTOR OVERVIEW



THE AMAYA GROUP

Amongst Sri Lanka's top hospitality chains

Contribution to Sector
Revenue: 23%

Performance 2021/22
Revenue: 112% growth



THE KINGSBURY

One of Sri Lanka's leading five-star city hotels

Contribution to Sector
Revenue: 56%

Performance 2021/22
Revenue: 160% growth



AMAYA KUDA RAH

Amongst the best hotels in Maldives

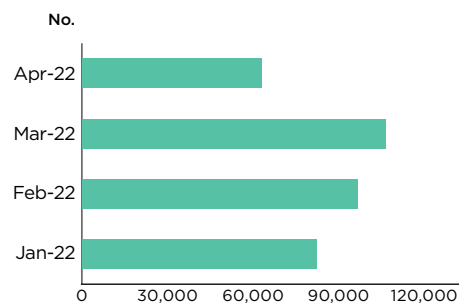
Contribution to Sector
Revenue: 21%




Performance 2021/22
Revenue: 206% growth

OPERATING ENVIRONMENT

The Sector commenced the year with much positivity and optimism, with Sri Lanka preparing for an upturn in tourism following 2 consecutive years of persistent challenges. However, the emergence of the 2nd and 3rd waves of the pandemic during 2021 had a direct impact on arrivals, prompting Leisure Sector operators to direct focus on the domestic market. The industry witnessed strong rebound in the first quarter of 2022, supported by strong growth from Russia, India and Sri Lanka's traditional European markets; however, following the economic crisis, social unrest and imposition of emergency law the Sector has seen a surge in cancellations with arrivals falling sharply in the month of April 2022. Meanwhile, Maldives posted a strong recovery following the pandemic, reflecting the release of pent-up demand, conducive policy developments and targeted efforts to capture new source markets.







JAN TO APRIL (2022) - ARRIVALS TO SRI LANKA



	Developments in 2021/22	Implications on the Sector
 <p>Global arrivals 4% growth compared to 2020</p>	Global tourism demonstrated gradual recovery supported by the easing of restrictions, successful vaccination drives and easing off restrictions. However, activity remained well below pre-COVID times, reflecting the still evolving nature of the pandemic and geopolitical tensions	+Increasing propensity to travel globally +Increased focus on health and safety in guest experience
 <p>Arrivals to Sri Lanka 195,000 Compared to 2 mn pre-COVID</p>	Gradual improvement towards the last months of the calendar year, supported by Sri Lanka's successful vaccination drive and easing restrictions	+Reliance on domestic tourists in the first half of the year +Gradual increase in foreign guests towards the second half of the year
 <p>Arrivals to Sri Lanka first quarter of 2022 285,334</p>	Strong rebound in the first quarter of 2022, with arrivals from Russia, India and Europe	+ High occupancy levels and strong growth in the first quarter of 2022

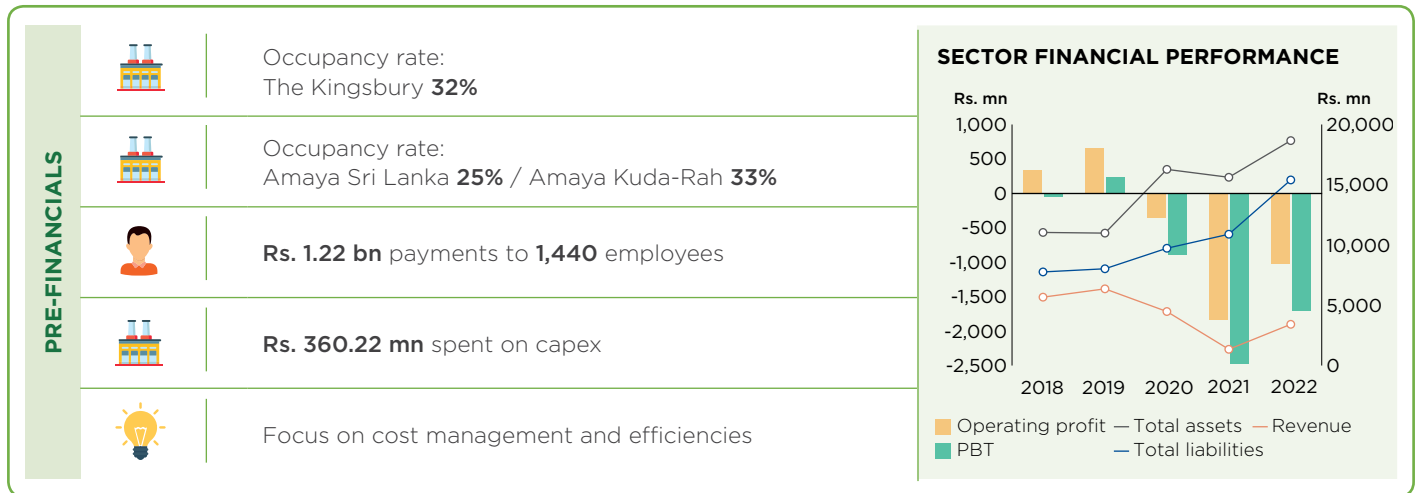
STRATEGY & RESOURCE ALLOCATION

Despite the challenges that have prevailed over the last 3 years, the Sector adopted a longer-term view to value creation, using months of relatively low activity levels to improve our product proposition through investments in property upgrade and maintenance. Parallel focus was placed on sharpening the skills of our team, with strategic emphasis on customer service and experience. These efforts have paid rich dividends, with the Amaya brand recording consistent improvement in market share, customer attraction and customer satisfaction levels. As arrivals recorded a pick up in the first quarter of 2022, the Sector pursued an aggressive sales drive, securing back-to-back charters from the Bulgarian market.

STRATEGIC PRIORITY	RESOURCES ALLOCATED	KPI
 <p>Strengthening people and product capabilities</p>	 <p>Rs. 360.22 mn Capital expenditure</p>	Above 4/5 TripAdvisor rating for all resorts & The Kingsbury
 <p>Aggressive sales drive</p>	 <p>Rs. 58.14 mn Sales and marketing expenditure</p>	The Kingsbury 32% Amaya Sri Lanka 25% Amaya Kuda-Rah 33% Occupancy in the first quarter of calendar year 2022
 <p>Revenue diversification through food delivery services</p>	 <p>30 Employees deployed for food delivery service</p>	Rs. 280.78 mn Revenue from e-commerce platform (only from food revenue) 60% Market share in city hotels food delivery

LEISURE

INTEGRATED PERFORMANCE REVIEW



The Sector's performance has mirrored the persistently challenging operating environment faced by Sri Lanka's hospitality industry since the Easter Sunday attack in April 2019. The year under review, however, saw a gradual improvement in performance compared to the previous year, with the Sector recording a revenue growth of 154% while losses after tax reduced to Rs. 1.67 bn, from Rs. 2.35 bn the previous year. Performance was upheld by strong rebound in Maldives which supported profitability of Amaya Kuda Rah, recovery of the Sri Lankan sector during the last few months of the financial year and continued growth of The Kingsbury Hotel's food delivery platform, "Indulgence". The recovery of the Sri Lankan sector, particularly during the last months of the financial year, is an indication of the strong growth potential for the industry, which is likely to recover swiftly upon the resolution of Sri Lanka's current economic and political crisis.

The Sector's efforts to upgrade its properties, enhance its product and service proposition, and continuously upgrade employee skills has come to fruition with the Amaya Resort chain gradually strengthening its market position over the last 3 years, and emerging as a preferred operator

among domestic travellers. The Sector has also sought to offer a curated customer experience thereby differentiating itself from competition. Resultantly, the Sector's customer satisfaction, as measured by online travel agents such as Booking.com and TripAdvisor, as well as customer retention levels have recorded a significant improvement in recent years, as demonstrated alongside. Meanwhile, The Kingsbury Hotel's food delivery platform, the "Indulgence" also emerged as the market leader in this space, leveraging the Hotel's best-in-class F&B competencies to drive growth.

The sharp downturn in the industry in recent years, has had an inevitable impact on the financial security of our employees, particularly given reductions in service charge earnings. This has prompted many Leisure Sector employees to pursue opportunities overseas and/or exit the industry, which has made employee retention extremely challenging. In addressing this, the Sector placed priority on the financial well-being of its employees; despite the challenging industry landscape we offered a hardship allowance, made market adjustments to remuneration and ensured zero lay-offs or pay cuts.

Like many industries, the Sector was affected by supply chain disruptions, stemming from import restrictions and the country's foreign exchange crisis. The Group placed strategic emphasis on adapting to these conditions through significantly enhancing the procurement and logistics operations. This included ongoing engagement with suppliers and leveraging its hotel network to procure specific items in bulk quantities and then distributing among other properties to ensure uninterrupted supply of input materials.

We are acutely aware of the challenges faced by our communities due to the ongoing economic crisis and have taken efforts to alleviate these difficulties in numerous ways. In addition to generating employment and sourcing from local communities, the Sector now provides the opportunity for students living within a 2Km radius of the hotel, preparing for the GCE Ordinary Level and Advanced Level examination to use a dedicated area within the hotel to engage in their studies during power cuts. Students are also offered refreshments and dinner free of charge. While addressing a critical issue faced by students in the current conditions, this program has also helped strengthen ties with the communities in which we operate.

CUSTOMER SATISFACTION LEVELS

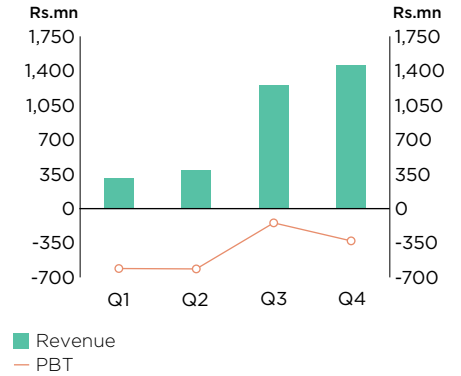
Booking.com Rating

- Amaya Hills 8.2
- Amaya Lake 8.7
- Amaya Beach 9
- Amaya Kuda Rah 8
- The Kingsbury 8.5

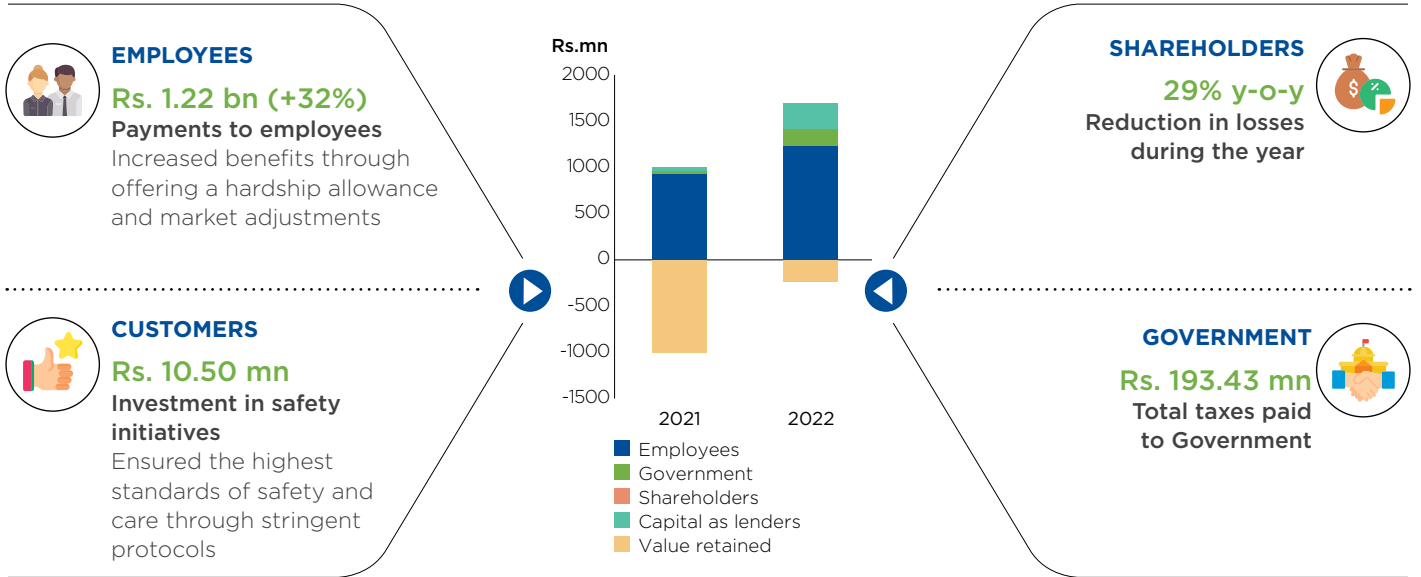
Trip Advisor Rating

- Amaya Hills 4
- Amaya Lake 4
- Amaya Beach 4.5
- Amaya Kuda Rah 4.5
- The Kingsbury 4.5

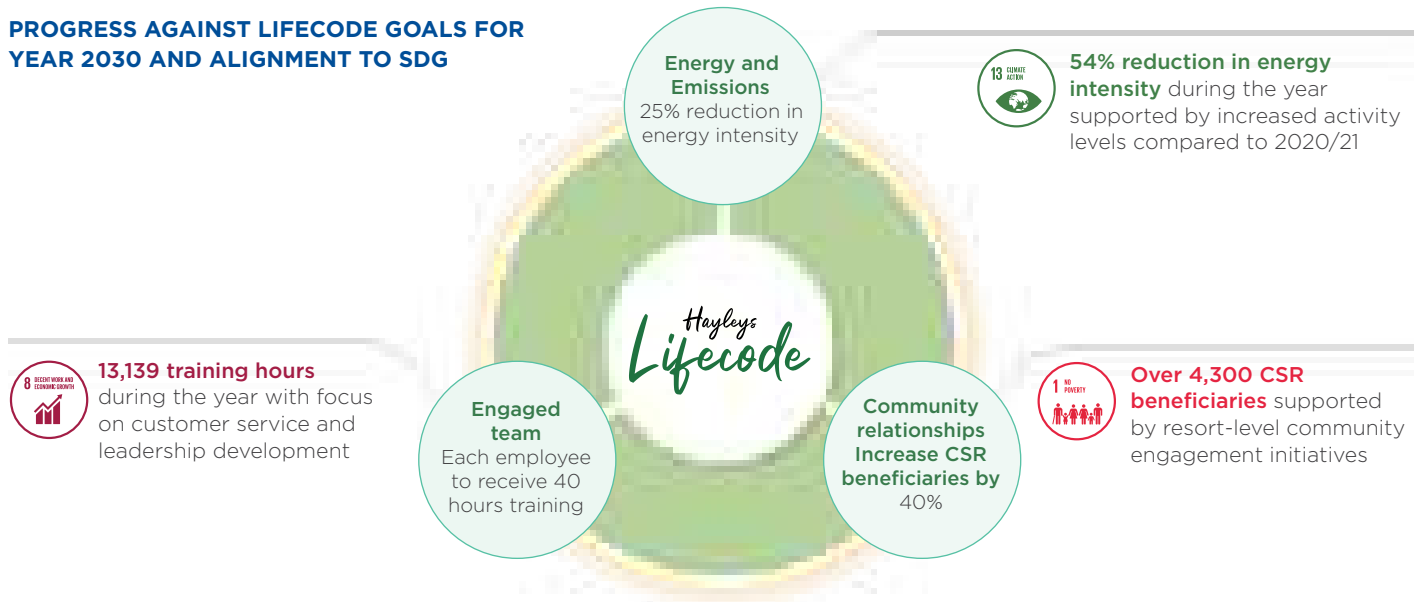
QUARTERLY PERFORMANCE TRENDS



STAKEHOLDER VALUE CREATION



PROGRESS AGAINST LIFECODE GOALS FOR YEAR 2030 AND ALIGNMENT TO SDG

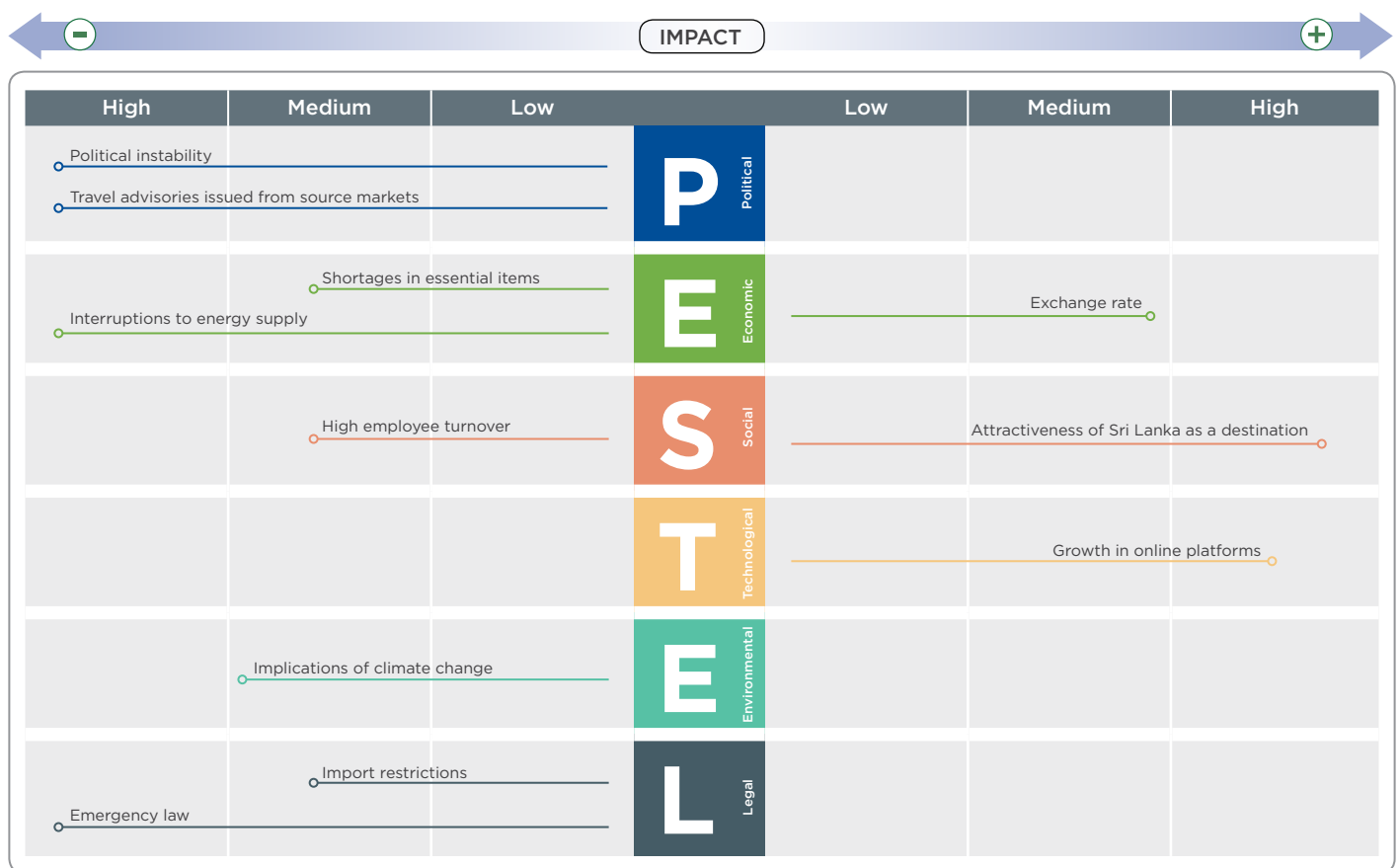


LEISURE

OUTLOOK & PLANS

The prevalent, political instability together with economic hardships and negative travel advisories by source markets will have an inevitable impact on the country's tourism industry. As seen in April, the current conditions have resulted in a surge in cancellations and a sharp drop in arrivals in the first few months of the Financial year 2022/23. However, our medium-to-long term outlook remains optimistic, given the industry's characteristic resilience and ability to record swift recovery as demonstrated in the past.

Against this backdrop, we believe that the detailed work done by our Hotels in recent years to enhance the product and service proposition have aptly positioned us to capitalise on the medium-to-long term growth potential of the country's tourism industry. While short-term prospects remain subdued, we are confident that the continued growth in the Maldives, will cushion these impacts to a certain extent. The Sector's short, medium and long-term risks and opportunities are summarised below:



Response and Plans	
Short-term	Medium-to-long term
<ul style="list-style-type: none"> Focus on managing variable costs through efficiency and productivity improvements and organisation-wide cost rationalisation initiatives 	<ul style="list-style-type: none"> Leverage the Sector's improved branding to pursue aggressive growth in new and existing markets Ongoing focus on strengthening employee propositions through training and development

Financial objectives			
Short-term financial targets		Medium-to-long term financial targets	
ROCE	10%	ROCE	18%
ROE	38%	ROE	27%
Gearing	68%	Gearing	27%

PORTFOLIO REVIEW



INDUSTRY INPUTS, POWER & ENERGY

The Sector (branded Hayleys Aventura) is a leading producer of renewable energy, with a collective installed capacity of 50MW in mini hydro, wind and solar power plants, amounting to 3% of installed capacity in the renewable energy sector of Sri Lanka. The Sector also engages in the importation and distribution of industrial raw materials, medical and analytical equipment and engineering solutions.



INDUSTRY INPUTS, POWER & ENERGY

MARKET POSITION



50MW of renewable energy installed capacity



Leading supplier of medical and analytical equipment through international principals

FINANCIAL PERFORMANCE AND STABILITY



REVENUE

Rs. 7.04 bn
(+41%)



PAT

Rs. 1.05 bn
(+32%)



ASSETS

Rs. 15.20 bn
(+13%)



LIABILITIES

Rs. 6.63 bn
(+18%)

The Sector delivered the highest profitability in its operating history, driven by strong growth in the Industry Inputs Cluster

GREENING OUR OPERATIONS

154.73 KWh

Renewable energy generated

83.52 KgCO₂e

Carbon footprint offset

STRATEGIC PRIORITIES 2021/22



Regional expansion opportunities across the Industry Inputs verticals



Expansion of product portfolio



Partnerships with new principals



Sustainable products

MANAGING OUR ENVIRONMENTAL FOOTPRINT



10%
Solar energy generation Increased



32%
Hydro power generation Increased



65%
Wind power generation Increased



100
Kirulu project trees planted

STRENGTH OF OUR RELATIONSHIPS

35 Principals partnered
152 Customers acquired in O3 markets

- ▶ 2019/20 **16** New products
- ▶ 2020/21 **65** New products
- ▶ 2021/22 **23** New products

NURTURING HUMAN CAPITAL

296
Employees

Rs. 4.38 mn
Training investment

+39
Promotions

Rs. 508.75 mn
Value to employees

INDUSTRY INPUTS, POWER & ENERGY

SECTOR OVERVIEW



INDUSTRIAL RAW MATERIALS

Supplier of a range of input materials to manufacturing industries

Contribution to Sector

Revenue: 36%
PBT: 34%

Performance 2021/22

Revenue: 79% growth
PBT: 265% growth



LIFESCIENCES

Supplier of medical and analytical equipment

Contribution to Sector

Revenue: 24%
PBT: 10%

Performance 2021/22

Revenue: 39% growth
PBT: 0% growth



ENGINEERING

Supplier of engineering solutions to industries

Contribution to Sector

Revenue: 22%
PBT: 1%

Performance 2021/22

Revenue: 23% growth
PBT: 85% decline



RENEWABLE ENERGY

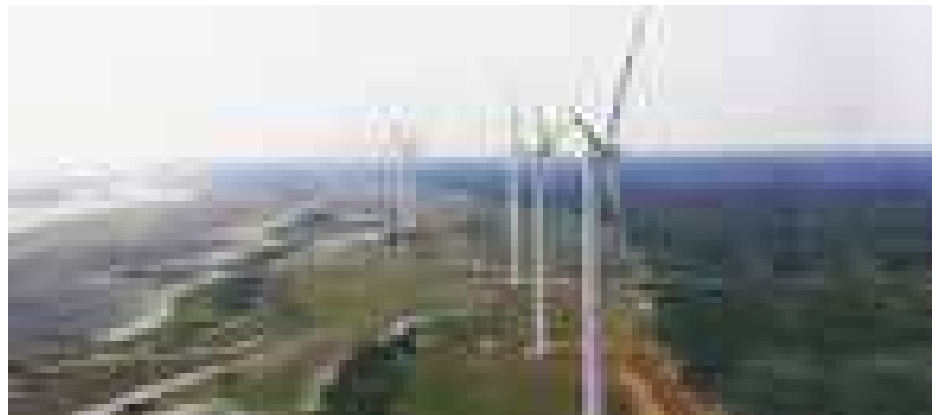
Renewable energy generation through hydro, wind and solar sources

Contribution to Sector

Revenue: 18%
PBT: 66%

Performance 2021/22

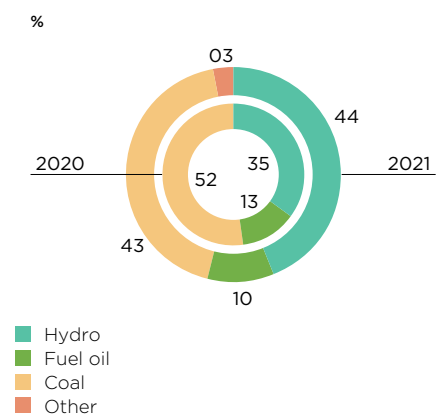
Revenue: 1% decline
PBT: 4% decline






OPERATING ENVIRONMENT

Sri Lanka's Industrial Sector posted modest recovery in 2021, following a contraction in the previous year, which was affected by extended lockdowns following the first wave of the pandemic. The Sector's recovery was underpinned by the Manufacturing sub-sector which recorded healthy growth, reflecting businesses adaptation to operating in the new normal. The Group's Industrial Raw Materials, Lifesciences and Engineering sub-sectors, which are largely import dependent were affected by the severe shortage in foreign currency towards the latter part of the year and a sharp escalation in price following the depreciation of the Sri Lankan Rupee.




POWER GENERATION



	Developments in 2021/22	Implications on the Sector
 <p>+5% Industrial Sector</p>	<p>Recovery of the Industrial Sector was driven by the manufacturing sub-sector, representing increasing adaptation of factories to pandemic-led disruptions. However, growth was hampered by global supply chain disruptions</p>	<p>+ Opportunities for growth in the export manufacturing industry</p> <p>-Cost escalations stemming from global supply chain disruptions</p>
 <p>+58% Increase in non-conventional renewable energy generation</p>	<p>NCRE sources increased in importance, accounting for 17% of total power generation during the year supported by the addition of new renewable energy generation plants</p>	<p>+ Significant potential for growth given Government aspirations of reaching 70% renewable energy generation by 2030</p> <p>-Increased vulnerability to fluctuations in weather patterns</p>
 <p>46% Depreciation in the exchange rate in the month of March</p>	<p>The Rupee depreciated sharply in the last month of the financial year, as the regulator allowed the exchange rate to be determined by market forces</p>	<p>-Cost escalation of imported raw materials</p> <p>-Supply issues arising from foreign exchange shortage</p>

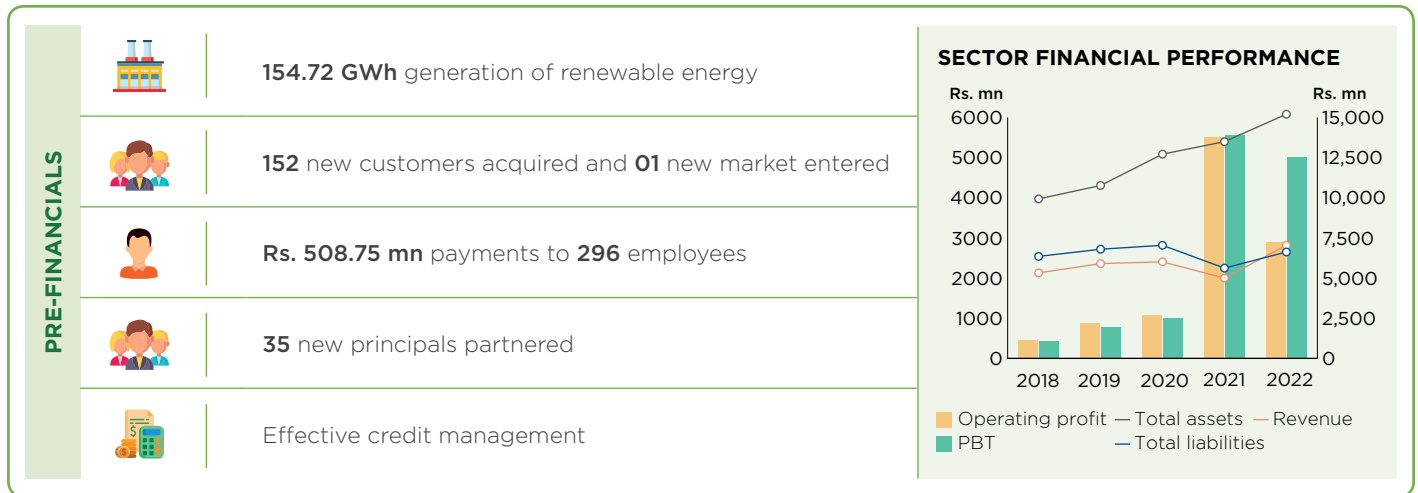
STRATEGY & RESOURCE ALLOCATION

In Industry Inputs, the Sector focused on expanding its product range and market reach to capitalise on emerging opportunities. Strategic emphasis was placed on increasing contribution from exports, particularly in the Maldives, Bangladesh and other regional markets. In the Industrial Raw Materials sub-sector, we pursued aggressive growth in specialty items, strategically shifting focus from commodities. In Renewable Energy, we explored opportunities for new projects, tendering applications for projects of approximately 570 MW for which negotiations are ongoing.

STRATEGIC PRIORITY	RESOURCES ALLOCATED	KPI
 <p>Penetration in new regional markets</p>	 <p>Rs. 44.91 mn Sales & Marketing expenditure</p>	<p>01 New market</p> <p>Rs. 35.23 mn Revenue generated from new markets</p>
 <p>Launch of new products in Industrial Raw Materials and Lifesciences</p>	 <p>10 Dedicated Functional Experts</p>	<p>23 New products launched</p> <p>Rs. 309.70 mn Revenue generated from new products</p>
 <p>Formed partnerships with new principals across key product categories</p>	 <p>Rs. 2.97 mn Investment in R&D initiatives</p>	<p>Rs. 456.92 mn Revenue generated from new partnerships</p>

INDUSTRY INPUTS, POWER & ENERGY

INTEGRATED PERFORMANCE REVIEW



The Sector delivered the highest revenue and profitability in its operating history recording a Revenue and Profit After Tax growth of 41% and 32% respectively. While the Power & Energy cluster contributed 66% to the Sector’s profits. Growth during the year was driven by the Industry Inputs cluster which recorded an over 10-fold 160% increase in profits during the year. Performance reflected the following dynamics in the three business lines within the Industry Inputs cluster:

- Industrial Raw Materials:** The segment delivered strong growth supported by penetration into new regional markets and increased focus on export manufacturing organisations, as it sought to mitigate the risk of dollar shortage. The segment also expanded its product portfolio as it concentrated on specialty raw materials and environmentally friendly products.
- Lifesciences:** This segment achieved modest growth supported by the rapid expansion of healthcare infrastructure, including critical care equipment, to facilitate treatment of Covid-19 patients in Sri Lanka. The segment also

strengthened its presence in the Maldives. Collections have been pressured by outstanding amounts from the Government given the segment’s exposure to government health institutions.

- Engineering:** Performance improved compared to the previous year, supported by the growth in the number of industrial generator services performed, which saw a surge in demand from customers with the onset of the current power crisis in Sri Lanka.

Power & Energy cluster operates 6 mini hydro plants, 3 wind power plants and one of Sri Lanka’s largest solar power plants, with a collective installed capacity of 50MW. The cluster recorded a marginal decline in Revenue and Profit, mainly due to a grid failure in the Nirmalapura wind power plant. The hydro and solar plants performed relatively well during the year.

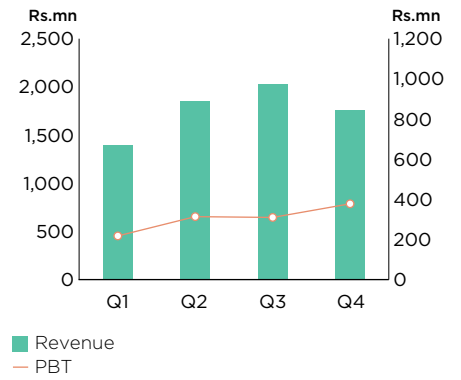
As part of its environmental aspirations, the Sector has focused on introducing sustainable innovations that support environmental preservation. For instance, the Sector offers a biodegradable organic additive for the plastic industry, which can drive

considerable environmental benefits through accelerating the process of biodegradation upon disposal in a biologically active landfill. The Sector has also launched a nanocarbon material which supports glove manufacturers. Through the generation of renewable energy, the Sector plays a key role in supporting the Group’s carbon reduction aspirations; during the year, the Sector generated approximately 154.72GWh (557,018 GJ) of renewable energy which carry zero emissions, thereby offsetting nearly 36% of the Hayleys Group’s total carbon footprint.

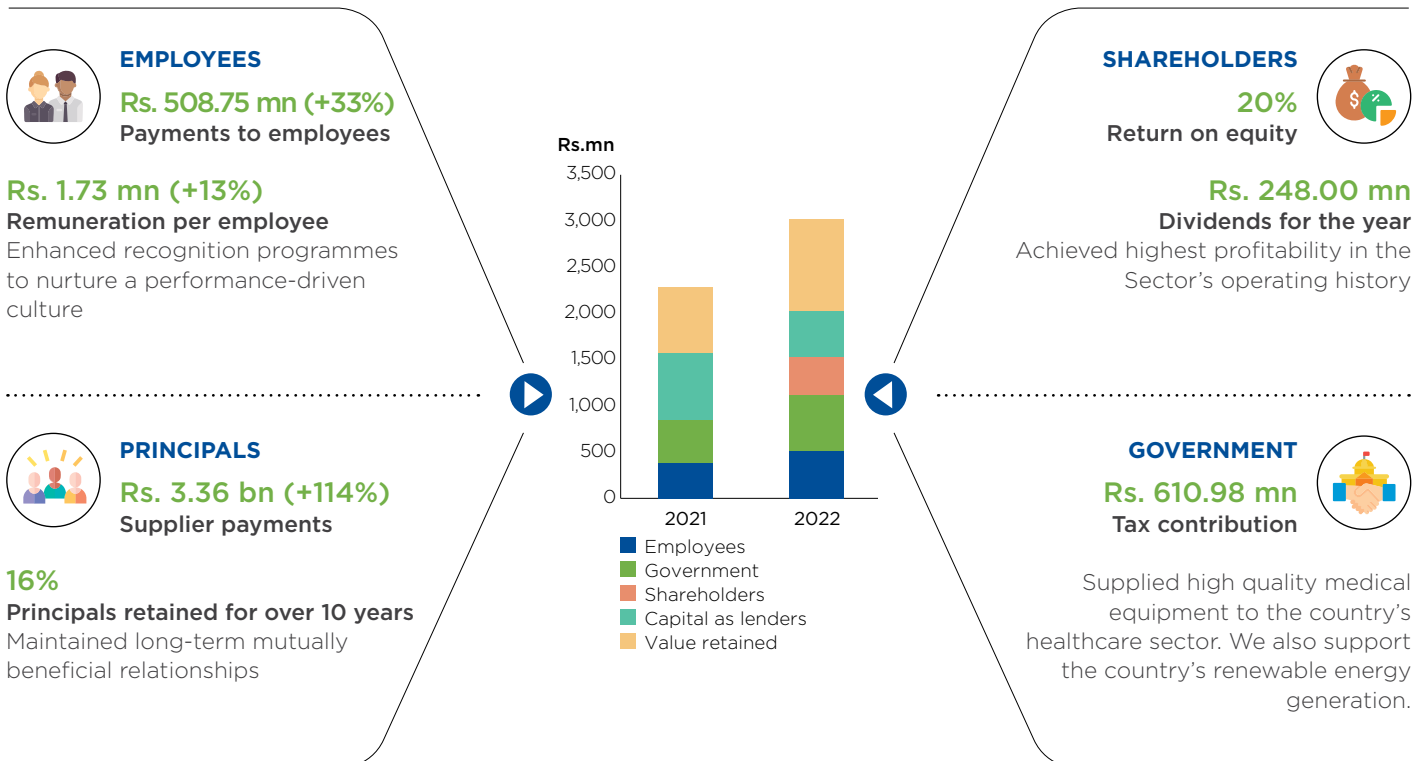




QUARTERLY PERFORMANCE TRENDS

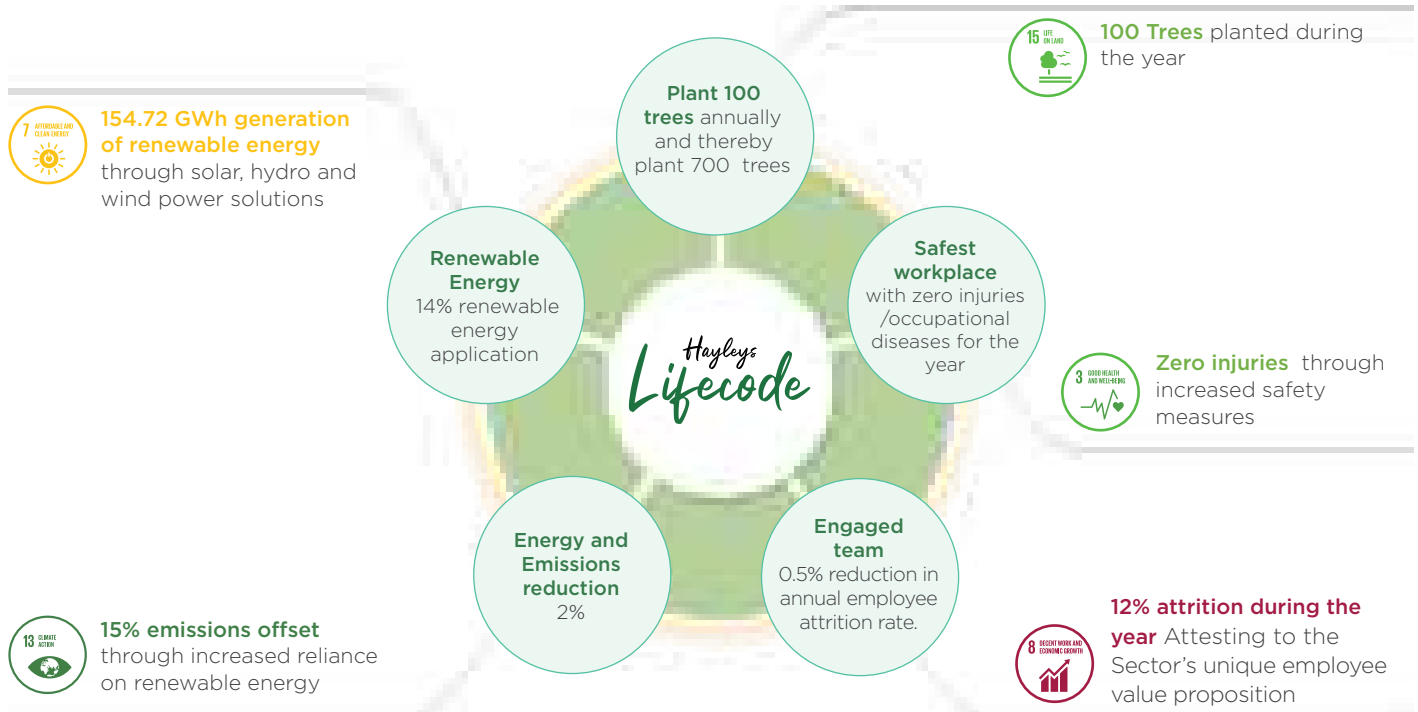


STAKEHOLDER VALUE CREATION



INDUSTRY INPUTS, POWER & ENERGY

PROGRESS AGAINST LIFECODE GOALS FOR YEAR 2030 AND ALIGNMENT TO SDG



SASB DISCLOSURES

Table: Wind Technology & Project Developers Standard- Sustainability Disclosure Topics & Accounting Metrics

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	CODE	DISCLOSURE/ Pg. reference
Workforce Health and Safety	(1) Total recordable incident rate (TRIR)	Rate	RR-WT-320a.1	Nil
	(2) Fatality rate for (a) direct employees and (b) contract employees			Nil Nil Nil
Ecological Impacts of Project Development	Average A-weighted sound power level of wind turbines, by wind turbine class	dB(A)	R-WT-410a.1	Less than 60
	Backlog cancellations associated with community or ecological impacts	Rs.mn	RR-WT-410a.2	N/A
	Description of efforts to address ecological and community impacts of wind energy production through turbine design	n/a	RR-WT-410a.3	N/A
Materials Sourcing	Top five materials consumed, by weight	MT	RR-WT-440a.1	Total spare part cost Rs. 69.5 mn

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	CODE	DISCLOSURE/ Pg. reference
Materials efficiency	Average top head mass per turbine capacity, by wind turbine class	Rate	FB-AG-250a.1	
	Percentage of agricultural products sourced from suppliers certified to a Global Food Safety Initiative (GFSI) recognised food safety certification program	Metric tons per megawatts (t/MW)	R-WT-440b.2	N/A
	Description of approach to optimise materials efficiency of wind turbine design	-	FB-AG-250a.3	

ACTIVITY METRICS				
Number of delivered wind turbines, by wind turbine class	Number	RR-WT-000.A	N/A	
Aggregate capacity of delivered wind turbines, by wind turbine class	MW	RR-WT-000.B	N/A	
Amount of turbine backlog	Rs. mn	FB-AG-000.C	N/A	
Amount of turbine backlog	Rs. mn	FB-AG-000.D	N/A	

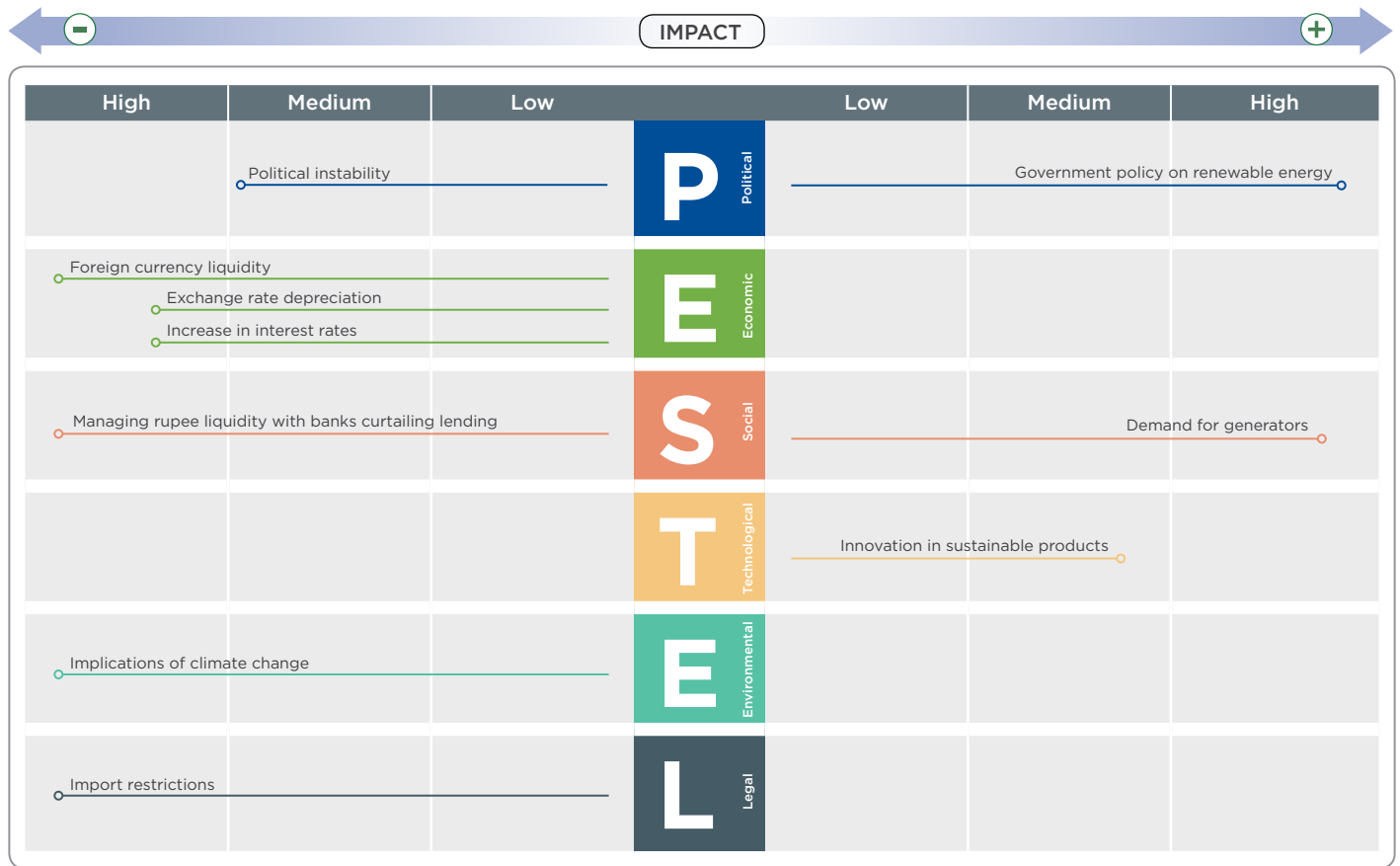


OUTLOOK & PLANS

The country's current foreign exchange crisis and its impact on the uninterrupted supply of electricity has focused attention on the vital importance of increasing power generation from renewable energy sources. To this end, the Government has announced a goal of reaching 70% renewable energy generation by 2030, which presents significant opportunities for renewable energy operators such as Hayleys Aventura. As such, the Sector is in the process of tendering applications for wind and solar projects amounting to 570MW, with negotiations in the pipeline.

In Industry Inputs, the short-term outlook is pressured by the country's ongoing foreign exchange crisis and restrictions on imports, which has rendered it challenging to ensure uninterrupted sourcing of our products. Meanwhile, liquidity and working capital management is anticipated to be pressured in the immediate term with banks curtailing lending in view of macro-economic stress. Against this backdrop, the Sector will seek aggressive expansion in regional markets. Over the medium to long term the Sector presents significant opportunity for growth given the anticipated rebound in the industrial sector, policy impetus towards strengthening local manufacturing and demand for engineering solutions.

INDUSTRY INPUTS, POWER & ENERGY



Response and Plans	
Short-term	Medium-to-long term
<ul style="list-style-type: none"> • Effective management of credit and cash position • Expansion of generator segment to cater to current demand • Service excellence in all product verticals • Pursue regional expansion opportunities 	<ul style="list-style-type: none"> • Commence local manufacturing with the support of our principals • Drive improvements in value and volume in Lifesciences • Use of digital media to strengthen the Aventura brand • Expansion of product portfolio under each vertical

Financial objectives			
Short-term financial targets		Medium-to-long term financial targets	
ROI	10%	ROI	>15%
ROCE	12%	ROCE	>15%

PORTFOLIO REVIEW



TRANSPORTATION & LOGISTICS

Hayleys Advantis Group is a leading player in Sri Lanka's transportation and logistics industry with a growing presence in South Asia and South East Asia. It is at the forefront of the industry providing end-to-end solutions covering services in integrated logistics, projects & engineering, marine & energy, international freight management and aviation. The Sector's competitive edge is underpinned by its partnerships with global logistics players, unparalleled industry expertise and wide array of services it offers.



TRANSPORTATION & LOGISTICS

MARKET POSITION



Largest player in Sri Lanka's transportation and logistics industry



Owner of the largest commercial fleet of floating assets in Sri Lanka



Emerging player in the transportation & logistics industry in South Asia and South East Asia

FINANCIAL PERFORMANCE AND STABILITY



REVENUE

Rs. 69.27 bn
(+84%)



PAT

Rs. 8.61 bn
(+243%)



ASSETS

Rs. 67.97 bn
(+71%)



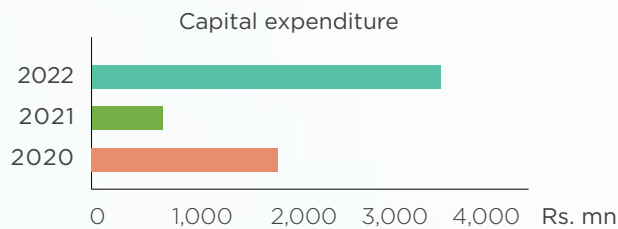
LIABILITIES

Rs. 53.70 bn
(+72%)

The Sector delivered the highest profitability in its operating history, driven by broad-based improvements across key sub-sectors

INVESTING IN THE FUTURE

Key investments in 2021/22 include the purchase of a multi-purpose vessel and the commencement of Phase 2 of the centralised distribution centre.



STRATEGIC PRIORITIES 2021/22



Enhance service offering across key business verticals



Customer acquisition and deeper customer relationships



Expand the logistics footprint both locally and internationally



Enhance value proposition to employees

MANAGING OUR ENVIRONMENTAL FOOTPRINT



37% Reduction in energy intensity



40% Reduction in emission intensity



48% Reduction in water intensity



3% Reduction in total waste generated

EXPANDING OUR RELATIONSHIPS

USD 166.78 mn Foreign Exchange Income generated

+1,492 New customers catered

Over 20 Principals

NURTURING HUMAN CAPITAL

Rs. 20.19 mn Training investment

Zero Injuries

Rs. 3.51 bn Value to employees



TRANSPORTATION & LOGISTICS

SECTOR OVERVIEW



INTERNATIONAL FREIGHT MANAGEMENT

One of Sri Lanka's largest freight forwarding and shipping agency houses

Contribution to Sector

Revenue: 22%
PBT: 53%

Performance 2021/22

Revenue: 123% growth
PBT: 183% growth



INTEGRATED LOGISTICS

Offers integrated logistics services across diverse industry verticals

Contribution to Sector

Revenue: 18%
PBT: 13%

Performance 2021/22

Revenue: 65% growth
PBT: 220% growth



MARINE AND ENERGY

Owns and operates vessels and offers a range of shipping services from vessel agency work to offshore support

Contribution to Sector

Revenue: 40%
PBT: 27%

Performance 2021/22

Revenue: 116% growth
PBT: 364% growth



PROJECTS & ENGINEERING

Provides a range of project logistics and engineering solutions including pre-engineered steel structures

Contribution to Sector

Revenue: 9%
PBT: 5%

Performance 2021/22

Revenue: 40% growth
PBT: 47% growth



INTERNATIONAL OPERATIONS

Represents the Sector's overseas operations in the region

Contribution to Sector

Revenue: 9%
PBT: 5%

Performance 2021/22

Revenue: 31% growth
PBT: 4% growth



AVIATION & OTHER

Represents leading airlines and provides services in travel agency and inbound & outbound tours

Contribution to Sector

Revenue: 2%
PBT: -2%

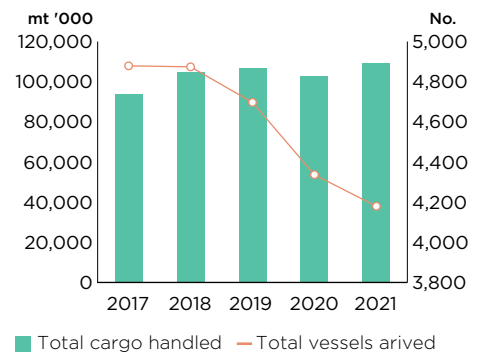
Performance 2021/22




Revenue: 24% decline
PBT: 63% decline

OPERATING ENVIRONMENT

Despite a decline in import volumes, the industry was largely conducive to the Sector during the year, given improvements in export and transshipment business, favourable exchange rate movements and an increase in demand for outsourcing warehousing and logistics operations. The Sector also benefitted from the increased international freight rates, stemming from disruptions in the global logistics network, capacity constraints and the increase in demand due to recovery of economic activity in advanced economies. Meanwhile, bunker prices also strengthened from the record lows of 2020, in line with the increase in global crude oil prices.






PERFORMANCE OF SRI LANKA'S PORT SECTOR



	Developments in 2021/22	Implications on the Sector
 <p>+9% growth Global trade volumes</p>	<p>Global trade volumes recovered from the contraction seen in 2020, driven by a pick-up in industrial activity, although pandemic-related impediments to transportation prevailed for most part of the year.</p>	<p>+Increased demand for the Sector's International Freight Management business</p>
 <p>+6% Total cargo handled - Sri Lanka</p>	<p>Sri Lanka's port activity rebounded during the second half of the year, recording an increase in containers and cargo handled. Major infrastructure development also continued despite COVID-19 led disruptions</p>	<p>+ Positive impact on demand for several sub-sectors</p>
 <p>>300% Increase in Freight rates</p>	<p>International freight rates surged to unprecedented highs driven by lockdown restrictions, shortage in manpower and geopolitical and trade tensions</p>	<p>+ Favourable impact on profitability, particularly in International Freight Management</p>

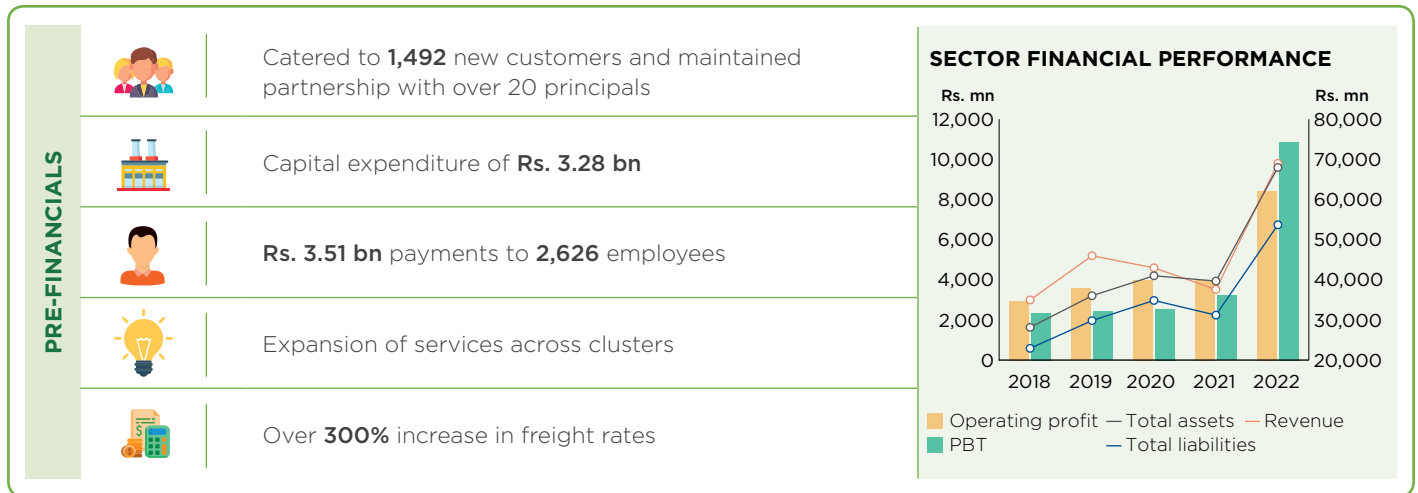
STRATEGY & RESOURCE ALLOCATION

Following the restructuring of the Sector into 6 main clusters last year, Hayleys Advantis strategically sought focused growth in clusters, capitalising on emerging demand and supply dynamics to increase penetration. In International Freight Management, the Sector widened the portfolio of services offered, thereby sharpening its competitive edge. The Sector also pursued deeper relationships with existing customers while increasing customer acquisition across key clusters, which facilitated top line growth in all sub-sectors. Strategic focus was also placed on expanding international operations by widening the portfolio of services offered.

STRATEGIC PRIORITY	RESOURCES ALLOCATED	KPI
 <p>Offer end-to-end solutions</p>	 <p>Rs. 3.28 bn Capital expenditure for the period</p>	<p>84% Revenue growth</p>
 <p>Customer acquisition across key product verticals</p>	 <p>Rs. 215.36 mn Sales & Marketing expense</p>	<p>12% Growth in customers served</p>
 <p>Strengthening the Advantis product portfolio</p>	 <p>Aggressive growth in expanding the Advantis products</p>	<p>52% Growth in the contribution from the Advantis operations (2020/21: 38%)</p>

TRANSPORTATION & LOGISTICS

INTEGRATED PERFORMANCE REVIEW



The Sector delivered remarkable growth during the year, delivering record-high revenue and profits and emerging as the largest contributor to the Group's Consolidated earnings. Revenue increased by 84% to Rs. 69.27 bn, supported by broad-based growth in business verticals, as the Sector leveraged its end-to-end services, extensive relationships and established track record to pursue aggressive growth. Meanwhile Profit After Tax more than tripled to Rs. 8.61 bn during the year, primarily supported by the impressive contributions from the International Freight Management, Marine & Energy and Integrated Logistics Sub-Sectors. It is noteworthy that nearly 78% of the Sector's Revenue (including bunkering) comprised foreign exchange earnings, demonstrating the Sector's significant economic impact.

International Freight Management delivered revenue and profit growth of 123% and 183% respectively. Growth was supported by increased penetration of Sri Lanka's export and transshipment business, which recorded strong expansion, thereby offsetting the decline in import volumes. The Sub-Sector proactively sought to increase the portfolio of services offered, which enabled deeper

relationships with existing customers. Performance was also supported by favourable freight rates and exchange rates (towards the latter part of the year).

Integrated Logistics also recorded commendable revenue and profit growth, supported by businesses increasingly opting for third-party logistics services and surge in demand for warehousing as businesses sought to build inventory in view of the disruptions to supply chains. As an essential service, the sub-sector was able to access the required fuel for operations and approvals to ensure uninterrupted services.

Marine and Energy delivered a Revenue and Profit Before Tax growth of 116% and 364% respectively, supported by robust demand for marine assets and a favourable growth in bunkering operations. The sub-sector also marked a major milestone with the purchase of a multi-purpose vessel during the year.

The Projects & Engineering sub-sector was affected by restrictions on imported construction material and the slowdown in major infrastructure development projects. However, the Sub-Sector maintained its leadership

position in the pre-engineered steel building segment and completed the construction of Sri Lanka's largest warehousing complex during the year.

The International Operations Sub-Sector delivered moderate growth supported by increased activity in Bangladesh, Indonesia, India and the Maldives while the performance of Myanmar was below expectation due to the prevalent political instability.

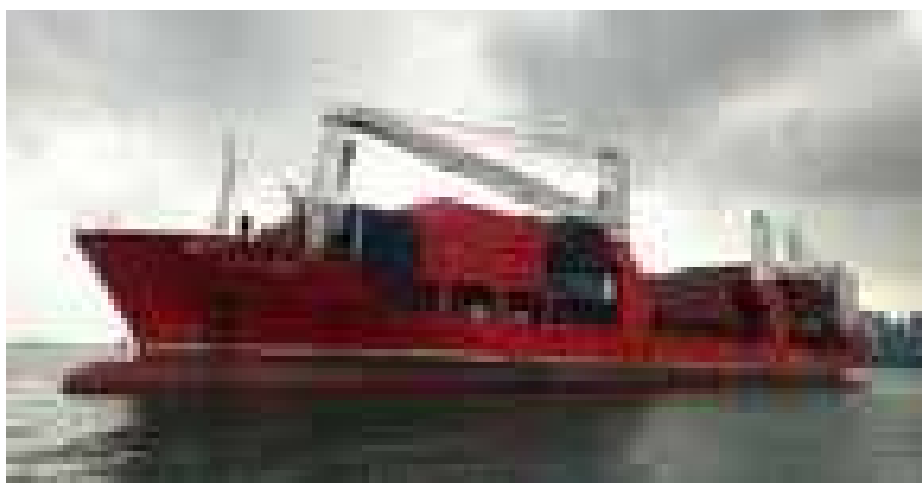
The Sector's Aviation business also performed well, as it increased penetration in cargo handling.

Unisyst Engineering PLC, which was brought under the Advantis umbrella last financial year, is the only listed company within the Sector. During the financial year under consideration, the Company focused on streamlining processes, and increasing efficiencies to aptly position itself to leverage on synergies within the Sector to drive growth.

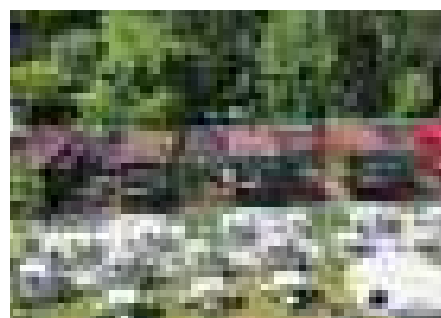
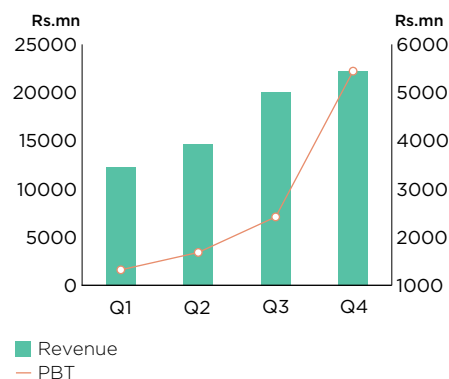
Advantis has successfully adapted to the new normal, embracing work-from-home and remote working arrangements across the Group. During the year, the Sector focused on enhancing employee engagement and maintaining morale through a

range of team building activities. Significant progress has also been made in the occupational health and safety aspect, following the implementation of a comprehensive occupational health and safety management system.

The Sector's environmental impact arise primarily from the energy intensity of its operations and the Sector continues to drive concerted efforts towards enhancing energy efficiency. These initiatives include optimisation of the distribution fleet and the use of battery-operated machinery at the warehouses and other facilities. In line with the launch of the Hayleys Lifecode, the Sector strengthened the monitoring and reporting of its environmental impact.



QUARTERLY PERFORMANCE TRENDS



STAKEHOLDER VALUE CREATION

EMPLOYEES
Rs. 3.51 mn (+19%)
 Payments to employees

Rs. 20.19 mn
Investment in training
 Ongoing investment in skill development, engagement and providing opportunities for progression

PRINCIPALS
>15 years
 Average length of relationship

Mutual opportunities for growth of the Sector

SHAREHOLDERS
84%
 Return on equity

Rs. 2.36 bn
Dividends for the year
 Achieved highest profitability in the Sector's operating history

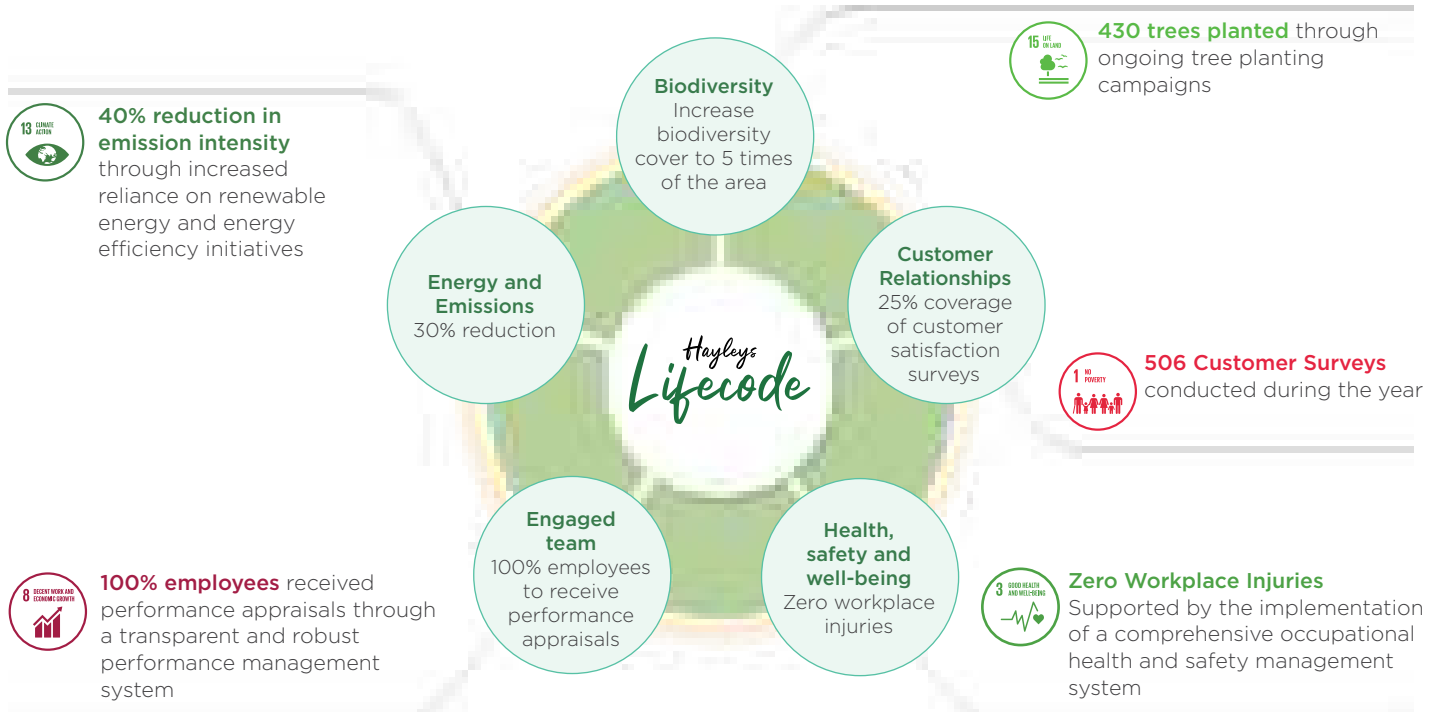
GOVERNMENT
US\$ 166.78 mn
 Export income generated

Export income generated through several key business verticals and accounting for over 50% of the Sector's total Revenue

Year	Employees	Government	Shareholders	Lenders of capital	Value retained
2021	~3,000	~1,000	~1,000	~1,000	~4,000
2022	~3,500	~1,500	~2,000	~4,000	~7,000

TRANSPORTATION & LOGISTICS

PROGRESS AGAINST LIFECODE GOALS FOR YEAR 2030 AND ALIGNMENT TO SDG



SASB DISCLOSURES

Table: Air freight & Logistics- Sustainability Disclosure Topics & Accounting Metrics

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	DISCLOSURE/Pg. reference
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Metric tons tCO ₂ e	32,299,919.19
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets		Refer to page XX
	Fuel consumed by (1) Road transport percentage (2) Air transport	Gigajoules (GJ), Percentage (%)	16,098.97
Air Quality	Air emissions of the following pollutants: Total Greenhouse gas (GHG) footprint across transport modes	Metric tons (MT)	41,739.93
Labour Practices	Percentage of drivers classified as independent contractor	%	N/A
	Total amount of monetary losses as a result of legal proceedings associated with labour law violations	Rs. mn	N/A

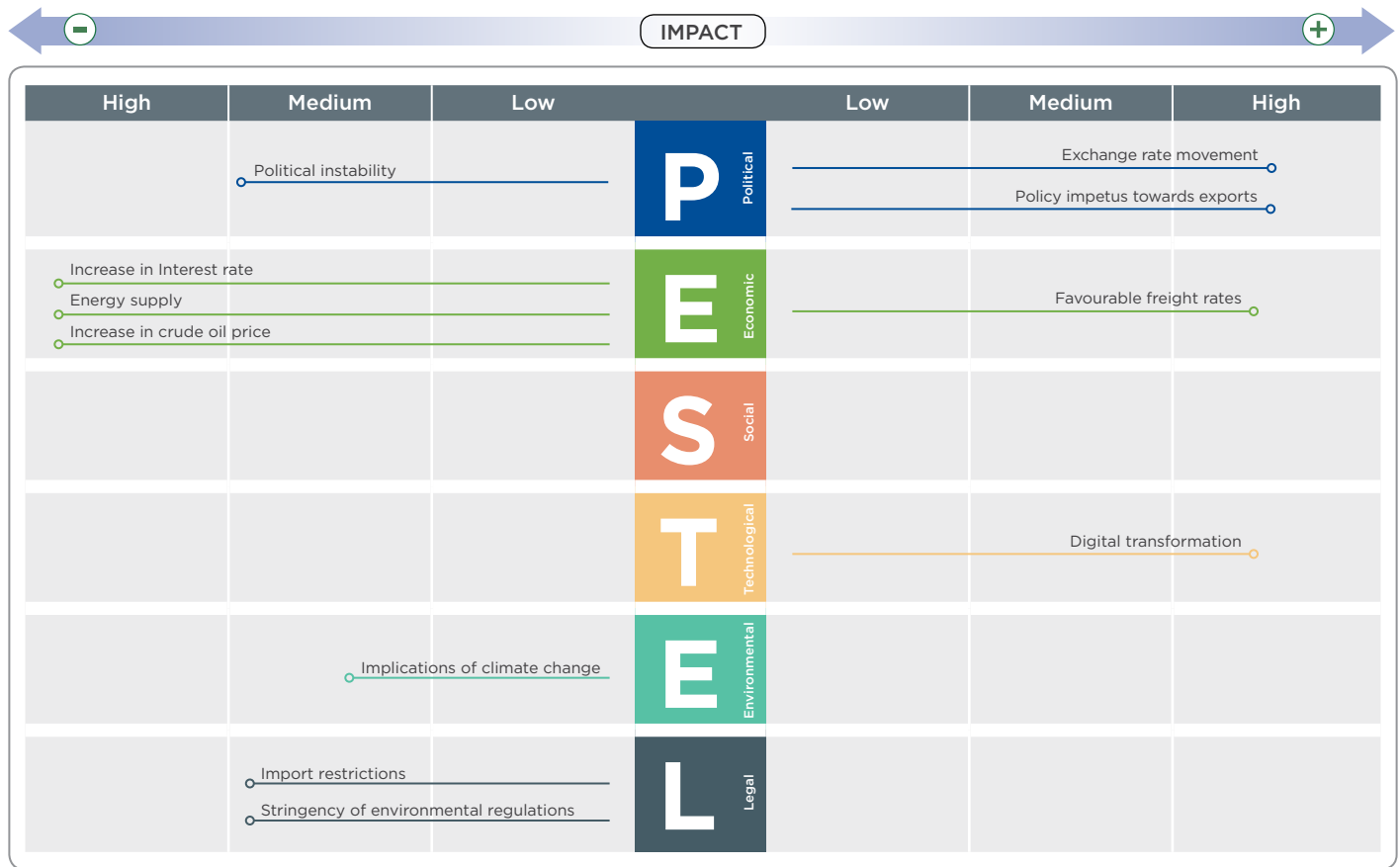
TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	DISCLOSURE/Pg. reference
Employee Health & Safety	(1) Total recordable incident rate (TRIR) (2) Fatality rate	Rate	(1) 0.79005 (2) 0
Supply Chain Management	Percentage of carriers with BASIC percentiles above the FMCSA intervention threshold	Percentage (%)	N/A
Accident & Safety Management	Description of implementation and outcomes of a Safety Management System	-	N/A
	Number of aviation accidents	Number	N/A
	Number of road accidents and incidents	Number	5
	Safety Measurement System BASIC percentiles for: (1) Unsafe Driving (2) Hours-of-Service Compliance (3) Driver Fitness (4) Controlled Substances/Alcohol (5) Vehicle Maintenance (6) Hazardous Materials Compliance	Percentile	N/A
Revenue ton kilometers (RTK) for: (1) road transport and (2) air transport		RTK	N/A
Load factor for: (1) road transport (2) air transport		Rate	N/A
Number of employees Number of truck drivers		Number	N/A



OUTLOOK & PLANS

Despite short-term vulnerabilities stemming from the country's economic crisis, the Sector's medium-to-long term outlook remains positive. It is anticipated that the freight rates would ease from the present highs, yet would remain above the pre-COVID levels, thereby improving profitability. Meanwhile, Sri Lanka's policy thrust towards strengthening exports is expected to augur well for the Sector, as it pursues new customer acquisition and deepens relationships with existing customers. The Sector will continue to pursue expanding its key business verticals and has commenced construction of a distribution centre, which is expected to increase its warehousing capacity by 30%. This will allow to consolidate operations and increase efficiency. The Sector also intends to establish regional warehouses, which will be operated through an operating expenditure model, thereby driving increased regional penetration.

