DESIGNED TO PROTECT

Handling you with care

Dipped Products PLC - Annual Report 2020/21

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www.dplgroup.com

Designed to Protect

At DPL we are a renowned entity designed to protect our customers, drive stakeholder values, and sustain the communities and the environment in which we operate. That's how we forged ahead purposefully with streamlined processes and best practices to redefine our core values and unwavering commitment each year.

The year under review proved to be an exceptional one in terms of performance as we continued to preserve a remarkable reputation for innovation, quality and responsible manufacturing practices; demonstrating the best performance in the history of our existence.

As we continue to uphold our corporate strengths, and diversify our portfolio to cater to evolving stakeholder needs; we are honing our focus, capabilities, technologies and business to shape our progress, while expanding our capacity to explore new avenues to enrich our offering of protection, trust and care.

Dipped Products PLC. We're designed to protect.

DPL
Handling you with care

PERFORMANCE

DPL delivered a year of remarkable growth and profitability to achieve the Group's highest-ever revenue and profit. The performance reflects the Group's ability to swiftly increase capacity utilisation over the short-term through re-engineering processes, optimising resources and embracing new ways of working; this in turn enabled DPL to capitalise on the opportunity presented by the surge in demand for gloves.

52%

Growth in revenue supported by the surge in demand and customer acquisition

Rs. 7.19 Bn

Profit-Before-Tax

Rs. 5.83 Bn

Profit-After-Tax

VALUE TO PEOPLE

As a Group with far reaching stakeholder impacts across its value chain, the Group is committed to delivering shared value in its operations.

Rs. 2.83 Bn

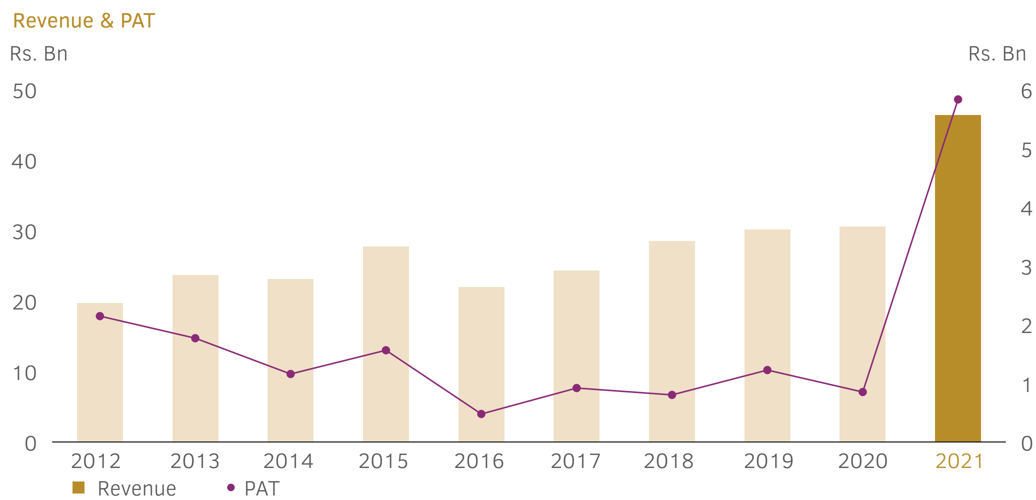
Payments to employees

Rs. 15.56 Bn

Inject to supply chain partners of which 64% are small scale suppliers

1,418

New farmers added to DPL Firstlight



DPL delivered a year of remarkable growth and profitability to achieve the Group's highest-ever revenue and profit.

SUSTAINABILITY

The Group has embedded social and environmental consciousness into its strategy, processes and daily operations and made significant progress in its sustainability agenda during the year.

93%

Reliance on renewable energy through conversion to bio-mass boilers

5%

Reduction in carbon intensity (per pair of gloves)

+80% YoY

Sustainable water sourcing

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DESIGNED WITH PRECISION

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DESIGNED TO DOMINATE

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DESIGNED TO ENRICH

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VISION

To be the preferred and most sought after provider of hand protection wear in the world.

MISSION

DPL strives to be the preferred global hand protection provider. We are committed to the continual improvement of our business processes and systems.

We shall comply with environmental and social obligations, meet the aspirations of our employees, suppliers and shareholders and build relationships of trust.

OUR APPROACH TO REPORTING

OUR INTEGRATED ANNUAL REPORT

Our 7th Integrated Annual Report aims to provide a concise and balanced assessment of how Dipped Products PLC generated value to its diverse stakeholders, through directing a holistic strategy that responds effectively to emerging market dynamics. The Report also provides relevant information on how the Group was governed, its key risks and strategic and performance outlook over the medium-to-long term.

INTEGRATED REPORTING BOUNDARY

FINANCIAL REPORTING BOUNDARY

DPL Handling you with care

Subsidiaries engaged in the Hand Protection Sector

Subsidiaries engaged in the Plantation Sector

Employees

Customers

Business partners

Communities

Government

Report Profile

The Report covers the period from April 1,2020 to March 31,2021. We adopt an annual reporting cycle and this Report builds on the previous report covering the twelve months to March 31,2021. The only material re-statement of information involves the computation of the carbon footprint, the description of which is given on page 87 of this Report.

Determining material content

In line with its parent entity, Hayleys PLC, DPL reviews its material topics annually to ensure relevance and accuracy. The materiality assessment follows a 7-part test (listed below) and the material aspects included in this Report are a combination of those prescribed by the GRI guidelines and those specific to our industry, value creation model and strategy. The process for determining material matters is detailed on page 58 of this Report.

7-PART MATERIALITY TEST

- Financial impact
- Stakeholder impact
- Opportunity for innovation
- Reputation
- Externalities
- Strategic relevance
- Risk

Combined Assurance

The Group applies a combined assurance model in its reporting. In addition to the Group's system of internal controls and internal audit function assurance on the financial statements is provided by Messrs. Ernst and Young. For sustainability reporting, the Group engages in quarterly reporting to the Hayleys PLC Sustainability Unit, which conducts a review on the accuracy and reliability of the information.

Directors' Responsibility

DPL's Board of Directors is ultimately responsible for ensuring the integrity of this Report. We hereby confirm that the 2020/21 Report addresses all relevant material matters and fairly represents the Group's integrated performance. We also confirm that the Report has been prepared in line with the guidance provided in the Integrated Reporting Framework of the International Integrated Reporting Council.

Signed on behalf of the Board,

N A R R S Nanayakkara
Director - Finance

FEEDBACK

We are committed to consistently enhancing the readability and relevance of our Annual Report and welcome any suggestions you may have in terms of what you would like to see in our next Report. Please direct your feedback to,

Director-Finance
Dipped Products PLC
400, Deans Road
Colombo 10
Sri Lanka
E-mail: postmast@dplgroup.com

Reporting improvements

- Adoption of the revisions to the Integrated Reporting Framework published in January 2021
- Adoption of the Gender Parity Reporting Framework of CA Sri Lanka
- Increased disclosure of non-financial information pertaining to the Group's plantation sector
- Increased use of connected performance drivers showcasing connectivity between financial and non-financial performance
- Demonstrate implications of COVID-19 wherever relevant
- Refined and improved the computation of the carbon footprint

NAVIGATION ICONS

Six capitals	Strategic priorities
Financial	Profitable growth
Manufactured	Innovation and digitisation
Human	Value Chain and Community
Intellectual	Customer focus
Social & Relationship	Inspired and dedicated team
Natural	Climate action

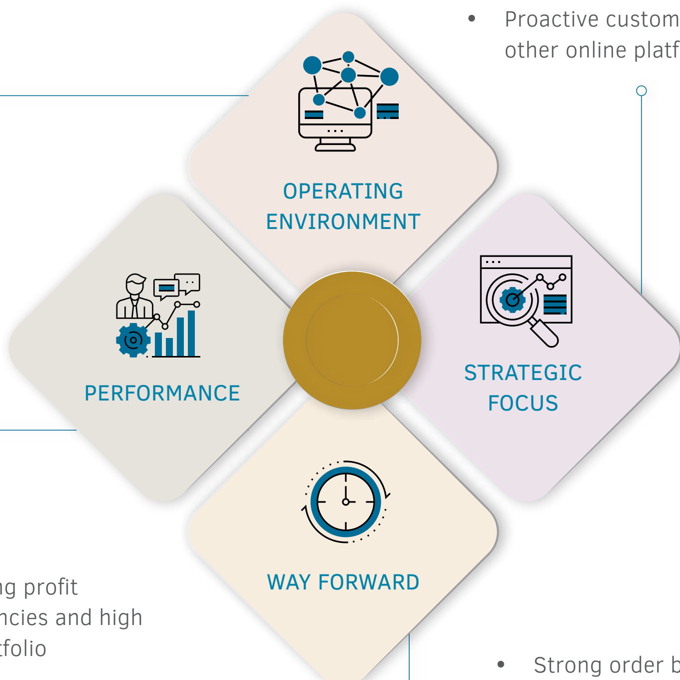
AN EXTRAORDINARY YEAR

2020/21 IN REVIEW

The DPL Group concluded the most successful year in its operating history, achieving record growth and profitability in a year which was undoubtedly one of the most challenging of this generation. The Group's success during the year was underpinned by its strategic agility and timely interventions over the last few years, which aptly positioned DPL to capture opportunities emerging from the unprecedented operating conditions in 2020/21.

- Challenges in securing raw materials due to supply chain disruptions
- Logistical challenges arising from shipping delays and increase in freight rates
- Sharp increase in demand for disposable gloves, which in turn led to an escalation in the price of raw materials
- 16% increase in tea prices during the year

- Increased capacity utilisation through resource optimization and new ways of working
- Capacity expansions
- Proactive working capital management including increase of stock holding periods
- Increased local procurement through DPL Firstlight
- New product development
- Increased focus on specialized gloves including electrician and industrial gloves
- Customer acquisition in household and industrial segments
- Proactive customer engagement through social media and other online platforms

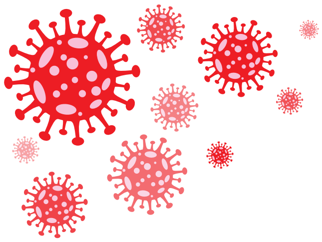


- 52% growth in revenue
- 411% growth in operating profit supported by cost efficiencies and high value added product portfolio
- 586% increase in profit-after-tax
- 62% growth in total assets

- Strong order book for 2021/22 supported by the anticipated recovery of major economies and industrial activity
- Demand expected to moderate and consolidate compared to 2020/21, but remain above pre-pandemic level due to increased safety consciousness
- Investments in capacity expansion expected to result in a 12% to15% increase in capacity

BUILDING RESILIENCE

Following the outbreak of the COVID-19 pandemic in early 2020, the Group took prompt measures to respond to the challenges stemming thereof, while also realigning its strategy to capitalise on emerging growth opportunities.



IMPLICATIONS OF COVID-19

- Disruptions to supply chains arising from limited availability of shipping facilities and cargo space which in turn rendered it extremely challenging to source raw materials.
- Surge in demand for disposable gloves and resultant increase in prices of raw materials.
- Increase in operational costs stemming from health and safety protocols and need to implement distancing measures.

Immediate priorities

- Ensuring the safety of employees through implementation of stringent health and safety measures.
- Focus on preserving liquidity through driving efficiencies and curtailing non-essential expenses.
- Secure access to an uninterrupted supply of raw materials through increasing local procurement. This included expanding the farmer base under the Group's DPL Firstlight program and proactively engaging with farmers to secure supplies.
- Proactively engaged with customers to negotiate price increases to cover additional costs.

Medium to long-term priorities

- Building a resilient and secure supply chain through diversifying supplier base and nurturing strong relationships with suppliers.
- Capacity expansions in product segments which are anticipated to record continued demand growth.
- Drive operation efficiencies to address expected cost increase.
- Increase integration of sustainability considerations to business strategy including,
  - Increased reliance on renewable energy.
  - Water recycling and re-use.
  - Sustainable sourcing of firewood for biomass.

PERFORMANCE HIGHLIGHTS

Financial Capital - (Group)

Metric		2020/21	2019/20	% Y-o-Y
STRATEGIC PRIORITY: PROFITABLE GROWTH				
Revenue	Rs. Mn	46,387	30,563	52
Operating profit	Rs. Mn	7,320	1,431	>100
Profit before tax	Rs. Mn	7,191	1,160	>100
Profit after tax	Rs. Mn	5,833	850	>100
Return on equity (%)	%	33.0	6.7	26
Return on capital employed (%)	%	24.0	7.6	16
Working Capital ratios				
Inventory days	Days	83	66	26
Debtor days	Days	58	60	(3)
Payable days	Days	63	49	31
Cash conversion cycle	Days	78	77	1
Current ratio	No. of times	1.46	1.62	(10)
Quick asset ratio	No. of times	0.73	0.89	(18)
Financial Stability				
Total assets	Rs. Mn	44,305	27,279	62
Total liabilities	Rs. Mn	25,164	13,248	90
Shareholders' funds	Rs. Mn	15,646	11,137	40
Non Controlling Interest	Rs. Mn	3,495	2,894	21
Total debt	Rs. Mn	11,326	4,762	>100
Debt/Equity	No. of times	0.59	0.34	74
Net debt (cash)/Equity	No. of times	0.40	0.21	87
Debt/Total assets	%	25.6	17.0	8
Shareholder information				
No of shares In Issue *	Number	598,615,120	59,861,512	
Earnings per share **	Rs.	8.63	1.25	>100
Dividends per share **	Rs.	2.30	0.40	>100
Net asset value per share **	Rs.	26.14	18.60	41
Closing price	Rs.	46.40	57.00	(19)
Market capitalization	Rs. Mn	27,776	3,412	>100
P/E ratio	No. of times	5.38	4.56	18
Dividend payout	%	26.7	32.0	(5)
Dividend cover	No. of times	3.75	3.13	20
Dividend yield	%	5.0	7.0	(2)

* As per the circular resolution passed on January 20,2021, the issued and fully paid Ordinary Shares of the Company were subdivided by splitting each ordinary share held into ten shares, thus increasing the number of existing issued Ordinary Shares of the Company from 59,861,512 to 598,615,120 ordinary shares without affecting an increase in the Stated Capital of the Company.

** Weighted average number of ordinary shares in 2020 has been adjusted based on post sub-division of ten shares for each ordinary share held.

Total assets

44,305
Rs. Mn

Total equity

19,142
Rs. Mn

Return on equity

33%

Market capitalisation

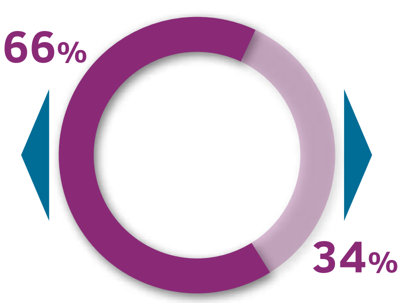
27,776
Rs. Mn

REVENUE BREAKDOWN

Hand Protection

70% revenue growth driven by,

- Capacity expansion
- Robust demand across product categories
- New product development

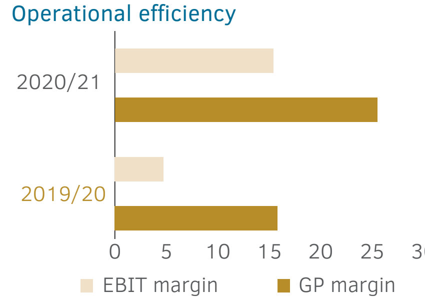


Plantations

27% revenue growth driven by,

- Increase in production volumes
- Stronger prices for tea and rubber

Operational efficiency



Profit margins upheld by improved capacity utilisation, on going cost efficiencies, smarter ways of working and a richer product mix.

	Metric		2020/21	2019/20	% Y-o-Y
Manufactured Capital	Property, plant and equipment	Rs. Mn	4,453	3,633	23
	Capital expenditure	Rs. Mn	1,344	445	>100
	Manufacturing facilities				
	- Hand Protection-locations	No	5	5	-
	- Plantations-estates	No	42	42	-
	Asset turnover ratio	%	1.10	1.41	(0.31)
Human Capital	**STRATEGIC PRIORITY: INSPIRED AND DEDICATED TEAM**				
	Total employees	No.	2,081	1,767	18
	Payments to employees	Rs. Mn	2,825	2,546	11
	Employee retention rate	%	74	81	(7)
	No. of promotions	No.	28	33	(15)
	Female representation	%	30	35	(14)
	Investment in training	Rs. Mn	8.1	8.6	(6)
	Total training hours	Hours	19,655	28,496	(31)
	Average training hours/employee	Hours	9.4	16.1	(41)
	Revenue per employee	Rs. Mn	14.62	10.13	44
	Profit per employee	Rs. Mn	2.67	0.57	>100
	Value added per employee	Rs. Mn	8.57	5.89	45
Intellectual Capital	**STRATEGIC PRIORITY: INNOVATION AND DIGITALISATION**				
	New products developed	No.	10	17	(41)
	Investment in R&D	Rs. Mn	139	114	22
	Customer satisfaction	%	80	87	(7)
	Strength of R&D team	No.	14	14	-
Social and Relationship Capital	**STRATEGIC PRIORITY: VALUE CHAIN AND COMMUNITY DEVELOPMENT**				
	Payments to suppliers	Rs. Mn	15,558	9,096	71
	Beneficiaries	No.	6,000	5,500	9
	Investment in CSR	Rs. Mn	10	4	>100
	Small scale suppliers	%	93	96	(3)
	Instances of soci0-economic regulatory non-compliance	No.	Nil	Nil	-
Natural Capital	**STRATEGIC PRIORITY: CLIMATE ACTION**				
	Energy consumption	GJ. Mn	1.86	1.62	15
	% of renewable energy	%	93	91	2
	Water consumption	M3 Mn	1.88	1.61	17
	Carbon footprint	MtCO2e	41,052	35,322	16
	Emission intensity	Kg CO2e/Per pair	0.16	0.17	(5)
	Energy intensity	MJ/Per pair	7.24	7.72	(6)
	Sustainable water sourcing	Liters Mn	284	157	80

Unless mentioned otherwise, the non-financial information relates to the Hand Protection operations, which is the focus of this Annual Report. Information on the Plantation Sector is available in respective annual reports of Kelani Valley Plantations PLC (KVPL) and Talawekelle Tea Estates PLC (TTE).

MILESTONES

2020

Highest ever performance

Revenue	-	Rs. 46.39 Bn
EBIT	-	Rs. 7.32 Bn
PBT	-	Rs. 7.19 Bn

- Commencement of significant capacity expansion projects in all manufacturing locations of the Hand Protection Sector
- Commenced implementation of SAP ERP system to Dipped Products (Thailand) Ltd

2018

- Amalgamation of Grossart (Pvt) Ltd and Neoprex (Pvt) Ltd with Dipped Products PLC
- Installation of SAP ERP System to local companies of the Hand Protection Sector

2016

Acquired 100% ownership of ICOGUANTI S.p.A Italy

2015

Incorporation of D P L Universal Gloves Ltd and Commencement of Production

2014

Incorporation of D P L Premier Gloves Ltd and Commencement of Production

2011

Acquired 66.7% ownership of Hayleys Plantation Services (Pvt) Ltd which is the holding company of TTE

1998

Incorporation of Neoprex (Pvt) Ltd

1995

- Commencement of production at Venigros (Pvt) Ltd
- Acquisition of KVPL

1994

Incorporation of Venigros (Pvt) Ltd and installation of production lines

1993

Expansion of Grossart (Pvt) Ltd

1992

- Incorporation of Grossart (Pvt) Ltd
- Awarded management contract of KVPL by the Government and Incorporation of DPL Plantations (Pvt) Ltd

1990

Acquisition of rubber thread operation

2006 – Acquisition of Hanwella Rubber Products Ltd

2005 – Commencement of production at Dipped Products (Thailand) Ltd

2003 – Incorporation of Texnil (Pvt) Ltd and Dipped Products (Thailand) Ltd

2002 – Acquisition of ICOGUANTI S.p.A, Italy

2000 – Installation of Mapics ERP System

1999 – Commencement of production at Neoprex (Pvt) Ltd

1986 – Third capacity expansion

1983 – Listed as a Public Listed entity on the Colombo Stock Exchange

1982 – Three-fold capacity expansion, plant automation and re-development of factory complex

1981 – Capacity enhancement by 166%

1977 – Commencement of trial production

1976 – Incorporation of Dipped Products Ltd

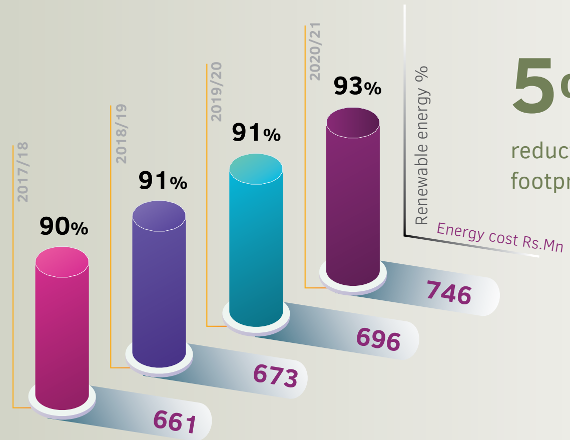
SUSTAINABILITY AS A *game changer*

DPL's sustainability agenda has undergone significant transformation and evolution in recent years. It is now an integral element of the Group's business strategy and has revealed opportunities to drive innovation across our operations- which includes transforming key processes, sourcing raw materials and influencing how supply chain partners operate. While being the right thing to do and creating social and environmental value, this approach has enhanced the Group's shareholder value creation through reducing costs and supporting margins.

REDUCING DEPENDENCE ON FOSSIL FUELS

Concerted efforts to power boilers through bio-mass sources has resulted in a sustained decline in DPL's carbon footprint since 2016/17 while leading to a gradual decline in the Group's energy costs.

- Replace fossil-fuel based power sources with bio-mass energy
- Installation of waste-water heat recovery systems
- Exploring means of sourcing sustainable firewood



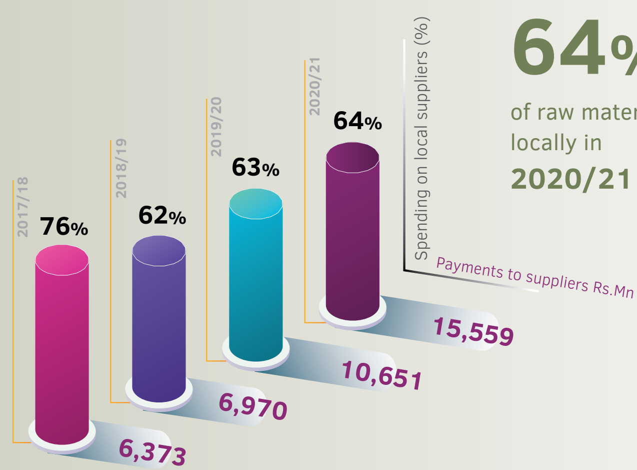
5% reduction in carbon footprint per pair

REDUCED DEPENDENCE ON FOSSIL FUELS

DEVELOPMENT OF LOCAL SUPPLIERS

Through DPL Firstlight, the Group has developed a secure supply chain while creating supplier value through ethical procurement, supplier development and wider community engagement initiatives. This has also enabled the Group to diversify its supplier base, thereby reducing vulnerability to changes to weather and resultant impacts on the prices of rubber.

- Unique pricing formula for procurement which eliminates middlemen's margins and brokerage
- Provision of technical support, input materials such as collection cups, rain guards and high-quality tapping knives
- CSR initiatives targeting the DPL Firstlight communities



64% of raw materials procured locally in **2020/21**

VALUE TO LOCAL FARMERS

CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE

Mohan Pandithage

Ng Soon Huat

Revenue growth

52%

Profit after tax

Rs.5.83Bn

The economic and social impacts of the COVID-19 pandemic have been unlike anything seen before, causing the deepest global economic recession since the Great Depression, the largest lockdowns in history and a complete upheaval in daily life

The year under review was marked by DPL's extraordinary ability to rise above unprecedented challenges and rally together with remarkable agility, ensuring that we emerge from this crisis as a stronger, faster, more resilient organisation. Through its relentless pursuit in rethinking and realigning its strategy and operating model, DPL delivered a record-breaking performance during the year with revenue increasing by 52% and profit after tax for the year amounting to Rs. 5.83 billion, the highest in the Group's operating history. Against this backdrop, it is our pleasure to present to you the Integrated Annual Report and financial statements for the financial year ended March 31,2021.

The economic and social impacts of the COVID-19 pandemic have been unlike anything seen before, causing the deepest global economic recession since the Great Depression, the largest lockdowns in history and a complete upheaval in daily life. As we come to terms with the terrible loss of lives and livelihoods, our thoughts are with those who have lost their loved ones.

Concerted efforts in empowering teams to take accountability and drive improvements enabled the Group to truly unlock and unleash the potential of its human capital

OPERATING ENVIRONMENT

The economic and social strain arising from the pandemic has been devastating, with the global economy contracting by 3.3% and millions around the world facing job losses. Sri Lanka also faced the inevitable economic toll, with GDP contracting by 3.6% and the external sector experiencing significant pressure following the capital outflows and sharp drop in tourism earnings. The Government took proactive measures to support pandemic-hit businesses and revive the economy through debt moratoriums and concessionary funding schemes, while an accommodative monetary policy stance led to the sustained reductions in market interest rates. Policy stimuli towards the export and local manufacturing sectors aimed to bolster foreign exchange income while import restrictions were imposed on non-essential items in a bid to preserve forex outflows.

Early lockdowns and proactive efforts by the Government and health authorities to curtail the spread of the virus during the first wave in March 2020, prevented an escalation of infections. Policy stimuli, roll-out of vaccinations, together with adaptation to post-pandemic realities led to a gradual recovery in ensuing quarters, with GDP growing by 1.3% during the 3rd and 4th quarters of 2020. Despite the recent resurgence of infections following the 3rd wave of the pandemic in South Asia, businesses' adaption to subdued mobility, vaccine driven confidence and a conducive policy environment is expected to drive Sri Lanka's economic revival in the medium to long-term.

Despite the broader challenges that prevailed, the operating landscape remained largely conducive for the Hand Protection Sector, which saw demand surge in view of increased emphasis on health and safety considerations. Challenges stemmed primarily from the sharp escalation in raw material prices and disruptions to supply chains. The Plantation Sector on the other hand, was impacted by an arbitrary wage hike for estate sector workers, which if implemented would pressure an already challenged industry, thereby threatening the commercial and social sustainability of this vital sector.

ADAPTING TOGETHER

While being a uniquely challenging period for the Group, 2020 was a year in which we discovered the full measure of the DPL spirit and its resilience as an organisation.

Every aspect of our operations have been impacted in some way, necessitating a rethink of the way we work and compelling us to pursue different ways in driving our strategy in a dramatically different world. Our primary focus was on the safety of our employees which we ensured through the implementation of stringent safety protocols including clearly articulated procedures, work-from-home arrangements, providing transport for employees and access to medical services, among others. The assurance we offered to our employees encouraged them to confidently return to work, thereby enabling continuity of operations which allowed the Group to successfully cater to the surge in demand for gloves as well as favorable demand for Sri Lankan tea.

As demand for gloves surged, our team, ably led by the leadership formulated innovative solutions aimed at increasing capacity utilisation in the short-term which included re-engineering machines, enhancing efficiencies and adopting new ways of working. Concerted efforts in empowering teams to take accountability and drive improvements enabled the Group to truly unlock and unleash the potential of its human capital. Despite considerable uncertainty during the first wave, the Hayleys Group along with DPL made a definitive decision to retain all employees at full remuneration, thereby ensuring their job security; accordingly, salary cuts were not imposed on any employee while bonuses and increments were also paid.

STRATEGY AND PERFORMANCE

The Group's Consolidated Turnover increased by 52% to Rs. 46.39 billion during the year, driven primarily by the Hand Protection sector which recorded a 70% growth in revenue. The record turnover for the year reflects the global surge in demand for gloves, and DPL's ability to effectively cater to this demand through timely capacity expansions, an innovative product range and strong customer relationships. The Plantation Sector's revenue also increased by 27% during the year and the Sector's proactive efforts to ensure continuity of operations. Meanwhile Consolidated Gross profit grew over three-fold to Rs.11.83 billion reflecting wider profit margins due to increased contributions from value-added products in the Hand Protection sector and ongoing focus on cost efficiencies. Overall, the Group's Profit after Tax increased over five-fold to a record high of Rs. 5.83 billion,

CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE

Driving operational excellence through digitisation, automation and efficiency improvements has been a key pillar of the Sector's strategy, which in recent years has been actioned through an organisation-wide initiative- DPL Production System

Return on Equity

33%

with the Hand Protection sector contributing Rs.4.33 billion and the Plantation sector contributing Rs.1.50 billion. Dipped Products (Thailand) Limited recorded strong turnaround following the surge in demand for disposable gloves which saw capacity utilisation increasing to 100% while ICOGUANTI- the marketing arm in Italy also delivered strong growth.