TRANSPORTATION & LOGISTICS



Response and Plans	
Short-term	Medium-to-long term
<ul style="list-style-type: none"> Implementation of a digital road map and drive automation, lean management and systems improvement Launch and drive the organisational culture project - Advantis DNA Increase penetration in existing markets across all key business verticals 	<ul style="list-style-type: none"> Increase presence in regional markets Expansion of services through joint ventures and/or acquisitions Enhance Advantis brand image Create a culture of technology-driven decision making to enhance productivity

Financial objectives

Short-term financial objectives	Medium, long-term financial objectives
PAT: Rs. 700 bn	ROCE: >20%
Debtor days: 70 days	ROE: 35%
	Gearing: 68%

PORTFOLIO REVIEW




OTHERS

The Others Sector comprises the Fentons Group, BPO Operations and Shared Services and Group Services of Hayleys PLC. The unique competencies and capabilities of the skilled team within the Group functions play a vital role in supporting the strategic aspirations of the Sectors while driving goal congruence across the organisation



OTHERS

SECTOR OVERVIEW




FENTONS GROUP

One of Sri Lanka's leading engineering solutions provider

Contribution to Sector
Revenue: 82%
PBT: 9%

Performance 2021/22
Revenue: 89% growth
PBT: Near 10-fold increase



HAYLEYS BUSINESS SOLUTIONS INTERNATIONAL (PVT) LTD

Provider of BPO services and shared services within the Group

Contribution to Sector
Revenue: 3%
PBT: 3%

Performance 2021/22
Revenue: 35% growth
PBT: 5-fold increase



HAYLEYS PLC

Holding company

Contribution to Sector
Revenue: 4%
PBT: 80%

Performance 2021/22
Revenue: 18% growth
PBT: 164% growth

OPERATING ENVIRONMENT

The Others Sector delivered a year of strong growth, with revenue increasing by 112% while Profit Before Tax more than doubled to Rs.4.57 bn during the year. Performance was upheld by record-breaking growth in the Fentons Group, healthy dividend upstreaming to Hayleys PLC and commendable growth in the BPO operation. Net Finance Cost declined by 25% due to the relatively low interest rate scenario that prevailed for most part of the year. Resultantly, Profit After Tax also more than doubled to reach a record high of Rs.4.50 bn during the year.

HAYLEYS PLC

Hayleys PLC benefitted from the strong dividend upstreaming from its Group companies, resulting in the Company delivering the highest profitability in its operating history. Dividend received for the year amounted to Rs. 5.15 bn, an increase of 42% compared to the previous year and reflecting strong growth in key sectors. Net Finance Cost declined by 21% in view of the favourable interest rate environment as well as an increase in finance income during the year. Resultant

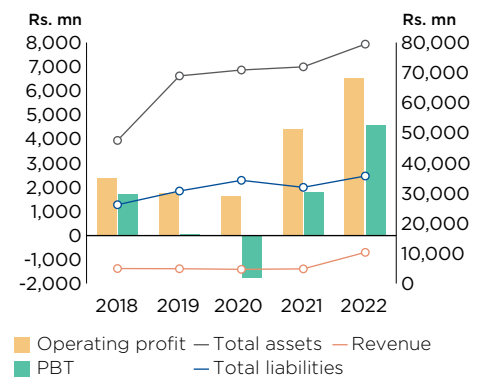
FENTONS GROUP

The Fentons Group is one of Sri Lanka's leading engineering solutions companies, offering a comprehensive array of integrated

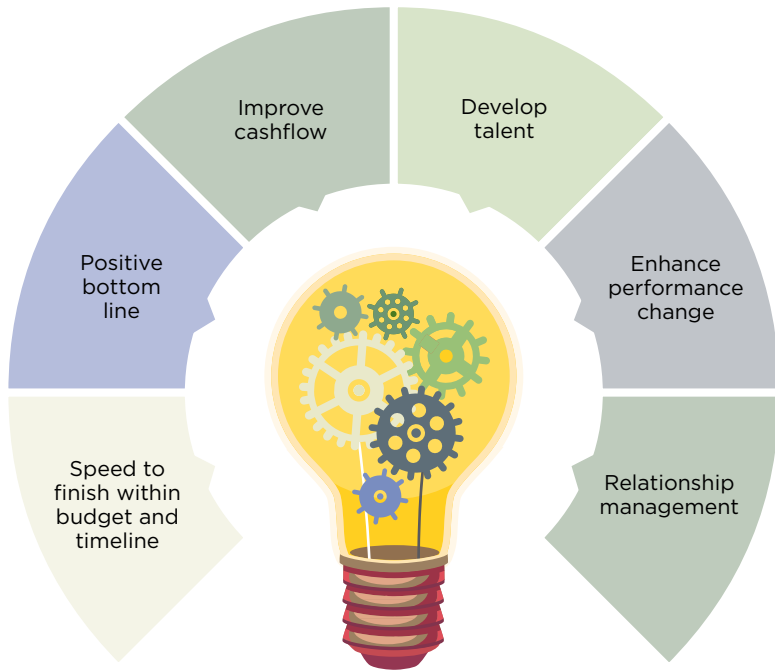
solutions in electrical, fire safety, plumbing, renewable energy, security, ICT and heating, ventilation and air conditioning. With a strong track record of over nine decades, Fentons has nurtured long-term client relationships with leading corporates across numerous industries, attesting to its multi-industry capabilities in offering superior solutions.

The Fentons Group recorded a 96% increase in Revenue to Rs. 9.04 bn during the year while Profit Before Tax surged to a record- high of Rs.529.06 mn, from Rs.54.00 mn the previous year. While growth was broad-based, with all revenue clusters recording an improvement, performance was driven primarily by strong growth in solar power installation solutions, as the Group cemented its market position

SECTOR FINANCIAL PERFORMANCE



as the leader in the commercial and industrial solar roof space. In the backdrop of the current energy crisis, the Fentons Group has played a vital role in enabling the country's shift towards renewable energy. During the year, the Sector also widened its solar product proposition, launching several off-grid and battery-supported solutions, which will reduce the load on the national grid. The Group also sought to widen its reach in this product category through engaging a dealer network, which is anticipated to drive increased retail penetration in the short-to-medium term.



In MEP, the Group maintained its market leadership position, leveraging its strong reputation and domain knowledge to increase customer acquisition, making inroads in several high-profile developments during the year. The Group also sees significant potential for growth in facilities management, particularly in residential building facilities, which entails an extension of the customer lifecycle. Meanwhile, the ICT solutions segment also presents significant upside potential and delivered considerable growth during the year, as the Group strengthened its market share. During the year, Fentons also partnered Sri Lanka Telecom in the installation of 450 school wi-fi systems across the country.

Short-term challenges are inevitable given the implications of the ongoing economic crisis on the country's construction sector, as the foreign currency liquidity shortage has affected the continued imports of construction materials. That said, Fentons remains optimistic regarding

the medium-to-long term outlook supported by its diversified service portfolio, healthy pipeline of projects and strong financial performance in recent years which has strengthened its resilience to external shocks.

HAYLEYS BUSINESS SOLUTIONS INTERNATIONAL LTD (BPO AND SHARED SERVICES)

The Group's BPO Operations delivered a strong performance, recording a revenue growth of 35% while Profit Before Tax increased over four-fold to Rs.122.14 mn. Performance was driven by the Company's successful client acquisition drive and increased efficiencies supported by remote working arrangements. The BPO team has demonstrated agility and adaptability to new ways of working, by embracing hybrid work models while maintaining productivity levels. Meanwhile, within the Hayleys Group, the Company widened the coverage of backend services offered, partnering with several Sectors to expand the scope of its services.



OUTLOOK & PLANS

The Group’s plans for the future should be considered over two horizons; immediate term plans which seek to mitigate against the short-term risks presented by the macro-economic crisis and medium to long-term plans which represent the Group’s longer-term aspirations. Our long-term plans reflect our views that Sri Lanka’s economy will record gradual recovery over the medium-to-long term, given the appropriate policy responses and commitment to structural reforms and fiscal discipline.

The short-to-medium and long-term impacts on each Sector and the Group’s plans to effectively address these risks and position the Group for long-term stability and growth are presented in the Portfolio Review from pages 119 to 229 of this Report. From a Group perspective, our plans can be summarised as follows:

 <p>Immediate to short-term priorities</p>	Liquidity preservation through effective working capital management, deferment of non-essential capex and cost rationalisation
	Optimise inventory holding to ensure continued generation of cashflows, particularly in Sectors which are affected by import restrictions
	Pursue alternative energy sources including renewable energy as a means to addressing the country’s fuel shortage
 <p>Medium-to-long term priorities</p>	Pursue organic and inorganic growth in export-oriented Sectors with a view to generating foreign currency earnings
	Expand local manufacturing activities, particularly in segments where the prevalent import restrictions have created a vacuum
	Cost optimisation and operational excellence
	Leverage IT capabilities to drive process efficiencies, enrich decision-making and pursue digital marketing and sales across key sectors
	Retaining the Group’s top talent through providing a holistic value proposition all employees

Sustaining Resources

We engage in the prudent management of our resources to maximize outcomes and drive long-term growth, while sustaining and preserving value for generations to come.



Management Discussion & Analysis
Integrated Performance

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

		2022	Change %	2021	2020
EARNINGS HIGHLIGHTS AND RATIOS					
Revenue	Rs. mn	338,010	40.09	241,276	210,307
Earnings before interest, taxes, depreciation & amortization (EBITDA)	Rs. mn	42,013	26.53	33,205	23,379
Results from operating activities (EBIT)	Rs. mn	33,594	29.44	25,954	16,473
Profit before tax	Rs. mn	35,717	85.70	19,234	5,504
Income tax	Rs. mn	7,618	46.84	5,188	2,609
Profit after tax	Rs. mn	28,099	100.05	14,046	2,895
Profit attributable to owners of the parent	Rs. mn	18,257	139.06	7,637	372
Dividends	Rs. mn	3,000	207.69	975	-
Gross profit Margin	%	22.89	(9.69)	25.35	23.85
Operating Profit Margin	%	9.94	(7.61)	10.76	7.83
Net Profit Margin	%	8.31	42.80	5.82	1.38
Earnings per share (basic)*	Rs.	24.34	139.06	10.18	0.50
Return on Assets (ROA)	%	6.97	38.66	5.03	1.17
Return on Capital Employed (ROCE)	%	12.12	(11.45)	13.68	8.84
Return on Equity (ROE)	%	27.09	68.92	16.04	0.94
Interest cover	No. of times	3.37	12.14	3.00	1.39
FINANCIAL POSITION HIGHLIGHTS AND RATIOS					
Total Assets	Rs. mn	403,076	44.27	279,383	248,309
Total Debt	Rs. mn	171,934	50.21	114,462	123,555
Equity attributable to equity holders of the parent	Rs. mn	67,390	41.52	47,618	39,705
Stated capital	Rs. mn	1,575	0.00	1,575	1,575
Revenue reserve	Rs. mn	35,026	69.86	20,620	13,809
Gearing	%	62.02	2.77	60.35	66.28
Debt/Equity	%	163.30	7.28	152.21	196.57
Equity Asset ratio	%	26.12	(2.95)	26.92	25.31
Net assets per share*	Rs.	89.85	41.52	63.49	52.94
Current ratio	No. of times	1.16	5.09	1.11	1.04
Quick asset ratio	No. of times	0.77	9.44	0.70	0.67
No. of Shares in issue *	No. mn	750	0.00	750	75
MARKET / SHAREHOLDER INFORMATION					
Market value per share*	Rs.	76.90	26.48	60.80	123.60
Dividend per share*	Rs.	4.00	207.69	1.30	-
Company market capitalisation	Rs. mn	57,675	26.48	45,600	9,270
Group market capitalisation	Rs. mn	146,134	(1.47)	148,317	39,998
Price earnings ratio	No. of times	3.16	(47.09)	5.97	24.89
Dividend yield ratio	%	5.20	143.27	2.14	-
Dividend payout ratio	%	16.43	28.71	12.77	-
Dividend Cover	No. of times	6.09	(22.31)	7.83	-

* Ratios have been adjusted based on post sub-division of 10 shares for every one ordinary share held in 2021.



SCOPE OF REPORTING

- 12** Business Sectors
- 179** Companies
- 148** Local Operations
- 31** Global Operations



REPORTING PRINCIPLES

- Sri Lanka Financial Reporting Standards
- Sri Lanka Accounting and Auditing Standards Act No.15 of 1995
- Requirements of the Companies Act No. 7 of 2007



REPORTING IMPROVEMENTS






Automation of the budgeting process through SAP Business Planning and Consolidation module, to increase the accuracy in planning and forecasting numbers.



FINANCIAL CAPITAL

THE GROUP DELIVERED YET ANOTHER YEAR OF RECORD PROFITABILITY, SUPPORTED BY THE STRONG CORE PERFORMANCE OF KEY SECTORS. EFFECTIVE MARGIN MANAGEMENT, TARGETED GROWTH STRATEGIES AND PRUDENT MANAGEMENT OF THE BALANCE SHEET ENABLED THE GROUP TO CONSISTENTLY DELIVER ON ITS SHAREHOLDER COMMITMENTS.

NURTURING FINANCIAL CAPITAL

				
Highest Consolidated Revenue on record	Highest Profit After Tax on record	52% of Revenue generated from foreign currency earnings	Transportation & Logistics - Largest contributor to Group profitability	Largest dividend payment in history

COMPOSITION OF FINANCIAL CAPITAL

<p>Rs. 105.29 bn Shareholders' Funds</p>	<p>Rs. 171.93 bn Borrowings</p>
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HIGHLIGHTS 2021/22

GROWTH	MARGIN MANAGEMENT AND EFFICIENCY	FINANCIAL STABILITY
<p>Broad-based revenue growth with all 12 sectors recording revenue expansion</p> <p>40% Increase in Consolidated Revenue to Rs. 338.01 bn</p>	<p>Increased focus on value added products across key Sectors</p> <p>Ongoing focus on efficiencies and productivity improvements</p> <p>23% Gross Profit Margin</p> <p>10% Operating Profit Margin</p>	<p>44% Asset growth to Rs. 403.08 bn</p> <p>12/12 Sectors recorded Asset Growth</p> <p>62% Gearing Ratio</p>

FINANCIAL CAPITAL

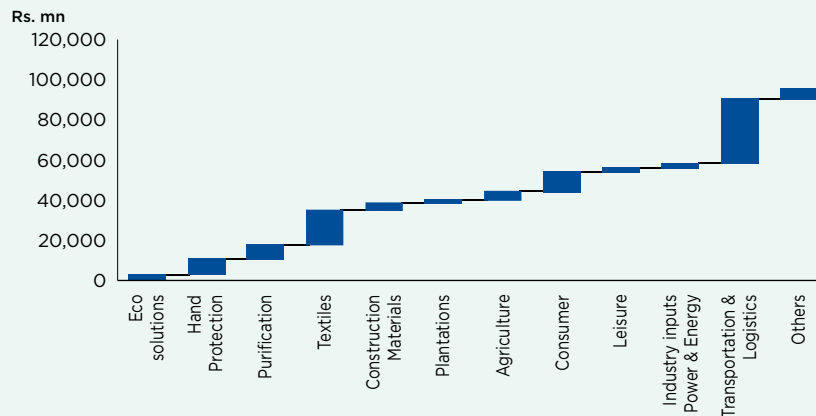
DELIVERING GROWTH

Revenue

The Group leveraged its business and geographical diversity to record a revenue growth of 40% to Rs. 338.01 bn during the year under review, delivering the highest revenue in its operating history. Growth was underpinned by the continued expansion of the Group's export-oriented businesses together with resilient performance of the Group's domestic businesses. Key contributors to revenue growth included Textiles (+117%) which reflects the consolidation of South Asia Textiles Ltd which was acquired during the year, Transportation & Logistics (+84%), Construction Materials (+62%), Eco Solutions (+42%), Industry Inputs, Power & Energy (+41%), Purification (+29%), Hand Protection (+25%) and Agriculture (+25%). Consumer & Retail, Transportation & Logistics, Purification and Hand Protection Sectors remained the largest contributors to Group revenue. As detailed further in the Portfolio Review on pages 119 to 229 of this Report, the Group's performance amidst unprecedented challenges,

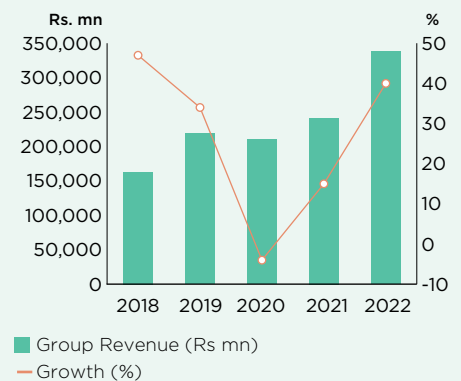
reflects its strategic agility in swiftly adapting to and capturing emerging opportunities. Resultantly, all Sectors recorded revenue expansion during the year, a commendable achievement given the conditions that prevailed. Geographical composition of revenue remained relatively unchanged, with the domestic market generating 48% of revenue during the year.

Milestones



	Revenue growth %	Contribution to Group %
Eco Solutions	42	3
Hand Protection	25	11
Purification	29	10
Textiles	117	9
Construction Materials	62	3
Plantations	9	5
Agriculture	25	7
Consumer & Retail	14	25
Leisure	154	1
Industry Inputs, Power & Energy	41	2
Transportation & Logistics	84	20
Others	112	3

REVENUE TRENDS



PRESERVING PROFITABILITY MARGINS

Gross Profit

The rise in global commodity prices, surge in freight rates, supply chain disruptions and increase in the price of imported raw materials following the exchange rate depreciation towards the latter part of the year, exerted pressure on margins. The Group withstood these difficulties to a certain degree, supported by the diversity of its businesses and strategic emphasis on achieving a more favourable product mix in several Sectors. Resultantly, Consolidated Gross Profit increased by 27% to Rs.77.37 bn during the year while the Gross Profit margin narrowed to 23% from 25% the previous year. The direct interest cost deducted prior to Gross profit represents the funding costs of Singer Finance (Lanka) PLC.

Operating cost management

The Group's Overhead Expenses increased by 25% during the year, reflecting higher operational activity across most sectors, relatively high inflation, continued investments in ensuring the safety and well-being of employees and increased remuneration to support employees' financial security amidst macro-economic challenges. Accordingly, Administrative Expenses

increased by 28% while Distribution Expenses increased by 14% during the year. In recent years, the Group has driven concerted efforts to optimise resources and rationalise costs with several sectors implementing Total Productivity Maintenance, Six Sigma and Lean among others. This has enabled the creation of a lean and agile operating model which has driven sustained improvements in efficiency. Meanwhile increased focus on digitalisation across the organisation have also driven cost efficiencies through automating processes.

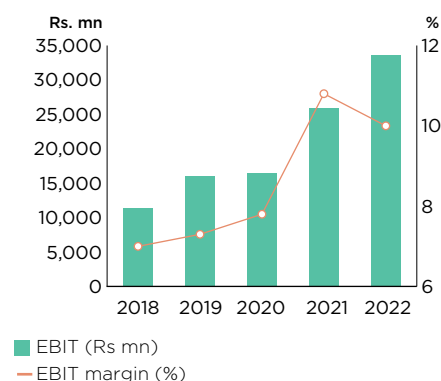
Operating Profitability

The Group's Operating Profit/ Earnings before Interest and Tax (EBIT) surged by 29% to reach a record high of Rs.33.59 bn during the year. For most key sectors, the inevitable pressure on margins were offset by strong revenue growth, which in turn facilitated improvements in core performance in 10 out of 12 Sectors. The Hand Protection Sector recorded a decline in EBIT due to the moderation in product prices from the record-highs of last year, while the Purification Sector was affected by supply chain disruption the sharp increase in input prices and freight costs. Key Sectors contributing to the improvement in Operating

Profit included Transportation & Logistics (+111%), Textiles (+100%), Agriculture (+52%) and Consumer & Retail (+52%). Despite the persistently harsh operating conditions, the Leisure Sector recorded a 44% decline in Operating Losses. The Consolidated EBIT Margin was preserved at 9.94%, a marginal drop in comparison to 10.76% the previous year



OPERATING PROFIT TRENDS

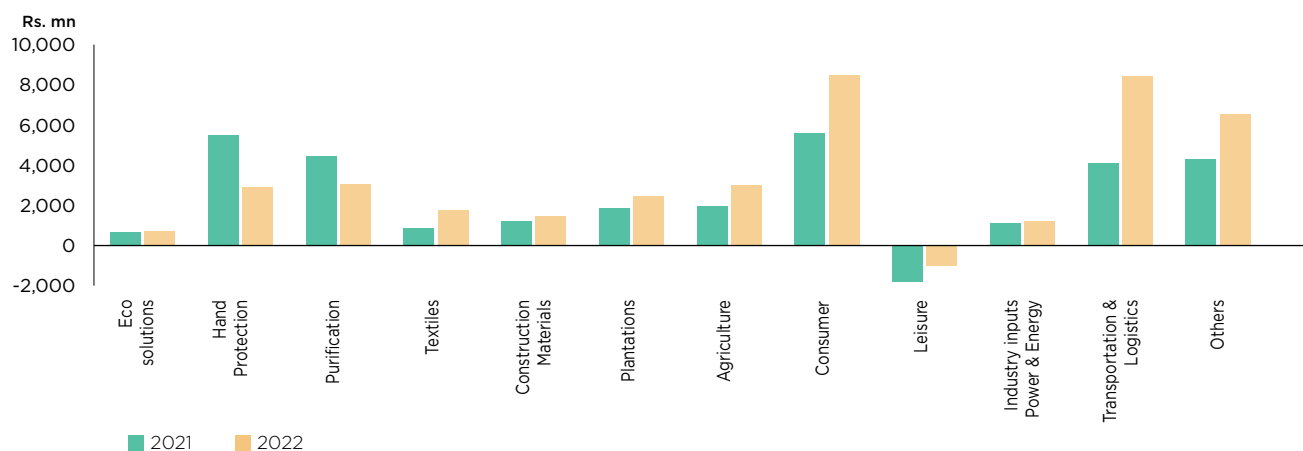


FINANCIAL CAPITAL

Sector	EBIT growth % (y-o-y)	Contribution to Group %
Eco solutions	9	2
Hand protection	-47	7
Purification	-31	8
Textiles	100	5
Construction materials	21	4
Plantations	30	6
Agriculture	52	8
Consumer & Retail	52	22
Leisure	-44*	-3
Industry Inputs, Power and Energy	9	3
Transportation & Logistics	111	22
Others	48	17

*Represents a reduction in Operating Losses

SECTOR-WISE EBIT



Net Finance Cost

The Group generated a Net Finance Income of Rs. 1.95 bn during the year (2020/21: Net Finance Cost of Rs.6.88 bn), buoyed by significant foreign exchange gains stemming from the sharp depreciation of the Rupee in March 2022. Foreign Exchange Income thereby increased to Rs.15.42 bn (2020/21: Rs.2.54 bn) with export-oriented sectors such as Hand Protection, Purification, Agriculture, Textiles and Eco Solutions recording

significant gains. The Group's Finance Cost increased by 48% to Rs.14.88 bn, primarily due to an exchange loss of Rs.4.89 bn stemming from the impact of the Rupee depreciation on import reliance Sectors such as Consumer & Retail. The increase in other borrowing costs remained moderate, reflecting an uptick in interest rates towards the latter part of the year and a 50% increase in borrowings as the Group pursued debt-funded acquisitions and increased working capital investments in view of the conditions that prevailed.

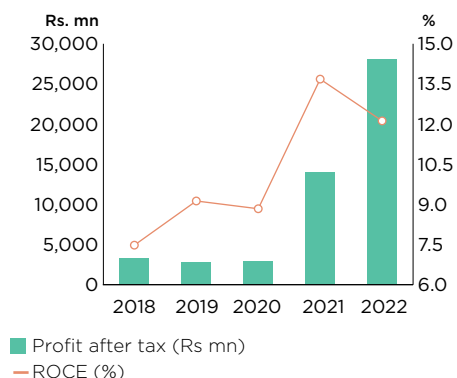
Profitability

Improvements in the Group's in core performance, supported by exchange gains during the year, resulted in Consolidated Profit Before Tax increasing by 86% to Rs.35.72 bn, setting a new record for the highest profits in the Group's history. Transportation & Logistics emerged as the leading contributor to profitability with a share of 25% of Consolidated Profit After Tax, followed by Consumer & Retail (share of 13%), Others (share of 13%), Hand Protection (share of 12%) and Purification (share of 11%).

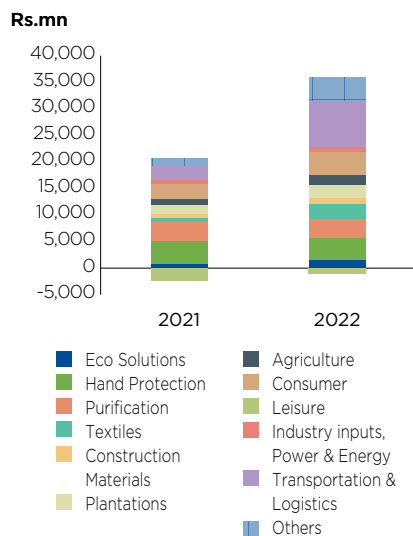
It is noteworthy that all Sectors, with the exception of Hand Protection, recorded an improvement at PBT level attesting to the Group's remarkable resilience in a year of extraordinary challenges.

Tax contributions for the year increase by 47% to Rs. 7.62 bn reflecting strong earnings growth, while the effective tax rate declined to 21% from 27% the previous year. The Group's Profit-after-tax for the year reached the highest-level in the Group's operating history, doubling to reach Rs. 28.10 bn during the year. Meanwhile, at Company level, Hayleys PLC delivered a profit-after-tax of Rs. 3.65 bn compared to a loss of Rs. 1.20 bn the previous year, upheld by dividend upstreaming of Rs. 5.17 bn during the year.

PAT TRENDS



SECTOR PROFIT CONTRIBUTIONS



Other Comprehensive Income

Total Other Comprehensive Income increased to Rs.8.76 bn (from Rs.2.09 bn) the previous year, primarily due to net exchange differences on translation of foreign operations and revaluation gains. Resultantly, the Group's Total Comprehensive Income amounted to Rs. 36.86 bn, more than doubling compared to the previous year.

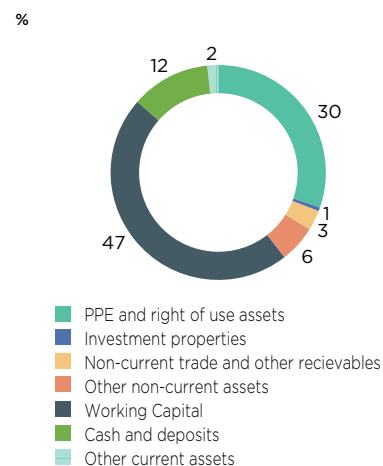
FINANCIAL STABILITY

Asset growth

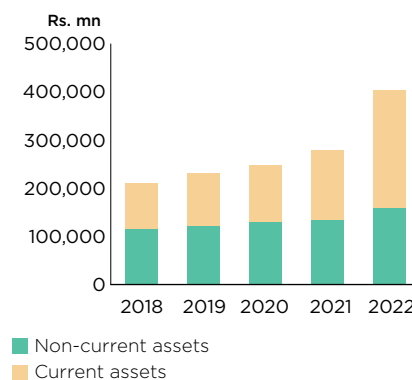
Consolidated assets grew by 44% to Rs. 403.08 bn, reflecting ongoing capacity expansions in key Sectors and increased investments in working capital due to increased operational activity and conscious efforts to shore up inventory given the persistent disruptions to supply chains during the year. Key contributors to asset growth were Textiles (+217%) which represents a consolidation of South Asia Textile Ltd's assets during the year, Transportation & Logistics (+71%), Agriculture (+61%), Purification (+66%) and Construction Materials (+57%). (Refer to pages 240 to 243 for further details on the Group's capacity expansion).

Investments in working capital increased by 57% and accounted for 47% of Consolidated Assets, reflecting both increased volumes and the higher cost of inventory. The Group's Property, Plant and Equipment (PPE) increased by 24% to Rs. 111.19 bn supported by capacity expansions in Transportation & Logistics, Hand Protection, Textiles, Purification, Consumer & Retail among others. The Group's Capital Expenditure for the year amounted to Rs. 14.04 bn.

ASSET COMPOSITION



ASSET GROWTH



FINANCIAL CAPITAL

	Asset growth by Sector (%)	Contribution to the Group (%)
Eco Solutions	34	4
Hand Protection	28	8
Purification	66	8
Textiles	217	8
Construction Materials	57	3
Plantations	12	4
Agriculture	61	6
Consumer & Retail	29	20
Leisure	19	4
Industry Inputs, Power & Energy	13	3
Transportation & Logistics	71	15
Others	10	17

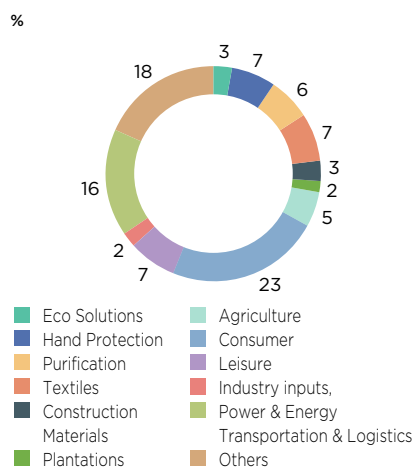
Capital and Funding

Healthy profitability in recent years, have strengthened the Group's capital position and funding profile. In 2021/22, Total Equity increased by 40% to Rs.105.29 bn, funding 26% of Total Assets. Despite the short-term challenges that prevailed, the Group maintain a positive medium-to-long term outlook and continued to direct investments towards expanding key Sectors. In line with its past strategy, the Group has continued to adopt a debt-funded growth strategy which has led to a consistent increase in borrowings; this, together with increased investments in working capital resulted in the Group's borrowings increasing by 50% to Rs. 171.93 bn end-March 2022.

Borrowings funded 43% of the Group's Assets during the year, Consumer & Retail, Transportation & Logistics and Others (Hayleys PLC) accounting for nearly 58% of total debt. Consumer & Retail saw borrowing levels increasing substantially during the year, as the Sector sought to

proactively build inventory in view of importation difficulties while debt levels in Textiles, Hand Protection and Purification increased in view of debt-funded capacity expansions. Short-term borrowings dominated the Group's debt profile with a share of 63% during the year. Overall, the Group's debt/equity ratio increased to 1.63 times from 1.52 the previous year.

DEBT COMPOSITION



Cashflow and Liquidity

The Group's cashflow and liquidity position improved during the year, reflecting the overall improvement in operational activity. Net Cash Inflow From Operating Activities amounted to Rs. 9.54 bn, declining in comparison to the previous year due to significant investments in working capital. Net Cash Outflow From Investing Activities amounted to Rs. 17.67 bn, compared to Rs. 4.49 bn the previous year as key sectors engaged in capacity expansions. Net Cash Outflow From Financing Activities amounted to Rs. 7.86 bn, reflecting repayment of borrowings, interest payments and dividend payments.

INVESTOR RELATIONS: SHAREHOLDER VALUE

Hayleys PLC is committed to maintaining transparent, constructive and ongoing dialogue with its shareholders, facilitated through multiple engagement platforms including the Annual General Meeting, the publication of the Annual Report, quarterly reporting to the CSE as well as periodic press releases and announcements. Through our engagement we seek to provide meaningful and relevant information to facilitate informed decision making.

Securities in Issue:

- Ordinary Shares
- Debentures
 - Listed, rated, senior, unsecured, redeemable debentures redeemable in July 2023
 - Listed, rated, senior, unsecured, redeemable debentures redeemable in August 2024

This section of the Report provides information on Hayleys PLC's ordinary shares; please refer to pages 437 to 439 for information on the debentures.

Performance of the Colombo Stock Exchange (CSE)

Despite the volatile economic environment in the country, the CSE recorded unprecedented growth in 2021. Increased local investor activity, triggered by monetary and fiscal measures implemented by the Government propelled market activity, with the All-Share Price Index (ASPI) and S&P SL20 Index increasing by 80.5% and 60.5% respectively. Market capitalisation also increased by 85% to Rs. 5.48 bn as at end-December 2021. Foreign participation, however, remained negligible accounting for just 2.21% of total turnover during the year. However, the deepening economic crisis together with weakening investor sentiments led to a sharp downturn in the share market performance during the first quarter of 2022.

Performance of our Share

The Hayleys share price mirrored the performance of the broad-market and recorded significant volatility during the year. The share price reached a high of Rs. 151.50 in March 2022, before gradually declining during the course of the next few months to close the year at Rs. 76.90. Average daily turnover amounted to Rs. 155.85 mn during the year.

Shareholder returns

The Group continued to deliver superior shareholder returns, underpinned by record profitability and highest dividend payout in the Group's history. Shareholder returns as measured by Earnings per share increased from Rs. 10.18 to Rs. 24.34 during the year, while Net Asset Value increased to Rs. 105.29 bn (40%) by end-March 2021, depicting the growing value of the Group's non-monetised capital including innovation capabilities, deep rooted relationships with suppliers and communities, strong brand equity as well as our ability to attract the country's top talent.



INFORMATION WE SHARE WITH SHAREHOLDERS

- The operating environment during the year (pages 88 to 92)
- How the macro-economic environment affected the Group (pages 22 to 23)
- Financial performance and Sector-level performance (pages 231 to 238)
- Corporate Governance and risk management practices (pages 58 to 80)
- Our Environmental, Social and Governance (ESG) framework (pages 20 to 21)



KEY MESSAGES OF 2021/22

- Highest revenue, operating profit, PAT and Profit attributable to shareholders delivered during the year
- Long-term view to value creation through capacity expansion across key sectors
- Highest dividend to shareholders in the Group's operating history
- Launch of Hayleys Lifecycle



MANUFACTURED CAPITAL

THE GROUP'S MANUFACTURED CAPITAL BASE OF RS. 111.19 BN ACCOUNTED FOR 28% OF CONSOLIDATED ASSETS AND REPRESENTS A VITAL RESOURCE IN THE GROUP'S VALUE CREATION PROCESS. THE QUALITY, QUANTITY AND EFFICIENCY OF OUR MANUFACTURED CAPITAL DETERMINES THE CONTINUED SUPPLY, QUALITY AND SUSTAINABILITY OF OUR PRODUCTS.

NURTURING MANUFACTURED CAPITAL

				
16% capacity expansion in the Hand Protection Sector	Purchase of a vessel by the Transportation & Logistics Sector	Retail outlet upgrade by Singer, in line with the new brand proposition	Investments in solar systems by several sectors including Textiles and Construction Materials	Machinery and technology upgrade in South Asia Textiles Ltd by the Textiles Sector

COMPOSITION OF MANUFACTURED CAPITAL

Buildings Rs. 25.68 bn	Machinery and equipment Rs. 25.74 bn	Furniture, fittings & office equipment Rs. 3.82 bn	77 manufacturing facilities	431 retail outlets
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HIGHLIGHTS 2021/22

CAPACITY AND CAPABILITIES	SUSTAINABLE MANUFACTURING
<p>Capacity expansion in export-oriented businesses including,</p> <p>16% capacity expansion Hand Protection</p> <p>Strengthen capabilities in value added products Purification</p> <p>45% capacity expansion Textiles</p>	<p>Investments in reducing the environmental footprint of our operations through,</p> <p>Investing in renewable energy generation</p> <p>Upgrades to effluent treatment plants to increase recycled water quantity</p>

OUR MANUFACTURING CAPABILITIES

Manufacturing businesses contribute approximately 43% to the Group's Revenue, underscoring the critical importance of manufacturing capabilities in the Group's value creation process. The Group operates 77 manufacturing facilities in Sri Lanka, Thailand, Indonesia, India, Maldives and Bangladesh. The 431-strong branch network of Singer is also an important element of the Group's Manufactured Capital, facilitating direct access to the Sri Lankan consumer. These are listed below; please refer to note 3.5 of the Financial Statements for the accounting policy pertaining to the measurement and recognition of these assets.

Sector	No. of manufacturing and/or other facilities						Contribution to Value Creation	NBV as at end-March 2022 (Rs.mn)
	Sri Lanka	Thailand	India	Indonesia	Maldives	Bangladesh		
Eco Solutions	8		1				Manufacturer of Fibre based products	2,305
Hand Protection	4	1					Manufacturer of a spectrum of household, industrial and medical gloves.	4,606
Purification Products	2	2		2			Coconut shell based activated carbon	5,143
Textiles	3						Fabric knitting,dyeing,printing and brushing - cotton and polyester	10,811
Construction Materials	2						Aluminium extrusions	2,961
Plantations	42						Tea, rubber and tea extracts	2,083
Agriculture	12					1	Manufacturing and distribution of Agricultural produce and equipment	873
Consumer & Retail	435*						Manufacturing, financing and marketing consumer durables	3,838
Leisure	4**				1**		Hotels and resorts	12,818
Industry Inputs, Power & Energy	12***						Industrial inputs and renewable energy generation	4,029
Transportation & Logistics	29****						Warehousing and marine services	14,056
Others	1						Solution provider for building systems infrastructure, solar power and information communication technology infrastructure	158

* Inclusive of 431 outlets

** Hotels

*** 10 Power Plants, 1 Factory and 1 Warehouse

**** 25 Vessels and 4 Warehouses

MANUFACTURED CAPITAL

INVESTING IN THE FUTURE

Despite the uncertainty that prevailed during the year, the Hayleys Group adopted a long-term view to value creation and continued to direct investments towards strengthening capabilities in key sectors. Total capital expenditure for the year amounted to Rs. 14.04 bn, reflecting investments in enhancing capacity, inorganic growth and improving technology. Key investments during the year are listed below:



Construction Materials Sector Rs. 654.48 mn

New melting plant in Sapugaskanda
Solar power plant in Ekala
New building at the aluminium melting project plant



Textiles Rs. 961.22 mn

Machinery upgrade and expansion at South Asia Textiles
Factory upgrade through investment in new machines
Solar panel installation



Transportation & Logistics Rs. 3.05 bn

Purchase of a vessel
Solar project by Logiwiz
Machinery and infrastructure upgrade by Terminals & Engineering



Plantations Rs. 159.9 mn

Construction of a new factory in Kiruwanaganga to manufacture Orthodox-leafy tea



Consumer & Retail Rs. 845.52 mn

Retail outlet upgrade in line with the new brand proposition
New machinery for the manufacturing sector subsidiaries



Purification Rs. 723.45 mn

Pellet plant and washing plant capacity enhancement
Pre and post-activation improvements
New building for packing



Hand Protection Rs. 1.93 bn

Capacity expansion across all 5 manufacturing facilities
Enhanced capacity and technology of effluent treatment plants



Eco Solutions Rs. 497.78 mn

Construction of a facility for rubber carpet production
Warehouse expansion in Bingiriya



Agriculture Rs. 1.49 bn

Construction and machinery purchase for animal feed pre-mix project



EFFICIENCY OF OUR MANUFACTURING

Hayleys has driven organisation-wide efforts to improve manufacturing efficiencies and enhance productivity through initiatives such as Total Productivity Maintenance, Lean, and Six Sigma among others. These initiatives have enabled the Group to optimise resources, while enhancing productivity and efficiency and reducing waste. The Turnover/PPE ratio for relevant sectors is presented below and demonstrates how several Sectors recorded improvements in turnover generation during the year.

Turnover / PPE ratio	2022	2021	2020
Eco Solutions	2.1	1.8	1.5
Hand Protection	5.1	6.9	4.9
Purification	3.7	4.0	4.1
Textiles	2.4	2.5	2.5
Construction Materials	2.2	1.6	1.3
Agriculture	14.9	15.9	11.5
Consumer & Retail	11.7	10.8	9.0

DIGITAL INFRASTRUCTURE

The Group has placed strategic focus on accelerating its digital journey with the aim of driving operational efficiencies, engaging with stakeholders and strengthening brand visibility. Key developments during the year included the following:

- Automation of the budgeting process through SAP Business Planning and Consolidation module
- Investments in strengthening the Group's IT and cyber-security infrastructure
- Increased penetration through e-commerce platforms, particularly in the Consumer & Retail Sector and Leisure Sector
- Launch of advanced cloud-based HRIS system for human resource management
- Virtual factory tours for potential customers by the Hand Protection and Purification Sectors
- Pursuing Robotic Process Automation for manual and repetitive processes










HUMAN CAPITAL

HAYLEYS HAS BEEN ABLE TO ATTRACT, NURTURE AND RETAIN THE INDUSTRY'S TOP TALENT, BUILDING CRITICAL TALENT AND SKILLS TO SHARPEN OUR COMPETITIVE EDGE, DRIVE INNOVATION AND UNLOCK VALUE ACROSS KEY SECTORS.

NURTURING HUMAN CAPITAL

				
<p>Daily tracking and care of covid patients</p> <p>Group wide vaccination drive</p> <p>Education and awareness to encourage employees to obtain COVID-19 vaccines</p>	<p>Leadership Development programmes in the Hand Protection, Transportation & Logistics, Tea Exports and Consumer & Retail Sectors</p>	<p>Launched a unique culture initiative 'Hayleys Advantis DNA' to nurture an organisational culture in which employees can learn from each other, thrive and grow</p>	<p>Comprehensive 'womb to tomb' proposition for all estate workers in the Plantation Sector</p>	<p>Launch of new Values program at Singer, in line with the Company's brand refresh</p>

COMPOSITION OF HUMAN CAPITAL

32,840 Employees in 238 locations	35% Female representation rate	77% Permanent employees	12,789 Estate Sector employees	2,040 Overseas employees
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HIGHLIGHTS 2021/22

DEVELOPING OUR TEAM	BUILDING DIVERSE TEAMS	SAFETY AND WELL-BEING
<p>The Group conducted leadership development programmes for its mid and senior-management tiers across several sectors, with the aim of nurturing the next generation of leaders.</p> <p>Training record for 2021/22</p> <p>245,068 Training hours</p> <p>Rs.69 mn Investment in training</p> <p>7.6 hours Average training hours per employee</p>	<p>Our commitment to inclusivity and equity is embedded through our HR processes, from recruitment and training opportunities to remuneration and promotions.</p> <p>35% female representation rate</p> <p>34% of total training hours to females</p> <p>18% of total promotions to females</p> <p>26% of total recruitments were female</p>	<p>The Group continued to invest in stringent health and safety protocols and adopted comprehensive measures to safeguard the well-being of our team.</p> <ul style="list-style-type: none"> 99% of employees obtained both doses of the COVID-19 vaccine 87% vaccinated with the booster dose Rs. 60+ million investment in exclusive accommodation for infected employees 17,000+ PCR tests

MANAGEMENT APPROACH

The Group's HR agenda is centrally driven by the Group HR function which plays a coordinating role in ensuring Sectors' alignment to Group strategy and practices. Given the diversity and relative independence of the sectors, many companies within the Group also operate their own Human Resource Departments while their strategies and HR practices are aligned with the vision of the Group HR function.

Our People Commitment

- We listen to our people through a range of well-established engagement platforms
- We invest in developing capabilities, thereby building strong talent pipelines
- We are building a diverse and inclusive workforce which is socially and environmentally responsible
- We are committed to ensuring a safe working environment for all our employees

Industrial Relations Policy	Recruitment Policy	Performance Management Policy	Anti-sexual and harassment Policy
Disciplinary Policy	Learning & Development Policy	Human Rights Policy	Health & Safety Policy
Grievance Handling Policy	Talent Management & Succession Planning	Whistleblower Policy	"The Hayleys Way"



Equal opportunity employer providing a workplace free from gender or racial discrimination
RECRUITMENT POLICY



1:1 Remuneration ratio between men and women
REMUNERATION POLICY



The Group is committed to creating a healthy, inclusive working environment that enables employees to work without fear of sexual harassment
ANTI SEXUAL HARASSMENT POLICY



The Group is committed to maintaining the highest standards of health and safety across its operations, thereby providing a safe and injury-free working environment for all employees
HEALTH & SAFETY POLICY

The Hayleys Group adheres to the fundamental principles and rights at work set out in the ILO Declaration, which includes,

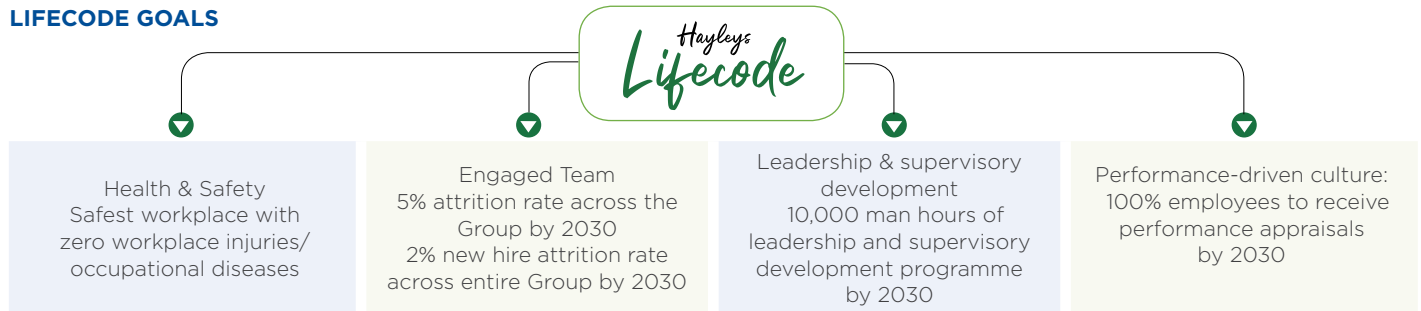
- Recognising employees' freedom of association and the right to collective bargaining
- Elimination of forced or compulsory labour
- Abolition of child labour
- Elimination of discrimination in respect of employment and occupation

EMPLOYEES BY SECTOR

Employees by Sector			
Eco Solutions	844	Agriculture	1,157
Hand Protection	2,177	Consumer & Retail	3,335
Purification	1,768	Leisure	1,440
Textiles	2,915	Industry Inputs, Power & Energy	296
Construction Materials	879	Transportation & Logistics	2,626
Plantations	14,003	Others	1,400

HUMAN CAPITAL

LIFECODE GOALS



TEAM MOVEMENT IN REVIEW

The Group continues to evolve and adapt its human capital resources in line with its strategic growth aspirations. During the year, the Group increased its headcount by 2,075. All new recruits undergo an induction and orientation program at Sector level, while Group orientation programmes are conducted for the Executive Grade and above.

31,029 2019/20	30,765 2020/21	32,840 2021/22
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	2021/22
Employees at the beginning of the year	30,765
Recruitment	5,739
Turnover	4,934
Absorbed with acquisitions	1,270
Total employees by the end of the year	32,840

Profile of new recruits

By Gender	No/Rate	By Age	No/Rate	By Region	No/Rate
Male	4,236 (74%)	Less than 30 years	3,658 (64%)	Sri Lanka	5,516 (96%)
Female	1,503 (26%)	30-49 years	1,826 (32%)	Overseas	223 (4%)
		>50 years	255 (4%)		

FOCUS AREAS IN 2021/22

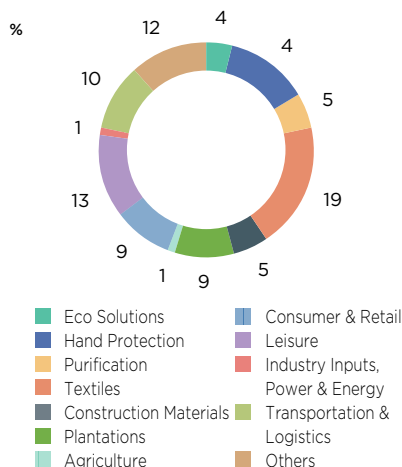
The Group's HR strategy for the year was formulated in view of the COVID-19 driven escalation in health and safety concerns as well as weakening macro-economic conditions which had an inevitable impact on the employees' financial security. Key priorities during the year are set out alongside and discussed in further detail in the subsequent section.

EMPLOYEE WELL-BEING AND SAFETY

Given the emergence of the 2nd and 3rd waves during the year under review, the health of our employees was of utmost importance and the Group successfully balanced this with the need to ensure continuity and productivity of operations.

Employee well-being and safety
Talent development
Enhancing rewards, recognition and benefits

NEW RECRUITS BY SECTOR



Retention

The Group has maintained relatively healthy retention levels, reflecting the strength of its value proposition. The overall retention rate for the year amounted to 85% with 4,934 employees leaving employment. During the year, we also witnessed an increasing number of employees leaving the organisation due to migration, which presents a considerable risk for the Group. Details of exit employees are presented below:

Profile of exit employees

By Gender	No/Rate	By Age	No/Rate	By Region	No/Rate
Male	3,566 (72%)	Less than 30 years	2,476 (50%)	Sri Lanka	4,696 (95%)
Female	1,368 (28%)	30-49 years	1,668 (34%)	Overseas	238 (5%)
		>50 years	790 (16%)		

IMPACT OF COVID-19 ON OUR EMPLOYEES

We continued to implement measures to mitigate the effects of COVID-19 on our employees and their families. The COVID-19 task force which was established at the outset continued to monitor multi-sector developments and impacts, proactively implementing measures to safeguard employees while ensuring continuity of operations. Key developments during the year included:

Comprehensive and proactive vaccination drives which included,

- 1 Awareness building sessions conducted by Prof. Neelika Malavige-one of Sri Lanka's leading resource persons in the management of COVID-19
- 2 Vaccination drives across different locations including exclusive drive-through centers for Group employees
- 3 Availability of full-time nurse and access to medical services upon request.

Vaccination rate

99%: 2 doses 87%: 3 doses

COVID-19 recovery rate

99.9%

A culture of safety: Health and Safety initiatives are conducted regularly across the organisation, to nurture a culture of safety; these are driven under the leadership of dedicated and active OSH committees (mainly in the Sectors which comply with ISO 45001: 2018) which are represented by members from all levels of the organisation. Sectors such as Transportation & Logistics have also embedded OSH related KPIs into employee performance evaluations to ensure the nurturing of a safety conscious culture. In addition, ongoing safety trainings are provided to all employees based on the specific OSH risks faced by the Sectors; these include fire fighter training, first aid, incident investigation, behavioural training and emergency response training among others.

Occupational Health and Safety

In addition to guidelines relating to the prevention of COVID-19, the Group's stringent occupational health and safety measures continued, supported by strong governance structures, compliance to safety certifications and tools and procedures to identify and report on potential health and safety risks. These measures are summarised below



H&S MANAGEMENT SYSTEM

The Group's H&S Framework is guided by a comprehensive H&S Policy and an H&S Audit Pool, which is represented by multiple Sectors and comprises employees who have been identified as H&S champions. We also comply with all relevant regulations under the Factories Ordinance, BOI requirements and Labour Laws of Sri Lanka. Meanwhile several sectors within the Group including Hand Protection, Agriculture, Construction Materials, Textile, Purification, Transportation & Logistics and Fentons Group also comply with the ISO 45000: 2018 OSH Management system certification



HAZARD IDENTIFICATION

Each Sector (particularly in the Manufacturing Sectors) operates dedicated OSH management departments, which are powered by qualified safety professionals. Hazard identification is also enabled by risk assessments relating to ISO 45000: 2018. Meanwhile digitalised OSH management systems are available in the Hand Protection Sector, which allows real-time, online reporting of accident/incidents.



H&S SERVICES

In addition to dedicated professional OSH persons and visual communication, the Group offers emergency vehicles at sites, medical centres, dedicated nurses/medical representatives at facilities etc. The Group also has a fully qualified in-house nurse and employees are provided access to a doctor upon request.

HUMAN CAPITAL

Safety record in 2021/22

	2022	2021	2020
Reported first-aid cases	236	229	379
Occupational injuries - resulting in lost days	73	149	192
Lost man days due to accidents/injuries	1,834	1,861	4,162
Work-related fatalities	0	0	0

TALENT DEVELOPMENT

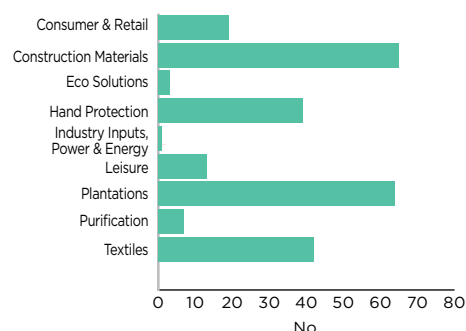
In today's dynamic and complex operating landscape, a progressive learning strategy is an important prerequisite in meeting future business needs. The Group's talent development agenda is driven through the Group's centralised HR function and includes on-the-job training, cross functional and cross sectoral exposure and structured training sessions. Training programs are conducted both at Group and Sector level, reflecting the business needs and dynamics of each Sector. The COVID-19 pandemic has led to a pivot from face-to-face learning to digital training options, ensuring that upskilling continued uninterrupted. Key areas of training focus during the year included leadership development, technical skill building and competency development among others.

Leadership Development Programmes were launched in Sectors such as Hand Protection, Transportation & Logistics, Consumer & Retail and Tea Exports with the objective of enhancing leadership capabilities within the Senior and mid management tiers of the Sectors. These programmes consisted of pre and post assessments, content modules, coaching and mentoring interventions and projects etc. Over 6,800 learning hours were conducted through these programmes.

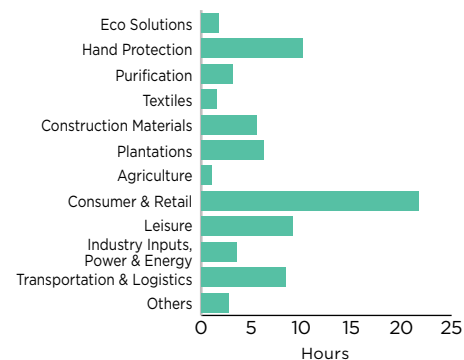
In addition, a capacity building programme was also conducted for the entire Procurement population across the Hayleys group focused on uplifting soft skills, behavioural competencies and to educate and make aware the participants on some of the novel and best practices in the procurement sphere. This was a critical stage of the larger Procurement Transformation project 'Ithuru Mithuru' conducted with the procurement teams of both the Hayleys and Vallibel One Groups.

	2022	2021
Total training hours	248,649	161,989
Investment in training (Rs.mn)	69	18
Average training hours (by category)		
Managerial	35.0	10.1
Executive and Junior Executive	10.2	6.7
Others	5.1	4.8
Average training hours (by gender)		
Male	7.6	4.9
Female	7.1	5.9
Overall average training hours/employee	7.6	5.3

SECTOR-WISE INJURIES



SECTOR WISE AVERAGE TRAINING HOURS PER EMPLOYEE



TRAINING INTERVENTIONS IN 2021/22

COMPETENCY DEVELOPMENT

Holistic development initiatives to drive the inculcation of organisational competencies

SECTOR-LEVEL TRAINING

Sector-specific training programs focused on lean management, leadership development, technical skill building, marketing & sales among others (refer to Portfolio Reviews on pages 119 to 229)



LEADERSHIP DEVELOPMENT

Over 6,800 training hours for middle and senior managers across Sectors, with the aim of building the next generation of leaders

MANAGEMENT TRAINEE PROGRAM

The Group inducted the new Management Trainee batch with the recruitment of 6 aspiring young professionals. The assessment centres and selection tools were developed and conducted in-house ensuring the integrity and quality of the process.

REWARDS & RECOGNITION

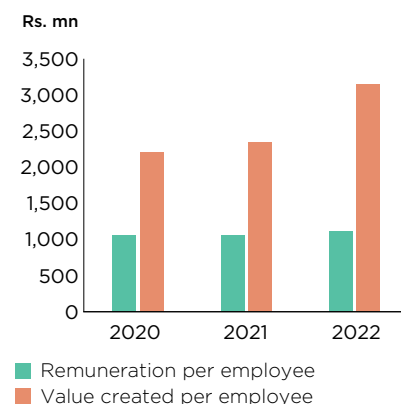
Rewards are determined in line with the Group's Remuneration policy which aims to recognise, reward and retain high-performing employees thereby nurturing a performance driven culture. Remuneration is determined based on qualifications, skills and from results of bi-annual performance appraisals with reference to prevailing market rates. Given the tough economic conditions that prevailed during the year, the Group sought to enhance reward schemes to ensure the financial security of employees.

The Group offers a host of benefits to employees which include medical insurance and professional subscriptions, fuel allowances (for selected categories) and group discounts for Hayleys products among others. Meanwhile, Sectors such as Transportation, Purification, Eco Solutions, Hand Protection, Industrial Inputs, Textiles and Agriculture offer employees with over 20 years' service, retirement gratuity rates which are above the statutory rate of half month pay per year of service with a maximum of one and half month's pay per year of service for employees with over 35 years' service.



Rs. 36.46 bn total remuneration (+27%)
Rs. 1.11 mn remuneration per employee (+15%)

REMUNERATION/VALUE ADDED PER EMPLOYEE



TAKING CARE OF OUR EMPLOYEES DURING THE ECONOMIC CRISIS

The Group made best efforts to ease the burden on the employees caused by rising inflation, through measures such as, special market adjustments, temporary discretionary incentives, interim bonus payouts and higher annual increment percentages.

HUMAN CAPITAL

SHARING OUR SUCCESS

Aligning with the record-breaking profitability during the year, the Group reciprocated by rewarding its employees with significantly higher bonus payouts hitherto not provided in the history of the Group

Hayleys PLC Chairman's Awards

The Chairman's Awards are held annually, serving as an effective platform to identify, recognise and encourage exemplary behaviour across the Group. Winners are selected following a thorough evaluation by a Committee which includes members of the Group's leadership team and independent experts. Award categories represent the competencies and behaviour the Group is committed to nurturing across the Group, as presented below:

- Innovation
- Environmental Stewardship
- Quality and Lean Management
- Social/Environment Projects
- Service Excellence
- Revenue and Profitability
- Leadership

ENGAGEMENT

Engagement efforts during the year centered on strengthening communications on health and safety and mitigating the risk of isolation when working from home. Accordingly, the Group strengthened internal communication, enhanced social media engagement and conducted several recreational activities and engagements through both virtual and physical channels.

Highlights during the year include the following:

EMPLOYEE BROADCAST

Conducted through Office 365, this served as an effective platform in maintaining interaction and keeping employees abreast of emerging developments

SOCIAL MEDIA ENGAGEMENT

Maintained through the Group's internal social media platforms and contributed towards mitigating the risk of isolation when working from home

CULTURAL, SPORTS AND OTHER EVENTS

The Group conducted a year-round activity calendar which included the following events;

Poson bhakthi gee competition (virtual)

Online quiz competition

Virtual employee and kids art competition

Virtual singing competition

Online chess tournament

Virtual childrens party

Virtual christmas carols

HEALTH AND SAFETY

Ongoing communication on encouraging employees to obtain the vaccination, dispelling myths through providing an opportunity for employees to engage with professionals in clearing any doubts regarding the efficacy and safety of the vaccinations available.

EMPLOYEE GRIEVANCE HANDLING

The Group has a clearly defined policy and mechanism through which employees can safely communicate any grievance without fear of reprisal

Approximately 14% of the Group's employees are covered by Collective Agreements and we have not identified any operations in which the right to freedom of association and collective bargaining may be at risk. This year due to the wages board stipulating minimum wages for the Estate workers, the Collective Agreement entered into by the regional Plantation companies with the Trade Unions was repudiated. As a result, all workers in the two Plantation companies ceased to be covered by a Collective agreement. This has resulted in a significant drop in the percentage of employees in the Group covered by Collective Agreements. Group and Sector HR teams maintained proactive engagement with all trade unions during the year, successfully obtaining their co-operation and support in implementing new work practices and ensuring safety of employees. Minimum notice periods vary depending on the sector and circumstances, but relevant collective agreements ensure that a reasonable notice period is given for operational changes. During the year, there were no instances of industrial actions within the Group reflecting the harmonious relations maintained between workers and management.

Sector	% of employees covered
Plantations	7%
Purification	33%
Hand Protection	25%
Agriculture	17%
Eco Solutions	22%
Consumer & Retail	36%
Textiles	30%

PERFORMANCE MANAGEMENT

The Group’s entire Performance Management process from goal setting to mid and end-year reviews for all employees in executive and above categories are conducted through the Oracle HRIS System. Appraisals for all non-executive employees are conducted offline. Approximately 99% of our permanent employees undergo annual performance appraisals. For Executive grade employees, performance appraisals are based on the Balanced Scorecard and comprises goals that are SMART.



PRODUCTIVITY IN THE NEW NORMAL

The Group’s employees continued to be facilitated with remote working arrangements during this year as well. While ensuring the safety of employees, the Group was also aware that this could give rise to a risk of isolation, increased stress and demotivation, which in turn could impact employee productivity and satisfaction. The Group implemented several measures to address this issue:

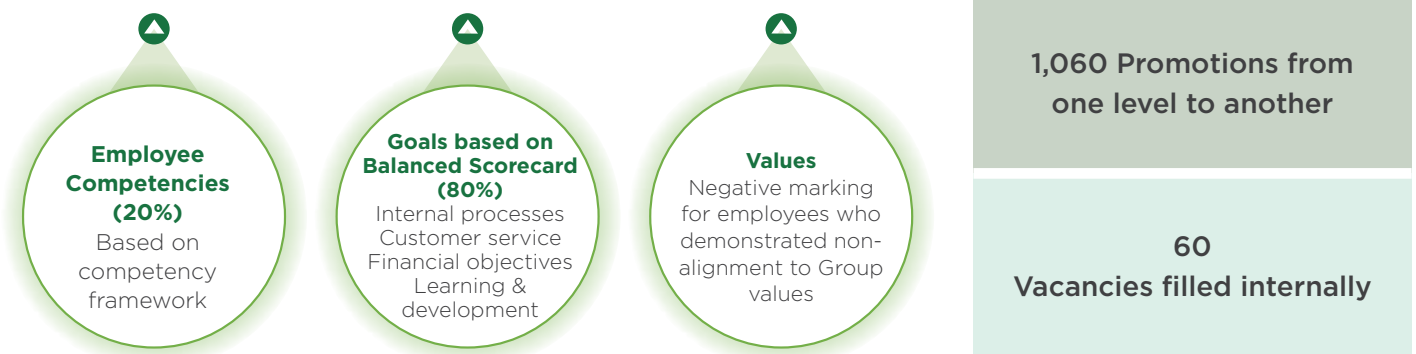
- Equipped employees with relevant digital infrastructure and support to work effectively from home
- Increased focus on mental well-being through facilitating a high level of engagement and non-work related interaction through digital platforms
- Daily check-ins by immediate superior
- Emphasis on work-life balance with all employees encouraged to conduct meetings and engage in work-related interactions during office hours

Productivity indicators

Revenue per employee: Rs. 10.29 mn (+31% y-o-y)
 Net profit per employee: Rs. 0.85 mn (+87% y-o-y)

TALENT MOBILITY

The Group seeks to retain high-performers and critical talent through offering opportunities for cross-sector exposure and career progression. This has aided in building a culture of knowledge sharing, where best practices are shared among sectors thereby nurturing a base of strong tacit knowledge and organisational capital. Our internal talent pipelines are supplemented with the infusion of fresh talent through recruitments, internships and other trainee programmes. Employee movements during the year included the following:



HUMAN CAPITAL

GENDER PARITY AT HAYLEYS

As an organisation with an extensive customer footprint, we are acutely aware of the importance of building a diverse team and it remains part of our commercial and social aspirations. Our commitment to inclusivity and equity is embedded through our HR processes, from recruitment and training opportunities to remuneration and promotions.

ENABLING POLICY ENVIRONMENT



Opportunities for women	
Training hours	82,861 (34% of total hours)
Promotions	190 (18% of total promotions)
Recruitments	1,502 (26% of total)
Exits	1,368 (28% of total)

EMPLOYEE PRACTICES



Plantations

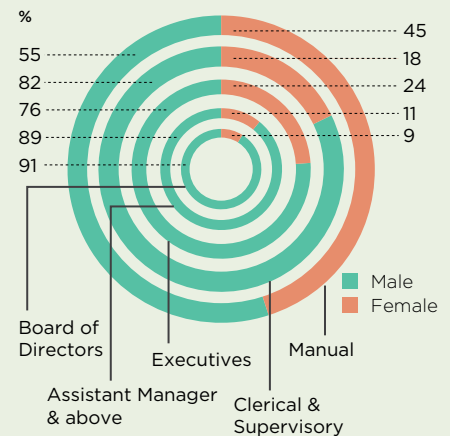
A womb-to-tomb proposition for plantation workers, with females receiving comprehensive nutritional, healthcare and childcare support. The Sector also conducts a range of gender-based awareness sessions



Hand Protection

Launch of Vimansa-a holistic initiative aimed at empowering women through providing hybrid working models, child-care facilities and awareness programmes

GENDER REPRESENTATION IN CATEGORIES



BREAKING BARRIERS

Chamila Bandara-Director/CEO of Mountain Hawk Express was recently appointed as a founding member of the Women Corporate Directors (WCD) Sri Lanka chapter. Excelling in the transportation and logistics industry of Sri Lanka. Chamila has demonstrated strength and resilience by challenging the status-quo in a traditionally male dominated industry.

FIRST FEMALE EXECUTIVE CHEF AT THE KINGSBURY

The Kingsbury hotel appointed the first female Executive Chef at a Colombo City hotel, Chef Nonky Tejarpamana, who brings with her over 25 years' experience in 3 continents in a culinary career spanning some of world's finest hotels and resorts

CHANGEMAKER IN ESTATE COMMUNITIES

Hemali Paranavithana is an Assistant Manager of Human Resource Development at KVPL; over the years Hemali together with her HR team has worked tirelessly to improve living conditions, educational standards, physical and mental well-being of estate communities. Hemali's efforts have driven meaningful change in these vulnerable communities, with 23 students recently being selected for university admission

WAY FORWARD ▶

We are cognisant of the prevalent uncertainties and economic stress that could affect the mental well-being and financial security of our employees. To this end, the Group intends to launch the following initiatives to support the business operations and continued value creation to employees:

- Leadership development programmes for Sector teams. Following through these programmes with mechanisms such as coaching and mentoring
- Succession planning at Sector level for identified critical positions
- Roll out of compensation, talent management and succession planning modules in the Oracle HRIS for selected sectors
- Continuously assess emerging developments in the external landscape and explore avenues to provide relief to employees





SOCIAL & RELATIONSHIP CAPITAL

THE GROUP'S STRENGTH STEMS FROM THE EXTENSIVE RELATIONSHIPS IT HAS NURTURED ACROSS SRI LANKA'S KEY SUPPLY CHAINS AND AGRICULTURAL NETWORKS, WHICH HAS ALLOWED IT TO SHARE ITS SUCCESS WITH COMMUNITIES ACROSS THE COUNTRY, THEREBY CREATING SOCIO-ECONOMIC EMPOWERMENT.

NURTURING SOCIAL & RELATIONSHIP CAPITAL

Pursuit of innovation across key industry sectors, thereby enhancing the customer value proposition	Hand Protection Sector widened its DPL Firstlight programme with the addition of over 2,000 farmers	The Agriculture Sector continued to support its islandwide network of outgrowers	Ongoing investment in Puritas Sathdiyawara Going Beyond by all Sectors	160 digital classrooms equipped by several Sectors within the Group

COMPOSITION OF SOCIAL & RELATIONSHIP CAPITAL

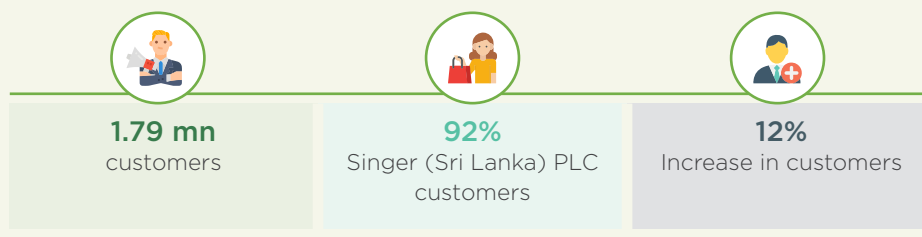
1.7 mn customers	>15,000 suppliers	69 principals	230 agencies
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HIGHLIGHTS 2021/22

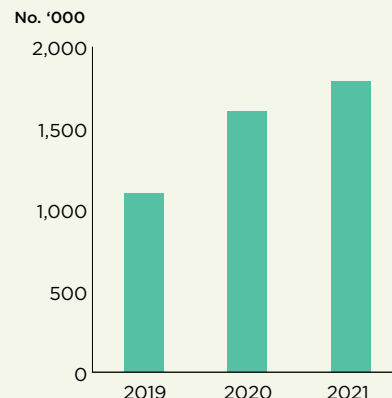
CUSTOMER VALUE	SUPPLIER VALUE	COMMUNITY VALUE
<p>The Group's customer value proposition centres on innovation, quality, responsible manufacturing and marketing practices and ongoing mechanisms to listen and understand our diverse customer base.</p> <p>749 new products developed</p> <p>90% Customer Satisfaction Rate</p> <p>99% Customer complaints resolved</p>	<p>Our commitment to inclusivity and equity is embedded through our HR processes, from recruitment and training opportunities to remuneration and promotions.</p> <p>58% increase in supplier payments to Rs. 237.69 bn</p> <p>2,422 Suppliers developed</p>	<p>Strategic and meaningful CSR initiatives focused on,</p> <ul style="list-style-type: none"> Health Education Livelihood development <p>Rs.311.32 mn CSR investment</p> <p>>540,000 beneficiaries</p>

CUSTOMER VALUE

The Group has a global network of retail and B2B customers across all 5 regions of the world. During the year, we catered to 1.79 mn local and global customers; the bulk of the Group's customers represent Singer (Sri Lanka) PLC- which has an unmatched penetration in the consumer durables segment. Entry into new markets and strategic focus on new customer acquisitions have enabled the Group to record consistent growth in its customer base.