HAND PROTECTION

While the Sector's long-term strategic aspirations remained unchanged, we sought re-alignment to the conditions that prevailed. Given the need to rapidly ramp up capacity, the Sector sought to upgrade machinery, re-engineer processes and optimise resources, which in turn enabled an increase in capacity utilisation levels to 87%. The Sector also invested in upgrading capacity across all five facilities in Sri Lanka, which is expected to result in a 12% to 15% increase in installed capacity by 2021/22, positioning it for strong growth.

Driving operational excellence through digitisation, automation and efficiency improvements has been a key pillar of the Sector's strategy, which in recent years has been actioned through an organisation-wide initiative- DPL Production System. Consisting of lean initiatives, TPM and Kaizen, this holistic program generated cost savings of over Rs. 250 million during the year contributing towards improved product quality and reductions in wastage and rejects.

Innovation is part of our DNA and during the year we focused on identifying emerging customer requirements and formulating innovative products to seize these opportunities. Accordingly, 10 new products were developed during the year, comprising 5 unsupported and 5 supported gloves. We also launched a new technology platform for products, featuring unique characteristics across the categories including comfort, grip, chemical resistance, skin safety and biodegradability. The Sector also made further progress on expanding its value-added product portfolio, strengthening its proposition through products such as premium electrician gloves, and magnetically detectable gloves. In a unique innovation, we also introduced a glove manufactured using recycled PET material- an environmentally friendly product which is biodegradable and reduces landfill waste.

Our ability to effectively cater to the sudden increase in demand has strengthened our market position, enabling customer acquisition and deeper relationships with existing clients. During the year, we acquired over 36 new customers in both household and industrial segments while retaining all existing customers. We also leveraged online platforms to maintain a high level of customer engagement and achieved the satisfaction level of 80% during the year under review.

PLANTATIONS

Given the conditions that prevailed, the Plantation Sector strengthened health and safety protocols across its estates and communities, maintaining proactive engagement and directing significant resources towards supporting the nutritional, healthcare and financial needs of our people. Supported by these efforts, the Sector, along with other RPCs ensured the continued supply of Sri Lankan tea to international markets as other tea-producing countries suffered from supply disruptions stemming from the pandemic. Both KVPL and TTE are industry leaders in sustainability and product quality and continued to command premium pricing at the auctions while receiving numerous awards for labour practices, environmental preservation and community engagement.

SHAREHOLDER VALUE

As a result of its strategic agility and the extraordinary efforts of its people, the Group was able to successfully deliver on its stakeholder commitments during the year. Shareholder value measured through Earnings per Share (EPS) increased to Rs.8.63 from Rs.1.25 the previous year, while dividend per share increased to Rs. 2.30 from Rs.0.40 in 2019/20 The Group also engaged in a sub-division of shares, with each ordinary share split to 10 shares, thereby increasing the market liquidity.

LEADERSHIP AND GOVERNANCE

The Group's robust governance practices and strong leadership capabilities enabled it to navigate the unprecedented complexities presented by the operating landscape. We ensured continuity of Board activities, by shifting Board and Sub-Committee meetings to digital platforms. Board focus was directed primarily towards assessing the evolving nature of the pandemic and its implications on our business, including employee safety, demand, supply, pricing and supply chain dynamics. Despite the challenges the Group directed capital expenditure towards further strengthening its manufacturing capabilities and expanding capacity, with a long-term view to value creation. The Board also sharpened focus on risk management aspects with increased emphasis on commodity prices, possible margin pressure, and fluctuations in interest and exchange rates.

SUSTAINABILITY AND SHARED VALUE

We continued to invest in developing our employees, shifting to digital platforms for both employee engagement and training initiatives. The Group enhanced its value proposition to customers through innovation, ensuring continued supply of products and ongoing engagement through digital channels; resultantly, the Hand Protection sector achieved customer satisfaction levels averaging 80% during the year.

Meanwhile, the Group's ethical sourcing initiative DPL Firstlight has enabled DPL to develop a secure supply chain while injecting value to the rural economy through buy-back guarantees, fair pricing, supplier development and wide community engagement. During the year, the Group further expanded its base of DPL Firstlight farmers, adding 1,418 new suppliers across 04 districts. Given disruptions to international shipping and logistics operations, the Group's ability to rely on local suppliers ensured continued procurement of raw material, thereby supporting uninterrupted manufacturing.

DPL has long-since understood that environmental sustainability is not only the right thing to do, but that it makes good business sense. The Group's aspirations in gradually reducing dependence on fossil fuel-based energy sources by increasing reliance on bio-mass, has enabled it to gradually reduce its carbon footprint while supporting its commercial objectives. Over the past 3 years, the Group's carbon footprint per pair has declined by approximately 5% despite an increase in production volumes. During the year, our environmental agenda focused primarily on reducing the withdrawal of water through increasing recycling; we sought to increase the capacity of our effluent treatment plants while 9% of total water withdrawn was recycled during the year.

LOOKING AHEAD

At the time of writing this, Sri Lanka is currently experiencing a surge in COVID-19 infections with the outbreak of the 3rd wave of the pandemic. The Government has once again implemented restrictions on gatherings and mobility, although economic activities are largely expected to continue with limited disruptions. As an organisation, the learnings obtained during the 1st and 2nd waves have better equipped us to deal with this outbreak and we are confident that new safe work practices, investments in human capital, continuous improvements, and smarter ways of working will enable the Group to withstand these emerging stresses.

Despite the prevalent conditions in South Asia and Sri Lanka, we remain confident of the outlook in the Hand Protection sector. While global demand for gloves is expected to moderate and consolidate from the record-high levels experienced in 2020/21, demand is expected to remain above pre-pandemic levels due to increased health and safety consciousness post-COVID 19. DPL is aptly positioned to benefit from these emerging opportunities given recent investments in capacity expansion.

The outlook for the Plantation sector also remains positive over the medium term and we will continue to drive crop diversification, mechanization and increased automation to drive productivity improvements. The Sector's outlook is however tempered by the risk arising from the potential wage hike and we urge the Government to pursue an equitable solution which will ensure the continued commercial sustainability of plantation companies while driving continued value creation to employees and communities. We will continue to explore ways of enhancing both the productivity of our land and labour through equitable remuneration models, mechanization and automation while persistently pursuing diversification of our crop base to strengthen the resilience of our operating model and gradually reduce exposure to labour intensive crops.

APPRECIATION

As we close a defining year in DPL's history, we would like to take this opportunity to extend our gratitude to the Board of Directors for their valuable guidance during the year. The dedication and untiring efforts of the DPL team in 2020/21 has reinforced our belief that our employees are our greatest asset, and we would like to extend our deepest appreciation to the leadership team and all employees for their passion, agility and resilience. We would also like to thank all our customers, suppliers, business partners and other stakeholders for their continued support and we look forward to working with you all in the future.

Thank you.

Mohan Pandithage
Chairman

Ng Soon Huat
Managing Director

BOARD OF DIRECTORS

Left to Right

Mohan Pandithage - Chairman
Rajitha Kariyawasan - Deputy Chairman
Ng Soon Huat - Managing Director
Pushpika Janadheera - Deputy Managing Director
Dhammika Perera - Non-Executive Director
Faiz Mohideen - Independent Non-Executive Director

Sarath Ganegoda	- Non-Executive Director
Sujeewa Rajapakse	- Independent Non-Executive Director
Ramesh Nanayakkara	- Finance Director
Sujeewa Peiris	- Independent Non-Executive Director
Gamini Gunaratne	- Independent Non-Executive Director
Indika Prasad	- Sales & Marketing Director
Ms. Dinusha Bhaskaran	- (Alternate Director to Mr. Dhammika Perera)

BOARD OF DIRECTORS

Mohan Pandithage

Chairman

Chairman and Chief Executive of Hayleys PLC. Appointed to the Board of Dipped Products PLC in 2007. Fellow of the Chartered Institute of Logistics & Transport (UK). 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. Recipient of the Best Shipping Personality Award by the Institute of Chartered Shipbrokers; Leadership Excellence Recognition – Institute of Chartered Accountants of Sri Lanka; Honoured with Lifetime Achievement Award at the Seatrade – Sri Lanka Ports, Trade and Logistics; Lifetime Award for the Most Outstanding Logistics and Transport Personality of the Year – Chartered Institute of Logistics & Transport. Member of the Advisory Council, Ministry of Ports and Shipping.

Rajitha Kariyawasan

Deputy Chairman

Appointed to the DPL Board in May 2016. Appointed as the Deputy Chairman of DPL in October 2020. A member of the Hayleys Group Management Committee and a Director of Hayleys PLC since 2010. Has overall responsibility for the Purification Products sector as the Managing Director of Haycarb PLC, for the Eco Solutions sector as the Managing Director of Eco Solutions sector companies and for the Hand Protection sector as the Deputy Chairman of DPL . Serves as a nominee Director of Hayleys PLC on the Board of Sri Lanka Institute of Nanotechnology (Private) Ltd., (SLINTEC).

Holds a B.Sc. Engineering (Electronics & Telecommunications) Degree from the University of Moratuwa, Sri Lanka. Fellow Member of the Chartered Institute of Management Accountants– UK and a Six Sigma (Continuous Improvement Methodology) Black Belt, Certified by the Motorola University, Malaysia. Former Director/ General Manager of Ansell Lanka (Pvt) Ltd, and served as the Chairman of the Manufacturing Association of Export Processing Zone, Biyagama. Director/ General Manager of Ansell Lanka (Pvt) Ltd, and served as the Chairman of the Manufacturing Association of Export Processing Zone, Biyagama.

Ng Soon Huat

Managing Director

Joined DPL 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.

Pushpika Janadheera

Deputy Managing Director

Joined DPL in August 2017 as Director Operations. Appointed as Deputy Managing Director in August 2020. Responsible for the entire operations of Sri Lanka and Thailand manufacturing facilities.

Fellow Member of CA Sri Lanka. Associate Member of the Chartered Institute of Managements Accountants (CIMA-UK), Associate member of Global Management Accountants (CGMA) of UK and the National Institute of Accountants of Australia. Holds B Sc Accountancy (special) degree and an MBA from the University of Sri Jayewardenepura. Former Director of Associated Motorways (Pvt) Ltd and Director/ General Manager of Richard Pieirs Tyre Co, Ltd. Served as a council member of the Plastics and Rubber Institute of Sri Lanka. Member of the Institute of Directors.

Dhammika Perera

Non-Executive Director

Appointed to the Board in November 2010. 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.

He serves as 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 Limited, 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 LB Finance PLC, Deputy Chairman of Horana Plantations PLC. He is also an Executive Director of Vallibel Finance PLC and serves on the Boards of Amaya Leisure PLC, Haycarb PLC, Hayleys Fabric PLC. Also, a Director of Dhammika and Priscilla Perera Foundation.

Faiz Mohideen

Independent Non-Executive Director

Appointed to the Board in 2008. Holds a degree in BSc Mathematics from the University of London and a MSc in Econometrics from the London School of Economics. Served as the Deputy Secretary to the Treasury and Director General, External Resources Department of the Ministry of Finance and Planning.

Sarath Ganegoda

Non-Executive Director

Appointed to the Board of Dipped Product PLC in October 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 Jayawardenepura.

Held several Senior Management positions in large Private Sector entities in Sri Lanka as well as overseas.

Has responsibility for the Strategic Business Development Unit of Hayleys PLC, the holding Company of DPL. He serves on the Boards of Hayleys PLC, Unisyst Engineering PLC, Alumex 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 and Horana Plantations PLC

Sujeewa Rajapakse

Independent Non-Executive Director

Appointed to the Board in July 2013. Managing Partner of BDO Partners, a firm of Chartered Accountants. Fellow member of CA Sri Lanka and holds a Masters in Business Administration from the Postgraduate Institute of Management of the University of Sri Jayawardenepura.

Past President of CA Sri Lanka. Serves as the Chairman of Peoples' Bank and People's Leasing and Finance PLC, Deputy Chairman of Softlogic Life Insurance PLC. Non-Executive Director of Haycarb PLC and Hayleys Agriculture Holdings Ltd.

Ramesh Nanayakkara

Finance

Joined DPL in 1991. Appointed to the Board in July 2014. Holds a Degree in B Sc Physical Science from University of Sri Jayewardenepura. Fellow Member of Chartered Institute of Management Accountants - UK.

Sujeewa Peiris

Independent Non-Executive Director

Appointed to the Board in July 2014. Director/CEO of Bartleet Religare Securities (Pvt) Ltd., (BRS) and has over 30 years of experience in different capacities in the Capital Market of Sri Lanka through BRS. Leading Licensed Stockbroker in the industry, accounts for a well-established client network and has introduced many High net worth and Institutional Investors to the Colombo Stock Market.

Gamini Gunaratne

Independent Non-Executive Director

Appointed to the Board in August 2015. Presently serves as Chairman of Lanka Hotels and Residencies Pvt Ltd (Sheraton Colombo), Director of Hayleys PLC, Swisstek Ceylon PLC, Regnis Lanka PLC, Singer Industries(Ceylon) PLC, Lanka Walltiles PLC,Lanka Tiles PLC, Lanka Ceramic PLC and Horana Plantations PLC. Previously served as Vice Chairman of National Water Supply and Drainage Board. Board Director SLIIT International (Private) Limited.

Indika Prasad

Sales & Marketing

Joined DPL in 2001. Appointed to the Board in October 2018. Holds a Degree in B Sc Physical Science (Industrial Management – Special) with First Class Honours from University of Kelaniya and an MBA from University of Colombo.

Recipient of the Award by the National Institute for Micro, Small and Medium Enterprises; Middle management Development Programme for SME's of Africa/South Asia – Administrative Staff College of India. Served as a committee member of the Sri Lanka – USA Business Council.

Ms. Dinusha Bhaskaran

(Alternate Director to Mr. Dhammika Perera)

Appointed to the Board of Dipped Products PLC in 2015 as alternate director to Mr. Dhammika Perera. Financial and Accounting professional currently serving as the Chief Executive Officer of Vallibel One PLC.

Serves on the Board of Delmege Ltd as a Director, Non – Executive Director of Vallibel Power Erathne, LB Finance PLC. Chairperson of LB Finance PLC Audit Committee. Serves on the Boards of Hayleys Fabric PLC and Haycarb PLC as Alternate Director to Mr. Dhammika Perera.

Previously worked as a Financial Controller in several Australian companies in Melbourne for a number of years. Served as the Assistant General Manager (Finance & Planning) at Pan Asia Banking Corporation PLC.

Fellow of the Chartered Institute of Management Accountants UK (FCMA), Fellow of CPA Australia (FCPA) and an Associate Member of the Institute of Bankers, Sri Lanka.

MANAGEMENT TEAM

Left to Right

Giorgio Molinari - Managing Director- ICOGUANTI S.p.A
Chandika Ratnasiri - General Manager-Engineering
Hiran Ranasinghe - General Manager-Business Performance Improvement
Dr. Upul Ratnayake - General Manager-Group Technical & R&D
Prabath Mendis - General Manager- DPTL

Ms. Vasana Wanigasekara - General Manager - Sales
Thusitha Perera - General Manager- Human Resources
Nilaksha Pushpakumara - General Manager-Operations
Sampath Kumara - General Manager-Procurement
Asanka Fonseka - General Manager -Sales & Marketing (DUGL)

MANAGEMENT TEAM

HAND PROTECTION

A M PANDITHAGE
Chairman

H S R Kariyawasan
Deputy Chairman

NG SOON HUAT
Managing Director

R H P JANADHEERA
Deputy Managing Director

N A R R S NANAYAKKARA
Director (Finance)

K M D I PRASAD
Director (Sales & Marketing)

G MOLINARI
Managing Director ICOGUANTI S.p.A

General Managers

B K C R RATNASIRI
Engineering

H C RANASINGHE
Business Performance Improvement

DR. R M U N RATNAYAKE
Group Technical & R&D

D P P MENDIS
DPTL

MS. S V WANIGASEKARA
Sales

G D T C PERERA
Human Resources

S A N PUSHPAKUMARA
Operations

I H S R KUMARA
Procurement

H U A FONSEKA
Sales & Marketing (DUGL)

Deputy General Managers

K K D P SENANAYAKE
Procurement

W T C KUMARA
DPGL

A J M K B JAYASUNDARA
Finance

Divisional Managers

G KARUNARATHNE
Group Process

S D P R SILVA
Group Engineering

M L M FARHARTH
Group Quality

E G C S PREMADASA
Group Health & Safety

P L D R COORAY
Group Manager - Sales

C M MANUEL
Group Production Planning

H S R JAYASINGHE
Group Procurement

K M C S K PERERA
Group Manager - Warehouse & TSP

A C WIMALAWARDENA
Factory Manager (HL)

H N H JAYASINGHE
Factory Manager (DL)

DR. K A S K HEMACHANDRA
Factory Manager (DUGL)

Managers

N P BADDAGE
Centrifuging & Latex Supply

H W C N KUMARA
Compounding (DL)

MS. W A D C RODRIGO
Laboratory (DL)

L P P LANKESHWARA
Environment Regulatory & Management (DL)

M U WETTASINGHE
Engineering (DL)

MS. H D DANGALLE
Research & Development (DL)

W S PERERA
Engineering (DL)

S A SILVA
Training & Development

P R PUNCHIHEWA
Production (DL)

MS. K A WEERASINGHE
Quality Control (DL)

P H C RAVIHANSA
Human Resources (DL & HL)

K C RUPARATHNA
Production (HL)

MS. S N MAYADUNNE
Quality Control (HL)

S A C P KUMAR
Human Resources (DPGL & DUGL)

N K SAMARASINGHE
Quality Control (DPGL)

H A S HETTIARACHCHI
Production (DPGL)

F B I N C S BANDARA
Engineering (DPGL)

T S SAMARATHUNGA
Knitting & Plying (DUGL)

H A C JAYAWARDENA
Glove Designing (DUGL)

T H L SENEVIRATNE
TSP & Warehouse (DUGL)

W A K HARISCHANDRA
Energy & Sustainability

D G THANADAKKARA
Business Development (Disposable Gloves)

MS. B J V DABARE
Regional Business Development

MS. W P NONIS
Regional Business Development

D K R THOMAS
Regional Business Development

D I WICKRAMASURIYA
Logistics

L Y WICKRAMARACHCHI
Packing Materials

MS. A M A ATTANAYAKE
Finance

H G N BUDDHIKA
Finance

S H WIJESINGHE
Projects

R M D N RATHNAYAKE
Projects

MS. M K S KUMARARATHNE
Regional Business Development

M A D I P WICKRAMARATNE
IT

C N MALLIKARATCHY
Production & Compounding (DPTL)

W D R JAYASEKARA
Finance (DPTL)

NIPOL SAMOLEE
HR/SMR/Packing/ME (DPTL)

N NAVAPARITTHIKUL
QA/QC/WT (DPTL)

ANANDA LANSAKARA
Engineering & EMS (DPTL)

MS. S JINDARAT
Business Development (DPTL)

D H A A SANDAKELUM
R&D and Process Control

ENRICO GIULIANO
Commercial (ICOGUANTI S.p.A)

GIUSEPPINA AGENO
Product and Quality (ICOGUANTI S.p.A)

LUCA PARODI
Purchasing & IT (ICOGUANTI S.p.A)

SALVATORE BARRACO
Admin & Treasury (ICOGUANTI S.p.A)

PLANTATIONS

A M PANDITHAGE
Chairman

W G R RAJADURAI
Managing Director - KVPL/TTEL/HPL

Kelani Valley Plantations PLC

A WEERAKOON
Director/CEO

Operational Directors

R N A BANDARANAYAKE
Director Plantations (Tea)

Y U S PREMATHILAKE
Director Plantations (Rubber)

General Managers

R D G FERNANDO
Rubber Marketing & Administration

R M V W WEERABAHU
Finance

A T GAMAGE
Human Resources & Corporate Sustainability

D M WICKRAMARATNE
Marketing

Regional General Managers

K W S F FERNANDO
Kiriporuwa

A P SENANAYAKE
Nuwara Eliya Region

P D PATHIRANA
Pedro

D I GALLEARACHCHI
Invery

Deputy General Managers

D E P K WELIKALA
Panawatte

A M C B ATTANAYAKE
Annfield

Talawakelle Tea Estates PLC

S B ALAWATTEGAMA
Director/CEO

N P ABEYSINGHE
Director – Plantations

M T D RODRIGO
Director - Strategic Performance

Management

General Managers

MS. V A PERERA
GM-Finance

H R L S BANDARA
DGM-Finance

Regional General Managers - Estates

P G G JAYATHILAKE
Kiruwanaganga

G K WIJESEKERA
Somerset

Snr. Deputy General Manager - Estates

A C M BANDARANAYAKE
Dessford

Deputy General Manager - Estates

E S B A EGODAWELA
Bearwell

ABOUT US

DPL is one of the world's largest manufacturers of protective hand-wear, serving close to 5% of global demand for natural and synthetic-latex based household and industrial gloves. With five manufacturing facilities in Sri Lanka and Thailand, the Group offers an array of high-quality, innovative products which are sold in over seventy countries. The Company's subsidiaries, KVPL and TTE are among Sri Lanka's leading regional Plantation companies, producing Considerable amount of Sri Lanka's tea and rubber production through more than forty two estates in five districts. DPL is part of Hayleys PLC, one of Sri Lanka's most respected and diversified business conglomerates which commands leading positions across key sectors.

HAND PROTECTION

PRODUCT RANGE

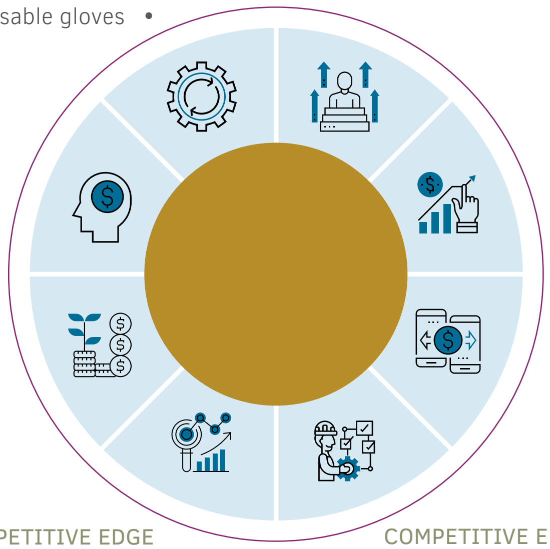
- 100 variants of supported gloves
- 198 variants of unsupported gloves
- 55 variants of disposable gloves

OPERATING LOCATIONS

- 4 manufacturing facilities in Sri Lanka
- 1 manufacturing facility in Thailand
- Marketing and Distribution arm in Italy

COMPETITIVE EDGE

- Innovation driven by strong R&D capabilities
- State-of-the-art manufacturing capabilities
- Comprehensive array of products
- Sustainable approach to value creation



PLANTATIONS

PRODUCT RANGE

- High, low and medium-grown tea
- Rubber

OPERATING LOCATIONS

- 42 estates in 5 districts
- 12,845 hectares cultivated

COMPETITIVE EDGE

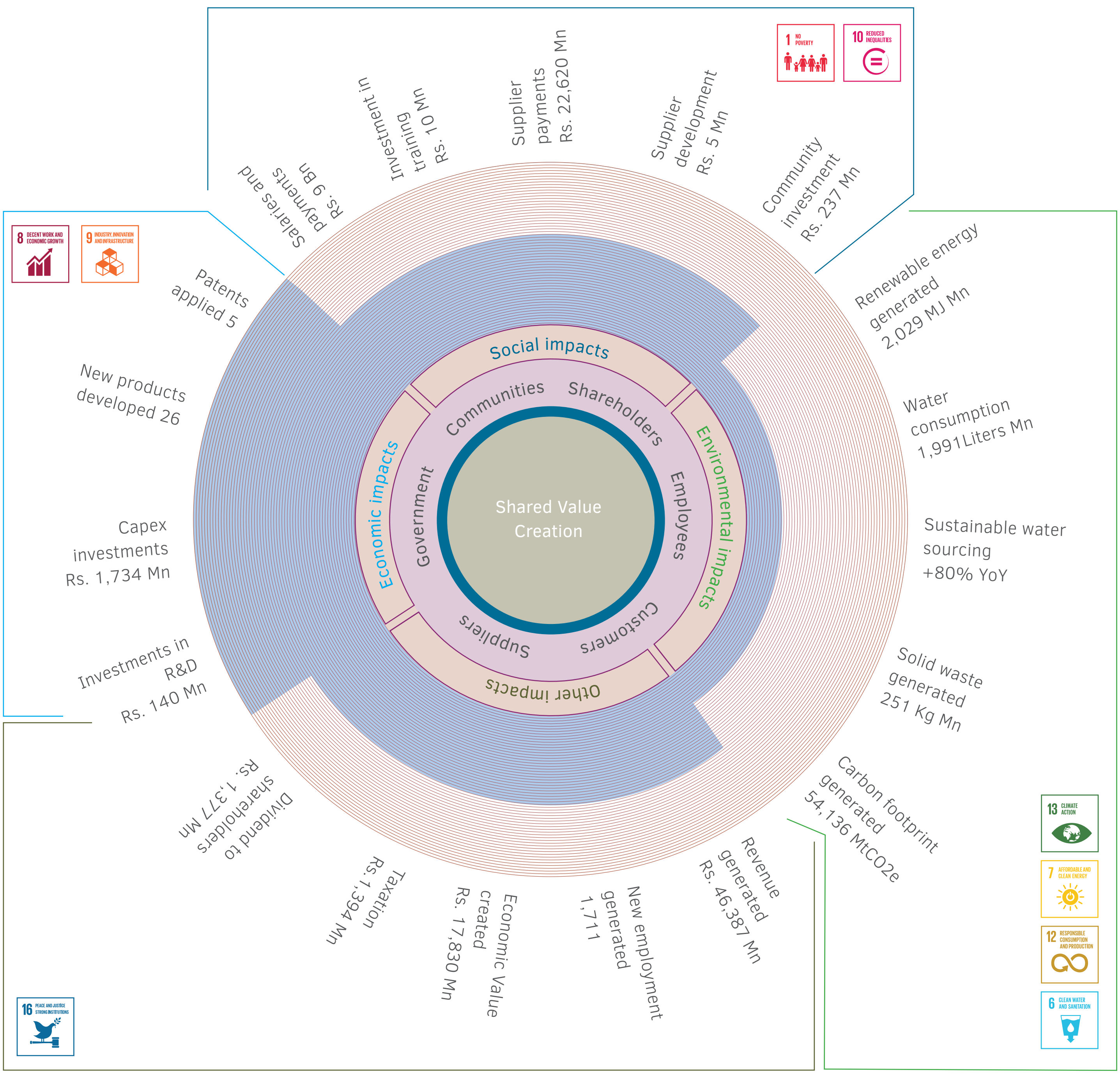
- Strong reputation for quality
- Strategic focus on environmental and social sustainability
- Compliance to a host of international certifications

Revenue	Total assets	Operating profit	Profit-after-tax	Employees	Value chain partners
46,387	44,305	7,320	5,833	16,712	6,000+
Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn		

OUR IMPACTS

"As a value-added exporter, DPL is a significant generator of foreign exchange, accounting for 28% of the country's total glove exports"

The following highlights provide an overview of DPL's consolidated socio-economic and environmental impacts, including both the Hand Protection and Plantation Sectors. Other sections of the Report primarily represent the information for the Hand Protection sector, as Hand Protection is the Report's key focus. Detailed information relating to the Group's Plantation Sector is available in the KVPL and TTE Annual Reports which are available for download.



GROUP STRUCTURE

The Hand Protection and Plantation Sectors are run relatively independently, with both Regional Plantation Companies, listed separately on the Colombo Stock Exchange.