CUSTOMERS



Nurturing customer relationships

While the quality and nature of customer relationships differ from one sector to another, the Group's broader value proposition to customers centers on the four core pillars of Innovation, Product and Service Responsibility, and engagement. The progress we made under each of these pillars during the year under review are given below:

Innovation

Our Sectors compete effectively with global players, through a strong track record of innovation and R&D capabilities, which have enabled the Group to satisfy emerging customer needs. Several sectors made significant progress in their innovation journey during the year (refer to pages 262 to 269 for further information)

>740 new products developed

Rs. 429.35 mn Investment in R&D



Listening to our Customers

We have implemented structured mechanisms to listen to the concerns and suggestions of our customers, thereby ensuring that their needs are identified and responded to.

>6,600 customer surveys conducted

90% average satisfaction score

99% complaints resolved

Product and Service Responsibility

The Group has obtained and continues to comply with a range of domestic and international certifications which provide assurance to external stakeholders regarding our processes, systems and products (refer to pages 265 to 267 for further information). A Group-wide process is in place to ensure the integrity and accuracy of all marketing communications; in general, press releases and advertisements are reviewed and approved by the Hayleys Corporate Communications unit prior to publication.



SOCIAL & RELATIONSHIP CAPITAL

Customer health and safety: The importance of safety, quality and hygiene have been amplified following the outbreak of the COVID-19. Accordingly, several of our Sectors have obtained certifications which provide assurance to customers and other stakeholders regarding the health and safety aspects of our products/services. These certifications ensure that defined processes are in place to assess the quality and safety of our products.

Sector	Certifications to ensure customer health and safety
Eco Solutions	Complying with European "REACH" certification (ensure hazardous chemical free)
Hand Protection	Certified against BRC Global Standard - Consumer Products
Textiles	ZDHC comply (Zero Discharge of hazardous chemicals) Standard 100 by OEKO-Tex
Agriculture and Plantations	ISO 22000: 2018 Food safety management system certification
Purification	ISO 22000: 2018 Food safety management system certification for selected food grade product ranges

SUPPLIER VALUE

The Group operates a diverse and widespread supplier base consisting of nearly 15,000 suppliers, through whom we procure a range of raw materials. With considerable disruptions to supply chains during the year, several sectors made proactive efforts to increase reliance on local procurement, which amounted to 44% of total purchases, compared to 47% the previous year.

15,392 Suppliers	68% Small-scale suppliers (No.)	>300 new suppliers added
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Our suppliers are diverse in geographical profile and scale of operations, ranging from individuals and small-scale suppliers to large B2B players. Hand Protection, Purification, Agriculture, Textiles and Eco Solutions procure mostly from small scale suppliers, while Industrial Inputs and Consumer & Retail source from large-scale suppliers.

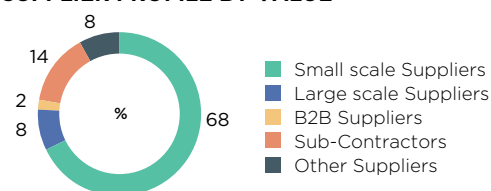
SUPPORTING THE SUPPLIER ECOSYSTEM IN 2021/22

Continued value injection

Despite the challenges that prevailed, the Group continued to inject value across its network of suppliers through maintaining demand levels and providing increased visibility on future demand. Total payments increased by 63% to Rs.237.69 bn during the year, of which nearly 17% consisted of payments to small-scale suppliers.

Rs. 237.69 bn Payments to Suppliers

SUPPLIER PROFILE BY VALUE



Supplier Development

Several key sectors conduct ongoing supplier development programmes, with the aim of building capacity and supporting the long-term survival of suppliers. These initiatives (listed below) have also aided the Group in propagating best practices including social and environmental practices across its supply chain.

Rs. 132.08 mn Investment **2,422** Suppliers developed

Supporting business continuity

The persistent shortage of fuel particularly towards the latter part of the financial year, directly impacted the operations of our suppliers. The Group took proactive measures to support these business partners through facilitating fuel suppliers and thereby ensuring continuity of operations.

FIRSTLIGHT - HAND PROTECTION

Through this program, we ensure a fair price for rubber latex by guaranteeing rubber smallholders a price which is indexed to RSS1 (the highest grade of consumed rubber) for their field latex. DPL also contributes USD 0.5 for every pair of gloves sold, which is utilised to fund a wide range of education, health and infrastructure projects to improve the overall quality of life of smallholders and their families.

2,392

Farmers added

+5,000

Farmers in total

Rs. 3.2 mn

Investment in training

Input material distributed including,

Rs. 6 mn

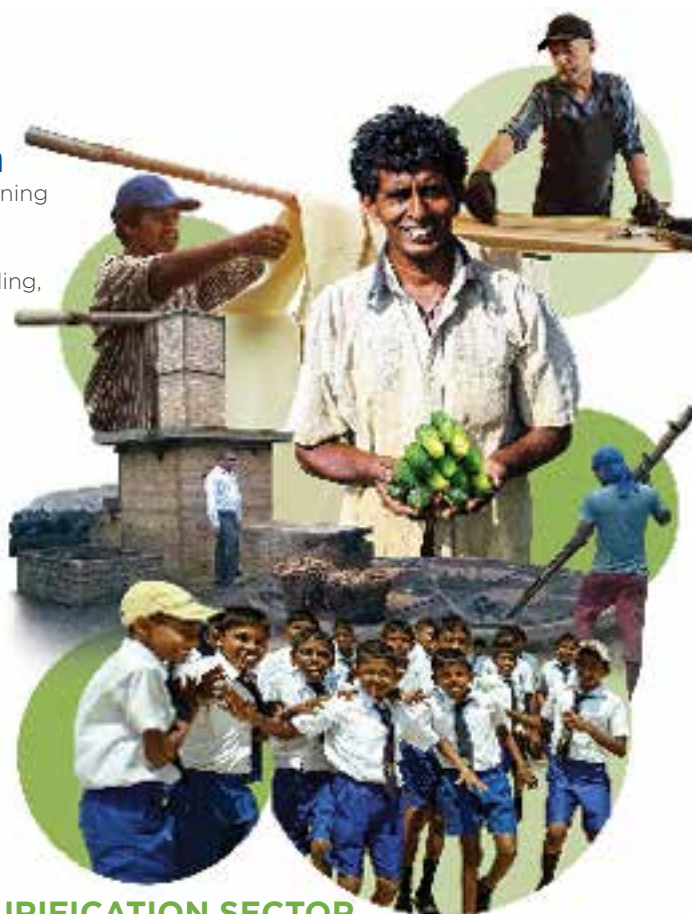
Fertilizer

7,000

Rain guards

30,000

Rubber plants



HARITHA ANGARA-PURIFICATION SECTOR

A holistic supplier development initiative, through which charcoal makers are encouraged to engage in environmentally friendly charcoaling with Haycarb PLC while providing technical support and guidance on ecologically friendly charcoaling processes and buy back agreements.

6,000

Farmers island-wide

Rs. 73 mn

Investment in supplier development

50

Green charcoaling pits added

OUTGROWER PROGRAMMES - HAYLEYS AGRICULTURE

Govi Aruna Naturals and Govi Aruna

Organic: Hayleys Agriculture has developed a network of organic certified farmers, who produce value-added organic products for the international market. Compliance to international accreditations ensure that all sourcing is sustainable and ethical. HJS Condiments worked directly with local farmers in the cultivation of jackfruit, banana, soursop, jalapeno pepper, pineapple, papaya, black pepper, chili, turmeric, and vegetables. The products thus sourced and further processed for value addition are exported to over 50 countries. The out-grower units are USDA (United States Department of Agriculture) and EU Organic and Global GAP certified under the supervision of accredited certification bodies of Sri Lanka

Cucumber project: Conducted in Vaakarai in partnership with the World Bank and Bank of Ceylon, this project supports the livelihoods of over 500 war-affected farmers through guaranteed buy back agreements, training on modern agricultural technology and financial support.

Hayleys Jeevadhara: This project aims to uplift rural communities through nutrition and sustainable agriculture development. Accordingly, 1 million moringa plants were distributed to over 100,000 outgrowers in Jaffna, Kilinochchi, Mullativu, Mannar and Vavuniya.

SINGER- SUPPORTING LOCAL MANUFACTURERS

The Group's Retail arm provides market access to small-scale local manufacturers by offering them a platform to sell their products, through the Sector's extensive retail network. Given the restrictions on imports that prevailed during the year, the Group increased focus on local suppliers, sharing market insights and offering capacity building to strengthen manufacturing capabilities.

SOCIAL & RELATIONSHIP CAPITAL

Principal Relationships

The Agriculture, Transportation & Logistics, Industry Inputs, Construction Materials and Consumer & Retail Sectors represent an array of globally renowned principals in Sri Lanka. These relationships are a vital element of our Social and Relationship Capital, enabling us to benefit from the transfer of knowledge, strong brands and international market insights of our principals. The Group's ability to attract and retain these principals in an increasingly competitive environment attests to the strong value proposition it offers to its principals.



Community Engagement

Approach and Governance

In line with the launch of the Hayleys Lifecode, the Group also implemented a Community Relationships policy which provides guidance on how Group companies should develop and execute community relations programs which reflect its social goals and the expectations of its communities.

CSR Governance: All CSR initiatives are aligned to the Group policy but formulated and driven at Sector level; certain significant projects are also driven by the Centre. Details pertaining to CSR activities, beneficiaries and impacts are reported to Group Sustainability on a quarterly basis.

GROUP COMMUNITY RELATIONS POLICY

Sectors should actively engage in strategic community development initiatives broadly focusing on the key areas of education, health and well-being, livelihood development, religion and culture, encourage and reward employee volunteerism, thereby recognising employee involvement.

The progress of all projects should be monitored periodically, through impact assessments, audits, feedback from beneficiaries and independent third parties (where necessary) to ensure that programme objectives are met.

PROJECTS IN 2021/22

Donation of COVID-19 high dependency care unit to the Kiribathgoda Base Hospital by Alumex and Mabroc Teas

The Sectors contributed infrastructure and manpower in refurbishing a ward at the Kiribathgoda Base Hospital, thereby converting it into a fully-fledged COVID-19 high-dependency unit. The new centre was completed in just 25 days and features a 24-bed isolation and intensive care facility for COVID-19 patients. The new unit has already provided vital medical care for over 100 patients to date. Apart from the construction work, Alumex also ensured that the new ward was fitted with the specialised equipment such as negative pressure systems, multi-para monitors and water filtration systems, among others.

Supporting educational needs of vulnerable communities

During the year, several Sectors combined efforts to support the educational needs of deserving communities. An overview of these programmes is listed below:

Digital classroom project in partnership with DP Foundation

The Group contributed towards the DP Foundation's digital classroom initiative by identifying deserving schools in impoverished areas and sponsoring and deploying the necessary infrastructure. Each digital classroom consists of the following accessories:

55" Singer Smart Television

Podium Box

Intel/Etel NUC box

Accessories

264 schools identified

160 completed during the year

Agriculture sector donation

The Agriculture Sector donated exercise books, uniform materials, and other essential items to Sarakkugala Primary School, Nochchiyagama for the fifth consecutive year.

Puritas Sath Diyawara

Conducted as the Group's flagship CSR initiative for many years, Puritas Sath Diyawara leverages the Group's expertise in water purification to provide purified water to families in areas affected by Chronic Kidney Disease (CKD). Conceptualized and launched by Puritas (Pvt.) Ltd., the initiative has expanded in partnership with other sectors within the Group. A Puritas Sath Diyawara project consists of

commissioning a Reverse Osmosis (RO) water treatment plant and distribution system (through docking stations) to enable residents to obtain high quality potable water.

190,000 liters Water purified a day	>43,800 People benefited	23 Villages benefited
19 Projects	Rs. 82 mn Investment	275 Direct job opportunities





Sath Diyawara- Going beyond

Launched as an extension of Puritas Sath Diyawara, 'Going Beyond' strives to address the broader socio-economic needs of the people living in CKD affected villages. In recent years, this initiative has focused on supporting the educational needs of these impoverished communities through providing infrastructure & facilities and book donations among others. During the year, the Group distributed a care bundle to school children enabling them to continue their education uninterrupted.

7th Consecutive year	14 Schools	3,547 Students	Rs. 28.84 mn Cumulative Investment
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Home for Every Plantation Worker

A long-term, multi-dimensional community engagement initiative carried out by the Plantation Sector, 'A Home for Every Plantation Worker' is a unique and holistic program targeted at uplifting the living standards of employees and estate community amounting to nearly 150,000 individuals. The project is structured around four focus areas;

OUR PROGRESS IN 2021/22			
	Living environment	8,227 Beneficiaries Awaiting information	Rs.71.71 mn Investment
	Health & nutrition	114,811 Beneficiaries Total custodial care of the Plantation Community of 100,000 people during the Covid-19 pandemic	Rs.135.25 mn Investment
	Community capacity building	453,289 Beneficiaries	Rs.28.57 mn Investment
	Youth empowerment	688,522 Beneficiaries	Rs.239.92 mn Investment

SOCIAL & RELATIONSHIP CAPITAL

Capacity building and skill development

SINGER FASHION ACADEMY

The Singer Fashion Academy supports livelihood development through empowering youth who wish to pursue a career in sewing, by providing opportunities for skill development through 6 fashion academies. The School aims to provide future fashion entrepreneurs an understanding of the scope and opportunities available in the field of fashion design at an affordable cost.



Affordable education



Free workshops



Annual fashion show

Fabricator Training by Alumex

Alumex continues to build capacity in the aluminium extrusions industry, providing practical insights into the application and usage of Aluminium profiles, components, new products and new technologies through multi-faceted training programmes. The training is targeted towards a wide range of fabricators and technicians including students of VTA affiliated Technical Colleges, CECB, Buildings Department, Provincial Councils, ICTAD, Contractors, Sri Lanka Army, Navy, Air Force and other Technical Colleges (Government/ Non-Government) island wide.



153

Fabricators trained

Agriculture Training School

The Hayleys Agriculture Training school conducts training programs for a range of stakeholders including teachers, industry practitioners and commercial operators. While supporting our financial objectives this initiative also aims to enhance the agricultural skill base in Sri Lanka, given the shortage of skilled labour in the industry.





CONNECTING COMMUNITIES TO GLOBAL SUPPLY CHAINS

HAYLEYS BUSINESS CONNECTS RURAL COMMUNITIES TO GLOBAL SUPPLY CHAINS THROUGH ITS ISLAND-WIDE PROGRAMMES THAT SUPPORT LIVELIHOODS ACROSS THE COUNTRY



DEVELOPING LOCAL PALMYRAH PROCESSING

The Eco Solutions Sector is the largest consumer of palmyrah fibre in Sri Lanka, exporting value-added fibre-based products across the world. The Sector has launched a project to source palmyrah from centres in Jaffna, which is expected to create around 50-60 direct job opportunities in vulnerable areas in the Jaffna peninsula. The project will also drive business opportunities for small scale raw material suppliers for sheaths and transporters.



EMPOWERING WOMEN THROUGH THE SINGER BUSINESS SCHOOL

Through the Business School, Singer provides capacity building in fashion designing to the country's youth at an affordable price. The School offers over 20 courses validated by the Chartered Society of Designing, UK and offers content on sewing, fashion design and coloring. The courses offer a stepping-stone for aspiring women who intend to pursue a dressmaking/ fashion designing as a hobby or a means of livelihood.



OUT-GROWER PROJECTS

Through a range of out-grower projects, the Agriculture Sector connects rural farmers to global supply chains, providing the necessary infrastructure, financial support and training. These initiatives typically involve propagation of knowledge on sustainable agricultural practices, thereby contributing towards the development of ecologically sustainable agriculture models.

To date, the Sector has conducted numerous such projects including gherkin, seaweed, moringa, pineapple and seed paddy, among others.



EMPOWERING RUBBER FARMERS

Through a unique initiative, the Hand Protection Sector empowers over 4,500 farmers island-wide through the DPL Firstlight program, which provides a platform for farmers to sell their natural latex produce at a fair price. The initiative also involves provision of agricultural input material, capacity building and community engagement aspects.



CONNECTING FABRICATORS TO GLOBAL SYSTEMS

The Construction Materials sector provides the opportunity for local fabricators to manufacture globally renowned proprietary systems, facilitating training from international principals to fabricators- thereby driving skill development.



GREEN CHARCOALING THROUGH HARITHA ANGARA

Through the Haritha Angara initiative, the Purification Sector provides skill development and the required infrastructure to engage in environmentally friendly charcoaling. To date the Sector has aided the establishment of over 300 such green charcoaling pits.



INTELLECTUAL CAPITAL

THE GROUP CONTINUES TO HARNESS ITS UNIQUE BASE OF ORGANISATIONAL KNOWLEDGE, NURTURED AND PASSED ON THROUGH A CULTURE OF MENTORING AND KNOWLEDGE SHARING. HAYLEYS INTELLECTUAL CAPITAL IS ALSO REPRESENTED BY ITS CAPACITY FOR INNOVATION AND THE ROBUST SYSTEMS AND PROCESSES WHICH GUIDE ORGANISATIONAL BEHAVIOUR AND PROCESSES.

NURTURING INTELLECTUAL CAPITAL

				
Hand Protection Sector entered a new segment with the launch of a specialised Sports glove	Purification Sector continued to expand its value-added carbon range with the addition of 14 new products during the year	Eco Solutions Sector continued to expand its sustainable product range through the launch of a variety of growing media products	The Textile Sector launched Fabric dying process which uses natural dyes	Mabroc Teas gained traction in export markets through value-added offerings catering to the unique taste profiles of these countries

COMPOSITION OF INTELLECTUAL CAPITAL

Organisational tacit knowledge	Capacity for innovation	Systems, processes and certification	Organisational culture
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HIGHLIGHTS 2021/22

Innovation	Systems and processes
<p>>Rs.400 million investment in research and development capabilities</p> <p>With several sectors pursuing new product development centered on,</p> <ul style="list-style-type: none"> • Sustainable innovation • Value-addition • Customised offerings 	<p>Over 90 Certifications in</p> <ul style="list-style-type: none"> • Product quality • Environmental management • Food safety • Sustainable business practices • Occupational health and safety among others



749 new products
developed



160 products
in the pipeline

CAPACITY FOR INNOVATION

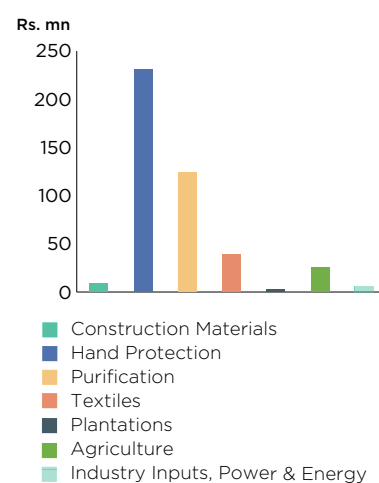
The Group is considered a leader in innovation in several of its key sectors, having pioneered a range of products/initiatives which have driven industries forward. Capacity for innovation is therefore a key competitive strength of Hayleys and is harnessed through ongoing investments in strengthening research and development capabilities and infrastructure. The Group consistently strives to propagate a culture of learning which stimulates innovation and knowledge sharing. The Group also collaborates with leading research institutions and universities in developing and commercialising research that facilitates innovation.

During the year, the Group made significant progress in its innovation drive with Sectors broadly focusing on the following aspects:

RESEARCH AND DEVELOPMENT FOCUS IN 2021/22



INVESTMENT IN R&D



The Group's investment in R&D amounted to Rs.429.35 mn during the year through which nearly 750 new products were introduced across the Sectors. The R&D spend represented significant investments from the Hand Protection and Purification sectors, as they pursued increased penetration through value-added products.

Key innovations during the year are listed below:

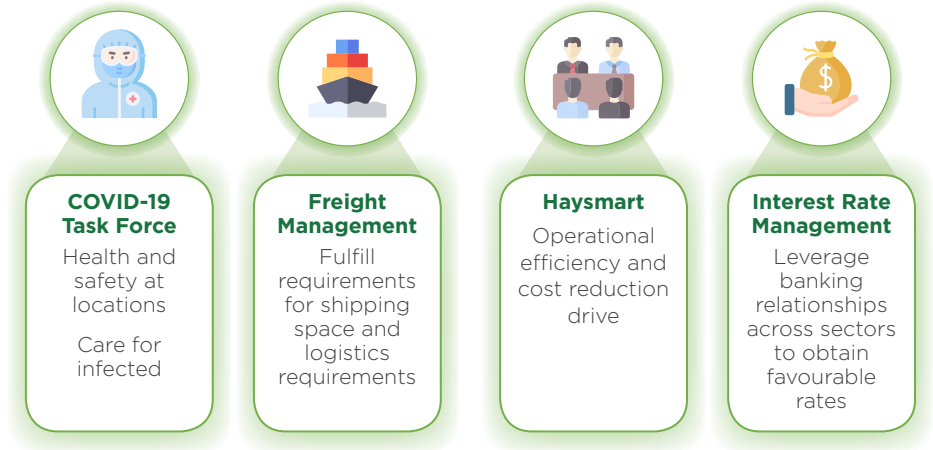
Type of innovation	Sector	Innovations
Value addition	Purification	Hard carbons, impregnation products and wood catalytic carbons
	Hand Protection	Electrician gloves
		Sports gloves which represent a new product vertical for the Sector Range of other supported and unsupported gloves
Sustainability	Hand Protection	Biodegradable natural rubber glove
	Textiles	Process sustainability through Warna by Mahogany, a fabric dyeing process which uses natural dyes extracted from the mahogany bark.
	Industry Inputs, Power & Energy	Launch of Eco One, a biodegradable additive which enhances the biodegradability of plastic by 1000 years to 1.5 years
	Eco Solutions	Grow bags and growing media
Customised offerings	Textiles	Customised variants of INNO for new customers
	Agriculture	Jack-fruit based meat substitutes- range of flavour profiles developed for specific markets
	Plantations	Different forms of value-added tea including bubble tea and flavoured tea to new markets

INTELLECTUAL CAPITAL

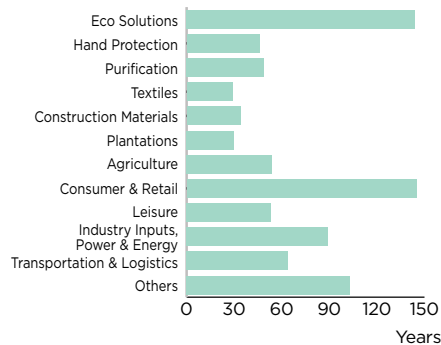
ORGANISATIONAL CAPITAL

Industry insights gained over an established track record of over 144 years has sharpened the Group’s competitive edge and enabled it to nurture a unique base of intellectual capital. With Sectors consistently increasing the depth and breadth of its operations both organically and through acquisitions, this unique base of intellectual capital has deepened, facilitating a high level of adaptability to market conditions, which has in turn enabled resilience in challenging conditions. The Sectors also harness cross-industry expertise in driving solutions and value creation, with successful initiatives being replicated in other sectors or across the organisation

Meanwhile, the Group harnessed the collective insights and resources of the organisation in setting up cross-sector task-forces to address specific challenges.



INDUSTRY PRESENCE IN YEARS



Leveraging Group synergies

Hayleys is an extensively diversified Group in which the respective Sectors operate relatively independently. The Hayleys PLC Corporate Management Services drive excellence and consistency in back-office functions across the organisation extending support to Sectors in the management of critical aspects including Group Finance, HR and Legal, Treasury, Strategic Business Development, Corporate Communications, Digital Marketing, Corporate Premises Management, Corporate Affairs, Internal Audit, Risk, Security and Insurance.

Industry thought leadership

As one of the most established and dominant players in several of its sectors, the Group is an active contributor to industry forums and associations, engaging with stakeholders and the government and providing input in creating an enabling industry and regulatory environment. The Group holds memberships in the following industry associations:

Membership in Industry Associations



- Ceylon Chamber of Commerce
- Ceylon Association of Ships’ Agents
- Lanka Business Coalition for HIV-AIDS
- National Agribusiness Council
- Sri Lanka Association of Inbound Tour operators
- National Chamber of Exporters
- Sri Lanka Institute of Nanotechnology
- Planters Association
- Sri Lanka Freight Forwarding Association
- SLASSCOM
- American Chamber of Commerce





Systems, processes and certifications

The Group’s commitment to operational excellence and continuous improvement is reflected in the host of domestic and international certifications it complies with. The requirements of the Group’s global customer base have also encouraged sectors to comply with stringent quality certifications, which have contributed towards strengthening internal systems and processes thereby enhancing the Group’s intellectual capital base. The key certifications are listed below, kindly note that this is not an exhaustive list.

 <p>Eco Solutions</p>	<ul style="list-style-type: none"> • BSCI - Business Social Compliance Initiative • GOLS - Global Organic Latex Standard • SMETA - Sedex Members Ethical Trade Audit • ISO 9001: 2015 Quality Management Systems • ISO 14001: 2015 Environmental Management Systems • SA 8000 - Social Accountability Certification • British Retail Consortium Certificate • OCS - Organic Content Standards • SLS 1335: 2008 PO Mattress Standard • FSC - Forest Stewardship Council • GMP - Good Manufacturing Process
 <p>Hand Protection</p>	<ul style="list-style-type: none"> • ISO 9001: 2015 Quality Management Systems • ISO 13485: 2003 Medical devices — Quality management systems • Forest Stewardship Council Certification • ISO 14001: 2015 Environmental Management Systems • ISO 17025: 2005 Laboratory accreditation certification • British Retail Consortium Certification Safety and Quality certification for consumer products • UN Global Compact Signatory to the implementation of universal sustainability principles • ISO 45001: 2018 Occupational Health and Safety Management Systems • ISO 22000: 2005 Food Safety Management Systems, HACCP - Hazard Analysis Critical Control Point & TASL-SGS - Food Safety Management Systems • Global Good Agricultural Practice Certificate - GAP • Rainforest Alliance Assurance
 <p>Textiles</p>	<ul style="list-style-type: none"> • Certificate Of Oeko- Tex Standard 100(Organic) • Certificate Of Oeko- Tex Standard 100(Cotton) • Marks & Spencer-Premier Accreditation Scheme • Official Supplier of 'Cotton made in Africa' Yarns , Fabrics or the final product, produced in compliance with the chain custody guideline issued by the Aid by trade foundation. • ISO 14001:2015 Environmental Management Systems • ISO 45001 Health and safety management system certification • Carbon Conscious Certificate • Water Conscious Certificate • Global Organic Textile Standard (GOTS) • Organic Content Standard (OCS) • Better Cotton Initiative (BCI) Membership • Zero Discharge of Hazardous Chemicals (ZDHC) Joint Road Map • Higg FEM 3.0 Membership • Clean Chain Chemical Inventory Management Tool • Nike Sustainable Water Program - Green Certification • ISO 45001:2018 Occupational Health and Safety Management Systems • SEDEX Membership - Supplier Ethical Data Exchange • Disney Facility & Merchandising Authorization (FAMA) Approvals • George / Walmart Responsible Sourcing Programme

INTELLECTUAL CAPITAL

 <p>Construction Materials</p>	<ul style="list-style-type: none"> • 'Qualicoat' certifications • 'Qualanod' certification • ISO 9001: 2015 Quality Management Systems • UKAS accreditation • SLS 1411: 2011
 <p>Purification</p>	<ul style="list-style-type: none"> • ISO 9001: 2015 Quality Management Systems • ISO 14001: 2015 Environmental Management Systems • ISO 22000: 2005 Food Safety Management Systems • Good Manufacturing Practices (GMC) • Water Quality Association Sustainability Certification • SLS1672: 2020 • NSF 42 • NSF 61 • Prop 61 Compliance • Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) Compliance • Food Chemical Codex (FCC) Compliance • Halal Certification • Kosher Certification • Covid-19 Safety Management System
 <p>Agriculture</p>	<ul style="list-style-type: none"> • ISO 9001: 2015 Quality Management Systems • ISO 14001: 2015 Environmental Management Systems • SA 8000 - Social Accountability Certification • ISO 22000: 2005 Food Safety Management Systems • Registered training institute under The Tertiary and Vocational Training Education Commission - Hayleys Agriculture Training School • ISO 45001:2018 Occupational Health and Safety Management Systems • AQIS Accredited Tissue Culture Lab • Seed Handler Registration Certificate • BRC Global standard for food safety (Issue 08) • Food and Drug Administration (FDA) approval • SEDEX - Supplier Ethical Data Exchange • Certificate for Social compliance Ethical Trading Initiative • Halal certification • Kosher certification • Non - GMO certification • Gluten free certification • International Featured Standard Certification - IFS • Fairtrade - Certification • Organic EU • Organic NOP

	<ul style="list-style-type: none"> • Organic JAS • Customer Accreditations - Burger King / Kerry ingredients / Mc Donalds • Global Good Agricultural Practice Certificate - GAP • Hazard Analysis Critical Control Point system certification - HACCP • FSSC 22000, Pest Control License and Environment Protection License. • Good Manufacturing Practice (GMP)
 Others	<ul style="list-style-type: none"> • ISO 45001:2018 Occupational Health and Safety Management Systems • ISO 9001 : 2015 Quality Management Systems
 Consumer & Retail	<ul style="list-style-type: none"> • ISO 9001 : 2015 Certified Manufacturing Facilities
 Transportation & Logistics	<ul style="list-style-type: none"> • ISO 9001 : 2015 Quality Management Systems • ISO 45001: 2018 Occupational Health and Safety Management Systems • ISO 14001: 2015 Environmental Management Systems • ISO 2200: 2018 food safety management certification • C-TPAT • Carbon Conscious Certificate • CIDA- Grade C-4 (Civil Construction)
 Plantations	<ul style="list-style-type: none"> • ISO 22000: 2005 Food Safety Management Systems • Halal Certificate - 2021 • Hygiene Control Management System Certification • British Retail Consortium (BRC) Certification • ISO 50001:2011 - Energy Management Systems • Rain Forest Alliance license agreement • ISO 14001:2015 Environmental Management Systems • ISO 9001 : 2015 Quality Management Systems • ISO 14064 2018 GHG Emission Reporting Certification

INTELLECTUAL CAPITAL



SUSTAINABLE INNOVATION

A DEEP UNDERSTANDING OF ENVIRONMENTAL AND SOCIAL SUSTAINABILITY IN THE DIVERSE INDUSTRIES WE OPERATE IN, WHICH HAS BEEN NURTURED AND PASSED ON OVER THE YEARS, ENSURES THAT OUR INNOVATIONS ARE SUSTAINABLE AND SUPPORT CONSUMER CONSCIOUSNESS OF SUSTAINABILITY ISSUES



CIRCULARITY IN TEXTILES

The Textiles Sector continues to drive sustainable and cleaner production in its manufacturing processes

- Varna Mahogany: The Mahogany bark (Swietenia macrophylla), a form of the waste by-product collected from the local furniture manufacturing industry, is used as natural sources to extract dye solution and were utilised to dye fabric materials
- “Trace the grace mobile app” was launched in collaboration with PVH, where PET bottles are collected from the coastal regions of Sri Lanka, and yarn is extracted
- Development of the black screen prints made of atmospheric carbon as a sustainable solution for the carbon made inks.
- The fabric development with zero spandex but also has the proper stretch as of a spandex incorporated fabric, which can be recycled into the yarns again maintaining the closed loop production process.



CLIMATE SMART AGRICULTURE SOLUTIONS

The Agriculture Sector leveraged its smart precision agriculture capabilities to increase the efficiency of the chemical and fertilizer applications

The Agriculture Sector has continued to drive Climate Smart Agriculture solutions including drip irrigation systems and drought resistant planting material thereby propagating sustainable agriculture practices.



ECO-FRIENDLY GLOVES

The Hand Protection Sector has introduced several eco-friendly gloves including the following:

- Bio-degradable supported glove
- Glove manufactured with knitted liner of recycle PET polyester yarn



ENERGY EFFICIENT CONSUMER DURABLE PRODUCTS

The Singer Group's subsidiary Regnis (Lanka) PLC introduced a range of digital inverter, large capacity refrigerators to the market which is significantly more energy efficient than conventional products. These products are on par with international brands on energy efficiency and performance.



SUSTAINABLE INDUSTRIAL RAW MATERIALS

Introduction of EcoOne, a biodegradable additive which accelerates the biodegradability of plastics from when disposed in a landfill environment. The Industrial Inputs and Power & Energy Sector also introduced recycled natural rubber (from RubberJet Valley, Italy) and recovered carbon black (Enrestec, South Korea) to the Sri Lankan market.



ORGANIC ADDITIVES

Industrial Inputs Sector acquired an agency for an organic additive which enhances the biodegradation process in plastics, reducing landfill waste



EROSION CONTROL PRODUCTS

The Group's Eco Solutions Sector manufactures a range of erosion control products which contribute towards preserving soil quality through minimising erosion.



SOLAR POWERED SOLUTIONS BY FENTONS AND SINGER

Both Fentons and Singer engage in providing solar power solutions for both commercial and residential requirements, thereby encouraging the shift to renewable energy in Sri Lanka. Given the current energy crisis in the country, Fentons has broadened its product range to include battery systems and hybrid inverters.



GROWING MEDIA PRODUCTS

The Eco Solutions Sector manufactures a range of unique growing media solutions which encourage convenient cultivation in urbanised areas as well as mechanisation of agriculture.

CONSOLIDATED STATEMENT OF ENVIRONMENTAL PERFORMANCE

		2022	Change %	2021	2020
Total Energy Consumption	GJ mn	5.06	25.56	4.03	3.68
Renewable energy consumption	GJ mn	3.38	30.00	2.60	2.34
Non-Renewable energy consumption	GJ mn	1.68	16.67	1.44	1.34
% Renewable energy consumption	%	67	4.69	64	64
Renewable energy generation	MWh	185,875	22.57	151,647	92,540
Renewable energy generation %					
Out of total energy consumed	%	13	(7.14)	14	9
Out of total electricity consumed	%	114	11.76	102	68
Trees Planted	No. of	49,548	10.79	44,721	169,466
Total Carbon footprint (GHG Emission)	tCO ₂ e	230,053	12.49	204,501	187,784
Scope 1 emission	tCO ₂ e	114,551	25.62	91,187	85,224
Scope 2 emission	tCO ₂ e	94,117	2.27	92,031	84,408
Scope 3 emission	tCO ₂ e	21,385	0.48	21,283	18,152
Biogenic emission	tCO ₂ e	378,973	30.21	291,054	261,956
Emission intensity (emission per revenue)	KgCO ₂ e / Rs mn	681	(19.74)	848	913
Emission offset by renewable energy generation	%	46	(2.13)	47	22



SCOPE OF REPORTING

- 12** Business Sectors
- 179** Companies
- 148** Local Operations
- 31** Global Operations



REPORTING PRINCIPLES

- Task-force on climate-related financial disclosures
- Guidelines of the Sustainability Accounting Standards Board
- Integrated Reporting Framework
- GRI Standards
- UN Global Compact
- National Green Reporting Standards
- Greenhouse Gas Protocol by World Resource Institute and World Business Council for Sustainable Development



REPORTING IMPROVEMENTS





Adoption of recommendations of the TCFD guidelines and the Sustainability Accounting Standards Board



NATURAL CAPITAL

AS A GROUP WITH SIGNIFICANT MANUFACTURING INTERESTS, WE ARE HEAVILY DEPENDENT ON NATURAL RESOURCES TO DRIVE OUR VALUE CREATION. WE ARE ALSO COGNIZANT OF THE ROLE WE CAN PLAY IN GENERATING POSITIVE ENVIRONMENTAL IMPACT AND MINIMISING OUR FOOTPRINT THROUGH INNOVATION AND ALLOCATION OF NECESSARY RESOURCES

NURTURING NATURAL CAPITAL

				
Group-wide drive towards green energy with 4 Sectors relying on some form of renewable energy	Launch of Project Kirulu- the Group's flagship biodiversity preservation initiative	The Hand Protection Sector enhanced its water treatment and recycling capacity and technology in line with its capacity expansion	Solar roof installations at Hayleys Fabric and Mabroc Teas during the year	Use of recycled raw materials by Construction Materials, Hand Protection and Textiles Sectors

COMPOSITION OF NATURAL CAPITAL

Eco systems	Energy consumption	Water consumption	Raw materials used in value creation process
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HIGHLIGHTS 2021/22

CARBON	WATER	MATERIAL AND WASTE	ECO SYSTEMS
<p>20% reduction in emission intensity Reflecting ongoing efforts to enhance energy efficiency across the Group</p> <p>67% reliance on renewable energy With several sectors increasing reliance on solar and biomass sources</p> <p>106,436.74 CO₂e offset Through the Group's renewable energy generation</p>	<p>53% increase in sustainable water sourcing Several sectors investing in rainwater harvesting, with the aim of reducing the water withdrawal</p> <p>12% reduction in water intensity Supported by ongoing efforts to increase water efficiency through process innovation, and employee awareness</p>	<p>7% Waste-to-landfill Reflecting increased efforts to recycle and re-use waste</p> <p>3 Sectors Engaged in the use of recycled input materials</p>	<p>1,200 trees planted Under the Kirulu programme</p> <p>>49,000 trees planted In the normal course of operations</p> <p>9 acres Wetland Biodiversity Zone established and preserved by Hayleys Fabric</p>

NATURAL CAPITAL

MANAGEMENT APPROACH

As an organisation with an extensive manufacturing footprint, we are cognisant of the adverse effects our operations can have on the environment, through the consumption of natural resources as well as natural outputs, including waste and emissions. As a pioneer in sustainability in several of our key sectors, the Group is collectively committed to decarbonising its operations, optimising water consumption and achieving a zero waste to landfill.

Our Environmental Commitment

- We are committed to the optimisation of energy usage by driving increased energy efficiency and increasing reliance on clean energy sources
- We strive to implement a water management strategy aligning with the CEO Water Mandate by UN Global Compact
- We are committed to ensuring full compliance to all environmental regulations. During the year, there were zero instances of non-compliance against environmental laws/regulations
- We are committed to mainstreaming the concept of biodiversity across value chains and adopting initiatives for sustainable management of biodiversity
- Optimising and managing material consumptions through sustainable resources allocation while minimising waste generation and effectively managing the waste generated through sustainable disposal methods

POLICY FRAMEWORK, STANDARDS AND MECHANISMS			
Material & Waste Management Policy	Biodiversity Conversion Policy	Sustainability Compliance Guideline	UNGC-CEO Water Mandate
Energy and Emissions Management Policy	Chemical Management Policy	Water Management Policy	Member of the Responsible Care Council



Gradually shift from non-renewable energy sources and increase reliance on renewable energy such as solar, wind, biomass energy etc.

ENERGY & EMISSION MANAGEMENT POLICY



Introducing sustainable sourcing of water (including rainwater harvesting), water reusing opportunities, recycling practices

WATER MANAGEMENT POLICY



Establish a material management programme to prioritise sustainable material sourcing

MATERIAL & WASTE MANAGEMENT POLICY



Maintain an up to date chemical inventory for all relevant chemicals

CHEMICAL MANAGEMENT POLICY



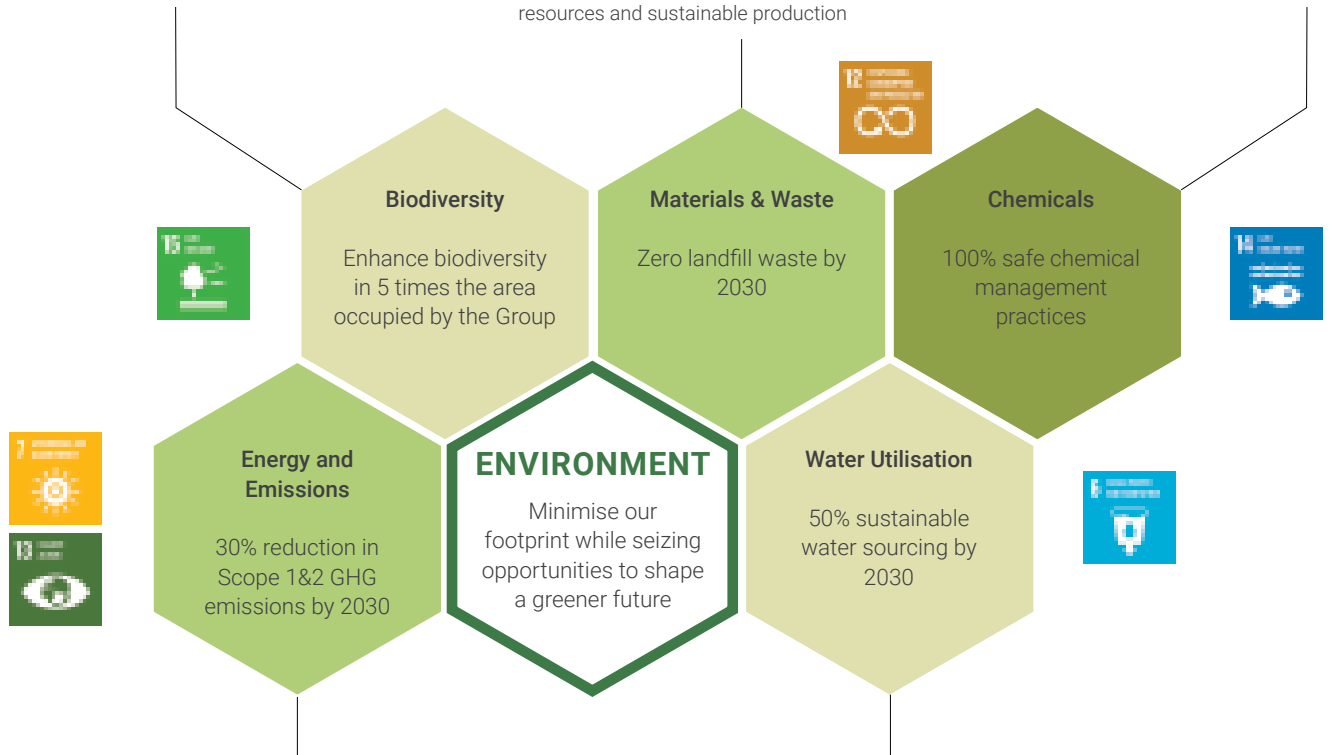
Our businesses range across a number of sectors that present opportunities to have a positive environmental impact or to minimise our environmental footprint through innovation and allocation of necessary resources. This section sets out the Group Environmental strategies, targets and plans for achieving the same.



MINIMISE OUR FOOTPRINT WHILE SEIZING OPPORTUNITIES TO SHAPE A GREENER FUTURE



- Biodiversity conservation and preservation relating to our business operations
- Value addition across all waste generations
- Ensure responsible consumptions of natural resources and sustainable production
- Ensure best chemical management practices across the supply chain



- Reliance on sustainable and renewable energy sources
- Reduction in energy intensity through improving operational efficiencies
- Reduction in absolute carbon footprint
- Application of sustainable water sources
- Reducing water intensity through efficiency improvements

NATURAL CAPITAL



WATER

Context

Water security and our ability to safeguard bodies of freshwater resources are increasingly at risk. With the global increase in demand for water, the World Resource Institute projects that there will be a deficit in water supply of about 56% by 2030. Currently about 25% of the global population lives in countries that suffer from water stress.

Commitment

The Group's Water Management Policy seeks to conserve and optimise water obtained from various sources, pursue avenues of recycling and reusing waste-water and responsible disposal of waste-water generated in its operations.

2030 TARGETS

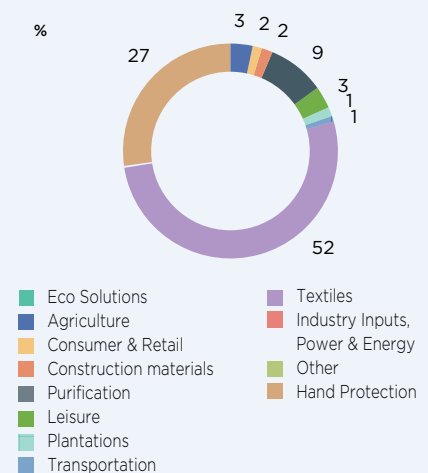
- 50% sustainable water sourcing across the Group by 2030
Actual in 2021/22: 11% sustainable water sourcing
- 75% total wastewater recycled and reclaimed by 2030
Actual in 2021/22: 46% of total waste water recycled & reclaimed
- 30% reduction in water intensity by 2030
Actual in 2021/22: 12% reduction in water intensity

Hayleys' interaction with water as a shared source stems primarily from its use in manufacturing operations, in which certain sectors such as Textiles, Hand Protection and Purification are relatively water intensive. Water is also used for cleaning and employee usage across the Group. Hayleys is committed to gradually reducing the quantum of water withdrawn for its operations through focus on re-using water and treating water discharged from these processes. Mechanisms are currently in place to continuously monitor water consumption trends and identify areas for improving water efficiency.

Water withdrawal occurs through different sources, including groundwater, surface water, pipe borne water and harvested rainwater. Metering is available for main water inputs and wastewater outputs, ensuring the complete and accurate reporting of all relevant data on a timely basis to Hayleys Group Sustainability.

Water consumption by Sector

WATER CONSUMPTION



Textile and Hand Protection Sectors are the most significant consumers of water within the Group, collectively accounting nearly 80% of total water consumption.

Water withdrawal by source

(Litres mn)	2021/22	Change y-o-y (%)	2020/21	2019/20
Surface water	4,419	36%	3,261	3,276
Ground water	314	6%	296	377
Rainwater	22	2%	21	16
Municipal lines	1,157	-2%	1,179	1,151
Waste water or other	110	7%	103	93
Recycled Water	567	22%	465	425
Total	6,584	24%	5,325	5,339
Water intensity	19,494	-12%	22,072	25,387

OUR PROGRESS IN 2021/22

24% increase in water consumption

Driven by higher operational activity across key Sectors including Hand Protection, Textiles and Purification

53% increase in sustainable water sourcing

Several sectors investing in rainwater harvesting, with the aim of reducing water withdrawal

12% reduction in water intensity

Supported by ongoing efforts to increase water efficiency through process innovation, and employee awareness

Surakimu Ganga

KVPL and the International Union for Conservation of Nature partnered the Surakimu Ganga Government initiative which strives for collaboration between the private, sector and international organisations to adopt nature-based solutions for greening the river basin in We Oya catchment area in the Kelani river.

Rainwater harvesting

Integrated water collection tanks connecting greenhouse rooftop gutters to a centralised tank at the Agriculture Sector's seed production facility in Boralanda.

30%-35% of water requirement for more than 500,000 plants covered by rainwater

8 other sectors also engage in rainwater harvesting as we aim to increase sustainable water sourcing

Integrated water management in plantations

Integrated Water Management inclusive of chemical free buffer zones and live fences around water sources.



NATURAL CAPITAL



CLIMATE & ENERGY

Context

The implications of climate change are becoming increasingly frequent and apparent. To avert catastrophic change, the world needs to transition to a net zero emission economy by 2030.

Our Commitment

Hayleys Group operates within the framework of an Energy and Emission Management Policy that is aimed towards minimising adverse environmental impacts caused by natural resource depletion and greenhouse gas emissions. The Group is driving organisation-wide efforts to gradually shift from non-renewable energy sources and increase reliance on renewable energy such as solar, wind, biomass energy etc.

2030 TARGETS

- 90% sustainable and renewable energy applications

Actual in 2021/22: 67% reliance on renewable energy

- 100% sustainable biomass sourcing for entire group

Actual in 2021/22: 34% sustainable biomass reliance

- 30% reduction in energy intensity

Actual in 2021/22: 10% reduction in energy intensity

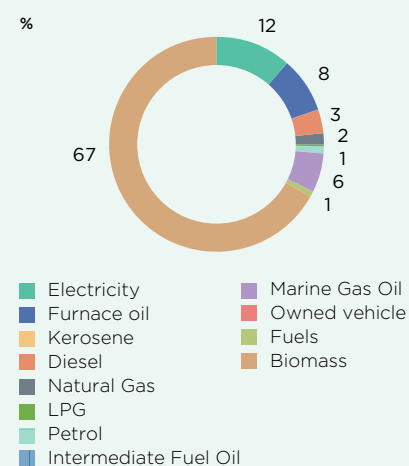
- 30% reduction in GHG emissions (Scope 1 & 2)

Actual in 2021/22: 14% increase in GHG emissions

The Group relies primarily on electricity from the national grid, fossil fuels and renewable energy for power generation. Given the energy-intensive nature of some of our businesses we drive concerted efforts towards reducing reliance on fossil fuels through Group-wide and sector-specific initiatives targeted towards generation of renewable energy.

In recent years, Sectors have focused on gradually reducing dependence on fossil fuels through opting for sustainable and renewable energy sources. In addition to large-scale wind, solar and mini hydro projects operated by the Group's Industry Inputs, Power & Energy Sector, other energy-intensive sectors such as Hand Protection, Plantations, Eco Solutions and Textiles have increasingly moved towards renewable energy in recent years

ENERGY CONSUMPTION BY SOURCE



	Energy consumption		Renewable energy	
	GJ	%		%
Eco Solutions	92,190	2	65	
Hand Protection	2,045,735	40	93	
Purification	267,746	5	0	
Textiles	1,525,986	30	71	
Construction Materials	115,906	2	0	
Agriculture	30,395	1	0	
Plantations	394,822	8	83	
Industry Inputs, Power and Energy	1,187	0	0	
Transportation and Logistics	439,603	9	0	
Leisure	68,088	1	0	
Consumer and Retail	71,763	1	0	
Other	9,103	0	0	

OUR PROGRESS IN 2021/22

26% increase in energy consumption

Driven by higher operational activity and capacity expansion in several sectors

67% reliance on renewable energy

Supported by several sectors engaging in biomass and solar energy sources

23% increase in renewable energy generated

Supported by ongoing efforts to increase the solar roof top initiative

Rooftop solar project

In 2020, the Group launched an organisation-wide rooftop solar installation project, the details of which are set out below. Our aspiration is to install a solar project on the roofs of all the Group's factories. Progress made to date is given below:



56,746 m²
of roof area converted



8.16 MW
of generation capacity



17,123 CO₂e
Annual reduction



Rs. 981.32 mn
total investment



3.8
Year payback

Ongoing Renewable energy drive

- Installed capacity of over 50MW of renewable energy through the Power & Energy Sector
- Conversion to bio-mass energy sources (Hand Protection, Eco Solutions, Plantations, Textiles)
- Residential and Commercial Solar energy solutions by Fentons

Solar power installation at Mabroc

- The Company invested in solar panels during the year, with the expectation of generating 32 MWh renewable energy per month, which will fulfil nearly 50% of the Company's energy consumption and 72% of electricity consumption.

Solar power generation at Alumex PLC

- During the year, Alumex installed 1.3 MW solar panels thereby reducing dependence on fossil fuel based energy sources



NATURAL CAPITAL



CARBON FOOTPRINT

During the year, the Group made an ambitious commitment to reduce its Scope 1 & Scope 2 emissions by 30% by 2030. This is to be achieved through Group-wide efforts to increase reliance on renewable energy, reduce energy consumption and reduce dependence on fossil fuels. Sector level targets have also been allocated to ensure that the journey to net zero remains a common goal. The Group measures its carbon footprint in line with the WBCSD/WRI Greenhouse Gas (GHG) Protocol Corporate Standard, ISO 14064 and the PAS 2050.

3% reduction of energy consumption related GHG emission of scope 1 and 2 emission annually on 2018/19 baseline

Annual

30% reduction in absolute carbon emission of scope 1 and 2 by 2030

2030 goal

Achieve net zero ambition by 2050

2050 goal

OUR PROGRESS IN 2021/22

12% increase in GHG emissions

In line with increased energy consumption aligned to higher operational activity

20% reduction in emission intensity

Reflecting ongoing efforts to enhance energy efficiency across the Group

669,142 tCO₂e offset

Through the Group's renewable energy generation

Environmentally-friendly consumer durables




The Singer refrigerator range manufactured by Regnis (Lanka) PLC uses the R600a gas technology. This is a substitute for the HFC refrigerants that are damaging to the ozone layer and is 100% environmentally friendly.

Hayleys Fabric Commits to Science Based Targets initiative

Hayleys Fabric committed to SBTi (Science Based Targets initiative) in line with limiting global temperature rise to 1.5°C by 2030 and was the first Sri Lankan industry to do so. In Phase 1, the commitment letter was signed and registered as a committed company which aspires to limit the global temperature rise to 1.5°C. Hayleys Fabric is now in Phase 2 and has submitted targets in December 2021.

Sector	Scope 1 tCO ₂ e	Scope 2 tCO ₂ e	Scope 3 tCO ₂ e	Sector Total (2022) tCO ₂ e	% Share by sector (2022)	Sector Total (2021) tCO ₂ e
Manufacturing						
Eco Solutions	1,719	2,817	503	5,039	2%	4,183
Hand Protection	20,372	16,922	3,464	40,758	18%	41,052
Purification	11,142	18,596	474	30,212	13%	34,410
Textiles	32,975	22,983	1,770	57,728	25%	34,503
Construction Materials	6,224	5,160	563	11,946	5%	9,785
Agriculture and Plantations						
Agriculture	1,776	1,073	1,818	4,667	2%	4,657
Plantations	4,917	6,575	268	11,760	5%	13,085
Services						
Transportation and logistics	32,300	2,608	6,853	41,760	18%	37,714
Consumer	585	10,238	4,222	15,046	7%	15,543
Leisure & Resorts*	2,402	5,672	534	8,608	4%	7,319
Power & Energy	3	184	375	562	0%	331
Others	136	1,290	540	1,966	1%	1,920
Total by Scope	114,551	94,117	21,384	230,052		204,501

NATURAL CAPITAL

Disclosure requirement	Progress made				
 <p>Governance</p>	<ul style="list-style-type: none"> Environmental targets, including emission reduction goals are set out in the Hayleys Lifecode The scope of the Hayleys PLC Audit Committee and Audit Committee of subsidiaries have been expanded to include oversight of ESG issues including climate-related opportunities and risks The Hayleys Group GMC is responsible for implementing the ESG framework across the Group and the Group Sustainability Division drives the agenda. Sectors Report all relevant non-financial performance indicators to the Group Sustainability Division on a quarterly basis Lifecode Champions at Sector level report directly to the Sector Head/CEO on ESG matters 				
 <p>Strategy</p>	<ul style="list-style-type: none"> Key risks/opportunities relating to climate change on the Group's operations including the following; <table border="1" data-bbox="555 793 1500 1247"> <thead> <tr> <th data-bbox="555 793 1029 835">RISKS</th> <th data-bbox="1029 793 1500 835">OPPORTUNITIES</th> </tr> </thead> <tbody> <tr> <td data-bbox="555 835 1029 1247"> <ul style="list-style-type: none"> Physical risks including Impact of adverse weather on the security and quality of the agricultural supply chains Implications of natural degradation on the Group's Plantation and Agricultural Sector Potential damage to properties and other assets Transition risks associated with policy changes in moving to a low-carbon economy </td> <td data-bbox="1029 835 1500 1247"> <ul style="list-style-type: none"> Opportunity to increase reliance on renewable energy Customers' increasing propensity towards climate-friendly, sustainable products Drive process and product innovation </td> </tr> </tbody> </table>	RISKS	OPPORTUNITIES	<ul style="list-style-type: none"> Physical risks including Impact of adverse weather on the security and quality of the agricultural supply chains Implications of natural degradation on the Group's Plantation and Agricultural Sector Potential damage to properties and other assets Transition risks associated with policy changes in moving to a low-carbon economy 	<ul style="list-style-type: none"> Opportunity to increase reliance on renewable energy Customers' increasing propensity towards climate-friendly, sustainable products Drive process and product innovation
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 <p>Risk Management</p>	<p>Climate related risks are assessed through the relevant functions in the respective Sectors; these functions include procurement, engineering, marketing and operations. Risks are monitored at Sector level and reported to the respective Audit Committees for monitoring and follow-up. The Hayleys PLC Audit Committee is also apprised of emerging climate risks through the Internal Audit function and respective sector Audit Committees.</p>				
 <p>Metrics and targets</p>	<ul style="list-style-type: none"> GHG Emissions- Scope 1, 2 and 3 emissions (computation based on the GHG Protocol) - refer to pages 20 to 21 Emission intensity - KgCO₂e / Rs. mn - refer to page 270 				

NATURAL CAPITAL



MATERIAL & WASTE MANAGEMENT

Context

The systems and infrastructure in place are not adequate to effectively collect and redistribute the increasing quantum of materials that are consumed by the global population. As a result, waste including plastics, e-waste and other types of waste pollutes land and waterways and contaminates the air we breathe.

Commitment

Hayleys Group places priority on optimising and managing material consumptions through best business applications while minimising waste generation and effectively managing the waste generated through sustainable disposal methods

We are committed to achieving zero landfill waste by 2030 and all sectors engage in the segregation and responsible disposal of waste, in compliance with regulatory requirements and industry best practice. Effluents discharged from our operations comply with the requisite water quality standards of BOD, COD, TSS, pH and oil and grease levels are checked on a regular basis by independent assessors to ensure they are compliant.

2030 TARGETS

- Zero waste to landfill

Actual in 2021/22:

7% waste to landfill

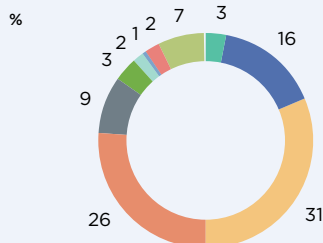
- 25% reduction of waste intensity

Actual in 2021/22:

Waste intensity unchanged over the previous year

MT	2021/22	
	Hazardous	Non-hazardous
Reuse	51	7,217
Recycling	1,146	5,659
Composting	0	1,305
Recovery	0	40
Incineration	5,196	35
Deep well injection	-	3
Landfill	76	1,538
On-site storage	20	6
TOTAL	6,489	15,802

WASTE REPORTED BY SECTORS



- Eco Solutions
- Hand Protection
- Purification
- Textiles
- Construction materials
- Agriculture
- Plantations
- Industry Inputs, Power & Energy
- Transportation & Logistics
- Leisure
- Consumer & Retail
- Others



OUR PROGRESS IN 2021/22

40% increase in waste generation

In line with increased production levels in several key sectors

Waste intensity levels unchanged

7% Waste-to-landfill

Reflecting increased efforts to recycle and re-use waste

Waste and chemical management at Hayleys Agriculture

The Agriculture Sector invested in a facility to treat accumulated liquid waste which is generated in the formulation of agrochemicals. Over the years, accumulation of this waste had led to bad odour and decay in the barrels in which it was being held. The Sector invested in treating concentrated chemicals of nearly 60,000 litres through inhouse capabilities, of which around 20,000 litres were highly concentrated. Following the treatment this was discharged responsibly.

Island-wide e-waste initiative conducted by Singer

Conducted as an ongoing initiative, Singer engages in a large scale, island-wide e-waste collection initiative, through which customers are encouraged to return used electronic items. With over 431 collection points around the island Singer has collected 146,035 kg of e-waste during the year, directly contributing reducing the country’s landfill waste. The Group has a scheduled waste management license from the Central Environmental Authority to collect and transport e-waste. The collected waste is subsequently given to CEA approved third-party recyclers, with transportation and other expenses being incurred by Singer.

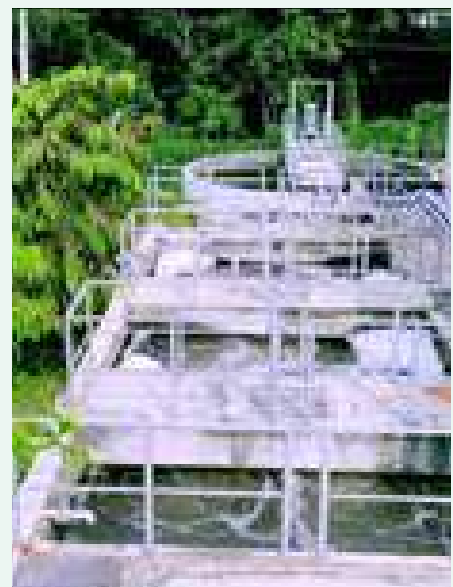
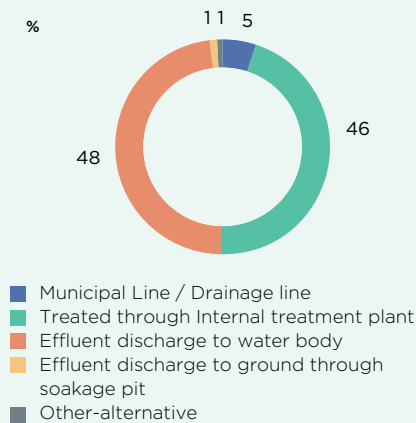
<p>12,275 Televisions</p>	<p>2,913 Refrigerators</p>	<p>2,073 Washing machines</p>	<p>12,789 Other items</p>
--------------------------------------	---------------------------------------	--	--------------------------------------

In addition to the above, several sectors which engaged in capacity expansions also placed parallel focus on expanding the waste management, effluent treatment plants

Effluents

The Group’s manufacturing processes involve the discharge of wastewater and most facilities have installed effluent treatment plants to responsibly dispose of effluents. Wastewater is typically treated and recycled for re-used for gardening and/or organic farming purposes. During the year, several sectors which engaged in capacity expansions also placed parallel focus on expanding the waste management, effluent treatment plants

DISCHARGED BY DISPOSAL METHOD



NATURAL CAPITAL

INVESTMENTS IN WASTEWATER TREATMENT IN THE HAND PROTECTION SECTOR

Hanwella factory

Increased recycling capacity by nearly 3 times, in line with production expansion.

The used water is directed to a manmade wetland cultivated with aqua plants, which acts to absorb pollutant materials. This has resulted in increasing the recycling level to 60%.



Universal Gloves

Established the Group's largest ETP to date at the Universal Gloves factory in line with the addition of a new water intensive manufacturing line.

+Rs.103 mn investment

Recycling capacity of **1,000 CuM** per day

Premier Gloves

Chemical treatment method converted to a biological method which results in a significant reduction in the remaining sludge.

Materials

In line with the principle of circularity gaining popularity, the Group has sought to increase reliance on recycled material as set out below. Other aspects of the Group's material management includes minimising chemical usage, use of eco-friendly raw material and responsible sourcing

The Group's material consumption during the year is as follows:

Renewable materials		
Sector	Metric	2021/22
Purification	Coconut charcoal (MT)	112,207
	Coconut Shells (MT)	45,623
Hand protection	Latex (MT)	13,019
Plantations	Green Leaf (MT)	42,956
	Latex (m ³)	2,745
Eco Solutions	Coconut fibre (MT)	643
	Fibre pith (MT)	2,081
Textile	Grieg (Kg)	803
	Yarn (Kg)	7,789

Non-Renewable materials		
Sector	Metric	2021/22
Construction materials	Aluminium billets (MT)	7,910
Plantations	Agro-chemicals (Litres)	6,747
	Agro-chemicals (KG)	834
Textile	Yarn (recycled)	1,150
	Yarn (non-renewable and other than recycled) (Kg)	3,564
	Grieg (Kg)	1,988
	Dyes and Chemicals (Kg)	14,259



USE OF RECYCLED RAW MATERIALS

The Hand Protection Sector uses recycled PET yarn as an input to a sustainable glove that is manufactured under its range

The Construction Materials Sector has increased the use of recycled aluminium in its production process, thereby reducing the need for virgin aluminium

The Textile Sector uses recycled PET yarn as an input for a special sustainable fabric

BIODIVERSITY AND ECO-SYSTEM PRESERVATION

Launch of 'Kirulu'

During the year, the Hayleys Group marked a major milestone with the launch of Project Kirulu- its flagship biodiversity program, which aims to leverage the Group's extensive land bank, cross-sector synergies and insights on ecosystems to preserve Sri Lanka's rich and vibrant ecosystems. Hayleys has partnered the Mahaweli Authority of Sri Lanka who serves as the project's technical partner through offering advisory services, while the University of Wayamba will engage its students to conduct annual biodiversity assessments of areas covered under the project.

The project was conducted under two phases:

1,200 trees planted during the year

PHASE 1

Talawakelle Tea Estates PLC engaged in an initial tree-planting program of 1,200 saplings, while adopting GPS mapping to analyse the ecosystem and ecological behaviour at identified sites and ensure the sustenance of plant nurseries through frequent biodiversity assessments.



PHASE 2

Expansion of biodiversity conservation to adjacent areas of importance, including rainforest reservations and waterfall ecosystems with the participation of Hayleys Group companies

Green belt and Wetland Biodiversity Zone at Hayleys Fabric

The Group's Textile Sector has reserved 20 acres and 9 acres of land adjoining the factory as a Green Belt and Wetland Biodiversity Zone respectively. Conducted under the guidance of the Central Environment Authority, the initiative included a biodiversity survey by the Environmental Ministry Secretariat, which identified 146 plant species belonging to 63 families and 149 animal species, including 2 endemic plant species and 18 endemic animal species.

Biodiversity corridors by Hayleys Plantations

The Plantation Sector's tea and rubber estates in the hill country and low country wet zones are rich in biodiversity and we are committed to preserving the natural habitats and ecosystems in these areas. The Sector has obtained and complies with Rainforest Alliance while both our plantations are also part of Biodiversity Sri Lanka, a national platform established to promote strong engagement of the corporate sector in biodiversity and environmental conservation in Sri Lanka. During the year, the Sector progressed on this agenda by establishing biodiversity corridors. The Sector also promoted forest reforestation and preservation of biodiversity through an eco-system restoration project at St. Clair Falls which included a self-sustaining business model.

244 hectares with rich biodiversity

Watershed and catchment areas feeding national rivers Nilwala, Gin, Kotmale Oya and Nanu Oya

Great Western, Radella and Holyrood estates are located near Kikiliyamana Natural Forest Reserve

Calsay estate, Nanuoya borders the Conical Hill National Forest, Agrabopaththalawa

Conservation Status	Number of species
Globally threatened	-
Critically endangered	6
Endangered	44
Vulnerable	37
Near threatened	26
Other	113

ANNUAL REPORT OF THE BOARD OF DIRECTORS

1. GENERAL

The Board of Directors of Hayleys PLC has pleasure in presenting their Report on the affairs of the Company together with the Audited Consolidated Financial Statements for the year ended 31st March 2022. The details set out herein provide the pertinent information required under Section 168 of the Companies Act No. 07 of 2007, the Colombo Stock Exchange Listing Rules, Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka and Finance Companies Corporate Governance Direction No 03 of 2008 issued by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No 42 of 2011.

2. REVIEW OF THE BUSINESS

2.1 Principal Business activities of the Company and the Group

Hayleys PLC is a holding Company that owns, directly or indirectly, investments in the numerous Companies constituting the Hayleys Group and provides services to its Group Companies. The Group consists of a portfolio of diverse business operations. The main subsidiaries and equity accounted investees of Hayleys PLC are listed on pages 444 to 448.

The Principal activities of the Group are categorised into different business sectors. i.e. Eco Solutions, Hand Protection, Purification Products, Textiles, Construction Materials, Agriculture, Plantations, Transportation & Logistics, Consumer & Retail, Power & Energy, Leisure and Others. The main activities of the sectors are described in the Portfolio Review pages on 119 to 229 of this Report.

2.2 Review of operations of the Company and the Group

The Group's businesses and their performance during the year, with comments on financial results, as well as future business developments are appraised in the Chairman's message (pages 36 to 47) and portfolio review (pages 119 to 229) of this Report. Those also provide an overall assessment of the state of affairs of the Group and the Company with details of important

events that took place during the period. The investment/disposal activities during the year include the following;

- Disposal of shares - 27,580,356 ordinary shares of Unisyst Engineering PLC held by Hayleys PLC were transferred to Advantis Projects & Engineering (Pvt) Ltd, subsidiary of Hayleys PLC at a consideration of Rs.9.10 per share
- Purchase of shares - 3,151,673 ordinary shares of Hayleys Leisure PLC held by Mr. C. J. Wickramasinghe were purchased by Hayleys PLC.
- Purchase of shares - 357,361,456 (100%) ordinary shares of South Asia Textiles Ltd were purchased by Hayleys Fabric PLC.
- Purchase of shares - 780,000 ordinary shares of S & T Interiors (Pvt) Ltd were purchased by Hayleys Aviation & Projects (Pvt) Ltd.

2.3 Financial Statements of the Company and the Group

The Financial Statements of the Company and the Group are given on pages 304 to 427 of this report.

2.4 Auditors' Report

The Auditor's Report on the Financial Statements of the Company and the Group is given on pages 300 to 303.

2.5 Accounting Policies and changes during the year

The Financial Statements have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 which requires compliance with Sri Lanka Accounting Standards. The detailed accounting policies adopted in the preparation of the Financial Statements are given on pages 315 to 339. There were no changes to the Accounting Policies used by the Group and the Company during the year.

2.6 Entries in the Interests Register

The Company, in compliance with the Companies Act No.7 of 2007, maintains

an Interests Register. As further required by the Act, particulars of entries in the interests register of the Company and those subsidiaries which have not dispensed with the requirement to maintain interests registers, as permitted under Section 30 of the Companies Act, are detailed below.

2.6.1 Directors' interest in transactions

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

2.6.2 Directors' interests in shares

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

Hayleys PLC

Details of Directors' shareholdings in the Company are given later in this report. There were no changes in holdings during the period.

Dipped Products PLC

- 2,000 shares were purchased during the year by Mr. K.Bhaskaran, spouse of Ms. Y.Bhaskaran an alternate Director of Dipped Products PLC
- 54,740 shares were purchased during the year by Mr. N. A. R. S. Nanayakkara, a Director of Dipped Products PLC

Unisyst Engineering PLC

- 18,000 shares were disposed during the year by Mr. S.Munaweera, an Independent Non-Executive Director of Unisyst Engineering PLC

Haycarb PLC

- 30,000 shares were purchased during the year by Mr. S.C. Ganegoda, Mr. S.C. Ganegoda is a Common Director for Hayleys PLC and Haycarb PLC

Alumex PLC

- 26,096,710 shares were disposed during the year by Rosewood (Pvt) Ltd. Mr. R.P. Pathirana is a Non-executive Director of Alumex PLC and Mr. A.J. Hirdaramani, Alternate Director to Mr. R.P. Pathirana is also a Director of Rosewood (Pvt) Ltd.
- 24,750 shares were disposed during the year by Mrs. R. D. Jayawardena, Spouse of Mr. S. Munaweera, an Independent Non-Executive Director of Alumex PLC

The Kingsbury PLC

- 17,138 shares were purchased and 3,564 shares were disposed during the year by Mr. S. C. Ganegoda, Mr. S.C. Ganegoda is a Common Director for Hayleys PLC and The Kingsbury PLC

Hayleys Leisure PLC

- 50,000 shares were disposed during the year by Mr. S. Senaratna, Non-Executive Director of Hayleys Leisure PLC (resigned with effect from 1st February 2022)
- 3,212,672 shares were disposed during the year by Mr. C. J. Wickramasinghe, Non-Executive Director of Hayleys Leisure PLC (resigned with effect from 2nd August 2021)

Hayleys Fabric PLC

- 60,000 shares were purchased and 100,000 shares were disposed during the year by Mr. M. W. R. N Somaratne, Independent Non-Executive Director of Hayleys Fabric PLC.
- 45,000 shares were purchased during the year by Mr. S. C. Ganegoda, Mr. S. C. Ganegoda is a Common Director for Hayleys PLC and Hayleys Fabric PLC.
- 30,000 shares were disposed during the year by Mr. I. B. R. R. Bandara, an Executive Director of Hayleys Fabric PLC.

2.6.3 Payment of remuneration to Directors

Executive Directors' remuneration is structured within an established framework by the Board's Remuneration Committee, to whom this task has been entrusted. The Directors are of

the opinion that the framework assures appropriateness of remuneration and fairness for the Company. The total remuneration of Executive Directors for the year ended 31st March 2022, which is given in Note 10 includes the value of perquisites granted to them as part of their terms of service.

The total remuneration of Non-Executive Directors for the year ended 31st March 2022, which is given in Note 10, is determined according to scales of payment decided upon by the Board. The Board is satisfied that the payment of remuneration is fair to the Company.

2.6.4 Insurance & Indemnity

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

2.7 Directors' Remuneration

Directors' remuneration, in respect of the Company for the financial year 2021/2022 is Rs. 640.75 mn (2021 - Rs. 412.2 mn) consisting of Rs. 628.92 mn for Executive Directors and Rs. 11.83 mn for Non- Executive Directors.

Directors' remuneration in respect of the Company's Subsidiaries for the financial year 2021/2022 is Rs. 2.02 bn (2021 - Rs. 1.50 bn) consisting of Rs. 1.94 bn for Executive Directors and Rs. 83.49 mn for Non-Executive

2.8 Corporate Donations

Donations by the Company amounted to Rs. 5.16 mn (2021 - Rs. 0.26 mn) which includes a sum of Rs. 42,000 (2021 - Rs. 42,000) made to Government approved charities. Donations by the Subsidiaries amounted to Rs. 31.9 mn (2021 - Rs. 24.0 mn).

3. FUTURE DEVELOPMENTS

Future developments are discussed in the Chairman's message (pages 36 to 47), Portfolio review (pages 119 to 229) of this Report.

4. GROUP REVENUE AND INTERNATIONAL TRADE

The revenue of the Group was Rs 338.01 bn (2021 - Rs. 241.27 bn) in the year under review. A detailed analysis of the Group's revenue, profit and asset allocation relating to different segments of the Group's businesses is given in Note 40 to the Financial Statements.

The Group's exports from Sri Lanka, amounted to Rs. 127.07 bn (2021 - Rs. 80.1 bn) at f.o.b. value in the year under review.

The Group's revenue from International Trade, which includes the revenue of overseas subsidiaries in addition to exports from Sri Lanka, amounted to Rs. 174.12 bn (2021 - Rs. 117.4 bn) in the year under review.

Trade between Group companies is conducted at fair market prices.

5. PERFORMANCE AND RESERVES

5.1. Performance

The Group's PBT amounted to Rs. 35.71 bn (2021 - Rs. 19.23 bn). After deducting Rs.7.62 bn (2021 - Rs. 5.19 bn) for taxation the profit was Rs. 28.10 bn (2021 - Rs. 14.05 bn). When an amount of Rs. 9.84 bn (2021 - Rs. 6.41 bn) for non-controlling interests was deducted, the Group profit attributable to owners of the Parent for the year was Rs 18.26 bn (2021 - Rs. 7.68 bn).

5.2 Reserves

Total Group Reserves at 31st March 2022 amounts to Rs. 67.39 bn (2021 - Rs. 47.62 bn) comprising Capital Reserves of Rs. 0.71 bn (2021 - Rs. 0.68 bn), Other components of equity of Rs. 30.08 bn (2021 - Rs. 24.73 bn) and Revenue Reserves of Rs. 35.02 bn (2021 - Rs. 20.62 bn). The composition of reserves is shown in the Statement of Changes in Equity in the Financial Statements.

6. PROPERTY, PLANT AND EQUIPMENT

Capital expenditure during the year, on Property, Plant & Equipment (including capital work-in- progress), Biological assets, Intangible assets and Right-of-use asset by the Group and the Company

ANNUAL REPORT OF THE BOARD OF DIRECTORS

amounted to Rs. 14.54 bn (2021 - Rs. 6.06 bn) and Rs. 35.79 mn (2021 - Rs. 45.00 mn) respectively.

Details relating to capital expenditure on Property, Plant & Equipment (including capital work-in-progress), Right-of-use asset, Investment properties, Biological assets, Intangible assets, are given in Notes 13, 14, 15, 16 and 17 to the Financial Statements.

Extents, locations, number of buildings and valuations of the properties of the Group are given in Statement of Value of Real Estate on pages 432 to 435.

7. MARKET VALUE OF FREEHOLD

The freehold land of the Group has in general been subjected to routine revaluation by independent qualified valuers. The most recent revaluations of the lands were carried out as at 31st March 2022. Details of revaluations, carrying values and market values are provided in Note 13 to the Financial Statements. The Statement on Value of Real Estate on pages 432 to 435 gives details of freehold land held

8. ISSUE OF SHARES AND DEBENTURES

8.1 Issue of Shares and Debentures by the Company

The Company did not issue any shares or Debenture during the year ended 31st March 2022.

8.2 Stated Capital and Debentures

The stated capital of the Company, consisting of 750,000,000 ordinary shares, amounts to Rs. 1,575 mn as at 31st March 2022. There was no change in stated capital during the year.

The debentures of the Company consist of the following:

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

- Thirty million (30,000,000) listed rated senior unsecured redeemable five year (2019/2024) debentures amounting to Rs.3 bn.

9. SHARE INFORMATION

Information relating to earnings, dividend, net assets, market value per share, share trading and distribution of shareholding is given on pages 437 to 439.

10. SUBSTANTIAL SHAREHOLDINGS

10.1 Major shareholdings

Details of the twenty largest shareholders of ordinary shares with the percentage of their respective holdings are given on page 437.

10.2 Public Holding

There were 14,357 (2021 - 9,442) registered shareholders as at 31st March 2022. The percentage of shares held by the public, as per the Colombo Stock Exchange rules being 37.09% (2021 - 37.09%) representing 14,347 shareholders.

11. DIRECTORS

Hayleys PLC

The names of the Directors who held office during the financial year are given below. The brief profiles of the Board of Directors appear on pages 47 to 53.

Executive Directors

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

Non-Executive Directors

- Mr. K.D.D. Perera - (Co-Chairman)
- Ms. A.A.K. Amarasinghe - Alternate Director to Mr. K.D.D. Perera

Independent Non-Executive Directors

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

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

Mr. R.J.Karunarajah, Dr. H. Cabral, PC and Mr. M. Y. A. Perera retire by rotation and being eligible offer themselves for re-election.

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

Subsidiaries

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

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

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Agriculture			
A.M.Pandithage	S.C. Ganegoda	Ms. J. Dharmasena	L.K.B. Godamunne
S.M.Gamage	D.Nilaweera	L.N.Abesekara	S. Rajapakse
M.Symons	A.C.Pathirage	G. Olbrechts	A.N.K. Perera
S.Kodama	Ms. D.G.Talpathewa	M.A.S.Mallawaarachchi	M.A.Rajap
S.I.H.M.Musfiqur	M.Yamahara	K.D.S.Kiriwaththuduwege	S.M.N.S.Samarakoon
J.P.A.D.Rajapakse	A.S.Balasooriya		
Consumer & Retail			
A.M.Pandithage	K.D.D.Perera	S.C. Ganegoda	J. A. M. W. Jayasekera
M.H.Wijewardene	M.Y.A.Perera	M.H.Jamaldeen	J. M. J. Perera
S.L.Athukorala	D.K.de S.Wijeyeratne	D. Sooriyaarachchi	K.D.J.M.Perera
Ms. D. G. Talpathewa	K.D.Kospelawatta	D.H.Fernando	A.K. Halambaarachchige
N.L.S.Joseph	K.D.G.Gunaratne	Ms.H.M.G.De Alwis	R.De Silva
L. S. S. Perera	R.S.Kulasuriya	Ms. W.A.I.Sugathadasa	B.T.L.Mendis
N.M.P.Fernando	T. A. Amarasuriya	A.C.M.Irzan - Alternate	H.P.S.Perera -Alternate
K.M.S.P.Herath	W.A.S.Tharanga	T.M.V.Tenakoon	L.A.D.K.Perera - Alternate
V.J.S.Perera - Alternate	Ms. A.A.K. Amarasinghe -Alternate	K.T.R.Chithrasiri - Alternate	(M. P. A. Salgado)
Leisure			
A.M.Pandithage	K.D.D. Perera	R.J. Karunarahah	S.C.Ganegoda
M H Jamaldeen	Ms.W.D. De Costa	L.N.De.S.Wijeyeratne	Ms.R.N.Ponnambalam
R.De Silva	J P Van Twest	R.S.Tissanayagam	K.T.M. De Soysa
S.J.Wijesinghe	D.L.C.Fernando	Ms. I. Jamaldeen	N.J.De S. Deva-Aditya
P.N.R.Dias	S H Amarasekera	Capt. J.L.C.Fernando	S.I.Wijesinghe
Ms.A.A.K.Amarasinghe -Alternate (C J Wickramasingha)		(S Senaratne)	
Industry Inputs and Power & Energy			
A.M.Pandithage	S.C.Ganegoda	H.S.R. Kariyawasan	J.A.W.M.Jayasekera
M.Y.A.Perera	A.R.De Zilva	C.Kapugeekiyana	Malik J Fernando
S.M.H C. Jayasiri	W.A.S.Tharanga	D.Rangalle	H.Akbarally
M.Najmudeen	Dr. W.G.R.Rajadurai	D.S.Arangala	Merill J Fernando
K.B.M.I.Perera	H. A. Wijayananda	B.Balaratnarajah	Ms.W.A.I.Sugathadasa
P.M.Hirdaramani	(M.B.C.M.Gunasekara)	(M.B.C.M.K. Gunasekara)	
Transportation & Logistics			
A.M.Pandithage	L.R.V. Waidyaratne	S.C. Ganegoda	M.Y.A.Perera
A.B.Ratnayake	Ms. E.M.C.S. Gamage	A.M.Senaratna	M I S Sabar
T.U.K. Peiris	I.A.M.Gahazali	D.Rangalle	A.R. Jowhershah
R.W.P.Polonowita	K.L.C.Fernando	P Jayanetti	A.S.Jayatilleke
F.S.Abeygoonewardena	S.J Wijesinghe	R.Angkriwan	C.I.J. Charles
M.S.M.Rizan	Z.Feng	S.Karunaratne	Capt. P.L Cumaratunga
J C Anandappa	H A H Rodrigo	R.Hassan	A.A.Djohan
M.S.M.Ibrahim	H.Kubota	S.N.Wickremesooriya	S.Munaweera
M.A.J.Ranatunge	A.Saa'id	S.Mahadeva	C.K.de Zoysa
R.A.Perera	W.D.K.de Silva	J.Mathew	W.Y.Fei
M. Haijiao	M.A. Muttalib	T. S. D. Peiris	C.R.K.Bandara

Transportation & Logistics			
K.M.A.Fernando	T.Hanajima	S.Djohan	W.W.J.L.Fernando
A.R.Barnet	M.Nabeel	L.Senanayake	Ms.Z.Yinghui
M.P.Punchihewa	W.Kuroda	Mrs. I.Shaheen	S.E.J.Abeyundere
A V A Perera	S.I. Ramakrishnan	M G I Ahamed	R. L. Karunartne
C.N.J.Gunawardena	S.K.J. Wijayasinghe	A.Herzhauser	K. Celly
K.S.R.Abrew	K.Abeywickrama	Ms. S.S. Jayawardana	M.M.Hossain
D.A.A.Mon	J.R.U. De Silva	S.I.S.M.H.S.Alhashimi	J.D.F.Peries
E.J.Pietersz	R.E. Lisapaly	J.G.Victoria	Ms.V.Jayasundera
T. Vaseeharan	M.S.Thin	D.J.A.Wijesinghe	Ms. D.S. Ediriweera
U.L.J.Perera - Alternate	U. I. B. Dunuwilla	I.A.V.A. Perera -Alternate	H.Ishizaki -Alternate
G. Ramakrishnan	H.T.N.Perera	D.H.Lee	R.J.N.Romanet
P.J.Ng	M.P. Kurukulasuriya	V.V.P Daluwatte	F.J.R.Leleux
A.L.Weerasinghe	C.P De Souza	R S Ramakrishnan	N.P. Samarasinghe
D.T.L.Sanjeewa	J.Sheriff	K.O.I.C Fernando - Alternate	(L.B Culas)
(H.Schmidl)	(J.R.Hill)	(C.James)	(M.F.L. Bourdon)
(L.B.M.Calrino)	(D.M. Jayawardana)	(Y.Sasada)	(T.Kato)
(J. Law)	(T A.S R Fernando)		
Others			
A.M.Pandithage	S.C.Ganegoda	M.H.Jamaldeen	Dr.H.Cabral, PC
H.C.Prematillake	M.Y.A.Perera	N.M.P.Fernando	D.Rangalle
T.M.Hewagama	E.R.P.Goonetilleke	M. S. Mohamed	R.Malewana
P.D.J.Gunawawardena	Ms.D.G.Talpahewa	R.S.S.Perera	L.Somarathna
C.De Silva	H.P.G.S.E.M.De Alwis	G.J.W. De Silva	T.G.Thoradeniya
	N.J.C.De Mel	(R.Joseph)	(Ms.S.Abeytunge)

12. DISCLOSURE OF DIRECTORS' DEALING IN SHARES AND DEBENTURES

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

Directors' holdings, in ordinary shares of the Company are given on page 438.

None of the Directors hold debentures in Hayleys PLC.

13. EMPLOYEE SHARE OWNERSHIP PLANS

The Company does not operate any share option schemes.

14. DIRECTORS' DISCLOSURE OF INTEREST

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

15. RELATED PARTY TRANSACTIONS

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

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

16. ENVIRONMENTAL PROTECTION

The Group's efforts to conserve scarce and non-renewable resources, as well as its environmental objectives and key initiatives, are described in the Natural Capital on pages 271 to 283.

17. STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief are satisfied

that all statutory payments due to the Government, other regulatory institutions and those related to employees have been made on time.

The declaration relating to statutory payments is made in the Statement of Directors' Responsibilities on page 295.

18. EVENTS AFTER THE REPORTING DATE

No event of material significance that requires adjustment to the Financial Statements, has occurred subsequent to the date of the reporting date, other than those disclosed in Note 35 to the Financial Statements on page 410.

19. GOING CONCERN

The Directors, after considering the financial position, operating conditions, regulatory and other factors including

ANNUAL REPORT OF THE BOARD OF DIRECTORS

matters addressed in the Corporate Governance Code, have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Therefore the going concern basis has been adopted in the preparation of the Financial Statements.

20. EXPOSURE TO RISK

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

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

21. APPOINTMENT OF AUDITORS

A resolution for the re-appointment of the Messrs Ernest & Young, Chartered Accountants, as auditors of the company for the year 2022/23 will be proposed at the Annual General Meeting.

22. AUDITORS' REMUNERATION AND INTEREST IN CONTRACTS

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

The Auditors, Messrs Ernst & Young were paid Rs. 2.31 mn (Rs. 1.94 mn), and Rs. 58.18 mn (Rs. 52.20 mn) as audit fees by the Company and its Subsidiaries respectively. In addition, they were paid Rs. 2.03 mn (Rs. 1.57 mn) and Rs. 38.58 mn (Rs. 33.81 mn), by the Company and its Subsidiaries respectively, for non-audit related work, which consisted mainly of tax consultancy services.

In addition to the above, Group companies, both local and overseas, engage other audit firms. Audit fees and payments relating to non-audit work in respect of these firms amount to Rs. 39.59 mn (Rs. 36.50 mn) and Rs. 19.75 mn (Rs. 13.30 mn) respectively.

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

23. RATIOS AND MARKET PRICE INFORMATION

The ratios relating to equity and debt as required by the listing requirements of the Colombo Stock Exchange are given on pages 437 to 439 of this Report.

24. EMPLOYEES & INDUSTRIAL RELATIONS

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

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

The number of persons employed by the Group at year-end was 32,840 (30,765).

25. SHAREHOLDERS

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

26. INTERNAL CONTROLS

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

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


27. CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance rules laid down under the listing rules of the Colombo Stock Exchange. The Corporate Governance Report on pages 58 to 80 discusses this further.

28. ANNUAL GENERAL MEETING

The Annual General Meeting will be on Thursday, 30th June 2022 at 12.15 p.m via online meeting platform. The Notice of the Annual General Meeting appears on page 466.

For and on behalf of the Board



Mohan Pandithage

Chairman & Chief Executive



Sarath Ganegoda

Director



Hayleys Group Services (Private) Limited.

Secretaries

19th May 2022

Comparative figures are shown in brackets.

CHAIRMAN/CHIEF EXECUTIVE'S AND GROUP CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

The Financial Statements of Hayleys PLC and the Consolidated Financial Statements of the Group as at 31st March 2022 are prepared and presented in compliance with the requirements of the following:

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

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

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

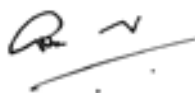
The Audit Committee of the Company meets periodically with the Internal Auditors and the Independent Auditors to review the effectiveness of the audits and to discuss auditing, internal control and financial reporting issues. The Independent Auditors and the Internal Auditors have full and free access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

The Financial Statements were audited by independent external auditors, Messers Ernst & Young, Chartered Accountants. Their report is given on pages 300 to 303 of the Annual Report.

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

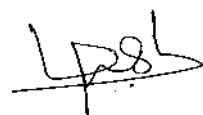
We confirm that,

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



Mohan Pandithage

Chairman & Chief Executive



Choliya De Silva

Group Chief Financial Officer

19th May 2022

DIRECTORS' STATEMENT ON INTERNAL CONTROLS

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

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

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

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

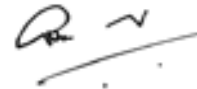
- Instituted various committees to assist the Board in ensuring the effectiveness of Company's operations and the operations are in accordance with the corporate strategies and annual budget.
- The Management Audit and System Review Department (MA & SRD) to review and report on the internal control environment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

- The Audit Committee reviews internal control issues identified by MA & SRD and management, and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits. The minutes of the Audit Committee meetings are tabled at the Board meetings of Hayleys PLC.
- The adoption of new Sri Lanka Accounting Standards comprising LKAS and SLFRS in 2013, processes that are required to comply with new requirements of recognition, measurement, presentation and disclosures were introduced and implemented. Continuous monitoring is in progress to ensure effective implementation of the required processes.
- The comments made by External Auditors in connection with the internal control system during the financial year 2020/21 were taken into consideration and appropriate steps have been taken to incorporate them where appropriate.

Conclusion

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

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



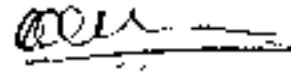
Mohan Pandithage

Chairman & Chief Executive



Sarath Ganegoda

Director



Aravinda Perera

Chairman, Audit Committee

19th May 2022

NOMINATION COMMITTEE REPORT

Composition

- A.M. Pandithage (ED) - Chairman
- K.D.D. Perera (NED)
- Dr. H. Cabral PC (IND/NED)

ED - Executive Director

NED - Non - Executive Director

IND/NED - Independent Non-Executive Director

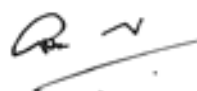
(Refer to pages 48 to 53 for a brief profile of the Directors)

Attendance at Committee Meetings

Director	Attendance
A. M. Pandithage	12/12
K.D.D. Perera	6/12
Dr. H. Cabral PC	11/12

Duties of the Nomination Committee

- Consider of making any appointment of new Directors or re-electing current Directors to the Board.
- Provide advice and recommendations to the Board on any such appointment.
- Review criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment to the Board and Key Management Personnel in the Company.
- Consider if a Director is able to and has been adequately carrying out his or her duties as a Director, taking in to consideration the number of Listed Company Boards on which the Director is represented and other principal commitments.
- Review the structure, size, composition and competencies of the Board and make recommendations to the Board with regard to any changes.
- Recommend the requirements of new expertise and succession arrangements for retiring Directors.
- Recommend on any matter referred by the Board of Directors.
- The Committee has recommended based on the performance and the contribution made to achieve the objectives of the Board to re-elect Mr. R.J.Karunaraja, Dr. H. Cabral, Mr. M.Y.A. Perera to the Board at the Annual General Meeting to be held on 30th June 2022.
- The Committee has recommended to reappoint Mr. A.M. Pandithage who retires having attained the age of seventy one years at the Annual General Meeting to be held on 30th June 2022.



Mohan Pandithage

Chairman

Nomination Committee

19th May 2022

REMUNERATION COMMITTEE REPORT

Composition

- Dr. H. Cabral, PC (IND/NED) - Chairman
- K.D.D. Perera (NED)
- M.Y.A Perera (IND/NED)
- M.H. Jamaldeen (IND/NED)

IND/NED - Independent Non-Executive Director,

NED - Non-Executive Director

(Refer to pages 48 to 53 for a brief profile of the Directors)

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

Attendance at Committee Meetings

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

Duties of the Remuneration Committee

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

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

Remuneration Policy

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

Activities in 2021/22

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

Dr. Harsha Cabral, PC.

Chairman

Remuneration Committee

19th May 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

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

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

The external Auditors, Messrs Ernst & Young, Chartered Accountants who were re- appointed in terms of the Companies Act No. 7 of 2007 were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The report of the Auditors, shown on pages 300 to 303 sets out their responsibilities in relation to the Financial Statements.

Compliance Report

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

By order of the Board

Hayleys Group Services (Private) Limited



Secretaries

19th May 2022

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

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

Composition

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

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

(Refer to pages 48 to 53 for a brief profile of the Directors)

Attendance at Committee Meetings

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

Duties of the Related Party Transactions Committee

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

Activities in 2021/22

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



Dr. Harsha Cabral, PC.

Chairman

Related Party Transactions Review Committee

17th May 2022

AUDIT COMMITTEE REPORT

Composition

- Mr. M.Y.A. Perera (Chairman) : (IND/ NED)
- Dr. H. Cabral : (IND/NED)
- Mr. M.H. Jamaldeen : (IND/NED)
- Mr. G. Gunaratne : (IND/NED)

IND/NED - Independent Non-Executive Director

(Refer to pages 48 to 53 for a brief profile of the Directors)

Attendees,

- Chairman & Chief Executive
- Group Chief Financial Officer
- Head- Corporate Affairs Unit
- Head- Group Management Audit & System Review Department

The Authority of the Audit Committee

- Recommend appointment, dismissal, service period and audit fee of the external auditors.
- The Audit Committee shall establish and maintain a direct communication channel with the external auditors.
- Resolve any issues regarding financial reporting between the management and the external auditor.
- Pre-approve all auditing and non-audit services performed by the external audit firm and internal audit service providers.
- Seek any information it requires from employees or external parties relating to investigations.
- Meet with the management, external auditors as necessary to carry out the assigned duties.

Attendance at Committee Meetings

Director	Attendance
Mr. M.Y.A. Perera	4/4
Dr. H. Cabral, PC	4/4
Mr. M. H. Jamaldeen	4/4
Mr. K. D. G. Gunaratne	3/4

CHARTER OF THE AUDIT COMMITTEE

The Audit Committee Charter is periodically reviewed and revised with the concurrence of Board of Directors to make sure that new developments relating to the function of the Committee. The Charter of the Committee was last reviewed and approved by the Board in April 2021. The terms of reference of the Committee are clearly defined in the Charter of the Audit Committee.

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

MEETINGS OF THE AUDIT COMMITTEE

The Committee met 4 times during the year. The attendance of the members at these meetings is stated in the table on page 67.

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

Activities in 2021/22

FINANCIAL REPORTING SYSTEM

The Committee reviewed the financial reporting system adopted by the Group in the preparation of its quarterly and annual Financial Statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards. The methodology included obtaining statements of compliance from Heads of Finance

and Directors-in-charge of operating units. The Committee recommended the Financial Statements to the Board for its deliberations and issuance. The Committee, in its evaluation of the financial reporting system, also recognised the adequacy of the content and quality of routine management information reports forwarded to its members.

INTERNAL AUDITS

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

The Group Management Audit & Systems Review Department reports on key control elements and procedures in Group companies that are selected according to a group annual audit plan. During year 2021/22, 560 audits were performed covering all 12 sectors of the group. Obtained significant findings and recommendations together with management's responses of the review of the internal controls carried out by internal auditors and provide recommendations for improvement.

Selected entities' internal Audits were outsourced in 2021/22 to leading audit firms in line with an agreed annual group audit plan. The Committee also invited representatives from the audit firms to make presentations on their observations and findings.

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

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

AUDIT COMMITTEE REPORT

RISK MANAGEMENT

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

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

SUBSIDIARY COMPANY AUDIT COMMITTEES

14 listed subsidiaries and 5 unlisted subsidiaries have appointed their own Audit Committees comprising Independent Non-Executive Directors and have met four times each during the year 2021/22. These Audit Committees function independent of the Audit Committee of Hayleys PLC but have similar terms of reference. The minutes of their meetings were made available to Hayleys Audit Committee.

EXTERNAL AUDITS

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

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

APPOINTMENT OF EXTERNAL AUDITORS

The Audit Committee has recommended to the Board of Directors that Messrs Ernst & Young, Chartered Accountants,

continued as Auditors for the financial year ending 31st March 2023 after the evaluating the scope, delivery of the audit, resources and the quality of the assurance initiatives taken during the year 2021/22

COMPLIANCE

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

ETHICS AND GOOD GOVERNANCE

The committee continuously emphasised on upholding ethical values of the staff members. In this regard, Code of Ethics and Whistle-Blowers Policies were put in place and followed educating and encouraging all members of the staff. Hayley's Lifecode developed to introduce Group's ESG framework during the year. All appropriate procedures are in place to conduct independent investigations into incidents reported or through all means. The Whistle-Blower Policy guarantees strict confidentiality of the identity of the Whistle-Blowers.

SRI LANKA ACCOUNTING STANDARDS

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

Progress of implementation of SLFRS:

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

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

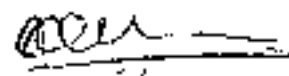
The committee has pursued the support of Messers Ernst and Young Chartered Accountants to assess and review the existing SLFRS policies and procedures adopted by the Group.

SUPPORT TO THE COMMITTEE

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

Evaluation of the Committee:

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



Aravinda Perera

Chairman

Audit Committee

17th May 2022

Advancing Growth

As we advance into the years ahead, our deeply-rooted connections with Sri Lankans across the island enable us to share in a future of collective growth and an unstoppable momentum.

Financial Calendar 2021/22

1st Quarter Report	12th August 2021
2nd Quarter Report	12th November 2021
3rd Quarter Report	14th February 2022
4th Quarter Report	20th May 2022
Annual Report 2020/21	7th June 2022
71st Annual General Meeting	30th June 2022
1st Interim Dividend	7th April 2022



Financial Statements

INDEPENDENT AUDITORS' REPORT



Ernst & Young
Chartered Accountants
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TO THE SHAREHOLDERS OF HAYLEYS PLC

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of Hayleys PLC (the "Company"), and the consolidated financial statements of the Company and its subsidiaries (the "Group"), which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and Group give a true and fair view of the financial position of the Company and Group as at 31 March 2022, and of their financial performance and cash flows for

the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current

period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming the auditors' opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
<p>Revenue</p> <p>The Group derived its revenue of Rs. 338 billion from diverse industries as disclosed in Notes 3.22 and 6 in the financial statements.</p> <p>Revenue was a key audit matter due to;</p> <ul style="list-style-type: none"> the significance of the amount generated from industry specific sales arrangements for products and services coupled with the significant net increase (40%) in revenue recorded by the Group during the year; the high volume of transactions, particularly relating to export sales and the presence of various shipping terms agreed with different customers; and the significance of judgements and estimates applied over revenue recognised for construction and installation contracts, particularly in assessing the completion of performance obligations and the determination of revenue recognition over time or at a point in time. 	<p>We identified industry segments with significant revenue streams and performed the following key procedures;</p> <ul style="list-style-type: none"> Evaluated the design of internal controls and tested the operating effectiveness of relevant controls relating to sale of goods and service arrangements, performed inquiries of management and appropriate analytical procedures to understand and assess the reasonableness of the reported revenues, tested the appropriateness of revenue recognised by reviewing the relevant sales contracts and other supporting documents particularly near to the reporting date, and for construction and installation contracts, reviewed the terms of the contracts to determine whether the related performance obligations have been satisfied for revenue recognition, including review of the methods, certifications and data used to determine the stage of completion <p>We also assessed the adequacy of the disclosures in respect of revenue in Notes 3.22 and 6 to the financial statements.</p>

Key audit matter	How our audit addressed the key audit matter
Measurement of inventories	
<p>As of the reporting date, the Group carried inventories amounting to Rs. 82 billion as disclosed in Note 21.</p> <p>The measurement of inventories was a key audit matter due to;</p> <ul style="list-style-type: none"> the existence of diverse industry specific inventories and the significance of the inventory balance (represented 20% of the Group's total assets), the use of significant management judgement over identifying inventories requiring write down to net realizable value (NRV), and estimates applied in the determination of allowances for inventory obsolescence. 	<p>We performed the following procedures to address specific risks identified in determining the carrying value of inventories.</p> <ul style="list-style-type: none"> Obtained an understanding of the types and forms of inventories maintained by industry segments, together with key processes and controls relating to the management, recording and measurement of inventories, tested the accuracy and completeness of inventory age reports used in the estimation of allowances, and assessed the reasonableness of judgements applied in the identification and recording of inventories at NRV, and estimates applied in the determination of allowances for inventory obsolescence. <p>We also assessed the adequacy of disclosures made in relation to the measurement of inventories in Notes 5.6 and 21 to the financial statements.</p>
Annual impairment assessment of goodwill	
<p>Intangible assets include an amount of LKR. 14 billion relating to goodwill as further detailed in Note 17 to the financial statements.</p> <p>Assessment of impairment of goodwill was a key audit matter due to;</p> <ul style="list-style-type: none"> The degree of assumptions, judgements and estimates associated with deriving the estimated future cashflows used for value-in-use calculations. <p>Key areas of significant judgments, estimates and assumptions included key inputs and assumptions relating to the value-in-use calculations and estimated cash flows, long term growth rates and discount rates, including the potential impact of current economic conditions.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> We gained an understanding of how management has developed its estimation of future cash flows which included the consideration of the impacts of current economic conditions, we assessed the reasonableness of significant assumptions including long term growth rates and discount rates, and we tested the completeness and accuracy of the underlying data used and performed sensitivity analysis of significant assumptions to evaluate the effect on the value in-use calculations. <p>We have also assessed the adequacy of the disclosures made in Note 17 in the financial statements</p>
Impairment allowance for current and non-current trade and other receivables in the Consumer & Retail segment of the Group	
<p>The Group has recognised allowance for expected credit losses relating to trade receivables of Rs. 75 billion, hire debtors of Rs. 6.8 billion, lease rental receivables amounting to Rs. 5.2 billion and loan debtors of Rs. 11 billion as disclosed in Note 22 in the financial statements. These amounts are predominantly derived from the Consumer and Retail segment of the Group for which an impairment allowance of Rs. 6.6 billion has been recorded.</p> <p>The allowance for expected credit losses recorded represent management's best estimate of the losses expected within receivables as at the reporting date. They are calculated for specific assets and on a collective basis for portfolios of receivables of similar nature.</p> <p>The impairment allowance for hire debtors, lease rental receivables and loan debtors in the Consumer & Retail segment of the Group was a key audit matter due to;</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Assessed the appropriateness of the selection of accounting policies based on the requirements of the SLFRS 09, our business understanding and industry practice, evaluated the appropriateness of the management approach over the application and use of practical expedients applied for SLFRS 9, assessed management's processes, systems and controls implemented over impairment assessment, including the completeness, accuracy and relevance of data used, assessed the logics and compilation of the overdue information of loans and advances, finance lease receivables and hire purchases,

INDEPENDENT AUDITORS' REPORT

Key audit matter	How our audit addressed the key audit matter
<ul style="list-style-type: none"> the degree of assumptions, judgements and estimation uncertainty associated with the determination of customer classification categories and expected credit loss modeling (ECL) as per the requirements of SLFRS 09. <p>Such assumptions, judgements and estimates include the identification of loss stages, estimates of probability of default, loss given default, macroeconomic forecasts, exposures at default and discount rate, adjustments for forward looking information and other adjustment factors. In particular, the determination of the loss allowances is heavily dependent on the external macro environment and the sector's internal credit risk management strategy.</p>	<ul style="list-style-type: none"> evaluated the appropriateness of the assumptions used based on our knowledge and information of the client and the industry and assessed whether the macro economic factors have been used with the latest available information to ensure that the latest economic forecasts have been used, and tested the mathematical accuracy of models applied and post- model adjustments. <p>We have also assessed the adequacy of the disclosures made in Note 3.9 and Note 22 in the financial statements</p>

Other information included in the Group's 2022 Annual Report

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

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

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

Responsibilities of management and those charged with governance

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management

determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditors' responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material

if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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



19 May 2022

Colombo

Partners: Mr P Jayasinghe FCA FCMA, R N D S Sarath ACA FCMA, Ms. P A De Silva FCA, Mr R H De Silva FCA ACMA, Ms. J A De Silva FCA, Ms. K S M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K M L Pansala FCA, D P Sarmaga ACA ACMA, A P A Gunawardena FCA FCMA, A HIRANI FCA, D K H Jayasinghe FCA FCMA LLB (LONDON), Ms. A A Laksanapala FCA FCMA, Ms. C G S Manabunga FCA, A A J R Perera ACA ACMA, Mr. P U N Sajeewani FCA, N M Subasinghe ACA ACMA, B E Wijesinghe FCA FCMA, C A Yalagath ACA ACMA

Principals: G B Jayasinghe ACA, Mr. P S Kumaraman ACA LLB (LONDON), T M M Hulsalu FCA FCMA

A member firm of Ernst & Young Global Limited

STATEMENT OF PROFIT OR LOSS

For the year ended 31st March	Notes	Consolidated		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Revenue	6	338,009,580	241,275,661	497,642	422,634
Cost of sales		(258,715,354)	(178,244,709)	(379,217)	(368,700)
Direct interest cost		(1,920,345)	(1,872,405)	-	-
Gross profit		77,373,881	61,158,547	118,425	53,934
Group dividend		-	-	5,145,509	3,618,236
Other income	7	1,997,601	1,467,771	13,111	153,209
Distribution expenses		(12,514,847)	(10,949,210)	-	-
Administrative expenses		(32,842,133)	(25,561,250)	257,512	132,199
Other expenses	8	(420,743)	(162,060)	(6,089)	-
Results from operating activities		33,593,759	25,953,798	5,528,468	3,957,578
Finance income	9	16,831,989	3,175,954	188,410	32,755
Finance cost	9	(14,882,770)	(10,051,725)	(2,219,372)	(2,587,774)
Net finance income/(cost)		1,949,219	(6,875,771)	(2,030,962)	(2,555,019)
Change in fair value of investment properties	15	328,543	195,638	9,250	3,700
Share of profit of equity accounted investees (net of tax)	18	226,794	252,611	-	-
Value added tax on financial services		(381,570)	(292,487)	-	-
Profit before tax	10	35,716,745	19,233,789	3,506,756	1,406,259
Tax (expense)/reversal	11	(7,617,844)	(5,187,582)	139,979	(207,625)
Profit for the year		28,098,901	14,046,207	3,646,735	1,198,634
Profit for the period attributable to:					
Owners of the parent		18,256,527	7,637,231	3,646,735	1,198,634
Non-controlling interest		9,842,374	6,408,976	-	-
Profit for the year		28,098,901	14,046,207	3,646,735	1,198,634
Earnings per share					
Basic - (Rs.)	12	24.34	10.18	4.86	1.60
Diluted - (Rs.)	12	24.34	10.18	4.86	1.60
Dividend per share (Rs.)	12			4.00	1.30

Notes from pages 315 to 427 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March	Notes	Consolidated		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Profit for the year		28,098,901	14,046,207	3,646,735	1,198,634
Other comprehensive income					
Items that will not be reclassified subsequently to the Statement of Profit or Loss					
Revaluation of land	13	3,482,837	-	-	-
Actuarial loss on employee benefit obligations	28	(455,365)	189,862	(140,653)	(12,818)
Net change on equity instruments designated at fair value through other comprehensive income		94,263	117,880	-	-
Tax on other comprehensive income	11	(540,638)	333,557	2,730	(1,571)
Items that will be reclassified subsequently to the Statement of Profit or Loss					
Net exchange differences on translation of foreign operations		7,963,619	1,573,609	-	-
Net loss on cash flow hedges		(1,782,572)	(121,511)	-	-
Share of other comprehensive income of equity accounted investees		(341)	(684)	-	-
Total other comprehensive income for the year, net of tax		8,761,803	2,092,713	(137,923)	(14,389)
Total comprehensive income for the year, net of tax		36,860,704	16,138,920	3,508,812	1,184,245
Total comprehensive income for the year attributable to:					
Owners of the parent		23,397,488	8,818,695	3,508,812	1,184,245
Non-controlling interest		13,463,216	7,320,225	-	-
		36,860,704	16,138,920	3,508,812	1,184,245

Notes from pages 315 to 427 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

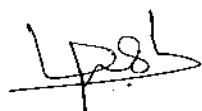
STATEMENT OF FINANCIAL POSITION

As at 31st March	Notes	Consolidated		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Assets					
Non-current assets					
Property, plant & equipment	13	111,189,851	89,685,742	100,095	137,225
Right-of-use assets	14	11,389,087	9,934,309	191,497	255,329
Investment properties	15	2,601,101	2,824,180	88,850	79,600
Biological assets	16	599,064	530,543	-	-
Intangible assets	17	15,544,031	13,272,669	74,310	58,698
Investments in subsidiaries	18	-	-	38,903,712	39,070,361
Investments in equity accounted investees	18	2,164,377	2,097,766	1,504,863	1,504,863
Other non-current financial assets	19	91,199	248,805	57,125	64,687
Non-current trade and other receivables	22	12,331,710	11,912,418	-	-
Other non-current assets	20	983,043	1,007,322	-	-
Deferred tax assets	27	2,803,644	2,311,501	14,771	24,525
Amounts due from subsidiaries	38	-	-	610,000	610,000
Total non-current assets		159,697,107	133,825,255	41,545,223	41,805,288
Current assets					
Inventories	21	82,397,947	53,100,096	7,493	1,739
Amounts due from subsidiaries	38	-	-	3,897,840	2,509,908
Amounts due from equity accounted investees	38	142,891	318,905	1,190	90,985
Trade and other receivables	22	107,082,528	67,226,195	32,907	39,391
Other current assets	20	4,179,463	2,893,143	31,555	19,716
Income tax recoverable	30	837,838	764,443	68,645	-
Other current financial assets	19	1,400,423	463,524	7,706	8,002
Short term deposits		19,927,939	7,876,500	254,515	241,719
Cash in hand and at bank		27,409,656	12,912,378	697,773	85,613
Assets classified as held for sale	39	-	3,021	-	-
Total current assets		243,378,685	145,558,205	4,999,624	2,997,073
Total assets		403,075,792	279,383,460	46,544,847	44,802,361
Equity and liabilities					
Stated capital	23	1,575,000	1,575,000	1,575,000	1,575,000
Capital reserves		711,396	688,411	13,226	13,226
Other components of equity		30,077,359	24,734,483	-	-
Revenue reserves		35,026,096	20,620,432	15,027,783	14,518,971
Total equity attributable to equity holders of the company		67,389,851	47,618,326	16,616,009	16,107,197
Non-controlling interest		37,896,875	27,580,255	-	-
Total equity		105,286,726	75,198,581	16,616,009	16,107,197

As at 31st March	Notes	Consolidated		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Non-current liabilities					
Interest-bearing borrowings	25	63,540,193	51,503,754	18,265,278	19,205,466
Grants	26	838,161	836,618	-	-
Deferred tax liabilities	27	7,433,449	5,357,821	-	-
Security deposits	24	1,462,347	1,366,565	-	-
Other non-current liabilities	29	1,637,526	1,666,017	-	-
Other non-current financial liabilities	19	2,317,848	2,091,132	-	-
Employee benefit obligations	28	11,208,145	9,777,004	1,298,429	1,055,971
Total non-current liabilities		88,437,669	72,598,911	19,563,707	20,261,437
Current liabilities					
Trade and other payables	29	79,256,611	52,983,547	1,268,500	1,147,119
Other current liabilities	29	7,725,691	3,897,687	29,704	17,185
Deferred revenue	29	618,787	492,080	-	-
Other current financial liabilities	19	9,828,666	8,374,066	-	-
Amounts due to subsidiaries	38	-	-	672,807	224,881
Amounts due to equity accounted investees	38	322	8,036	322	3,152
Income tax payable	30	3,527,178	2,871,625	-	84,485
Current portion of long term interest-bearing borrowings	25	27,568,587	24,677,856	5,361,853	4,945,176
Short-term interest-bearing borrowings	31	80,825,555	38,280,739	3,031,945	2,011,729
Liabilities directly associated with assets classified as held for sale	39	-	332	-	-
Total current liabilities		209,351,397	131,585,968	10,365,131	8,433,727
Total liabilities		297,789,066	204,184,879	29,928,838	28,695,164
Total equity and liabilities		403,075,792	279,383,460	46,544,847	44,802,361

Notes from pages 315 to 427 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

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

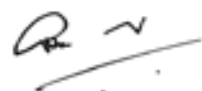


Choliya De Silva

Group Chief Financial Officer

The Directors are responsible for these Financial Statements.

Signed for and on behalf of the Board.



Mohan Pandithage

Chairman & Chief Executive



Sarath Ganegoda

Director

19th May 2022

STATEMENT OF CHANGES IN EQUITY

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

Revaluation reserve relates to the revaluation of land

Details of the other **capital reserves** are given in Note 23.1 to the Financial Statements.

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

Fair value reserve of financial assets at FVOCI relates to change in fair value of financial assets at FVOCI.

holders of the Company									
of equity		Revenue Reserves					Shareholders' funds	Non-controlling interest	Total equity
Cash flow hedge reserve	Foreign currency translation reserve	General reserve	Timber reserve	Bearer Biological reserve	Retained earnings				
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
(849,098)	3,798,203	2,279,714	114,574	10,015	18,216,129	47,618,326	27,580,255	75,198,581	
-	-	-	(2,170)	1,668	18,257,029	18,256,527	9,842,374	28,098,901	
-	4,609,638	-	-	-	-	4,609,638	3,357,981	7,963,619	
-	-	-	-	-	(330)	(330)	(11)	(341)	
(1,588,176)	-	-	-	-	-	(1,588,176)	(194,396)	(1,782,572)	
-	-	-	-	-	-	57,781	36,482	94,263	
-	-	-	16,444	-	(16,444)	-	-	-	
-	-	-	-	-	-	2,963,118	519,719	3,482,837	
-	-	-	-	-	(427,344)	(427,344)	(28,021)	(455,365)	
-	-	-	-	-	59,105	(473,726)	(66,912)	(540,638)	
(1,588,176)	4,609,638	-	16,444	-	(385,013)	5,140,961	3,620,842	8,761,803	
(1,588,176)	4,609,638	-	14,274	1,668	17,872,016	23,397,488	13,463,216	36,860,704	
-	-	-	-	-	(3,000,000)	(3,000,000)	(3,656,018)	(6,656,018)	
-	-	150	-	-	214,873	-	-	-	
-	-	150	-	-	(2,785,127)	(3,000,000)	(3,656,018)	(6,656,018)	
(2,339)	2,330	676	258	22	(698,273)	(625,963)	473,148	(152,815)	
-	-	-	-	-	-	-	(6,000)	(6,000)	
-	-	-	-	-	-	-	42,274	42,274	
(2,339)	2,330	676	258	22	(698,273)	(625,963)	509,422	(116,541)	
(2,339)	2,330	826	258	22	(3,483,400)	(3,625,963)	(3,146,596)	(6,772,559)	
(2,439,613)	8,410,171	2,280,540	129,106	11,705	32,604,745	67,389,851	37,896,875	105,286,726	

Timber reserve relates to change in fair value of managed trees which include commercial timber plantations cultivated on estates.

Cash flow hedge reserve relates to effective portion of the gain or loss on the hedging instruments. Details are given in Note 23.1.4 to the financial statements.

Notes from pages 315 to 427 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2021	Attributable to equity				
	Stated capital	Capital Reserves		Other component	
		Reserve on scrip issue	Other capital reserve	Revaluation reserve	Fair value reserve of financial assets at FVOCI
Consolidated	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1st April, 2020	1,575,000	176,795	499,309	21,518,151	1,785
Profit for the year	-	-	-	-	-
Other comprehensive income					
Net exchange differences on translation of foreign operations	-	-	-	-	-
Share of other comprehensive income of equity accounted investees	-	-	-	-	-
Net loss on cash flow hedges	-	-	-	-	-
Net change on equity instruments designated at fair value through other comprehensive income	-	-	-	-	78,374
Realised gain on timber	-	-	-	-	-
Actuarial loss on employee benefit obligations	-	-	-	-	-
Income tax on other comprehensive income	-	-	-	279,892	(1,700)
Total other comprehensive income	-	-	-	279,892	76,674
Total comprehensive income for the year	-	-	-	279,892	76,674
Transactions with owners, recorded directly in equity					
Dividends to equity holders	-	-	-	-	-
Transfers	-	-	14,640	-	(1,180)
Total contributions by and distributions to owners	-	-	14,640	-	(1,180)
Changes in ownership interests in subsidiaries					
Transfer from equity accounted investee to subsidiary	-	-	-	-	-
Adjustment on changes to non-controlling interest in subsidiaries	-	(1,363)	(970)	(89,136)	(808)
Total changes in ownership interests in subsidiaries	-	(1,363)	(970)	(89,136)	(808)
Total transactions with owners	-	(1,363)	13,670	(89,136)	(1,988)
Balance as at 31st March 2021	1,575,000	175,432	512,979	21,708,907	76,471

holders of the Company									
of equity		Revenue Reserves				Shareholders' funds	Non-controlling interest	Total equity	
Cash flow hedge reserve	Foreign currency translation reserve	General reserve	Timber reserve	Bearer Biological reserve	Retained earnings				
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
(750,405)	2,875,401	2,290,444	111,714	3,482	11,402,883	39,704,559	23,151,943	62,856,502	
-	-	-	3,455	6,533	7,627,243	7,637,231	6,408,976	14,046,207	
-	934,593	-	-	-	-	934,593	639,016	1,573,609	
					(654)	(654)	(30)	(684)	
(130,999)	-	-	-	-	-	(130,999)	9,488	(121,511)	
-	-	-	-	-	-	78,374	39,506	117,880	
-	-	-	(595)	-	595	-	-	-	
-	-	-	-	-	29,912	29,912	159,950	189,862	
-	-	-	-	-	(7,954)	270,238	63,319	333,557	
(130,999)	934,593	-	(595)	-	21,899	1,181,464	911,249	2,092,713	
(130,999)	934,593	-	2,860	6,533	7,649,142	8,818,695	7,320,225	16,138,920	
-	-	-	-	-	(975,000)	(975,000)	(3,103,476)	(4,078,476)	
-	-	366	-	-	(13,826)	-	-	-	
-	-	366	-	-	(988,826)	(975,000)	(3,103,476)	(4,078,476)	
-	-	-	-	-	-	-	130,640	130,640	
32,306	(11,791)	(11,096)	-	-	152,930	70,072	80,923	150,995	
32,306	(11,791)	(11,096)	-	-	152,930	70,072	211,563	281,635	
32,306	(11,791)	(10,730)	-	-	(835,896)	(904,928)	(2,891,913)	(3,796,841)	
(849,098)	3,798,203	2,279,714	114,574	10,015	18,216,129	47,618,326	27,580,255	75,198,581	

Notes from pages 315 to 427 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March	Stated capital	Capital Reserve	Revenue Reserve		Total
			Other capital reserve	General reserve	
Company	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1st April, 2021	1,575,000	13,226	382,087	14,136,884	16,107,197
Profit for the year	-	-	-	3,646,735	3,646,735
Other comprehensive income					
Actuarial loss on employee benefit obligations	-	-	-	(140,653)	(140,653)
Income tax on other comprehensive income	-	-	-	2,730	2,730
Total other comprehensive income	-	-	-	(137,923)	(137,923)
Total comprehensive income for the year	-	-	-	3,508,812	3,508,812
Transactions with owners, recorded directly in equity					
Dividends to equity holders	-	-	-	(3,000,000)	(3,000,000)
Total contributions by and distributions to owners	-	-	-	(3,000,000)	(3,000,000)
Total transactions with owners	-	-	-	(3,000,000)	(3,000,000)
Balance as at 31st March 2022	1,575,000	13,226	382,087	14,645,696	16,616,009
Balance as at 1st April, 2020	1,575,000	13,226	382,087	13,927,639	15,897,952
Profit for the year	-	-	-	1,198,634	1,198,634
Other comprehensive income					
Actuarial loss on employee benefit obligations	-	-	-	(12,818)	(12,818)
Income tax on other comprehensive income	-	-	-	(1,571)	(1,571)
Total other comprehensive income	-	-	-	(14,389)	(14,389)
Total comprehensive income for the year	-	-	-	1,184,245	1,184,245
Transactions with owners, recorded directly in equity					
Dividends to equity holders	-	-	-	(975,000)	(975,000)
Total contributions by and distributions to owners	-	-	-	(975,000)	(975,000)
Total transactions with owners	-	-	-	(975,000)	(975,000)
Balance as at 31st March 2021	1,575,000	13,226	382,087	14,136,884	16,107,197

Notes from pages 315 to 427 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

For the year ended 31st March	Notes	Consolidated		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Cash flows from operating activities					
Cash generated from operations	A	17,183,289	36,719,920	5,147,092	4,093,091
Employee benefit paid	28	(1,011,913)	(851,217)	(34,924)	(47,443)
Income tax paid	30	(6,635,021)	(2,940,271)	(667)	(15,104)
Net cash inflow from operating activities		9,536,355	32,928,432	5,111,501	4,030,544
Cash flows from investing activities					
Purchase and construction of property, plant & equipment		(14,040,140)	(5,768,264)	(19,908)	(44,957)
Investments in other non-current assets		(178,458)	(79,263)	-	-
Investments in other current financial assets		(10,594,939)	(2,569,859)	(7,278,000)	(227)
Investments in other non-current financial assets		(1,200)	-	-	-
Development of biological assets		1,059	(15,192)	-	-
Grants received - capital	26	38,950	82,779	-	-
Improvements to investment property	15	-	(2,282)	-	-
Proceeds from disposal of property, plant & equipment		166,971	280,672	30	356
Proceeds from disposal of intangible assets		49,722	93,984	-	-
Proceeds from disposal of current financial assets		9,731,452	2,567,831	7,308,563	-
Proceed from sale of investment properties		400,000	93,000	-	-
Proceeds from disposal of subsidiaries		30,592	-	-	-
Purchase of intangible assets		(487,147)	(270,932)	(15,885)	-
Long term investments in group companies and others		(4,608,960)	94,678	(70,161)	(23,667)
Proceeds from disposal of subsidiary shares		-	-	249,921	215,989
Proceeds from disposal of shares of non-current financial assets		245,611	170,056	-	39,420
Interest received		1,301,488	579,391	99,828	19,086
Net movement in deferred revenue		126,707	108,864	-	-
Dividends received from equity accounted investees		137,500	137,500	-	-
Dividends received from non-group companies	9	6,413	4,417	249	319
Net cash used in investing activities		(17,674,379)	(4,492,620)	274,637	206,319
Net cash inflow/(outflow) before financing		(8,138,024)	28,435,812	5,386,138	4,236,863
Cash flows from financing activities					
Payment on lease		(2,446,418)	(2,121,159)	-	-
Interest paid (including interest capitalised)		(9,955,142)	(7,664,020)	(2,173,690)	(2,525,448)
Dividend paid to non-controlling interest		(3,656,018)	(3,103,476)	-	-
Proceeds from interest-bearing borrowings		37,806,769	37,333,408	5,800,000	11,200,000
Repayment of interest-bearing borrowings		(28,099,956)	(41,086,784)	(6,275,000)	(9,153,000)
Net movement in financial liabilities		1,681,316	3,450,153	-	-
Net movement in security deposits		95,782	(28,046)	-	-
Acquisition of non-controlling interest		(152,815)	150,995	-	-
Dividends paid to equity holders of parent		(3,132,708)	(225,000)	(3,132,708)	(225,000)
Net cash outflow from financing activities		(7,859,190)	(13,293,929)	(5,781,398)	(703,448)
Net increase/(decrease) in cash and cash equivalents		(15,997,214)	15,141,883	(395,260)	3,533,415
Cash and cash equivalents at beginning of the year		(17,490,746)	(32,632,629)	(1,684,397)	(5,217,812)
Cash and cash equivalents at end of the year	B	(33,487,960)	(17,490,746)	(2,079,657)	(1,684,397)

Notes from pages 315 to 427 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

For the year ended 31st March	Notes	Consolidated		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
A. Cash generated from operations					
Profit before tax		35,716,745	19,233,789	3,506,756	1,406,259
Adjustments for:					
Net finance costs	9	(1,949,219)	6,875,771	2,030,962	2,555,019
Share of profits from equity accounted investees	18	(226,794)	(252,611)	-	-
Depreciation on property, plant & equipment	13	6,407,181	5,330,155	48,585	62,978
Impairment of property, plant & equipment	13	97,620	5,000	-	-
Depreciation of right-of-use assets	14	1,752,023	1,715,456	63,832	63,832
Change in fair value of investment properties	15	(328,543)	(195,638)	(9,250)	(3,700)
Change in fair value of agricultural produce on bearer biological assets		(2,511)	(21,897)	-	-
Change in fair value of biological assets	16	(67,692)	(10,111)	-	-
(Gain)/loss on the disposal of property, plant & equipment		(37,258)	(55,645)	6,089	(141)
Gain on disposal of non-current financial assets		-	(35,075)	-	(35,075)
Gain on disposal of subsidiary/subsidiary shares	7	(6,592)	-	(13,111)	(117,993)
Gain on the disposal of investment properties	7	(7,378)	-	-	-
Amortisation of intangible assets	17	259,642	205,984	2,606	-
Impairment of goodwill	17	137,864	-	-	-
Net gains on translation of foreign currency		12,456,930	2,165,334	-	-
Impairment of trade & other receivables	22	925,027	902,758	-	-
Provision for unrealised profit and write-down of inventories		1,915,933	442,703	-	-
Impairment/amortisation of other non-current assets		95,904	33,798	-	-
Gain on bargain purchase	7	(12,305)	-	-	-
Provision for post employee benefit obligations	28	1,514,224	1,511,196	137,836	138,045
Grants amortised	7	(37,407)	(34,154)	-	-
		58,603,424	37,816,813	5,774,305	4,069,224
(Increase)/decrease in trade and other receivables and other current assets		(40,063,552)	(10,384,252)	(1,247,436)	19,432
(Increase)/decrease in inventories		(29,456,558)	(11,218,090)	(5,754)	36
Increase/(decrease) in trade and other payables		28,099,975	20,505,449	625,977	4,399
		17,183,289	36,719,920	5,147,092	4,093,091
B. Analysis of cash and cash equivalents					
Cash in hand and at bank *		27,409,656	12,913,493	697,773	85,613
Short-term deposits		19,927,939	7,876,500	254,515	241,719
		47,337,595	20,789,993	952,288	327,332
Short-term interest bearing borrowings	31	(80,825,555)	(38,280,739)	(3,031,945)	(2,011,729)
Cash and cash equivalents		(33,487,960)	(17,490,746)	(2,079,657)	(1,684,397)

* Includes discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 Reporting Entity

Hayleys PLC is a Company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. Corporate information, the address of the Company's registered office and the principal place of business are given on page 465 in this Annual Report.

1.2 Consolidated Financial Statements

The Financial Statements for the year ended 31 March 2022 comprise "the Company" referring to Hayleys PLC as the holding Company and the "Group" referring to companies that have been consolidated therein together with the group's Interests in Equity Accounted Investees.

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

Descriptions of the nature of operations and principal activities of the Company, its subsidiaries and equity accounted investees are given on pages 444 to 448 to the Financial Statements.

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

1.4 Approval of Financial Statements

The Consolidated Financial Statements of Hayleys PLC and its subsidiaries (collectively, the Group) for the year ended 31 March 2022 were authorised for issue by the Directors on 19 May 2022.

1.5 Responsibility for Financial Statements

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

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with

the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and with the requirements of the Companies Act No. 07 of 2007.

2.2 Basis of Measurement

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

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

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

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

2.3 Functional and Presentation Currency

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

2.4 Materiality and Aggregation

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

2.5 Comparative information

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

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

2.6 Rounding

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

2.7 Offsetting

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Basis of Consolidation

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

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

3.1.1 Subsidiaries

Subsidiaries are those entities controlled by the Group. Control is achieved when the Group is exposed, or rights to variable returns from its involvement with the investee and has the ability to affect

NOTES TO THE FINANCIAL STATEMENTS

those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or Loss and each component of Other Comprehensive Income are attributed to equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the Financial Statements of subsidiaries to bring their accounting policies in line with the Group's

accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

3.1.2 Consolidation of subsidiaries with different accounting periods

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

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

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

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

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

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

3.2 Business Combination and Goodwill

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

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

with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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

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

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

consideration transferred, then the gain is recognised in the Statement of Profit or Loss.

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

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

3.3 Foreign Currency

3.3.1 Transactions and balances

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

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

Non-monetary assets and liabilities which are measured in terms of historical cost in a foreign currency are translated using exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the

exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on the change in fair value of the item (i.e., translation differences on items of which fair value gain or loss is recognised in OCI or Profit or Loss are also recognised in OCI or Profit or Loss, respectively).

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

3.3.2 Foreign operations

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

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

3.3.3 Current versus non-current classification

The Group presents assets and liabilities in the Statement of Financial Position based on current/non-current

NOTES TO THE FINANCIAL STATEMENTS

classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in a normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in a normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

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

3.4 Fair Value Measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.5 Property, Plant & Equipment

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

3.5.1 Basis of recognition

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

3.5.2 Basis of measurement

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

3.5.3 Owned assets

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

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

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

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

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

3.5.4 Subsequent costs

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

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

3.5.5 Permanent land development costs

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

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

3.5.6 Derecognition

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

3.5.7 Depreciation

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

Description	Period
Buildings	20 - 50 years
Software	03 - 05 years
Plant & machinery	05 - 20 years
Stores equipment	05 - 10 years
Motor vehicles	04 - 10 years
Furniture, fittings & office equipment	02 - 13 years
Vessels	05 - 25 years

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

3.5.8 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3.5.8.1 Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

3.5.8.1.1 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred,

NOTES TO THE FINANCIAL STATEMENTS

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

Description	Period
Land	02-50 years
Buildings	02-16 years
Machinery & store Equipment	20 years
Motor vehicles	02-05 years
Furniture, fittings & office equipment	
Vessels	01-02 years
Mature/Immature plantation	20-33 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment as more fully described in Note 3.13 Impairment of non-financial assets.

3.5.8.1.2 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

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

The Group applies the short-term lease recognition exemption to its short-term leases. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.5.8.2 Group as a lessor

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

3.6 Investment Property

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

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

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

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner occupied property the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

3.7 Intangible Assets

3.7.1 Basis of recognition

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

3.7.2 Basis of measurement

Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are

carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the Statement of Profit or Loss in the year in which the expenditure is incurred.

3.7.3 Useful economic lives and amortisation

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with finite useful lives are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category that is consistent with the function of the intangible assets.

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

3.7.4 Derecognition of intangible assets

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

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

3.7.5 Research and development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete and its ability and intention to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

3.7.6 Brand name

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

3.7.7 Customer list

The present value of the income anticipated from repeat customer lists of travel agents as at the acquisition date is recognised as an intangible asset

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

3.7.8 Trade mark

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

3.7.9 Other intangible assets

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

3.7.10 Subsequent expenditure

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

3.7.11 Amortisation

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

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

3.8 Biological Assets

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

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

3.8.1 Bearer biological assets

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

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

3.8.2 Infilling cost on bearer biological assets

The land development costs incurred in the form of infilling have been capitalised to the relevant mature field, only where the number of plants per hectare exceeded 3,000 plants and, also if it increases the expected future benefits from that field, beyond its pre-infilling performance assessment. Infilling costs so capitalised are depreciated over the newly assessed remaining useful economic life of the relevant mature plantation, or the unexpired lease period, whichever is lower.

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

3.8.3 Consumable biological asset

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

The main variables in DCF model concerns

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

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

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

3.8.4 Nursery plants

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

3.9 Financial instruments

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

3.9.1 Financial assets

3.9.1.1 Initial recognition and measurement

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

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

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets,

or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

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

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

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

value of the assets managed or the contractual cash flows collected; and

- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

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

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

3.9.1.2 Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

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

Financial assets at fair value through OCI (debt instruments)

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

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

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

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

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

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

Financial assets at fair value through profit or loss

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

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the Statement of Profit or Loss when the right of payment has been established.

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

3.9.1.3 Derecognition

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

3.9.1.4 Impairment of financial assets

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

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

irrespective of the timing of the default (a lifetime ECL).

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

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

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

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

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

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

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

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

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

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

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

Credit-impaired financial assets

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

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

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

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

Write-offs

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

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

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

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

No impairment loss is recognised on equity investments.

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

- Debt investment securities that are determined to have low credit risk at the reporting date; and

- Other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

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

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

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

Measurement of ECL

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

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

- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

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

Probability of Default (PD)

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

Loss Given Default (LGD)

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

Exposure at default (EAD)

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

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

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

The mechanics of the ECL method are summarised below:

- **Stage 1 :** The 12 month ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12-month ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.
- **Stage 2 :** When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- **Stage 3 :** For loans considered credit-impaired the Group recognises the lifetime expected credit losses. The method is similar to that of Stage 2 assets, with the PD set at 100%.

Restructured financial assets

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

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value

of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

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

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

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

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

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

Presentation of allowance for ECL in the Statement of Financial Position

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

- Financial assets measured at amortised cost as a deduction from the gross carrying amount of the assets;
- Loan commitments and financial guarantee contracts: generally, as a provision;
- Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component.

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Any excess of the loss allowance over the gross amount of the drawn components presented as a provision; and

- Debt instruments measured at FVOCI - no loss allowance is recognised in the Statement of Financial Position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-off

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

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

3.9.2 Financial liabilities

3.9.2.1 Initial recognition and measurement

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

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

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

3.9.2.2 Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

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

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

Loans and borrowings

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

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

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts

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

3.9.2.3 Derecognition

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

3.9.3 Offsetting of financial instruments

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

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

3.9.4 Derivative financial instruments and hedge accounting

3.9.4.1 Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are

subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

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

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

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

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

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is

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

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

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

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

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

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After

discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

3.10 Fair Value of Financial Instruments

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

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

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

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

3.11 Non-Current Assets held for Sale and Discontinued Operations

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

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to

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complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

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

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

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

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

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

Additional disclosures are provided in Note 39. All other notes to the Financial Statements include amounts for continuing operations, unless indicated otherwise.

3.12 Inventories

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

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

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

Net realisable value is the estimated selling price in the ordinary course of business less, the estimated cost of completion and the estimated costs necessary to make the sale.

3.12.1 Agricultural produce harvested from biological assets

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

3.13 Impairment of Non-Financial Assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current

market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

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

or Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

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

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

3.14 Cash and Cash Equivalents

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

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

3.15 Employee Benefits

3.15.1 Defined contribution plans

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

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

3.15.2 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by LKAS 19 - "Employee benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 28. Any changes in these assumptions will impact the carrying amount of defined benefit obligations. Actuarial gains or losses are recognised in full in the Other Comprehensive Income.

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

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

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

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

3.15.3 Short-term benefits

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

3.16 Provisions

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.17 Grants and Subsidies

Grants and subsidies are recognised where there is a reasonable assurance that the grant / subsidy will be received and all attaching conditions, if any, will be complied with. When the grant relates to an expense item, it is recognised as

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income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

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

3.18 Warranties

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

3.19 Contingent Liabilities Recognised in a Business Combination

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

3.20 Ordinary shares

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

3.21 Regulatory Provisions

3.21.1 Deposit insurance scheme

In terms of the Finance Companies Direction No. 02 of 2010 - 'Insurance of Deposit Liabilities' issued on 27th September 2010 all Registered Finance Companies are required to insure their deposit liabilities in the Deposit Insurance Scheme operated by the Monetary Board in terms of Sri Lanka Deposit Insurance Scheme Regulations No. 01 of 2010

issued under Sections 32A to 32E of the Monetary Law Act with effect from 1st October 2010.

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

- Deposit liabilities to member institutions.
- Deposit liabilities to Government of Sri Lanka.
- Deposit liabilities to Directors, Key Management Personnel and other related parties as defined in Finance Companies Act Direction No. 03 of 2008 on Corporate Governance of Registered Finance Companies.
- Deposit liabilities held as collateral against any accommodation granted.
- Deposit liabilities falling within the meaning of dormant deposits in terms of the Finance Companies Act, funds of which have been transferred to the Central Bank of Sri Lanka.
- Registered Finance Companies are required to pay a premium of 0.15% on eligible deposit liabilities as at end of the month to be payable within a period of 15 days from the end of the respective month.

3.21.2 Reserve fund

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

3.22 Revenue from Contracts with Customers

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

The Group has several operating

segments which are described in Note 41 to these Financial Statements. In all operating segments, the Group has generally concluded that it is the principal in its revenue arrangements, except for agency services described in 3.22.2.3 below, because it typically controls the goods or services before transferring them to the customer.

3.22.1 Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

3.22.1.1 Variable consideration

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

3.22.1.2 Significant financing component

The Group receives short-term advances from its customers. Using the practical expedient for short term advances in SLFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service

will be one year or less. Where long-term advances are received from customers, the transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

3.22.1.3 Warranty obligations

In several sectors, the Group provides warranties for general repairs of defects that existed at the time of sale. These assurance type warranties are accounted for under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets. The Group also provides a warranty beyond fixing defects that existed at the time of sale in several sectors. These service-type warranties are sold either separately or bundled together with the sale of goods. Contracts for bundled sales of goods and a service-type warranty comprise two performance obligations because the promises to transfer the equipment and to provide the service type warranty are capable of being distinct. Using the relative stand-alone selling price method, a portion of the transaction price is allocated to the service type warranty and recognised as a contract liability. Revenue is recognised over the period in which the service-type warranty is provided based on the time elapsed.

3.22.1.4 Loyalty points programme

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

When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of

the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

3.22.1.5 Non-cash considerations

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

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

3.22.1.6 Consignment arrangements

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

3.22.2 Rendering of services

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

3.22.2.1 Hospitality revenue

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

3.22.2.2 Maintenance services

Certain sectors within the group provide customers with complementary servicing of consumer durable goods sold by the Group within a defined period. Such

servicing arrangements are identified as separate performance obligations and revenue is recognised when the complementary services are provided to the customer.

3.22.2.3 Agency services

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

3.22.3 Construction and installation contracts

In relation to contracts which involve the construction and installation of assets on behalf of its customers, the Group assesses the nature of the respective contracts as to whether such is reflective of goods or services transferred at a point in time or satisfied over a period of time.

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

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

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

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3.22.4 Contract assets

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

3.22.5 Contract liabilities

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

3.22.6 Assets and liabilities arising from rights of return

3.22.6.1 Right of return assets

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

3.22.6.2 Refund liabilities

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

3.22.6.3 Cost to obtain a contract

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

3.23 Income relating to Financial Services in Consumer and Retail Sector

3.23.1 Interest

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

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

3.23.2 Hire purchase, lease, loans and advances

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

3.23.2.1 Service fee income on hire purchase

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

3.23.3 Fees and commission

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

3.24 Other Income

3.24.1 Dividends

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

3.24.2 Grants

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

3.24.3 Gains and losses

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

3.24.5 Other income

Other income is recognised on an accrual basis.

3.25 Expenses

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

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

3.25.1 Borrowing costs

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

3.26 Finance income

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

3.27 Finance Cost

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

3.28 Tax Expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Statement of Profit or Loss except to the extent that it relates to a business combinations, or items recognised directly in Equity or in Other Comprehensive Income.

3.28.1 Current tax

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

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

3.28.2 Deferred tax

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

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

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

differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the

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asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of Profit or Loss is recognised outside the Statement of Profit or Loss. Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

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

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

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

3.28.3 Value added tax on financial services

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

3.28.4 Crop insurance levy

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

3.28.5 Sales tax

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

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

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

4. GENERAL

4.1 Events Occurring After the Reporting Date

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

4.2 Earnings Per Share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.3 Statement of Cash Flows

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

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

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

4.4 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Chairman and the Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chairman include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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

4.5 Changes in Accounting Policies and Disclosures

4.5.1 New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2021. The Group has not early adopted any other

standard, interpretation or amendment that has been issued but is not yet effective.