The Group structure is presented below:

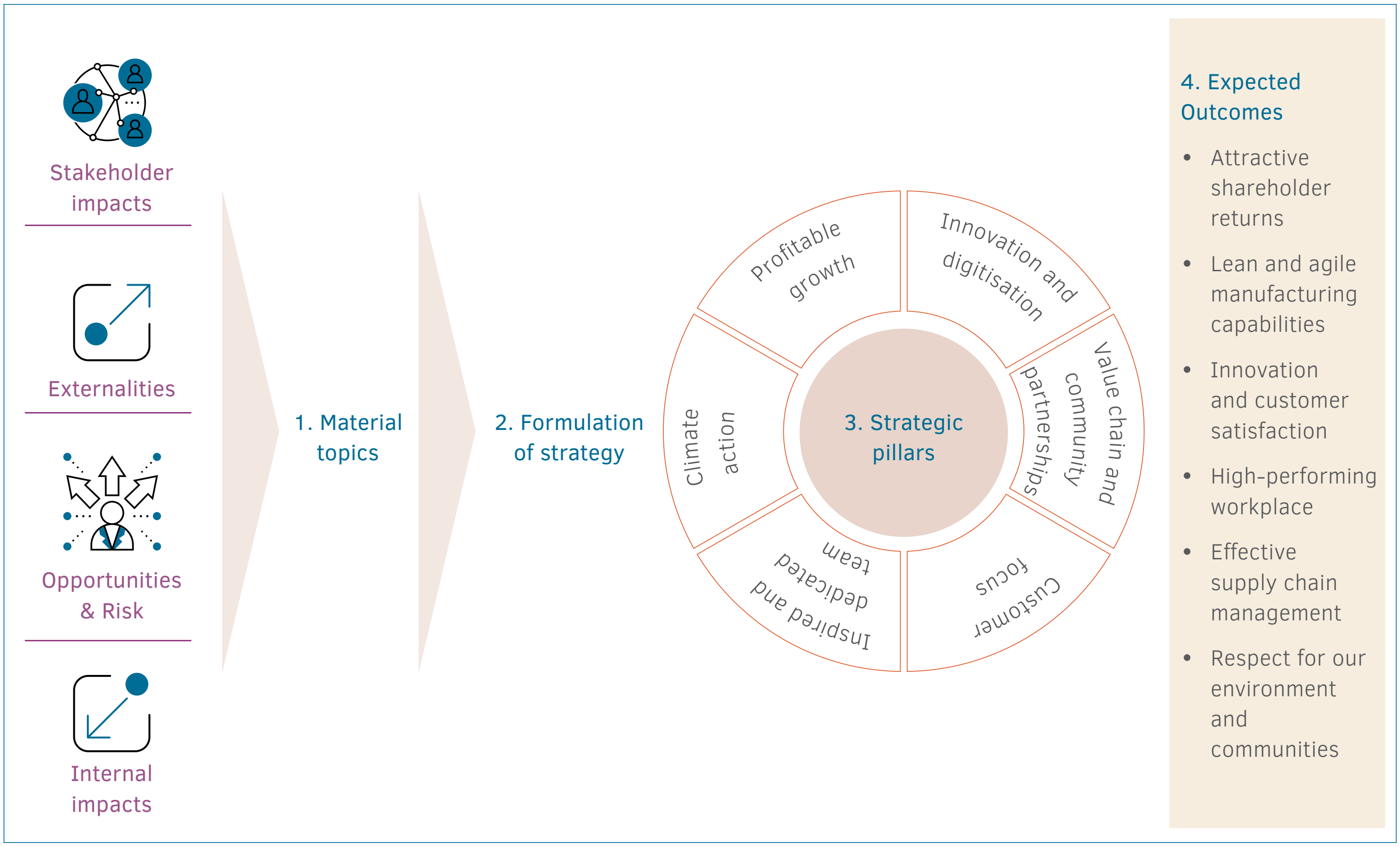
Dipped Products PLC

Manufacture and marketing of industrial and general purpose rubber gloves, Management of tea and rubber plantations

- **Hand protection**
  - Dipped Products (Thailand) Ltd (99.3%) — Production of medical examination and non-medical disposable gloves
  - D P L Premier Gloves (100%) — Production of household and industrial unsupported gloves
  - D P L Universal Gloves (100%) — Production of fabric supported and industrial gloves
  - Hanwella Rubber Products Ltd (72.6%) — Production of household and industrial unsupported gloves
  - ICOGUANTI S.p.A (100%) — Marketing arm based in Italy
- **Plantations**
  - D P L Plantations (Pvt) Ltd (100%)
    - Kelani valley Plantations PLC (72.4%) — Cultivation of tea, rubber and other export crops
    - Hayleys Plantation Services (Pvt) Ltd (66.7%)
      - Talawakelle Tea Estates PLC (74.7%) — Cultivation of tea

OUR APPROACH TO VALUE CREATION

The Group's integrated value chains are directed in a manner that creates shared value for our universe of diverse stakeholders, through a proactive strategy that considers the operating context as well as impacts of emerging risks and opportunities. Stakeholder needs are assessed on an ongoing basis to ensure that we clearly understand the expectations of our stakeholders and position ourselves to effectively respond to the same.



1 Material topics

Material topics represent the issues that are most relevant to our stakeholders and could potentially have a significant impact on the Group's ability to create value. Material topics are determined following a systematic process, which is explained in further detail on page 58 of this Report.

(Page 42)

2 Strategy formulation

The Group's strategy formulation ensures that its material topics are all considered and addressed.

(Page 46)

3 Strategic pillars

As part of the Hayleys Group, DPL's long-term strategic objectives are aligned to that of its parent entity. However, the strategic initiatives adopted are refined and tailored to suit DPL's business model, industry dynamics and stakeholder considerations.

(Page 47)

4 Expected outcomes

These reflect the long-term stakeholder outcomes DPL aspires to deliver and the social and environmental impacts it strives to create over the long-term.

(Page 58)

VALUE CREATION MODEL

CAPITAL INPUTS

Financial Capital

Shareholders and debt providers fund the Group's expansion plans and are entitled to sustainable returns

Equity: Rs. 19,142 Mn

Debt: Rs. 11,326 Mn

(Page 58 for more information)

Manufactured Capital

State-of-the art machinery, equipment and our modern factories enable us to engage in efficient and high-quality production

Manufacturing plants:
- Hand Protection sector: 05
- Plantation sector: 42 Estates

Rs. 737 Mn additions to Plant & machinery

Plant & machinery: Rs. 9,462 Mn

(Page 62 for more information)

Human Capital

Skills, attitudes and work ethic of 16,712 employees

(Page 66 for more information)

Social & Relationship Capital

Farmer relationships: 6,000+

Customer relationships: 1,000+

Other value chain partners: 6,000+

Estate communities: 58,000 individuals

(Page 74 for more information)

Intellectual Capital

Tacit knowledge and capacity for innovation

Systems, processes and standards

New Products - 25

(Page 80 for more information)

Natural Capital

Land: 19,647.05 Hectares

Raw materials: 12,000 MT

Water use: 1,991 Liters Mn

Energy consumption: 2,242 MJ Mn

(Page 84 for more information)

VISION: To be the preferred and most sought-after provider of Hand Protection wear in the world.

Strategy

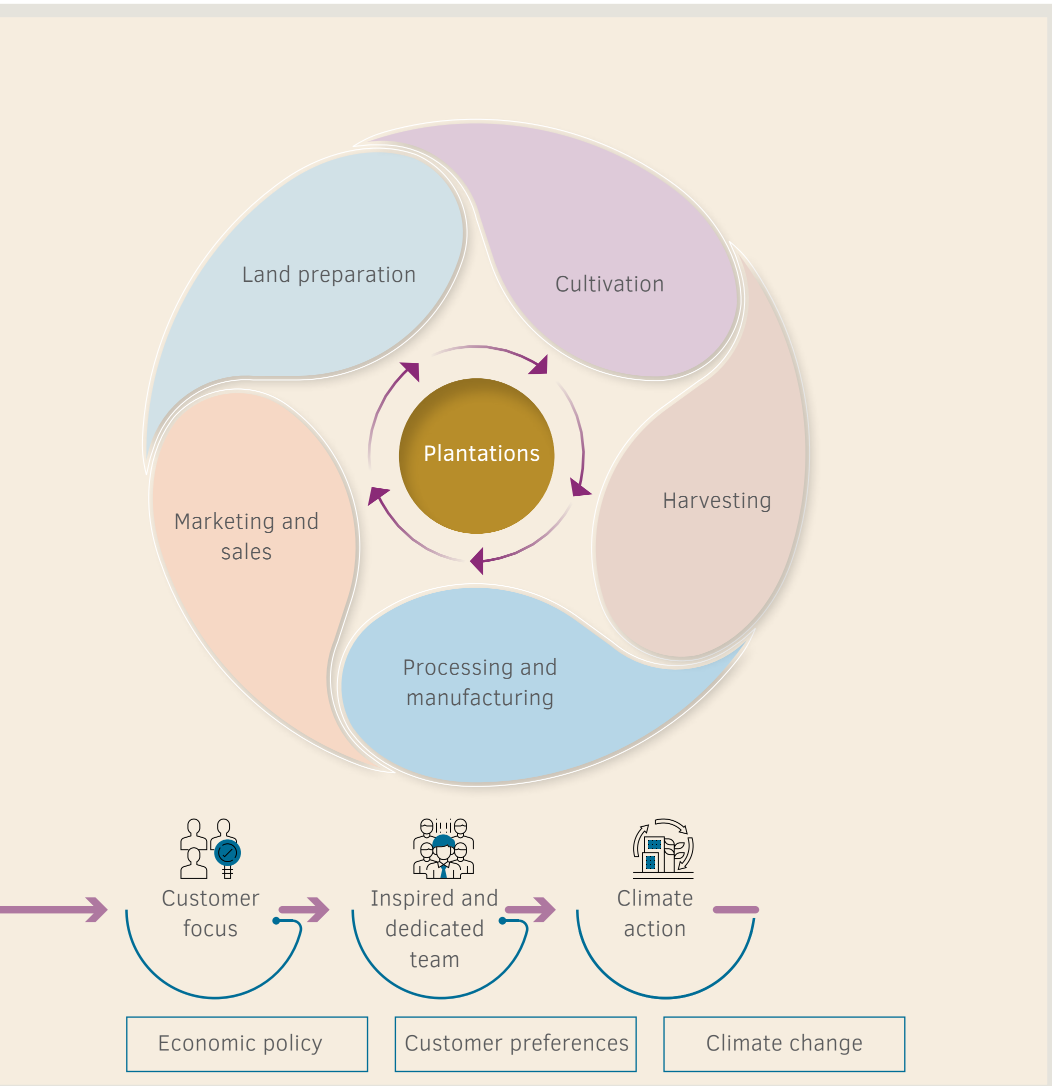
Profitable growth → Innovation and digitisation → Value chain and community

Global demand | Commodity prices

STAKEHOLDER AND BUSINESS OUTCOMES IN 2020/21

	FINANCIAL CAPITAL (Group)
+	Rs. 5,833 Mn profit after tax
+	Rs. 1,377 Mn dividend payments
-	Increase in debt of Rs. 6,564 Mn
+	Market Capitalisation increased by 8.14 times
+	Return on equity of 33%

	MANUFACTURED CAPITAL
+	Rs. 1,344 Mn capital expenditure
+	5% increase in capacity
+	87% capacity utilisation
+	6.28% increase in production volumes



OUTPUTS

Rs.30,414 Mn
Revenue from gloves

6%
Volume growth in gloves

Rs. 16,249 Mn
Revenue from plantation sector

+3,526 Mt
Rubber production

+10,847 Mt
Tea production

+93%
Renewable energy generated

-4,788 Mt
Waste

-41,052 MtCO2e
Carbon footprint

+ Positive outcomes
- Negative outcomes

	HUMAN CAPITAL
+	Rs. 2,825 Mn salaries and remuneration
+	Rs. 8.1 Mn investment in training
-	Low work place injuries

	INTELLECTUAL CAPITAL
+	Rs. 250 Mn cost savings generated through TPM and lean management
+	Rs. 417 Mn generated through 10 new products
+	Rs. 139 Mn investment in R&D
+	Initiatives to drive efficiency improvements

	SOCIAL & RELATIONSHIP CAPITAL
+	Rs. 15,560 Mn payments to suppliers, out of which 64% was to small-scale holders
+	Rs. 5.8 Mn in supplier development and training
+	Rs. 10 Mn investments in community initiatives
-	Low number of community grievances
+	86% employed from local communities

	NATURAL CAPITAL
+	93% renewable energy used
-	4.54 Mn Kg solid waste generated
-	1,882.6 litres Mn water consumption
+	9% water recycled
-	41,052 MtCO2e carbon footprint

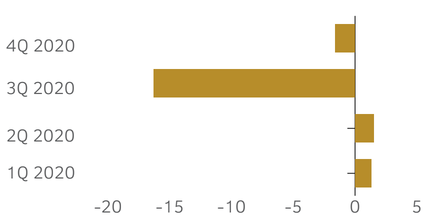
OUR OPERATING ENVIRONMENT

The dynamics in the operating environment play a key role in shaping strategy and the Group consistently monitors evolving market trends to ensure that risks are identified and mitigated while opportunities are seized. The following discussion provides a high-level overview on the Group's operating landscaped, assessed through a PESTEL analysis.

PESTEL factor	Implications on the Group	How we are responding	Strategic pillar
Global economy: The global economy contracted by 3.3% in 2020, reflecting the broad-based implications of the COVID-19 pandemic, with advanced economies and emerging markets decelerating by 4.7% and 2.2% respectively. Despite the continuing uncertainty on the progression of the virus, the road to recovery is clearer and global activity has recorded stronger rebound, particularly from the 3rd quarter of 2020. The recovery is being driven by multiple vaccination programs across the world, which can reduce the severity and frequency of infections, adaption to post-pandemic realities and accommodative fiscal and monetary policies. While recovery paths remain divergent across nations, the IMF anticipates the global economy to grow by 6% in 2021.	• Recovery of industrial activity is expected to drive demand for industrial gloves. • While expected to fall from its record levels in 2020, demand for disposable gloves is expected to be somewhat resilient given the still uncertain nature of the pandemic and the increasing prevalence towards health and safety.	• Increase capacity installed at all 4 locations in Sri Lanka and Thailand, with an expected capacity expansion of 12% to 15% by 2021/22. • Ongoing focus on specialty gloves in the industrial sector. • Aggressively pursue acquisition of new customers.	Profitable Growth Innovation and digitisation Customer focus

PESTEL factor	Implications on the Group	How we are responding	Strategic pillar
Domestic economy: The inevitable economic toll of the pandemic resulted in Sri Lanka's economy contracting by 3.6% in 2020. An accommodative policy stance and improving sentiments saw growth recovering to 1.3% by the 4th quarter of 2020, although the sharp surge of infections in recent weeks have now dimmed hopes of a swift recovery.	See table below	• Leveraging the low-interest rate scenario to pursue debt-funded capacity expansions. • SWAP the export revenue with import expenses to net off depreciation impact and more resilience on local supply.	Profitable Growth

GDP growth

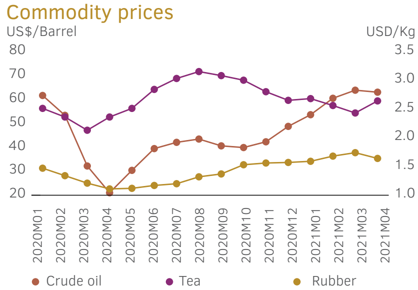


Economic variable	Implications
Sustained decline in interest rates.	Support profitability through reductions in borrowing costs Low-cost funding for capital expansions.
Sharp depreciation in the exchange rate.	While favorable on exports, will lead to an escalation in the cost of imported raw materials.

PESTEL factor

Commodity prices: Global commodity markets experienced much volatility in 2020 with oil prices collapsing by April 2020. However, prices have recorded a gradual increase in subsequent months, supported by the rebound in industrial activity.

Commodity prices



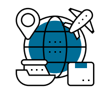
Implications on the Group

- The sharp increase in the price of natural and nitrile rubber, together with supply chain disruptions adversely impacted the Hand Protection Sector.
- The Plantation sector benefited from the robust prices during the year, particularly Sri Lankan tea which increased by an average of 16% in 2020.

How we are responding

- Expansion of supply chain with increased reliance on local procurement through the DPL Firstlight initiative.
- Increased diversification of source markets.

Strategic pillar



Value chain development

PESTEL factor

Government policy: The accommodative monetary and fiscal policy adopted by the Government has accelerated the country's recovery through providing much needed stimuli.

A key policy development impacting the Group's operations is the wage hike imposed on the Plantations sector, which mandates the daily wage of estate workers to be increased to Rs.1,000 per day.

Implications on the Group

- Imposition of the wage hike on an already pressured Plantation sector is expected to sharply affect the commercial sustainability of the RPCS, thereby threatening the survival of Sri Lanka's vital plantation sector.

How we are responding

- Through the planter's Association of Sri Lanka , both KVPL and TTE are lobbying for the implementation of a revenue-share model, which will allow estate workers to generate more income while increasing the productivity, yields and profitability of the sector.

PESTEL factor

Competition: In responding to the unprecedented surge in demand for gloves, manufacturers have enhanced capacity which is likely to lead to a downward trend in prices over the medium term.

Implications on the Group

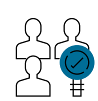
- The Group anticipates margin pressure due to the expected increase in supply.

How we are responding

- Focus on specialty, value added gloves such as Electrician Gloves.
- Ongoing efforts to strengthen customer relationships.
- Continued investment in R&D to drive innovation.

Strategic pillar

Innovation and digitisation



Customer focus

OUR OPERATING ENVIRONMENT

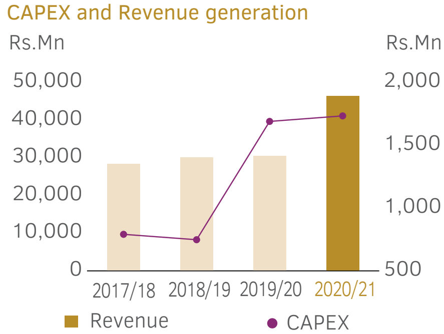
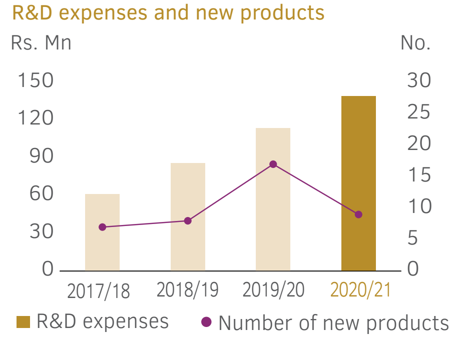
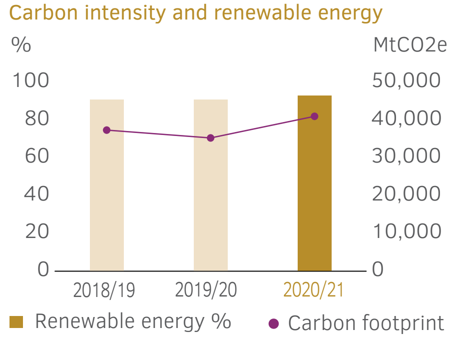
PESTEL factor	Implications on the Group	How we are responding	Strategic pillar
Labour shortages: Labour shortages are becoming increasingly acute in both the Hand Protection and Plantation sectors. This is driven by labour migration to other industries, different career aspirations of the younger generations and increased urbanisation.	• Implications on continuity of production and escalation of labour costs. • High labour turnover could lead to declines in productivity.	• Increased focus on automation and digitisation. • Enhancing labour productivity in both the Hand Protection and Plantation sectors.	Innovation and digitisation Inspired and dedicated team

PESTEL factor	Implications on the Group	How we are responding	Strategic pillar
Climate change implications: Erratic weather conditions, and natural disasters are becoming increasingly frequent across the world with severe impacts on value chains, agricultural outputs, communities and businesses. According to the World Economic Forum's Global Risk Report for 2020, natural disasters and failure to prevent climate change implications rank among the key risks both in terms of impact and likelihood.	• The plantation sector is directly impacted by these vagaries which determine volumes and yield. • The Hand Protection sector is exposed through reliance on agriculture based raw materials and the water intensity of its operations.	• Crop diversification in the Plantation Sector. • Adoption of sustainable agriculture and manufacturing practices. • Propagation of our sustainability agenda across value chain partners. • Adopt energy efficient technology and manufacturing methods.	Climate Action

PESTEL factor	Implications on the Group	How we are responding	Strategic pillar
Technology: Advances in technology and emergence of new capabilities such as data analytics, robotics and artificial intelligence have offered an unparalleled opportunity for organisations to drive considerable improvements in efficiency, productivity and reliability.	• Direct implications on enhancing operational efficiency, capacity utilisation and adapt to new ways of working.	• Technology and infrastructure upgrade in our manufacturing facilities resulted in a significant improvement in capacity utilisation. • Ongoing efforts on pursuing mechanization of our field operations in the Plantation sector.	Innovation and digitisation

TRADE-OFFS IN DRIVING OUR STRATEGY

In driving our strategy, we examine the availability, adequacy and quality of capital inputs, balancing short- and long-term objectives in ensuring sustainable value creation to all stakeholders. Listed below are the key trade-offs we made during the year and the thinking behind our decisions.

Strategic pillar and trade-off	Trade-offs in action	Capital outcomes 2020/21
PROFITABLE GROWTH The Group's ongoing investments in expanding capacity (Manufactured Capital) has necessitated a considerable outflow of funds (Financial Capital) in the short-to-medium term. However, such expansions have positioned the Group for strong earnings growth in the future, thereby increase financial capital.	CAPEX and Revenue generation 	+ Increased capacity levels and production volumes + Improvements in reliability of supply and product quality - Significant financial outlay in the short-term - Adverse environmental implications of operations
INNOVATION AND DIGITISATION Continued innovation is preceded by ongoing research and development activities, which typically require considerable financial resources (Financial Capital) as well as a strengthening of the Group's R&D team. Meanwhile increased automation and mechanisation in our estates could lead to a gradual reduction in the dependency on employees (Human capital).	R&D expenses and new products 	+ Increased customer reach and satisfaction + Increase portfolio of patented products - Financial outlay in research and development
INSPIRED AND DEDICATED TEAM During the year, both sectors placed strategic emphasis on ensuring the safety of our employees, directing significant resources to implementing safety protocols, raising awareness and facilitating work-from-home to minimise the risk of cross infection. These initiatives ensured minimal disruptions to operations and uninterrupted production.	Rs. 97 Mn investment in ensuring employee health and safety No employees faced critical accidents, illnesses during the year.	+ Strengthened employee value proposition through ensuring safety of all employees + Ensured continuity of manufacturing operations, which in turn supported the Group's financial performance
CLIMATE ACTION Both the Hand Protection and Plantation sectors have directed investments towards renewable energy, including solar and biomass which has led to a gradual reduction in the Group's carbon intensity. Over the long-term this is also expected to contribute towards cost savings, thereby supporting increased profit generation (Financial capital).	Carbon intensity and renewable energy 	+ Savings generated in the long-term due to reduced reliance on fossil fuels + Sustained reduction in the Group's carbon footprint - Financial outlay to support increased generation of renewable energy

STAKEHOLDER VALUE

We engage with a broad range of stakeholders who influence our decisions and are in turn impacted by us. We understand the critical importance of this interdependency and place strategic emphasis on understanding their concerns and expectations and responding to these issues through open and regular dialogue and solutions-focused decision making. Our stakeholder engagement frameworks are aimed at building credibility as a partner and creating shared sustainable value.

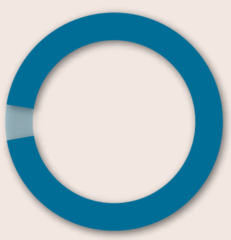
Key stakeholder issues in 2020/21

	Implications of the COVID-19 pandemic	Employee health and safety	Performance and balance sheet management	Effective risk management and governance practices	Managing environmental and social impacts
	Addressed through,				
Strategy	• Profitable growth • Innovation and digitisation • Customer focus • Inspired and dedicated team	• Inspired and dedicated team	• Profitable growth	• Robust risk management and corporate governance	• Climate action • Value chain and community partnerships

Key highlights of the Group's stakeholder engagement mechanisms and value created to stakeholders during the year are given below:

SHAREHOLDERS

549 Institutional Shareholders



9,354 Individual Shareholders

Quality of relationship: Strong

ENGAGEMENT IN 2020/21

- Annual General Meeting and publication of Annual Report (annually)
- Interim financial statements (quarterly)
- Announcements to the Colombo Stock Exchange (continuous basis)
- Corporate website (continuous basis)
- Press releases
- One-to-one engagement (when required)

VALUE CREATED - GROUP

Profit after tax
5,833
Rs. Mn

Dividend per share
2.30
Rs.

TOPICS AND CONCERNS

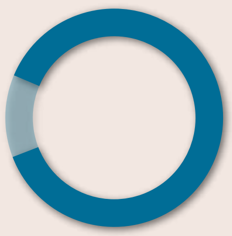
- Implications of COVID-19 on financial performance
- Effective risk management
- Clear, accurate and timely communication
- Share price performance
- Effective allocation of capital
- Resilience and effectiveness of strategy

OUR RESPONSE

- Maintained open and transparent communication on the implications of the pandemic
- Effective implementation of a robust strategy, which led to strong earnings growth
- Proactive risk management practices
- Focus on preserving balance sheet strength and liquidity

EMPLOYEES

2,081
Hand Protection



14,631
Plantations

Quality of Relationship: Strong
Retention in Hand Protection: 74%
Retention in Plantations: 90%

ENGAGEMENT IN 2020/21

- Collective agreements with trade unions (review every 2 years)
- Performance appraisals (annual)
- Staff meetings (continuous)
- Work-life balance initiatives (continuous)

VALUE CREATED - HAND PROTECTION

Salaries and payments	Investment in training	Promotions
2,825 Rs. Mn	8.1 Rs. Mn	28

TOPICS AND CONCERNS

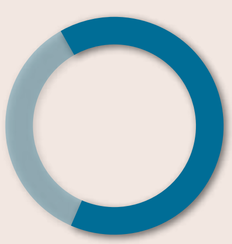
- Ensuring health and safety
- Attractive reward schemes
- Opportunities for skill development and career progression
- Job security
- Safe and conducive work environment

OUR RESPONSE

- Ensured safety of all employees through stringent health and hygiene protocols
- Ongoing engagement with trade unions
- Continued engagement through physical and digital platforms
- Ongoing investment in training and development initiatives

CUSTOMERS

350+
Hand Protection



642
Plantations

Quality of relationship: Strong
Customer Satisfaction Hand Protection 80%

ENGAGEMENT IN 2020/21

- Customer Satisfaction Surveys(annual)
- Customer Relationship Management (continuous)
- Corporate website (continuous)
- Customer visits to estates and factories (upon request)
- Participation in trade fairs
- Customer grievance mechanism (continuous)

VALUE CREATED - HAND PROTECTION

Sales generated	New products developed	Growth in sales volume
30,414 Rs. Mn	10	6.28%

TOPICS AND CONCERNS

- Value for money
- Superior product quality
- Assurance on processes, systems and products
- Ease of transactions
- Secure supply

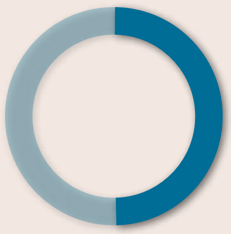
OUR RESPONSE

- Ongoing engagement with customers through digital platforms
- New products developed in line with customer requirements
- Continued compliance to quality, safety and environmental certifications

STRATEGY AND RESOURCE ALLOCATION

SUPPLIERS

3,182
Hand Protection



3,231
Plantations

Quality of relationship: Strong

ENGAGEMENT IN 2020/21

- Face to face interaction (continuous)
- Supplier forums (annual)
- Relationship managers (continuous)
- Firstlight programme (ongoing)

VALUE CREATED - HAND PROTECTION

Supplier payments	New farmers added	Supplier development and engagement
15,560 Rs. Mn	1,418	05 Rs. Mn

TOPICS AND CONCERNS

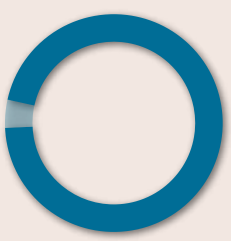
- Ease of transaction
- Consistent demand for produce
- Fair pricing mechanisms
- Ethical business conduct
- Competency development and capacity building

OUR RESPONSE

- Expansion of network to fulfill increased demand
- Ongoing engagement and investments in training
- Provision of equipment and input materials
- Community engagement targeting supplier communities

COMMUNITIES

CSR Spend
Rs.10Mn
Hand Protection



CSR Spend
Rs. 227Mn
Plantations

Quality of relationship: Good

ENGAGEMENT IN 2020/21

- CSR and community development initiatives (ongoing)
- Grievance mechanisms (ongoing)

VALUE CREATED - HAND PROTECTION

Investment in community engagement	New jobs created	CSR beneficiaries
10 Rs. Mn	914	6,000+

TOPICS AND CONCERNS

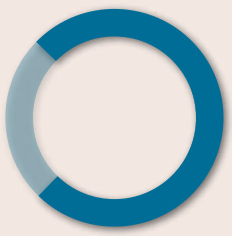
- Community employment generation
- Minimising adverse environmental impacts
- Community development and corporate philanthropy

OUR RESPONSE

- Ongoing investment in community engagement initiatives
- Focus on reducing environmental implications of operations

GOVERNMENT

Tax contribution
Rs.1,188Mn
Hand
Protection



Tax contribution
Rs. 206Mn
Plantations

Zero instances of non-compliance

ENGAGEMENT IN 2020/21

- Written communication
- Interaction through industry bodies

VALUE CREATED - GROUP

Economic value added
17,830
Rs. Mn

Revenue generated
46,387
Rs. Mn

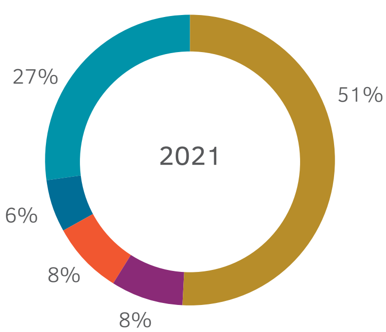
TOPICS AND CONCERNS

- Compliance to relevant regulations
- Timely payments of taxes
- Fair treatment of employees
- CSR Activities

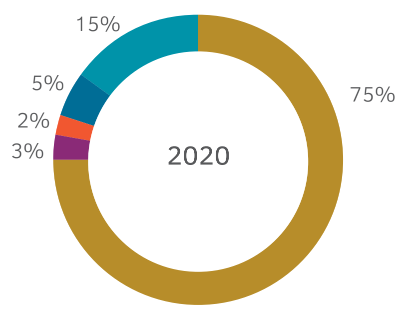
OUR RESPONSE

- Fully compliant with all government regulations and guidelines
- Timely payments of taxes
- Generation of export income to support the country's balance of payments

ECONOMIC VALUE ADDED



	Rs Mn
To employees as remuneration	9,050
To Government of Sri Lanka & overseas as taxes	1,394
To shareholders as dividends	1,377
To lenders of capital	1,137
Retained in the business	4,872



	Rs Mn
To employees as remuneration	7,730
To Government of Sri Lanka & overseas as taxes	316
To shareholders as dividends	239
To lenders of capital	555
Retained in the business	1,580

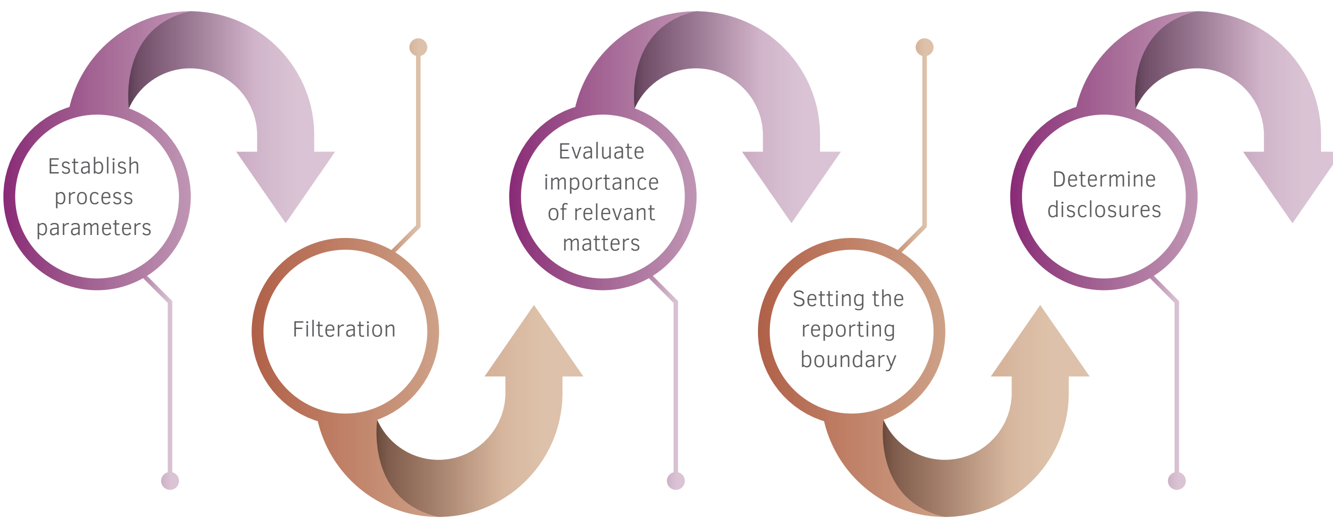
MATERIAL MATTERS

The Group conducts an annual assessment of its material topics, in line with the Hayleys Group. The materiality analysis comprises a 7-part test and is conducted separately for the Hand Protection and Plantation sectors; the results are subsequently consolidated through a scoring system which enables us to identify the topics that are relevant to the DPL Group as a whole. The material aspects included in this Report are a combination of those prescribed by the GRI guidelines and those specific to our industry, value creation model and strategy.

The methodology adopted is illustrated below:

- Organisational impact (refer below)
- Stakeholder impact

- Group's operations
- Industry dynamics, risks and opportunities
- External stakeholders

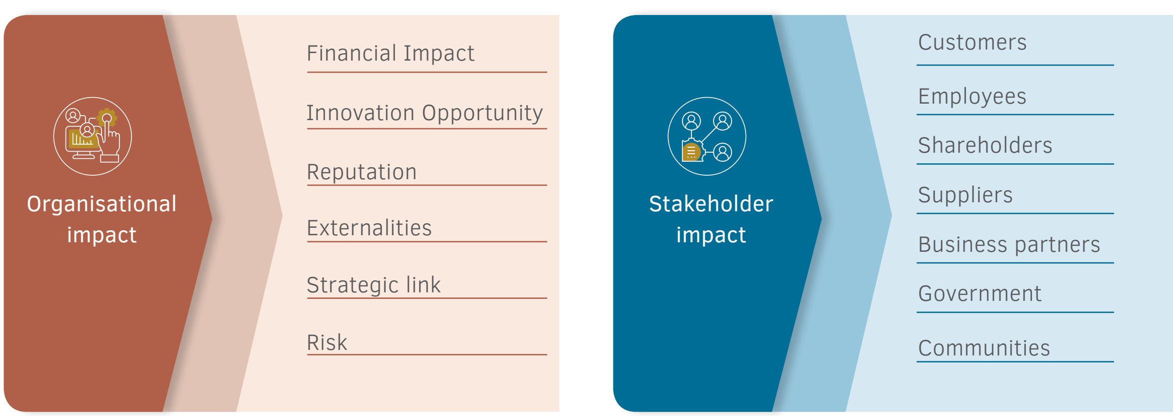


- Group's business model
- Strategic aspirations
- Discussions with Heads of divisions
- Reporting frameworks (GRI and IR)

- Each factor is scored from 1 (low impact) to 3 (high impact) and aggregated to obtain a consolidated score

- Disclosures determined based on,
- (1) IR Framework
- (2) GRI Standards
- (3) Performance Management/KPI framework

FILTRATION PROCESS



The Group's risk landscape changed considerably following the outbreak of the pandemic, resulting in the emergence of new risks as well as opportunities

- Financial impact: Potential impact on Group's short, medium and long-term financial performance, cash flow generation and financial stability.
- Innovation opportunity: Opportunity for new product or process development arising from the relevant material issue that could lead to a sharpening of the Company's competitive edge.
- Reputation: Potential impacts on the organisation's reputation.
- Externalities: Potential impacts from external variables including (but not limited to) exchange rates, interest rates, commodity prices, climate change etc.
- Strategic link: Matters related to value creation which form the basis of boardroom discussions.
- Risk: The magnitude and likelihood of exposure to both external and internal risk factors.
- Importance to stakeholders: Level of impact on stakeholder decisions.

MATERIALITY IN 2020/21

The Group's risk landscape changed considerably following the outbreak of the pandemic, resulting in the emergence of new risks as well as opportunities. This year, we have also expanded the scope of reporting to better reflect the impacts of the Hand Protection Sector. Accordingly, the material topics listed below are those that could potentially have a significant impact on the value creation of either sectors. The list of material topics reflects these changes, with several issues increasing in importance and thereby warranting increased management attention.

MATERIAL ISSUES 2020/21

MATERIAL MATTERS

Material topic and why it is material to us	Relevant GRI disclosure/SDG	Reference to Management Approach
Employee management Ensuring the safety of employees was a critical priority following the outbreak of the pandemic and had a direct impact on the continued performance of both sectors.	GRI 401: Employment GRI 403: Occupational health and safety GRI 402: Labour management relations 402-1	HR policy framework Health and safety certifications including OHSAS 18,001 Occupational Health and Safety Policy Hayleys PLC-Sustainable Business Policy *Refer to page 66*
Best practices along supply chain Given disruptions to imports and international logistics, the Group increased reliance on local suppliers to procure raw materials.	GRI 204: Procurement practices	Hayleys PLC-Sustainable Business Policy Procurement Policy *Refer to page 74*
Operational efficiency Critical in driving cost optimisation and productivity, particularly given escalating cost of raw materials and operations.		DPL Production System (Lean management, Six Sigma and TPM) *Refer to page 80*
Manufacturing capabilities The Group enhanced its manufacturing capacity and increased capacity utilisation to fulfil the surge in demand.		DPL Manufacturing System including guidelines under TPM, Lean and 5S *Refer to page 80*
Product quality Quality of products is a key source of competitive advantage, particularly in specialised gloves.		Quality certifications including ISO 9001:2008, ISO 17025: 2005 and British Retail Consortium certification among others *Refer to page 83*
Economic Performance Creating positive economic impacts in the communities we operate in is key to maintaining our social license to operate- particularly in Plantations.	GRI 201: Economic Performance GRI 203: Indirect Economic Impacts	Hayleys PLC-Sustainable Business Policy Forest Stewardship Council Certification *Refer to page 83*
Customer health and safety Products sold by both sectors have direct customer contact.	GRI 416: Customer health and safety	Food safety management certifications (ISO 22000: 2005, HACCP & TASL-SGS for tea processing centres) and other quality certifications *Refer to page 83*
Training and education Upskilling employees to drive our strategic aspirations is a key people priority for the Group.	GRI 404: Training and education	Training and Development Policy *Refer to page 66*

Material topic and why it is material to us	Relevant GRI disclosure/SDG	Reference to Management Approach
Environmental compliance Vital in maintaining the Group's reputation and community relationships.	GRI 307: Environmental compliance	Hayleys PLC-Sustainable Business Policy *Refer to page 84*
Commodity prices Our margins are directly affected by price fluctuations in latex, tea and rubber.		Procurement Policy *Refer to page 74*
Customer satisfaction In an increasingly competitive and price sensitive landscape, customer satisfaction is key to retaining customers.		Customer satisfaction surveys *Refer to page 76*
Socio economic compliance As a responsible corporate citizen, we are committed to complying with all relevant social and economic regulations.	GRI 419: Socio economic compliance	Hayleys PLC-Sustainable Business Policy *Refer to page 83*
Innovation Innovation is key in responding to evolving customer requirements.		Insights from the sales and marketing team are key inputs in determining the Group's innovation, which is driven by the Group's Board and leadership team and implemented by the R&D team *Refer to page 80*
Local communities We are committed towards driving meaningful change in the communities we operate in.	GRI 413: Local communities	Hayleys PLC-Sustainable Business Policy Ethical Tea Partnership *Refer to page 74*
Environmental impacts With buyers' placing increasing emphasis on sustainability and escalating implications of climate change, we are committed to minimising our environmental impacts.	GRI 301: Materials GRI 302: Energy GRI 303: Water GRI 305: Emissions GRI 306: Effluents and Waste	Hayleys PLC-Sustainable Business Policy Rainforest Alliance ISO 14001: 2004 Forest Stewardship Council Certification *Refer to page 82*
Exchange rate fluctuations As an export-oriented Group, exchange rate movements have a direct impact on our profitability.		*External factor*
Government policy Monetary and fiscal policy have a direct impact on our operations.		*External factor*

AN AGILE STRATEGY

The Group's strategy aims to deliver sustainable shareholder value through innovation, increased customer penetration and operational excellence; the strategy places parallel importance on the Group's social and environmental aspirations, striving for the creation of multi-stakeholder value while minimising the adverse environmental impacts of its business.

OUR STRATEGY

PROFITABLE GROWTH

- Develop innovative new products in diversifying the product portfolio
- Acquisition of overseas distribution networks
- Pursue growth in new markets
- Local and offshore expansion of manufacturing facilities

VALUE CHAIN AND COMMUNITY DEVELOPMENT

- Expansion of supply chains across Sri Lanka
- Develop livelihoods through innovative supply chain initiatives
- Increase transparency along the supply chain through fair trade practices
- Drive sustainability across the supply chain as a good corporate citizen

INSPIRED AND DEDICATED TEAM

- Recruit and retain the industry's best talent
- Continuous investment in training and development
- Drive a culture of inclusivity and equal opportunity
- Promote a culture of healthy work life balance
- Effective talent management and succession planning

INNOVATION AND DIGITISATION

- Enhance focus on R&D
- Automation and digitisation to drive increased operational efficiencies
- Enhance brand equity through stronger digital presence

CUSTOMER FOCUS

- Commitment to product responsibility, customer satisfaction and service
- Keep abreast of market developments to fulfil emerging customer needs
- High levels of customer engagement to understand areas for further improvement

CLIMATE ACTION

- Review energy mix and reduce dependency on non-renewable sources
- Commitment towards reducing the environmental impacts of our operations
- Investments in replanting
- Drive continuous reductions in the carbon footprint

Enabled by

- Effective leadership
- Sustainability agenda
- Skilled and high-performing people
- Effective risk management

MEASURING DELIVERY OF OUR STRATEGY

Profitable growth

Progress made during the year

Hand Protection

- Ongoing investments in capacity expansion
- Focus on driving plant efficiencies which led to improvements in capacity utilisation
- Infrastructure and machinery upgrade in Thailand, facilitating the production of a broader range of products
- Pursued deeper relationships with existing customers and acquisition of new customers

Plantations

- Ongoing focus on product quality and productivity
- Efforts to ensure continuity of operations amid pandemic enabled the Sector to capitalise on emerging growth opportunities

Resources allocated

Capital expenditure in Property, Plant and equipments: Rs. 737 million

Land cultivated with alternative crops: 12,845 hectares planted

Proactive customer engagement through digital platforms

Increased efficiency of manufacturing facilities

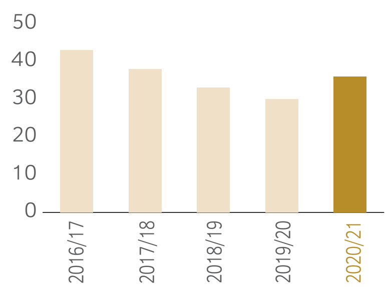
Implications of COVID-19 on strategy

- Surge in demand for disposable gloves
- Temporary disruption to production during the first lockdown

Key performance indicators

Hand Protection Sector

Number of new customers



Capacity expansion: + 5%

Revenue growth Group: 52% clustered by

Hand Protection revenue increase: 70%

Link to remuneration: Sales targets are linked to the remuneration of the marketing and sales division while executive leadership remuneration is linked to the Group's overall performance

Innovation and digitisation

Progress made during the year

Hand Protection

- Launch of a new technology platform for products, featuring unique characteristics across new categories of products
- Development of 5 new unsupported gloves and 5 supported glove products
- Progressed on the Group's efficiency drive through the DPL Production system which includes implementation of six sigma, lean manufacturing and TPM
- 05 patents applied during the year

Plantations

- Ongoing investments in mechanisation, digitalisation and automation
- New product development in Mabroc- the Sector's value-added tea exporter

Resources allocated

Investment in R&D: Rs. 139 million

Strength of our R&D team: 14

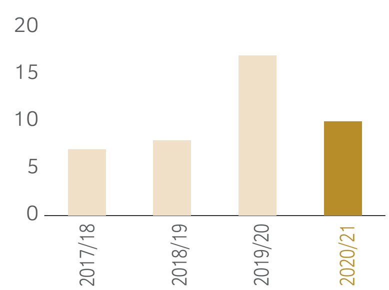
Implications of COVID-19 on strategy

- Restrictions on one-on-one engagement with customers compelled to increase customer engagement through social media channels

Key performance indicators

Hand Protection Sector

Number of new products



Rs. 250 million Savings generated through TPM management system

Rs. 417 million Revenue from 10 new products

Link to remuneration: New products introduced and patents applied are linked to the remuneration of the R&D division while executive leadership remuneration is linked to the Group's overall performance

MEASURING DELIVERY OF OUR STRATEGY

Value Chain and Community Development

Progress made during the year

Hand Protection

- Expansion of local farmer network through DPL Firstlight to increase local sourcing
- Proactive engagement with suppliers including providing training and equipment
- Expansion of international supplier base
- Timely and proactive management of import shipments

Plantations

- Ensured the safety, nutrition and living conditions of not just our employees, but communities residing in our estates
- Ongoing investments in "Home for Every Plantation Worker" programme

  157 New houses constructed for plantation workers

Resources allocated

Payments to suppliers: Rs. 15,560 million

Investments in supplier development: Rs. 05 million

Community investments : Rs.10 million

Implications of COVID-19 on strategy

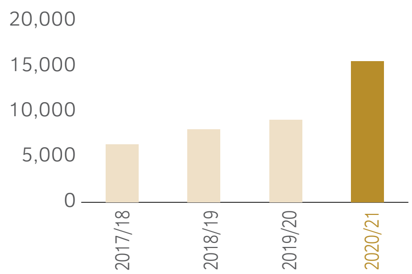
- 126% and 36% increase in nitrile and natural rubber prices respectively, given the global surge in demand for disposable gloves
- Disruptions to international supply chain due to shipping delays and route changes

Key performance indicators

Hand Protection Sector

Payment to suppliers

Rs.Mn



Local procurement: 64%

New farmers added to Firstlight: 1,418 from 04 districts

Link to remuneration: Procurement targets are linked to the remuneration of the Procurement division while executive leadership remuneration is linked to the Group's overall performance

Customer focus

Progress made during the year

Hand Protection

- Increased engagement through online channels including social media, virtual tours etc.
- Enhanced the customer value proposition by widening the product offering
- Compliance to a range of Quality, Environmental, Occupational health and safety and food safety certifications

Plantations

- Continued to compliance to international quality, food safety and environmental certifications
- Product innovation and enhanced customer proposition in Mabroc Teas

Resources allocated

Engagement through digital channels

Strength of our marketing team: 30+

Implications of COVID-19 on strategy

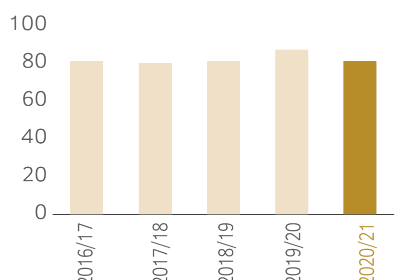
- Restrictions on face-to-face engagement
- Pricing negotiations given the escalation in raw material costs and additional operating expenses

Key performance indicators

Hand Protection Sector

Customer satisfaction rate

%



Customer satisfaction rate

Hand Protection: 80%

Link to remuneration: Customer satisfaction and volume growth is linked to the remuneration of the marketing team and production team

Inspired and dedicated team

Progress made during the year

Hand Protection

- Stringent measures to ensure the safety of all employees
- Confirmation of 109 contract employees as permanent staff
- Ongoing investment in training and development through digital platforms
- Continued employee engagement with focus on physical and mental well-being

Plantations

- Investment in training and development including launching a Certificate Course accredited by the Tea Research Institute and University of Peradeniya
- Strategic focus on ensuring employee safety through stringent safety protocols and hygiene practices

Resources allocated

Payments to employees: Rs. 2,825 million

Investments in training and development: Rs. 8.1 million

Implications of COVID-19 on strategy

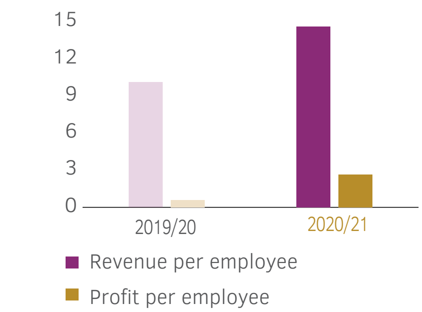
- Heightened health and safety risk of employees
- Facilitating work-from-home arrangements for office employees
- Rescheduling shift patterns to ensure minimal risk of cross infection

Key performance indicators

Hand Protection Sector

Employee Productivity

Rs.Mn



Female representation 30%

28 Promotions

Link to remuneration:
Employee retention and satisfaction are KPIs for the Group's HR Department

Climate action

Progress made during the year

Hand Protection

- Installation of heat exchangers which enables the heat recovery of waste-water, which in turn is used to fuel heating applications
- Launched a tree planting initiative in Monaragala to commence sustainable sourcing of firewood
- 100% of recycled wetland water used for production operations
- New product developed using recycled PET bottles

Plantations

- Generation of renewable energy through hydro and solar power
- Preservation of biodiversity through replanting, rejuvenation of land and eco protection project at St. Clairs estate

Resources allocated

Investments in tree planting: Rs. 05 million

No. of trees planted: 6,000+

Implications of COVID-19 on strategy

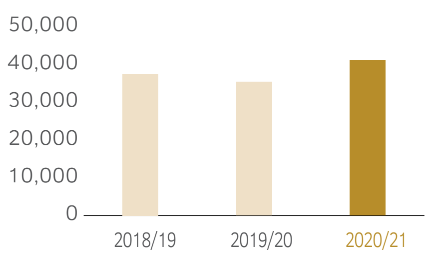
- Several planned environmental initiatives delayed due to social distancing requirements

Key performance indicators

Hand Protection Sector

Carbon footprint

MtCo2e



Consumption of natural resources

Energy: 93% from renewable energy

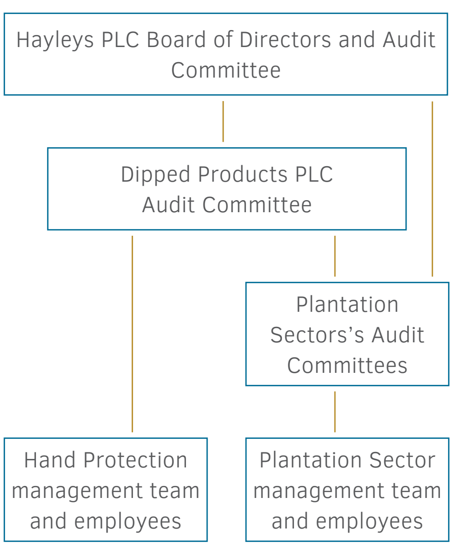
Water: 80% increase sustainable water sourcing

RISK MANAGEMENT

As a Group with significant international interests and exposure to agricultural supply chains, DPL is exposed to numerous risks arising from the internal and external landscapes. DPL's approach to managing these risks is aligned to its parent entity, Hayleys PLC which adopts a transparent Enterprise Risk Management (ERM) system with structures and tools in place to identify, manage and mitigate risks in a consistent manner. Accordingly, clearly defined governance structures, framework of policies and allocation of responsibilities for risk identification, measurement, mitigation and monitoring forms the foundation of DPL's risk management framework.

RISK MANAGEMENT FRAMEWORK

Risk Governance: The Board of Directors hold apex responsibility for managing the Group's risks in an effective manner. As the Group's plantation and hand protection sectors operate independently of each other, the respective Audit Committees play a key role in identifying, monitoring and managing risk. Furthermore, the minutes of these Audit Committee meetings are tabled to the Hayleys PLC Audit Committee, thereby ensuring that main Board Directors are kept abreast of emerging risks which could affect sectors.



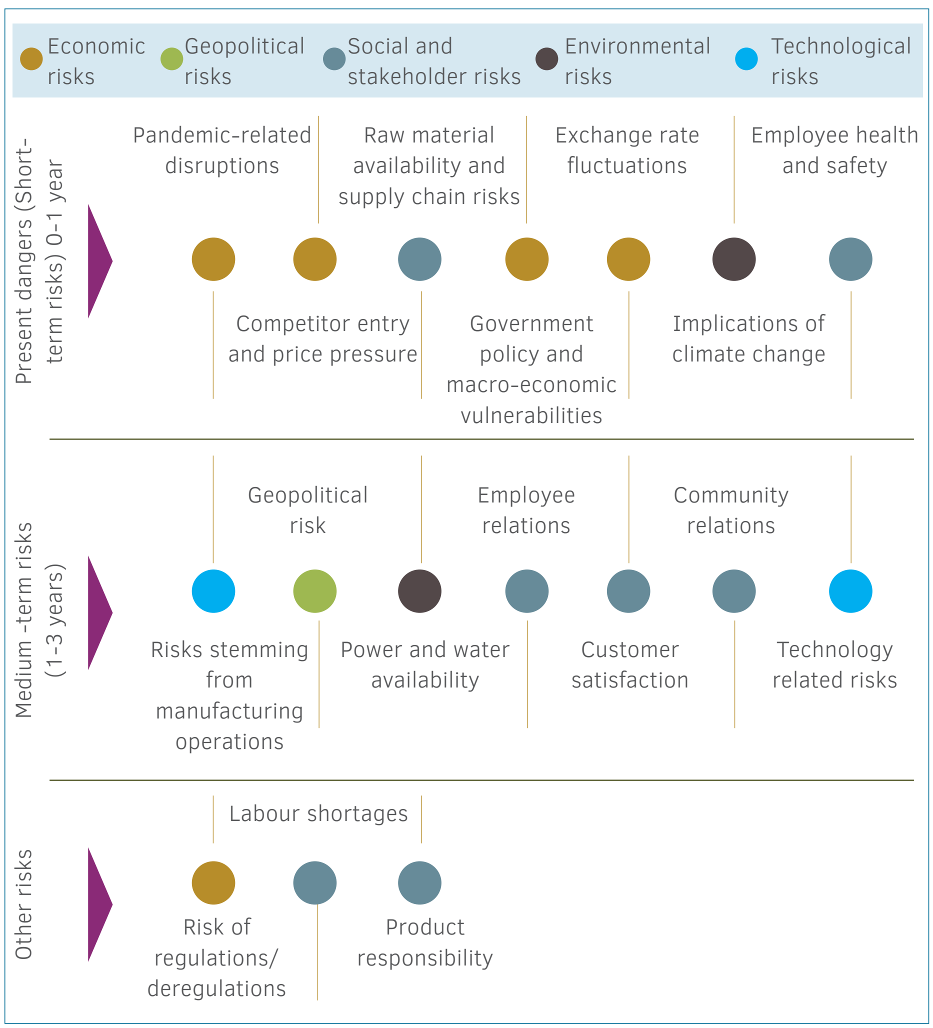
APPROACH TO RISK MANAGEMENT

In line with its parent entity, DPL adopts the globally accepted three lines of defence model in understanding, managing and measuring its risks, thereby ensuring clear segregation of duties in risk management.

Third line	Policy formulation and assurance by the Hayleys PLC Board and Audit Committee
Second line	Risk monitoring and management by Sector Audit Committees and Boards
First line	Risk identification, acceptance and mitigation by business units

Principal Risks of 2020/21

The Group's risk landscape shifted considerably during the year given unprecedented changes in the operating landscape, and implications on both the Hand Protection and Plantations sectors. The following discussion provides an overview of the Group's top risks in terms of impact and likelihood; this list is not exhaustive, and the Group duly monitors other emerging risks on an ongoing basis.



Risk	Potential impact	Developments in 2020/21	Risk mitigation	Outlook for 2021/22
Pandemic related disruptions Risk rating 2019/20 2020/21	• Disruptions to manufacturing activities, distribution and supply chain. • Heightened vulnerability to employee health and safety risks. • Difficulties in fulfilling customer orders, which in turn would impact customer satisfaction and retention.	Following the outbreak of the COVID-19 pandemic in March 2020, the Group was compelled to halt manufacturing activities for a few weeks. However, production resumed by mid-April and the factories swiftly ramped up production and enhanced efficiencies to cater to the surge in demand.	• Stringent safety and hygiene protocols implemented across all facilities in line with the guidelines issued. • Formulated consistent procedures to adopt in the event of infection. • Broad-base supply chain with increased reliance on local suppliers. • Facilitating work from arrangements for office employees.	The surge in infections in Sri Lanka with the emergence of the 3rd wave has heightened concerns on employee safety. We continue to adopt proactive and stringent measures in all our manufacturing facilities and offices to minimise the risk of cross infection and ensure the safety of employees at all times.
Competitor entry and price pressure Risk rating 2019/20 2020/21	• Intensification of price pressures could lead to narrower profit margins. • Direct impact on profitability.	Regional manufacturers have expanded capacity to cater to the surge in demand, which over the short-to-medium term could lead to overcapacity. This would result in increased price competition thereby inserting margin pressure.	• Focus on premium, specialised gloves. • Strengthen relationships with existing customers. • Expansion into new market segments and acquisition of new customers. • Ongoing efforts on generating cost optimisation and process efficiencies.	The Group anticipates increased price pressures in 2021/22, although ongoing focus on cost optimisation, specialised gloves and proactive negotiations with customers is expected to cushion this to a certain degree.
Availability of raw materials and supply chain risks Risk rating 2019/20 2020/21	• Our key inputs are natural resources, the supply of which is susceptible to supply shortages stemming from factors outside the control of the Group. These shortages can affect the continuity of operations while negative impacting profitability margins.	The significant increase in demand for raw materials in line with the surge in demand for gloves globally led to increased difficulties in sourcing latex and a parallel increase in price.	• Increased reliance on local suppliers through expansion of the DPL Firstlight program. • Nurtured stronger relationships with the Firstlight Farmers through sharing knowledge, capacity development and continued injection of value.	We anticipate challenges in procuring raw materials given increased demand for latex in line with the recovery in industrial activities. This is also likely to lead an escalation in raw material prices over the short-to-medium term.