4.5.1.1 Amendments to SLFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021

In 4 December 2020, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued Covid-19-Related Rent Concessions - amendment to SLFRS 16 Leases. The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under SLFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, in 28 June 2021, CA Sri Lanka extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

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

In 8 January 2020, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued SLFRS 17 Insurance Contracts (SLFRS 17). SLFRS 17 was amended by Amendments to SLFRS 17 - Insurance Contracts, in 28 June

2021. SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

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

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

4.6.2 Amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets : Onerous Contracts – Costs of Fulfilling a Contract

In 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets (LKAS 37) to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

4.6.3 Amendments to LKAS 16 Property, Plant & Equipment : Proceeds before Intended Use

In 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued LKAS 16 Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

4.6.4 Amendments to SLFRS 3 Business Combinations : Updating a reference to conceptual framework

In 23 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 3 Business Combinations - Updating a Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the

NOTES TO THE FINANCIAL STATEMENTS

Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

An exception was also added to the recognition principle of SLFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of LKAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, it was decided to clarify existing guidance in SLFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

4.6.5 SLFRS 1 First-time Adoption of Sri Lanka Financial Reporting Standards - Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to SLFRS 1 First-time Adoption of International Financial Reporting Standards (SLFRS 1). The amendment permits a subsidiary that elects to apply paragraph D16(a) of SLFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to SLFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of SLFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group do not have subsidiaries which are adopting IFRSs for the first time and hence, this amendment is not applicable to the Group.

4.6.6 SLFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to SLFRS 9 Financial Instruments (SLFRS 9). The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

4.6.7 LKAS 41 Agriculture - Taxation in fair value measurements

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to LKAS 41 Agriculture (LKAS 41). The amendment removes the requirement in paragraph 22 of LKAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of LKAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Financial Statements in conformity with SLFRS/LKAS's requires management to make

judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

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

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

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

5.1 Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. The assessment includes the existing and anticipated effects from the current economic crisis, the circumstances of the external environment, and the consequences of the COVID-19 pandemic on significant assumptions that are sensitive or susceptible to change, or are inconsistent with historical trends. As the economic effects continue to evolve, the management has considered a range of scenarios to determine the potential impact on the underlying performance and future funding requirements. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

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

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

5.3 Taxation

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

The Group has Rs. 8,592 mn (2021: Rs. 9,896 mn) of tax losses carried forward. These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets.

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

5.4 Measurement of the employee benefit obligations

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

Due to the complexities involved in the valuation and its long-term

nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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

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

5.5 Revaluation of property, plant and equipment and investment properties

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

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

5.6 Valuation of inventories

The Group has applied judgment in the determination of impairment in relation to inventories that are slow moving

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

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

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

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

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

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6. REVENUE

6.1 Industry Segment Revenue

For the year ended 31st March	Consolidated							
	Revenue from contract with customers		Interest Income	Total revenue	Revenue from contract with customers		Interest Income	Total revenue
	Sale of goods	Rendering of services			Sale of goods	Rendering of services		
Rs.'000	Rs.'000	Rs.'000	2022 Rs.'000	Rs.'000	Rs.'000	Rs.'000	2021 Rs.'000	
Eco solutions	11,131,215	-	-	11,131,215	7,827,005	-	-	7,827,005
Hand protection	37,857,909	-	-	37,857,909	30,396,579	-	-	30,396,579
Purification	32,750,593	-	-	32,750,593	25,484,567	-	-	25,484,567
Textiles	31,668,189	-	-	31,668,189	14,575,487	-	-	14,575,487
Construction materials	9,517,691	-	-	9,517,691	5,892,089	-	-	5,892,089
Plantations	17,369,398	-	-	17,369,398	15,930,341	-	-	15,930,341
Agriculture	24,089,400	-	-	24,089,400	19,232,968	-	-	19,232,968
Consumer & retail	75,273,987	776,319	7,492,561	83,542,867	65,348,850	748,055	6,925,754	73,022,659
Leisure	-	3,419,504	-	3,419,504	-	1,345,876	-	1,345,876
Industry inputs	5,748,535	-	-	5,748,535	3,694,900	-	-	3,694,900
Power & energy	-	1,292,079	-	1,292,079	-	1,310,591	-	1,310,591
Transportation & logistics	-	69,272,861	-	69,272,861	-	37,684,971	-	37,684,971
Others	8,834,686	1,514,653	-	10,349,339	4,067,137	810,492	-	4,877,629
	254,241,603	76,275,416	7,492,561	338,009,580	192,449,923	41,899,984	6,925,754	241,275,661

6.2 Geographical Segment Revenue

For the year ended 31st March	Consolidated	
	2022 Rs.'000	2021 Rs.'000
Asia (excluding Sri Lanka)	66,638,547	42,894,856
Australia	3,819,452	2,879,111
Europe	38,360,508	29,813,570
United States of America	20,500,428	14,971,521
Africa	3,601,767	3,019,511
Indirect exports	41,195,295	23,777,300
Sri Lanka	163,893,583	123,919,792
	338,009,580	241,275,661

6.3 Gross Revenue

For the year ended 31st March	Company	
	2022 Rs.'000	2021 Rs.'000
Rent and building related income	497,642	422,634
	497,642	422,634

6.4 Contract Balances

As at 31st March	Note	Consolidated	
		2022 Rs.'000	2021 Rs.'000
Contract Assets			
Retention receivables		207,449	178,679
		207,449	178,679
Contract Liabilities			
Advances received	29.3	6,122,182	3,330,301
Deferred revenue	29.4	618,787	492,080
Maintenance warranties	29.1	410,364	265,636
		7,151,333	4,088,017

7. OTHER INCOME

For the year ended 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Grants amortised*	37,407	34,154	-	-
Gain on disposal of property, plant & equipment	77,699	76,421	-	141
Gain on disposal of investment property	7,378	-	-	-
Change in fair value of biological assets	70,202	32,008	-	-
Gain on disposal of subsidiary/subsidiary investments	6,592	-	13,111	117,993
Gain on bargain purchase	12,305	-	-	-
Sundry income/scrap sales	1,261,492	604,366	-	-
Rent income	156,666	153,535	-	-
Gain on disposal of non-current financial assets	-	35,075	-	35,075
Income from financial services	199,027	253,073	-	-
Indent commission	168,833	279,139	-	-
	1,997,601	1,467,771	13,111	153,209

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

NOTES TO THE FINANCIAL STATEMENTS

8. OTHER EXPENSES

For the year ended 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Loss on disposal of property, plant & equipment	40,441	20,776	6,089	-
Impairment of property, plant & equipment	60,512	5,000	-	-
Amortisation of intangible assets	172,085	136,284	-	-
Impairment of goodwill	137,864	-	-	-
Loss on write-off of assets held for sale	2,690	-	-	-
Loss on fair valuation of equity accounted investees	7,151	-	-	-
	420,743	162,060	6,089	-

9. NET FINANCE INCOME/COST

9.1 Finance Income

For the year ended 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Interest income on loans and receivables	602,075	202,399	99,776	19,086
Interest income on bank deposits/ unit trust income	715,706	375,281	-	-
Guarantee income	11,703	1,599	53	53
Dividend income from equity instruments	6,413	4,417	327	544
Change in fair value of financial assets at fair value through profit or loss	77,491	49,725	30,563	2,666
Foreign exchange gain	15,418,601	2,542,533	57,691	10,406
	16,831,989	3,175,954	188,410	32,755

9.2 Finance Cost

For the year ended 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Interest on long-term loans	4,107,126	4,425,883	2,063,631	2,147,088
Interest on short-term loans	4,924,667	3,309,713	117,049	394,960
Finance charges payable under leases	951,347	913,500	30,660	37,150
Change in fair value of financial assets at fair value through profit or loss	4,079	1,072	374	-
Impairment of financial assets	7,563	8,565	7,563	8,565
Foreign exchange loss	4,887,988	1,392,992	95	11
	14,882,770	10,051,725	2,219,372	2,587,774
Net finance income/(cost)	1,949,219	(6,875,771)	(2,030,962)	(2,555,019)

10. PROFIT BEFORE TAX

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

For the year ended 31st March	Note	Consolidated		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Directors' emoluments		2,663,000	1,914,255	640,751	412,193
Auditors' fees (includes overseas subsidiaries)					
Audit services					
- Ernst & young		60,496	54,145	2,313	1,940
- Other auditors		39,593	36,504	-	-
Non audit services					
- Ernst & young		40,615	35,385	2,034	1,570
- Other auditors		19,757	13,218	-	-
Depreciation on property, plant & equipment	13	6,407,181	5,330,155	48,585	62,978
Donations		37,114	35,134	5,164	318
Impairment for bad trade and other receivables	22	925,057	902,758	-	-
Provision for unrealised profit and write-down of inventories		1,915,933	442,703	-	-
Staff cost					
Defined contribution plan cost		2,926,465	2,444,724	139,558	119,820
Employee benefit plan cost	28	1,514,224	1,511,196	137,836	138,045
Other staff cost (excluding defined contributions & defined benefits)		29,353,138	22,921,639	1,934,506	1,224,880
Staff training and development cost		68,811	69,261	2,898	1,335
Legal fees		132,860	75,502	-	-
Research and development cost		94,748	67,224	-	-

NOTES TO THE FINANCIAL STATEMENTS

11 TAXATION

11.1 Tax Expense

For the year ended 31st March	Consolidated	
	2022 Rs.'000	2021 Rs.'000
Consolidated Statement of Profit or Loss		
Current income tax		
Income tax of current year profit		
Parent	-	162,506
Subsidiaries	7,062,080	5,427,814
	7,062,080	5,590,320
Under/(over) provision in respect of previous years	(173,742)	31,461
Provision/(reversal of provision) on Economic Service Charge recoverable	28,065	(8,557)
	6,916,403	5,613,224
Deferred tax expense		
Origination of temporary differences		
Parent	12,484	45,119
Subsidiaries	497,029	(555,537)
	509,513	(510,418)
Tax on dividend income	191,928	84,776
Tax expense reported in the Statement of Profit or Loss	7,617,844	5,187,582

11.2 Consolidated Statement of Other Comprehensive Income

For the year ended 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Deferred tax related to items charged or credited directly to other comprehensive income during the year:				
Actuarial gain/(loss) on defined benefit plans	70,702	(29,077)	2,730	(1,571)
Revaluation of land	(611,842)	364,537	-	-
Net change on equity instruments designated at fair value through other comprehensive income	502	(1,903)	-	-
Tax charged directly to other comprehensive income	(540,638)	333,557	2,730	(1,571)

11.3 Reconciliation of Accounting Profit to Income Tax Expense

For the year ended 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Profit before tax	35,716,745	19,233,789	3,506,756	1,406,259
Share of profit of equity accounted investees	(226,794)	(252,611)	-	-
Intra-group adjustments	12,288,411	5,322,881	-	-
	47,778,362	24,304,059	3,506,756	1,406,259
Disallowable expenses	21,635,515	17,831,912	1,424,606	1,450,540
Tax deductible expenses	(23,538,548)	(12,609,075)	(224,214)	(180,327)
Tax exempt income	(7,812,021)	(5,296,568)	(2,569,191)	(1,647,496)
Tax loss b/f	(9,895,797)	(9,625,618)	(2,725,145)	(2,302,528)
Adjustment for tax loss b/f	(832,770)	(475,386)	448,780	(460,682)
Tax loss c/f	8,592,144	9,895,797	138,408	2,725,145
Taxable income	35,926,885	24,025,121	-	990,911
Income tax @ 24%	3,732,430	2,774,553	-	57,068
Income tax @ 20%	460,781	423,644	-	-
Income tax @ 18%	368,372	166,590	-	-
Income tax @ 15%	53,517	56,484	-	-
Income tax @ 14%	1,847,275	1,582,994	-	105,438
Income tax at other tax rates	599,705	586,055	-	-
Income tax on current year profit	7,062,080	5,590,320	-	162,506
Under/(over) provision in respect of previous years	(173,742)	31,461	(162,506)	-
Provision/(reversal of provision) on Economic service charge recoverable	28,065	(8,557)	10,043	-
	6,916,403	5,613,224	(152,463)	162,506
Origination of temporary differences	509,513	(510,418)	12,484	45,119
Tax on dividend income	191,928	84,776	-	-
Tax expense	7,617,844	5,187,582	(139,979)	207,625
Effective tax rate	21%	27%	(4%)	15%

11.4 General Provisions

Corporate Income Taxes of companies resident in Sri Lanka have been computed in accordance with the Inland Revenue Act No. 24 of 2017 as amended.

Resident companies in the Group, excluding those which enjoy a tax holiday or concessionary tax rates, were liable to income tax during the year of assessment 2021/22 at the rate of 24% (Y/A 2020/21 - 24%).

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

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

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11.5 Tax Exemptions

11.5.1 In terms of the Inland Revenue Act

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

Kelani Valley Plantations PLC is entitled for an income tax exemption for period of 5 years for its undertaking associated with farming of agricultural produce. The tax holiday period has commenced during the Y/A 2019/20.

Talawakelle Tea Estates PLC is entitled for an income tax exemption for period of 5 years for its undertaking associated with farming of agricultural produce. The tax holiday period has commenced during the Y/A 2019/20.

Hayleys Agro Bio Tech (Pvt) Ltd is entitled for an income tax exemption for period of 5 years for its undertaking associated with farming of agricultural produce. The tax holiday period has commenced during the Y/A 2019/20.

Quality Seeds (Pvt) Ltd is entitled for an income tax exemption for period of 5 years for its undertaking associated with farming of agricultural produce. The tax holiday period has commenced during the Y/A 2019/20.

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

- Civaro International (Pvt) Ltd.
- Hayleys Energy Services (Pvt) Ltd.
- Sharaf Shipping Agency (Pvt) Ltd
- Sri Lanka Shipping Company Ltd.
- Intermac (Pvt) Ltd.
- Hayleys Business Solutions International (Pvt) Ltd.

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

- Bonterra Ltd.
- Chas P Hayley & Company (Pvt) Ltd.

11.5.2 In terms of BOI Agreements

Companies enjoying Tax Holidays under BOI Law are as follows:

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

11.5.3 On Investment Income

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

Dividend Income

- (a) A dividend paid by a resident company to a member to the extent that dividend payment is attributable to, or derived from, gains and profits from dividend received by that resident company;
- (b) Dividend receipt from non-resident person;
- (c) A dividend paid by a resident company which is engaged in offshore business and entrepot trade.

Interest accrued on foreign currency deposits

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

11.6 Concessionary Tax Rates

11.6.1 In terms of the Inland Revenue Act

In terms of the Inland Revenue Act No. 24 of 2017 as amended, the profits/losses of companies listed below are subject to the income tax concessionary rates of 14% / 18%* for the mentioned undertaking:

Sunfrost (Pvt) Ltd.	Agro processing
Hayleys Agriculture Holdings Ltd.	Manufacturing of goods
Hayleys Agro Farms (Pvt) Ltd.	Agro processing
Hayleys Agro Fertilizers (Pvt) Ltd.	Manufacturing of goods
Quality Seeds (Pvt) Ltd.	Agro processing
HJS Condiments Ltd.	Agro processing
Kelani Valley Plantations PLC	Agro processing
Talawakelle Tea Estates PLC	Agro processing
Haycolour (Pvt) Ltd.	Export of goods / Manufacturing of goods
Haycarb PLC	Export of goods
Haycarb Value Added products (Pvt) Ltd.	Export of goods
Recogen (Pvt) Ltd.	Operating project for renewable energy / Manufacturing of goods
Puritas (Pvt) Ltd.	Construction / Manufacturing of goods
Ultracarb (Pvt) Ltd.	Export of goods
Mabroc Teas (Pvt) Ltd.	Export of goods / Manufacturing of goods
Meridian Exports (Pvt) Ltd.	Export of goods
Blue Mountain Tea Exports (Pvt) Ltd.	Export of goods
Hayleys Fabric PLC	Export of goods / Manufacturing of goods
South Asia Textile Ltd.	Export of goods / Manufacturing of goods
Hayleys Fibre PLC	Export of goods / Manufacturing of goods
Ravi Industries Ltd.	Export of goods
Rileys (Pvt) Ltd.	Export of goods
Haymat (Pvt) Ltd.	Export of goods
Toyo Cushion Lanka (Pvt) Ltd.	Export of goods
Chas P Hayley & Co (Pvt) Ltd.	Export of goods
Bonterra Ltd.	Export of goods / Manufacturing of goods
Hanwella Rubber Products Ltd.	Export of goods / Manufacturing of goods
Dipped Products PLC	Export of goods / Manufacturing of goods
DPL Universal Gloves Ltd.	Export of goods
Creative Polymats (Pvt) Ltd.	Manufacturing of goods
Hayleys Tours (Pvt) Ltd.	Promotion of tourism
Kelani Valley Resorts (Pvt) Ltd.	Promotion of tourism
The Kingsbury PLC	Promotion of tourism
Culture Club Resorts (Pvt) Ltd.	Promotion of tourism
Kandyan Resorts (Pvt) Ltd.	Promotion of tourism
Neluwa Cascade Hydro Power (Pvt) Ltd.	Operating project for renewable energy
Bhagya Hydro (Pvt) Ltd.	Operating project for renewable energy
Kalupahana Power Company (Pvt) Ltd.	Operating project for renewable energy
Nirmalapura Wind Power (Pvt) Ltd.	Operating project for renewable energy
TTEL Somerset Hydro Power (Pvt) Ltd.	Operating project for renewable energy
TTEL Hydro Power Company (Pvt) Ltd.	Operating project for renewable energy
Regnis Appliances (Pvt) Ltd.	Manufacturing of goods
Regnis Lanka PLC	Manufacturing of goods
Singer Industries (Ceylon) PLC	Manufacturing of goods
Alco Industries (Pvt) Ltd.	Export of goods / Manufacturing of goods
Alumex PLC	Export of goods / Manufacturing of goods

NOTES TO THE FINANCIAL STATEMENTS

11.6.1 In terms of the Inland Revenue Act (Contd.)

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

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

11.6.2 BOI Companies

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

Lanka Bunkering Services (Pvt) Ltd.	15% indefinitely
Hayleylines Ltd.	15% Indefinitely
Moceti International (Pvt) Ltd.	15% Indefinitely

11.7 Non Resident Companies

Company	Income tax rate
Haychem (Bangladesh) Ltd.	30%
PT Mapalus Makawanua Charcoal Industry.	25%
Haycarb USA Inc	21%
Logiwiz Logistics India (Pvt) Ltd.	30%
Eurocarb Products Ltd.	19%
Haycarb Holding Australia (Pty) Ltd.	30%
Carbokarn Co. Ltd.	20%
ICOGUANTI S.p.A.	27.9%
CK Regen Systems Co.Ltd.	20%
Haylex Ltd.	19%
Haylex BV	15%
Haylex Japan	15%
Charles Fibre (Pvt) Ltd.	25%
PT Haycarb Palu Mitra	22%
Dipped Products (Thailand) Ltd.	20%
Total Transport Solutions Maldives (Pvt) Ltd.	15%
Nautical Maldives (Pvt) Ltd.	15%
One World Logistics Maldives (Pvt) Ltd.	15%
Advantis Kusuvara Sedate Myanmar (Pvt) Ltd.	25%
Advantis Sedate Myanmar (Pvt) Ltd.	25%
Advantis Singapore (Pte) Ltd.	17%
Advantis Sabang Raya Lines (Pte) Ltd.	17%
PT Advantis Akaza Indonesia	25%
Advantis Intasl Bangladesh (Pvt) Ltd.	30%
Super Logistics (Pvt) Ltd.	15%
Shizuka Co.Ltd.	20%
Puricarb Pte. Ltd.	17%
Luxury Resorts (Pvt) Ltd.	15%
Hayleys Aventura BD Ltd.	30%

NOTES TO THE FINANCIAL STATEMENTS

12.1 Earnings Per Share

Basic Earnings per Share

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

Diluted Earnings per Share

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

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

Basic/diluted earning per share calculated as follows.

For the year ended 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Profit attributable to equity holders of the Parent (Rs.'000)	18,256,527	7,637,231	3,646,735	1,198,634
Weighted average number of ordinary shares of the parent (No.)	750,000,000	750,000,000	750,000,000	750,000,000
Basic/diluted earnings per share (Rs.)	24.34	10.18	4.86	1.60

12.2 Dividends

For the year ended 31st March	Company	
	2022 Rs.'000	2021 Rs.'000
Interim/final dividend (Rs'000)	3,000,000	975,000
Dividend per ordinary share (Rs.)	4.00	1.30

13 PROPERTY, PLANT & EQUIPMENT

13.1 Consolidated

As at 31st March	Freehold Land	Mature/ immature plantations	Buildings	Machinery & stores equipment	Motor vehicles	Furniture, fittings & office equipment	Vessels	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	2022 Rs.'000	2021 Rs.'000
Cost or valuation:									
Gross book value									
At the beginning of the year	31,233,168	7,562,608	29,069,694	46,337,415	1,900,279	7,254,342	7,071,620	130,429,126	124,498,826
Revaluation of land	3,482,837	-	-	-	-	-	-	3,482,837	-
Acquisition through business combinations	22,263	-	862,965	2,612,279	55,021	159,057	-	3,711,585	68,992
Additions	107,621	294,061	1,317,027	4,565,227	184,617	1,374,875	2,130,172	9,973,600	4,915,923
Transfer from investment properties	134,800	-	24,189	-	-	-	-	158,989	-
Transfer to mature/immature plantation	-	(1,888)	-	-	-	-	-	(1,888)	-
Transfer to intangible assets	-	-	-	-	-	(45,905)	-	(45,905)	(13,207)
Transfers	-	-	5,470	(5,750)	-	280	-	-	-
Disposals	-	-	(42,367)	(359,508)	(160,609)	(414,996)	-	(977,480)	(982,361)
Effect of movements in exchange rates	2,112,938	-	3,832,930	8,850,600	112,649	1,219,702	1,224,541	15,453,360	1,940,953
At the end of the year	35,193,627	7,854,781	35,069,908	62,000,263	2,091,957	9,547,355	10,426,333	162,184,224	130,429,126
Depreciation:									
At the beginning of the year	122,902	1,973,474	7,365,220	26,162,741	1,098,722	4,717,404	1,670,198	43,110,661	37,445,733
Acquisition through business combinations	22,114	-	2,363	1,316,037	54,821	135,065	-	1,530,400	29,634
Depreciation for the year	575	239,785	1,248,801	3,180,358	224,563	878,432	634,667	6,407,181	5,330,155
Transfer to intangible assets	-	-	-	-	-	(43,572)	-	(43,572)	(10,897)
Transfers	-	-	1,419	(1,695)	-	276	-	-	-
Disposals	-	-	(14,400)	(258,770)	(133,266)	(415,938)	-	(822,374)	(697,256)
Effect of movements in exchange rates	10,787	-	708,816	5,709,167	67,463	449,719	205,430	7,151,382	1,013,291
At the end of the year	156,378	2,213,259	9,312,219	36,107,838	1,312,303	5,721,386	2,510,295	57,333,678	43,110,661
Impairment :									
At the beginning of the year	2,260	-	67,082	73,127	-	4,307	-	146,776	202,185
Effect of movements in exchange rates	-	-	-	17,518	-	-	-	17,518	(331)
Disposals	-	-	-	(25,541)	-	-	-	(25,541)	(60,078)
Impairment for the year	-	-	11,571	86,049	-	-	-	97,620	5,000
At the end of the year	2,260	-	78,653	151,153	-	4,307	-	236,373	146,776
Net book value as at 31st March	35,034,989	5,641,522	25,679,036	25,741,272	779,654	3,821,662	7,916,038	104,614,173	87,171,689
Capital work-in progress								6,575,678	2,514,053
Carrying amount as at 31st March								111,189,851	89,685,742

NOTES TO THE FINANCIAL STATEMENTS

13.2 Company

As at 31st March	Buildings	Machinery & stores equipment	Motor vehicles	Furniture, fittings & office equipment	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	2022 Rs.'000	2021 Rs.'000
Cost or valuation:						
At the beginning of the year	226,410	46,303	139,485	355,996	768,194	740,080
Transfer to intangible assets	-	-	-	(45,905)	(45,905)	-
Additions	-	4,566	-	14,831	19,397	30,064
Disposals	-	(11,962)	(31,200)	(66,545)	(109,707)	(1,950)
At the end of the year	226,410	38,907	108,285	258,377	631,979	768,194
Depreciation :						
At the beginning of the year	190,484	44,350	94,774	302,467	632,075	570,831
Transfer to intangible assets	-	-	-	(43,572)	(43,572)	-
Depreciation for the year	11,624	551	19,194	17,216	48,585	62,978
Disposals	-	(11,963)	(25,740)	(65,886)	(103,589)	(1,734)
At the end of the year	202,108	32,938	88,228	210,225	533,499	632,075
Net book value as at 31st March	24,302	5,969	20,057	48,152	98,480	136,119
Capital work in progress					1,615	1,106
Carrying amount as at 31st March					100,095	137,225

13.3 Carrying Value

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
At cost	76,154,862	58,577,736	100,095	137,225
At valuation	35,034,989	31,108,006	-	-
	111,189,851	89,685,742	100,095	137,225

13.4 No borrowing costs have been capitalised under property, plant and equipment during the year ended 31 March 2022 (2021 - Nil).

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

As at 31st March	Consolidated			
	Cost	Accumulated depreciation/ amortisation	Carrying value 2022	Carrying value 2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Buildings	9,059,816	1,386,065	7,673,751	4,759,152
Total	9,059,816	1,386,065	7,673,751	4,759,152

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

As at 31st March	Location	Revaluation surplus	
		2022 Rs.'000	2021 Rs.'000
Darley Property Holdings (Pvt) Ltd/ Hayleys PLC	Colombo (31.03.2022)	3,110,691	2,618,471
World Export Center Ltd.	Colombo (31.03.2022)	13,055,466	12,698,466
Volanka (Pvt) Ltd.	Katana (31.03.2022)	400,006	318,831
	Galle (31.03.2022)	285,027	226,452
Chas P. Hayley & Co. (Pvt) Ltd.	Galle (31.03.2022)	1,124,788	949,630
	Kuliyapitiya (31.03.2022)	45,721	36,233
	Madampe (31.03.2022)	63,736	41,239
Dipped Products PLC	Kottawa/Kiribathgoda/Khuan Niang (31.03.2022)	334,617	206,591
	Weliveriya (31.03.2013) *	-	70,973
Venigros (Pvt) Ltd.	Weliveriya (31.03.2013) *	-	50,925
Alumex PLC	Gonawala (31.03.2022)	92,336	77,799
Alumex PLC	Ekala (31.03.2022)	136,960	61,460
Alumex PLC	Makola (31.03.2022)	404,106	354,191
Alco Industries (Pvt) Ltd.	Makola (31.03.2022)	23,525	10,525
Haycarb Ltd	Badalgama & Madampe (31.03.2022)	109,536	221,082
	Wewalduwa (31.03.2022)	325,579	265,773
Recogen (Pvt) Ltd.	Badalgama (31.03.2022)	99,950	78,981
Carbokarn Co. Ltd	Thailand (31.03.2022)	207,636	90,941
Shizuka Co. Ltd	Ratchaburi (31.03.2022)	86,917	35,298
PT Mapalus Makawanua	Bitung (31.03.2022)	251,064	84,545
PT Haycarb Palu Mitra	Palu City (31.03.2022)	113,396	34,002
Hayleys Agriculture Holdings Ltd	Dambulla (31.03.2022)	11,122	5,549
	Kottawa (31.03.2022)	178,690	127,014
Haychem Bangladesh Ltd	Mymensingh (31.03.2022)	62,292	47,636
Hayleys Industrial Solutions (Pvt) Ltd.	Malabe (31.03.2022)	298,935	262,785
Haycolour (Pvt) Ltd.	Kalutara (31.03.2022)	65,636	57,736
Hayleys Fibre PLC	Kuliyapitiya & Mahagama (31.03.2022)	207,473	203,019
Hayleys Advantis Ltd.	Welisara/Kelaniya/Seeduwa/Sedawatte (31.03.2022)	2,946,063	2,443,088
	Kotugoda (31.03.2022)	1,277,531	1,024,531
Singer (Sri Lanka) PLC	Ambalantota (31.03.2022)	4,800	3,300
	Balangoda (31.03.2022)	2,450	1,550
	Bandarawela (31.03.2022)	3,748	1,948
	Borella (31.03.2022)	16,500	11,600
	Chilaw (31.03.2022)	2,513	1,913
	Colpetty (31.03.2022)	6,800	6,700
	Eheliyagoda (31.03.2022)	2,746	1,146
	Gampaha (31.03.2022)	9,435	8,935
	Hikkaduwa (31.03.2022)	2,685	2,185
	Katugastota (31.03.2022)	1,819	919
	Kiridiwella (31.03.2022)	2,075	2,025

NOTES TO THE FINANCIAL STATEMENTS

13.6 (Contd.)

As at 31st March	Location	Revaluation surplus	
		2022 Rs.'000	2021 Rs.'000
	Middeniya (31.03.2022)	613	413
	Mount Lavinia (31.03.2022)	7,550	3,750
	Mount Lavinia-Mega (31.03.2022)	13,935	9,235
	Negombo (31.03.2022)	4,000	3,000
	Pussellawa (31.03.2022)	2,686	2,486
	Trincomalee (31.03.2022)	3,290	2,790
	Wellawatta (31.03.2022)	10,464	9,200
	Galle (31.03.2022)	5,700	-
	Embilipitiya (31.03.2022)	1,400	-
	Kadawatha (31.03.2022)	13,700	-
	Kandy (31.03.2022)	300	-
	Kurunegala (31.03.2022)	2,200	-
	Maharagama (31.03.2022)	2,800	-
	Matara (31.03.2022)	2,200	-
	Nawalapitiya (31.03.2022)	100	-
	Panadura (31.03.2022)	100	-
	Piliyandala (31.03.2022)	200	-
Reality Lanka Ltd.	Ahangama (31.03.2022)	500	-
	Attidiya (31.03.2022)	3,400	-
	Moratuwa (31.03.2022)	6,730	-
	kandy (31.03.2022)	5,025	-
	Galle (31.03.2022)	6,000	-
	Kadawatha (31.03.2022)	8,600	-
	Kalawana (31.03.2022)	2,000	-
	Maradana (31.03.2022)	4,500	-
	Trincomalee (31.03.2022)	5,000	-
	Ambanpola (31.03.2022)	4,000	-
Regnis (Lanka) PLC	Ratmalana (31.03.2022)	69,100	-
Singer Industries (Ceylon) PLC	Ratmalana (31.03.2022)	204,290	25,750
Ravi Industries (Pvt) Ltd.	Ekala (31.03.2022)	544,000	396,000
Volanka Exports (Pvt) Ltd.	Welipanna (31.03.2022)	61,214	43,843
Rileys Ltd	Ja-Ela (31.03.2022)	408,838	408,838
Toyo Cushion Lanka (Pvt) Ltd.	Katana (31.03.2022) **	61,640	48,174
Sunfrost (Pvt) Ltd.	Allawwa (31.03.2022)	49,785	33,204
	Padiyatalawa (31.03.2022)	22,119	21,174
Bhagya Hydro (Pvt) Ltd.	Gomala Oya (31.03.2022)	1,700	1,293
Neluwa Cascade Hydro Power (Pvt) Ltd.	Neluwa (31.03.2022)	3,140	1,925
Hayleys Neluwa Hydro Power Pvt (Ltd).	Mawanana (31.03.2022)	1,006	342
Hayleys Fabric PLC	Neboda (31.03.2022)	182,319	94,304
Unisyst Engineering PLC	Kotugoda (31.03.2022)	23,719	17,250
Kandyan Resorts (Pvt) Ltd.	Kandy (31.03.2022)	532,999	431,319
Culture Club Resorts (Pvt) Ltd.	Dambulla (31.03.2022)	5,264	1,280
		27,662,496	24,301,557
Revaluation reserve attributable to Non Controlling interest		(1,695,030)	(1,180,524)
Income tax on revaluation		(2,226,631)	(1,693,352)
		23,740,835	21,427,681
Adjustment due to change in holding		350,321	281,226
		24,091,156	21,708,907

* As per the independent chartered valuers report, the Land value of Dipped Products (Thailand) Ltd has been same as acquisition date.

** Investment Properties

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

13.8 Lands owned by the Group other than that mentioned above have been stated at cost as the appreciation in value is insignificant. Further information is provided on page 432 to 435.

13.9 There has been an impairment of property, plant & equipment amounting to Rs. 97.6 mn (2021 - 5.0 mn). Details are as follows.

	2022 Rs.'000
Buildings	11,571
Machinery & Stores Equipment	86,049
Total impairment	97,620

The impairment losses were recognised in Alumex PLC (Rs. 42.2 mn) and Hayleys Fabric PLC (Rs. 43.8 mn) in respect of obsolete machinery, and in Hayleys PLC (Rs. 11.6 mn) in respect of deterioration of buildings.

13.10 Property, plant & equipment with a carrying value of Rs. 21,874 mn (2021 - Rs. 18,988 mn) and Rs. Nil (2021 - Nil) for the Group and Company respectively have been pledged as security for term loans obtained. The details are shown in Note 25 to the Financial Statements.

13.11 The carrying value of revalued lands given above, had the said lands been included at cost, would amount to Rs. 7,811 mn (2021 - Rs. 6,932 mn) for the Group and Rs Nil (2021 - Nil) to the Company.

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

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Buildings	1,072,447	869,046		-
Machinery and store equipment	13,692,871	9,426,760	29,330	39,122
Furniture, fittings and Office Equipment	4,668,547	3,306,204	168,760	250,991
Motor Vehicles	1,303,172	1,006,223	23,507	12,007
	20,737,037	14,608,233	221,597	302,120

13.13 Capital Expenditure Commitments

The approximate amounts of capital expenditure approved by the Directors as at 31st March, 2022 were:

Capital expenditure contracted for which no provision is made in the Financial Statements for the Group - Rs. 1,082 mn (2021 - Rs. 1,505 mn) and for the Company Rs. Nil (2021 - Nil). Capital expenditure approved by the Directors but not contracted for the Group Rs. 2,062 mn (2021 - Rs. 2,946 mn) and for the Company Rs. Nil (2021 - Nil).

NOTES TO THE FINANCIAL STATEMENTS

13.14 Unobservable Inputs used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used in measuring fair value of land.

Category	District	Valuation Technique	Significant Unobservable Input	Range of Estimate (Weighted Average) for Unobservable Input Rs'000		Fair Value Measurement Sensitivity to Unobservable Input
				2022	2021	
Freehold land	Ampara	Open market basis	Land -Rate per perch	11 to 13	9 to 13	Significant increases / (decreases) in estimated price per perch in isolation would result in a significantly higher / (lower) fair value.
	Matale			22 to 31	4 to 22	
	Puttalam			30 to 3,500	30 to 4,500	
	Gampaha			45 to 5,500	35 to 5,000	
	Kurunegala			50 to 600	35 to 75	
	Colombo			90 to 22,000	100 to 21,000	
	Kegalle			100 to 125	80 to 100	
	Kalutara			100 to 3,500	75 to 150	
	Trincomalee			100 to 3,750	1,000 to 4,500	
	Galle			1,000 to 6,000	1,000 to 3,500	
	Kandy			1,175 to 5,000	200 to 4,000	
	Hambantota			1,500 to 3,000	500 to 3,000	
	Ratnapura			2,000 to 4,000	500 to 4,000	
	Badulla			2,500 to 3,500	500 to 3,500	
Matara	3,500 to 4,500	-				
Nuwara Eliya	4,000 to 4,500	-				

14 RIGHT-OF-USE ASSETS

14.1 Consolidated

As at 31st March	Land	Mature/ Immature Plantations	Building	Motor vehicles	Furniture, fittings & office equipment	Vessels	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	2022 Rs.'000	2021 Rs.'000
At the beginning of the year	4,339,049	105,351	5,300,589	78,476	33,928	76,916	9,934,309	9,613,729
Acquisition through business combinations	131,217	-	28,400	-	-	-	159,617	-
Increase/Decrease to recognised assets	12,389	-	17,561	(67,754)	-	-	(37,804)	74,835
Additions	197,824	-	1,795,789	224,902	-	-	2,218,515	1,930,883
Derecognition	(32,380)	-	(8,803)	-	-	-	(41,183)	(91,279)
Depreciation for the period	(222,684)	(14,791)	(1,358,513)	(58,853)	(20,266)	(76,916)	(1,752,023)	(1,715,456)
Effect of movements in exchange rates	876,314	-	11,730	19,612	-	-	907,656	121,597
At the end of the year	5,301,729	90,560	5,786,753	196,383	13,662	-	11,389,087	9,934,309

14.2 Company

As at 31st March	Building	Total 2022 Rs.'000	Total 2021 Rs.'000
At the beginning of the year	255,329	255,329	-
Additions	-	-	319,161
Depreciation for the period	(63,832)	(63,832)	(63,832)
At the end of the year	191,497	191,497	255,329

15 INVESTMENT PROPERTIES

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Carrying value :				
At the beginning of the year	2,824,180	2,719,260	79,600	75,900
Additions	-	2,282	-	-
Transfer to property plant & equipment	(158,989)	-	-	-
Disposals	(392,633)	(93,000)	-	-
Change in fair value during the year	328,543	195,638	9,250	3,700
At the end of the year	2,601,101	2,824,180	88,850	79,600

15.1 Rental Income

For the year ended 31st March	2022 Rs.'000	2021 Rs.'000
Rental income derived from investment properties	90,486	123,063
Direct operating expenses generating rental income	(5,241)	(7,631)
Net profit arising from investment properties	85,245	115,432

15.1.1 The Group as a lessor

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

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

For the year ended 31st March	2022 Rs.'000	2021 Rs.'000
Within one year	81,842	115,432
After one year but not more than five years	83,759	418,576

NOTES TO THE FINANCIAL STATEMENTS

15.1.2 The Company as a lessor

The Company has entered into operating leases on its building rented as office space to other related and non-related companies. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Rental income recognised by the Company during the year is Rs. 432 mn (2021 - Rs. 342 mn).

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

For the year ended 31st March	2022 Rs.'000	2021 Rs.'000
Within one year	449,342	341,505
After one year but not more than five years	1,797,367	1,366,020

15.2 Investment properties are stated at fair value. The fair values of investment properties as at 31st March, 2022 based on valuation performed by Mr. P.B. Kalugalgedara (Chartered Valuation Surveyor), an accredited independent, industry specialist are given below. The valuations had been carried out based on transactions observed in the market

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

Company	Location	Building area (Sq Ft)	Land in acres	Value of building Rs '000	Value Of land Rs '000	Total Rs'000 2022
Eastern Hotels (Pvt) Ltd.	Nilakarai Estate, Nilaweli, Trincomalee	600	23.47	1,500	807,500	809,000
Hayleys Advantis Group	No. 46/12, Sayuru Sevana, Nawam Mawatha, Colombo 2	45,980	0.24	290,000	671,769	961,769
Rileys (Pvt) Ltd.	131,Minuwangoda Road, Ekala	91,582	3.80	194,741	546,741	741,482
Hayleys PLC	Kaluwamodara, Bentota	-	0.28	-	88,850	88,850
				486,241	2,114,860	2,601,101

District	District	Valuation Technique	Range of Estimate for Unobservable Input Rs'000	
			2022	2021
Freehold land	Colombo	Open market basis (Land Rate per perch)	13,000 to 16,000	10,000 to 12,500
	Gampaha		700 to 1,000	600 to 800
	Kalutara		2,000 to 2,500	1,500 to 2,000
	Trincomalee		200 to 215	175 to 200

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

16 BIOLOGICAL ASSETS

As at 31st March	Consolidated	
	2022 Rs.'000	2021 Rs.'000
At the beginning of the year	530,543	505,240
Increase due to development	19,131	17,339
Change in fair value of biological assets	67,692	10,111
Decrease due to harvest	(20,190)	(2,147)
Transfer from/(to) immature/mature plantation	1,888	-
At the end of the year	599,064	530,543

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

Talawakelle Tea Estates PLC

The fair value of matured managed trees were ascertained in accordance with SLFRS 13. The valuation was carried by Messer's FRT Valuation Services (Pvt) Ltd, chartered valuation surveyors, using Discounted Cash Flow (DCF) methods. In ascertaining the fair value of timber, a physical verification was carried out covering all the estates.

Kelani Valley Plantations PLC

The fair value of managed trees was ascertained in accordance with SLFRS 13. The valuation was carried out by FRT Valuation Services (Pvt) Ltd, using Market Approach. In ascertaining the fair value of timber, a physical verification was carried out covering the estates on sample basis.

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

Non Financial Asset	Valuation technique	Unobservable inputs	Range of unobservable inputs (Probability weighted average.)		Relationship of Unobservable Inputs to Fair Value
			2022	2021	
Consumable managed biological assets	Discounted cash flows	Discounting Rate	15.4%	13.6%	The higher the discount rate, the lesser the fair value
		Optimum rotation (Maturity)	25-25 Years	25-25 Years	Lower the rotation period, the higher the fair value
		Volume at rotation	25-140 cu.ft	25-140 cu.ft	The higher the volume, the higher the fair value
		Price per cu.ft.	Rs.50/- to Rs.3,000/-	Rs.50/- to Rs.2,864/-	The higher the price per cu. ft., the higher the fair value

Other key assumptions used in valuation

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

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

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

The carrying amount of biological assets pledged as securities for liabilities as at the date of the statement of Financial Position is Rs. nil. (2021 - Rs. nil).

NOTES TO THE FINANCIAL STATEMENTS

Kelani Valley Plantations PLC

Non Financial Asset	Valuation technique	Unobservable inputs	Range of unobservable inputs (Probability weighted average.)		Relationship of Unobservable Inputs to Fair Value
			2022	2021	
Consumable managed biological assets	Market Approach	Discounting Rate	15.4%	13.6%	The higher the discount rate, the lesser the fair value
		Optimum rotation (Maturity)	25-25 Years	20-25 Years	Lower the rotation period, the higher the fair value
		Volume at rotation	25-140 cu.ft	23-95 cu.ft	The higher the price per cu. dcm., the higher the fair value
		Price per cu.ft.	Rs.50/- to Rs.3,000/-	Rs.140/- to Rs.2,800/-	The higher the price per cu. ft., the higher the fair value

Other key assumptions used in valuation

1. It is assume that the felling of trees will be undertaken at maturity for the period not covered under the Forestry Management Plan. Majority of the timber trees which have reached their maturity at the date of valuation are valued using the adjusted market prices based on the location and accessibility. Remaining timber trees which have not come up to a harvestable age are valued considering their future incremental growth in the coming years and discounting the future value of such trees by appropriate present value discount ratio, which is assumed as the Expected Rate of Return (ERR) of a rationale investor, i.e.15.42%.
2. The price adopted could vary based on the species and the girth of the respective species and are on the spare net of expenditure.
3. Though the replanting is a condition precedent for harvesting, yet the cost are not taken in to consideration.
4. Pre commercial stand are valued on cost approach and 15 years is taken as per merchantable depending on the growth.

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

16.2 Sensitivity Analysis

Sensitivity variation sales price

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

Sales Price fluctuation Managed Timber	+10% Rs.'000	-10% Rs.'000
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Talawakelle Tea Estates PLC

As at 31 March 2022	32,039	(32,039)
As at 31 March 2021	32,637	(32,637)

Kelani Valley Plantations PLC

As at 31 March 2022	(21,269)	21,269
As at 31 March 2021	20,418	(20,418)

Sensitivity variation discount rate

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

Discount rate fluctuation Managed Timber	+1.5% Rs.'000	-1.5% Rs.'000
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Talawakelle Tea Estates PLC

As at 31 March 2022	(1,187)	1,244
As at 31 March 2021	(890)	991

Kelani Valley Plantations PLC

As at 31 March 2022	511	(481)
As at 31 March 2021	(808)	863

NOTES TO THE FINANCIAL STATEMENTS

17 INTANGIBLE ASSETS

17.1 Consolidated

As at 31st March	Consolidated						
	Right to generate Hydro/solar power/development cost Rs.'000	Goodwill Rs.'000	ERP system Rs.'000	Brand name/trade mark Rs.'000	Customer list Rs.'000	Total 2022 Rs.'000	Total 2021 Rs.'000
Cost :							
At the beginning of the year	237,231	12,232,347	2,137,890	320,128	152,420	15,080,016	14,885,554
Acquisition through business combinations	-	-	89,304	-	-	89,304	-
Additions	-	2,103,885	546,935	-	-	2,650,820	247,694
Transferred from Property Plant & Equipment	-	-	45,905	-	-	45,905	13,207
Disposals	-	-	(67,416)	-	-	(67,416)	(97,414)
Effect of movements in exchange rates	-	-	287,590	-	-	287,590	30,975
At the end of the year	237,231	14,336,232	3,040,208	320,128	152,420	18,086,219	15,080,016
Amortisation :							
At the beginning of the year	98,092	145,959	1,439,939	32,000	152,420	1,868,410	1,629,530
Acquisition through business combinations	-	-	18,504	-	-	18,504	-
Amortisation for the year	11,883	-	247,759	-	-	259,642	205,984
Transferred from Property Plant & Equipment	-	-	43,572	-	-	43,572	10,897
Disposals	-	-	(17,694)	-	-	(17,694)	(3,430)
Effect of movements in exchange rates	-	-	233,265	-	-	233,265	25,429
At the end of the year	109,975	145,959	1,965,345	32,000	152,420	2,405,699	1,868,410
Impairment :							
At the beginning of the year	-	-	-	-	-	-	-
Impairment for the year	-	137,864	-	-	-	137,864	-
At the end of the year	-	137,864	-	-	-	137,864	-
Net book value	127,256	14,052,409	1,074,863	288,128	-	15,542,656	13,211,606
Capital work-in progress	-	-	-	-	-	1,375	61,063
Carrying amount	-	-	-	-	-	15,544,031	13,272,669

17.2 Company

As at 31st March	Company		
	ERP system Rs.'000	Total 2022 Rs.'000	Total 2021 Rs.'000
Cost :			
At the beginning of the year	-	-	-
Transferred from property plant & equipment	45,905	45,905	-
Additions	73,208	73,208	-
Disposals	(4,133)	(4,133)	-
At the end of the year	114,980	114,980	-
Amortisation :			
At the beginning of the year	-	-	-
Transferred from property plant & equipment	43,572	43,572	-
Amortisation for the year	2,606	2,606	-
Disposals	(4,133)	(4,133)	-
At the end of the year	42,045	42,045	-
Net book value	72,935	72,935	-
Capital work in progress	1,375	1,375	58,698
Carrying amount	74,310	74,310	58,698

17.3 Right to Generate Hydro/Solar Power and Development Costs

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

Company	Category	Remaining amortisation period	2022 RS.'000	2021 RS.'000
Bhagya Hydro (Pvt) Ltd.	Hydro power	-	-	93
Neluwa Cascade Hydro Power (Pvt) Ltd.	Hydro power	1 year	175	408
TTEL Somerset Hydro Power (Pvt) Ltd.	Hydro power	1 year	1,320	2,200
TTEL Hydro Power Company (Pvt) Ltd.	Hydro power	1 year	1,320	2,200
Nirmalapura Wind Power (Pvt) Ltd.	Development cost	9 years	26,833	29,658
Solar One Ceylon (Pvt) Ltd.	Solar power	14 years	97,608	104,581
			127,256	139,139

NOTES TO THE FINANCIAL STATEMENTS

17.4 Goodwill

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

As at 31st March	2022 Rs. mn	2021 Rs. mn	Recoverable amount is based on
Dipped Products PLC	97	97	FVLCD*
Dipped Products' Group Companies	33	33	VIU**
Advantis Group Companies	538	538	VIU**
Haycarb Group Companies	202	202	VIU**
The Kingsbury PLC	633	633	VIU**
Hayleys Plantation Services (Pvt) Ltd.	220	220	VIU**
Alumex PLC	1,052	1,052	VIU**
Hayleys Leisure PLC	1,415	1,553	VIU**
Unisyst Engineering PLC	20	20	VIU**
Fentons Group Companies	532	532	VIU**
Singer (Sri Lanka) PLC	7,205	7,205	VIU**
South Asia Textiles Ltd.	2,104	-	VIU**
	14,052	12,086	

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

As at 31st March	2022		2021	
	Discount Rate	Terminal Growth Rate	Discount Rate	Terminal Growth Rate
Singer (Sri Lanka) PLC	13.0%	3.0%	13.1%	2.0%
Hayleys Leisure PLC	15.0%	3.0%	11.5%	3.0%
The Kingsbury PLC	15.0%	3.0%	11.8%	2.0%
Alumex PLC	15.0%	3.0%	15.0%	3.0%
South Asia Textiles Ltd.	11.0%	2.5%	-	-

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

	2022	2021
Discount Rate	15%-17%	10%-15%
Terminal growth rate	2%-4%	2%-4%

Projected adjusted EBITDA

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

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

Terminal Growth Rate

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

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

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

Discount rates

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

17.5 Brand Name / Trade Mark

17.5.1 The Group has recognised an intangible asset for the Amaya chain of hotels from the acquisition of Hayleys Leisure PLC. Amaya brand name is a well established name in the leisure sector. Management is of the opinion that the brand name will be a key attraction in the future booming leisure sector.

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

SISIL trademark

The company had acquired the "SISIL" trade mark in December 2000, amounting to Rs. 55 mn. The management is of the opinion that the aforementioned trademark has an indefinite useful life as their associated brand awareness and recognition has existed over 30 years and the company intends to utilise the said trademark for the foreseeable future. There are no legal, regulatory, contractual, competitive, economic or other factors that may limit its useful life and accordingly, the carrying amount of this trademark is determined after testing for impairment annually. Following assumptions are made to test for any impairment as at 31st March 2022:

	2022	2021
Annual sales growth for next five years	10%	10%
Gross margin	26%	2%
Discount rate	10%	8%
Indefinite Growth Rate after Year 2025/2026	2%	2%

NOTES TO THE FINANCIAL STATEMENTS

UNIC trademark

The company had acquired the 'UNIC' Trade mark in 2006 amounting Rs. 38.51 bn. This trade mark is also considered to have an indefinite useful life due to the factors mentioned in the preceding paragraph and accordingly, the carrying amount of this trademark is determined after testing for impairment annually. Following assumptions are made to test for impairment as at 31st March 2022:

	2022	2021
Annual sales growth for next five years	8%	10%
Gross margin	29%	24%
Discount rate	10%	8%
Indefinite Growth Rate after Year 2025/2026	2%	2%

SONY distribution rights

"The company had acquired the distribution rights of brand 'SONY' in 2014 amounting Rs. 46.43 bn This assets are now carried at cost subject to annual impairment test and carrying amount as at 31st December 2015 is Rs. 46.43 bn. This distribution right also considered to have an indefinite useful life due to the factors mentioned in the preceding paragraph accordingly, the carrying amount of this trademark is determined after testing for impairment annually. Following assumptions are made to test for impairment as at 31st March 2022.

	2022	2021
Annual sales growth for next five years	5%	10%
Gross margin	20%	22%
Discount rate	10%	8%
Indefinite Growth Rate after Year 2025/2026	2%	2%

17.6 Customer List

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

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

18 INVESTMENTS

18.1 Company Investment in Subsidiaries

As at 31st March	% Holding		No. of Shares			Value		
	2022	2021	2022	Addition/ Disposal	2021	2022 Rs:'000	Movement Rs:'000	2021 Rs:'000
Investee								
Quoted investments*								
Haycarb PLC (Rs. 10,103 mn)	68	68	201,251,030	-	201,251,030	47,204	-	47,204
Hayleys Fibre PLC (Rs. 860 mn)	65	65	15,600,000	-	15,600,000	3,575	-	3,575
Dipped Products PLC (Rs. 8,194 mn)	42	42	252,109,380	-	252,109,380	408,490	-	408,490
Hayleys Fabric PLC (Rs. 7,129 mn)	59	59	244,974,046	-	244,974,046	1,355,791	-	1,355,791
Hayleys Leisure PLC (Rs. 756 mn)	43	40	46,690,587	3,151,673	43,538,914	2,302,080	63,739	2,238,341
Alumex PLC (Rs. 2,298 mn)	53	53	314,826,064	-	314,826,064	1,381,879	-	1,381,879
Unisyst Engineering PLC (Rs. 0 mn)	-	63	-	(27,580,356)	27,580,356	-	(236,809)	236,809
Singer (Sri Lanka) PLC (Rs. 10,973 mn)	70	70	783,801,111	-	783,801,111	12,375,298	-	12,375,298
The Kingsbury PLC (Rs. 1,397 mn)	36	36	174,614,114	-	174,614,114	1,449,123	-	1,449,123
			2,033,866,332	(24,428,683)	2,058,295,015	19,323,440	(173,070)	19,496,510
Unquoted Investments								
Chas P. Hayley & Company (Pvt) Ltd.	100	100	999,920	-	999,920	698	-	698
Ravi Industries (Pvt) Ltd.	86	86	10,851,477	4,217	10,847,260	18,350	146	18,204
Hayleys Group Services Ltd.	100	100	10,000	-	10,000	100	-	100
Hayleys Electronics Ltd.	-	98	-	(951,855)	951,855	-	(95,687)	95,687
Dean Foster (Pvt) Ltd.	98	98	11,764,704	-	11,764,704	104,620	-	104,620
Hayleys Advantis Ltd.	90	95	32,789,904	28,788	32,761,116	304,982	4,585	300,397
Volanka Exports (Pvt) Ltd.	4	4	129,002	103	128,899	2,104	-	2,104
Sunfrost (Pvt) Ltd.	5	5	423,300	-	423,300	4,233	-	4,233
Rileys (Pvt) Ltd.	4	4	5,000,000	-	5,000,000	10,333	-	10,333
Volanka (Pvt) Ltd.	62	62	6,440	-	6,440	23,107	-	23,107
Toyo Cushion Lanka (Pvt) Ltd.	18	18	1,244,153	6,042	1,238,111	14,344	350	13,994
Hayleys Produce Marketing Ltd.	100	100	250,000	-	250,000	2,532	-	2,532
Carbotels (Pvt) Ltd.	75	75	27,578,769	-	27,578,769	308,004	-	308,004
HJS Condiments Ltd.	10	10	1,273,088	6,824	1,266,264	19,609	482	19,127
Hayleys Agriculture Holdings Ltd.	98	97	23,207,651	4,816	23,202,835	772,520	858	771,662
Hayleys Consumer Products Ltd.	99	99	19,489,736	-	19,489,736	252,707	-	252,707
Hayleys Aventura (Pvt) Ltd.	100	100	38,748,400	-	38,748,400	387,484	-	387,484
Hayleys Business Solutions International (Pvt) Ltd.	100	100	15,000,000	-	15,000,000	150,000	-	150,000
Nirmalapura Wind Power (Pvt) Ltd.	30	30	29,900,000	-	29,900,000	154,204	-	154,204
Fentons Ltd.	100	100	59,442,630	-	59,442,630	810,953	-	810,953
Hayleys Tours (Pvt) Ltd.	100	100	500,000	-	500,000	5,000	-	5,000
Luxury Resort (Pvt) Ltd.	100	100	18,349,800	-	18,349,800	1,780,934	-	1,780,934
World Export Center Ltd.	100	100	1,055,641,701	-	1,055,641,701	10,556,417	-	10,556,417
Hayleys Fabric Solutions Ltd.	100	100	6	-	6	-	-	-
Haylex BV	100	100	1,000	-	1,000	25,734	-	25,734
Darley Property Holdings (Pvt) Ltd.	100	100	394,630,388	-	394,630,388	3,946,303	-	3,946,303
			1,748,183,924	50,790	1,748,133,134	19,750,959	6,421	19,744,538
Company investment in subsidiaries (at cost)			3,781,098,401	(25,329,748)	3,806,428,149	38,978,712	(262,336)	39,241,048
Provision for fall in value of investment made by the company								
Hayleys Electronics (Pvt) Ltd.						-	95,687	(95,687)
Hayleys Business Solutions International (Pvt) Ltd.						(75,000)	-	(75,000)
Company investment in subsidiaries						38,903,712	(166,649)	39,070,361

* Figures in brackets indicate market value of Quoted investments.

18.1.1 Countries of incorporation of overseas subsidiaries are given in pages 444 to 448.

NOTES TO THE FINANCIAL STATEMENTS

18.2 Investment in Equity Account Investees

Investor As at 31st March	Investee	Consolidated							
		% Holding		No. of Shares			Value Rs.'000		
		2022	2021	2022	Movement	2021	2022	Movement	2021
Hayleys Advantis Group	Yusen Logistics & Kusuhara (Pvt) Ltd.	30	30	195,000	-	195,000	1,950	-	1,950
Puritas (Pvt) Ltd.	Lakdiyatha (Pvt) Ltd.	49	49	2,450,000	-	2,450,000	24,500	-	24,500
Hayleys Aviation and Projects (Pvt) Ltd.	S & T Interiors (Pvt) Ltd.*	-	30	-	(780,000)	780,000	-	(7,800)	7,800
Hayleys Aventura (Pvt) Ltd.	Joule Power (Pvt) Ltd.	25	25	26,250,000	-	26,250,000	262,500	-	262,500
Hayleys Aventura (Pvt) Ltd.	Beta Power (Pvt) Ltd.	25	25	26,250,000	-	26,250,000	262,500	-	262,500
Kelani Valley Plantations PLC	Martin Bauer Hayleys (Pvt) Ltd.	10	10	39,091,550	-	39,091,550	390,920	-	390,920
Hayleys PLC	Martin Bauer Hayleys (Pvt) Ltd.	39	39	150,484,550	-	150,484,550	1,504,863	-	1,504,863
Group investments in equity accounted investees (at cost)							2,447,233	(7,800)	2,455,033

Investor As at 31st March	Investee	Company							
		% Holding		No. of Shares			Value Rs.'000		
		2022	2021	2022	Movement	2021	2022	Movement	2021
Unquoted Investments									
Hayleys PLC	Martin Bauer Hayleys (Pvt) Ltd.	39	39	150,484,550	-	150,484,550	1,504,863	-	1,504,863
Company Investment in equity accounted investees (at cost)							1,504,863	-	1,504,863

* S & T Interiors (Pvt) Ltd was accounted as a Equity accounted investee upto 5th January 2022 and it is considered as a subsidiary subsequent to the establishment of control.

18.2.1 Net assets of Equity Accounted Investees as follows

As at 31st March	Consolidated							
	Investment at Cost		Profit/(Loss)		Others		Net Assets	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Yusen Logistics & Kusuhara (Pvt) Ltd.	1,950	1,950	23,596	6,520	(3,143)	(329)	38,079	17,626
S & T Interiors (Pvt) Ltd.	-	7,800	4,386	2,129	(19,331)	-	-	14,945
Lakdiyatha (Pvt) Ltd.	24,500	24,500	(39,425)	(14,187)	-	(32)	24,923	64,348
Joule Power (Pvt) Ltd.	262,500	262,500	87,910	100,853	(50,000)	(50,000)	545,773	507,863
Beta Power (Pvt) Ltd.	262,500	262,500	103,353	109,054	(87,500)	(87,500)	502,112	486,259
Martin Bauer Hayleys (Pvt) Ltd.	1,895,783	1,895,783	46,974	48,242	(209)	(324)	1,053,490	1,006,725
Group Investments in equity accounted investees	2,447,233	2,455,033	226,794	252,611	(160,183)	(138,185)	2,164,377	2,097,766

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

As at 31st March	Consolidated	
	2022	2021
	Rs.'000	Rs.'000
Assets and liabilities		
Current Assets	2,234,679	3,099,319
Non-current Assets	5,677,976	6,199,017
Current Liabilities	654,216	2,536,227
Non-current Liabilities	1,099,961	1,284,052

For the year ended 31st March	Consolidated	
	2022	2021
	Rs.'000	Rs.'000
Revenue and profit		
Revenue from contracts with customers	3,912,002	3,599,127
Profit after tax	887,185	951,774
Total comprehensive income	886,257	949,818

For the year ended 31st March	Consolidated	
	2022	2021
	Rs.'000	Rs.'000
Cash flows		
Cash flows from operating activities	929,808	933,596
Cash flows from Investing activities	(189,445)	(246,532)
Cash flows from financing activities	(908,789)	(561,987)

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

18.3 There are no Equity Accounted Investees incorporated outside of Sri Lanka.

NOTES TO THE FINANCIAL STATEMENTS

18.4 Inter-Company Shareholdings

Investor As at 31st March	Investee	% Holding		No. of Shares	
		2022	2021	2022	2021
Agro Technica Ltd.	Sunfrost (Pvt) Ltd.	1	1	75,000	75,000
Chas P. Hayley & Co. (Pvt) Ltd.	Toyo Cushion Lanka (Pvt) Ltd.	3	3	169,267	169,267
	Charles Fibre (Pvt) Ltd.	50	50	10,000	10,000
	Hayleys Electronics (Pvt) Ltd.	-	2	-	14,975
	Lignocell (Pvt) Ltd.	100	100	12,000,000	12,000,000
Lignocell (Pvt) Ltd.	Charles Fibre (Pvt) Ltd.	50	50	10,000	10,000
Dean Foster (Pvt) Ltd.	Volanka (Pvt) Ltd.	38	38	3,920	3,920
	Hayleys Advantis Ltd.	1	1	488,369	488,369
	Chas P. Hayley & Company (Pvt) Ltd.	0	0	80	80
	Alumex PLC	5	5	28,427,800	28,427,800
	Hayelys Leisure PLC	21	21	23,049,088	23,049,088
Dipped Products PLC	Palma Ltd.	100	100	4,000,000	4,000,000
	Venigros (Pvt) Ltd.	100	100	8,000,000	8,000,000
	Feltex (Pvt) Ltd.	100	100	1,500,000	1,500,000
	DPL Plantations (Pvt) Ltd.	100	100	55,000,000	55,000,000
	Dipped Products (Thailand) Ltd. (100 Bhat)	99	99	4,516,250	4,516,250
	Texnil (Pvt) Ltd.	100	100	29,000,000	29,000,000
	ICOGUANTI S.p.A (Italy) (€1 - each)	100	100	3,150,000	3,150,000
	Hanwella Rubber Products Ltd.	73	73	18,152,000	18,152,000
	D P L Premier Gloves Ltd.	100	100	45,000,000	45,000,000
	D P L Universal Gloves Ltd.	100	100	125,000,000	125,000,000
D P L International Ltd.	100	100	1	1	
DPL Plantations Ltd.	Kelani Valley Plantations PLC	72	72	49,253,800	49,253,800
	Hayleys Plantation Services (Pvt) Ltd.	67	67	13,400,000	13,400,000
Haycarb PLC	Dipped Products PLC	7	7	40,687,460	40,687,460
	Eurocarb Products Ltd.(UK) (£1 - each)	100	100	100,000	100,000
	Haycarb Value Added Products (Pvt) Ltd.	100	100	40,000,000	40,000,000
	Haycarb Holdings Australia (Pty) Ltd. (Aus \$1 - each)	100	100	150,000	150,000
	Carbotels (Pvt) Ltd.	25	25	9,290,341	9,290,341

Investor As at 31st March	Investee	% Holding		No. of Shares	
		2022	2021	2022	2021
	Carbokarn Co. Ltd.(100 Bhat, 100% paid-up)	50	50	250,000	250,000
	Puritas (Pvt) Ltd.	100	100	700,000	700,000
	Recogen (Pvt) Ltd.	100	100	37,000,000	37,000,000
	Haycarb USA Inc.	100	100	1,285,000	1,285,000
	Haycarb Holdings Bitung Ltd. (\$1 - each)	100	100	1,400,000	1,400,000
	PT Mapalus Makawanua Charcoal Industry (IDR 1,000,000)	2	2	707	707
	Ultracarb (Pvt) Ltd.	100	100	25,000,000	25,000,000
	Quality Seed Company (Pvt) Ltd.	6	6	147,000	147,000
	PT Haycarb Palu Mitra	60	60	1,290,000	1,290,000
Carbokarn Co. Ltd.	CK Regen Systems Co. Ltd.	100	100	75,000	75,000
	Shizuka Co. Ltd.	100	100	137,500	137,500
Puritas (Pvt) Ltd.	Lakdiyatha (Pvt) Ltd.	49	49	2,450,000	2,450,000
	Puricarb Pte Ltd.	100	100	50,000	50,000
Haycarb Holdings Bitung Ltd .	PT Mapalus Makawanua Charcoal Industry (IDR 1,000,000)	98	98	36,935	36,935
Hayleys Agriculture Holdings Ltd.	Agro Technica Ltd.	100	100	2,499,994	2,499,994
	Hayleys Agro Fertilizers (Pvt) Ltd.	100	100	14,999,999	14,999,999
	Hayleys Agro Farms (Pvt) Ltd.	100	100	1,500,000	1,500,000
	Hayleys Agro Bio-Tech (Pvt) Ltd.	100	100	7,499,999	7,499,999
	HJS Condiments Ltd.	59	59	7,399,343	7,399,343
	Sunfrost (Pvt) Ltd.	93	93	7,445,000	7,445,000
	Haychem (Bangladesh) Ltd.	100	100	90,702	90,702
	Hayleys Fabric PLC	2	2	6,944,514	6,944,514
	Aquagri (Pvt) Ltd.	51	51	1,275,000	1,275,000
	Singer (Sri Lanka) PLC	3	3	28,404,255	28,404,255
	Quality Seed Company (Pvt) Ltd.	94	94	2,378,000	2,378,000
Hayleys Fibre PLC	Toyo Cushion Lanka (Pvt) Ltd.	16	16	1,015,602	1,015,602
	Bonterra Ltd.	50	50	803,394	803,394
	Creative Polymats (Pvt) Ltd.	74	74	22,500,001	22,500,001
	Rileys (Pvt) Ltd.	12	12	15,500,000	15,500,000

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Investor As at 31st March	Investee	% Holding		No. of Shares	
		2022	2021	2022	2021
Hayleys Aventura (Pvt) Ltd.	Haycolour (Pvt) Ltd.	100	100	60,000	60,000
	Hayleys Lifesciences (Pvt) Ltd.	100	100	3,000,001	3,000,001
	Power Engineering Solutions (Pvt) Ltd.	100	100	320,001	320,001
	Nirmalapura Wind Power (Pvt) Ltd.	21	21	21,100,000	21,100,000
	Hayleys Power Ltd.	100	100	46,767,241	46,767,241
	Joule Power (Pvt) Ltd.	25	25	26,250,000	26,250,000
	Beta Power (Pvt) Ltd.	25	25	26,250,000	26,250,000
	Singer (Sri Lanka) PLC	3	3	31,595,745	31,595,745
	Solar One Ceylon (Pvt) Ltd.	50	50	35,085,952	35,085,952
Hayleys Hydro Energy (Pvt) Ltd.	Neluwa Cascade Hydro Power (Pvt) Ltd.	100	100	11,910,001	11,910,001
Hayleys Plantation Services (Pvt) Ltd.	Talawakelle Tea Estates PLC	75	75	35,500,000	35,500,000
Talawakelle Tea Estates PLC	TTEL Hydro Power Company (Pvt) Ltd.	51	51	3,519,000	3,519,000
	TTEL Somerset Hydro Power (Pvt) Ltd.	51	51	3,060,000	3,060,000
Hayleys Advantis Group	Sunfrost (Pvt) Ltd.	1	1	50,000	50,000
	Singer (Sri Lanka) PLC	10	10	111,382,980	111,382,980
	Hayleys Fabric PLC	2	2	10,073,700	10,073,700
	Unisyst Engineering PLC	63	-	27,582,356	-
Ravi Industries Ltd.	Rileys (Pvt) Ltd.	19	19	24,500,000	24,500,000
	Dipped Products PLC	1	1	5,670,000	5,670,000
	Ravi Marketing Services (Pvt) Ltd.	100	100	9,994	9,994
Rileys (Pvt) Ltd.	Haymat (Pvt) Ltd.	54	54	215,998	215,998
	Creative Polymats (Pvt) Ltd.	26	26	8,034,098	8,034,098
Toyo Cushion Lanka (Pvt) Ltd.	Dean Foster (Pvt) Ltd.	2	2	235,294	235,294
	Hayleys Leisure PLC	2	2	1,835,420	1,835,420
Volanka (Pvt) Ltd.	Dipped Products PLC	8	8	48,736,400	48,736,400
	Toyo Cushion Lanka (Pvt) Ltd.	22	22	1,455,832	1,455,832
	Volanka Exports Ltd.	100	100	2,899,994	2,899,994
	Volanka Insurance Brokers (Pvt) Ltd.	100	100	58,994	58,994
	Singer (Sri Lanka) PLC	3	3	34,787,235	34,787,235
	Ravi Industries Ltd.	14	14	1,732,720	1,732,720
	Rileys (Pvt) Ltd.	65	65	85,000,000	85,000,000

Investor As at 31st March	Investee	% Holding		No. of Shares	
		2022	2021	2022	2021
Carbotels (Pvt) Ltd.	Eastern Hotel (Pvt) Ltd.	96	96	894,304	894,304
	Singer (Sri Lanka) PLC	3	3	29,042,553	29,042,553
	The Kingsbury PLC	23	23	113,250,000	113,250,000
Volanka Exports Ltd.	O E Techniques Ltd.	100	100	9,993	9,993
	Hayleys Leisure PLC	1	1	1,445,358	1,445,358
Kelani Valley Plantations PLC	Kalupahana Power Company (Pvt) Ltd.	60	60	1,800,000	1,800,000
	Kelani Valley Instant Tea (Pvt) Ltd.	100	100	3,000,000	3,000,000
	Mabroc Teas (Pvt) Ltd.	100	100	9,000,000	9,000,000
	Kelani Valley Resorts (Pvt) Ltd.	100	100	5,000,000	5,000,000
	Martin Bauer Hayleys (Pvt) Ltd.	10	10	39,091,550	39,091,550
Hayleys Aviation and Projects (Pvt) Ltd.	Air Global (Pvt) Ltd.	100	100	999,995	999,995
	Millennium Transportation (Pvt) Ltd.	100	100	99,999	99,999
	North South Lines (Pvt) Ltd.	100	100	134,999	134,999
	Hayleys Travels (Pvt) Ltd.	100	100	1,779,999	1,779,999
	S & T Interiors (Pvt) Ltd.	60	30	1,779,999	780,000
Alumex PLC	Alco Industries (Pvt) Ltd.	100	100	3,000,002	3,000,002
Hayleys Electronics Ltd.	Global Consumer Brands (Pvt) Ltd.	100	100	17,599,999	17,599,999
	Hayleys Electronics Manufacturing (Pvt) Ltd.	100	100	499,999	499,999
Hayleys Consumer Products Ltd.	International Consumer Brands (Pvt) Ltd.	100	100	3,000,000	3,000,000
	Hayleys Electronics Lighting (Pvt) Ltd.	100	100	599,999	599,999
Hayleys Leisure PLC	Kandyan Resorts (Pvt) Ltd.	100	100	23,215,547	23,215,547
	Culture Club Resorts (Pvt) Ltd.	100	100	23,822,393	23,822,393
	Connaissance Air Travels Ltd.	100	100	100,003	100,003
	Sun Tan Beach Resorts Ltd.	82	82	366,734,905	366,734,905
	Connaissance Hotel Management (Pvt) Ltd.	100	100	1,200,002	1,200,002
	C D C Conversions (Pvt) Ltd.	100	100	1,000,002	1,000,002
	Lake Lodge Resort Ltd.	-	80	-	816,000