High Moderate Low

RISK MANAGEMENT

Risk	Potential impact	Developments in 2020/21	Risk mitigation	Outlook for 2021/22
Government policy and macro-economic vulnerabilities Risk rating 2019/20 Moderate 2020/21 High	• Government policy, including monetary and fiscal decisions have a direct bearing on our performance through fluctuations in macro-economic variables. • Government policy relating to the minimum wage level of estate sector workers' have a direct impact on the cost base and profitability of the Plantation sector.	In view of the country's weakening external position, the Government imposed restrictions on imports during the year. Meanwhile, the Government's decision to compel regional plantation companies to increase the daily wage of estate sector workers' is expected to sharply impact the profitability of the sector; negotiations are currently underway between industry stakeholders in resolving this issue.	• Proactively monitor emerging developments in the policy landscape and macro-economic environment. • Engagement with industry counterparts through associations and forums in determining the implications of policy changes on the business and lobbying for implementation of conducive policies.	The outbreak of the 3rd wave of the pandemic has dimmed Sri Lanka's hopes for an immediate term recovery, and economic conditions are likely to remain muted over the short term. The government's expansionary policy stance is expected to continue, while efforts to ensure uninterrupted business activity despite restrictions are likely to accelerate recovery over the medium term.
Exchange rate fluctuations Risk rating 2019/20 Moderate 2020/21 High	• As an export-oriented organisation, fluctuations in exchange rate have a direct impact on our profitability. • Depreciation of the exchange rate leads to an escalation in the cost of imported raw materials.	The Sri Lankan Rupee recorded sharp depreciation in the last quarter of 2020, as capital outflows and the drastic decline in tourism earnings affected the country's external position.	• Ongoing monitoring of exchange rate movements and assessment of the impact on our operations. • Entering forward-exchange rate contracts with the support of the Hayleys PLC Treasury Unit.	The Sri Lankan Rupee is expected to experience further volatility during the year, given the country's impending foreign debt repayments in 2021.
Implications of climate change Risk rating 2019/20 Moderate 2020/21 Moderate	• We rely on agricultural supply chains to obtain our primary raw materials. Climate change implications and natural disasters have a direct impact on these supply chains, affecting the ability to secure access to primary raw materials • Natural disasters, extreme weather conditions and rising temperatures have a direct impact on the productivity of our lands and quality and quantity of crops in the plantation sector.	Weather conditions remained relatively conducive during the year, with Sri Lanka's tea and rubber pricing increasing by a respective 16% and 22% during the year.	• The Firstlight initiative has enabled the Group to develop strong relationships with rubber smallholders, thereby contributing towards a sustainable supply of raw materials. • Expansion outside Sri Lanka, to limit exposure to adverse conditions that could affect the supply of latex in Sri Lanka.	As implications of climate change escalate, we will continue to expand our supplier base to diversify our risks. The Group is also committed to doing its part to reduce its carbon footprint through gradually reducing dependence on fossil fuel based energy sources.

High Moderate Low

Risk	Potential impact	Developments in 2020/21	Risk mitigation	Outlook for 2021/22
Employee health and safety Risk rating 2019/20: Moderate 2020/21: High	• As a manufacturing organisation our employees are exposed to the risks of injuries and occupational hazards which could affect employee productivity, manufacturing continuity and reputation. • The outbreak of COVID-19 has escalated health and safety risks and possible infections could lead to stoppages in production and increased costs.	The pandemic has increased the Group's vulnerability to health and safety risks, given the rapid spread of infections, particularly during the second and third waves of infections.	• Stringent health and safety protocols including regular PCR testing, cleanliness and hygiene protocols, rotation of shifts and a range of other practices to minimise the risk of cross infection. • Clear procedures in place to support employees' and families in case of infection and quarantine. • Facilitate work from home arrangements for all office employees.	As infections surge with the outbreak of the third wave, we will continue to maintain extremely stringent safety guidelines across all our operations to minimise the risk of cross infection.
Geopolitical risk Risk rating 2019/20: Moderate 2020/21: Moderate	• The Group's products are sold primarily in export markets and socio economic and political tensions in buying markets directly impact demand and pricing.	• Despite the contraction in the global economy, demand for protective handwear remained resilient given increased emphasis on health and safety considerations. • Demand for Sri Lankan tea also remained resilient, given supply constraints in other tea-producing regions.	• Expansion into new markets and segments. • Acquisition of new customers.	Although demand for gloves is likely to moderate from the record high levels witnessed in 2020/21, we anticipate demand conditions to be above average given increased prevalence on health and safety aspects.
Risks stemming from manufacturing operations Risk rating 2019/20: Low 2020/21: Low	• Risks arising from occupational safety hazards, breakdown of machinery and equipment and disposal of waste and effluents could lead to disruptions to manufacturing operations, impact product quality and lead to reputational damage.	Driving towards manufacturing excellence through automation and process innovation continues to be a strategic priority for the Group.	• Ongoing investments in enhancing manufacturing efficiencies through adopting new ways of working and investments in state-of-the-art technology. • Indemnity insurance against fire, natural disasters and other hazards.	We will continue to pursue methods of innovation, productivity enhancements and waste elimination in our drive towards operational excellence.

High | Moderate | Low

OPERATIONAL REVIEW

HAND PROTECTION

The Hand Protection Sector delivered the strongest performance in its operating history, with revenue increasing by 70% and pre-tax-profit increasing over four-fold to Rs. 5.55 billion, from Rs.1.01 billion the previous year.

VALUE CHAIN

KEY INPUTS

- Natural latex
- Synthetic latex
- Chemicals
- Packaging materials

PROCESSES

- Research and Development
- Manufacturing and packaging
- Quality assurance
- Global marketing and distribution

OUTPUTS

- 198 Unsupported glove varieties
- 100 Supported glove varieties
- 55 Disposable glove varieties

We manufacture a range of industrial, household and medical gloves which are used in over 70 markets across 5 regions.

CONTRIBUTION TO GROUP

66% Revenue

77% Profit after tax

62% Assets

12% Employees

76% Carbon footprint

Operating Environment

- Surge in demand for disposable gloves given heightened safety concerns, leading to a considerable demand and supply gap in the short-term.
- Demand for other gloves also increased in anticipation of lockdowns and supply disruptions.
- Sharp increase in market prices as demand outstripped supply in the short-term.
- Escalation in raw material prices (natural and synthetic rubber) due to dramatic increase in demand and disruptions to international shipping and logistics.

Opportunities

- Demand expected to remain resilient through 2021/22, albeit moderating from the record high-levels of 2020/21.
- Favorable demand for premier, specialized gloves.
- Opportunities in pursuing new markets.

Risks

- With manufacturers increasing capacity, supply is expected to increase significantly leading to price pressure.
- Gradual increase in raw material prices with the recovery of the industrial sector.

IMPLICATIONS OF COVID-19

- Global surge in demand for gloves, particularly disposable products
- Supply chain disruptions and its implications on sourcing raw materials
- Ensuring continuity of operations while safeguarding the lives of our employees

NURTURING OUR CAPITALS

Financial capital
4-fold increase in PBT

Manufactured capital
- 5% increase in capacity
- Capacity utilisation of 87%

Human capital
- Rs. 3,485 Mn employee cost
- Rs. 8.08 Mn training investment

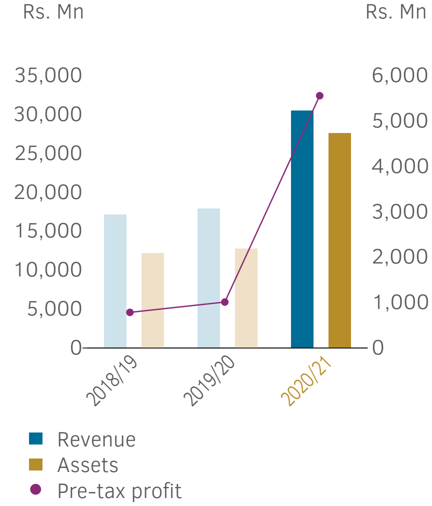
Social capital
- 36 customers acquired
- Rs. 10 Mn CSR investment

Natural capital
- 5% reduction in carbon intensity per pair

STRATEGY AND PERFORMANCE

- The Sector delivered a year of remarkable growth and profitability, with revenue increasing by 70% and pre-tax-profit reaching a record high of Rs.5.55 billion. Proactive and timely efforts to enhance capacity, and utilisation augured well for the Sector, which was able to successfully capitalise on the surge in demand for gloves. The Sector's Thailand operation recorded strong turnaround following the significant increase in demand for disposable gloves, while ICOGUANTI the marketing arm in Italy also delivered good growth.
- Strategic emphasis was placed on strengthening manufacturing capabilities through capacity enhancements, as well as process improvements and upgrades in machinery and infrastructure. Total capex of Rs.1.73 billion led to a capacity increase of 5% in 2020/21 and is expected to add a further 12% to 15% by 2021/22. Capacity utilisation levels also improved to 87% during the year.
- Operational excellence is key to our strategy and DPL Production System- which consists of Lean initiatives, TPM and Kaizen generated savings to the tune of Rs. 250 million during the year.
- Revenue growth was supported by the acquisition of over 36 new customers, particularly from the USA and European region, aided by our ability to quickly ramp up production to meet increased demand. We also maintained a high level of customer engagement through digital channels and achieved the customer satisfaction level of 80% during the year under review.

Hand Protection Sector- Performance



Innovation	Value to People	Environmental commitment

• 10 new products developed
• Launch of DPL Technology Platform
• 05 patents applied
	Ensuring the safety of our team was the Sector's foremost priority during the year and we implemented an array of safety and hygiene measures
	• Ongoing investments were made in employee development through opportunities for training
	• Increased reliance on local suppliers through the addition of 1,418 new farmers to the DPL Firstlight network
		Ongoing efforts to reduce carbon footprint through increasing reliance on renewable energy
		• Concerted efforts to reduce water withdrawal through recycling water
		• Development of eco-friendly products;
		  • Biodegradable gloves
		  • Glove manufactured using recycled PET bottles

(Refer to page 80 for further information)

(Refer to page 66 for further information)

(Refer to page 84 for further information)

PLANS

- Leverage on capacity expansions and customer relationships to drive continued volume growth
- Emphasis on high-value products such as electrician's gloves
- Drive further penetration in supported gloves through entering new markets

OPERATIONAL REVIEW

PLANTATIONS

The Plantation Sector demonstrated strong resilience in a challenging year to record 27% growth in revenue and a near 7-fold increase in profit-before-tax to Rs.1.72 billion.

VALUE CHAIN

KEY INPUTS

- Bought leaf
- Agro chemicals
- Chemicals
- Packaging materials

PROCESSES

Land preparation and cultivation of tea, rubber and minor crops

Harvesting

Processing and Manufacturing

Marketing and Sales

OUTPUTS

Manufacture of high-quality tea, rubber and other crops which consistently command above average pricing at auctions.

CONTRIBUTION TO GROUP

34%
Revenue

23%
Profit after tax

38%
Assets

88%
Employees

24%
Carbon footprint

Operating Environment

- Supply deficits arising from global supply chain disruptions and increased demand for high quality Sri Lankan tea.
- 7% reduction in Sri Lanka's tea production in 2020 reflecting adverse weather conditions and disruptions to the labour following the outbreak of the pandemic.
- Rubber prices increased by 22% in 2020 as global industrial activity rebounded sharply.
- The Wages Board imposed an increase in the daily wage of estate workers to Rs.1,000 which is expected to insert further pressure on the RPC Sector.

Opportunities

- Anticipated supply disruptions in India given the catastrophic 3rd wave of infections.
- Enhancing employee productivity through a revenue-share model.
- Favorable exchange rate movements.

Risks

- Mandatory wage hike increase for estate sector employees.
- Declining yields and labour productivity.
- Proposed ban on agrochemicals and its implications on the plantation sector.
- Rising implications of climate change and erratic weather patterns.

IMPLICATIONS OF COVID-19

- Heightened health and safety vulnerability in estate communities, which necessitated extremely stringent safety protocols
- Reverse migration of labour from cities to the estates due to the lockdown and job losses

NURTURING OUR CAPITALS

Financial capital
7-fold increase in PBT

Manufactured capital
- 20% increase in capacity

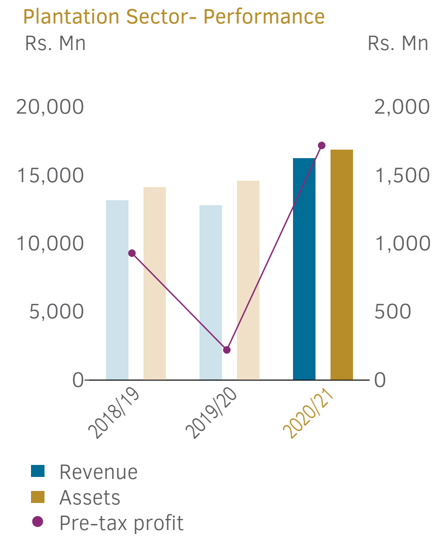
Human capital
- 14,631 employees
- Rs. 5,566 Mn employee cost

Social capital
- 58,000 estate communities
- Rs. 227 Mn CSR investment

Natural capital
- 1% reduction in water consumption

STRATEGY AND PERFORMANCE

- The Plantation Sector demonstrated strong resilience in a challenging year to deliver revenue growth of 27% and a seven-fold increase in pre-tax profit. Performance was driven by stronger pricing for both tea and rubber together with the Sector's proactive efforts to continue operations despite the challenges that prevailed. The Group's value-added tea exporter, Mabroc also delivered record profitability supported by customer acquisition, new product development and improved pricing.
- The Sector continued to command premium pricing at the Tea and Rubber auctions, attesting to its superior quality and brand reputation.
- The Sector has continued to invest in digitisation and mechanisation which has facilitated more improved performance management, manufacturing efficiencies and better visibility of field level information.



Commitment to quality	Value to People	Environmental commitment
The Sector complies to a range of national and international certifications including (but not limited to) the following: • Rainforest Alliance License Agreement • ISO 22000:2005 Food Safety Management System certification • British Retail Consortium (BRC) Certification • ISO 14001: 2015-Environment Management System	• Safety was a key priority and despite significant personal risks, our managers ensured the nourishment, financial security and health of estate communities • The Sector emerged as the first agricultural company in the country to be certified as a "Great Place to Work"	• The Sector has continued to increase reliance on renewable energy through solar power generation to reduce dependence on fossil fuels • Promote forest restoration and preservation of bio-diversity through replanting and an eco-system restoration project at St. Clair Falls

(Refer to page 80 for further information)

PLANS

- Pursue crop diversification as we strive to enhance the productivity of our land
- Increased focus on digitisation and automation to drive better efficiency
- Ongoing investments to rejuvenate our land

FINANCIAL CAPITAL

The Group delivered a record-breaking financial performance during the year which saw revenue and earnings surging to an all-time high. Profitability was driven primarily by the Hand Protection Sector, which had timely capacity expansions. A relentless focus on enhancing productivity and capacity utilisation also enabled it to fulfill demand, successfully capturing market share from competition.

FINANCIAL PERFORMANCE

Revenue

Consolidated revenue recorded robust growth of 52% to Rs.46.39 billion during the year, marking the highest revenue in the Group's operating history. Growth was driven primarily by the Hand Protection Sector, which recorded a revenue growth of 70% reflecting the Sector's ability to fulfill the surge in demand through proactive measures to increase capacity utilisation in the short-term and aggressive customer acquisition, which resulted in a volume growth of 6%.

The Plantation Sector also recorded a commendable revenue growth of 27% as it ensured continuity of operations despite the innumerable challenges that prevailed, which in turn allowed the Sector to capitalise on the increased demand and price for Sri Lankan tea. Hand Protection contributed 66% to consolidated revenue during the year.

Gross Profit

Consolidated gross profit more than doubled to Rs.11.83 billion during the year, reflecting wider profit margins due to increased contributions from value-added products, improved capacity utilisation, ongoing focus on cost efficiencies and smarter ways of working in the Hand Protection sector.

Revenue:
Rs. 46,387 Mn

Gross profit
Rs. 11,830 Mn

PAT
Rs. 5,833 Mn

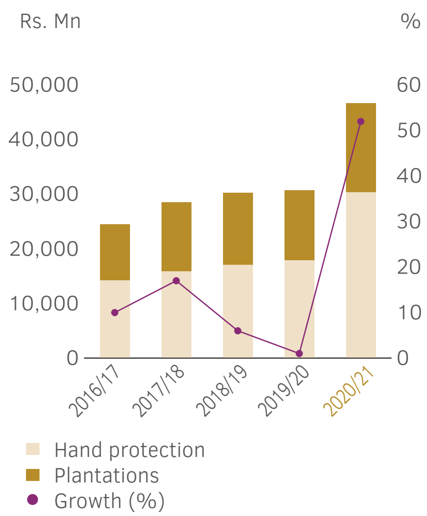
EPS:
Rs. 8.63

DPS:
Rs. 2.30

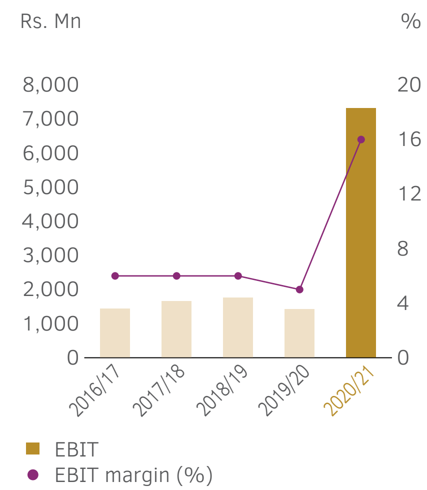
Total assets:
Rs. 44,305 Mn

Total equity:
Rs. 19,142 Mn

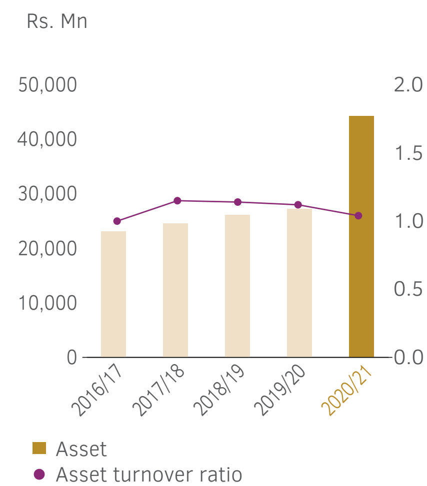
REVENUE EXPANSION



CORE PROFITABILITY



TOTAL ASSETS



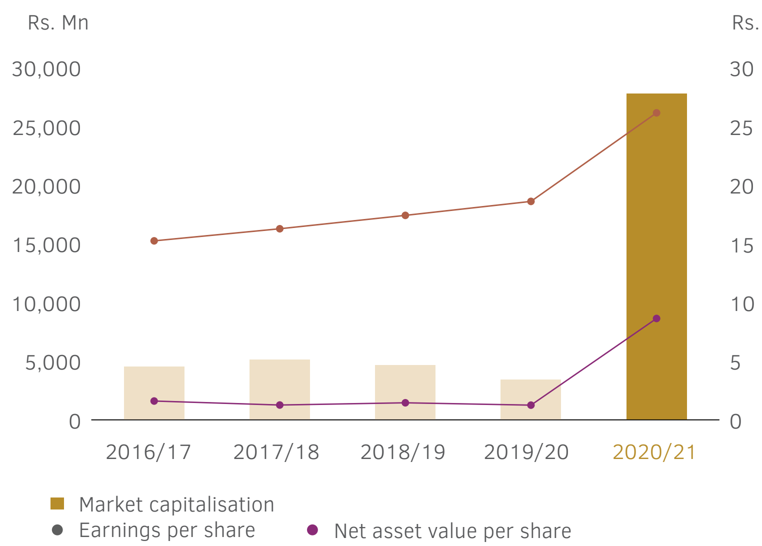
Driven by strong top line growth

Improvements in profitability margins

Investing in the future

SHAREHOLDER VALUE CREATION

Shareholder value creation



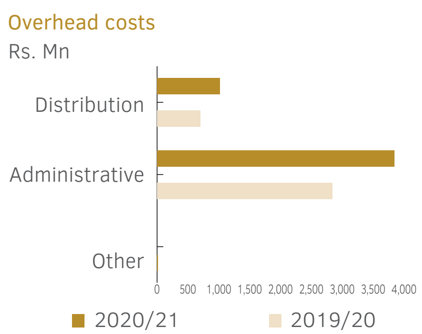
Indicator	2021	2020
Profit after tax (Rs. million)	5,833	850
Attributable profit (Rs. million)	5,164	748
EPS (Rs.) *	8.63	1.25
DPS (Rs.) *	2.30	0.40
NAVPS (Rs.) *	26.14	18.60

* Computed based on 598,615,120 shares on issue as at March 31, 2021. Earning per share, Dividend per share and Net asset per share in all reporting periods were adjusted based on post sub-division of ten shares for every one ordinary share held.

FINANCIAL CAPITAL

COST MANAGEMENT

The Group's operating expenses increased by 37% during the year, with administrative and distribution costs increasing by a respective 35% and 44% during the year. In addition to increased operational activity in both sectors, cost escalations also reflect additional expenses arising from the necessity to implement comprehensive safety guidelines and systems in all manufacturing facilities, estates and other locations. In the Hand Protection Sector, ongoing efforts to drive efficiencies through the DPL Production System (comprising Total Productivity Maintenance, Six Sigma and Lean) came to fruition, with cost savings of Rs.250 million during the year. In the Plantation Sector significant funds were directed towards ensuring the safety, nutrition and living conditions of estate communities, which together with the low labour productivity led to an escalation in costs.



EARNINGS BEFORE INTEREST AND TAX

The Group's EBIT surged over five-fold to reach a record high of Rs. 7.40 billion during the year, reflecting the strong core performance of the Hand Protection sector. As discussed in further detail in other sections of the Annual Report, key factors supporting core performance included volume growth against the backdrop of the Group's ability to fulfill the surge in demand, ongoing focus on operating efficiencies and increased contributions from value-added products. The Plantation Sector's core performance was supported by commendable volume growth and an increase in the price of both tea and rubber.

NET FINANCE COST

The Group's finance cost increased by 29% during the year, reflecting increased borrowings in the Hand Protection Sector as it pursued debt-funded capacity expansions during the year. Interest on short-term borrowings accounted for 43% of total finance costs and the Group's average cost of debt declined to reflecting the sustained decline in market interest rates during the year. Meanwhile finance income more than doubled to Rs. 465.82 million during the year supported by exchange gains. Resultantly, the Group's net finance cost declined by 46% to Rs.153.01 million during the year.

PROFITABILITY

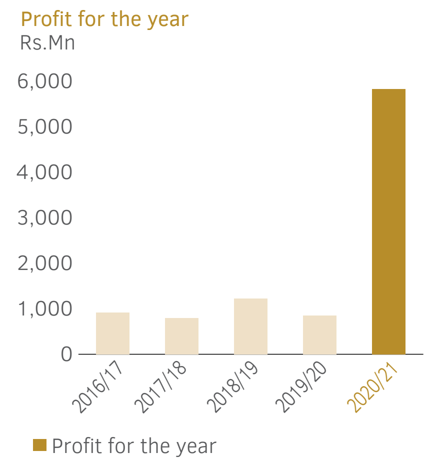
Proactive efforts by both sectors to ensure continuity of operations amidst unprecedented challenges, enabled the Group to capitalise on favourable demand trends during the year, which resulted in the Group's Consolidated pre-tax profit increasing over five-fold to a record-high of Rs.7.19 billion. The Hand Protection Sector recorded a remarkable four-fold increase in pre-tax profit to Rs. 5.55 billion while the Plantation Sector delivered PBT of Rs. 1.72 billion compared to Rs.220.86 million in 2019/20. Inter-segment profit for the year is Rs.78.1 million.

The Group's tax contributions increased to Rs.1.36 billion in line with the strong growth in profitability. Resultantly, the Group's profit for the year increased six-fold to Rs.5.83 billion as the highest profits achieved in DPL's operating history.

FINANCIAL POSITION

Balance Sheet Strength

Consolidated assets increased by 62% to Rs. 44.31 billion during the year, primarily due to a substantial increase in working capital investments in line with the surge in operating activity. A near tripling of inventories and a doubling of trade and

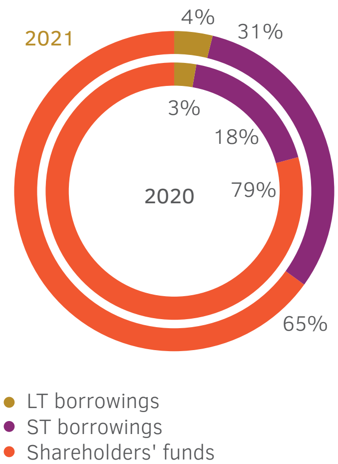


other receivables resulted in the Group's investment in working capital increasing to Rs. 21.21 billion (2019/20: Rs.9.32 billion) and accounting for 48% of the Group's total assets. The liquidity position also strengthened during the year with cash and short -term deposits more than doubling to Rs.3.73 billion and accounting for 8% of total assets by end-March 2021.

Funding Profile

Despite an increase in borrowings to fund capital expansions and working capital the Group's funding profile remains healthy supported by a strong equity base. Strong profit generation during the year resulted in the Group's equity increasing by 36% to Rs.19.14 billion, thereby funding 43% of total assets. Borrowings have reach to Rs. 10.16 billion, primarily to fund working capital requirements and capital expansions. Short-term borrowings accounted for 88% of the Group's debt profile, enabling the Group to benefit from the favorable interest rates. The debt-to-equity ratio increased to 0.59X from 0.34X the previous year.

Funding profile



Cashflow Position

Although the Group's operating cash inflow strengthened significantly during the year, increased investments in working capital led to a net operating cash outflow of Rs. 0.93 billion during the year. Given the uncertainty that prevailed including disruptions in both local and international supply chains, the Hand Protection Sector sought to increase inventories, which in turn necessitated a considerable investment in working capital. Net cash outflow from investing activities amounted to Rs.1.82 billion reflecting capacity expansion in the Hand Protection Sector as well as infrastructure development in the Plantations Sector. Net cash inflow from financing activities amounted to Rs. 2.22 billion. Overall the Group's cash and cash equivalents for the year recorded an outflow of Rs.0.53 billion during the year.

MANUFACTURED CAPITAL

The stability and quality of the Group's Manufactured Capital- comprising its production facilities, machinery and equipment has been key to DPL's success in recent years, ensuring the uninterrupted supply of high-quality products in both the Hand Protection and Plantation Sectors.

STRENGTHENING OUR CAPABILITIES

The Hand Protection sectors' timely capacity expansions over the last two years had aptly positioned it to cater to the surge in demand in 2020/21 and was a key factor supporting the Group's performance. Meanwhile, concerted efforts to increase capacity utilisation through streamlining processes, modifying machinery and adapting to new ways of working also enabled the sector to swiftly respond to the increase in demand in the immediate term. We continued to invest in strengthening our manufacturing capabilities with capital expenditure amounting to Rs. 1.34 billion invested across all five locations (refer to page 157 for further information). It is noteworthy that the Group also strengthened its engineering capabilities, with the commissioning of new plants, execution and fabrication done largely by the DPL Engineering team, Meanwhile in Plantations, the Group continued to invest in automation and factory mechanization which led to an increase in production volumes and industry-leading quality levels.

OPERATIONAL EXCELLENCE

DPL Production System was launched several years ago in line with the Group's strategic focus towards driving continuous efficiency improvements. Accordingly, TPM, Lean, Six Sigma and Kaizen were launched in our facilities which have enabled considerable cost savings, while reducing waste, nurturing a cost-conscious culture and increasing energy efficiency. During the year under review, cost savings generated from these initiatives amounted to Rs. 250 million.

GREENING OUR OPERATIONS

In line with the Hayleys Group's environmental aspirations, DPL has driven organisation-wide efforts to reduce the environmental impacts of its operations. Key areas of focus have included conversion of thermal energy plants to bio-mass thereby driving a reduction in the carbon footprint, investments in waste heat recovery systems, responsible disposal of waste and effluents and increased efforts to recycling and reusing water. In the Plantations sector, we engage in solar and hydro power generation to reduce reliance on fossil fuel-based energy sources, while also engaging in rainwater harvesting and water recycling (refer to page 84 for further information).

Property, plant and equipment of:

Rs. 13.1 Bn

Property, plant & equipments from total assets:

30%

Addition to Property, plant & equipments:

Rs.1,734 Mn

Hand Protection - Rs. 1,344 Mn

Plantation - Rs. 390 Mn

Addition to Plant & machineries:

Rs. 737 Mn

MANUFACUTRED CAPITAL INPUTS

HAND PROTECTION SECTOR

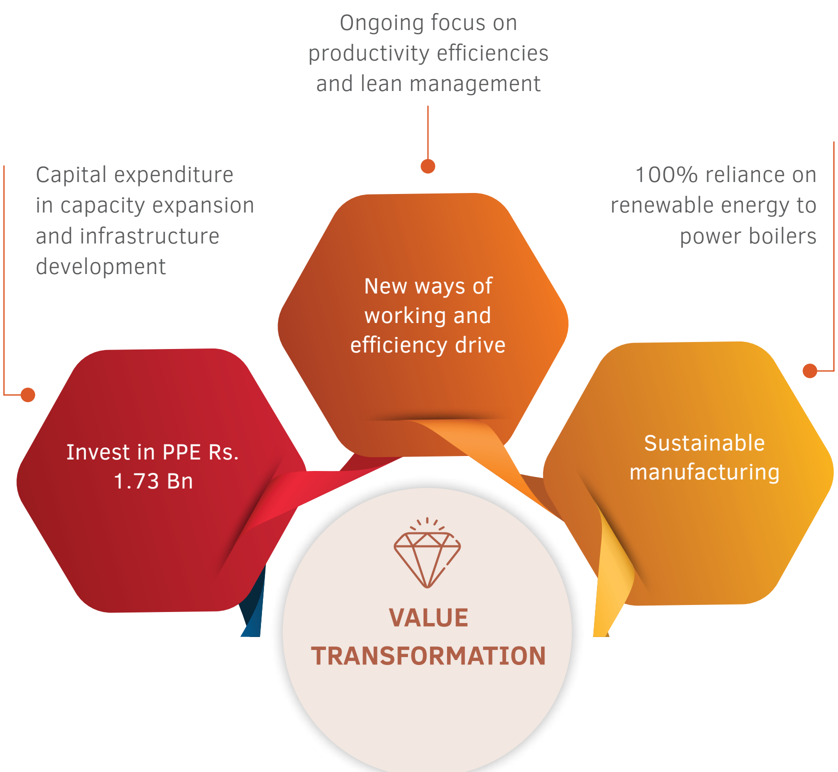
4
manufacturing facilities in Sri Lanka

1
manufacturing facility in Thailand

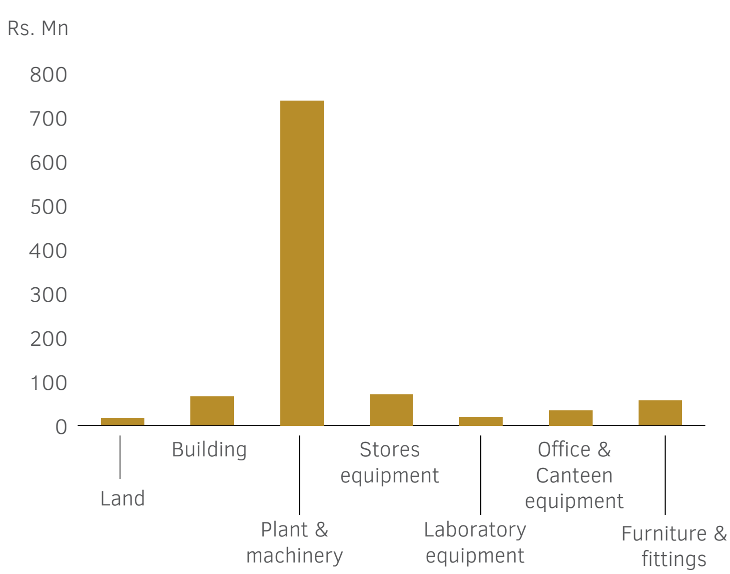
PLANTATION SECTOR

32
tea factories

7
rubber factories



Addition to Manufactured Capital



Hand Protection | Plantations

Increased capacity utilisation and growth

Hand Protection	Plantations
Capacity increase of 5% and volume growth of 6%	Tea 03% Rubber 21% Volume growth

Improvements in efficiency and productivity

Hand Protection	Plantations
Rs. 250 million savings generated through DPL Management System	Maintained best-in-industry yields

Product quality

Hand Protection	Plantations
Achieved 99% product quality levels	Maintained premium above Net Sales Average as the leading price taker for both tea and rubber

Sustainable manufacturing

Hand Protection	Plantations
93% reliance on renewable energy led to a 5% decline in carbon intensity per pair during the year	Marginal decline in energy consumption and 14% reduction in emission intensity

MANUFACTURED CAPITAL

INVESTING IN OUR FUTURE

Factory	Location		Investments in Capacity Expansion
			We have increased production capacity for selected high demand, high margin products across both supported and unsupported categories.
Dipped products PLC 	Kottawa	Electrician Glove	Doubled production capacity of Electricians Gloves enabling the production of highly electricity resistant, specialized glove.
Hanwella Rubber Products Limited 	Hanwella	Unsupported Glove	Increase in the production capacity following the commissioning of a new NR plant.
DPL Premier Gloves Limited 	EPZ block B, Biyagama	Unsupported glove	Increase in the production capacity of household and industrial unsupported gloves with the commissioning of a new Nitrile plant.
DPL Universal Gloves Limited 	EPZ block A, Biyagama	Supported Glove	Increase in production capacity of supported gloves.
Dipped Products (Thailand) Limited 	Khun Nieng, Songkhla (Thailand)	Disposable Glove	Infrastructure and machinery upgrades and automation was carried out at all nine production plants resulting in capacity of medical gloves increased. Capacity utilisation levels increased to 100% given the surge in demand for disposable gloves.

Investments in Sustainable Manufacturing
As a manufacturing operation heavily dependent on natural resources we see it as our responsibility to incorporate environmentally friendly practices that minimize our environmental footprint.
Plans are in place to increase production capacity of electrician gloves enabling the production of electricity resistant specialised glove.
Plans are in place to establish an effluent treatment plant which will enable the plant to re-use 100% of water consumed.
The new Nitrile plant will include a thermic fluid heater which will improve energy efficiency.
The plant will also include a separate effluent treatment plant.
A new bio-mass driven heater will be commissioned in 2021/22 which improves efficiency by increasing plant speed.

WAY FORWARD

The Hand Protection sector's collective expansions are expected to result in a near 12% to 15% increase in total production capacity, positioning the Group for strong growth. Although demand is expected moderate from the record-high levels of 2020/21, we anticipate demand conditions to remain conducive over the short-to-medium term. We will continue to drive greater efficiencies and focus on investing in sustainable manufacturing infrastructure to reduce the impact of our operations on the environment.

HUMAN CAPITAL

Our team of 16,712 employees in both Hand Protection and Plantation sectors rallied together in an extraordinarily difficult year, quickly adapting to the new realities of the pandemic while continuing to drive the Group's strategic aspirations.

MANAGEMENT APPROACH

A strong governance framework and robust policies and procedures support the Group's people management and provide the foundation on which our HR value proposition is built. DPL's HR policy frameworks and governance structures are broadly aligned to that of our parent - Hayleys Group and ensure compliance with all regulatory requirements and industry best practices. In the Plantation Sector HR frameworks have been fine-tuned to reflect industry dynamics and market practices.

The HR strategy is driven by the Hayleys PLC HR function as well as HR Departments at both Hand Protection and Plantation sector levels.

Digitization of the HR function continued with the implementation of a Group-wide HRIS performance management system. The system has been implemented across all locations in Sri Lanka and Thailand and will be extended to our operations in Italy as well. During the year additional talent management and succession planning modules were included to further streamline these processes.

OUR TEAM

Our dynamic team comprises 16,712 individuals, representing 2,081 in Hand Protection and the remainder in Plantations. In Hand Protection, employees are engaged on permanent, contract and casual basis; given the escalation of health and safety risks during the year, we took proactive measures to reduce reliance on casual workers given their relatively high exposure to infection, thereby increasing the number of permanent and contract employees in our pool. We are an equal opportunity employer and strive to create a level playing field for all our employees when recruiting, providing training, determining remuneration and promotions, among others. During the year under review, there were no reported cases of discrimination. Given the conditions that prevailed during the year, recruitments were relatively low in both the Hand Protection and Plantation sectors.

Employees
16,712

Countries
03

From Provinces in Sri Lanka
09

HUMAN CAPITAL INPUTS

HAND PROTECTION SECTOR

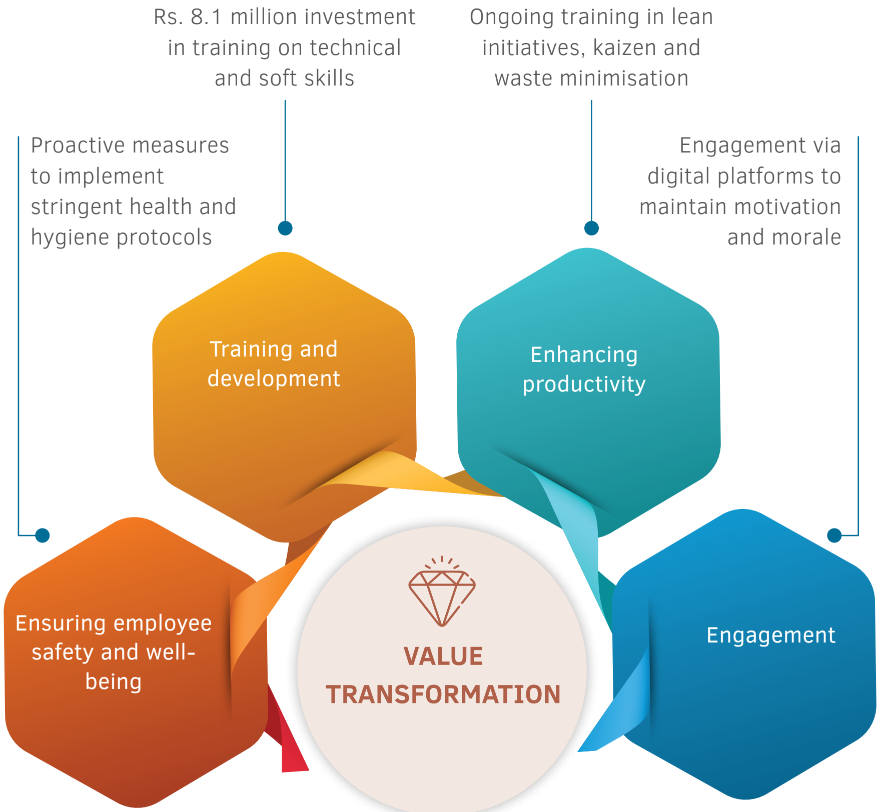
2,081
employees in

06
locations

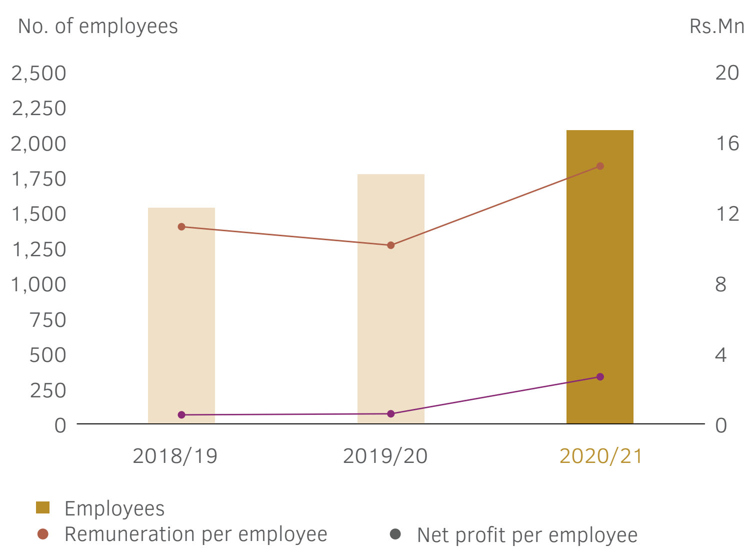
PLANTATION SECTOR

14,631
Employees

42
estates



Nurturing our human capital



Hand Protection

Plantations

A rewarding work environment

Hand Protection	Plantations
Rs. 2.83 billion employee payments 28 promotions	Rs. 5.20 billion employee payments

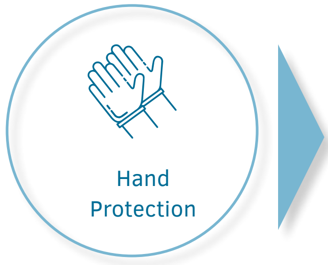
Driving productivity and efficiency

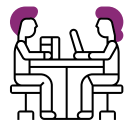
Hand Protection	Plantations
+44% increase in revenue per employee 6-fold increase in net profit per employee	+25% increase in revenue per employee

Retaining our talent

Hand Protection	Plantations
74% retention rate	90% retention rate

HUMAN CAPITAL



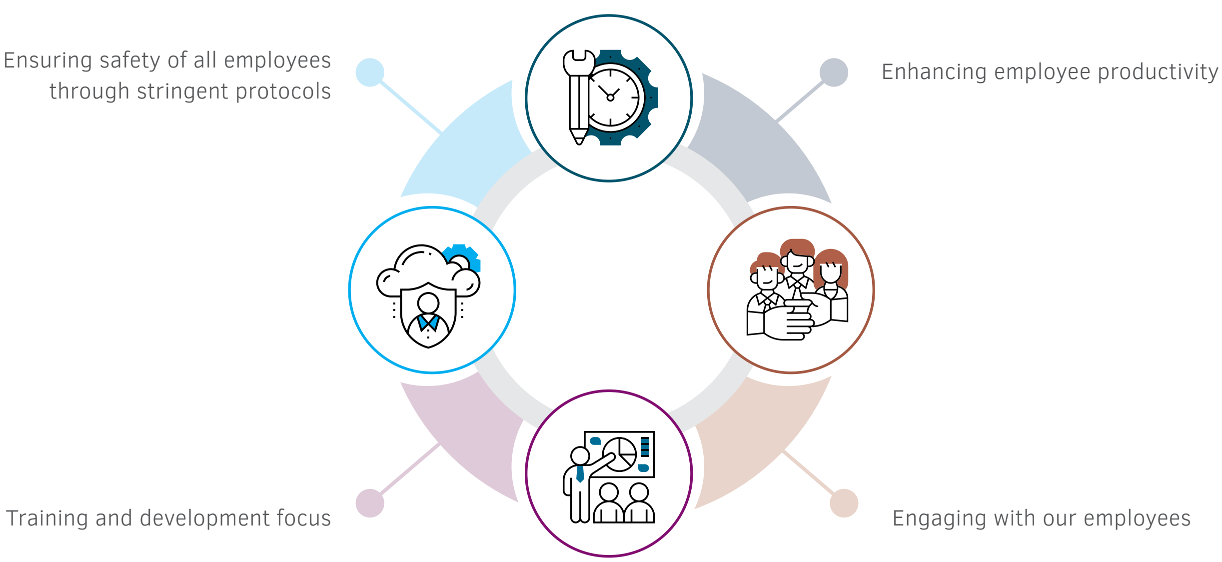


EMPLOYEES

2,081

Employment			New Recruits			Exits		
By Contract type	Male	Female	By Gender	No.	%	By Gender	No.	%
Executive & above	215	66	Male	689	75%	Male	636	78%
Supervisor grade	167	28	Female	225	25%	Female	182	22%
Manual grade	1,075	530						
By Region			By Age			By Age		
Sri Lanka	1,288	169	Less than 30	647	71%	18-30	545	67%
Overseas	282	342	30 to 50	250	27%	30 to 50	230	28%
			Over 50	17	2%	Over 50	43	5%
By Employment Type			By Region			By Region		
Full Time	1,213	631	Sri Lanka	811	88%	Sri Lanka	715	87%
Part Time	184	53	Overseas	103	12%	Overseas	103	13%

HR STRATEGY IN 2020/21

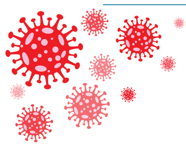


LISTENING TO OUR EMPLOYEES

Our HR strategy is aligned by our overall business strategy as well as the concerns and issued raised by our employees. This year, amidst the global pandemic, the key area of concern was the health and safety of our employees and their families. We responded to these concerns with a holistic approach of addressing both the immediate health and safety concerns whilst continuing our long-term focus on developing our people for the 'new normal' post COVID-19.

TOPICS AND CONCERNS RAISED BY EMPLOYEES

- Ensuring health and safety
- Job Security
- Attractive reward schemes
- Opportunities for skill development and career progression



IMPLICATIONS OF COVID-19

As health and safety concerns escalated following the outbreak of the pandemic, we placed strategic focus on ensuring employee safety, as described below. In the Hand Protection sector, proactive efforts were made to continue manufacturing under stringent guidelines, enabling the Sector to cater to the drastic increase in demand. It is noteworthy that the Group largely contained the spread of the infection within its manufacturing facilities and estates, attesting to the stringency of its protocols.

PRIORITISING HEALTH AND SAFETY

The conditions that prevailed during the year necessitated a strengthening of health and safety protocols and the Group placed strategic emphasis on ensuring the safety of its people. Measures adopted included the following:

Hand Protection Sector

- Sanitizing production facilities, all public areas and staff accommodation on a daily basis
- Work from home arrangements for office employees
- Rotation based 12-hour shifts for factory employees
- Quarantine protocols for infected employees, with facilities provided for both employees and their families
- Regular PCR testing
- Repatriation of employees stationed in Thailand
- Launch of Group safety App
- Dedicated hotline for COVID-19 related matters

Plantation Sector

- Stringent sanitization protocols across all estates and factories, including regular PCR testing
- Work from home arrangements for office employees
- Delivery of food packs and dry rations to employees and their families including members who migrated from cities back to the estates due to job losses
- Quarantine protocols for infected employees, with facilities provided for both employees and their families

In addition to the above specific arrangements, a Board-approved Health and Safety Policy together with a dedicated Health and Safety department, guide health and safety processes and initiatives of the Group. Meanwhile, ongoing monitoring of work- related injuries as well as periodic risk assessments and safety audits ensure that the highest health and safety standards are consistently maintained across our operations.

Occupational health and safety training is provided for all levels of employees. In our plantations operation health and safety awareness is extended to wider communities as well and cover a wide range of health topics such as reproductive health, non-communicable diseases, mental health among others. A large number of health and safety programmes were conducted during the year.

Health and safety certification
ISO 9001 : 2015 Quality Management System
ISO 13485:2003 Quality Management in Medical devices
Forest Stewardship Council Certification
ISO 14001:2015 Environment Management System
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 System
ISO 22000: 2005, HACCP & TASL-SGS - Food Safety Management Systems
Global Good Agricultural Practice Certificate
Rainforest Alliance Assurance

SAFETY RECORD IN 2020/21

Number of high consequence work related injuries **Nil**

Number of work related fatalities **Nil**

HUMAN CAPITAL

EMPLOYEE ENGAGEMENT

A high level of engagement with employees has been a hallmark of our relations with employees. 57% of our employees in the Hand Protection sector and considerable amount of our employees in the Plantation sector are represented through trade unions. Ongoing engagement with our trade unions ensure that constructive dialogue is always maintained, and issues are addressed in a mutually acceptable manner. Any significant operational change is communicated to trade unions with adequate notice provided for discussion.

Despite the conditions that prevailed, the Hand Protection sector ensured employee morale was maintained through celebrating several cultural/religious events at factory level, in compliance with all relevant safety guidelines.

MEASURING EMPLOYEE SATISFACTION

Hand Protection Sector: High level satisfaction score

Plantation sector: Emerged as the first agriculture sector organisation in Sri Lanka to be certified as a Great Place to Work

REMUNERATION AND BENEFITS

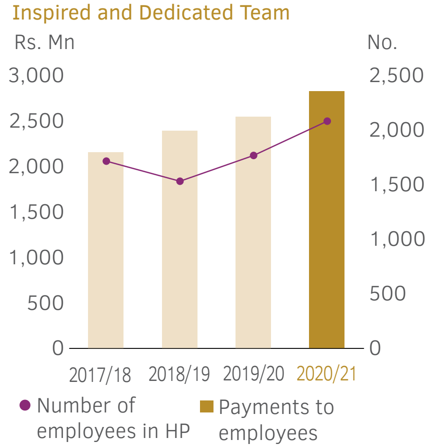
Remuneration for factory personnel in the Hand Protection sector and manual grade Plantation sector employees is based on Collective Agreements and determined based on consultations with respective trade Unions. Remuneration for executive staff consist of a fixed pay component based on market rates and a variable pay component linked to individual and company performance.

Estate employees are among the most vulnerable communities in the country, and both our Plantation sector subsidiaries offer a range of benefits, including maternity and child-care, nutrition and education support and housing, among others. (See table alongside)

Total staff cost during the year amounted to Rs. 3,485 Mn Salary and benefits were paid in full to all employees throughout the lockdown period. To support our employees through the challenging times we also granted an advance bonus to all hand protection employees.

TOTAL PAYMENTS TO EMPLOYEES

Inspired and Dedicated Team



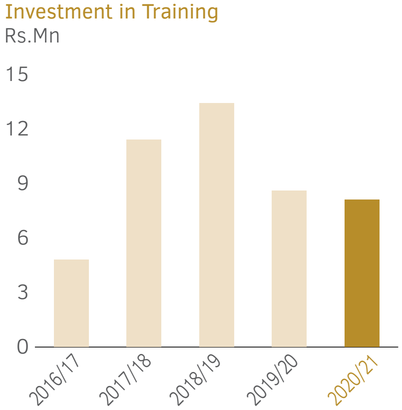
Benefits offered to Employees	
Hand Protection	**Plantation**
EPF/ ETF	EPF/ ETF
Medical benefits	Provisions to ensure nutrition, educational support
Subsidized meals	Maternity and child-care facilities
Annual Get together and picnic	Financial support for housing
Insurance coverage	Scholarship for students
Transport facilities	Religious function organizing

TRAINING AND DEVELOPMENT

Despite the disruptions during the year, we continued with our training and development efforts online, providing a total of almost 19,655 of training hours to employees. Of the total training provided over 12,062 hours were dedicated towards developing soft skills. In the Plantation Sector, we continued to offer technical training programmes and launched a certificate course accredited by the University of Peradeniya and the Tea Research Institute of Sri Lanka.

The Group's training record for the year is as follows:

Investment in Training



47%

training coverage ratio

Training provided during the year in virtual and physical basis					
Program	Category	Medium	No. of Trainings	No. of Participants	No. of Hrs
Technical Training	Executive	Virtual	34	385	2,536
		Physical	11	98	1,365
	Non-Executive	Virtual	7	102	393
		Physical	19	199	1,833
Common Training	Executive	Virtual	42	423	1,759
		Physical	12	168	1,130
	Non-Executive	Virtual	56	856	4,193
		Physical	62	2,392	6,446
Total		Virtual	139	1,766	8,881
		Physical	104	2,857	10,774
Grand Total			243	4,623	19,655

HUMAN CAPITAL

Despite disruptions during the year, we continued with our training and development efforts online.

DIVERSITY

The Group's policies, procedures and organisational culture has enabled the creation of a diverse and inclusive organisation in which all employees can thrive. DPL is also aligned with the Hayleys Group's aspirations on gender diversity and has taken proactive measures to create a conducive work environment for women.

Policy support

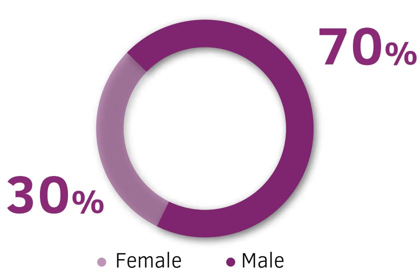
Equal opportunity policy	Non-discrimination policy	Anti-sexual harassment policy	Hayleys Group Sustainability Policy

INITIATIVES/ACTIONS IN PLACE TO PROMOTE GENDER DIVERSITY

- Flexible work and work-from-home arrangements
- 24% of new recruits filled are women.

Gender representation

Female representation across employee categories



Female representation in key departments (%)	
Finance	23
Marketing	48
Research and Development	39
Procurement	34
HR & administration	41

24% of new recruits

22% of turnover

14% of promotions from Female

EMPLOYEE PRODUCTIVITY

In line with the Group's strategic emphasis on operational efficiencies, we drove concerted organisation wide efforts to drive employee productivity. A dedicated operational efficiency improvement department conducted lean training for all employees as listed below. As a result of these initiatives, the Hand Protection sector achieved a 5% increase in capacity, with a minimal increase in the employee pool. Meanwhile our Plantation sector subsidiaries continue to record above average industry yields, attesting to the productivity of its people.

LEAN TRAINING

- White belt- Shopfloor employees engaged in understanding effective waste management
- Yellow belt- Supervisory level employees trained on quality management
- Green belt- Executive level training

Rs. 14.62 Mn
(+44%)
Revenue per employee

Rs. 2.66 Mn
5-fold increase
PBT per employee

WAY FORWARD

Ensuring the health and safety of our employees and their families will remain a priority due to the persisting threat of the COVID-19 virus. Meanwhile we will continue to invest in improving our HR processes through investments in digitization while focusing on developing the skills and knowledge required for our employees to thrive in the "new normal" post COVID-19.

SOCIAL AND RELATIONSHIP CAPITAL

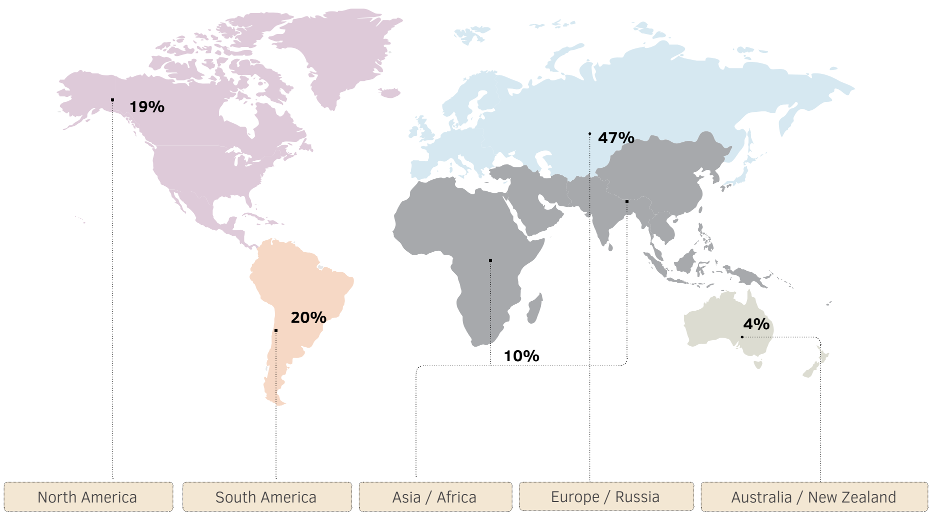
Our Social and Relationship Capital comprises the relationships we have nurtured across our value chain and communities, that provide us the social license to operate and ensure our legitimacy. This Report focuses on three key stakeholder relationships-namely customers, suppliers and communities.

CUSTOMER RELATIONSHIPS

Customer profile: In Hand Protection, our customers comprise global distributors and end-consumers, representing over 70 markets across the world. In Plantations, our products are sold to brokers through auctions, who in turn sell to tea exporters and foreign buyers.

During the year, the Hand Protection sector pursued aggressive customer acquisition adding over 36 new customers, primarily from Europe and America and in household, industrial and disposable glove categories. Despite more favourable pricing with new customers, the Group also continued serve its existing customers achieving 96% retention during the year.

OUR MARKET BY SALES VOLUME



New customers acquired
36

Farmers' base
4,500+

New Farmers
1,418

SOCIAL & RELATIONSHIP CAPITAL INPUTS

HAND PROTECTION SECTOR

350+
customers in 70 Countries

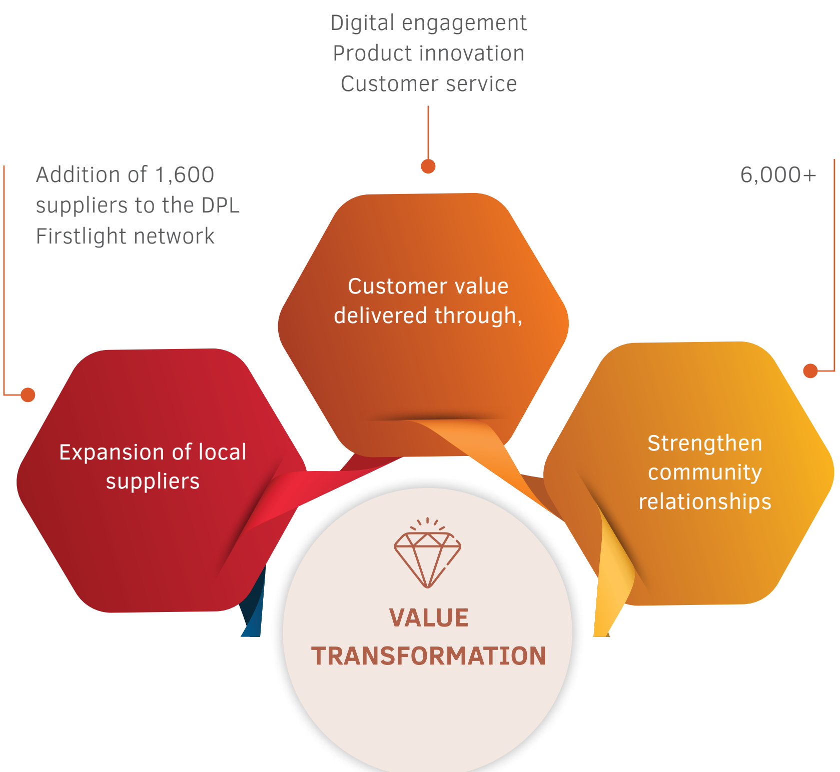
Over 6,000
suppliers

4,500+
farmers Community relationships

PLANTATION SECTOR

Customers comprising tea brokers and exporters

Estate communities



Hand Protection | Plantations

Widening our reach

Hand Protection

36 new customers acquired across product categories

6% growth in sales volumes

Plantations

44 new customers acquired

27% growth in sales volumes

Satisfied customers

Hand Protection

80% customer satisfaction rate

96% customer retention

Plantations

100% customer complaints resolved during the year

Value creation to suppliers

Hand Protection

Rs. 15.56 billion payments to suppliers (+71%)

1,566 suppliers supported through capacity building

Plantations

Rs. 7.02 billion payments to suppliers (+148%)

Enriching communities

Hand Protection

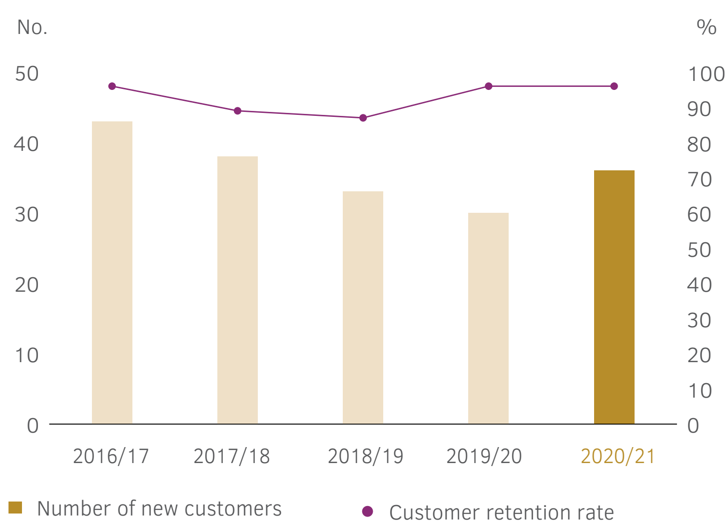
3,150 individuals supported through CSR aspects of Firstlight program

Contribution to combat COVID-19 through donation of PPE, A/C units, washing machines etc.