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Investor As at 31st March	Investee	% Holding		No. of Shares	
		2022	2021	2022	2021
Hayleys Power Ltd.	Bhagya Hydro (Pvt) Ltd.	100	100	3,499,999	3,499,999
	Hayleys Hydro Energy (Pvt) Ltd.	51	51	6,120,001	6,120,001
	TTEL Hydro Power (Pvt) Ltd.	49	49	3,366,300	3,366,300
	TTEL Summerset Hydro Power (Pvt) Ltd.	49	49	2,940,000	2,940,000
	Hayleys Neluwa Hydro Power (Pvt) Ltd.	100	100	29,700,000	29,700,000
	Neluwa Upper Hydro Power (Pvt) Ltd.	100	100	100,000	100,000
Fentons Ltd.	Fentons Smart Facilities (Pvt) Ltd.	100	100	1	1
	Energynet (Pvt) Ltd.	100	100	10,900,344	10,900,344
	Nex-Gen Asia (Pvt) Ltd.	100	100	100	100
	Hayleys Electronics (Pvt) Ltd.	100	-	966,828	-
Energynet (Pvt) Ltd.	Hayleys Electronics (Pvt) Ltd.	-	-	1	-
Singer (Sri Lanka) PLC	Singer Finance (Lanka) PLC	80	80	161,513,035	161,513,035
	Singer Industries (Ceylon) PLC	88	88	17,544,628	17,544,628
	Regnis (Lanka) PLC	58	58	13,137,154	13,137,154
	Singer Digital Media (Pvt) Ltd.	100	100	500,000	500,000
	Singer Business School (Pvt) Ltd.	100	100	1,000,000	1,000,000
	Reality Lanka Ltd.	60	60	11,015,083	11,015,083
Singer Industries (Ceylon) PLC	Reality Lanka Ltd.	30	30	5,400,000	5,400,000
Regnis (Lanka) PLC	Reality Lanka Ltd.	10	10	1,800,000	1,800,000
	Regnis Appliances (Pvt) Ltd.	100	100	15,000,000	15,000,000
Hayleys Fabric PLC	South Asia Textiles Ltd.	100	-	357,361,456	-
Hayleys Group Services (Pvt) Ltd.	Hayleys Electronics (Pvt) Ltd.	0	-	1	-
	Air Global (Pvt) Ltd.	0	-	1	-
	Connaissance Air Travels Ltd.	0	-	2	-
	Kandyan Resorts (Pvt) Ltd.	0	-	2	-
	C D C Conversions (Pvt) Ltd.	0	-	2	-
	Connaissance Hotel Management (Pvt) Ltd.	0	-	2	-
	S & T Interiors (Pvt) Ltd.	0	-	1	-

19 OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

19.1 Other Non-Current Financial Assets

As at 31st March	Consolidated				Company		
	Fair value through OCI		Total 2022	Total 2021	Fair value through OCI	Total 2022	Total 2021
	Unquoted equity shares Rs.'000	Quoted equity shares Rs.'000	Rs.'000	Rs.'000	Unquoted shares Rs.'000	Rs.'000	Rs.'000
At the beginning of the year	109,821	138,984	248,805	252,027	64,687	64,687	77,597
Additions	1,200	-	1,200	-	-	-	-
Impairment reversal/(Impairment) for the year	(7,562)	-	(7,562)	13,828	(7,562)	(7,562)	(8,565)
Disposals	-	(245,611)	(245,611)	(134,981)	-	-	(4,345)
Effect of movement in exchange rate	105	-	105	51	-	-	-
Change in fair value	(18,144)	112,406	94,262	117,880	-	-	-
At the end of the year	85,420	5,779	91,199	248,805	57,125	57,125	64,687

19.1.1 Investment details

Investor As at 31st March	Investee	Number of shares		Value	
		2022	2021	2022 Rs.'000	2021 Rs.'000
Unquoted equity shares - at fair value through OCI					
Hayleys PLC	Sojitz Kelanitissa (Pvt) Ltd.	15,125,103	15,125,103	15,125	22,687
	Sri Lanka Institute of Nanotechnology (Pvt) Ltd.	4,200,000	4,200,000	42,000	42,000
Hayleys Aventura (Pvt) Ltd.	Hydro Trust Lanka (Pvt) Ltd.	350,000	350,000	3,500	3,500
Dipped Product PLC	Wellassa Rubber Company Ltd.	255,000	255,000	2,550	2,550
	Impairment in Wellassa Rubber Company Ltd.	-	-	(2,550)	(2,550)
Haycarb PLC	Barrick Gold Corporation	3,456	3,456	340	235
Hayleys Advantis Ltd.	SLAFFA Cargo Services Ltd.	120,901	40,901	1,530	16,384
	CMA Ships Lanka (Pvt) Ltd.	2	2	25	25
Singer (Sri Lanka) PLC	Equity Investment Lanka Ltd.	1,665,000	1,665,000	22,859	24,949
	Credit Information Bureau of Sri Lanka	100	100	41	41
				85,420	109,821
Quoted equity shares - at fair value through OCI					
Dipped Product PLC	Royal Ceramic Lanka PLC	220	220	89	57
Hayleys Advantis Ltd.	Comtrust Equity Fund	200,000	200,000	4,564	3,490
	Union Bank PLC	100,000	100,000	781	1,040
Hayleys Leisure PLC	Royal Ceramic Lanka PLC	-	521,600	-	134,052
Fentons Ltd.	Hotel Sigiriya PLC	5,500	5,500	345	345
				5,779	138,984

NOTES TO THE FINANCIAL STATEMENTS

19.2 Other Current Financial Assets

As at 31st March	Consolidated					Company				
	Fair value through profit or loss			Amortised cost	Total 2022	Total 2021	Financial instruments at fair value through profit or loss		Total 2022	Total 2021
	Foreign exchange forward contract	Quoted equity shares	Unit trust	Treasury bills			Quoted equity shares	Unit trust		
	Rs.'000	Rs.'000	Rs.'000		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At the beginning of the year	3,000	13,024	348,264	99,236	463,524	412,536	8,002	-	8,002	5,110
Additions	-	155	10,594,784	-	10,594,939	2,569,859	78	7,278,000	7,278,078	227
Disposals	(3,000)	-	(9,629,216)	(99,236)	(9,731,452)	(2,567,831)	-	(7,308,563)	(7,308,563)	-
Change in fair value	-	764	72,648	-	73,412	48,960	(374)	30,563	30,563	2,665
At the end of the year	-	13,943	1,386,480	-	1,400,423	463,524	7,706	-	7,706	8,002

19.2.1 Investment details

Investor	Investee	Number of shares		Value	
		2022	2021	2022 Rs.'000	2021 Rs.'000
As at 31st March					
Foreign exchange forward contract - Fair value through profit or loss					
	Creative Polymats (Pvt) Ltd.			-	3,000
				-	3,000
Quoted equity shares - Fair value through profit or loss					
Hayleys PLC	Central Industries PLC	17,540	16,662	1,720	1,716
	Kelani Tyres PLC	17,200	17,200	996	1,342
	Lanka Orix Leasing Company PLC	1,404	1,404	839	410
	National Development Bank PLC	24,573	24,573	1,368	1,985
	Three Acre Farms PLC	1,840	1,840	347	367
	Hatton National Bank PLC - Non Voting	23,190	22,442	2,435	2,182
Dean Foster (Pvt) Ltd.	ACL Cables PLC	16,480	16,480	940	592
	Blue Diamonds Jewellery Worldwide PLC	13	13	-	-
	Lanka Orix Leasing Company PLC	3,280	3,280	1,960	958
	Three Acre Farms PLC	2,000	2,000	377	399
Hayleys Advantis Ltd.	DFCC Bank PLC	8,007	8,007	405	477
	Hatton National Bank PLC	8,692	8,475	949	1,068
	National Development Bank PLC	2,900	2,900	161	233
	Beruwala Resort PLC	344,474	344,474	310	274
	Union Bank PLC	400	400	3	4
Hayleys Leisure PLC	The Fortress Resorts PLC	90,075	90,075	1,122	1,009
	LB Finance PLC	40	40	11	8
				13,943	13,024

19.2.1 Investment detail (contd.)

Investor As at 31st March	Investee	Number of shares		Value	
		2022	2021	2022 Rs.'000	2021 Rs.'000
Unit trust - Fair value through profit or loss					
Carbotels (Pvt) Ltd.	NDB Wealth Money Fund	179,678	179,678	10,643	3,740
	NDB Wealth Money plus Fund	5,119,141	5,119,141	122,687	121,802
Hayleys Tours (Pvt) Ltd.	NDB Wealth Management Ltd				
	NDB Wealth Money Fund	-	742	-	5,368
Hayleys Advantis Ltd.	NDB Wealth Management Ltd				
	NDB Wealth Money Fund	9,160,070	8,230,784	1,253,549	217,354
				1,386,480	348,264
Amortised cost					
Singer (Sri Lanka) PLC	Treasury bills			-	99,236

19.3 Other Financial Liabilities

As at 31st March	Consolidated	
	Total 2022 Rs.'000	Total 2021 Rs.'000
At beginning of the year	10,465,198	7,015,045
Incurred	7,784,415	6,217,753
Settlements	(6,491,470)	(3,117,758)
Charge/capitalisation of interest	388,371	350,158
At end of the year	12,146,514	10,465,198
Other current financial liabilities	9,828,666	8,374,066
Other non current financial liabilities	2,317,848	2,091,132

Other financial liabilities includes financial liabilities at amortised cost

19.3.1 Deposit Classification

As at 31st March	Consolidated	
	2022 Rs.'000	2021 Rs.'000
Fixed deposits	11,999,219	10,345,539
Savings deposits	147,261	119,659
	12,146,480	10,465,198

NOTES TO THE FINANCIAL STATEMENTS

19.4 Fair Value Hierarchy

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

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

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

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

As at 31 March 2022, the Group held the following financial instruments carried at fair value in the Statement of Financial Position:

Assets measured at fair value

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

During the reporting period ended 31 March 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Fair Values

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

As at 31st March	Notes	Consolidated		Company	
		Carrying value	Fair value	Carrying value	Fair value
		2022		2022	
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Assets					
Other non- current financial assets					
Fair value through OCI	19.1	91,199	91,199	57,125	57,125
Non- current trade and other receivables	22	12,331,710	12,331,710	-	-
Other current financial assets					
Financial instruments at fair value through profit or loss	19.2	1,400,423	1,400,423	7,706	7,706
Trade and other receivables	22	107,082,528	107,082,528	32,907	32,907
Amounts due from subsidiaries	38	-	-	3,897,840	3,897,840
Amounts due from equity accounted investees	38	142,891	142,891	1,190	1,190
Short term deposits		19,927,939	19,927,939	254,515	254,515
Cash and cash equivalents		27,409,656	27,409,656	697,773	697,773
		168,386,346	168,386,346	4,949,056	4,949,056
Financial Liabilities					
Interest-bearing borrowings*	25	91,108,780	93,037,363	23,627,131	24,452,948
Other financial liabilities					
Financial liabilities at amortised cost	19.3	12,146,514	12,146,514	-	-
Trade and other payables	29	79,256,611	79,256,611	1,268,500	1,268,500
Amounts due to subsidiaries	38	-	-	672,807	672,807
Amounts due to equity accounted investees	38	322	322	322	322
Short-term interest-bearing borrowings	31	80,825,555	80,825,555	3,031,945	3,031,945
		263,337,782	265,266,365	28,600,705	29,426,532

* Include fixed interest loans carried at amortised cost.

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

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

NOTES TO THE FINANCIAL STATEMENTS

20 OTHER NON CURRENT ASSETS

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Prepayments	3,277,905	2,330,826	31,555	19,716
Formers	962,827	806,704	-	-
Pre paid staff benefit	190,139	161,160	-	-
VAT receivable	816,050	746,005	-	-
Other tax receivables	471,962	316,243	-	-
Provision for amortisation/impairment	(556,377)	(460,473)	-	-
	5,162,506	3,900,465	31,555	19,716
Other Current Assets	4,179,463	2,893,143	31,555	19,716
Other Non Current Assets	983,043	1,007,322	-	-

21. INVENTORIES

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Raw materials & consumables	30,779,078	17,480,281	7,493	1,739
Produce stocks	784,986	731,531	-	-
Produce on bearer biological assets	34,417	31,907	-	-
Nurseries	31,928	22,024	-	-
Work-in-progress	10,000,004	4,421,396	-	-
Finished goods	44,142,787	31,009,047	-	-
Goods-in-transit	1,737,111	2,600,341	-	-
	87,510,311	56,296,527	7,493	1,739
Provision for write-down of inventories	(4,288,354)	(2,590,148)	-	-
Provision for unrealised profit and write-down of inventories	(824,010)	(606,283)	-	-
	82,397,947	53,100,096	7,493	1,739

21.1 Carrying amount of inventories pledged as security for bank facilities obtained amounted to Rs. 9,918 mn (2021 - Rs. 3,087 mn).

21.2 Inventory carried at net realisable value as at 31st March 2022 Rs. 3,299 mn (2021 - Rs. 656 mn).

22. TRADE AND OTHER RECEIVABLES

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Trade receivables	63,783,222	34,060,707	-	-
Bills receivables	11,679,613	6,523,197	-	-
Hire debtors	6,751,382	7,488,689	-	-
Lease rental receivable	5,228,685	14,344,832	-	-
Loan debtors	11,393,521	7,925,770	-	-
	98,836,423	70,343,195	-	-
Payment in advance, deposits and other receivables	26,490,942	13,844,771	64,115	69,732
Duty rebate receivable	525,165	109,286	-	-
Employee loans	175,004	529,600	974	1,841
Provision for impairment	(6,613,296)	(5,688,239)	(32,182)	(32,182)
	119,414,238	79,138,613	32,907	39,391
Current Trade and Other Receivables	107,082,528	67,226,195	32,907	39,391
Non-Current Trade and Other Receivables	12,331,710	11,912,418	-	-

22.1. Movement in the Provision for Impairment

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
At the beginning of the year	(5,688,239)	(4,785,481)	(32,182)	(32,182)
Charge for the year	(925,057)	(902,758)	-	-
At the end of the year	(6,613,296)	(5,688,239)	(32,182)	(32,182)

22.1.1 The Aging Analysis of Trade and Bills Receivable is as follows,

As at 31st March	Total	Neither past due nor impaired	0-60 days	61-120 days	121-180 days	181-365 days	1-2 years	2-5 years
Company	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 31st March 2022	98,836,423	36,816,221	23,455,827	5,702,332	5,228,051	13,946,103	6,842,690	6,845,199
Balance as at 31st March 2021	70,343,195	19,564,536	17,220,541	4,666,311	3,609,200	12,077,491	6,221,604	6,983,512

NOTES TO THE FINANCIAL STATEMENTS

22.1.2 Currency-wise Analysis of Trade and Other Receivables

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Sri Lankan Rupees	86,758,522	55,920,075	32,907	39,391
Australian Dollars	507,937	296,427	-	-
Pounds Sterling	625,119	191,080	-	-
United States Dollars	20,665,323	12,233,398	-	-
Euro	6,196,440	6,177,105	-	-
Thai Baht	907,815	514,291	-	-
Indian Rupees	133,080	138,134	-	-
Maldivian Rufiyaa	332,826	493,394	-	-
Bangladesh Taka	2,206,329	1,487,842	-	-
Others	1,080,847	1,686,867	-	-
	119,414,238	79,138,613	32,907	39,391

23. STATED CAPITAL

As at 31st March	Company	
	2022 Rs.'000	2021 Rs.'000
Issued & fully paid - ordinary shares		
At the beginning of the year	(1st April 2021 - 750,000,000)	1,575,000
At the end of the year	(31st March 2022 - 750,000,000)	1,575,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

As at 31st March	Capital profit on redemption of debentures	Fixed asset replacement reserve	Capital reserve on sale of property, plant & equipment	Capital redemption reserve fund	Statutory reserve fund	Debenture redemption reserve fund	Reserve on amalgamation	Total
Consolidated	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1st April 2020	109	11,750	37,163	69,043	61,677	1,047	318,520	499,309
Acquisition of non-controlling interest in subsidiaries	-	-	(125)	-	(317)	-	(528)	(970)
Transfers	-	-	-	-	14,640	-	-	14,640
Balance as at 31st March 2021	109	11,750	37,038	69,043	76,000	1,047	317,992	512,979
Acquisition of non-controlling interest in subsidiaries	-	-	598	-	8	-	-	606
Transfers	-	-	-	-	22,175	-	-	22,175
Balance as at 31st March 2022	109	11,750	37,636	69,043	98,183	1,047	317,992	535,760

As at 31st March	Capital profit on redemption of debentures	Fixed asset replacement reserve	Capital reserve on sale of property, plant & equipment	Debenture redemption reserve fund	Total
Company	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 31st March 2021	109	11,750	320	1,047	13,226
Balance as at 31st March 2022	109	11,750	320	1,047	13,226

23.1.2 Statutory Reserves

As at 31st March	Notes	Consolidated	
		2022 Rs.'000	2021 Rs.'000
Reserve Fund	23.1.2.1.	98,183	76,000

23.1.2.1 Reserve Fund

As at 31st March	Consolidated	
	2022 Rs.'000	2021 Rs.'000
Balance as at the beginning of the year	76,000	61,677
Transfer made during the year	22,174	14,640
Statutory reserve attributable to non-controlling interest	9	(317)
Balance as at the end of the year	98,183	76,000

The balance in the reserve fund will be used only for the purposes specified in the Central Bank Direction No.1 of 2003.

The Reserve Fund is maintained in compliance with direction No 1 of 2003 Central Bank of Sri Lanka (Capital Funds) issued to Finance Companies.

As per the said Direction, every Licensed Finance Company shall maintain a Reserve Fund and transfer to such reserve fund out of the net profits of the each year after due provisions has been made for taxation and bad and doubtful debts on following basis.

Capital Funds to Deposit Liabilities	Capital Funds to Deposit Liabilities
Not less than 25%	5%
Less than 25% and not less than 10%	20%
Less than 10%	50%

Accordingly, Singer Finance (Lanka) PLC has transferred 5% of its net profit after taxation to the Reserve Fund as Company's Capital Funds to Deposit Liabilities, belongs to not less than 25%.

NOTES TO THE FINANCIAL STATEMENTS

23.1.3 Retained Earnings

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Balance as at the beginning of the year	18,216,129	11,402,883	14,136,884	13,927,639
Profit for the year	18,257,029	7,627,243	3,646,735	1,198,634
Total other comprehensive income	(385,013)	21,899	(137,923)	(14,389)
Dividends to equity holders	(3,000,000)	(975,000)	(3,000,000)	(975,000)
Transfers	214,873	(13,826)	-	-
Acquisition of non-controlling interest in subsidiaries	(698,273)	152,930	-	-
Balance as at the end of the year	32,604,745	18,216,129	14,645,696	14,136,884

23.1.4 Cash Flow Hedge Reserve

As at 31st March	Consolidated	
	2022 Rs.'000	2021 Rs.'000
Balance as at the beginning of the year	(849,098)	(750,405)
Net gain / (loss) on cash flow hedge	(1,963,084)	(244,191)
Adjustment on changes to non-controlling interest in subsidiaries	(2,339)	32,306
Transfer of cash flow hedge reserve to revenue	374,908	113,192
Balance as at the end of the year	(2,439,613)	(849,098)

Several entities within the Group have borrowings in foreign currencies, the settlements of which are naturally hedged against foreign currency remittances through sales generated by the respective entities.

Subsidiaries in the sectors detail below elected to use their USD remittances to mitigate the exchange risk and have treated the said transaction as a "Cash flow Hedge" in the Financial Statements of the Group.

Sector	Borrowings hedged USD'000	Year of final repayment	Amount deferred as at 31 March 2022 Rs. mn
Transportation and Logistics	19,278	2031	2,303,975
Eco Solutions	1,671	2024	135,638

24. SECURITY DEPOSITS

As at 31st March	Consolidated	
	2022 Rs.'000	2021 Rs.'000
At the beginning of the year	1,366,565	1,394,611
Contribution during the year	187,737	232,397
Interest charges	132,330	149,496
Shortages recovered	(127,660)	(209,046)
Security deposit releases during the year	(96,625)	(200,893)
At the end of the year	1,462,347	1,366,565

25. INTEREST BEARING BORROWINGS

25.1 Total Non-Current Portion of Interest Bearing Borrowings

As at 31st March	Notes	Consolidated		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Lease obligations	25.3	7,894,135	6,954,141	151,787	198,966
Debentures	25.5	9,523,518	7,517,531	6,515,519	6,509,531
Long-term loans	25.8	46,122,540	37,032,082	11,597,972	12,496,969
Total non- current interest-bearing borrowings		63,540,193	51,503,754	18,265,278	19,205,466

25.2 Current Portion of Interest Bearing Borrowings

As at 31st March	Notes	Consolidated		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Lease obligations	25.3	1,318,527	1,148,165	62,856	71,179
Debentures	25.5	263,854	755,575	-	-
Long-term loans	25.8	25,986,206	22,774,116	5,298,997	4,873,997
Total current interest-bearing borrowings		27,568,587	24,677,856	5,361,853	4,945,176

25.3 Lease Obligations

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
At the beginning of the year	8,102,306	7,685,821	270,145	
New leases obtained	2,137,356	1,514,365	-	319,161
Interest charged	1,047,076	988,040	30,664	37,150
Acquisition through business combinations	62,500	-	-	-
Increase to recognised assets	20,089	88,551	-	-
Exchange difference	289,753	(18,699)	-	-
De-recognition	-	(34,613)	-	-
Repayments	(2,446,418)	(2,121,159)	(86,166)	(86,166)
At end of the year	9,212,662	8,102,306	214,643	270,145
Repayable within one year	1,318,527	1,148,165	62,856	71,179
Repayable after one year	7,894,135	6,954,141	151,787	198,966

NOTES TO THE FINANCIAL STATEMENTS

25.4 Currency wise Analysis of Lease Obligations

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Sri Lankan Rupees	8,133,698	7,297,925	214,643	270,145
United States Dollars	955,239	709,549	-	-
Maldivian Rufiyaa	7,239	15,519	-	-
Bangladesh Taka	116,486	79,313	-	-
	9,212,662	8,102,306	214,643	270,145

25.5 Debentures

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
At the beginning of the year	8,273,106	8,721,904	6,509,531	6,503,543
Issued during the year	2,000,000	1,008,000	-	-
Repayments during the year	(504,431)	(1,468,728)	-	-
At the end of the year	9,768,675	8,261,176	6,509,531	6,503,543
Amortisation of debenture issue expense	18,697	11,930	5,988	5,988
Net Debenture	9,787,372	8,273,106	6,515,519	6,509,531
Repayable within one year	263,854	755,575	-	-
Repayable after one year	9,523,518	7,517,531	6,515,519	6,509,531

25.5.1 Details of the debentures

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Listed, rated, senior, unsecured, redeemable, debentures, Type A- Fixed rate at 12.50% p.a. payable semi annually redeemable on 31st July 2023 Type B- Floating rate AWPLR+1% p.a. payable semi annually redeemable on 31st July 2023	3,522,895	3,519,952	3,522,895	3,519,952
Listed, rated, senior, unsecured, redeemable, debentures, Type A- Fixed rate at 13.00% p.a. payable semi annually redeemable on 26th August 2024 Type B- Floating rate AWPLR+2% p.a. payable semi-annually redeemable on 26th August 2024	2,992,624	2,989,579	2,992,624	2,989,579
Listed, rated, senior, unsecured, redeemable, debentures at 12% p.a redeemable on 28th September, 2021	-	656,800	-	-
Listed, Rated, Unsecured, Fixed rate 9.25% p.a., Subordinated Debenture Redeemable on 25th June, 2026	620,838	843,457	-	-
Listed, Rated, Unsecured, 1 Year Treasury Bill Rate + 3.75%, Subordinated Debenture Redeemable on 25th June, 2026	1,538,225	257,774	-	-
Listed, rated, senior, unsecured, redeemable, debentures at 13.25% p.a redeemable on 19th May, 2025	5,548	5,544	-	-
Listed, rated, senior, unsecured, redeemable, debentures at Fixed rate 13.00% p.a. redeemable on 9th April, 2023	844,882	-	-	-
Listed, rated, senior, unsecured, redeemable, debentures at 6 Months Treasury Bill+3.75% redeemable on 19th May, 2023	262,360	-	-	-
	9,787,372	8,273,106	6,515,519	6,509,531

* Details regarding the listed debentures are given in page 439 to the Financial Statements.

25.6 Currency wise Analysis of Debentures

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Sri Lankan Rupees	9,787,372	8,273,106	6,515,519	6,509,531
	9,787,372	8,273,106	6,515,519	6,509,531

25.7 Analysis of Debentures by Year of Repayment

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Long term loans repayable between 1 and 2 years from year-end	7,523,518	6,509,531	6,515,519	-
Long term loans repayable between 2 and 5 years from year-end	2,000,000	1,008,000	-	6,509,531
	9,523,518	7,517,531	6,515,519	6,509,531

25.8 Long term Borrowings

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
At the beginning of the year	59,806,198	62,606,853	17,370,966	15,313,356
Acquisition through business combinations	261,054	-	-	-
Effect of movements in exchange rates	3,848,947	484,383	-	-
Adjustment for loan facility fee	1,097	7,610	1,003	7,610
New loans obtained *	35,806,769	36,325,408	5,800,000	11,200,000
	99,724,065	99,424,254	23,171,969	26,520,966
Repayments	(27,615,319)	(39,618,056)	(6,275,000)	(9,150,000)
At the end of the year	72,108,746	59,806,198	16,896,969	17,370,966
Repayable within one year	25,986,206	22,774,116	5,298,997	4,873,997
Repayable after one year	46,122,540	37,032,082	11,597,972	12,496,969

*Consist of loan obtained for Consumer & Retails sector, Textiles sector, Others sector, Transportation & Logistics sector and Hand Protection sector during the year amounting to Rs. 11 bn, Rs. 7.99 bn, Rs. 6.25 bn, Rs. 3.42 bn and Rs. 2.21 bn respectively.

NOTES TO THE FINANCIAL STATEMENTS

25.9 Currency wise Analysis of Long Term Borrowings

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Sri Lankan Rupees	52,964,323	47,768,306	16,896,969	17,370,966
United States Dollars	16,987,536	11,961,152	-	-
Euro	2,141,380	76,740	-	-
Bangladesh Taka	7,840	-	-	-
Australian Dollar	7,667	-	-	-
	72,108,746	59,806,198	16,896,969	17,370,966

25.10 Analysis of Long Term Borrowings by Year of Repayment

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Long term loans repayable between 1 and 2 years from year-end	19,527,984	14,683,470	4,898,992	4,298,997
Long term loans repayable between 2 and 5 years from year-end	24,638,170	21,027,452	6,698,980	8,197,972
Long term loans repayable later than 5 years from year-end	1,956,386	1,321,160	-	-
	46,122,540	37,032,082	11,597,972	12,496,969

25.11 Long Term Borrowings Repayable After One Year

As at 31st March	Notes	Consolidated		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Long term loans	25.11.1	44,642,940	35,419,590	11,597,972	12,496,969
Syndication loans	25.11.2	800,000	794,708	-	-
Securitisation loans	25.11.3	679,600	817,784	-	-
		46,122,540	37,032,082	11,597,972	12,496,969

25.11.1 Long term loans

Company	Lender/rate of interest (p.a.)	2022 Rs. '000	2021 Rs. '000	Repayment	Security
Hayleys PLC.	Sampath Bank PLC (AWPLR+1%)	-	300,000	Quarterly in equal installments	None
	DFCC Bank PLC (4 Week AWPLR +1 %)	-	200,000	Quarterly in equal installments	None
	Bank of Ceylon (AWPLR + 1%)	400,000	800,000	Bi-annually in equal installments	None
	Sampath Bank PLC (AWPLR+1.5%)	99,528	999,124	Bi-annually in equal installments	None
	Commercial Bank of Ceylon PLC (Fixed 8.5%)	600,000	1,000,000	Bi-annually in equal installments	None
	Bank of Ceylon (AWPLR + 0.75%)	800,000	1,200,000	Bi-annually in equal installments	None
	Commercial Bank of Ceylon PLC (Fixed-7.85%)	1,500,000	2,100,000	Bi-annually in equal installments	None
	Hatton National Bank PLC (AWPLR)	2,500,000	3,500,000	Bi-annually in equal installments	None
	Sampath Bank PLC (AWPLR)	1,798,447	2,397,847	Bi-annually in equal installments	None
	Bank of Ceylon (AWPLR)	1,800,000	-	Bi-annually in equal Installments	None
	Commercial Bank of Ceylon PLC (Fixed -8%)	2,100,000	-	Bi-annually in equal Installments	None
ICOQUANTI S.p.A	Alessandria Financing 1.95% (Euro 1 mn)	55,741	59,860	Repayment over 2 years	None
	Intesa San Paolo 1% (Euro 1 mn)	328,185	-	Repayment over 2 years	None
	BNL-BPN Paribas 0.27% (Euro 3 mn)	591,724	-	Repayment over 2 years	None
Hanwella Rubber Products Ltd.	Standard Chartered Bank (1 month LIBOR +0.4% till 31.12.2021 and 1 month LIBOR +2.85% from 01.01.2022 (USD 2 mn))	199,335	266,440	27 monthly installments	None
DPL Premier Gloves Ltd.	Standard Chartered Bank (1 month LIBOR +0.4% till 31.12.2021 and 1 month LIBOR +2.85% from 01.01.2022 (USD 1.6 mn))	95,681	191,837	30 monthly installments	None
Mabroc Teas (Pvt) Ltd.	Sampath Bank PLC (AWPLR + 1%)	75,000	148,650	48 monthly installments	None
	Sampath Bank PLC (Fixed 4%)	-	3,800	15 monthly installments	None
	Hatton National Bank PLC (AWPLR+0.25%)	11,652	-	36 monthly installments	None
	Hatton National Bank PLC (AWPLR+0.50%)	29,021	-	36 monthly installments	None

NOTES TO THE FINANCIAL STATEMENTS

25.11.1 Long term loans (Contd.)

Company	Lender/rate of interest (p.a.)	2022 Rs. '000	2021 Rs. '000	Repayment	Security
Kelani Valley Resorts (Pvt) Ltd	Pan Asia Banking Corporation PLC (4%)	1,234	1,458	24 monthly installments	None
Kelani Valley Plantations PLC	Amana Bank PLC (SLIBOR with a cap of 14% and floor of 7.25%)	-	2,725	60 monthly installments	None
	Amana Bank PLC (SLIBOR +3.25%)	789	10,501	60 monthly installments	None
	National Development Bank PLC (Fixed 6.3%)	6,366	10,003	72 monthly installments	Primary mortgage over the leasehold rights, buildings, plant & machinery of three estates.
	National Development Bank PLC (Fixed 6.3%)	1,509	2,372	72 monthly installments	
	National Development Bank PLC (Fixed 4%)	-	5,400	18 monthly installments	
	National Development Bank PLC (Fixed 4%)	-	8,200	18 monthly installments	
Haycarb PLC	Standard Chartered Bank (3M LIBOR + 0.5%)	-	-	60 monthly installments	None
	Standard Chartered Bank (1M LIBOR + 3%)	102,858	112,840	60 monthly installments	None
	Standard Chartered Bank (1M LIBOR + 0.5%)	-	49,958	6 quarterly installments	None
	Hatton National Bank PLC (AWPLR)	210,000	294,000	60 monthly installments	None
	National Development Bank PLC (Fixed 4%)	-	5,400	60 monthly installments	None
	Hatton National Bank PLC (AWPLR+ 0.25%)	358,050	-	60 monthly installments	None
Puritas (Pvt) Ltd	National Development Bank PLC (Fixed 4%)	-	5,400	18 monthly installments	None
Haycarb Holding Australia Pte Ltd.	Power Torque Finance - 2.95%	6,244	-	48 monthly installments	None
Hayleys Agriculture Holdings Ltd.	Sampath Bank PLC (AWPLR+ 1%)	181,000	433,000	48 monthly installments	None
	Hatton National Bank PLC (AWPLR)	649,993	-	9 monthly installments	None
Sunfrost (Pvt) Ltd.	National Development Bank PLC (Fixed 4%)	-	5,000	15 monthly installments	None
	National Development Bank PLC (Fixed 4%)	-	8,200	18 monthly installments	None
HJS Condiments Ltd.	DFCC Bank PLC (Fixed 4%)	-	4,444	24 monthly installments	None

Company	Lender/rate of interest (p.a.)	2022 Rs. '000	2021 Rs. '000	Repayment	Security
Hayleys Advantis Ltd.	The Hongkong & Shanghai Banking Corporation Ltd (1 month HSBC Bank cost of funds +2.25%)	200,000	600,000	20 quarterly installments	None
	Commercial Bank of Ceylon PLC (AWPLR + 0.75%)	300,000	500,000	10 bi annual Installments	None
	Commercial Bank of Ceylon PLC (AWPLR+0.5%)	800,000	1,200,000	10 bi annual Installments	None
Expelogix (Pvt) Ltd.	National Development Bank PLC (Fixed 4%)	8,667	25,000	18 monthly installments	None
Logiwiz (Pvt) Ltd.	National Development Bank PLC (Fixed 4%)	-	22,000	15 monthly installments	None
	People's Bank (AWPLR)	1,194,340	1,370,126	72 monthly installments	Mortgage over project assets including Land and Building.
	People's Bank (1 month LIBOR+ 2.25%)	6,762	1,087,255	72 monthly installments	None
	Commercial Bank of Ceylon PLC (AWPLR+1%)	484,379	550,379	72 monthly installments	None
	DFCC Bank PLC (AWPLR + .5%)	129,545	-	66 monthly installments	None
	Hatton National Bank PLC (AWPLR + 0.65%)	171,590	-	59 monthly installments	Mortgage over project assets including Building
	DFCC Bank PLC USD Loan (3 month LIBOR + 4.25%)	1,623,290	-	120 monthly installments	None
Hayleys Free Zone Ltd.	The Hongkong & Shanghai Banking Corporation Ltd (LIBOR +2.75%)	-	4,167	39 monthly installments	None
Logistic International Ltd.	The Hongkong & Shanghai Banking Corporation Ltd (LIBOR + 2%)	-	36,635	48 monthly installments	Corporate guarantee from Advantis Ltd.
Maritime Agencies (Pvt) Ltd.	National Development Bank PLC (Fixed 4%)	6,507	24,400	18 monthly installments	None
Clarion Shipping (Pvt) Ltd.	National Development Bank PLC (Fixed 4%)	8,215	25,000	18 monthly installments	None
Advantis Freight (Pvt) Ltd.	The Hongkong & Shanghai Banking Corporation Ltd (Fixed 4%)	-	16,667	18 monthly installments	None
Sri Lanka Shipping Company Ltd.	DFCC Bank PLC (3 months LIBOR + 4.25%)	859,754	783,546	96 monthly installments	Vessel
	Bank of Ceylon (LIBOR +4.25%)	833,700	766,134	96 monthly installments	Vessel
	Commercial Bank of Ceylon PLC (3 months LIBOR + 3.5%)	224,250	239,796	60 monthly installments	Vessel

NOTES TO THE FINANCIAL STATEMENTS

25.11.1 Long term loans (Contd.)

Company	Lender/rate of interest (p.a.)	2022 Rs. '000	2021 Rs. '000	Repayment	Security
Total transport Solutions Maldives (Pvt) Ltd.	Sampath Bank PLC - (6 month LIBOR +5.75% with a flow rate of 7%)	20,972	49,037	60 monthly installments	Two landing crafts
Ceylon Ocean Lines Ltd.	National Development Bank PLC (Fixed 6.73%)	-	691	60 monthly installments	None
Advantis Intasal Bangladesh (Pvt) Ltd	Commercial Bank of Ceylon PLC (Fixed 9%)	7,840	-	48 monthly installments	None
Advantis Projects & Engineering (Pvt) Ltd	The Hongkong & Shanghai Banking Corporation Ltd (3 months LIBOR +2.75%)	80,128	137,387	36 monthly installments	Corporate guarantee from Hayleys Advantis Ltd.
Hayleys Aventura (Pvt) Ltd.	Bank of Ceylon (AWPLR+1.25%)	62,500	112,500	20 quarterly installments	Negative pledge over Stocks and book debts and Letter of Comfort from Hayleys PLC
	Commercial Bank of Ceylon PLC (AWPLR + 1%)	209,500	309,100	60 monthly installments	None
	Bank of Ceylon (Fixed 5.5%)	168,880	-	36 monthly installments	Negative pledge over Stocks and book debts
Haycolour (Pvt) Ltd.	Hatton National Bank PLC (Fixed 4%)	3,819	4,000	18 monthly installments	None
Hayleys Lifesciences (Pvt) Ltd.	Hatton National Bank PLC (AWPLR+0.25%)	138,880	-	36 monthly installments	Negative pledge over Stocks
Hayleys Fabric PLC	Sampath Bank PLC (3 months LIBOR +3.80%)	346,449	241,429	60 monthly installments	Mortgage over machinery
	Sampath Bank PLC - 3 months LIBOR+3.8% with a Floor rate of 5%	617,138	55,501	48 monthly installments	Mortgage over machinery and building
	Standard Chartered Bank- (3 months LIBOR+2.9%)	559,153	356,384	48 monthly installments	Mortgage over machinery
	Seylan Bank PLC- (Fixed 4%)	-	4,998	24 installments ending in March 2022	None
	Bank of Ceylon (Fixed 5.5%)	181,556	-	36 monthly installments	None
	DFCC Bank PLC (Fixed 5.5%)	1,549,485	-	72 monthly installments	Negative pledge over all immovable asset of Hayleys Fabric PLC & over the shares of South Asia Textiles Ltd

Company	Lender/rate of interest (p.a.)	2022 Rs. '000	2021 Rs. '000	Repayment	Security
South Asia Textiles Ltd.	Sampath Bank PLC (AWPLR +0.5%-5 year & AWPLR +1.0%-2 year)	1,328,531	-	84 monthly installments	Negative pledge over Shares of South Asia Textiles Ltd owned by Hayleys Fabric
	Nations Trust Bank PLC (3 month Libor + 3.5% and Floor Rate 5.5%)	53,776	-	48 monthly installments	None
	Seylan Bank PLC (1 month AWPLR)	56,015	-	60 monthly installments, after a grace period of one and half years, commencing from January 2023	None
	Seylan Bank PLC (1 month AWPLR)	37,998	-	60 monthly equal installments, after a grace period of one and half years, commencing from February 2023	None
	Seylan Bank PLC (1 month AWPLR)	53,831	-	60 monthly installments, after a grace period of one and half years, commencing from February 2023	None
	Seylan Bank PLC (1 month AWPLR)	25,125	-	60 monthly installments, after a grace period of one and half years, commencing from March 2023	None
	Seylan Bank PLC (1 month AWPLR)	38,654	-	60 monthly installments, after a grace period of one and half years, commencing from March 2023	None
	Seylan Bank PLC (1 month AWPLR)	25,879	-	60 monthly installments, after a grace period of one and half years, commencing from June 2023	None
	Seylan Bank PLC (1 month AWPLR)	51,298	-	60 monthly installments, after a grace period of one and half years, commencing from June 2023	None

NOTES TO THE FINANCIAL STATEMENTS

25.11.1 Long term loans (Contd.)

Company	Lender/rate of interest (p.a.)	2022 Rs. '000	2021 Rs. '000	Repayment	Security
	Seylan Bank PLC (1 Month AWPLR)	58,963	-	60 monthly installments, after a grace period of one and half years, commencing from July 2023	None
	Seylan Bank PLC (1 Month AWPLR)	16,313	-	60 monthly installments, after a grace period of one and half years, commencing from July 2023	None
	Seylan Bank PLC (1 Month AWPLR)	55,032	-	60 monthly installments, after a grace period of one and half years, commencing from July 2023	None
	Seylan Bank PLC (1 Month AWPLR)	16,117	-	60 monthly installments, after a grace period of one and half years, commencing from August 2023	None
Talawakelle Tea Estates PLC	National Development Bank PLC (Fixed 6.3%)	6,112	9,604	72 monthly installments	Fixed deposits of Rs. 24 mn.
	Commercial Bank of Ceylon PLC (Fixed 4%)	-	4,150	18 monthly installments	None
Hayleys Fibre PLC	Hatton National Bank PLC (Fixed 4%)	166,664	9,715	41 monthly installments	None
Bonterra Ltd.	The Hongkong & Shanghai Banking Corporation Ltd (3 Months LIBOR + 3.95%)	27,258	77,426	24 monthly installments	Primary mortgage over machinery
Ravi Industries (Pvt) Ltd.	Standard Chartered Bank (3 months LIBOR + 2.75%)	37,898	48,709	60 monthly installments	Primary Mortgage of USD 585,000 over an allotment of land and building
	Standard Chartered Bank (AWPLR+ 0.5%)	21,667	41,667	60 monthly installments	Primary Mortgage of Rs. 100 mn over an allotment of land and building
	Seylan Bank PLC (Fixed 4%)	-	6,055	24 monthly instalments	None
	Hatton National Bank PLC- (AWPLR+0.25%)	130,000	-	9 monthly instalments	None

Company	Lender/rate of interest (p.a.)	2022 Rs. '000	2021 Rs. '000	Repayment	Security
Chas P. Hayley & Co. (Pvt) Ltd.	Hatton National Bank PLC (AWPLR+1.5%)	40,000	60,000	60 monthly installments	Corporate guarantee for Rs. 150 mn from Volanka Ltd.
	Commercial Bank of Ceylon PLC (Fixed 4%)	-	13,337	18 monthly installments	None
Volanka Ltd.	Hatton National Bank PLC (Fixed 4%)	-	3,750	18 monthly installments	None
Toyo Cushion Lanka Pvt Ltd.	The Hongkong & Shanghai Banking Corporation Ltd (3 months LIBOR +3.6%)	88,392	106,160	48 monthly installments	Primary mortgage over Land and building at Thimbirigaskatuwa and machinery
	Hatton National Bank PLC (Fixed 4%)	6,890	6,886	17 monthly installments	None
Rileys (Pvt) Ltd.	Hatton National Bank PLC (AWPLR+1.5%)	170,000	70,000	60 monthly installments	Corporate guarantee from Volanka Ltd.
	The Hongkong & Shanghai Banking Corporation Ltd (3 months LIBOR +3.6%)	95,306	106,176	48 monthly installments	Corporate guarantee from Hayleys Fibre PLC
	Commercial Bank of Ceylon PLC (Fixed 4%)	-	4,164	24 monthly instalments	None
Haymat (Pvt) Ltd.	Hatton National Bank PLC (Fixed 4%)	-	1,777	24 monthly instalments	None
Creative Polymats (Pvt) Ltd.	Seylan Bank PLC (Fixed 4%)	3,392	6,280	18 monthly installments	None
Alumex PLC	Standard Chartered Bank (AWPLR + 0.25%)	66,667	66,667	48 monthly installments	None
	People's Bank (AWPLR +1%)	-	12,500	49 monthly installments	None
	DFCC Bank PLC (AWPLR+ 1.25%)	-	150,000	60 monthly installments	None
	Commercial Bank of Ceylon PLC (AWPLR + 1%)	351,794	588,108	60 monthly installments	None
	Sampath Bank PLC (Fixed 4%)	5,750	5,750	18 monthly installments	None
	Hatton National Bank PLC (AWPLR + 0.5%)	118,000	-	36 monthly installments	None
	Hatton National Bank PLC (AWPLR +0.25%)	439,000	-	60 monthly installments	Plant and fixed assets at factory premises in Ekala and Makola
	Bank of Ceylon PLC (Fixed 5.5%)	147,778	-	36 monthly installments	None

NOTES TO THE FINANCIAL STATEMENTS

25.11.1 Long term loans (Contd.)

Company	Lender/rate of interest (p.a.)	2022 Rs. '000	2021 Rs. '000	Repayment	Security
The Kingsbury PLC	Bank of Ceylon (AWPLR+0.5%)	113,021	291,666	36 monthly installments	Existing Concurrent mortgage bond no 364 over lease holdright of the hotel property and existing mortgage bond of 1416 dated 27th July 2001 for Rs. 100 mn and 166 dated 09th May 2013 for Rs. 1,335 mn over lease hold rights of the property.
	Bank of Ceylon (1%+364 Days Treasury Bill Rate)	-	16,552	21 monthly installments	
	Bank of Ceylon (AWPLR+1%)	406,250	454,545	Monthly installments over 7 years including 18 months grace period.	
	Bank of Ceylon-Enterprise Sri Lanka (6 months AWPLR+1%)	-	156,250	Monthly installments over 2 years	
	Bank of Ceylon (Fixed 4%)	5,208	12,500	Monthly installments over 2 years including 6 months grace period	
	Bank of Ceylon (Fixed 4%)	8,929	15,000	Monthly installments over 2 years including 9 months grace period	
	Bank of Ceylon (AWPLR+1%)	185,547	80,500	Monthly installments over 2 years including 12 months grace period	
	Bank of Ceylon	1,560	11,702	Monthly installments over 2 years including 3 months grace period	
	Bank of Ceylon	363	2,726	Monthly installments over 2 years including 3 months grace period	
	Bank of Ceylon	1,036	7,766	Monthly installments over 2 years including 3 months grace period	
	Bank of Ceylon (Fixed 6.11%)	100,497	-	30 monthly installments including 6 months moratorium period	
	Bank of Ceylon (Fixed 6.11%)	97,260	-	30 monthly installments including 6 months moratorium period	
	Bank of Ceylon (AWPLR+1.25%)	117,188	-	60 monthly installments including 12 months grace period	
	Sun Tan Beach Resorts Ltd.	DFCC Bank PLC (AWPLR +1%)	49,330	153,422	
Hatton National Bank PLC (AWPLR + 7.5%)		658,617	788,576	60 monthly installments	
Hatton National Bank PLC (Fixed 4%)		8,656	16,086	24 monthly installments including 6 months grace period	
Hayleys Leisure PLC	Pan Asia Banking Corporation PLC (Fixed 4%)	8,440	12,500	24 monthly installments including 6 months grace period	None

Company	Lender/rate of interest (p.a.)	2022 Rs. '000	2021 Rs. '000	Repayment	Security
	Bank of Ceylon (Fixed 4%)	-	12,500	24 monthly installments including 6 months grace period	Letter of Comfort from Hayleys PLC
Kandyan Resorts (Pvt) Ltd	Pan Asia Banking Corporation PLC (Fixed 4%)	10,500	12,500	24 monthly installments including 6 months grace period	None
	Bank of Ceylon (Fixed 4%)	10,938	12,500	24 monthly installments including 6 months grace period	Corporate Guarantee of Hayleys Leisure PLC
	Sampath Bank PLC (AWPLR+1.25%)	229,000	-	24 monthly installments including 6 months grace period	Corporate Guarantee of Hayleys Leisure PLC
Culture Club Resorts (Pvt) Ltd	Pan Asia Banking Corporation PLC (Fixed 4%)	13,850	12,500	24 monthly installments including 6 months grace period	None
	Bank of Ceylon (Fixed 4%)	14,063	12,500	24 monthly installments including 6 months grace period	Corporate Guarantee of Hayleys Leisure PLC
Hayleys Neluwa Hydro Power (Pvt) Ltd.	Hatton National Bank PLC (AWPLR+0.5%)	-	32,998	To be repaid over a period of 8 years	Mortgage Bond for Rs. 250mn over 30mn ordinary shares of Hayleys Neluwa Hydro Power (Pvt) Ltd valued at Rs. 300 mn and Corporate Guarantee of Hayleys Aventura (Pvt) Ltd for 250 mn.
	DFCC Bank PLC (AWPLR+0.5%)	48,611	131,945	72 monthly installments including 2 years grace period	A Primary Mortgage Bond for Rs. 500 mn over 30mn ordinary shares of the company held by promoters.
Fentons Ltd.	Sampath Bank PLC (AWPLR+1.5 %)	50,200	50,000	60 monthly installments	Corporate Guarantee from Hayleys PLC
	Sampath Bank PLC (AWPLR+2 %)	-	176,600	60 monthly installments	Corporate Guarantee from Hayleys PLC
	Cargills Bank - (AWPLR+2.5%)	105,000	-	60 monthly installments	Letter of comfort from Hayleys PLC
	Bank of Ceylon - (AWPLR+1.5%)	240,000	-	60 monthly installments	Letter of comfort from Hayleys PLC
Energynet (Pvt) Ltd	Sampath Bank PLC (Fixed 4%)	4,325	3,800	14 monthly installments	None
Solar One Ceylon (Pvt)Ltd.	Sampath Bank PLC (AWPLR +0.75%)	651,100	659,478	33 equal monthly installments	Mortgage over land of the project
Luxury Resort (Pvt) Ltd.	Sampath Bank PLC (LIBOR +5%)	4,839,112	3,688,713	90 equal monthly installments	Leasehold Right of the land and Hotel building

NOTES TO THE FINANCIAL STATEMENTS

25.11.1 Long term loans (Contd.)

Company	Lender/rate of interest (p.a.)	2022 Rs. '000	2021 Rs. '000	Repayment	Security
Hayleys Tours (Pvt) Ltd.	Bank of Ceylon (Fixed 4%)	-	37,500	24 monthly installments	Corporate guarantee from Hayleys PLC
Singer (Sri Lanka) PLC	Commercial Bank of Ceylon PLC (Fixed Rate)	-	1,000,000	Quarterly installments commenced in June 2020	Negative Pledge
	Sampath Bank PLC (AWPLR +Margin)	-	250,000	Quarterly installments commenced in September 2019	Negative Pledge
	Hatton National Bank PLC (AWPLR +Margin)	750,000	1,750,000	Quarterly installments commenced in February 2021	None
	Commercial Bank of Ceylon PLC (Fixed Rate)	2,100,000	-	Semi Annually installments commenced in January 2022	Negative Pledge
	Hatton National Bank PLC PLC (AWPLR +Margin)	2,400,000	-	Quarterly installments commencing April 2022	None
	Sampath Bank PLC (AWPLR +Margin)	1,250,000	-	Quarterly installments commenced in September 2021	Negative Pledged
	Singer Finance (Lanka) PLC	Seylan Bank PLC (Fixed rate)	375,000	183,460	Monthly installments commenced in February 2019
Bank of Ceylon (AWPLR +Margin)		158,333	258,333	Monthly installments commenced in November 2019	Mortgage over lease
Commercial Bank of Ceylon PLC (Fixed rate)		-	110,000	Quarterly installments commenced in May 2019	Mortgage over lease
Seylan Bank PLC (Fixed Rate)		83,500	625,000	Quarterly installments commenced in September 2020	Mortgage over lease
Nations Trust Bank PLC (Fixed Rate)		164,000	332,000	Quarterly installments commenced in March 2021	Mortgage over lease
Bank of Ceylon (AWPLR +Margin)		343,750	-	Monthly installments commenced in January 2022	Mortgage over lease
		44,642,940	35,419,590		

25.11.2 Syndication loans

Company	Lender/rate of interest (p.a.)	Trustee	2022 Rs. '000	2021 Rs. '000	Repayment	Security
Singer Finance (Lanka) PLC	Syndication 02- Tranche 01 (Fixed Rate)	Hatton National Bank PLC	200,000	199,132	Pay at maturity, interest pay monthly, commenced in May 2020	Mortgage over lease
	Syndication 02- Tranche 02 (Fixed Rate)	Hatton National Bank PLC	200,000	198,567	Pay at maturity, interest pay monthly, commenced in May 2020	Mortgage over lease
	Syndication 02- Tranche 03 (Fixed Rate)	Hatton National Bank PLC	200,000	198,523	Pay at maturity, interest pay monthly, commenced in May 2020	Mortgage over lease
	Syndication 02- Tranche 04 (Fixed Rate)	Hatton National Bank PLC	200,000	198,486	Pay at maturity, interest pay monthly, commenced in May 2020	Mortgage over lease
			800,000	794,708		

25.11.3 Securitisation loans

Company	Lender/rate of interest (p.a.)	Trustee	2022 Rs. '000	2021 Rs. '000	Repayment	Security
Singer Finance (Lanka) PLC	Securitisation 02 -Trust 02 -Tranche 02 (AWPLR + Margin)	Hatton National Bank PLC	-	11,280	Monthly installments commenced in December 2019	Mortgage over lease
	Securitisation 03 -Trust 03 (AWPLR + Margin)	Hatton National Bank PLC	12,000	148,463	Monthly installments commenced in December 2019	Mortgage over lease
	Securitisation 04 -Trust 04 (AWPLR + Margin)	Hatton National Bank PLC	-	33,840	Monthly installments commenced in December 2019	Mortgage over lease
	Securitisation 05 -Trust 05 -Tranche 01 (Fixed Rate)	Hatton National Bank PLC	-	151,418	Monthly installments commenced in May 2020	Mortgage over lease
	Securitisation 05 -Trust 05 -Tranche 03 (Fixed Rate)	Hatton National Bank PLC	-	223,923	Monthly installments commenced in June 2020	Mortgage over lease
	Securitisation 07 -Trust 01 -Tranche 01 (Fixed Rate)	National Savings Bank	122,600	203,860	Monthly installments commenced in December 2020	Mortgage over lease
	Securitisation 08 -Trust 01 (Fixed Rate)	Hatton National Bank PLC	545,000	45,000	Monthly installments commenced in July 2020	Mortgage over lease
			679,600	817,784		

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26. GRANTS

As at 31st March	Consolidated	
	2022 Rs.'000	2021 Rs.'000
At the beginning of the year	836,618	787,993
Grants received during the year	38,950	82,779
Amortised during the year	(37,407)	(34,154)
At the end of the year	838,161	836,618

26.1 Grants Received for the Group is as follows:

Talawakelle Tea Estates PLC- Grants were received from the Tea Board during the year. The receipt of funding in prior years are included under the relevant classification of property, plant & equipment and the grant component is reflected under Deferred Grants and Subsidies.

Kelani Valley Plantations PLC - Grants were received from the Rubber Development Board during the year for Rubber Plantations.

26.2 There are no conditions or contingencies attached to these grants.

27 DEFERRED TAXATION

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Deferred tax assets	2,803,644	2,311,501	14,771	24,525
Deferred tax liabilities	7,433,449	5,357,821	-	-
Net Deferred Tax Liabilities	4,629,805	3,046,320	(14,771)	24,525

27.1 Net Deferred Tax liabilities

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
At the beginning of the year	3,046,320	3,879,149	(24,525)	(71,215)
Amount originating during the year - Income Statement	509,513	(510,418)	12,484	45,119
Amount originating during the year - Other Comprehensive Income	(540,638)	(333,557)	(2,730)	1,571
Acquisition through business combinations	184,990	4,866	-	-
Effect of movements in exchange rates	348,344	6,280	-	-
At the end of the year	4,629,805	3,046,320	(14,7712)	(24,525)

27.2 Net Deferred Tax Liabilities are attributable to the following as at the year end

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Deferred tax assets				
Tax effect of employee benefit obligations	(1,527,134)	(1,128,154)	(28,046)	(25,343)
Tax effect of tax loss carried forward	(826,776)	(638,472)	-	-
Tax effect of provisions	(2,877,305)	(1,599,562)	13,422	-
	(5,231,215)	(3,366,188)	(14,624)	(25,343)
Deferred tax liabilities				
Tax effect of property, plant & equipment	8,462,817	5,825,535	(3,742)	(1,352)
Tax effect of unrealised exchange differences	1,097,966	-	-	-
Tax effect of investment properties	300,237	586,973	3,095	2,170
	9,861,020	6,412,508	(147)	818
Net deferred tax liabilities	4,629,805	3,046,320	(14,771)	(24,525)

28 EMPLOYEE BENEFIT OBLIGATIONS

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Present value of unfunded gratuity	11,208,145	9,777,004	1,298,429	1,055,971
At the beginning of the year	9,777,004	9,240,100	1,055,971	952,633
Acquisition through business combinations	151,036	1,309	-	-
Transfers	-	-	(1,107)	(82)
Effect of movements in exchange rates	322,429	65,478	-	-
Benefits paid by the during the year	(1,011,913)	(851,217)	(34,924)	(47,443)
Service costs	817,836	656,999	54,800	45,158
Interest cost	696,388	854,197	83,036	92,887
Actuarial loss	455,365	(189,862)	140,653	12,818
At the end of the year	11,208,145	9,777,004	1,298,429	1,055,971

For the year ended 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
The expense is recognised in the following line items in the Statement of Profit or Loss				
Cost of sales	191,646	234,935	4,289	6,304
Administrative expenses	1,285,900	1,259,142	133,547	131,741
Distribution expenses	36,678	17,119	-	-
	1,514,224	1,511,196	137,836	138,045

NOTES TO THE FINANCIAL STATEMENTS

An actuarial valuation of the retirement gratuity payable was carried out as at March 31, 2022 by Mr M Poopalanathan, AIA, of Messrs. Actuarial & Management Consultants (Pvt) Ltd., a firm of professional Actuaries. The valuation method used by the actuaries to value the liability is the "Projected Unit Credit Method (PUC)", the method recommended by the Sri Lanka Accounting Standard - LKAS 19 on "Employee Benefits".

28.1 Actuarial assumptions

The following key assumptions were made in arriving at the above figure.

As at 31st March	Others		Plantations		Overseas Subsidiaries	
	2022	2021	2022	2021	2022	2021
Rate of discount	15%	8%	15%	8%	3%-8%	0.5% - 10%
Salary increase	13.5%	7%	8% - 13.5%	5% - 7%	3%-8%	1% - 9%

Assumptions regarding future mortality are based on the A1967/70 for Staff/Executive and A1949/52 for Worker, issued by the Institute of Actuaries, London.

The demographic assumptions underlying the valuation are with respect to retirement age early withdrawals from service and retirement on medical grounds.

28.2 The Group's and Company employee benefit obligations would have been Rs.9,663mn (2021- Rs.8,932mn) and Rs. 1,161mn (2021- Rs.957 mn) respectively, as at the reporting date had the Group calculated its retirement benefit obligation as per the requirements of the Payments of Gratuity Act no 12 of 1983, applying the basis of computation given in page 331 to the Financial Statements.

28.3 Sensitivity Analysis - Salary Escalation Rate/Discount Rate

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

A Sensitivity was carried out as follows,

A one percentage point change in the salary escalation rate

	Consolidated		Company	
	+1%	-1%	+1%	-1%
The present value of defined benefit obligation (Rs.'000)	11,842,389	10,571,169	1,339,972	1,259,324

A one percentage point change in the discount rate

	Consolidated		Company	
	+1%	-1%	+1%	-1%
The present value of defined benefit obligation (Rs.'000)	10,605,052	11,814,290	1,268,014	1,331,478

28.4 Distribution of Employee Benefit Obligation over Future Working Lifetime

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Less than or equal 1 year	2,220,775	1,759,765	727,983	558,531
Over 1 year and less than or equal 5 years	4,008,628	3,720,309	375,955	298,346
Over 5 year and less than or equal 10 years	2,914,198	2,606,937	138,923	146,731
Over 10 years	2,064,544	1,689,993	55,568	52,363
	11,208,145	9,777,004	1,298,429	1,055,971

29 TRADE AND OTHER PAYABLES

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Trade payables	44,346,117	36,363,907	-	-
Bills payable	723,730	371,831	-	-
Other payables including accrued expenses	30,422,326	14,417,604	1,179,240	1,087,861
Unclaimed dividends	822,765	316,879	89,260	59,258
Provision	2,941,673	1,513,326	-	-
	79,256,611	52,983,547	1,268,500	1,147,119

29.1 Provisions

As at 31st March	Consolidated			
	Maintenance warranties ** Rs.'000	Other Rs.'000	2022 Rs.'000	2021 Rs.'000
At the beginning of the year	265,636	1,247,690	1,513,326	916,094
Arising during the year	384,520	1,841,635	2,226,155	5,401,132
Transfer from accruals	170,818	-	170,818	170,405
Utilised	(410,610)	(558,016)	(968,626)	(4,974,305)
At the end of the year	410,364	2,531,309	2,941,673	1,513,326

**Maintenance warranties

A provision for maintenance warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighing of possible outcomes against their associated probabilities.

Alumex PLC - Provision is recognised for expected warranty claims on wood finished product sold.

Singer Group - Warranty provision has cover both manufacturing defects & defects of imported Products.

Hayleys Lifesciences (Pvt) Ltd. - Provision is recognised for equipment sold.

Hayleys Aventura (Pvt) Ltd - Provision for warranty for generators

Fentons Ltd - Provision is recognised for expected warranty claims on projects completed

Quality Seeds Company (Pvt) Ltd - Provision exists for production orders and landscape projects.

NOTES TO THE FINANCIAL STATEMENTS

29.2 Currency wise Analysis of Trade and Other Payables

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Sri Lankan Rupees	52,439,037	33,298,414	1,268,500	1,147,119
Pounds Sterling	146,453	134,934	-	-
United States Dollars	18,193,720	15,931,907	-	-
Euro	4,015,401	842,265	-	-
Thai Baht	2,959,333	1,507,709	-	-
Bangladesh Taka	456,506	346,064	-	-
Maldivian Rufiyaa	203,924	290,638	-	-
Others	862,828	631,616	-	-
	79,256,611	52,983,547	1,268,500	1,147,119

29.3 Other Liabilities

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Other tax payable	731,765	205,425	29,704	17,185
Other payable	2,509,270	2,027,978	-	-
Payments received in advance	6,122,182	3,330,301	-	-
	9,363,217	5,563,704	29,704	17,185
Other Current Liabilities	7,725,691	3,897,687	29,704	17,185
Other Non Current Liabilities	1,637,526	1,666,017	-	-

29.4 Deferred revenue

As at 31st March	Consolidated	
	2022 Rs.'000	2021 Rs.'000
At the beginning of the year	492,080	383,218
Amounts recognised during the year	957,029	809,680
Amounts transferred during the year	(830,322)	(700,818)
At the end of the year	618,787	492,080

Deferred Revenue includes maintenance service agreements for Industrial Products & Services, Health Equipment, and ITO & Software Services.

30. INCOME TAX

30.1 Income Tax Recoverable

As at 31st March	Notes	Consolidated		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
At the end of the year	30.2	837,838	764,443	68,645	-

30.2 Income Tax Payable

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
At the beginning of the year	2,107,182	(742,933)	84,485	(62,917)
Subsidiaries'/parents' taxation on current year's profit	7,062,080	5,590,320	-	162,506
Irrecoverable economic service charge	28,065	-	10,043	-
Under provision in respect of previous years	(173,742)	31,461	(162,506)	-
Tax on dividend	191,928	84,776	-	-
Acquisition through business combinations	(67,844)	10,945	-	-
Reversal of provision on economic service charge recoverable	(6,789)	(8,557)	-	-
Tax credits received	1,100	-	-	-
Effect of movements in exchange rates	182,381	81,441	-	-
Payments made during the year	(6,635,021)	(2,940,271)	(667)	(15,104)
Net Income Tax payable/(recoverable)	2,689,340	2,107,182	(68,645)	84,485
Income tax recoverable	837,838	764,443	68,645	-
At the end of the year	3,527,178	2,871,625	-	84,485

31. SHORT-TERM INTEREST BEARING BORROWINGS

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Sri Lankan Rupees	63,221,254	26,055,398	3,031,945	2,011,729
Pounds Sterling	180,794	37,056	-	-
United States Dollars	10,325,575	8,475,604	-	-
Euro	2,021,454	537,086	-	-
Thai Baht	-	63,499	-	-
Indonesian Rupiah	2,313,438	1,007,011	-	-
Bangladesh Taka	1,959,563	1,105,138	-	-
Others	803,477	999,947	-	-
	80,825,555	38,280,739	3,031,945	2,011,729

NOTES TO THE FINANCIAL STATEMENTS

32. CONTINGENT LIABILITIES AND COMMITMENTS

32.1 Contingent Liabilities

Company

The contingent liability as at 31st March, 2022 on guarantees given by Hayleys PLC., to third parties amounted to Rs. 1,057 mn (2021 - Rs. 1,057 mn). This relates to facilities obtained by subsidiaries.

Group

Alumex PLC

- The contingent liabilities as at 31 March 2022 on guarantees given to third parties amounted to Rs. 31.8 mn (2021 - Rs. 9.1 mn).
- Company has received a claim from the Department of Labour for surcharge payments on the grounds of delayed EPF contributions made to the Central Bank of Sri Lanka 15 years before, for a value of Rs. 2 mn and its still being discussed with Department of Labour and the Central Bank of Sri Lanka.

Talawakelle Tea Estates PLC & Kelani Valley Plantations PLC

- Wages of the Plantation workers were negotiated between Trade Unions and Regional Plantation Companies (RPCs), once in every two years and a Collective Agreement was signed between the parties. However, the last wage negotiations between the parties were not successful and therefore, the matter was referred to the Wages Board by the Minister of Labour. Consequently, the Wages Board without considering objections of the RPCs decided the daily wage rate of Tea / Rubber workers as Rs 1,000/- per day and gazetted its decision on 05th March 2021. Therefore, a "Writ Application" was instituted by the RPCs in the Court of Appeal seeking an interim order, staying and /or suspending the operation of the Gazette issued by the Wages Board, but the Hon Judges of the Court of Appeal declined to issue an interim order but directed the respondents to file objections and the RPCs (Petitioners) to file Counter Objections. As at the date of the Statement of financial position, the above matter is under the purview of the Court of Appeal and therefore, the final decision is pending. Having discussed with independent legal experts and based on the information available, the Directors are of the view that in the event of an unforeseen verdict unfavourable to the Company/Group from the above court case, the contingent liability on retirement benefit obligation liability for Talawakelle Tea Estates PLC would be Rs. 53 mn and of which Rs. 3 mn need to be charged to Profit or Loss and Rs. 50 mn to be charged under Other Comprehensive Income for the year ended 31 March 2022. The contingent liability on retirement benefit obligation liability for Kelani Valley Plantations PLC would be Rs. 68 mn and of which Rs. 5 mn need to be charged to Profit or Loss and Rs. 63 mn to be charged under Other Comprehensive Income for the year ended 31 March 2022. However, no provisions have been made in the financial statements for the year ended 31 March 2022 in this regard.

The Kingsbury

- The application filed by legal counsel on behalf of the Company objecting the order made by the Learned Magistrate of Maligakanda Magistrate Court for the Company to pay 1% of the turnover of the Hotel as license fees to the Colombo Municipal Council (CMC). The Company filed a petition of appeal on 27th January 2011 in the court of appeal. The Court of appeal has abated the matter pending the decision of the court in the writ Application filed challenging the levying of 1% of Turnover as License Duty.
- There are ten cases filed by the Colombo Municipal Council at the Maligakanda Magistrate Court for operating a restaurant without obtaining a requisite license in the years 2009 (13219/M), 2010 (14158/M), 2011 (15464/R), 2013 (28930/14), 2014 (16397/15), 2015 (15580/16), 2016 (15689/17), 2017 (16909/18), 2018 (16251/19), 2019 (4689/20) and 2020 (7579/21). The above cases have concluded in the Magistrate's Court with the Hon. Magistrate holding against the Company and fining the Company LKR 100/-, for each case, which fine has been paid, as of date. Appeals were filed against the Judgements in the said cases, however, the appeals have been withdrawn.
- The writ application (766/2010) filed by the company challenging, inter alia, the decision taken by Colombo Municipal Council to levy license fees equivalent to 1% of the total annual turnover as a pre-condition to the issue of the Annual Trade License for the years 2008, 2009 and 2010 in respect of the restaurant operated at hotel premises. Judgment was delivered on 19th September 2019, and their Lordships of the Court of Appeal dismissed the application and ordered costs. Costs have not been determined as of date. The case was appealed to the Supreme Court, however, the appeal has yet to be supported.

Haycarb PLC

- The contingent liability as at 31st March 2022 on guarantees given by Haycarb PLC to third parties amounted to Rs. 7.8 bn (2020/21 - Rs. 4.8 bn). Of this sum, Rs. 6.4 bn (2020/21 - Rs. 4.1 bn) relates to facilities obtained by subsidiaries

Singer Group

- Commissioner General of Inland Revenue has issued assessment notices on Singer (Sri Lanka) PLC pertaining to an additional VAT Liability/Payment on account of Deemed VAT for seven quarters for the period 1st January 2014 to 30th September 2015. The assessment was for a Deemed VAT payment of Rs. 1.1 bn and penalty of Rs. 0.4 bn totalling to Rs. 1.5 bn. Commissioner General of Inland Revenue has given the determination on the appeal. Accordingly, Rs. 0.8 bn of Deemed VAT liability and penalty of Rs. 0.4 bn totalling to Rs. 1.2 bn is payable as a Deemed VAT liability for seven quarters for the period 1st January 2014 to 30th September 2015. The Company after carefully reviewing the situation and based on the advice of tax consultants, is of the opinion that there is no basis for the Company to be made liable for Deemed VAT. Accordingly Company has decided to appeal to the Tax Appeal Commission against the determination. Hence, no provision has been made in the Financial Statements. The Company previously sought a clarification from the Inland Revenue Department on the interpretation of the Act and did not receive the required clarification. Deemed VAT is removed with effect from 1st January 2016 under VAT Amendment Act No. 20 of 2016.
- Singer (Sri Lanka) PLC has provided bank guarantees amounting to Rs. 337 mn to Director General of Customs to clear imports during the years 2008 to March 2022. The bank guarantee related to alleged additional duty payable on imports, claimed by the customs and is being contested by the Company in courts. The Court of Appeal ordered that the Director General of Customs continue with the investigations. The Company being aggrieved by the decision has filed an appeal, which is pending before the Supreme Court. The Company lawyers are of the opinion that there is no basis that the Company is liable for the additional duty. Based on assessment of the probability is higher that the Company would not be required to settle the liabilities. Hence, no provision is made in the Financial Statements.
- Singer Finance (Lanka) PLC has provided letters of guarantee totalling to Rs. 3.5 mn against fixed deposits of Rs. 3.7 mn
- Case bearing No. 404 has been filled against Singer Finance (Lanka) PLC by a customer in the District Court of Ampara claiming Rs. 2 mn as damages caused by repossessing and selling of a vehicle leased through the Company. The lawyers of the Company are of the view that the ultimate resolution of this litigation would not likely to have a material impact.
- Regnis (Lanka) PLC has provided corporate guarantees to banks on behalf of Regnis Appliances (Pvt) Ltd amounting to Rs. 410 mn for the purpose of obtaining banking facilities.
- Regnis (Lanka) PLC cleared a shipment of imported goods during the year 2008 on provision of a bank guarantee amounting to Rs. 7 mn to the Director of Customs. The bank guarantee relates to alleged additional duty payable on imports which is contested by the Company. The customs inquiry initiated in 2008 is still pending. The Management is of the opinion that there is no basis that the Company is liable for the additional duty and hence, no provision is made in the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

32.2 Commitments

In terms of the operating lease agreements entered in to, minimum future lease payments payable by the Group is as follows.