Plantations

Ensure safety, nourishment and living condition of 58,000 estate communities

Customer acquisition and retention



SOCIAL AND RELATIONSHIP CAPITAL

MANAGING CUSTOMER RELATIONSHIPS

Customer relationships are managed through a holistic value proposition which articulates the key aspects of our value creation to customers. As market dynamics shifted dramatically during the year and demand for gloves surged, the Group sought to strengthen relationships through ongoing focus on these attributes. The progress we made against each of these aspects is described below:

Delivering our customer value proposition (2020/21)

Customer Engagement

Given restrictions on international travel, the Group swiftly adapted to digital channels of engagement, seizing the opportunity presented to strengthen relationships. Progress made includes,

- Launch of a virtual factory tour for existing and potential customers
- Increase in web inquiries and good conversion rates
- Launch of several digital media promotions including a new corporate video
- Increased engagement through social media

Product quality

The Hand Protection Sector has built a strong reputation for product quality, through stringent assurance processes and compliance to a range of national and international certifications (refer to page 83 for further information). In Plantations, KVPL and TTE consistently command premium pricing at the Auctions, emerging as the leading price takers among all RPCs.

11
product and process quality certifications

Product range and innovation

DPL is able to proactively identify and respond to emerging customer needs through an innovative and relevant production portfolio. During the year, the Hand Protection sector developed 10 new products (Refer to page 82 for further information)

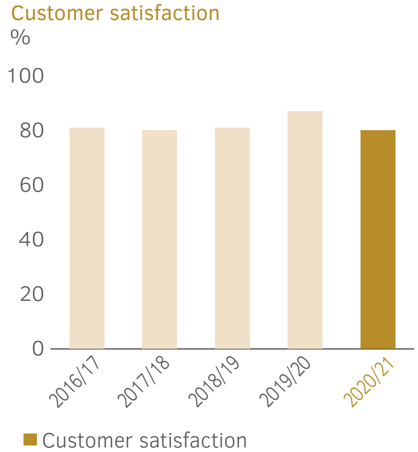
Supported gloves	Unsupported gloves	Disposal gloves
61 Product Categories	45 Product Categories	36 Product Categories
100 variants	198 variants	55 variants

Product responsibility

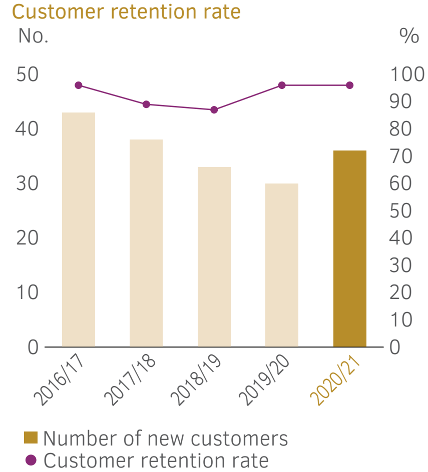
The Group ensures compliance to all relevant product regulations across all source markets through a stringent process and ensured adherence to numerous certifications. During the year under review, there were no incidents of non-compliance with regards to laws, regulations or standards relating to customer health and safety, marketing/ labelling information and/or marketing communications.

MEASURING SUCCESS

Customer satisfaction



Customer retention rate



SUPPLIER RELATIONSHIPS

The Group's Hand Protection supply chain partners include suppliers of natural and synthetic latex, packaging materials, chemicals, fabric liners and outsourced producers, among others. Our supplier profile is diverse, both in size and geographical locations; during the year we increased reliance on our domestic supplier base with local procurement accounting for 64% of total supplier payments during the year.

Supply chain strategy 2020/21

The global surge in demand for gloves led to a parallel increase in demand for nitrile latex and given short term constraints in enhancing capacity, the price of nitrile recorded sharp escalation during the year. Furthermore, disruptions to shipping and logistics services following the outbreak of the pandemic led to further difficulties in securing raw materials. The Group adopted a proactive strategy to secure access to both natural and nitrile latex as listed below:

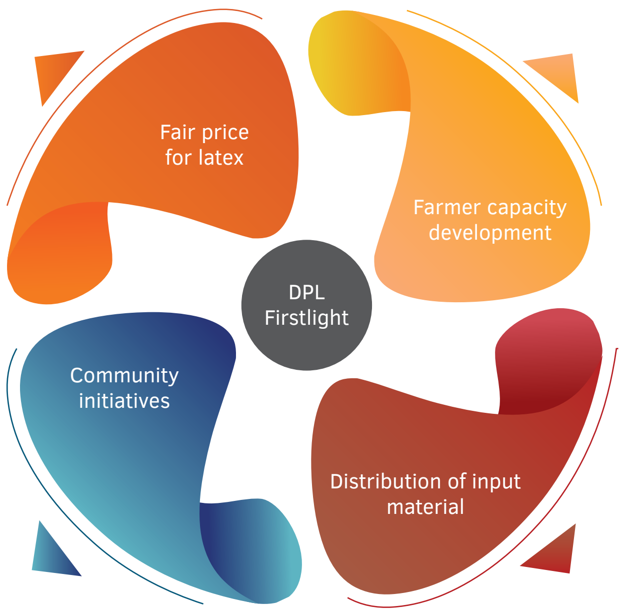
Raw material	Supplier profile	Strategy in 2020/21
Nitrile latex	07+ global suppliers	We carefully predicted demand and production trends, broad-basing the supplier based to ensure an uninterrupted supply of inputs. We also lever-aged Group synergies by partnering with Hayleys Advantis in scheduling shipping and logistics.
Natural latex	4,500+ local suppliers	The Group increased reliance on local farmers through extending DPL Firstlight to Kegalle and Ratnapura districts and adding 1,418 new farmers to the program
Chemicals	40+ global suppliers and through local agents	Proactively managed working capital cycles to ensure uninterrupted supply of materials, despite persistent shipping delays
Packing materials	20+ local suppliers	Increased warehousing capacity and stock holding period to ensure continuity of supplies while proactively monitoring delivery dates

SOCIAL AND RELATIONSHIP CAPITAL

DPL FIRSTLIGHT

DPL Firstlight is a unique, multi award-winning supplier development initiative which empowers over 4,500+ farmers island-wide and contributes to their socio-economic progress through a multi-faceted value proposition as illustrated below:

- The price paid is indexed to the regional prices well above competition through a unique pricing formula which enables First light farmers to benefit from better prices, as several cost components such as middlemen's margins, brokerage, transporting and warehousing costs are eliminated.
- Payment is made twice a month on fixed dates through a secure payment system in place through the rural banking network.
- Rs. 1,742 million payments made to Field latex farmers during the year.
- We support the educational needs of Firstlight communities and during the year, distributed 1,500 school bags to children of Firstlight farmers in the Monaragala district.



- Farmer education and training programmes are carried out on an on going basis to ensure good quality crops, sustainable production methods and a secure supply chain.
- 3,150 farmers benefited through training programmes conducted during the year at a total investment of Rs. 3.7 million.
- 30,000 Nursery rubber plant program initiated
- We provide special collection cups, high quality tapping knives rain guards, aprons, fertilizer and flashlights as well as input materials required for setting up of rubber plant nurseries.

COMMUNITY RELATIONSHIPS

The Group was compelled to curtail its CSR activities during the year, given restrictions on social mobility and need to ensure physical distancing across all operations. Our community engagement focus for the year aimed to combat the spread of the virus and support healthcare facilities and other front line workers in mitigating the risks of infection. Key donations/initiatives are given below:

- Combating COVID-19

  In line with the Hayleys' Group's directive towards supporting Sri Lanka in combating the pandemic, both Plantation and Hand Protection sectors extended support to the healthcare sector as well as vulnerable communities. A summary of these initiatives are presented below:

INTELLECTUAL CAPITAL

The Group's Intellectual Capital comprises intangibles including DPL's capabilities in research and development, systems and processes which ensure high standards of quality, sustainability and safety as well as the Group's organisational tacit knowledge.

R&D AND INNOVATION

Innovation is an ongoing process at DPL and has allowed the Group to retain its competitive edge despite increased competitive intensity from regional players. The Group is globally reputed for its research and development capabilities, which has enabled it to design innovative and tailor-made solutions to emerging customer needs.

Innovation capabilities are strengthened by the Group's highly skilled and capable R&D team, which comprises 14 professionals including 1 PhD holder. New product development is a result of the collective efforts of the R&D and marketing team as presented below:

NEW PRODUCT DEVELOPMENT

- Emerging customer needs discussed at the Product Development Forum
- Evaluation of potential ideas and concept generation
- Lab scale and plant trials
- Field trial which includes customer engagement
- Patent application and marketing

During the period in which the R&D team was compelled to work remotely, considerable emphasis was placed on preserving our intellectual property through completing and submitting applications for patents. Accordingly, during the year we applied for 05 patents and bringing the total patents in the pipeline to 09. Despite the prevalent conditions we continued to the Group made considerable progress in driving innovation, with the launch of 10 new products during the year and 5 new products are in the pipeline.

New products developed
10

Patents applied
05

Investment in R&D
Rs. 139 Mn

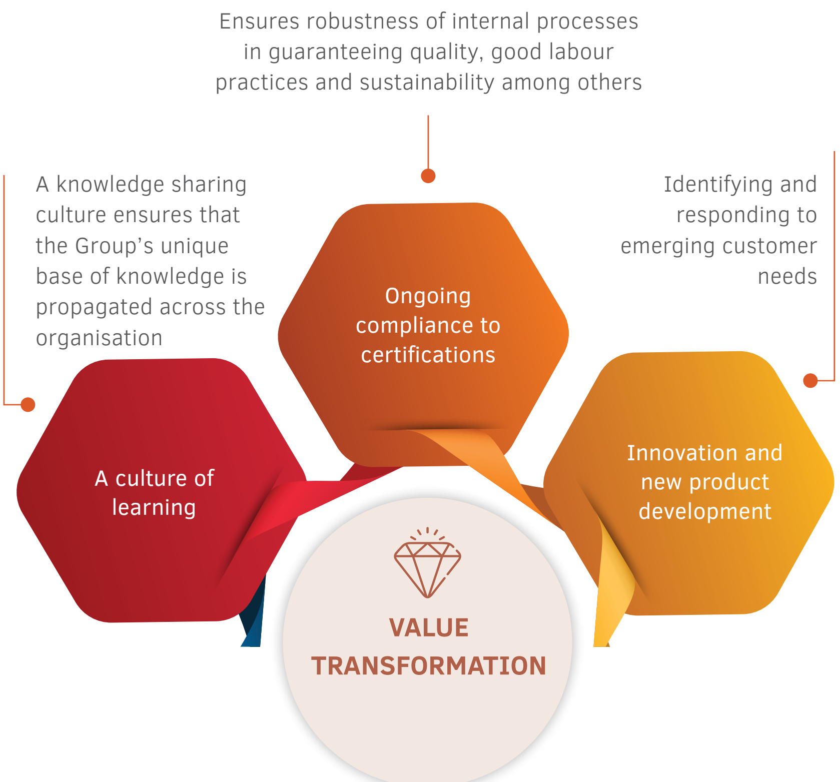
INTELLECTUAL CAPITAL INPUTS

HAND PROTECTION SECTOR

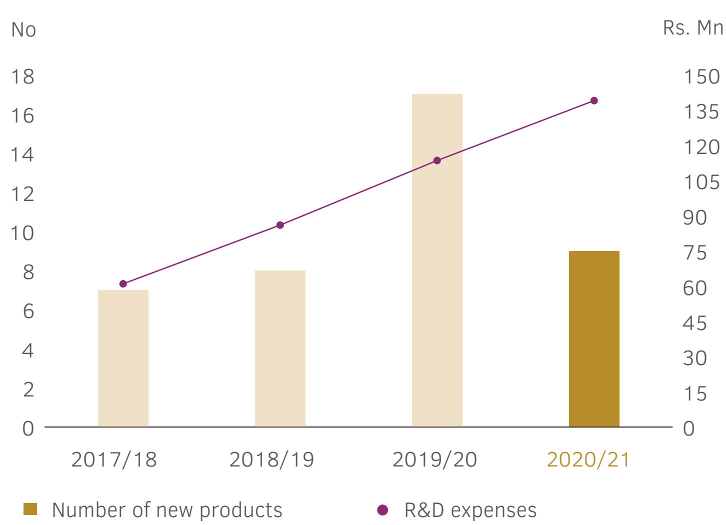
14
Employees in the R&D team

PLANTATION SECTOR

Compliance to a range of certifications



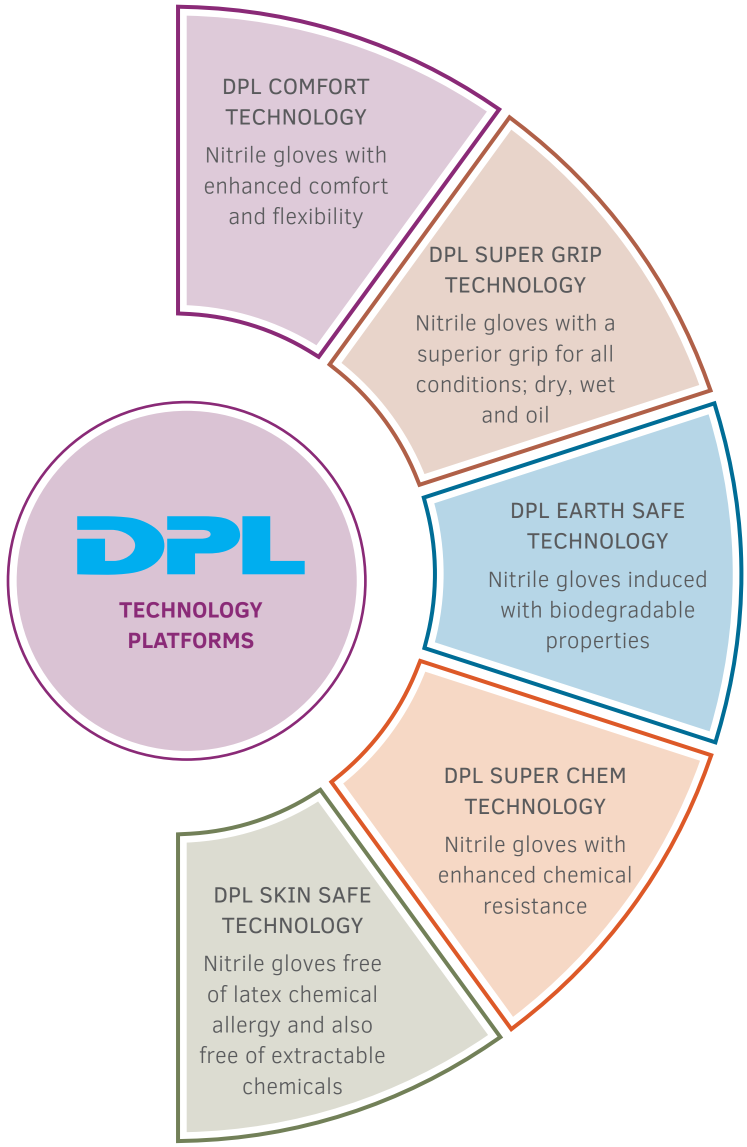
Investments in R&D and Innovation



	Hand Protection	Plantations
Innovation	10 new products developed through Rs.138.83 million spend on R&D 5 products in the pipeline	16 new products developed Rs.1.69 million spend on R&D
Productivity and efficiency mindset	Ongoing process innovation through DPL Production system	Increased efficiencies through automation and digitalization
Assurance through certifications	11 certifications	9 certifications

INTELLECTUAL CAPITAL

During the period in which the R&D team was compelled to work remotely, considerable emphasis was placed on preserving our intellectual property through completing and submitting applications for patents



DPL TECHNOLOGY PLATFORM

The Group launched the DPL Technology Platforms during the year, a proposition featuring 5 unique characteristics of our nitrile product range, which has sharpened our competitive edge through offering clarity in marketing and use of the product by customers.

DPL aims to leverage this product platform to drive increased market penetration, positioning itself as the most diversified and innovative manufacturer of nitrile gloves.

New products Developed

Unsupported gloves	
Interface Elasto	A patentable innovation where the glove consist of a unique grip surface made out of waste NBR gloves which provide a value addition to the waste material, in addition this glove has superior grip, friction, mechanical and chemical performance.
Foam lined glove	A patentable innovation under DPL comfort technology, providing superior flexibly and comfortability compared to other nitrile gloves in the nitrile glove range.
Synesthetic Magnetically	Detectable glove- Developed as a part of the magnetically detectable glove range, this glove amalgamates the flexibility of natural rubber gloves, the allergy-free property of nitrile gloves while providing the expected magnetic detectability.
Industrial Natural rubber glove with expanded cuff	The thickest yet the lengthiest natural rubber glove in the DPL glove range made using a unique former type.
Nitrile crinkled glove	A patentable innovation and the first nitrile unsupported glove in the DPL glove range having a crinkled surface.

Supported glove range	
Xtralite Prime Glove Range with RPET Yarn – ECO Friendly Glove Range	• 7 styles with nitrile dots for additional grip and thumb crotch reinforcement • Eco friendly glove with knitted liner of recycle PET polyester yarn • Extremely comfortable • 360°breathability
Biodegradable Supported Glove	• Eco friendly glove with extreme features • The foam coating has a degradation time of only 6 months • Extremely comfortable • 360°breathability
NR Double Dipped, Cut Resistant Acrylic Brushed Glove	• Super warm gloves with added water resistance (even on the wrist) • Single layer liner for maximum dexterity and comfort • Suitable for handling things at temperatures up to -15°C. • EN 511 rated X1X for initial protection against cold contact
Impact HD/Impact HC Glove	• TDM Cut Resistance Level “C” and “D” Single layer liner for maximum dexterity and comfort • Back of Palm Impact Protection for hazardous environments • Nitrile foam coating acts as a cushion to absorb vibrations
“Xtraflex Prime”	• Micro foam, nitrile dotted structure for enhanced grip in wet and dry conditions. • Low absorption of oil based liquids. • Ergonomically design to reduce hand fatigue. • Comes with Nitrile dots and thumb crotch for added durability.

SYSTEMS AND PROCESSES

Both the Hand Protection and Plantation Sectors comply with a range of local and international certifications in quality, environmental responsibility, labour practices and safety, among others. These frameworks offer assurance to third parties regarding the robustness of the Company’s operations and approach to value creation. Key certifications include the following;

Hand Protection	
ISO 9001:2008	Quality Management
ISO 13485:2003	Quality Management in Medical devices
Forest Stewardship Council Certification	Ensures that products come from well managed forests that provide environmental, social and economic benefits
ISO 14001: 2004	Environmental Management System
ISO 17025: 2005	Laboratory accreditation certification
British Retail Consorti-um Certification	Safety and Quality certification for consumer products
UN Global Compact	Signatory to the implementation of universal sustainability principles
OHSAS 18001	Occupational Health and Safety Assessment

Plantations	
Forest Stewardship Council Certification	Ensures that products come from well managed forests that provide environmental, social and economic benefits
UN Global Compact	Signatory to the implementation of universal sustainability principles
ISO 22000: 2005, HACCP & TASL-SGS for tea processing centres	Food Safety Management Systems
Global G.A.P Certification	Farm Assurance and Good Agricultural practice
Rainforest Alliance	Assurance on bio diversity conservation and sustainable livelihoods
Great Place to Work*	The sector emerged as the first agricultural sector company to be certified as a great place to work, attesting to the strength of its HR practices
Ethical Tea Partnership	Assurance on sustainability of tea production, the lives of tea workers and the environment in which tea is produced

NATURAL CAPITAL

As a Group with interests in Manufacturing and Plantations, DPL has a significant impact on the environment through the consumption of natural resources and the discharge of waste, effluents and emissions. We are deeply committed to reducing these adverse environmental impacts through innovative processes and ways of working.

Carbon intensity per pair

0.16 KgCO2eq

Energy Intensity per pair

7.24 MJ

Reduction in water intensity per pair

5%

RESPECTING OUR ENVIRONMENT

The Group's environmental management framework is aligned to the Hayleys Group's Environmental agenda which clearly sets the blueprint for managing key environmental impacts in resource consumption, energy, water usage, waste and carbon footprint, among others. The Agenda also defines clear goals for reducing environmental impacts over the mid-to-long-term including annual targets. In addition to these guidelines, both the Hand Protection and Plantation Sector have obtained with a range of local and international environmental certifications including ISO 14001:2004 Environmental Management Systems and Forest Stewardship Council Certification, among others.

WATER

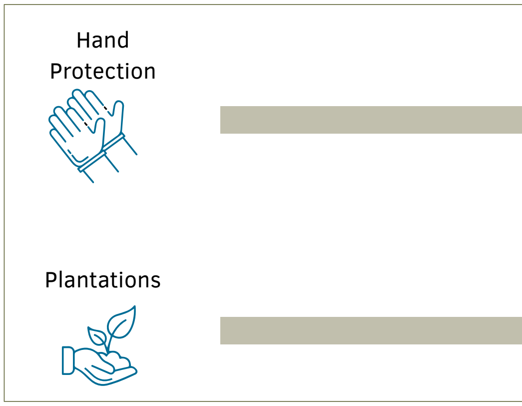
Having made significant progress in our renewable energy journey, the Group increased focus on water conservation during the year. Both the Hand Protection and Plantation sectors are water intensive and our environmental strategy for the year centered on reducing water withdrawal through increasing recycling. Progress made during the year includes the following:

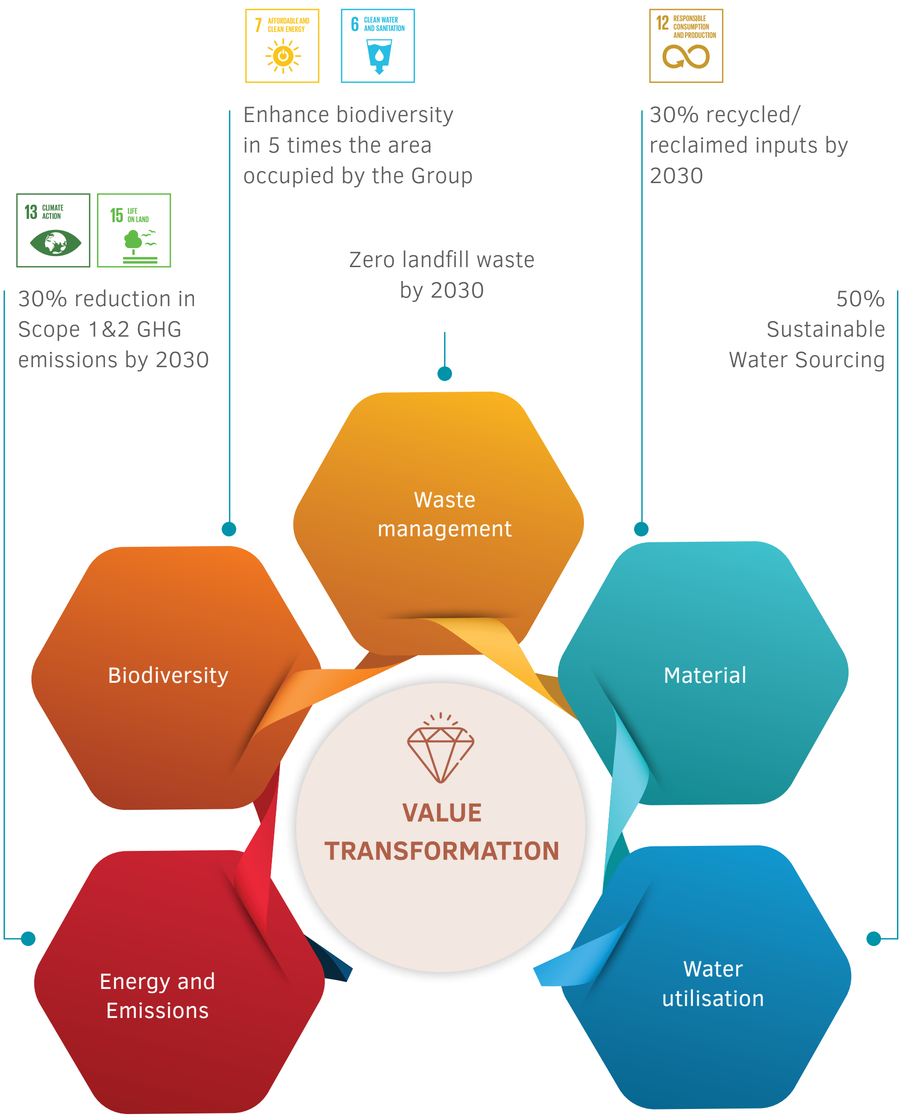
Hand Protection Sector

- Efforts to increase water recycling and reuse in all factories to 60% of water withdrawn. In the Hanwella Factory Water discharged from the plant is treated at the ETP and pumped to a wetland, from which it is reused.
- Enhancing capacity of ETPs, treatment efficiencies and storage tanks to drive increased recycling

Plantation Sector

- Rainwater harvesting
- Recycling
- Implementation of chemical free buffer zones





HOW WE ARE CONTRIBUTING TO THESE GOALS

5% reduction in water intensity	**173%** increase in rain water harvesting	**6%** reduction in energy intensity	**93%** reliance on renewable energy	**5%** reduction in emission intensity
22% reduction in water intensity	**1%** reduction total water consumption	**21%** reduction in energy intensity	Marginal decline in total energy consumption	**14%** reduction in emission intensity

NATURAL CAPITAL

Despite the significant increase in operational activity, the increase in the Hand Protection sector's water withdrawal was contained at 17% while the Plantation Sector recorded a 1% decline in water consumption. The Group's water consumption for the year is presented below:

Liters Mn	Hand Protection	Plantations
	2020/21	2020/21
Total consumption	1,882	108
Sustainable Water sourcing	284	-
Water intensity (liters/revenue Mn)	61,937	6,805

ENERGY

Hand Protection has made significant progress in its clean energy journey, achieving 100% conversion of its thermal plants to bio-mass energy sources in 2018/19. This has led to consistent declines in the Sector's carbon intensity. The Sector has now initiated the next phase of this journey by initiating plans to procure sustainable firewood. Accordingly, the Sector launched a unique, multi-faceted tree planting initiative in Monaragala with the long-term objective of planting 1 million rubber trees. Key aspects of the program are presented alongside.

The Sector also installed heat exchangers which enable the recovery of wastewater, which in turn is used for heating applications.