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Repayable within one year	1,318,524	1,148,165	62,856	71,179
Repayable after one year less than 5 years	4,249,253	3,478,741	151,787	198,966
Repayable after 5 years	3,644,885	3,475,400	-	-
	9,212,662	8,102,306	214,643	270,145

33 FOREIGN CURRENCY TRANSLATION

The principal exchange rates used for translation purposes were:

	Average		As at 31st March	
	2022	2021	2022	2021
United States Dollar	210.81	188.79	293.88	199.83
Australian Dollar	155.63	137.16	220.33	152.10
Pound Sterling	287.06	248.72	385.56	274.06
Thai Baht	6.44	6.10	8.81	6.35
Bangladesh Taka	2.47	2.23	3.42	2.34
Euro	244.39	221.37	328.18	233.64
Indian Rupee	2.83	2.54	3.88	2.61
Indonesian Rupiah	0.01	0.01	0.02	0.01
Maldivian Rufiyaa	13.66	12.21	19.02	12.87

34 Functional Currency

The Group's functional currency is Sri Lankan Rupee, except in the following subsidiaries and equity accounted investees where the functional currency is different as they operate in different economic environments.

Company	Functional Currency
Charles Fibre (Pvt) Ltd.	Indian Rupees
Dipped Products (Thailand) Ltd.	Thai Baht
ICOGUANTI S.p.A	Euro
Haycarb Holdings Bitung Ltd.	USD
Haycarb USA Inc.	USD
Carbokarn Co. Ltd.	Thai Baht
CK Regen Systems Co. Ltd.	Thai Baht
Shizuka Co. Ltd.	Thai Baht
Eurocarb Products Ltd.	Pounds Sterling
Haycarb Holdings Australia (Pty) Ltd.	Australian Dollars
PT Mapalus Makawanua Charcoal Industry	Indonesian Rupiah
PT Haycarb Palu Mitra	Indonesian Rupiah
Puricarb Pte Ltd.	Euro
Haycarb India	Indian Rupees
Hayleys Fabric PLC	USD
South Asia Textile Ltd	USD
Haychem (Bangladesh) Ltd.	Taka
Nautical Maldives (Pvt) Ltd.	Maldivian Rufiyaa
One World Logistics Maldives (Pvt) Ltd.	Maldivian Rufiyaa
Super Logistics (Pvt) Ltd.	Maldivian Rufiyaa
Total Transport Solutions Maldives (Pvt) Ltd.	Maldivian Rufiyaa
Advantis Singapore Pte Ltd.	USD
Advantis Kusuhara Sedate Myanmar (Pvt) Ltd.	Kyat
Luxury Resorts (Pvt) Ltd.	USD
Advantis Sedate Myanmar (Pvt) Ltd.	Kyat
Advantis Intasl Bangladesh (Pvt) Ltd.	Taka
PT Advantis Akaza Indonesia	Indonesian Rupiah
Civaro Freight India (Pvt) Ltd.	Indian Rupees
Hayleylines Ltd.	USD
Logiwiz Logistics India (Pvt) Ltd.	Indian Rupees
Moceti International (Pvt) Ltd.	USD
Lanka Maritime Services (Pvt) Ltd.	USD
Lanka Bunkering services (Pvt) Ltd.	USD
Logiwiz logistic india Ltd.	Indian Rupees
Advnatis Sabang Raya Lines (Pvt) Ltd.	USD
Haylex BV Group	Euro, Yen & USD
Haylex USA	USD
Aventura BD Ltd.	Taka

NOTES TO THE FINANCIAL STATEMENTS

35. EVENTS OCCURRING AFTER THE REPORTING DATE

Other than what is mentioned below, no other circumstances have arisen since the reporting date, which would require adjustments to, or disclosure in the Financial Statements.

Surcharge Tax

The Surcharge Tax Act No. 14 of 2022 was enacted on 8th April 2022, confirming the imposition of a one-time tax of 25% on entities in which the taxable income exceeded Rs. 2 bn for the financial year ended 31st March 2021. The surcharge tax is applicable to the Hayleys Group as the cumulative taxable income of group entities calculated in accordance with the provisions of the Inland Revenue Act No. 24 of 2017, exceeded the set threshold.

The total Surcharge Tax liability of the group amounted to Rs. 2.47 bn, and the first installment of Rs. 1.23 bn was paid by group entities on 20th April 2022.

The said liability has not been recorded in these financial statements, as the Surcharge Tax Act's enactment through approval by the Speaker of Parliament was carried out subsequent to the reporting date. As per the Statement of Alternative Treatment (SoAT) issued by The Institute of Chartered Accountants of Sri Lanka; the total Surcharge Tax liability will be adjusted in the Statement of Changes in Equity in the financial statements for the year ending 31st March 2023.

36. COMPANIES WITH DIFFERENT ACCOUNTING YEARS

The Financial Statements of, Haylex BV Group has been prepared for the year ended 31st December and ICOGUANTI S.p.A has prepared for the year ended 28th February. These Companies have been consolidated based on the Financial Statements drawn up to 31st December and 28th February since these subsidiaries are not material to the Group.

37. ACQUISITION/DISPOSAL OF SUBSIDIARIES

37.1 On 22nd April 2021, Hayleys Fabric PLC, a subsidiary of Hayleys PLC, acquired 98.83% equity stake of South Asia Textiles Ltd and on 5th January 2022, Hayleys Advantis Group acquired 60% equity stake of S & T Interiors (Pvt) Ltd. In the previous year S & T Interiors (Pvt) Ltd. was considered an equity accounted investee, having 30% equity stake.

As at 31st March	South Asia Textiles Ltd Rs'000	S & T Interior (Pvt) Ltd Rs'000	2022 Rs'000
Property, plant & equipment	2,194,404	11,869	2,206,273
Right-of-use assets	131,217	28,400	159,617
Intangible Assets	70,800	-	70,800
Inventories	1,754,067	648	1,754,715
Trade and other receivables	1,144,115	935,383	2,079,498
Other current assets	-	35,742	35,742
Income tax receivable/(payable)	68,732	(888)	67,844
Deferred tax asset/(liability)	(187,381)	2,391	(184,990)
Employee benefit obligations	(138,270)	(12,766)	(151,036)
Trade and other payables	(2,464,880)	(690,376)	(3,155,256)
Interest Bearing Borrowings	(292,765)	(30,788)	(323,553)
Net identifiable assets and liabilities	2,280,039	279,615	2,559,654
Non-controlling' interests	(17,831)	(24,443)	(42,274)
Goodwil acquired	2,103,885		2,103,885
Gain on bargain purchase	-	(12,305)	(12,305)
	4,366,093	242,867	4,608,960

37.2 Satisfied by

As at 31st March	South Asia Textile Ltd Rs'000	S & T Interior (Pvt) Ltd Rs'000	2022 Rs'000
Cash consideration	(3,610,082)	(12,180)	(3,622,262)
Fair value of equity accounted investees	-	(12,180)	(12,180)
Short term deposits acquired	-	662,969	662,969
Cash in hand and bank acquired	50,701	127,990	178,691
Short term borrowings acquired	(806,712)	(1,009,466)	(1,816,178)
	(4,366,093)	(242,867)	(4,608,960)

37.3 Revenue and Profits of acquirees

Form the date of acquisition, South Asia Textile Ltd and S & T Interior (Pvt) Ltd contributed revenue of Rs. 11.59 bn and Rs. 377 mn and profit before tax of Rs. 790 mn and Rs. 7 mn respectively to the consolidated results of the Group.

37.4 During the year, Hayleys Leisure PLC, a subsidiary of Hayleys PLC, disposed Lake Lodge (Pvt) Ltd.

As at 31st March	2022 Rs'000
Property, plant & equipment	30,000
Net Identifiable assets and liabilities	30,000
Non-controlling Interest	6,000
Profit on disposal of subsidiary	(6,592)
Cash consideration	30,592
	30,000

NOTES TO THE FINANCIAL STATEMENTS

37.5 Principal subsidiaries with material non-controlling interests

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

As at 31st March	Dipped Products PLC Rs.'000	Haycarb PLC Rs.'000	Hayleys Advantis Ltd Rs.'000	Singer (Sri Lanka) PLC Rs.'000
Non-controlling interest in %	44	32	8	11
Non-current assets	19,603,774	9,517,595	25,153,170	26,411,800
Current assets	34,445,826	28,642,719	42,824,881	62,938,881
Total assets	54,049,600	38,160,314	67,978,051	89,350,681
Non-current liabilities	7,118,364	2,189,093	11,985,949	22,270,827
Current liabilities	20,571,993	16,899,910	42,609,017	53,539,227
Total liabilities	27,690,357	19,089,003	54,594,966	75,810,054
Equity attributable to the owners of the company	21,906,800	17,699,430	10,515,826	11,569,544
Non-controlling interests	4,452,443	2,648,638	2,867,257	1,971,082
For the year ended 31st March				
Revenue from contracts with customers	55,293,983	33,160,474	71,469,430	76,847,842
Profit after tax	6,410,800	3,721,140	8,623,984	4,109,791
Profit attributable to the owners of the company	5,382,651	3,287,554	6,331,367	3,958,148
Profit attributable to the non-controlling interests	1,028,149	433,586	2,292,617	151,643
Total comprehensive income	8,842,747	6,867,728	8,381,498	4,554,012
Dividend paid to non controlling interests	173,908	367,642	1,348,346	32,449
Net cash inflow from operating activities	7,807,589	(2,814,470)	14,102,915	(8,986,310)
Net cash (outflow) from investing activities	(3,369,170)	(1,504,780)	(5,593,726)	(1,591,223)
Net cash (outflow)/inflow from financing activities	2,264,009	(816,259)	(2,744,254)	12,220,291
Total net cash (outflow)/inflow	6,702,428	(5,135,509)	5,764,935	1,642,758

38 RELATED PARTY TRANSACTIONS

38.1 Parent and Ultimate Controlling Party

Company does not have an identifiable parent of its own.

38.2 Transactions with Key Management Personnel

38.2.1 Loans to Directors

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

38.2.2 Key Management Personnel Compensation

Key management personnel comprise the Directors of the company and details of compensation are given in Note 10 to the Financial Statements.

For the year ended 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Short term employee benefit	2,663,000	1,914,255	640,751	412,193
	2,663,000	1,914,255	640,751	412,193

38.2.3 Other Transactions With Key Management Personnel

38.2.3.1 The names of Directors of Hayleys PLC, who are also directors of subsidiaries joint ventures and equity accounted investees companies are stated on pages 287 to 289 to the Financial Statements.

38.2.3.2 Details of directors and their spouses' share holdings are given on page 438. There were no other transactions with key management personnel other than those disclosed in Note 38 to the Financial Statements.

38.3 Transactions with Subsidiaries, Equity Accounted Investees & Other Related Companies

Relationships with subsidiaries and equity accounted investees are explained in Note 18 and also under Group Companies in pages 444 and 448. Business segment classification is also given under Group Companies.

38.3.1 Companies within the Group engage in trading transactions under relevant commercial terms and condition.

NOTES TO THE FINANCIAL STATEMENTS

38.3.2 Hayleys PLC. provides office space to its subsidiary and equity accounted investees and charges rent. In addition the Company incurs common expenses such as on finance, export shipping, secretarial, data processing, personnel and administration functions. Such costs are allocated to subsidiary and equity accounted investees. Details are given below.

For the year ended 31st March	Company					
	2022			2021		
	Rs.'000			Rs.'000		
Business segment	Rent	Common expenses	Purchase of goods and services	Rent	Common expenses	Purchase of goods and services
Eco solutions	19,690	254,850	4,182	15,440	200,841	726
Hand protection	33,647	454,374	5,487	26,871	334,640	1,784
Purification	57,325	312,891	142	45,839	227,064	6,969
Textiles	-	264,917	-	-	184,416	-
Construction materials	-	210,670	513	3,571	106,136	100
Agriculture	31,624	237,423	5,219	27,536	175,118	6,046
Plantations	37,954	298,237	2,983	31,529	220,900	181
Industry inputs	42,871	103,890	2,909	37,746	76,996	7,006
Power & energy	-	32,520	920	-	33,584	-
Transportation & logistics	146,690	494,835	16,738	79,340	326,457	9,305
Consumer & retail	15,872	503,474	7,884	12,698	163,301	8,975
Leisure	-	314,068	31,830	33,004	258,138	36,736
Others	30,235	238,435	189,381	27,932	244,296	177,905
	415,909	3,720,584	268,188	341,505	2,551,887	255,733

38.4 Amount Due From/Due To Subsidiaries

As at 31st March	Company					
	2022			2021		
	Rs.'000			Rs.'000		
Business segment	Receivable-non-current	Receivable-current	Payables	Receivable-non-current	Receivable-current	Payables
Eco solutions	-	98,351	(63)	-	134,636	(396)
Hand protection	-	188,950	(3,267)	-	32,764	(1,926)
Purification	-	279,657	-	-	47,639	-
Textiles	-	101,485	-	-	14,513	-
Construction materials	-	148,795	-	-	44,006	-
Agriculture	-	836,022	(1,082)	-	486,370	(951)
Plantations	-	44,309	(316,487)	-	48,707	-
Industry inputs	-	255,423	(973)	-	539,139	(860)
Power & energy	-	20,236	-	-	11,222	-
Transportation & logistics	-	632,049	(6,849)	-	585,689	(1,113)
Consumer & retail	-	321,494	(732)	-	51,904	(728)
Leisure	-	756,315	(2,270)	-	478,118	(52,903)
Others	610,000	214,756	(341,085)	610,000	35,202	(166,004)
Total	610,000	3,897,840	(672,807)	610,000	2,509,908	(224,881)

38.5 Amount due from/due to Equity Accounted Investees

As at 31st March	Consolidated				Company			
	2022		2021		2022		2021	
	Receivable Rs.'000	Payable Rs.'000	Receivable Rs.'000	Payable Rs.'000	Receivable Rs.'000	Payable Rs.'000	Receivable Rs.'000	Payable Rs.'000
Purification	60,111	-	38,136	-	123	-	46	-
Transportation & logistics	1,214	-	160,192	(4,884)	218	-	87,586	-
Plantations	4,479	(322)	20,578	(3,152)	849	(322)	3,354	(3,152)
Power & energy	77,087	-	100,000	-	-	-	-	-
	142,891	(322)	318,905	(8,036)	1,190	(322)	90,986	(3,152)

38.6 Transactions With Other Related Companies

Company	Relationship	Name of director	Nature of transaction	Amount Rs.000
LB Finance PLC	Control/Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	16,998
			Sale/(Purchase) of goods and services	57,383
Pan Asia Banking Corporation PLC	Significant Share holder	K.D.D. Perera	Facility amount	1,625,500
			Interest received/(paid)	(37,153)
			Amount Receivable/(Payable)	(169,514)
			Sale/(Purchase) of goods and services	9,193
Royal Ceramics Lanka PLC	Control/Significant Share holder	K.D.D. Perera	Outstanding	541,880
			Amount Receivable/(Payable)	25,871
Vallibel Finance PLC	Control/Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	178,170
			Amount Receivable/(Payable)	580
Vallibel One PLC	Control/Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	12,035
			Amount Receivable/(Payable)	(23,164)
Uni-Dil Packaging Ltd.	Control/Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	18,239
			Amount Receivable/(Payable)	(13,739)
Horana Plantations PLC	Control/Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	(122,792)
			Amount Receivable/(Payable)	38,375
Delmege Ltd.	Control/Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	77,017
			Amount Receivable/(Payable)	(1,681)
Delmege Forsyth & Company Ltd.	Control/Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	(742)
			Amount Receivable/(Payable)	13,716

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Company	Relationship	Name of director	Nature of transaction	Amount Rs.000
Lanka Tiles PLC	Control/Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	1,221
			Sale/(Purchase) of goods and services	12,941
Vallibel Power Erathna PLC	Control/Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	5
Valible Plantation Management Ltd.	Control/Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	(8,863)
Delmege Insurance Brokers (Pvt) Ltd.	Control/Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	4
			Sale/(Purchase) of goods and services	57
Swisstek (Ceylon) PLC	Control/Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	7,446
			Sale/(Purchase) of goods and services	407,636
Vallibel Properties Ltd	Control/Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	45,522
			Sale/(Purchase) of goods and services	279,682
Grip Delmege (Pvt) Ltd	Control/Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	4,976
			Sale/(Purchase) of goods and services	15,046
Swisstek Aluminium Ltd	Control/Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	1,245
			Sale/(Purchase) of goods and services	25,386
Lanka Ceramics PLC	Control/Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	3,203

38.7 Details of guarantees given in respect of related parties are given in Note 32 to the Financial Statements.

38.8 No provision was made in respect of related party receivables.

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

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

38.11 There are no related parties or related party transactions other than those disclosed in Note 38 to the Financial Statements.

39 DISCONTINUED OPERATIONS/ ASSETS HELD FOR SALES

Assets and Liabilities of discontinued operations

As at 31st March	Consolidated	
	2022 Rs.'000	2021 Rs.'000
Assets classified as held for sale		
Trade and other receivables	-	1,906
Cash in hand and bank	-	1,115
Total assets	-	3,021
Liabilities directly associated with assets classified as held for sale		
Trade and other payables	-	332
Total liabilities	-	332

Civaro Freight India (Pvt) Ltd., which was set up in India, to develop an international freight management network, has now ceased operation and wound up due to the negative effect of the global recession.

NOTES TO THE FINANCIAL STATEMENTS

40. SEGMENT ANALYSIS

The segment information is based on two segmental formats. The business segment is considered as the primary format and based on the management structure of the Group. The management are of the view that the Chairman is considered the Chief Operating decision maker and resources are allocated and performance assessed based on the sectors, Therefore each sector which falls under the purview of a different GMC member is considered a separate segment.

In Rs '000	Eco Solutions		Hand Protection		Purifications		Textiles		Construction Materials		Plantation		Agriculture	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue														
Total	13,754,453	9,569,340	37,917,943	30,401,872	33,160,474	25,484,567	32,677,481	14,589,453	9,595,225	6,021,532	17,601,741	15,959,385	24,393,352	19,626,257
Intra Group	(2,623,238)	(1,742,335)	(60,034)	(5,293)	(409,881)	-	(1,009,292)	(13,965)	(77,534)	(129,444)	(232,343)	(29,044)	(303,951)	(393,289)
External	11,131,215	7,827,005	37,857,909	30,396,579	32,750,593	25,484,567	31,668,189	14,575,487	9,517,691	5,892,088	17,369,398	15,930,341	24,089,402	19,232,968
Segment results														
Results from operating activities	717,994	657,064	2,896,253	5,502,171	3,079,056	4,435,708	1,756,662	879,073	1,487,728	1,232,655	2,450,344	1,886,589	3,011,320	1,980,753
Finance income	1,315,142	139,900	3,634,235	384,988	2,324,626	277,610	1,984,245	13,799	162,165	44,801	1,059,699	266,192	2,008,160	339,059
Finance cost	(330,914)	(62,018)	(1,525,593)	(361,036)	(722,727)	(223,989)	(583,707)	(171,184)	(268,138)	(255,159)	(710,827)	(428,304)	(2,717,042)	(611,773)
Share of profit of equity accounted investees (net of tax)	-	-	-	-	(39,425)	(14,187)	-	-	-	-	46,974	48,242	-	-
Change in fair value of Investment Properties	65,899	28,301	-	24,462	-	-	-	-	-	-	-	-	-	-
Value added tax on financial services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit before tax	1,768,121	763,247	5,004,895	5,550,585	4,641,530	4,475,142	3,157,199	721,688	1,381,755	1,022,297	2,846,190	1,772,719	2,302,438	1,708,039
Tax	267,637	102,995	955,183	1,135,779	934,848	923,755	463,525	(5,595)	229,849	181,286	224,360	220,330	587,837	490,820
Depreciation on property, plant & equipment	158,874	143,601	624,497	638,533	604,623	560,099	721,103	410,039	239,386	193,521	507,592	430,315	112,682	107,683
Impairment of goodwill	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment of property, plant & equipment	-	-	-	-	-	-	43,837	-	42,212	5,000	-	-	-	-
Amortisation of intangible assets	12,837	11,632	14,822	13,445	13,719	13,264	19,432	9,895	16,464	18,899	3,035	2,205	12,656	12,641
Total assets (excl. equity accounted investees)	17,515,057	13,045,113	34,906,503	27,149,277	38,135,393	22,880,817	36,709,604	11,579,181	12,070,275	7,674,393	19,031,717	17,066,707	25,826,318	16,029,457
Investment in equity accounted investees	-	-	390,920	390,920	24,921	64,346	-	-	-	-	(842,292)	(889,058)	-	-
Additions to Property Plant & equipment	497,755	320,826	1,644,639	978,644	723,454	801,936	1,201,249	847,950	654,475	263,840	707,276	361,899	139,310	136,697
Improvements to Biological assets	-	-	-	-	-	-	-	-	-	-	19,131	17,339	-	-
Additions to Intangible assets	414	41,957	10,056	5,651	38,077	18,825	2,110,780	770	3,842	48,380	9,427	12,312	-	-
Assets classified as held for sale**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current portion of interest bearing borrowings	476,300	339,230	1,547,342	281,542	316,347	231,336	1,464,423	206,504	668,693	755,279	164,321	185,116	595,110	418,722
Non-current portion of interest bearing borrowings	809,793	586,584	1,501,161	618,790	677,152	477,775	5,126,823	679,531	1,415,035	1,009,868	990,191	1,109,345	1,135,007	663,648
Goodwill	-	-	33,308	33,308	202,041	202,041	2,103,885	-	-	-	220,621	220,621	-	-
Non Interest bearing liabilities														
Deferred tax Liability	592,858	413,119	171,938	73,653	368,658	139,477	1,235,690	415,500	238,321	244,214	604,011	673,987	90,280	28,019
Employee benefit obligations	414,405	356,254	1,092,156	846,470	1,143,283	858,505	864,439	603,581	166,261	140,329	1,902,357	1,961,199	761,445	779,920
Trade and other payables	1,643,500	1,161,636	5,879,868	6,457,388	5,062,252	2,799,907	11,002,468	2,807,022	2,316,782	1,488,425	1,636,169	1,157,137	5,714,469	5,267,332
Cash Flow														
Segment cash flows from Operating Activities	(435,537)	653,768	6,135,180	(1,583,432)	(2,814,470)	2,058,995	2,113,599	1,730,453	(820,451)	1,790,306	1,672,409	621,119	(2,973,346)	3,706,332
Segment cash flows from Investment Activities	(165,447)	(200,778)	(2,603,260)	(1,676,525)	(1,504,780)	(903,942)	(7,871,365)	(926,442)	(751,326)	(327,908)	(554,710)	(47,498)	190,312	382,107
Segment cash flows from Financing Activities	(145,693)	(195,725)	2,439,167	1,524,200	(816,259)	(1,237,871)	7,276,523	(130,957)	(58,640)	(862,266)	(386,358)	633,065	(600,922)	(975,125)

The transactions between the segments are conducted under arm's length.

*Non-segment adjustments relate to the intercompany transactions which includes intercompany eliminations and reclassifications done at the Hayleys PLC group level.

**Refer note 39 for details of assets classified as held for sale.

Consumer & Retail		Leisure		Industry Inputs		Power and Renewable Energy		Transportation & Logistics		Others		Non Segment Adjustments		Total	
2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
83,576,023	73,022,659	3,481,706	1,388,501	6,170,713	4,107,496	1,315,222	1,335,403	71,662,766	37,705,611	12,525,639	6,975,783	-	-	347,832,739	246,187,860
(33,157)	-	(62,202)	(42,625)	(422,178)	(412,596)	(23,143)	(24,813)	(2,389,905)	(20,640)	(2,176,300)	(2,098,154)	-	-	(9,823,159)	(4,912,199)
83,542,867	73,022,659	3,419,504	1,345,876	5,748,535	3,694,900	1,292,079	1,310,591	69,272,861	37,684,971	10,349,339	4,877,629	-	-	338,009,580	241,275,661
8,502,120	5,597,397	(1,018,772)	(1,830,151)	509,809	365,521	693,956	740,789	8,421,628	4,086,694	6,521,785	4,296,943	(5,436,125)	(3,877,408)	33,593,759	25,953,798
251,243	839,038	131,121	55,487	147,843	240,929	7,459	5,865	3,693,262	492,587	803,999	79,229	(691,210)	(3,530)	16,831,989	3,175,954
(2,600,963)	(2,185,389)	(811,376)	(696,585)	(251,778)	(451,378)	(78,736)	(110,256)	(1,467,111)	(1,337,169)	(2,819,756)	(2,761,440)	5,898	(396,045)	(14,882,770)	(10,051,725)
-	-	-	-	-	-	191,263	209,908	27,984	8,649	-	-	-	-	226,794	252,611
-	-	-	-	-	-	-	-	196,974	64,095	65,670	78,780	-	-	328,543	195,638
(381,570)	(292,487)	-	-	-	-	-	-	-	-	-	-	-	-	(381,570)	(292,487)
5,770,830	3,958,559	(1,699,026)	(2,471,249)	405,874	155,072	813,942	846,305	10,872,738	3,314,856	4,571,697	1,693,512	(6,121,438)	(4,276,982)	35,716,745	19,233,789
1,470,866	1,247,410	(24,267)	(117,337)	99,284	126,378	72,803	81,826	2,261,298	739,681	74,621	60,253	-	-	7,617,844	5,187,582
755,732	654,997	1,008,690	659,322	37,473	28,367	273,332	267,412	1,225,497	1,070,085	137,701	166,182	-	-	6,407,181	5,330,155
-	-	137,864	-	-	-	-	-	-	-	-	-	-	-	137,864	-
-	-	-	-	-	-	-	-	-	-	11,571	-	-	-	97,620	5,000
50,196	27,025	11,598	8,310	9,591	10,121	11,883	12,432	74,053	59,353	9,356	6,759	-	-	259,642	205,984
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
91,027,565	70,304,689	18,662,105	15,619,167	8,217,687	6,442,461	5,935,524	6,056,905	67,929,342	39,143,897	77,950,338	70,907,094	(53,006,021)	(46,613,464)	400,911,415	277,285,694
-	-	-	-	525,000	525,000	522,885	469,122	38,081	32,572	1,504,862	1,504,863	-	-	2,164,377	2,097,766
843,561	551,910	292,099	83,112	63,837	29,422	9,116	74,922	3,049,173	405,171	147,871	59,593	(214)	-	9,973,600	4,915,923
-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,131	17,339
282,538	90,610	26,171	1,215	-	-	-	-	87,414	27,976	82,101	-	-	-	2,650,820	247,694
-	-	-	-	-	-	-	-	-	2,689	-	-	-	-	-	2,689
8,342,231	11,204,208	1,792,612	912,109	367,380	160,832	113,807	328,257	6,101,159	4,547,954	5,618,862	5,106,767	-	-	27,568,587	24,677,856
16,690,277	12,092,677	7,638,556	6,337,830	583,579	426,473	711,832	832,813	7,680,491	7,362,952	18,580,296	19,305,467	-	-	63,540,193	51,503,754
-	-	-	-	-	-	-	-	538,113	538,113	10,954,441	11,092,305	-	-	14,052,409	12,086,388
399,674	337,315	648,001	556,608	19,107	7,223	2,466	3,915	2,174,089	1,770,382	888,357	694,410	-	-	7,433,449	5,357,821
1,100,815	1,000,130	103,068	117,359	137,697	126,614	15,832	13,335	2,001,208	1,738,856	1,505,177	1,234,452	-	-	11,208,145	9,777,004
20,202,323	18,976,238	1,303,762	1,079,383	1,207,699	742,285	163,614	98,911	18,978,802	7,283,980	4,165,540	3,535,990	(20,636)	127,912	79,256,611	52,983,547
(7,453,480)	294,667	(1,221,764)	(977,949)	(240,596)	653,364	221,519	693,917	14,822,812	5,685,912	1,883,540	5,248,759	(1,353,060)	12,352,221	9,536,355	32,928,432
(924,149)	(331,140)	229,848	3,862,565	426,500	50,074	1,375	120,861	(5,994,158)	(645,116)	1,110,263	216,958	736,518	(4,065,836)	(17,674,379)	(4,492,620)
11,757,411	(5,830,760)	944,600	903,771	219,385	(657,282)	(361,550)	(636,112)	(2,242,128)	5,764,162	(4,051,074)	(1,188,210)	(21,563,652)	(10,404,819)	(7,589,190)	(13,293,929)

NOTES TO THE FINANCIAL STATEMENTS

41 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risk from financial instruments:

- 1 Credit risk
- 2 Liquidity risk
- 3 Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated Financial Statements.

Financial Risk Management Framework

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's financial risk management framework which includes developing and monitoring the Group's Financial risk management policies.

The Group's Financial risk management policies are established to identify, quantify and analyse the financial risks faced by the Group, to set appropriate risk limits and controls, and to monitor Financial risks and adherence to limits. Financial Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. All derivative activities for risk management purposes are carried out by Group Treasury that have the appropriate skills and experience.

The Group Audit Committee oversees how management monitors compliance with the Group's financial risk management policies and procedures, and reviews the adequacy of the financial risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by the Management Audit System Review Department(MASRD). MASRD undertakes both regular and ad hoc reviews of Financial risk management policies and procedures, the results of which are reported to the Group Audit Committee.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily from trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Management; these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis. Outstanding customer receivables are regularly monitored at the individual sector and Group Management Committee (GMC) level. Further SLECIC cover or other forms of credit insurance is obtained for most exports or in the instance this is not obtained, specific GMC approval is obtained prior to the export.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to the Group's wholesale customers. Customers that are considered as "high risk" are placed on a restricted customer list and future sales are made on a prepayment basis.

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

The maximum exposure to credit risk for trade and other receivables at the reporting date is Rs. 119.41 bn (2021 - Rs. 79 .14bn) which is recorded at Note 22 to the Financial Statements.

Investments

Credit risk from invested balances with the financial institutions are managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

Treasury bills

Singer Finance (Lanka) PLC invests not less than 7.5% of the public deposits in Treasury Bills to comply with the Central Bank of Sri Lanka Direction No. 1 of 2009.

Cash and cash equivalents

The Group held cash in hand and at bank equivalents of Rs. 27.40 bn at 31 March 2021 (2021 -Rs. 12.91 bn) which represents its maximum credit exposure on these assets.

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

- People's Bank - AA-(lka)
- Standard Chartered Bank - AAA (lka)
- Commercial Bank of Ceylon PLC - AA-(lka)
- Sampath Bank PLC - AA- (lka)
- Nations Trust Bank PLC - A(lka)
- Pan Asia Banking Corporation PLC Bank- BBB- (lka)
- Hatton National Bank PLC- AA-(lka)
- Bank of Ceylon- AA-(lka)
- DFCC Bank- A+(lka)
- Citibank - AAA(lka)
- Seylan Bank PLC - A(lka)
- National Development Bank PLC - A+ (lka)
- Union Bank of Colombo PLC- BBB- (lka)
- The Hongkong and Shanghai Banking Corporation - AAA (lka)
- Deutsche Bank - BBB+

Source - <http://www.fitchratings.lk>

Liquidity Risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and finance leases. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

NOTES TO THE FINANCIAL STATEMENTS

41 FINANCIAL RISK MANAGEMENT (CONTD.)

Group Treasury receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The liquidity requirements of business units and subsidiaries are met through central cash management by Group Treasury to cover any short-term fluctuations and longer term funding to address any structural liquidity requirements. The Group Treasury monitors the cash flows in subsidiary and Group level and obtains adequate bank facilities to meet the funding requirements. The Group does not concentrate on a single financial institution, thereby minimising the expose to liquidity risk through diversification of funding sources. The Group aims to fund investment activities of the individual and group level by funding the long term investment with long term financial sources in terms of equity, debenture or long term loans. Short term investments are funded using short term loans. Group has been successful in arranging long term funding from overseas as measure to diversify its funding sources which enabled reducing the sole dependency on domestic market for project financing. The Group also issued a debentures in domestic market as a measure to reduce its dependency on local banking system for all its financing requirement and thereby freeing available banking lines for future projects.

The monthly liquidity position is monitored by the Group Treasury. All liquidity policies and procedures are subject to review and approval by Board of Directors. Daily reports cover the liquidity position of both the Group and operating subsidiaries .

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

As at 31st March 2022	On demand Rs.'000	Less than 3 Months Rs.'000	3 to 12 months Rs.'000	1 to 5 years Rs.'000	>5 years Rs.'000	Total Rs.'000
Consolidated						
Interest-bearing loans and borrowings	40,766,213	46,342,135	21,285,794	57,938,927	5,601,266	171,934,335
Trade and other payables	22,958,027	46,330,929	8,886,857	1,029,087	51,711	79,256,611
Security deposit	592,402	98,550	203,744	110,446	457,205	1,462,347
Other financial liabilities	313,796	3,744,075	5,948,761	2,122,713	17,169	12,146,514
	64,630,438	96,515,689	36,325,156	61,201,173	6,127,351	264,799,807

As at 31st March 2022	On demand Rs.'000	Less than 3 Months Rs.'000	3 to 12 months Rs.'000	1 to 5 years Rs.'000	>5 years Rs.'000	Total Rs.'000
Company						
Interest-bearing loans and borrowings	3,031,945	690,546	4,671,307	18,265,287	-	26,659,085
Trade and other payables	568,590	696,696	183	3,031	-	1,268,500
	3,600,535	1,387,242	4,671,490	18,268,318	-	27,927,585

As at 31st March 2021	On demand Rs.'000	Less than 3 Months Rs.'000	3 to 12 months Rs.'000	1 to 5 years Rs.'000	>5 years Rs.'000	Total Rs.'000
Consolidated						
Interest-bearing loans and borrowings	16,716,013	25,955,478	20,287,104	46,707,194	4,796,560	114,462,349
Trade and other payables	7,427,368	34,412,024	10,280,051	781,722	82,382	52,983,547
Security deposit	524,907	100,724	211,345	141,008	388,581	1,366,565
Other financial liabilities	990,886	1,423,946	5,959,234	2,074,122	17,010	10,465,198
	25,659,174	61,892,172	36,737,734	49,704,046	5,284,533	179,277,659

As at 31st March 2021	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
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Company

Interest-bearing loans and borrowings	2,011,729	1,230,986	3,714,190	19,205,466	-	26,162,371
Trade and other payables	393,660	750,000	197	1,360	1,902	1,147,119
	2,405,389	1,980,986	3,714,387	19,206,826	1,902	27,309,490

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, financial assets designated at fair value through OCI, financial assets at fair value through profit or loss and derivative financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The sensitivity analyses in the following sections relate to the position as at 31 March 2022 and 2021.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group mainly borrows in the short term to fund its working capital requirement which are linked to floating interest rates. For other funding needs the Group maintains a proper mix of interest rate based on the basis of the predictability of future cash flows. Group Treasury closely monitors the interest rate fluctuations in the market and advises the sectors of the Group on a regular basis.

Interest rate sensitivity

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

For the year ended 31st March	Increase/ decrease in base point	Consolidated	Company
		Effect on profit before tax Rs.'000	Effect on profit before tax Rs.'000
2022	+ 1,500	(21,234,393)	(2,833,071)
	- 1,500	21,234,393	2,833,071
2021	+ 150	(1,588,592)	(323,747)
	- 150	1,588,592	(323,747)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk on sales, purchases and borrowings and net investments in foreign subsidiaries that are denominated in a currency other than the respective functional currencies of the Group. These currencies primarily are the Euro, US Dollars (USD), Bangladesh Taka, Pound Sterling (GBP), Indonesia Rupiah and Thailand Baht.

The Group hedges its exposure to fluctuations on the translation of its foreign operations by holding net borrowings in foreign currencies and by using foreign currency swaps, forwards contracts and hedge accounting. Group Treasury closely monitors the exchange rate fluctuations and advises the sectors on a regular basis.

NOTES TO THE FINANCIAL STATEMENTS

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in the US dollar and Euro exchange rate, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

The Group's exposure to foreign currency changes for all other currencies is not material.:

For the year ended 31st March		Increase/ decrease in base point	Consolidated		Company
			Effect on profit before tax Rs.'000	Effect on Foreign currency translation reserve Rs.'000	Effect on profit before tax Rs.'000
2022	USD	+ 30%	(1,714,993)	4,304,319	-
	Euro	+ 30%	(106,538)	1,278,521	-
	USD	- 30%	1,714,993	(4,304,319)	-
	Euro	- 30%	106,538	(1,278,521)	-
2021	USD	+ 5%	(331,105)	372,929	-
	Euro	+ 5%	(46,294)	168,677	-
	USD	- 5%	331,105	(372,929)	-
	Euro	- 5%	46,294	(168,677)	-

Commodity Risk

The Group is affected by the volatility of certain commodities. Its operating activities require the ongoing purchase and manufacturing process. Due to the significantly increased volatility of the price of the underlying, the management has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. The sectors constantly monitor the Raw material price B204 of Charcoal, Rubber, Aluminium and Yarn for downwards trends and invest in bulk purchase when low prices are prevalent. Management may revise the selling price based on the commodity prices whenever possible.

Equity price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Management of the Group monitors the mix of debt and equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the GMC. Equity price risk is not material to the financial statements.

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, reserves, retained earnings and non-controlling interests of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The gearing ratio at the reporting date was as follows

As at 31st March	Consolidated		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Interest Bearing borrowing	63,540,193	51,503,754	18,265,278	19,205,466
Current portion of Long term interest bearing borrowings	27,568,587	24,677,856	5,361,853	4,945,176
Short term interest bearing borrowings	80,825,555	38,280,739	3,031,945	2,011,729
	171,934,335	114,462,349	26,659,076	26,162,371
Equity	105,286,726	75,198,581	16,616,009	16,107,197
Equity and debts	277,221,061	189,660,930	43,275,085	42,269,568
Gearing ratio	62%	60%	62%	62%

Capital Adequacy of Singer Finance PLC

Capital adequacy is a measure of financial institutions financial strength and stability. This widely accepted concept tries to specify the limit up to which a business can expand in terms of its risk - weighted assets. Finance companies in pursuit of business expansion, could engage themselves in activities that regularly change their risk profile. In light of this, regulatory capital requirements have been established to avoid undue expansion beyond specified limits keeping a hold on companies' exposure to risk. Capital serves as a comfort to absorb unexpected losses, providing a degree of security to depositors and other key stakeholders.

This measure has been introduced by the Central Bank of Sri Lanka to protect the interest of the various stakeholders of the Company while ensuring the maintenance of confidence and stability of the financial system.

The capital adequacy ratio is calculated as a percentage on company's capital to its risk weighted assets as specified by the direction No 03 of 2018 with the effect from 1st July 2018.

Based on the Direction No. 03 of 2018 the Listed Finance Companies which are having asset base less than 100 Billion need to be have minimum Core Capital Ratio (Tier-I) of 6.5% and 10.5% based on the Total Capital Ratio (Tier-II). This minimum requirement will increase to 7% and 11% respectively with the effect from 1st July 2020.

The core capital represents the permanent shareholders', equity and reserves created or increase by appropriations of retained earnings or other surpluses and the total capital includes in addition to the core capital, the revaluation reserves, general provisions and other hybrid capital instruments and unsecured subordinated debts.

The Risk Weighted Assets have been calculated by multiplying the value of each category of asset using the risk weight specified by the Central Bank of Sri Lanka.

NOTES TO THE FINANCIAL STATEMENTS

Details of the computation and the resulting ratios are given below:

As at 31st March	Balance		Risk-Weighted Factor	Risk-Weighted Balance	
	2022 Rs.'000	2021 Rs.'000		2022 Rs.'000	2021 Rs.'000
Total Risk-Weighted Assets Computation					
Assets					
Risk weighted amount for credit risk					
Notes and coins	124,401	95,636	0%	-	-
Cash items in the process of collection	50,364	70,998	20%	10,073	14,200
Fixed assets	1,090,340	956,590	1.00	1,090,340	956,590
Other assets/exposures	263,410	1,079,085	1.00	263,410	1,079,085
Investment in government securities	1,412,979	813,262	0%	-	-
Claims on banks					
AAA to BBB-	823,323	60,935	20%	164,665	12,187
Below B-	15,203	-	150%	22,805	-
Claims on corporates					
AAA to AA-	15,992	-	20%	3,198	-
Unrated	41	-	100%	41	-
Retail claims in respect of motor vehicles and machinery	13,372,894	14,097,150	100%	13,372,894	14,097,150
Claims secured by gold					
Outstanding claim portion up to 70% of the market value	3,526,049	72,516	0%	-	-
Remaining outstanding claim portion over 70% of the market value	97,230	518,188	100%	97,230	518,188
Retail claims secured by immovable property					
Retail claims that do not qualify for regulatory capital purposes	101,713	-	100%	101,713	-
Other retail claims	7,991,317	6,669,424	125%	9,989,146	8,336,780
Non-performing retail claims secured by immovable property					
Specific provisions are equal or more than 20%	2,972	-	50%	1,486	-
Other non-performing assets					
Specific provisions are equal or more than 20%	322,042	1,012,409	100%	322,042	1,012,409
Specific provisions are less than 20%	40,839	-	150%	61,259	-
Total risk - weighted assets	29,251,109	25,446,193		25,500,301	26,026,589
Risk weighted amount for operational risk					
Interest income	4,260,976	3,915,058	15%	639,146	587,258.70
Interest expenses	(1,916,866)	(1,823,242)	15%	(287,530)	(273,486)
Non-interest income	670,248	554,036.00	15%	100,537	83,105
	3,014,358	2,645,852		452,154	396,878
Risk-weighted amount for operational risk under the basic indicator approach				4,110,488	3779789
Total risk - weighted assets	32,265,467	28,092,045		29,610,789	29,806,378
Total capital base computation					
Stated capital				1,996,444	1,996,444
Reserved fund				234,112	203,055
Published retained earnings				2,544,092	2,118,970
Less:					
Other intangible assets (net)				69,459	44,414
Total core capital				4,705,189	4,274,055
Supplementary capital				1,733,333	-
Total supplementary capital				1,733,333	-
Capital base				6,438,522	4,274,055

Capital Adequacy ratio

As at 31st March		2022 Rs. '000	2021 Rs. '000
Core Capital Ratio	Core Capital	15.89%	14.34%
	Risk- Weighted Assets		
Total Capital Ratio	Capital Base	21.74%	14.34%
	Risk- Weighted Assets		

Collateral

The Group has not pledged its debtors as collateral for long term borrowings at 31 March 2022 and 2021, other than those mentioned in Note 25.11 to the Financial Statements.

TEN YEAR SUMMARY

As at 31st March	10-Year Compound Growth (%)	2022 Rs '000	2021 Rs '000	2020 Rs '000	2019 Rs '000	2018 Rs '000	2017 Rs '000	2016 **** Rs '000	2015 **** Rs '000	2014 **** Rs '000	2013 **** Rs '000
Results											
Revenue	18%	338,009,580	241,275,661	210,307,003	219,181,960	163,249,467	111,383,076	92,274,683	92,561,865	80,478,609	74,301,852
Profit before taxation	31%	35,716,745	19,233,789	5,504,052	5,475,513	5,763,498	7,025,162	6,951,538	6,399,915	5,082,621	4,916,576
Taxation	24%	(7,617,844)	(5,187,582)	(2,609,260)	(2,725,596)	(2,491,060)	(1,976,840)	(1,756,478)	(1,513,581)	(1,373,628)	(1,411,981)
Profit after tax	33%	28,098,901	14,046,207	2,894,792	2,749,917	3,272,438	5,048,322	5,195,060	4,886,334	3,708,993	3,504,595
Non-controlling Interest	32%	(9,842,374)	(6,408,976)	(2,522,360)	(2,484,532)	(2,248,546)	(2,264,389)	(2,077,507)	(2,305,036)	(1,900,470)	(1,743,449)
Profit attributable to owners of the parent	34%	18,256,527	7,637,231	372,432	265,385	1,023,892	2,783,933	3,117,553	2,581,298	1,808,523	1,761,146
Funds Employed											
Stated capital***	0%	1,575,000	1,575,000	1,575,000	1,575,000	1,575,000	1,575,000	1,575,000	1,575,000	1,575,000	1,575,000
Employee share trust	-	-	-	-	-	-	-	-	(148,558)	(488,261)	(489,887)
Capital reserves	-5%	711,396	688,411	676,104	636,039	887,340	943,608	1,067,819	1,303,980	1,429,680	1,377,676
Other component of equity		30,077,359	24,734,483	23,644,932	23,072,120	20,978,486	19,013,131	11,576,897	11,573,045	8,969,910	9,000,862
Revenue reserves	14%	35,026,096	20,620,432	13,808,523	14,958,752	16,208,311	19,333,998	16,875,824	14,957,837	12,236,713	10,788,133
Equity attributable to equity holders of the parent	14%	67,389,851	47,618,326	39,704,559	40,241,911	39,649,137	40,865,737	31,095,540	29,261,304	23,723,042	22,251,784
Non-controlling Interest	14%	37,896,875	27,580,255	23,151,943	21,636,556	20,158,629	17,173,230	15,817,529	15,220,068	12,614,224	11,173,102
Borrowings (short- and long-term)	23%	171,934,335	114,462,349	123,555,392	113,283,872	92,641,002	44,747,594	33,123,190	29,062,183	25,825,466	23,563,413
Assets Employed											
Non-current assets	15%	159,697,107	133,825,255	130,678,344	120,767,143	114,202,537	78,161,061	60,815,269	56,060,498	46,796,361	44,657,106
Current assets	24%	243,378,685	145,558,205	117,630,744	110,979,551	95,564,364	51,840,953	42,381,041	37,595,289	34,508,725	30,086,220
Current liabilities net of borrowings	26%	(100,957,255)	(68,627,373)	(41,644,452)	(38,474,385)	(40,159,237)	(19,010,302)	(15,187,278)	(13,019,464)	(12,520,090)	(11,651,381)
Security deposit	100%	(1,462,347)	(1,366,565)	(1,394,611)	(1,388,434)	(1,199,128)	-	-	-	-	-
Other non current liabilities	100%	(1,637,526)	(1,666,017)	(1,730,000)	(1,448,000)	(2,717,541)	-	-	-	-	-
Other non current financial liabilities	100%	(2,317,848)	(2,091,132)	(1,979,089)	(804,556)	(403,056)	-	-	-	-	-
Provisions	15%	(18,641,594)	(15,134,825)	(14,361,049)	(13,691,130)	(12,067,024)	(7,461,764)	(7,233,096)	(6,379,273)	(5,880,186)	(5,320,425)
Grants	1%	(838,161)	(836,618)	(787,993)	(777,850)	(772,147)	(743,387)	(739,677)	(713,495)	(742,077)	(783,222)
Capital Employed	19%	277,221,061	189,660,930	186,411,894	175,162,339	152,448,769	102,786,562	80,036,259	73,543,555	62,162,733	56,988,298
Cash Flow											
Net cash inflow/(outflow) from operating activities		9,536,355	32,928,432	18,848,308	1,187,067	7,451,001	7,441,702	7,863,808	8,631,365	5,553,098	7,296,563
Net cash inflow/(outflow) from investing activities		(17,674,379)	(4,492,620)	(8,062,517)	(5,260,764)	(18,291,318)	(11,051,489)	(7,190,966)	(6,339,994)	(3,688,499)	(4,684,957)
Net cash inflow/(outflow) from financing activities		(7,859,190)	(13,293,929)	(8,265,370)	(7,989,127)	(112,681)	1,311,974	(1,718,516)	(233,279)	1,480,014	(3,954,861)
Increase/(decrease) in cash and cash equivalents		(15,997,214)	15,141,883	2,520,421	(12,062,824)	(11,966,998)	(2,297,813)	(1,045,674)	2,058,092	3,344,613	(1,343,255)
Key Indicators											
Earnings per share (basic) (Rs.) ***		24.34	10.18	0.50	0.35	1.37	3.71	4.16	3.44	2.41	2.35
Dividend per share (basic) (Rs.) ***		4.00	1.30	-	0.50	0.50	0.75	0.65	0.60	0.50	0.45
Net assets per share (Rs.) ***		89.85	63.49	52.94	53.66	52.87	54.49	41.46	39.02	31.63	29.67
Market price per share (Rs.)		76.90 **	60.80**	123.60*	168.00*	200.70*	265.00*	245.70*	300.00*	285.00*	298.70*
% change in All Share Price Index		2.72	89.61	(17.74)	(14.20)	6.84	(0.16)	(10.97)	14.28	4.06	6.00
Return on average shareholders' funds (%)		27.09	16.04	0.94	0.66	2.58	6.81	10.03	8.82	7.62	7.91
Return on average capital employed (%)		14.85	13.80	9.04	9.76	8.94	10.58	11.08	12.54	12.08	12.25
Price earnings ratio (times)		3.12	5.97	24.89	47.48	14.70	7.14	5.91	8.72	11.82	12.72
Interest cover (times covered)		3.37	3.00	1.39	1.47	1.77	3.05	4.20	3.98	3.01	2.45
Dividend payout Ratio (%)		16.43	12.77	-	141.30	36.63	20.21	15.64	17.43	20.74	19.16

* Market price before share split of 10 shares for every one ordinary share held.

** Market price after share split of 10 shares for every one ordinary share held.

*** Earning per share, Dividend per share and Net asset per share in all reporting periods were adjusted based on post sub-division of 10 shares for every one ordinary share held.

**** Restated in line with SLFRS/LKAS.

INDICATIVE US DOLLAR FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS FOR INFORMATION PURPOSES ONLY

For the year ended 31st March	Consolidated		Company	
	2022 USD'000	2021 USD'000	2022 USD'000	2021 USD'000
Revenue	1,603,355	1,278,043	2,361	2,239
Cost of sales	(1,227,221)	(944,167)	(1,799)	(1,953)
Direct Interest Cost	(9,110)	(9,919)	-	-
Gross profit	367,024	323,957	562	286
Group dividend	-	-	24,408	19,166
Other income	9,476	7,775	62	812
Distribution expenses	(59,364)	(57,998)	-	-
Administrative expenses	(155,787)	(135,399)	1,222	700
Other expenses	(1,996)	(858)	(29)	-
Results from operating activities	159,353	137,477	26,225	20,964
Finance income	79,843	16,823	894	174
Finance cost	(70,597)	(53,244)	(10,528)	(13,708)
Net finance income/(cost)	9,246	(36,421)	(9,634)	(13,534)
Change in fair value of investment property	1,558	1,036	44	20
Share of profit of equity accounted investees (net of tax)	1,076	1,338	-	-
Value added tax on financial service	(1,810)	(1,549)	-	-
Profit before tax	169,423	101,881	16,635	7,450
Tax expense	(36,135)	(27,479)	664	(1,100)
Profit for the year	133,288	74,402	17,299	6,350
Profit for the period attributable to:				
Owners of the parent	86,601	40,453	17,299	6,350
Non-controlling interest	46,687	33,949	-	-
Profit for the year	133,288	74,402	17,299	6,350
Average exchange rate	210.81	188.79	210.81	188.79

This information does not constitute a full set of financial statements in compliance with SLFRS/LKAS.

The above should be read together with the Auditors' opinion and the notes to the Financial Statements.

INDICATIVE US DOLLAR FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION FOR INFORMATION PURPOSE ONLY

As at 31st March	Consolidated		Company	
	2022 USD'000	2021 USD'000	2022 USD'000	2021 USD'000
Assets				
Non-current assets				
Property, plant & equipment	378,358	448,810	341	687
Right of use assets	38,755	49,714	652	1,278
Investment Properties	8,851	14,133	302	398
Biological assets	2,038	2,655	-	-
Intangible assets	52,893	66,420	253	294
Investments in subsidiaries	-	-	132,382	195,518
Investments in equity accounted investees	7,365	10,498	5,121	7,531
Other non-current financial assets	310	1,245	194	324
Non-current trade and other receivables	41,962	59,613	-	-
Other non-current assets	3,345	5,041	-	-
Deferred tax assets	9,540	11,567	50	123
Amounts due from subsidiaries	-	-	2,076	3,053
Total non-current assets	543,417	669,696	141,371	209,206
Current assets				
Inventories	280,384	265,726	25	9
Amounts due from subsidiaries	-	-	13,264	12,560
Amounts due from equity accounted investees	486	1,596	4	455
Trade and other receivables	364,381	336,417	112	197
Other current assets	14,222	14,478	107	99
Income tax recoverable	2,851	3,825	234	-
Other current financial assets	4,765	2,320	26	40
Short term deposits	67,811	39,416	866	1,210
Cash and cash equivalents	93,270	64,617	2,374	428
Assets classified as held for sale	-	15	-	-
Total current assets	828,170	728,410	17,012	14,998
Total assets	1,371,587	1,398,106	158,383	224,204
Equity and Liabilities				
Stated capital	20,314	20,314	20,314	20,314
Capital reserves	2,421	3,445	45	66
Other components of equity	87,390	111,344	(14,954)	(12,431)
Revenue reserves	119,187	103,190	51,137	72,657
Total equity attributable to equity holders of the company	229,312	238,293	56,542	80,606
Non-controlling interest	128,956	138,019	-	-
Total equity	358,268	376,312	56,542	80,606

As at 31st March	Consolidated		Company	
	2022 USD'000	2021 USD'000	2022 USD'000	2021 USD'000
Non-current liabilities				
Interest-bearing borrowings	216,215	257,738	62,153	96,109
Grants	2,852	4,187	-	-
Deferred tax liability	25,295	26,812	-	-
Security deposit	4,976	6,839	-	-
Other non current Liabilities	5,572	8,337	-	-
Other non current financial liabilities	7,887	10,465	-	-
Employee benefit obligations	38,139	48,927	4,418	5,284
Total non-current liabilities	300,936	363,305	66,571	101,393
Current liabilities				
Trade and other payables	269,695	265,143	4,316	5,741
Other current liabilities	26,289	19,505	101	86
Deferred revenue	2,106	2,462	-	-
Other current financial liabilities	33,445	41,906	-	-
Amounts due to subsidiaries	-	-	2,289	1,125
Amounts due to equity accounted investees	1	40	1	16
Income tax payable	12,002	14,370	-	423
Current portion of long term interest-bearing borrowings	93,811	123,494	18,245	24,747
Short-term interest-bearing borrowings	275,034	191,567	10,317	10,067
Liabilities directly associated with assets classified as held for sale	-	2	-	-
Total current liabilities	712,383	658,489	35,270	42,205
Total liabilities	1,013,319	1,021,794	101,841	143,598
Total equity and liabilities	1,371,587	1,398,106	158,383	224,204
Closing exchange rate	293.88	199.83	293.88	199.83

This information does not constitute a full set of financial statements in compliance with SLFRS/LKAS.

The above should be read together with the Auditors' opinion and the notes to the Financial Statements.

VALUE OF REAL ESTATE

As at 31st March 201

Ownership	Location	Address	Extent (Acres)	Buildings Sq.ft	No of buildings in each location	Market Value of Land Rs. mn
Eco Solutions						
Hayleys Fibre PLC	Kuliyapitiya	"Biginhill Estate", Karagahagedara, Kuliyapitiya	2.88	47,389	15	32
	Mahagama	Siri Sumangala Mawatha, Mahagama North, Chilaw	3.00	20,200	2	15
	Mahagama	Siri Sumangala Mawatha, Mahagama North, Chilaw	4.00	45,000	7	20
Volanka (Pvt) Ltd.	Galle	No.153/1, Robosgewatta, Matara road, Magalle, Galle	1.22	32,644	8	351
	Katana	No.B 28, Divulapitiya road, Dissagewatte, Katana	14.51	305,212	29	406
Chas P. Hayley & Co. (Pvt) Ltd.	Galle	No.153, Robosgewatta, Matara road, Magalle, Galle	0.55	9,795	2	200
	Galle	No 161 "Thurnburn / stores", No.195, Bandaranayake Mawatha, Magalle, Galle	2.41	67,277	8	735
	Galle	No.193/2, 193/2A, 193/4, Bandaranayake Mawatha, Magalle, Galle	1.10	13,632	4	206
Lignocell (Pvt) Ltd.	Madampe	Sellam Pathaha, Melawagara, Madampe.	7.03	118,547	10	67
	Kuliyapitiya	Biginhill Estate, Karagahagedera, Kuliyapitiya	4.13	47,499	7	47
Ravi Industries (Pvt) Ltd.	Ekala	252A, Kurunduwatte road, Ekala, Ja-ela.	6.19	104,675	13	544
Volanka Exports (Pvt) Ltd.	Nattandiya	Wathugahamulla, Welipannagahamulla	7.20	80,165	13	63
Rileys (Pvt) Ltd.	Ekala	131, Minuwangoda road, Ekala, Ja-ela	3.80	91,582	12	547
Toyo Cushion Lanka (Pvt) Ltd.	Katana	105, Thimbrigaskatuwa, Katana	3.37	25,703	14	148
Hand Protection						
Dipped Products PLC	Kottawa	Brahmanagama, Kottawa	10.67	149,544	22	295
Dipped Products (Thailand) Ltd.	Khuan Niang	82/2 MOO9, Tumbon Rattapum, Amphur, Khuan Niang, Songkhla, Thailand 90220.	13.05	210,197	6	175
Purification						
Haycarb PLC	Badalgama	Katana Road, Beatrice Estate, Badalgama.	28.08	261,337	22	269
	Madampe	Kuliyapitiya road, New town, Pothuwila, Madampe	29.92	276,175	18	233
	Wewalduwa	333/25, New road Hunupitiya Wattala.	2.48	41,463	6	333
Recogen (Pvt) Ltd.	Badalgama	Katana Road, Beatrice Estate, Badalgama.	10.84	35,090	4	111
PT Haycarb Palu Mitra	Palu City - Indonesia	Thaipa, Palu Utara, Palu, Sulawesi Tengah 94147, Indonesia	6.98	75,351	18	172

Ownership	Location	Address	Extent (Acres)	Buildings Sq.ft	No of buildings in each location	Market Value of Land Rs. mn
PT Mapalus Makawanua Charcoal Industry	Bitung City - Indonesia	Tanjung Merah, Bitung, Sulawesi Utara 95547, Indonesia	8.93	103,409	8	325
Shizuka Co. Ltd.	Ratchaburi Province - Thailand	190/1, Moo 1, Anghin, Paktho,Ratchaburi 70140,Thailand.	24.49	65,980	12	191
Carbokarn Co. Ltd.	Chonburi Province - Thailand	35/2, Moo 3, Nareuk, Phanat Nikhom, Chonburi-20140, Thailand	15.64	284,300	22	341
Textiles						
Hayleys Fabric PLC	Neboda	Narthupana Estate, Neboda	54.30	413,873	25	618
Construction Materials						
Alumex PLC	Makola	Off Pitigala road, Sapugaskanda, Makola	6.24	118,673	11	549
	Gonawala	Maguruwila road, Pattiwila	1.82	59,042	3	102
	Ekala	"Ekala Estate",Minuwangoda road,Ekala	6.30	91,442	5	554
Alco Industries (Pvt) Ltd.	Makola	Off Pitigala road, Sapugaskanda, Makola	1.13	34,618	2	103
Plantations						
Mabroc Teas (Pvt) Ltd	Kiribathgoda	57/3, New Hunupitiya Road, kiribathgoda.	1.94	75,960	4	542
Agriculture						
Hayleys Agriculture Holdings Ltd.	Dambulla	Athabadiwewa, Pahalawewa, Dambulla.	4.35	5,134	2	17
	Kottawa	No. 168/D, Brahmanagama, Kottawa, Pannipitiya.	4.97	47,506	7	179
Sunfrost (Pvt) Ltd.	Alawwa	Nelumdeniya road, Alawwa Waththa Road, Alawwa	5.18	19,112	9	91
	Padiyathalawa	Bogaharawa road, Kehelulla, Padiyathalawa	6.46	1,430	2	11
Haychem BD Ltd.	Mymensingh	Plot no:-B-18, B-19(part) & A-3, A-4, S-1, Mashkanda BSCIC Industrial Estate, Kotowali, Maymensingh	0.69	26,383	1	127
	Dhamrai	Plot no:-16, 15(part), BSCIC Industrial Estate, Kalampur, Dhaka	0.16	5,235	1	24
	Gobindogonj	Mouza-Madanpur, Gobingogoni	2.45	-	-	68
Consumer & Retail						
Singer (Sri Lanka) PLC	Ambalantota	Main Street,Ambalantota.	0.04	1,885	1	18
	Balangoda	Ratnapura Road,Balangoda.	0.04	2,080	1	21
	Bandarawela	Main Street,Bandarawela.	0.02	2,660	1	12
	Borella	D.S.Senanayaka Mawatha,Borella.	0.03	2,310	1	70
	Chilaw	Bazaar Street,Chilaw.	0.08	4,120	1	43
	Colpetty	No 143, Galle Road,Colombo 03.	0.02	1,440	1	57
	Eheliyagoda	Ratnapuara Road,Eheliyagoda.	0.04	1,660	1	13
	Galle	Main Street,Galle.	0.02	2,250	1	17
	Gampaha	Colombo Road,Gampaha.	0.12	7,870	1	63

VALUE OF REAL ESTATE

Ownership	Location	Address	Extent (Acres)	Buildings Sq.ft	No of buildings in each location	Market Value of Land Rs. mn
	Hikkaduwa	Galle Road,Hikkaduwa.	0.05	2,400	1	25
	Embilipitiya	Colombo Road,Pallegama,Embilipitiya.	0.03	2,070	1	18
	Kadawatha	Kandy Road, Kadawatha.	0.02	1,150	1	22
	Kandy- Mega	Sirimavo Bandaranayake Mawatha,Kandy.	0.06	12,840	1	37
	Katugastota	Madawala Road,Katugastota.	0.03	1,620	1	11
	Kiridiwella	Gampaha Road,Kirindiwella	0.05	2,940	1	20
	Kurunegala	Bodhiraja Mawatha,Kurunegala.	0.05	2,230	1	29
	Maharagama	High Level Road,Maharagama.	0.04	2,700	1	37
	Matara	Anagarika Dharmapala Mawatha,Matara.	0.06	3,520	1	40
	Middeniya	Katuwana Road,Middeniya.	0.05	2,670	1	15
	Mount Lavinia	Galle Road,Mount Lavinia.	0.05	1,900	1	38
	Mount Lavinia-Mega	Galle Road,Mount Lavinia.	0.13	15,840	1	92
	Nawalapitiya	Kotmale Road,Nawalapitiya.	0.03	2,760	1	13
	Negombo	Greens Road,Negombo.	0.04	2,040	1	25
	Nuwara-Eliya	Kandy street,Nuwara-Eliya.	0.03	1,700	1	19
	Panadura	Galle Road,Panadura.	0.04	2,940	1	19
	Piliyandala	Gonamaditta Road,Piliyandala.	7.20	116,410	9	229
	Pussellawa	Nuwaraeliya Road,Pussellawa.	0.08	3,295	1	25
	Rathnapura	Colombo road,Rathnapura.	0.04	2,735	1	20
	Tangalle	Matara Road, Tangalle.	0.03	1,285	1	14
	Trincomalee	North Coast Road,Trincomalee	0.03	2,550	1	20
	Wellawatta	Galle Road, Wellawatta.	0.03	2,700	1	55
Reality Lanka Ltd.	Ahangama	No 24A, Matara Rd, Ahangama	0.09	1,630	1	21
	Attidiya	No.190, Main Rd, Attidiya, Dehiwala	0.04	2,260	1	22
	Moratuwa	No. 17, New Galle Rd, Moratuwa	0.08	2,990	1	46
	kandy	No 129, Kotugodella Vediya, Kandy	0.06	2,900	1	48
	Galle	No 13&15, Wackwella Rd, Galle	0.08	-	-	60
	Kadawatha	Kandy Road, Kadawatha.	0.03	-	-	19
	Kalawana	No. J63A,Watapotha Road,Nivithigala,Rathnapura.	1.62	-	-	4
	Maradana	No.51/57,Brandiyawatta,Wellampitiya.	0.06	-	-	8
	Trincomalee	Nayanmarthidal, Thampalakamam, Trincomalee.	0.38	-	-	9
	Ambanpola	No.108 Yaluwewa,Ambanpola.	0.06	-	-	6
Regnis (Lanka) PLC	Ratmalana	No 52,Ferry Road, Off Borupona Road, Ratmalana.	4.41	123,910	16	492
Singer Industries (Ceylon) PLC	Ratmalana	No.02, 5th Lane Ratmalana	2.27	75,365	8	1,081
	Ratmalana	No.435 Galle Road Ratmalana	0.31	12,440	1	302

Ownership	Location	Address	Extent (Acres)	Buildings Sq.ft	No of buildings in each location	Market Value of Land Rs. mn
Leisure						
Culture Club Resorts (Pvt) Ltd.	Dambulla	Kapela , Kandalama, Dambulla	1.00	-	-	6
Kandyan Resorts (Pvt) Ltd.	Kandy	Heerassagala, Kandy	11.91	126,684	10	895
Industry Inputs						
Hayleys Aventura (Pvt) Malabe Ltd.		No: 59, Pothuarawa Road, Malabe	2.26	59,595	6	343
Haycolour (Pvt) Ltd.	Kalutara	Haycolour Factory,Ethanmadala, Kalutara	3.30	5,700	4	66
Power & Energy						
Bhagya Hydro (Pvt) Ltd.	Gomala oya	Gomala Oya Mini Hydro Power Plant,Godagampola,Rathnapura	1.38	2,246	3	4
Nelwa Cascade Hydro Power (Pvt) Ltd.	Neluwa	Lower Neluwa Mini Hydro Power Plant, Tawalama,Neluwa	3.08	2,530	1	9
Hayleys Neluwa Hydro Power Pvt (Ltd).	Mawanana	Embalegedara,Neluwa	1.03	4,752	3	2
Transportation & Logistics						
Hayleys Advantis Group	Liyanagemulla	No.710 Negombo road, Liyanagemulla,Seeduwa	0.62	8,036	1	177
	Colombo 2	No. 46/12, Sayuru Sevana, Nawam Mawatha, Colombo 2	0.24	45,980	1	672
	Kelaniya	No 408 A, Nungamugoda, Kelaniya	7.72	175,000	6	1,112
	Welisara	No. 309/18 & No. 317, Negombo road, Welisara	3.63	2,050	1	690
	Welisara	No. 309/15, Negombo road, Welisara	3.15	17,644	7	620
	Sedawatta	No. 148B, Nawalokapura, Sedawatta, Wellampitiya	2.49	11,610	1	598
	Sedawatte	No. 148/A1, Nawalokapura Sedawatte, Welampitiya	2.00	8,879	3	512
	Kotugoda	No.193,Minuwangoda road,Kotugoda	15.81	356,895	2	1,391
Unisyst Engineering PLC	Kotugoda	41B, Sasanathilaka road, Opatha, Kotugoda	2.4	35,785	3	45
Others						
Darley Property Holdings (Pvt) Ltd	Colombo	Foster Lane Colombo 10	1.56	65,240	3	4,147
World Export Centre Ltd	Colombo	Deans Rd. Colombo 10	4.48	Nil	Nil	13,475
Eastern Hotels (Pvt) Ltd	Trincomalee	Nilakarai Estate, Nilaweli, Trincomalee	23.48	600	3	808
Hayleys PLC	Bentota	Kaluwamodara, Bentota	0.28	Nil	Nil	89

QUARTERLY ANALYSIS

	Quarter 01		Quarter 02		Quarter 03		Quarter 04	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue	70,610,764	48,231,663	79,438,158	58,663,902	92,217,650	64,999,923	95,743,008	69,380,173
Profit before tax	4,840,418	1,174,434	5,889,250	4,349,040	8,731,640	5,991,262	16,255,437	7,719,053
Tax expense	(1,250,008)	(612,673)	(1,461,068)	(1,087,578)	(2,104,970)	(1,611,209)	(2,801,798)	(1,876,122)
Profit after tax	3,590,410	561,761	4,428,182	3,261,462	6,626,670	4,380,053	13,453,639	5,842,931
Profit attributable to owners of the parent	2,171,489	(285,180)	2,787,704	1,651,471	4,533,658	2,721,252	8,763,676	3,549,688
Profit attributable to non-controlling interest	1,418,921	846,941	1,640,478	1,609,991	2,093,012	1,658,800	4,689,963	2,293,244
Total comprehensive income for the year, net of tax	3,985,603	901,811	4,180,330	3,277,604	6,363,436	4,889,814	22,331,335	7,069,692
Non Current Assets	139,331,253	130,008,129	140,820,203	130,684,640	144,133,999	130,527,935	159,697,107	133,825,255
Current Assets	172,239,808	122,137,296	188,723,225	118,012,051	194,642,542	129,820,091	243,378,685	145,558,205
Non current liabilities	79,670,301	73,257,575	83,538,480	73,123,223	83,043,500	76,516,058	88,437,669	72,598,911
Current liabilities	153,155,859	115,378,887	164,123,455	109,666,920	168,659,724	113,648,192	209,351,397	131,585,968

	Quarter 01		Quarter 02		Quarter 03		Quarter 04	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Market Value of Shares								
Closing share price	74.90	135.00*	107.50	279.90*	130.00	414.50*	76.90	60.80
Basic earnings per share **	2.90	(0.38)	3.72	2.20	6.04	3.63	11.68	4.73
Diluted earnings per share **	2.90	(0.38)	3.72	2.20	6.04	3.63	11.68	4.73
Highest price recorded for the three months ending	85.40	140.00*	124.75	294.90*	138.00	450.00*	151.50	860.00
Lowest price recorded for the three months ending	61.10	107.00*	73.80	130.00*	94.50	242.00*	74.00	52.00
Market capitalisation (Rs. mn.)	56,175	10,125	80,625	20,993	97,500	31,088	57,000	45,600
Share Trading Information								
No. of transactions	32,083	961	50,179	3,927	44,520	15,074	43,523	36,795
No. of shares traded	75,939,911	443,966	138,565,462	4,210,529	94,645,481	9,961,326	56,064,860	51,364,957
Value of shares traded (Rs.)	5,866,989,522	57,616,492	13,725,089,804	890,726,361	11,101,621,901	3,799,808,555	6,877,765,104	9,836,959,629

* Market Price before share split of 10 shares for every one ordinary share held.

** Basic/Diluted Earnings per share in all reporting periods were adjusted based on post sub-division of 10 shares for every one ordinary share held.

SHARE INFORMATION

No. of shareholders as at 31st March 2022 -14,357 (as at 31st March 2021 - 9,379)

No. of shares held	Residents			Non Residents			Total		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1,000	7,943	2,691,457	0.36	33	12,484	0.00	7,976	2,703,941	0.36
1,001 - 10,000	4,441	16,735,925	2.23	50	251,323	0.04	4,491	16,987,248	2.27
10,001 - 100,000	1,504	43,187,752	5.76	40	1,607,802	0.21	1,544	44,795,554	5.97
100,001 - 1,000,000	267	77,578,652	10.34	32	6,224,211	0.83	299	83,802,863	11.17
OVER 1,000,000	43	587,610,814	78.35	4	14,099,580	1.88	47	601,710,394	80.23
	14,198	727,804,600	97.04	159	22,195,400	2.96	14,357	750,000,000	100.00
CATEGORY									
Individuals	13,387	628,213,303	83.76	145	18,472,521	2.46	13,532	646,685,824	86.22
Institutions	811	99,591,297	13.28	14	3,722,879	0.50	825	103,314,176	13.78
	14,198	727,804,600	97.04	159	22,195,400	2.96	14,357	750,000,000	100.00

First Twenty Shareholders As at 31.03.2022

Name of the Shareholder		No. of Shares as at 31.03.2022	%	No. of Shares as at 31.03.2021	%
1	Mr.K.D.D.Perera	382,596,970	51.01	382,596,970	51.01
2	Trustees of the D.S.Jayasundera Trust	86,980,170	11.60	86,980,170	11.60
3	Hayleys Group Services (Pvt) Ltd No.02 A/C	11,170,900	1.49	11,170,900	1.49
4	McLarens Holdings Ltd	10,084,743	1.34	2,599,401	0.35
5	Sri Lanka Insurance Corporation Ltd-Life Fund	6,383,159	0.85	10,189,733	1.36
6	Mrs.R.N.Ponnambalam	6,266,880	0.84	6,013,450	0.80
7	Mr.N.K.A.D.De Silva	5,701,660	0.76	5,701,660	0.76
8	Mrs.R.M.Spittel	5,646,970	0.75	5,646,970	0.75
9	Seylan Bank PLC / Janashakthi Capital Ltd.	5,000,000	0.67	2,275,000	0.30
10	Seylan Bank PLC / Mr.M.N.Deen	4,881,889	0.65	-	-
11	Mrs.Y.M.Spittel (Deceased)	4,655,610	0.62	4,655,610	0.62
12	Mrs.A.M.L.Johnpulle & Mr.B.J.M.Johnpulle	4,501,650	0.60	4,837,090	0.64
13	Mrs.S.D.Wickremasinghe	4,492,980	0.60	4,492,980	0.60
14	Mrs.P.M Godamunne	4,434,470	0.59	4,434,470	0.59
15	Mrs.A.K.Wikramanayake	4,384,490	0.58	4,384,490	0.58
16	Mrs.S.R.D.Wikramanayake	3,214,320	0.43	3,194,320	0.43
17	Mr.S.Rameshan	3,169,820	0.42	3,169,820	0.42
18	Miss.N.K.R.H.De Silva	2,834,010	0.38	2,834,010	0.38
19	GF Capital Global Ltd.	2,729,000	0.36	500,000	0.07
20	Dr.D.Jayanntha	2,580,000	0.34	2,580,000	0.34
	Total	561,709,691	74.89	548,257,044	73.10

There were no Non-voting shares as at 31.03.2022

SHARE INFORMATION

Directors Shareholding as at 31.03.2022

Name of Director	No. of Shares as at 31.03.2022	No. of Shares as at 01.04.2021
Mr.K.D.D.Perera	382,596,970	382,596,970
LB Finance PLC	16,660	16,660
Total Holding of Mr.K.D.D.Perera with controlling interest	382,613,630	382,613,630
Mr. A.M.Pandithage	1,253,570	1,253,570
Mr. S.C.Ganegoda	250,000	250,000
Mr. H.S.R.Kariyawasan	94,270	94,270
Mr. L.R.V.Waidyaratne	379,300	379,300
Ms. J.Dharmasena	210,950	210,950

Market Value of Shares

The market value of ordinary shares of Hayleys PLC was as follows;

	31.03.2022 Rs.	31.03.2021
Closing price on	76.90	60.80
Highest Price recorded for the twelve months ending	151.50	860.00
Lowest Price recorded for the twelve months ending	61.10	52.00
Highest Price recorded for the three months ending	151.50	860.00
Highest Price recorded for the three months ending	74.00	52.00
Market capitalisation (Rs. mn)	57,675	45,600
Share Trading from 1st April to 31st March		
No. of Transactions	169,738	56,757
No. of shares traded	363,503,122	65,980,778
Value of shares traded (Rs.)	37,404,715,216.90	14,585,111,037.60
The Public Holding percentage	37.09%	37.09%
Total number of shareholders representing the public holding	14,347	9433

Float-adjusted market capitalisation Rs. 21,391,657,500.00

The Company complies with option 1 of the Listing Rules 7.13.1 (a) which no minimum % required

Debenture Trading Information - Three Months Ended 31.03.2022**Debenture 1**

Listed, rated, senior, unsecured, redeemable, debentures,

Type A- Fixed rate at 12.50% p.a. payable semi annually redeemable on 31st July 2023

Interest rate of comparable Government Securities as at 31st March, 2022 is 12.41%

Type B- Floating rate AWPLR+1% p.a. payable semi annually redeemable on 31st July 2023

Interest rate of comparable Government Securities as at 31st March, 2022 is 12.41%

Debenture Trading Information For The Three Months Ended - 31.03.2022

There were no transactions during the period.

Debenture Trading Information For The 12 Months Ended - 31.03.2022

There were no transactions during the period.

Debenture 2

Listed, rated, senior, unsecured, redeemable, debentures,

Type A- Fixed coupon rate of 13% p.a. payable semi annually redeemable on 26th August 2024

Interest rate of comparable Government Securities as at 31st March, 2022 is 13.95%

Type B- Floating coupon rate of AWPLR +2% p.a. payable semi annually redeemable on 26th August 2024

Interest rate of comparable Government Securities as at 31st March, 2022 is 13.95%

Debenture Trading Information For The Three Months Ended - 31.03.2022

There were no transactions during the period.

Debenture Trading Information For The 12 Months Ended - 31.03.2022

There were no transactions during the period.

HISTORY OF DIVIDENDS AND SCRIP ISSUES

Year ended 31st March	Issue	Basis	No. of shares '000	Cum. No. of shares '000	Dividend	Dividend Rs. '000
1952	Initial Capital		20	20		
1953	First dividend			20	80%	160
1954	Rights (at Rs. 10)	1:02	10	30	55%	165
1955				30	50%	150
1956	Bonus	5:06	25	55	33%	179
1957	Bonus	3:11	15	70	38%	330
1958	Bonus	3:07	30	100	20%	200
1959				100	10%	100
1960				100	18%	180
1961	Bonus	1:02	50	150	8%	262
1962	Bonus	1:03	50	200	15%	300
1963				200	15%	300
1964	Bonus	1:04	50	250	15%	375
1965				250	20%	500
1966				250	18%	450
1967				250	15%	375
1968				250	13%	313
1969				250	15%	375
1970				250	15%	375
1971				250	15%	375
1972				250	11%	275
1973				250	11%	275
1974	Bonus	1:01	250	500	11%	275
1975				500	18%	450
1976				500	10%	442
1977				500	11%	460
1978				500	15%	584
1979	Bonus	1:02	250	750	15%	852
1980				750	16%	958
1981	Bonus	1:03	250	1,000	20%	1,863
1982	Bonus	1:04	250	1,250	21%	2,385
1983	Bonus	1:05	250	1,500	25%	3,451
1984				1,500	27%	3,774
1985				1,500	28%	3,525
1986	Bonus	1:03	500	2,000	33%	6,600
1987	Bonus	1:02	1,000	3,000	33%	9,900
1988	Bonus	1:03	1,000	4,000	33%	13,200

Year ended 31st March	Issue	Basis	No. of shares '000	Cum. No. of shares '000	Dividend	Dividend Rs. '000
1989	Bonus	1:04	1,000	5,000	33%	16,500
1990	Bonus	1:05	1,000	6,000	33%	19,800
1991	Bonus	1:04	1,500	7,500	33%	24,750
1992	Bonus	1:05	1,500	9,000	33%	29,700
1993	Bonus	1:06	1,500	10,500	30%	31,500
1994	Bonus	4:21	2,000	12,500		
	Rights (at Rs. 160)	1:05	2,500	15,000	30%	40,500
1995	Bonus	1:05	3,000	18,000	30%	54,000
1996	Bonus	1:09	2,000	20,000	30%	60,000
1997	Bonus	1:10	2,000	22,000	30%	66,000
1998	Bonus	1:11	2,000	24,000		
	Share Trust (at Rs. 210)		2,400	26,400	30%	79,200
1999	Bonus	1:06	4,400	30,800	30%	92,400
2000	Bonus	1:14	2,200	33,000	30%	99,000
2001	Rights (at Rs. 10)	1:11	3,000	36,000	35%	126,000
2002	Rights (at Rs. 15)	1:09	4,000	40,000	35%	140,000
2003	Rights (at Rs. 20)	1:08	5,000	45,000	35%	157,500
2004	Rights (at Rs. 20)	1:09	5,000	50,000	35%	175,000
2005	Rights (at Rs. 20)	1:10	5,000	55,000		
	Bonus	4:11	20,000	75,000	35%	262,500
2006				75,000	35%	262,500
2007				75,000	Rs.3.50 p.s	262,500
2008				75,000	Rs.3.00 p.s	225,000
2009				75,000	Rs.3.00 p.s	225,000
2010				75,000	Rs.4.00 p.s	300,000
2011				75,000	Rs.4.00 p.s	300,000
2012				75,000	Rs.4.00 p.s	300,000
2013				75,000	Rs.4.50 p.s	337,500
2014				75,000	Rs.5.00 p.s	375,000
2015				75,000	Rs.6.00 p.s	450,000
2016				75,000	Rs.6.50 p.s	487,500
2017				75,000	Rs.7.50 p.s	562,500
2018				75,000	Rs.5.00 p.s	375,000
2019				75,000	Rs.5.00 p.s	375,000
2020				75,000	-	-
2021	Share split	1:10	675,000	750,000	Rs.1.30 p.s	975,000
2022				750,000	Rs.4.00 p.s	3,000,000

COUNTRY REPORT

POPULATION (2021)	22.2 mn
LAND AREA	65,610 Sq km
LANGUAGES	Sinhalese, Tamil, and English
GDP PER CAPITA (2021)	USD 3,815

Background

Emerging from numerous social and economic setbacks, Sri Lanka was poised for strong growth following the cessation of the 30-year conflict. Sri Lanka recorded strong post-war development, driven primarily by major infrastructure projects which resulted in the country recording a near 7% growth annually. However, the Easter attacks in 2019 followed by the outbreak of the pandemic exacerbated fault lines and deep rooted fragilities in the country's economy. Tourism earnings and workers remittances declined in 2021, which together with significant international debt servicing led to the rapid depletion of foreign currency reserves. Resultantly, Sri Lanka was compelled to default on their external debt repayments for the first time, in history, propelling the country into an unprecedented economic crisis. Despite these challenges the economy performed relatively well in the first half of 2021, resulting in the GDP expanding by 3.7% before moderating in line with the impacts of the foreign currency shortage.

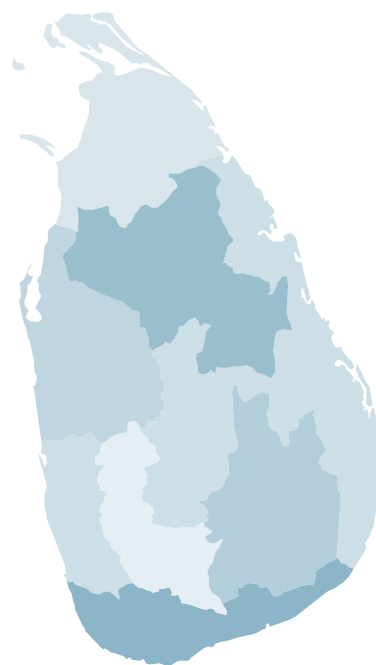
Political Climate & Policy Decisions

The elected national parliament and its President along with the local and provincial governments, is responsible for key policy and governing decisions in Sri Lanka. Having convincingly won the elections of August 2019, the incumbent president Gotabaya Rajapaksa, along with the "Sri Lanka Podujana Peramuna" party engaged in policy decisions directed at reviving the economy following the events in 2019, and 2020. Steep reductions to taxes at the start of their term of office remained unchanged, reflecting the Government's intention to stimulate economic activity. As foreign exchange reserves were

gradually depleted, the Government imposed a range of import restrictions to curtail further outflow of dollars. This had cascading impacts on both the supply and prices of intermediate goods, with businesses facing challenges in importing the raw materials required for production. The Central Bank of Sri Lanka further attempted at keeping the exchange rate broadly fixed around 201 LKR/US\$ for seven months, after which the CBSL floated the currency on the 7th of March 2022 to stem reserve losses. This led to a sharp 47% depreciation of the exchange rate during the year ended March 31st 2022, reflecting overshooting by market participants and the tight liquidity position in the forex market. As the economic crisis deepened and social unrest escalated, the political instability in the incumbent government resulted in the Cabinet of the Parliament dispersing, and the Governor of the Central Bank being replaced in April 2022.

Social Climate

The COVID-19 pandemic resulted in the Sri Lankan economy contracting by 3.6% in the year 2020, and the subsequent events that followed in 2021 resulted in a rise of the poverty level to an estimated 11.7%. The restrictive trade regime, the sharp depreciation of the Rupee and escalation inflation has had a direct impact on the standard of living for most households. This restriction resulted in an increase in prices in the domestic market, with the IMF forecasting Sri Lanka's inflation in mid-2022 to be rise 17%. Household Debt of Sri Lanka was over 10.9 % in the start of 2021, accounting for 10.9 % of the country's 2020 Nominal GDP. Rising inflation adding to disrupted power and fuel supplies due to the inadequate Foreign Exchange reserves caused social unrest resulting



in a start of demonstrative protests, which were largely peaceful, demanding the resignation of the president and government.

Economic Climate

The country was faced with another daunting year with the government facing macro-economic challenges which were caused by decades fiscal deficits, high debt burden, low revenue collections, and a disrupted export competitiveness caused by a restrictive trade regime and weak investments. The pre-pandemic tax cuts and policies resulted in widening fiscal deficits and rising public debt as of 2021. The heightening of fiscal and external deficits resulted in major international rating agencies like Moody's and Fitch downgrading the credit ratings of Sri Lanka. The sovereign downgrade had an inevitable impact on the attracting foreign investments, which further pressures Sri Lanka's external position thereby impacting the supply of essential items, fuel supply, and the ability to provide continuous power generation.

With the Rupee plummeting since March 2022, the Sri Lankan currency has emerged as the worst performing currency in the year 2021/22. The Rupee was as high as 293 against the U.S. Dollar as at March 2022, and this together with the rising commodity prices in the world compelled the government to raise the base rates of daily essentials such as fuel, which had an impact in both the households and business environment. The rising fuel price hikes saw major industries face rising transportation and power generating costs. The financial sector needs to be carefully monitored amid high exposure to the public sector and the impact of the recent currency depreciation on banks' balance sheets.

However, there were positive signs by the Export Development Board, as they stated the rise in Sri Lanka's exports by 16.71% in December 2021 compared to December 2020. The EDB further went on to reveal that Sri Lanka's Rubber based export sector becomes a 1 billion dollar industry in November 2021. Merchandise exports in Sri Lanka increased by 22.39% in November 2021 compared to the same in 2020, seeing increased exports in almost all major sectors; Apparels, Textiles, Tea, Rubber-based, Coconut Based, and F&B.

Sri Lanka's Foreign Exchange Reserves saw a drastic depletion as it stood at USD 1.7 bn in March 2022, with the country's external debt standing at over USD 7 bn for the year, and cumulative foreign-currency debt-servicing payments between 2022 and 2026 amounting to about USD 26 bn (Fitch Ratings, 2022). With the external financing options being limited, the GoSL managed to secure some short term funding from China and India as lines of credits for essential goods.

Economic Outlook

Although short-term challenges remain inevitable, efforts to obtain immediate bridging facilities from friendly nations as well as commitment to much-needed structural reforms in line with the IMF-bail

out facility can position the country for long-term economic prosperity, although this will depend on the Government's discipline in committing to reforms.

The Asian Development Bank (ADB) forecasts the growth rate in 2022 to be around 2.4%, the lowest among the peers in the region (Maldives 11%, Bangladesh 6.9%, Pakistan 4%), with inflation to hover over 13%, the highest among the peers (Maldives 3%, Bangladesh 6%, Pakistan 11%). Urgent policy measures are required to address the high levels of debt and debt service, decrease the fiscal deficit, restore external stability, and mitigate the adverse impacts on the poor and vulnerable (World Bank, 2022).

GROUP COMPANIES

Sub sector	Company	Nature of the Business	Country of Incorporation	Country of Operations
Eco Solutions	Ravi Industries Ltd.	Industrial and household brushware	Sri Lanka	Sri Lanka
	Rileys (Pvt) Ltd.	Cleaning devices	Sri Lanka	Sri Lanka
	Haymat (Pvt) Ltd.	Coir fibre mats	Sri Lanka	Sri Lanka
	Creative Polymats (Pvt) Ltd.	Moulded rubber products	Sri Lanka	Sri Lanka
	Hayleys Fibre PLC	Value added coir-based products	Sri Lanka	Sri Lanka
	Bonterra Ltd.	Value added coir-based products	Sri Lanka	Sri Lanka
	Ravi Marketing Services (Pvt) Ltd.	Services	Sri Lanka	Sri Lanka
	Chas P. Hayley & Company (Pvt) Ltd.	Coir and treated rubber timber products	Sri Lanka	Sri Lanka
	Volanka (Pvt) Ltd.	Investments	Sri Lanka	Sri Lanka
	Volanka Exports Ltd.	Coir-based products and essential oil	Sri Lanka	Sri Lanka
	Toyo Cushion Lanka (Pvt) Ltd.	Needled and rubberised coir products	Sri Lanka	Sri Lanka
	Charles Fibres (Pvt) Ltd.	Trading in coir-based products	India	India
	Hand protection	Dipped Products PLC	General purpose and speciality rubber gloves	Sri Lanka
Venigros (Pvt) Ltd.			Sri Lanka	Sri Lanka
Texnil (Pvt) Ltd.			Sri Lanka	Sri Lanka
Feltex (Pvt) Ltd.			Sri Lanka	Sri Lanka
Palma Ltd.			Sri Lanka	Sri Lanka
Hanwella Rubber Products Ltd.			Sri Lanka	Sri Lanka
DPL Premier Gloves Ltd.			Sri Lanka	Sri Lanka
DPL Universal Gloves Ltd.			Sri Lanka	Sri Lanka
DPL International Ltd.			Sri Lanka	Sri Lanka
Icog quanti S.P.A			Italy	Italy
Dipped Products (Thailand) Ltd.		Thailand	Thailand	
Purification products	Haycarb PLC	Activated Carbon and Environmental Purification Solutions	Sri Lanka	Sri Lanka
	Puritas (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Ultracarb (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Lakdiyatha (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Recogen (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Haycarb Value Added Products (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Eurocarb Products Ltd.		United Kingdom	United Kingdom
	Haycarb Holdings Australia (Pvt) Ltd.		Australia	Australia
	Carbokarn Company Ltd.		Thailand	Thailand
	CK Regen Systems Company Ltd.		Thailand	Thailand
	Haycarb USA, INC		USA	USA
	PT Mapalus Makawanua Charcoal Industry		Indonesia	Indonesia
	Haycarb Holdings Bitung Ltd.		British Virgin Islands	British Virgin Islands
	Shizuka Company Ltd.		Thailand	Thailand
	PT Haycarb Palu Mitra		Indonesia	Indonesia
Puricarb Pte Ltd.		Singapore	Singapore	
Haycarb Activated Carbon (Pvt) Ltd.		India	India	

Sub sector	Company	Nature of the Business	Country of Incorporation	Country of Operations
Construction material	Alumex PLC	Aluminium extrusions	Sri Lanka	Sri Lanka
	Alco Industries (Pvt) Ltd.		Sri Lanka	Sri Lanka
Textiles	Hayleys Fabric PLC	Knitted fabric	Sri Lanka	Sri Lanka
	South Asia Textiles Ltd.		Sri Lanka	Sri Lanka
Plantations	DPL Plantations (Pvt) Ltd.	Plantation Management	Sri Lanka	Sri Lanka
	Hayleys Plantation Services (Pvt) Ltd.	Plantation Management	Sri Lanka	Sri Lanka
	Kelani Valley Plantations PLC	Processed tea and rubber	Sri Lanka	Sri Lanka
	Talawakele Tea Estates PLC	Processed black and green tea	Sri Lanka	Sri Lanka
	Kelani Valley Instant Tea (Pvt) Ltd.	Manufacture of ready- to - drink tea powder	Sri Lanka	Sri Lanka
	Mabroc Teas (Pvt) Ltd.	Export of bulk and retail packed tea	Sri Lanka	Sri Lanka
	Blue Mountain Tea Exports (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Meridian Exports (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Martin Bauer Hayleys (Pvt) Ltd.	Manufacturing instant tea and tea extract	Sri Lanka	Sri Lanka
	Kelani Valley Resorts (Pvt) Ltd	Operating & managing Hotels and providing services.	Sri Lanka	Sri Lanka
	Hayleys Produce Marketing Ltd.	-	Sri Lanka	Sri Lanka
	Home for every Plantation worker Foundation (Guarantee) Ltd.	Corporate Social Responsibility Projects	Sri Lanka	Sri Lanka
	Kalupahana Power Company (Pvt) Ltd.	Hydropower	Sri Lanka	Sri Lanka
Agriculture	Hayleys Agriculture Holdings Ltd.	Crop production and protection materials, agricultural equipment and animal health products	Sri Lanka	Sri Lanka
	Agro Technica Ltd.	Agricultural machinery and equipment	Sri Lanka	Sri Lanka
	Haychem (Bangladesh) Ltd.	Crop protection chemicals	Bangladesh	Bangladesh
	Sunfrost (Pvt) Ltd.	Fresh/processed vegetables	Sri Lanka	Sri Lanka
	HJS Condiments Ltd.	Retailed-packed, processed vegetables	Sri Lanka	Sri Lanka
	Hayleys Agro Farms (Pvt) Ltd.	Planting material	Sri Lanka	Sri Lanka
	Hayleys Agro Biotech (Pvt.) Ltd.	Horticultural tissue culture products	Sri Lanka	Sri Lanka
	Quality Seed Company (Pvt) Ltd.	Hybrid flower seeds	Sri Lanka	Sri Lanka
	Hayleys Agro Fertilizers (Pvt) Ltd.	Fertiliser	Sri Lanka	Sri Lanka
Consumer & Retail	Singer (Sri Lanka) PLC	Retail and wholesale marketing of consumer products	Sri Lanka	Sri Lanka
	Regnis (Lanka) PLC	Manufacture of Refrigerators and bottle coolers.	Sri Lanka	Sri Lanka
	Singer Industries (Ceylon) PLC	Assembly of sawing machines & manufacture cabinets and stands for sawing machines	Sri Lanka	Sri Lanka

GROUP COMPANIES

Sub sector	Company	Nature of the Business	Country of Incorporation	Country of Operations
	Singer Finance (Lanka) PLC	Finance leasing, Mobilisation of Fixed & savings deposits, Financing consumer durables under loan schemes, factoring business including invoice discounting, granting loans including Micro Loans and credit card business.	Sri Lanka	Sri Lanka
	Regnis Appliances (Pvt) Ltd.	Manufacture and assemble home appliances.	Sri Lanka	Sri Lanka
	Reality Lanka Ltd.	Acquire, lease, sell and develop properties and contractors for constructions.	Sri Lanka	Sri Lanka
	Singer Digital Media (Pvt) Ltd.	Marketing mobile phones	Sri Lanka	Sri Lanka
	Singer Business School (Pvt) Ltd.	Retail training education relating to business activities.	Sri Lanka	Sri Lanka
	Hayleys Consumer Products Ltd.	Lighting products and solutions, photo imaging, health care and FMCG products	Sri Lanka	Sri Lanka
	Hayleys Electronics Lighting (Pvt) Ltd.	Lighting products and solutions	Sri Lanka	Sri Lanka
	Hayleys Fabric Solutions (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Domus Lanka (Pvt) Ltd.	Designing, manufacturing and trading furniture	Sri Lanka	Sri Lanka
Leisure	The Kingsbury PLC	Leisure	Sri Lanka	Sri Lanka
	Culture Club Resorts (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Kandyan Resorts (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Sun Tan Beach Resorts Ltd.		Sri Lanka	Sri Lanka
	Hayleys Leisure PLC		Sri Lanka	Sri Lanka
	Connaissance Hotel Management (Pvt) Ltd.		Sri Lanka	Sri Lanka
	C D C Conventions (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Connaissance Air Travels (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Luxury Resorts Pvt Ltd.		Maldives	Maldives
	Hayleys Tours (Pvt) Ltd.	Travel Agency and Destination Management	Sri Lanka	Sri Lanka
Industry Inputs and Power & Energy-	Hayleys Aventura (Pvt) Ltd.	Engineering and projects, power generation, pigments and industrial raw materials	Sri Lanka	Sri Lanka
	Hayleys Aventura BD Ltd.		Bangladesh	Bangladesh
	Hayleys Lifesciences (Pvt) Ltd.	Supplying health care equipment	Sri Lanka	Sri Lanka
	Haycolour (Pvt) Ltd.	Textile dyestuff and binders	Sri Lanka	Sri Lanka
	Hayleys Engineering (Pvt) Ltd.	Marketing of power generating equipment	Sri Lanka	Sri Lanka
	Bhagya Hydro (Pvt) Ltd.	Hydropower	Sri Lanka	Sri Lanka
	Neluwa Cascade Hydro Power (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Hayleys Hydro Energy (Pvt) Ltd.		Sri Lanka	Sri Lanka
	TTEL Somerset Hydro Power (Pvt) Ltd.		Sri Lanka	Sri Lanka
	TTEL Hydro Power Company (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Hayleys Neluwa Hydro Power (Pvt) Ltd.		Sri Lanka	Sri Lanka
Neluwa Upper Hydro Power (Pvt) Ltd.	Sri Lanka		Sri Lanka	

Sub sector	Company	Nature of the Business	Country of Incorporation	Country of Operations
	Hayleys Power Ltd.	Hydropower investments	Sri Lanka	Sri Lanka
	Nirmalapura Wind Power (Pvt) Ltd.	Wind power	Sri Lanka	Sri Lanka
	Joule Power (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Beata Power (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Solar One Ceylon (Pvt) Ltd.	Solar power	Sri Lanka	Sri Lanka
Transportation & Logistics Transportation & Logistics	Hayleys Advantis Ltd.	Shipping agency, international freight forwarding, express freight, bunkering, husbanding and port agency, ship chartering, ocean container repairing and conversion,	Sri Lanka	Sri Lanka
	Agility Logistics (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Civaro International Ltd.		Sri Lanka	Sri Lanka
	Advantis Freight (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Clarion Shipping(Pvt) Ltd.	container yard operation, inland logistics, energy logistics, warehousing and third-party logistics, marine & shipping and Airline Representation	Sri Lanka	Sri Lanka
	CMA- CGM Lanka (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Ceva Logistics Lanka (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Hayleylins Ltd.		Sri Lanka	Sri Lanka
	MIT Global Solutions (Pvt) Ltd.		Sri Lanka	Sri Lanka
	N.Y.K. Lanka (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Yusen Logistics & Kusuhara Lanka (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Moceti International (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Hayleys Energy Services Lanka (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Expelogix (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Ceylon Ocean Lines Ltd.		Sri Lanka	Sri Lanka
	COSCO Shipping Lines Lanka (Pvt) Ltd.		Sri Lanka	Sri Lanka
	COSCO Lanka Logistics (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Lanka Bunkering Services (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Umi Shipping (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Sri Lanka Shipping Ltd.		Sri Lanka	Sri Lanka
	Cargo Star Ltd.		Sri Lanka	Sri Lanka
	Logistics International Ltd.		Sri Lanka	Sri Lanka
	Advantis Projects And Engineering (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Logiwiz Ltd.		Sri Lanka	Sri Lanka
	Maritime Agencies (Pvt) Ltd.		Sri Lanka	Sri Lanka
	International Consumer Brands Ltd.		Sri Lanka	Sri Lanka
	Hayleys Free Zone Ltd.		Sri Lanka	Sri Lanka
	Advantis Express (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Mountain Hawk (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Lanka Maritime Services Ltd.		Sri Lanka	Sri Lanka
	Star Lanka Shipping (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Diamond Shipping Services (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Sharaf Shipping Agency (Pvt) Ltd.		Sri Lanka	Sri Lanka
IML Delivery Systems (Pvt) Ltd.		Sri Lanka	Sri Lanka	
Intermac (Pvt) Ltd.		Sri Lanka	Sri Lanka	
Ocean Network Express Lanka (Pvt) Ltd.		Sri Lanka	Sri Lanka	


GROUP COMPANIES

Sub sector	Company	Nature of the Business	Country of Incorporation	Country of Operations
	Hayleys Aviation And Projects (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Hayleys Travels (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Millennium Transportation (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Air Global (Pvt) Ltd.		Sri Lanka	Sri Lanka
	North South Lines (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Total Transport Solutions (Pvt) Ltd.		Maldives	Maldives
	Nautical Maldives Pvt Ltd.		Maldives	Maldives
	Super Logistics Pvt Ltd.		Maldives	Maldives
	One world Logistics Maldives Pvt Ltd.		Maldives	Maldives
	Advantis Kushara Sedate Myanmar (Pvt) Ltd.		Myanmar	Myanmar
	Logiwiz Logistics India (Pvt) Ltd.		India	India
	Advantis Singapore Pte Ltd.		Singapore	Singapore
	Advantis Sedate Myanmar (Pvt) Ltd.		Myanmar	Myanmar
	PT Advantis Akaza Indonesia		Indonesia	Indonesia
	Advatis Sabang Raya Lines Pte. Ltd.		Singapore	Singapore
	Advantis Intasi Bangladesh (Pvt) Ltd.		Bangladesh	Bangladesh
	Unisyst Engineering PLC	Aluminium Fabrication	Sri Lanka	Sri Lanka
	S&T Interiors (Pvt) Ltd.	Interior fit out contractors	Sri Lanka	Sri Lanka
Others	Dean Foster (Pvt) Ltd.	Investments	Sri Lanka	Sri Lanka
	Hayleys Business Solutions International (Pvt) Ltd.	Business Process Outsourcing and Centralised Shared Services	Sri Lanka	Sri Lanka
	Hayleys Group Services (Pvt) Ltd.	Secretarial/Investments	Sri Lanka	Sri Lanka
	Volanka Insurance Brokers (Pvt) Ltd.	Insurance Brokering	Sri Lanka	Sri Lanka
	Darley Property Holdings (Pvt) Ltd.	Property holding and development	Sri Lanka	Sri Lanka
	Carbotels (Pvt) Ltd.	Hotel Investment	Sri Lanka	Sri Lanka
	World Export Centre Ltd.	Construction of "A" grade Office Space	Sri Lanka	Sri Lanka
	Eastern Hotels Ltd.	Leisure	Sri Lanka	Sri Lanka
	Haylex Ltd (UK)		United Kingdom	United Kingdom
	Haylex B V	Marketing	Netherlands	United Kingdom
	Haylex Japan		Japan	Japan
	Hayleys Foundation (Guarantee) Ltd.	Corporate Social Responsibility Projects	Sri Lanka	Sri Lanka
	Fentons Ltd.		Sri Lanka	Sri Lanka
	Energynet (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Nex-GenAsia (Pvt) Ltd.	Solutions provider for building systems infrastructure and	Sri Lanka	Sri Lanka
	Fentons Smart Facilities (Pvt) Ltd.	Solar power and information communication technology	Sri Lanka	Sri Lanka
	Hayleys Electronics Ltd.	infrastructure	Sri Lanka	Sri Lanka
	Hayleys Electronics Manufacturing (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Global Consumer Brands (Pvt) Ltd.		Sri Lanka	Sri Lanka

GROUP VALUE ADDITION AND DISTRIBUTION

For the year ended 31st March	Consolidated			
	2022		2021	
		Rs. mn		Rs. mn
Value Created				
Revenue from contracts with customers		338,010		241,276
Other income		1,995		1,468
Change in fair value of investment properties		323		196
Share of profit of equity accounted investees		227		253
Finance income		16,832		3,176
Cost of materials and services bought in		(254,294)		(177,834)
		103,092		68,534
	Share		Share	
Value Distributed				
To Employees as remuneration	34%	33,794	39%	26,877
To Government revenue	19%	20,136	18%	12,482
Of Sri Lanka		17,052		11,258
Overseas		3,084	-	1,224
To Shareholders as dividend	3%	3,000	1%	975
To Lenders of capital	24%	24,725	25%	16,461
Interest on borrowings		14,883		10,052
Non-Controlling interest		9,842		6,409
	80%	81,656	83%	56,794
Value retained for expansion & growth				
Depreciation	6%	6,407	8%	5,330
Profit retained	14%	15,029	9%	6,410
	20%	21,437	17%	11,739
	100%	103,092	100%	68,534

AWARDS AND RECOGNITION

 Overall Excellence	Hayleys PLC	Was ranked number 1 on the LMD Top 100 for FY 2020/21. Was ranked number 1 on the Business Today Top 40
	Hayleys Agro Biotech (Pvt) Ltd	Won the Merit Award for Manufacturing Non Traditional Sector at National Business Excellence Awards 2021
	HJS Condiments Ltd	Was the winner - Manufacturing Non-Traditional Sector at National Business Excellence Awards 2021
		Was the winner - Large Category at National Business Excellence Awards 2021
		Won the Bronze Award for the Overall Category at National Business Excellence Awards 2021
	Alumex PLC	Won the Gold Award - Machinery and Light Engineering Sector @ National Business Excellence 2021
		Won the Silver Award (joint award) - Manufacturing Companies Turnover 5 Bn @ CA Sri Lanka Annual Report Award
	Chas P Hayley & Company	Was Gold Winner at the National Industry Excellence Awards 2022
	Dipped Product PLC	The DPL Group Won the Bronze Award for Industrial Excellence in the National Level Manufacturing Sector- Extra Large Category and the Top 10 Award winner at the 20th Ceylon National Chamber of Industries (CNCI) Achiever Awards 2021.
	Kelani Valley Plantations PLC	Business World Excellence Award by the Business World International Organisation, Usa Large Scale Agriculture & Plantations Category
		Un Volunteers 50 Country Awards Un Volunteers Kelani Valley Plantations Plc - In Recognition Of Promoting The Value Of Volunteerism Through Citizen Engagement Within The Corporate Sector In Sri Lanka.
		Was awarded the Most Innovative Gr Practices Award at the South Asia Business Excellence Awards 2021.
Talawakelle Tea Estates PLC	"Most Respected Entities In Sri Lanka 2021 Edition (Lmd) Sector Winner - Talawakelle (Plantation Sector) Secured an overall 85th rank out of 144."	
	National Cleaner Production Awards ""Tea Industry Sector (Manufacturing Large)	
	PLATINUM - Somerset	
	GOLD - Bearwell JOINT SILVER - Holyrood, Mattakelle, Great Western,Palmerston,Calsay BRONZE - Dessford JOINT MERIT - Wattegoda"	
Haycarb PLC	Won the Merit Award - National level Manufacturing Sector - Extra large	
Hayleys Advantis Ltd	Won the Gold Award (Service Organisations category) at the Annual Report Awards 2021 organised by the Institute of Chartered Accountants of Sri Lanka.	
Logiwiz Ltd	Won 3 PAR EXCELLENCE AWARDS at the 46th International Convention on Quality Control Circles (ICQCC) - 2021, Hyderabad, India held on 25th November 2021.	
Total Transport Solutions	Won the "Gold 100"award for the third consecutive year. The event was organised by Corporate Maldives which was graced by His Excellency President Ibrahim Mohamed Solih.	
Advantis Engineering	Won the bronze award under national level extra large service category at the CNCI achiever awards 2021.	


 Contribution to Exports	Quality Seed Co. (Pvt). Ltd	Won the Best Exporter in The Floriculture Sector at Presidential Export Awards 2020/21
	HJS Condiments Ltd	Won the Best Exporter Award at the Presidential Export Awards for 2020/21
		Won the Gold award in Processed Food Products Sector, Extra Large Category at NCE Export Awards 2021
		Was the Winner - Excellence in Global Market Reach at National Business Excellence Awards 2021
	Alumex PLC	Won the Gold Award - Machinery and Light Engineering Product Category @ 29th National Chamber of Exports of Sri Lanka Export Award 2021
	Hayleys Eco Solutions	Won 5 NCE Annual Export Awards in 2021
	Dipped Product PLC	Was recognised as the Best Exporter of the Year under the Latex Rubber Products Sector at Sri Lanka's Presidential Export Awards.
		Was announced as the winner of the Export Sector at the National Business Excellence Awards 2021 organised by the National Chamber of Commerce of Sri Lanka.
		Won the Gold Award for the Rubber and Rubber Products Sector in the Extra Large Category and the Highest Foreign Exchange Earner Award at the 29th NCE Export Awards 2021.
	Haycarb PLC	Won the Best Exporter Award - Coconut Shell Products Sector at the Presidential Exports Awards 2021
	Hayleys Energy Services Lanka (Pvt)	Presidential Exports Awards Won the Best Exporter 2019/20 Marine & Offshore Engineering Services
	Hayleys Free Zone Ltd	Presidential Export Awards 2020/2021
Logistics International Ltd	Won the award for "Best container Depot - Export (Customer Service - Outbound Trade) at the International Chartered Shipbrokers (ICS) Awards 2022	
Advantis Engineering	Won the bronze award under machinery & light engineering category at the NCE export awards 2021.	
 Corporate Reporting	Singer (Sri Lanka) PLC	Won the Gold Award - Trading Companies @ 56th Annual Report Award Ceremony by CASL
	Singer Finance (Lanka) PLC	Was awarded a certificate of Merit- Financial Services, Best Presented Annual Report Awards by SAFA
	Dipped Product PLC	Was awarded the Gold award for Manufacturing Companies at the 56th Annual Reports Awards 2021
		Received the Best Integrated Report Award - Manufacturing Industry Award and the Ten Best Integrated Reports Award at the CMA Excellence in Integrated Reporting Awards 2021, organised by the Institute of Certified Management Accountants of Sri Lanka.
	Regnis (Lanka) PLC	Won the Bronze Award - Manufacturing Companies (Turnover Above LKR 5 Bn) @ 56th Annual Report Award Ceremony by CASL
	Singer Finance (Sri Lanka) PLC	Won a Compliance Award - Finance Companies & Leasing Companies (Total Asset above LKR 20 Bn) @ 56th Annual Report Award Ceremony by CASL
	Hayleys Fibre PLC	Won the Bronze award in the category of manufacturing companies up to 5BN turnover @ 56th Annual Report Award Ceremony by CASL
	Kelani Valley Plantations PLC	Won Category Gold (Joint Winner), At The 56Th Ca Annual Report Awards 2021 Institute Of Chartered Accountants Of Sri Lanka Plantation Companies

AWARDS AND RECOGNITION

 Corporate Reporting	Talawakelle Tea Estates PLC	<p>Finalist for - (Large Company) (Governance) (Integrated Thinking) (Value Creation) at the Asia Integrated Reporting Awards - 2021</p> <p>Won Gold (Joint Winner) at the CA Annual Report Awards 2021 Plantations Company Category</p> <p>Won Overall Merit at the CMA Excellence in Integrated Reporting 2021</p>
	Hayleys Fabric PLC	<p>Was the Bronze Winner - Progressive By Nature- Script / Writing: Manufacturing & Distributing at the Emerald Anniversary -35Th Academy Award Of Annual Report -2021</p> <p>Won the best presented Annual Report Awards, Integrated reporting Award and SAARC Anniversary Award For Corporate Governance Disclosure 2020.</p> <p>Obtained a compliance award at the CA Sri Lanka Annual Report Awards 2021</p>
	Hayleys PLC	Won the Silver Award for Overall Excellence in Financial Reporting at the CA Sri Lanka, 56th Annual Report Awards.
	Hayleys PLC	Won the Gold Award for Integrated Reporting at the CA Sri Lanka, 56th Annual Report Awards.
	Hayleys PLC	Won the Silver Award for Diversified Holdings (Groups Above 10 subsidiaries) at the CA Sri Lanka, 56th Annual Report Awards.
	Hayleys PLC	Won the Silver Award for Integrated Reporting: Best Disclosure on Stakeholder Engagement at the CA Sri Lanka, 56th Annual Report Awards.
	Hayleys PLC	Won the Silver Award for Management Commentary Award at the CA Sri Lanka, 56th Annual Report Awards.
	Hayleys PLC	Won the Silver Award for Integrated Reporting: Best Disclosure on Business Model at the CA Sri Lanka, 56th Annual Report Awards.
	Hayleys PLC	CMA Excellence in Integrated Reporting Awards 2021 - Ten Best Integrated Reports Awards
	Hayleys PLC	Won the Gold Award for Asia's Best Integrated Report (Large Company) 2021 at the Asia Integrated Reporting Awards (AIRA) 2021
	Hayleys PLC	<p>Won the Silver Award for Corporate Social Responsibility Reporting at the CA Sri Lanka, 56th Annual Report Awards.</p> <p>Was the Winner - Conglomerates and Diversified category at the ACCA Sri Lanka Sustainability Reporting Awards 2021</p>
	 HR Practices	Kelani Valley Plantations PLC
Talawakelle Tea Estates PLC		<p>Asia's Best Work Places 2021</p> <p>Great Place To Work</p> <p>Won the 2nd Best Workplace In Asia</p> <p>First Plantation Company In Sri Lanka Certified As Asia's Best Workplace</p> <p>Best Workplaces In Sri Lanka For Women 2021</p> <p>Great Place To Work</p> <p>Was awarded the Best Workplaces In Sri Lanka For Women</p> <p>Was recognised as one of the 10 Best WorkPlaces in the Manufacturing & Production Industry in Sri Lanka 2021</p>
Haycarb PLC		Top ten Winner in Best Management Companies - Best Management Practices Company Awards 2022
Dipped Product PLC		Great Place to work certificate - Certified from October 2021 to October 2022

	Singer Finance (Lanka) PLC	The Company was recognised as one of the ‘Best Workplaces’ in Sri Lanka 2020/21 for the third successive year, attesting to the strength of its employee value proposition and showcasing the Company’s strong employee satisfaction levels.
		Singer Finance was ranked #53 in Best Large Workplaces in Asia
		Singer Finance was recognised among the top 10 Best Workplaces in Banking, Financial Services, and Insurance Sector in Sri Lanka.
	Mountain Hawk Express (Pvt) Ltd	Ranked among top 40 companies for the 6th consecutive year - GPTW
		Ranked among Asia’s Best 20 companies for the 3rd consecutive year -GPTW
		Won the Bronze Award in Small Category - Great Place to Work
	Hayleys Free Zone Ltd	Was recognised as a Best Small and Medium Workplaces in Asia 2021
		Was awarded as one of 40 Best Workplaces in Sri Lanka
		Was awarded as one of 15 Best Workplaces for Millennials in Sri Lanka 2021
 Brand & Quality	KVPL-Kelani Valley Plantations PLC	FSC COC Audit
		GOLS Audit
		Organic Field Certification - USDA/ NOP
		Organic Field Certification - EU Organic
	Mabroc	BRC certification was renewed successfully for year 2021
		WCA Certification was obtained for Year 2021
		ISO 22000 and 9001 - Surveillance audit was successfully completed.
		The Coca Cola Company supplier review - Identified as a supplier that meets with expectation
		Renewal - Food Safety System Certification FSSC 22000
	Hayleys Fabric PLC	ISO14001 Environmental management system and ISO 45001 Health and safety management system certification
	Hayleys Free Zone Ltd	Recycled Claim Standard certification
		Global Recycled Standard certification
	Clarion Shipping (Pvt) Ltd	Certification presented to Clarion Shipping for being the 2nd Runner up (2020-2021) in South Asia & Middle East Region under Swire Regional Agency Performance tracker.
	Logiwiz Ltd	ISO 2200:2018 food safety management certification
		Renewal of ISO 9001:2015
CMA-CGM Lanka (Pvt) Ltd	Won the ICS Award for Best Shipping Agent for Providing Best Customer Service for Colombo USA Trade Lane	
Hayleys Advantis Ltd	Won Silver in “B2B Brand of the Year” at SLIM Brand Excellence Awards 2021	
COSCO Shipping Lines Lanka (Pvt) Ltd	Won 03 Awards @ ICS Awards 2021 as best Shipping agent; 1) Customer Service overall inbound Trade 2) Customer Service - Colombo/Indian Sub Continent trade 3) Customer Service - Colombo/Gulf & Red Sea Trade	
Advantis Engineering	Won the silver award under innovative brand of the year category (Convertainers by Advantis Engineering) at the SLIM brand excellence awards 2021.	
	Advantis Engineering received an upgrade to CIDA C1 accreditations from the Construction Industry Development Authority.	
	Obtained ISO 14001:2015 (Environment Management System) (This is applicable to both the Projects & Engineering divisions)	
	Recertification of ISO 45001:2018 (OHS Management System) (This is applicable to both the Projects & Engineering divisions)	

AWARDS AND RECOGNITION

 Sustainability	Company Name	Award Details
	HJS Condiments Ltd	Won the Merit Award for Excellence in Environmental Sustainability at National Business Excellence Awards 2021
	Alumex PLC	Won the Gold Award - Green Labelled Products @ National Green Building Award 2021
		Won the Bronze Award in the category of Integrated Report (SME) at the Asia Integrated Reporting Awards (AIRA)
	Dipped Product PLC	Won two awards at the 'Best Corporate Citizen Sustainability Award 2021', organised by the Ceylon Chamber of Commerce to recognise sustainable champions of the local corporate world.
	Kelani Valley Plantations PLC	Recognised for Fair Rubber Sourcing
		Won the Best Corporate Citizen Sustainability Award-2021 National Chamber Of Commerce Kelani Valley – Agriculture Sector- Gold
	Talawakelle Tea Estates PLC	Hallbars Sustainability Reports Awards 2021 Was recognised as the World'S Best Sustainability Report 2020 – (Under Category Of Asia Without China, India & Japan) Was also the National Winner For Sri Lanka
	Talawakelle Tea Estates PLC	Approved Science Based Target An Initiative By Cdp, Un Global Compact, World Resources Institute & Wwf Talawakelle Is The World'S First Plantation Company & Sri Lanka'S First Organisation Which Recognised As Science Based Target Approved Company.
	Hayleys Fabric PLC	SDG Pioneer For Responsible Production By Ms. Leonie Vaas
		Won the Gold Award in the category Manufacturing Large at Textile Industry at the National Cleaner Production Awards – 2021
		Category finalist as Asia's Best Integrated Report(Design), at the Asia Sustainability Reporting Awards
	Hayleys PLC	Won the Silver Award for Corporate Social Responsibility Reporting at the CA Sri Lanka, 56th Annual Report Awards.
		Was the Winner – Conglomerates and Diversified category at the ACCA Sri Lanka Sustainability Reporting Awards 2021

GLOSSARY OF FINANCIAL TERMS

Actuarial Gains and Losses

Gain or loss arising from the difference between estimates and actual experience in a company's pension plan.

Amortisation

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

Available for Sale

Non derivative financial asset that are designated as available for sale or are not classified as loans and receivable, held to maturity investment or financial assets at fair value through profit and loss.

Biological Asset

A living animal or plant

Capital Employed

Shareholders' funds plus non-controlling interests and interest bearing borrowings.

Capital Reserves

Reserves identified for specific purposes and considered not of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity available for distribution.

Cash Equivalents

Liquid investments with original maturity periods of three months or less.

Contingent Liability

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Current Ratio

Current assets divided by current liabilities. A measure of liquidity.

Current Service Cost

Is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Deferred Taxation

The tax effect of timing differences deferred to/from other periods, which would only qualify for inclusion on a tax return at a future date.

Dividend Cover

Profit attributable to ordinary shareholders divided by dividend. Measures the number of times dividend is covered by distributable profit.

Dividend Payout

Dividend per share as a percentage of the earnings per share.

Dividend Yield

Dividend per share as a percentage of the market price. A measure of return on investment.

DPS

Dividend per share (DPS) is the sum of declared dividends issued by a company for every ordinary share outstanding. The figure is calculated by dividing the total dividends paid out by a business by the number of outstanding ordinary shares issued.

EBIT

Earnings Before Interest and Tax.

EBITDA

Earnings before interest expense, tax, depreciation and amortisation (includes other operating income). Note that EBITDA includes interest income, fair value gains and losses on investment property and share of results of equity accounted investees, but excludes exchange gains or losses on its foreign currency denominated debt and cash.

Effective Tax Rate

Income tax expense divided by profit before tax.

EPS

Earnings per share (EPS) is calculated as a company's profit divided by the outstanding shares of its common stock.

Equity

The value of an asset after all the liabilities or debts have been paid.

Fair Value

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair Value Through Profit and Loss

A financial asset/liability acquired/incurred principally for the purpose of selling or repurchasing it in the near term.

Financial Asset

Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

Financial Instrument

Any contract that gives rise to a financial asset of one entity and a financial liability or equity to another entity.

Financial Liability

Any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Gain on Bargain Purchase

The amount of the identifiable assets acquired and liabilities assumed exceeds the aggregate consideration transferred.

GLOSSARY OF FINANCIAL TERMS

Gearing

Proportion of total interest bearing borrowings to capital employed.

Interest Cover

Profit before tax and net finance cost divided by net finance cost. Measure of an entity's debt service ability.

Key Management Personnel (KMP)

KMP are those persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

Market Capitalisation

Number of shares in issue multiplied by the market value of a share at the reported date.

Net Assets Per Share

Total equity attributable to equity holders divided by the weighted average number of ordinary shares in issue. A basis of share valuation.

Non-controlling Interest

Equity in subsidiary not attributable, directly or indirectly, to a parent.

Other comprehensive income

An entry that is generally found in the shareholders' equity section of the balance sheet.

Price Earnings Ratio

Market price of a share divided by earnings per share as reported at that date.

Related Parties

A person or entity that is related to the entity that is preparing its Financial Statements.

Return on Capital employed

Profit before tax and net finance cost divided by average capital employed.

Revenue Reserves

Reserves considered as being available for distributions and investments.

Segments

Constituent business units grouped in terms of similarity of operations and location.

SoRP

Statement of Recommended Practice.

Value Addition

The quantum of wealth generated by the activities of the Group measured as the difference between turnover and the cost of materials and services bought in.

Working Capital

Capital required to finance day- to-day operations, computed as the excess of current assets over current liabilities.

INDEPENDENT LIMITED ASSURANCE REPORT



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We have been engaged by the Directors of Hayleys PLC (“the Company”) to provide limited assurance in respect of the Integrated Report for the year ended 31st March 2022 (the “Integrated Report”). The criteria used as a basis of reporting is the content elements of the International Integrated Reporting Council (IIRC)’s Integrated Reporting Framework (<IR> Framework) as disclosed in this Integrated Report.

Basis for Conclusion

We conducted our work in accordance with the Sri Lankan Standard on Assurance Engagements SLSAE 3000 (Standard). In accordance with the Standard we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that we are not aware of any material misstatements in the Company’s Integrated Report, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

Our Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

We have not been engaged to provide an assurance conclusion on the fitness for purpose or the operating effectiveness of the Company’s strategy or how the

Company creates value, including the governance, strategic management and other key business processes. The procedures we have performed in relation to the Company’s strategy and how the Company creates value are outlined below.

Limited Assurance Integrated Report

Based on the limited assurance procedures performed and evidence obtained, as described below, nothing has come to our attention that causes us to believe that the Integrated Report, as defined above, for the year ended 31st March 2022, has not in all material respects, been prepared in accordance with the Content Elements of the IIRC’s International Integrated <IR> Framework.

Board of Directors and Management’s responsibility

The Board of Directors and Management are responsible for:

- Determining that the criteria is appropriate to meet the needs of intended users, being the company’s members and any other intended users.
- Preparing and presenting of the Integrated Report in accordance with the criteria set out in the IIRC’s <IR> Framework. This includes disclosing the criteria, including any significant inherent limitations.
- Ensuring the Company’s strategy is well presented in the Company’s Integrated Report and reflects how the Company creates value as they operate in practice
- Identifying stakeholders and stakeholder requirements;
- Identifying material issues and reflecting those in the Company’s Integrated Report; and
- Preparation and fair presentation of the Integrated reporting information;

design and implementation of internal controls that the company determines necessary to enable the preparation and presentation of the Integrated Report that is free from material misstatement, whether due to fraud or error.

- Informing us of any known and/or contentious issues relating to the Integrated Report.
- Preventing and detecting of fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities;
- Process to ensure that the Company personnel involved with the preparation and presentation of the integrated reporting information are properly trained, systems are properly updated and that any changes in reporting is relevant to the Integrated Report information encompass all significant business units. This responsibility also includes informing us of any changes in the Company’s operations.
- The responsibility also includes informing changes in the Company’s Operations since the date of our most recent assurance report on the Integrated reporting information.

Our responsibility

Our responsibility is to perform an external assurance engagement in relation to the Integrated Report and to issue an assurance report that includes our conclusions.

We conducted our assurance engagement in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information (SLSAE 3000) issued by the Institute of Chartered Accountants of Sri Lanka.

INDEPENDENT LIMITED ASSURANCE REPORT

We have complied with the independence and other ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of Sri Lanka.

SLSAE 3000 requires that we plan and perform the engagement to obtain limited assurance about whether the Integrated Report is free from material misstatement.

Our firm applies Sri Lanka Standard on Quality Control (SLSQC) 1 and maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Limited assurance on the Integrated Report

Our limited assurance engagement on the Integrated Report consisted of making enquiries, primarily of persons responsible for the preparation of the Integrated Report, and applying analytical and other procedures, as appropriate. These procedures included:

1. Interviews with executives, senior management and relevant staff to understand the internal controls, governance structure and reporting process relevant to the Integrated Report;
2. Reviewing of the relevant internal policies and procedures developed by the Company, including those relevant to determining what matters most to the Company's stakeholders, how the Company creates value, the Company's external environment, strategy, approaches to putting members first, governance and reporting.
3. Reviewing the description of the Company's strategy and how the Company creates value in the Integrated Report and enquiring of management as to whether the description accurately reflects their understanding;

4. Assessing of the suitability and application of the Content Elements of the <IR> Framework in the Integrated Report;
5. Assessing of the alignment between the Company's strategy, the disclosures on how the Company creates value and what matters most to the Company's stakeholders.
6. Reviewing Board minutes to ensure consistency with the content of the Integrated Report.
7. Reviewing the Integrated Report in its entirety to ensure it is consistent with our overall knowledge obtained during the assurance engagement.
8. Obtaining a letter of representation from management dated 19 May 2022 on the content of the Company's Integrated Report.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion on the Integrated Report.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Company.

Limitations of our review

The Integrated Report includes prospective information. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the Integrated Report.

Purpose of our report

In accordance with the terms of our engagement, this assurance report has been prepared for the Company for the purpose of assisting the Directors in determining whether the Company's Integrated Report is prepared in accordance with the IIRC's International <IR> Framework and for no other purpose or in any other context.

Restriction of use of our report

This report has been prepared for the Company for the purpose of providing an assurance conclusion on the Integrated Report and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Company, or for any other purpose than that for which it was prepared.

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company, for any purpose or in any other context. Any party other than the Company who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company for our work, for this independent assurance report, or for the conclusions we have reached.



Chartered Accountants

Colombo

19 May 2022

KPMG, a Sri Lankan Partnership and a member firm of the KPMG global organization of independent member firms affiliated with the KPMG International Limited, a private English company limited by guarantee.

M.Y.S. Perera FCA
 M.A.C. Perera FCA
 W.H.D.C. Abeyaratne FCA
 R.H.D.B. Rajapaksa FCA
 M.M.A. Shyamal FCA
 M.A.P.M.K. Fernando FCA
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C.P. Jayatilaka FCA
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 M.A.S. Muddusala FCA, ACA, MFRCS

T.S. Rajakarier FCA
 Ms. S.M.D. Jayasinghe FCA
 G.A.L. Karunaratne FCA
 R.H. Rajwa FCA
 A.M.P.P. Alahakoon ACA

GRI CONTENT INDEX TOOL

Statement of use	Hayleys PLC has reported in accordance with the GRI Standards for the period from 1st April 2021 to 31st March 2022.
GRI 1 used	GRI 1: Foundation 2021

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
General disclosures						
GRI 2: General Dis-closures 2021	2-1 Organizational details	8	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	2-2 Entities included in the organization's sustainability reporting	8				
	2-3 Reporting period, frequency and contact point	8-9				
	2-4 Restatements of information	8				
	2-5 External assurance	9,457				
	2-6 Activities, value chain and other business relationships	14-18, 82-83				
	2-7 Employees	245				
	2-8 Workers who are not employees	N/A				
	2-9 Governance structure and composition	58				
	2-10 Nomination and selection of the highest governance body	65				
	2-11 Chair of the highest governance body	66				
	2-12 Role of the highest governance body in overseeing the management of impacts	62				
	2-13 Delegation of responsibility for managing impacts	62				
	2-14 Role of the highest governance body in sustainability reporting	62				
	2-15 Conflicts of interest	64				
	2-16 Communication of critical concerns	71				
	2-17 Collective knowledge of the highest governance body	60				
	2-18 Evaluation of the performance of the highest governance body	77				
	2-19 Remuneration policies	294				
	2-20 Process to determine remuneration	294				
	2-21 Annual total compensation ratio	343				

GRI CONTENT INDEX TOOL

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
	2-22 Statement on sustainable development strategy	38				
	2-23 Policy commitments	20-21				
	2-24 Embedding policy commitments	22-23				
	2-25 Processes to remediate negative impacts	71				
	2-26 Mechanisms for seeking advice and raising concerns	71				
	2-27 Compliance with laws and regulations	272				
	2-28 Membership associations	264				
	2-29 Approach to stakeholder engagement	84-87				
	2-30 Collective bargaining agreements	250				
Material topics						
GRI 3: Material Top-ics 2021	3-1 Process to determine material topics	93	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	3-2 List of material topics	94-95				
Economic performance						
GRI 3: Material Top-ics 2021	3-3 Management of material topics	93				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	121-229				
	201-2 Financial implications and other risks and opportunities due to climate change	279				
	201-3 Defined benefit plan obligations and other retirement plans	331				
	201-4 Financial assistance received from government	-	201-4 A,B,C	N/A	The Group does not received financial assistance from the Government	
Indirect economic impacts						
GRI 3: Material Top-ics 2021	3-3 Management of material topics	258				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	259				
	203-2 Significant indirect economic impacts	258-260				

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
Procurement practices						
GRI 3: Material Top-ics 2021	3-3 Management of material topics	256				
GRI 204: Procure- ment Practices 2016	204-1 Proportion of spending on local suppliers	256				
Tax						
GRI 3: Material Top-ics 2021	3-3 Management of material topics	335				
GRI 207: Tax 2019	207-1 Approach to tax	335				
	207-2 Tax governance, control, and risk management	335-336				
	207-3 Stakeholder engagement and management of concerns related to tax	86				
	207-4 Country-by-country reporting	32				
Materials						
GRI 3: Material Top-ics 2021	3-3 Management of material topics	282				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	282				
	301-2 Recycled input materials used	282				
	301-3 Reclaimed products and their packaging materials	-	301-3 A & B	N/A	The Group does not reclaim product in its manufacturing or packaging process	
Energy						
GRI 3: Material Top-ics 2021	3-3 Management of material topics	276				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	276				
	302-2 Energy consumption outside of the organization	276				
	302-3 Energy intensity	276				
	302-4 Reduction of energy consumption	276				
	302-5 Reductions in energy requirements of products and services	-	302-5 A,B & C	N/A	The Group does not track this information at present	
Water and effluents						
GRI 3: Material Top-ics 2021	3-3 Management of material topics	274				

GRI CONTENT INDEX TOOL

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	274				
	303-2 Management of water discharge related impacts	281				
	303-3 Water withdrawal	274				
	303-4 Water discharge	281				
	303-5 Water consumption	274				
Biodiversity						
GRI 3: Material Top-ics 2021	3-3 Management of material topics	283				
GRI 304: Biodiversi-ty 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected ar-eas and areas of high biodi-versity value outside protect- ed areas	283				
	304-2 Significant impacts of activities, products and services on biodiversity	283				
	304-3 Habitats protected or restored	283				
	304-4 IUCN Red List species and national conservation list species with habitats in are-as affected by operations	283				
Emissions						
GRI 3: Material Top-ics 2021	3-3 Management of material topics	278				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	278				
	305-2 Energy indirect (Scope 2) GHG emissions	278				
	305-3 Other indirect (Scope 3) GHG emissions	278				
	305-4 GHG emissions intensity	278				
	305-5 Reduction of GHG emissions	278				
	305-6 Emissions of ozone- depleting substances (ODS)	-	305-6 A,B,C & D			The Group does not track this information present
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		305-7 A,B & C			
Waste						
GRI 3: Material Top-ics 2021	3-3 Management of material topics	280				
GRI 306: Waste 2020	306-1 Waste generation and significant waste related impacts	280				
	306-2 Management of significant wasterelated impacts	280				

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
	306-3 Waste generated	280				
	306-4 Waste diverted from disposal	280				
	306-5 Waste directed to disposal	280				
Employment						
GRI 3: Material Top-ics 2021	3-3 Management of material topics	245				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	246				
	401-2 Benefits provided to fulltime employees that are not provided to temporary or parttime employees	-	401-2 A & B	N/A	The Group does not engaged employees on parttime basis	
	401-3 Parental leave	-	401-3 A, B, C,D & E		The Group does not track this information present	
Labor/management relations						
GRI 3: Material Top-ics 2021	3-3 Management of material topics	250				
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	250				
Occupational health and safety						
GRI 3: Material Top-ics 2021	3-3 Management of material topics	247				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	247				
	403-2 Hazard identification, risk assessment, and incident investigation	247				
	403-3 Occupational health services	247				
	403-4 Worker participation, consultation, and communication on occupational health and safety	247				
	403-5 Worker training on occupational health and safety	248				
	403-6 Promotion of worker health	247				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	247				
	403-8 Workers covered by an occupational health and safety management system	247				
	403-9 Work-related injuries	248				
	403-10 Work-related ill health	248				

GRI CONTENT INDEX TOOL

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
Training and education						
GRI 3: Material Top-ics 2021	3-3 Management of material topics	248				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	248				
	404-2 Programs for upgrading employee skills and transition assistance programmes	249				
	404-3 Percentage of employees receiving regular performance and career development reviews	251				
Local communities						
GRI 3: Material Top-ics 2021	3-3 Management of material topics	258				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	258-260				
	413-2 Operations with significant actual and potential negative impacts on local communities	-	413		We have not identified any operations with significant negative impacts on local community	
Customer health and safety						
GRI 3: Material Top-ics 2021	3-3 Management of material topics	256				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	256				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	256				

CORPORATE INFORMATION

Name of Company

Hayleys PLC
(A public limited company, incorporated in Sri Lanka in 1952)

Company Number

PQ 22

Stock Exchange Listing

The ordinary shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka

Registered Office

Hayley Building,
P.O. Box 70, 400, Deans Road,
Colombo 10, Sri Lanka
Telephone: (94-11)2627000
Facsimile: (94-11)2699299
Website: <http://www.hayleys.com>

Directors

A M Pandithage – Chairman & Chief Executive
K D D Perera - Co-Chairman (Non - Executive)
S C Ganegoda
H S R Kariyawasan
Dr. H Cabral, PC
L R V Waidyaratne
M H Jamaldeen
M Y A Perera
Mrs. J Dharmasena
R J Karunarahah
K D G Gunaratne
Ms. A A K Amarasinghe
(Alternate to K D D Perera)

Group Management Committee

A M Pandithage – Chairman & Chief Executive
S C Ganegoda
H S R Kariyawasan
L R V Waidyaratne
Mrs. J Dharmasena
W G R Rajadurai
E R P Goonethileke
Mrs. D Talpahewa
C De Silva
N R Ranatunge
D W P N Dediwela
H Prematillake
Ng Soon Huat
M Wijewardene
R J Karunarahah
W Jayasekara
(appointed w.e.f 01. 08. 2021)
M M A R P Goonetilleke
(appointed w.e.f 15.09.2021)

Audit Committee

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

Remuneration Committee

Dr H Cabral, PC – Chairman
K D D Perera
M H Jamaldeen
M Y A Perera

Nomination Committee

A M Pandithage – Chairman
K D D Perera
Dr H Cabral, PC

Related Party Transaction Review Committee

Dr H Cabral, PC - Chairman
S C Ganegoda
M Y A Perera

Secretaries

Hayleys Group Services (Private) Limited
400, Deans Road, Colombo 10, Sri Lanka
Telephone: (94-11)2627650
Facsimile: (94-11)2627645
E-mail: info.sec@hayleys.com

Please direct any queries about the administration of shareholdings to the Company Secretaries

Investor Relations

Please contact Strategic Business Development Unit
Telephone: (94-11)2627662
E-mail: lasantha.somaratne@sbdu.hayleys.com

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE SEVENTY FIRST ANNUAL GENERAL MEETING OF HAYLEYS PLC WILL BE HELD ON THURSDAY, 30TH JUNE 2022 AT 12.15 P.M. VIA ONLINE MEETING PLATFORM FOR THE FOLLOWING PURPOSES:

1. To consider and adopt the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2022 with the Report of the Auditors thereon.
2. To re-elect as a Director Mr. R. J. Karunarahah, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company.
3. To re-elect as a Director Dr. H. Cabral, PC, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company.
4. To re-elect as a Director Mr. M. Y. A. Perera, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company.
5. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. A. M. Pandithage, in terms of Section 211 of the Companies Act No. 07 of 2007, who retires having attained the age of seventy one years.

Ordinary Resolution

'That Mr. Abeyakumar Mohan Pandithage, who has attained the age of seventy one years be and is hereby re-appointed a Director for a further period of one year and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the appointment of the said Director'.

6. To authorise the directors to determine donations and contributions to charities for the ensuing year.
7. To re-appoint Messrs. Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2022/23 and to authorise the Directors to determine their remuneration.
8. To consider any other business of which due notice has been given.

By Order of the Board

HAYLEYS PLC

HAYLEYS GROUP SERVICES (PRIVATE) LIMITED

Secretaries

Colombo
2nd June 2022

NOTE :

1. The Annual Report of the Company for 2021/22 is available on the corporate website <https://www.hayleys.com/investor-relations> and on the Colombo Stock Exchange website - <https://www.cse.lk>
2. In the interest of protecting public health the Annual General Meeting of the Company will be held as a virtual meeting via an online meeting platform. Details are given in the circular to shareholders.
3. A Shareholder is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Shareholder of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at No. 400, Deans Road, Colombo 10, Sri Lanka or must be emailed to hayleysagm@secretarial.hayleys.com not less than forty eight (48) hours before the time fixed for the Meeting.

FORM OF PROXY

I/We* (full name of shareholder**)

NIC No./Reg. No. of Shareholder (**)

of

being Shareholder/Shareholders* of HAYLEYS PLC hereby appoint,

1. (full name of proxyholder**)

NIC No. of Proxyholder (**)

of or failing him/her

2. ABEYAKUMAR MOHAN PANDITHAGE (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our * proxy to attend and vote as indicated hereunder for me/us* and on my/our* behalf at the Seventy First Annual General Meeting of the Company to be held on Thursday, 30th of June 2022 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

	For	Against
1. To consider and adopt the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2022 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect as a Director Mr. R. J. Karunarah, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect as a Director Dr. H. Cabral, PC, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect as a Director Mr. M. Y. A. Perera, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
5. To propose the Ordinary Resolution as set out in the Notice for the re-appointment of Mr. A.M. Pandithage, in terms of Section 211 of the Companies Act No.07 of 2007, who retires having attained the age of seventy years.	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorise the directors to determine donations and contributions to charities for the ensuing year.	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-appoint Messrs. Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2022/23 and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

(**) The proxy may vote as he thinks fit on any other resolution brought before the Meeting of which due Notice has been given.

As witness my/our* hands this day of 2022.

Witnesses: Signature :

Name : Signature of Shareholder

Address : Signature of Shareholder

NIC No :

Notes:

(a) * Please delete the inappropriate words.

(b) A shareholder entitled to attend and vote at the Annual General meeting of the Company, is entitled to appoint a proxy to attend and vote instead of him/her and the proxy need not be a shareholder of the company.

** Full name of shareholder/proxy holder and their NIC Nos and Witness are mandatory. Your Proxy Form will be rejected if these details are not completed.

(c) A shareholder is not entitled to appoint more than one proxy to attend on the same occasion.

(d) Instructions are noted on the reverse hereof.

(e) This Form of Proxy is in terms of the Articles of Association of the Company.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION :

1. To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, Hayleys Group Services (Pvt) Ltd at No.400, Deans Road, Colombo 10, Sri Lanka not less than 48 hours before the start of the Meeting.
2. In perfecting the Form of Proxy, please ensure that all requested details are filled in legibly including mandatory details. Kindly Sign and fill in the date of signing.
3. If you wish to appoint a person other than the Chairman of the Company (or failing him, one of the Directors) as your proxy, please insert the relevant details at (1) overleaf. The proxy need not be a member of the Company.
4. Please indicate with an X in the space provided how your proxy is to vote on the resolutions. If no indication is given, the proxy in his discretion will vote as he thinks fit. Please also delete (***) if you do not wish your proxy to vote as he thinks fit on any other resolution brought before the meeting.
5. In the Case of a Company /Corporation the proxy must be under its common seal which should be affixed and attested in the manner prescribed by its Articles of Association.

In the case of the individual shareholders, the signature of the shareholder should be witnessed by any person over 18 years of age.
6. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.
7. In case of Marginal Trading Accounts (slash accounts), the form of Proxy should be signed by the respective authorised Fund Manager/Banker with whom the account is maintained.

INVESTOR FEEDBACK FORM

To request information or submit a comment / query to the Company, please complete the following and return this page to -

Strategic Business Development Unit
Hayleys PLC
P.O Box 70 , No.400, Deans Road, Colombo 10, Sri Lanka.

Telephone : (94 -11)262 7662
E-mail : lasantha.somaratne@sbdu.hayleys.com

Name :

Permanent Mailing Address :

Contact Numbers - (Tel) :
County Code Area Code Number

- (Fax) :
County Code Area Code Number

E-mail :

Name of Company :
(If Applicable)

Designation :
(If Applicable)

Company Address :
(If Applicable)

Queries / Comments :

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No.400, Deans Road, Colombo 10, Sri Lanka.
www.hayleys.com