The Plantation Sector also relies on solar and hydro power generation thereby reducing reliance on fossil fuel-based energy sources. Energy consumption for the year is given below:

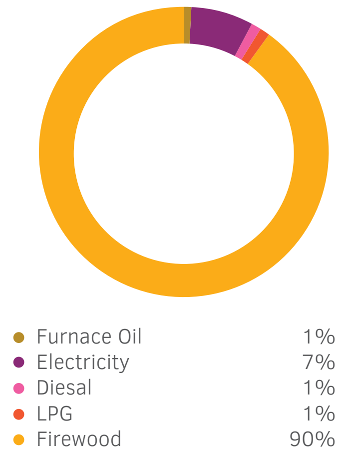
Sustainable firewood

Aspiration to plant 1 million rubber trees in Monaragala through distribution of plants among our Firstlight suppliers. This is expected to drive,

- Provide sustainable firewood for biomass
- Drive reductions in the carbon footprint
- Support communities through providing a source of income

Non-renewable sources		
MJ Mn	Hand Protection	Plantations
Furnace oil	11.07	-
Electricity	110.05	47.65
Diesel	3.60	17.09
LPG	17.00	0.39
Petrol	-	4.26
Renewable sources		
Firewood	1,724	302.67
Hydro	-	1.53
In transportation	1.38	4.45
Total Consumption	1,867.04	375.69
Energy intensity (MJ/Revenue Mn)	61,389	23,582

Energy consumption-Hand Protection



EFFLUENTS AND WASTE

In line with the Group's Environmental policy all waste is segregated at source and disposed with minimal environmental damage. Recyclable waste is supplied to approved third-party recyclers while wood ash from boilers is disposed in line with the environmental regulations. In collaboration with the Rubber Research Institute waste rubber particles is converted back to re-usable rubber to manufacture other products. The chemical sludge is sent to GeoCycle for incineration while biological sludge is provided to compost manufacturers.

Effluents generated from our operations are treated at Reverse Osmosis plants prior to responsible discharge. We persistently monitor the quality of the water discharged from our operations, and these continue to be within the parameters specified by the Central Environmental Authority. During the year we increased the efficiency and capacity of the effluent treatment plants in line with our aim of increasing the level of water recycled.

During the year we refined and improved the carbon footprint computation methodology, to capture the CH4 and NO2 emissions relating to biomass consumptions

CARBON FOOTPRINT

Implications of climate change are felt in both the Hand Protection and Plantation sectors, primarily through the increasing intensity and frequency of natural disasters and changing weather patterns. This has led to the consistent decline in rubber production as well as quality and yields of crops.

DPL's carbon intensity has recorded consistent decline in line with the Group's continued efforts towards enhancing energy efficiency and increasing reliance on renewable energy. The Group's carbon footprint is presented below and the computation is based on the GHG Protocol published by the World Resource Institute.

Kg CO2eq Mn	Hand Protection	Plantations
Scope 1 emissions	18,557	4,609
Scope 2 emissions	18,992	8,224
Scope 3 emissions	3,198	244
Total emissions	41,052	13,076

RAW MATERIALS

Our production process mainly consumes latex, cotton liner, clay and chemicals. Latex consists of both natural and synthetic latex and during the year our consumption of raw materials increased line with higher production volumes. We have also sought to broad base our supplier base, expanding the DPL Firstlight programme through which we offer capacity building on sustainable agriculture methods.

NATURAL CAPITAL

These eco-friendly products enable the Group to drive parallel achievement of its commercial, social and environmental obligations thereby positioning it for sustainable growth in earnings.

RESPONSIBLE PRODUCTS

As buyers' place increased emphasis on social and environmental considerations, we have sought to embed sustainability principles into our product designs by designing and manufacturing a range of eco-friendly products. These products enable the Group to drive parallel achievement of its commercial, social and environmental obligations thereby positioning it for sustainable growth in earnings.

Xtralight Prime

Made out of PET polyester yarns extruded from waste plastic bottles.

Recycled 1.7 Mn plastic bottles in the year

- All products are touch screen compatible
- It has a unique knitting structure
- The PET yarn has moisture management properties
- The Carbon footprint value is very low

14 varieties

Interface Eco

Biodegradable nitrile glove

4 varieties

Interface Prime

Environmental friendly and skin safe
Nitrile glove

DESIGNED WITH PRECISION

At DPL we are adding value to the lives of our customers by manufacturing quality products. This year more than ever, our products were designed with precision to ensure the safety of all those we serve.

Corporate Governance

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CORPORATE GOVERNANCE

As an organisation with deep-rooted stakeholder relationships, international operations and exposure to risks stemming from agricultural supply chains, effective corporate governance practices are a prerequisite of sustainable value creation at DPL. The extraordinary challenges presented by the year under review, further reinforced the vital importance of effective and adaptable leadership and was undoubtedly a critical factor behind the Group's resilient performance.

The discussion below presents a high-level overview of the Group's governance practices and the Board's contribution to value creation during the year. Further details are provided in pages 92 to 112 of this Report which demonstrate the Group's compliance to the Code of Best Practice on Corporate Governance and Continuing Listing Rules of the Colombo Stock Exchange.

GOVERNANCE FRAMEWORK

DPL's corporate governance philosophy strives to enable the achievement of ethical and stewardship obligations, while supporting the creation of long-term sustainable stakeholder value. As a subsidiary of the Hayleys Group, DPL's governance framework, structures and processes are aligned to that of the parent entity and refined to reflect dynamics and sensitivities in the industry sectors DPL operates in and its stakeholders. DPL's governance framework is underpinned on the following internal and external instruments:

EXTERNAL INSTRUMENTS

- Companies Act No 7 of 2007
- Continuing listing requirements of the Colombo Stock Exchange
- Code of Best Practice on Corporate Governance issued by the Chartered Accountants of Sri Lanka in December 2017*
- Integrated Reporting Framework of the International Integrated Reporting Committee

INTERNAL INSTRUMENTS

- Board Charter
- Board and Subcommittee charters
- Hayleys Group policies and procedures
- Code of conduct and ethics
- Comprehensive policies and procedures

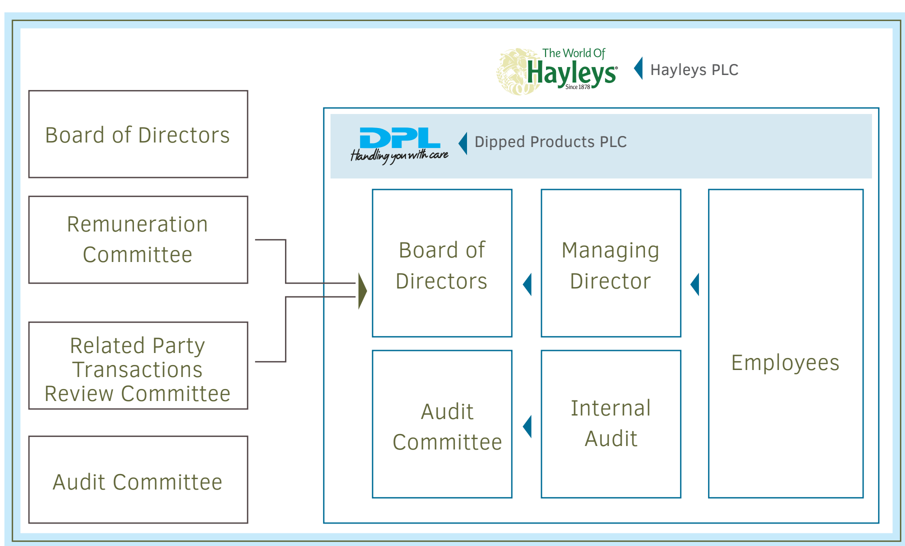
INTERNAL MECHANISMS

- Stakeholder engagement
- HR and People management
- Materiality analysis
- Strategic and corporate planning
- Risk Management

GOVERNANCE STRUCTURE

The Board of Directors is the apex governing authority and is supported by 3-sub committees which have oversight responsibility on matters delegated to them, thereby allowing the Board to devote its time to strategic agenda items. Remuneration Committee and Related Party Transactions Review Committees of Hayleys PLC, assist the Board of DPL, as permitted by the listing rules of the CSE. DPL's Audit Committee also reports to the Hayleys PLC Audit Committee on financial reporting, internal controls and risk management related issues. Please refer to the Reports of the sub-committees from page 113 to page 114 of this Report for further information.

The Governance Structure is graphically illustrated below:



Reporting to

The Company has complied with almost all the requirements of the 2017 Code of Best Practice on Corporate Governance, to the extent that it is relevant and necessary for the business.

OUR BOARD OF DIRECTORS

The Board comprises 12 directors including 6 Executive and 6 Non-Executive Directors, of which 4 are Independent. Directors combine diversity in expertise, skills, experience, and demographics therefore bringing in rich perspectives to the Board, enhancing the depth of discussions and quality of decision making. The Hayleys Group is represented by 5 directors, including the Chairman and CEO of Hayleys PLC who functions as the Chairman of DPL. Please refer to page 20 for brief profiles of the Board of Directors.

POLICY FRAMEWORK

A comprehensive policy framework, which is aligned to that of the parent entity, ensures consistent treatment of strategic and operational issues. Policies are reviewed and revised regulatory to ensure relevance to the external landscape and internal dynamics. The framework includes policies on HR-related aspects, Risk Management, ESG matters, Governance and Board procedures and anti-corruption, among others. Key policies revised during the year are also presented alongside.

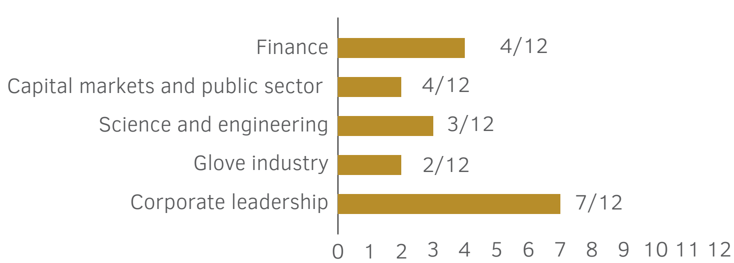
Board composition

Executive Directors	6
Non-Executive Directors	2
Independent, Non-Executive Directors	4

Board tenure

4	4	4
0-5 years	5-10 years	Above 10 years

Board skill composition



CHANGES TO THE BOARD IN 2020/21

- Appointment of H S R Kariyawasan as Deputy Chairman of the Board
- Appointment of R H P Janadheera as Deputy Managing Director
- Resignation of M Bottino who functioned as an Executive Director

CORPORATE GOVERNANCE

BOARD ACTIVITIES IN 2020/21

Board meetings

The Board convened 4 times during the year under review. Given the conditions that prevailed during the year, meetings were shifted to hybrid forms thereby ensuring the continuity of Board activities despite the prevalent issues. Sub-committee activities also continued uninterrupted with 4 Audit Committee meetings held either virtually or physically during the year. The Board procedure relating to meetings is set out below:

Start of the year

- Calendar is set for Board meetings and Subcommittee meetings and notice is given to Directors through an Annual Calendar

Agenda

- The Company Secretary sets the agenda under the authority delegated by the Chairman
- Directors are free to submit proposals to the agenda for discussion at Board meetings
- Matters arising from internal/external developments may be added to the agenda

Board paper compilation and circulation

- Board papers are prepared and electronically circulated to Directors with adequate time prior to the meeting, providing sufficient time to review matters

Board Meeting

- Board meetings have certain standard items such as performance updates, risk dashboards and recommendations from Subcommittees Chairpersons.
- Members of the Management Team are invited for Board meetings to provide additional clarifications if required.

Post-meeting

- The Company Secretary prepares the minutes and circulates among Directors through a secure e-Solution within 14 days of the meeting.
- Minutes are adopted at the subsequent Board meeting.
- Follow up action is taken on outstanding matters

Attendance at Board and sub-committee meetings is set out below:

BOARD MEETING ATTENDANCE

NAME	
Mr. A M Pandithage	4/4
Mr. H S R Kariyawasan	4/4
Mr. Ng Soon Huat	4/4
Mr. R H P Janadheera	4/4
Mr. F Mohideen	4/4
Mr. S C Ganegoda	4/4
Mr. S Rajapakse	4/4
Mr. N A R R S Nanayakkara	4/4
Mr. S P Peiris	4/4
Mr. K D G Gunaratne	4/4
Mr. K M D I Prasad	4/4
Ms. Y Bhaskaran (Alt: to Mr. K D D Perera)	4/4

AUDIT COMMITTEE MEETING ATTENDENCE

NAME	
Mr. S Rajapakse	4/4
Mr. F Mohideen	4/4
Mr. S P Peiris	4/4

ENGAGEMENT WITH THE BUSINESS

While Directors maintain their independence, they also have ongoing engagement with the business enabling a deeper understanding of strategy and operations. This engagement is primarily facilitated through the 5 Executive Directors, who hold executive responsibilities for key functions including Finance, Marketing and Operations. The Directors also have various opportunities to interact with executive team during strategy sessions and Board/Sub-Committee meetings where KMPs attend by invitation.

BOARD FOCUS AREAS IN 2020/21

Given the unprecedented operating conditions that prevailed during the year, Board focus was directly primarily towards identifying and responding to the vulnerabilities presented by the COVID-19 pandemic. The following page gives an overview of the Board's key focus areas during the year.

Implications of COVID-19 and response	Monitoring Performance	People related matters
• Immediate measures to ensure the safety of employees across all manufacturing facilities and operating locations • Implement measures to recommence manufacturing after suspension of activities for 02 weeks during the initial lockdown • Assessing the implications of government and regulatory developments • Extensive discussions on the pandemic's implications on demand, supply, pricing, security of raw materials and disruptions to supply chain and distribution channels • Analysis of economic scenarios and potential implications on the Group	• Proactive monitoring of financial, social and environmental performance through financial statements and performance against strategic objectives • Engagement with key management personnel on key aspects relating to performance	• Approval of DPL's people strategy • Determine remuneration for executive directors and key management personnel • Evaluation options for development, enhancing productivity and increasing retention
Corporate plan and strategy	**Capacity expansions and new product developments**	**Risk Management**
• Assess relevance of strategy to emerging developments • Revision of targets and objectives of the Corporate Plan in view of the operating landscape and emerging risks	• Explore options for expanding capacity across key product categories • Monitor progress of automation, efficiency and cost management initiatives • Increase focus on R&D activities for new product development and process improvements	• Proactive monitor risks emerging from both the internal and external landscapes with emphasis on, • Health and safety risks • Securing access to raw materials • Price pressure • Competition • Exposure to commodity prices • Interest and exchange rate fluctuations

CORPORATE GOVERNANCE

Reference to CASL code	Requirement	Compliance	Details of Compliance
Section 1: The Company			
A. Directors			
Principle: A.1 The Board As at the end of the year under review, the Board consisted of twelve Directors - seven Non-Executive Directors and five Executive Directors including the Chairman. The Board combines diverse skills and expertise to drive the Group's strategic aspirations. During the year the Board reviewed its skills mix and is determined that the present composition and expertise is sufficient to meet the needs of the group. The Non-Executive Directors contribute their collective knowledge and experience gained from experience in serving variety of public and private organizations. The profiles of the Directors are found on pages of 20 and 23 of this Annual Report. Details of Directors shareholdings in DPL and the directorates they hold in other companies are given on pages 116, 198 and 199 respectively.			
A.1.1	Board Meetings	Complied	The Board meets on a quarterly basis with special meetings convened when the need arises. During the year under review the Board met on four occasions; during the lockdown period, meetings were shifted to digital platform and all meeting were held virtually or as a hybrid meeting. Details of meetings of the Board and attendance of the members are set out on page 92 of this Report. The Board is provided with information necessary to effectively discharge its duties in a structured and regular manner. Information to be reported to the Board includes ; • Financial and operational results on pre agreed Key Performance Indicators. • Financial performance compared to previous periods, budgets and targets. • Impact of risk factors on financial and operating results and actions to mitigate such risks • Compliance with laws and regulations and any non-compliances. • Internal control review. • Share trading of the Company and related party transactions by Key Management Personnel. • Any other matters the board should be aware of. The minutes of the previous Board meeting and above information are distributed among the members with adequate time prior to the meeting.

Reference to CASL code	Requirement	Compliance	Details of Compliance
A.1.2	Responsibilities of the Board	Complied	The Board Charter sets out the responsibility of the Board. The Board is responsible to the shareholders for creating and delivering long term sustainable shareholder value through entrepreneurial leadership. The Board is responsible to: • Providing direction and guidance to the Company in the formulation of high-level medium, and long term strategies which are aimed at promoting the sustainable long term success of the Company. • Appointing and reviewing the performance of the Chairman and Managing Director. Ensure Executive Directors and key management team possesses the skills, experience and knowledge to implement strategy effectively, with proper succession arrangements in place. • Reviewing, approving and monitoring annual corporate plans, corporate budget and capital expenditure. • Reviewing and approving major acquisitions, disposals and major investments by the management within their limits of authority. • Ensure effective systems to secure the integrity of information, internal controls, business continuity and risk management. • Ensure compliance with laws, regulations and ethical standards. • Ensure all stakeholder interests are considered in corporate decisions. • DPL has adopted Integrated Reporting since 2015 and recognizes the importance of embedding sustainability in corporate strategy, decisions and activities. • Set and communicate values/standards, with adequate attention being paid to accounting policies/practices and fostering compliance with financial regulations. • Adequacy and the integrity of the Internal control systems over financial reporting and management Information Systems are reviewed by the Board/Audit Committee. • Ensuring that financial statements are published quarterly and the Annual Report is published at the end of the financial year. • Determining any changes to the discretions/authorities delegated from the Board to the Key Management Team. • Approving any amendments to constitutional document.
A.1.3	Compliance with the laws of the country and agreed to obtain independent professional advice	Complied	The Board collectively as well as the Directors individually, recognizes their duty to comply with laws of the country which are applicable to the Company. The Board of Directors ensures that procedures and processes are in place to ensure that the Company complies with all applicable laws and regulations. Directors have the power to obtain independent professional advice as deemed necessary, in discharging their duties, at the Company's expense. This is co-ordinated through the Board.

CORPORATE GOVERNANCE

Reference to CASL code	Requirement	Compliance	Details of Compliance
A.1.4	Access to the advice and services of the Company Secretary	Complied	The services and advice of the Company Secretary are available to all the Directors. The Company Secretary ensures that Board procedures and all applicable rules and regulation are complied with. The removal of the Secretary is a matter for the Board as a whole. Obtained a directors and officers' liability insurance, providing worldwide cover to indemnify all Directors and Officers.
A.1.5	Independent judgment of the Directors	Complied	Non-Executive Directors are independent of the management and free from any business and other relations. None of other Directors are related to each other. This enables all the members of the Board to exercise independent judgment to bear on issues of strategy, performance, resources and standards of business conduct.
A.1.6	Dedication of adequate time and effort of the Directors	Complied	The Board of Directors allocated adequate time and effort before a meeting to review Board papers and call for additional information and clarification, and to follow up on issues arising from the meeting. As a result, Directors are kept aware of all material developments impacting the Group including business changes, operations, risks and controls which ultimately help to satisfactorily discharge the duties and responsibilities owed to the Company.
A.1.7	Training for new and existing Directors	Complied	The Board of Directors recognizes the need for continuous training & expansion of knowledge and undertakes such professional development as they consider necessary in assisting them to carry out their duties as Directors. Every new Director and current Directors are given a training if necessary and appropriately. This training curriculum encompasses both general aspects of directorship and matters specific to the industry. The Board is of the view that obtaining continued training is vital in the effective discharge of its duties.
Principle: A.2 Chairman and Chief Executive Officer (CEO) There is a clear division of responsibility between the Board and executive leadership, thereby ensuring a balance of power and authority and ensuring that no individuals has unfettered powers. The Chairman is responsible for conducting of the business of the Board while the Managing Director/CEO has oversight on executive responsibility for management of the Company's business.			
A.2.1	Division of responsibilities of Chairman and CEO	Complied	The role of Chairman and the Chief Executive Officer of the Company are segregated with clearly defined authority and responsibilities. The Chairman of the Company is also the Chairman of Hayleys PLC. Chief Executive Authority is vested in the Managing Director of the Company. The separation between the position of the Chairman and officers with executive powers in the Company ensures a balance of power and authority.
Principle: A.3 Chairman's Role The Chairman's role in preserving good Corporate Governance is crucial. As the person responsible for running the Board, the Chairman should preserve order and facilitate the effective discharge of Board functions.			

Reference to CASL code	Requirement	Compliance	Details of Compliance
A.3.1	Chairman's role	Complied	The Chairman's role involves: • Approving the agenda for each meeting prepared in consultation with the Managing Director and the Company Secretary taking in to consideration matters relating to strategy, performance, resource allocation, risk management and compliance. • Sufficiently detailed information of matters included in the agenda should be provided to the Directors in a timely manner. • Ensuring that all Directors are aware of their duties and responsibilities. • All Directors are encouraged to make an effective contribution, within their respective capabilities for the benefit of the Company. • All Directors are encouraged to seek information considered necessary to discuss matters on the agenda of meetings and to request inclusions of matters of corporate concern on the agenda. • Maintaining the balance of power between Executive and Non-Executive Directors. • The view of Directors on issues under consideration are ascertained. • Ensuring that the Board is in complete control of the company's affairs and alert to its obligations to all shareholders and other stakeholders.
Principle: A.4 Financial Acumen The Board should ensure the availability within it, of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.			
A.4.1	Financial acumen	Complied	The Board includes Three Senior Chartered Accountants, who possess the necessary knowledge and competence to offer the Board guidance on matters of finance. One of them serves as Chairman of the Audit Committee. Other Members of the Board have ample experience in handling matters related to finance through leadership in numerous organizations across sectors. Hence the Board has sufficient financial acumen and knowledge to offer guidance on matters of finance.
Principle: A.5 Board Balance It is preferable for the Board to have a balance of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the Board's decision making.			
A.5.1	Non-Executive Directors	Complied	Seven out of twelve Directors on the Board are Non-Executive Directors. The composition of the Executive and Non-Executive Directors (the latter are over one third of the total number of Directors), satisfies the requirements laid down in the Listing Rules of the Colombo Stock Exchange. The Chairman and the Managing Director is not the same person.
A.5.2	Independence of Non- Executive Directors	Complied	Four out of Seven Non-Executive Directors are independent. The Board has determined that four Non-Executive Directors satisfy the criteria for "independence" set out in the Listing Rules.
A.5.3	Independence of Non- Executive Directors	Complied	Non-Executive Directors' profiles reflect their calibre and industry insights and their contribution towards enhancing the depth of Board deliberations. Each one is independent of management and free from any relationship that can interfere with independent judgment. The balance of Executive, Non-Executive and Independent Non-Executive Directors on the Board ensures that no individual Director or small group of Directors dominates board discussion and decision making.

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Reference to CASL code	Requirement	Compliance	Details of Compliance
A.5.4,	Annual declaration of independence - Non Executive Directors	Complied	Each Non-Executive Director has submitted a declaration stating the independence or non-independence in a prescribed format. This information is made available to the Board.
A.5.5	Board determination of independence of Non-Executive Directors and disclosure in Annual Report	Complied	The Board considered the declaration of independence submitted by each Non-Executive Director with the basis for determination given in Code of Best Practices as a fair representation and will continue to evaluate their independence on this basis annually. The Board believes the Independency of Mr. F. Mohideen is not compromised by being a Board member for more than nine years. Brief resume of all the Directors is available in pages 20 to 23.
A.5.7, A.5.8	Requirement to appoint Senior Independent Director	Not Applicable	This is not applicable as the Chairman and the Managing Director is not the same person.
A.5.9	Chairman's meetings with Non-Executive Directors	Complied	The Chairman holds meeting with the Non-Executive Directors, without Executive Directors, at least once a year and at any other time where necessary.
A.5.10	Record in the Board minutes of Concerns not unanimously resolved	Complied	All matters of the Company are recorded in the Board Minutes, with sufficient detail to enable a proper assessment to be made of the deliberation and any decisions taken at the meeting.
Principle: A.6 Supply of information			
A.6.1	Timely information to the Board	Complied	Directors are provided with quarterly performance reports and other reports and documents which are deemed necessary. The Chairman ensures all Directors are adequately briefed on issues arising at meetings.
A.6.2	Information provided in advance to the Board meetings	Complied	The Board Meetings are arranged in advance and all Directors are informed. The Directors are provided with minutes, the agenda and the Board papers in advance to prepare and clearly comprehend with the matters discussed or consent.

Reference to CASL code	Requirement	Compliance	Details of Compliance
Principle: A.7 Appointments to the Board			
A.7.1, A.7.2	Appointment to the Board	Complied	Hayleys PLC, the parent company's Nominations Committee functions as the Nominations Committee of the company and makes recommendations to the Board on all new Board appointments. The nomination committee comprises of following members. A M Pandithage * - Chairman K D D Perera ** Dr. H Cabral, PC *** *Executive Director **Non-Executive Director ***Independent Non-Executive Director The Board annually assesses the Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company.
A.7.3	Disclosure of new appointments	Complied	A brief resume of the Director, nature of his/her experience and names of the companies he/she holds the directorship and the independency is informed to the Colombo Stock Exchange and disclose in the Annual Report on pages 20 to 23.
Principle: A.8 Re-election			
A.8.1, A.8.2	Re-election of Directors	Complied	The provisions of the Company's Articles require a Director appointed by the Board to hold office until the next Annual General Meeting, and seek re- election by the shareholders at that meeting. The Articles call for one third of the Directors in office to retire at each Annual General Meeting. The Directors who retire are those who have served for the longest period after their appointment /re-appointment. Retiring Directors are generally eligible for re-election. The Managing Director does not retire by rotation.
Principle: A.9 Appraisal of Board Performance			
A.9.1 ,A.9.2, A.9.3	Appraisal of Board Performance	Complied	The Chairman and Remuneration Committee (Hayleys PLC, the parent company's Remuneration Committee functions as the Remuneration Committee of the Company) are responsible for evaluating the performance of Executive Directors and Committees through an annual self-evaluation of its own performance. The responses are being submitted to the Chairman for discussion at a Board Meeting.
Principle: A.10 Disclosure of Information in respect of Directors			
A.10.1	Disclosures about Directors	Complied	Name, qualification, brief profile, and nature of expertise are given in the pages 20 to 23 of this Annual Report. Directors' interest in contracts is given on page 180 of this Report. The number of Board meetings attend by the Directors is available in the page 92 of this Report.

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Reference to CASL code	Requirement	Compliance	Details of Compliance
Principle: A.11 Appraisal of Chief Executive Officer			
A.11.1, A.11.2	Evaluation the performance of the CEO	Complied	The short, medium and long-term objectives including financial and non- financial targets that should meet by the CEO are set and evaluate at the commencement of each fiscal year. The performances were evaluated in each quarter and ascertain whether the targets were achieved or achievement is reasonable in the circumstances.
B. Directors Remuneration			
Principle: B.1 Remuneration procedure			
B.1.1, B.1.2, B.1.3, B.1.4, B.1.5	Establishment of remuneration committee.	Complied	Hayleys PLC, the parent company's Remuneration Committee functions as the Remuneration Committee of the Company and recommends the remuneration payable to the Managing Director and Executive Director(s) and sets guidelines for the remuneration of management staff within the Company. The Board makes the final determination after considering such recommendations. The Remuneration Committee comprises of following members. Dr. H Cabral, PC** - Chairman K D D Perera* M H Jamaldeen** M Y A Perera** * Non-Executive Director ** Independent Non-Executive Director Payment of remuneration to Directors is disclosed in page 116 of this report. No Director is involved in deciding his own remuneration.
Principle: B.2 The level and make up of remuneration			
B.2.1, B.2.2, B.2.3, B.2.4	Levels of remuneration	Complied	The Remuneration Committee determined remuneration structures with the objective of attracting, retaining and motivating skilled Directors who can drive the Company's strategic agenda. The remuneration levels relative to other companies and performance of the Directors are taken into account when considering the remuneration levels of the Directors.

Reference to CASL code	Requirement	Compliance	Details of Compliance
Principle: B.3 Disclosure of the remuneration			
B.3.1	Disclosure of the remuneration	Complied	The names of the Directors of the Remuneration Committee are given under section B.1.2 above. The remuneration policy aims to attract and retain a highly qualified and experienced work force, and nurture a performance driven culture, while offering rewards which are in line with industry norms. These compensation packages provide compensation appropriate for each business within the Group and commensurate with each employee's level of expertise and contribution, bearing in mind the business performance and shareholder return. The total of Directors' Remuneration is reported in Note 7 and Note 34 to the Financial Statements.
C. Relations with Shareholders			
Principle: C.1 Constructive use of the AGM and conduct of General Meetings			
C.1.1	Notice of AGM	Complied	The notice and the agenda of the Annual General Meeting are sent to the shareholders 15 working days prior to the meeting. The Annual Report is published in the Company's web site and CSE web site.
C.1.2	Separate resolution for substantially separate items	Complied	A separate resolution is proposed at an Annual General Meeting on each substantially separate item. Adoption of the Annual Report of the Board of Directors on the affairs of the Company, Statement of Compliance and the Financial Statements with the Independent Auditor's Report is considered as a separate resolution. A form of Proxy is provided with the Annual Report to all shareholders to direct their Proxy to vote.
C.1.3	Votes and use of proxy	Complied	The Company ensures that all proxy votes are properly recorded and counted. The level of proxies lodged on each resolution is conveyed to the Chairman.
C.1.4	Answer questions at the Annual General Meeting (AGM)	Complied	The Board arranges the Chairman of the Audit Committee to be available to answer queries at the AGM when necessary.

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Reference to CASL code	Requirement	Compliance	Details of Compliance
Principle: C.2 Communication with shareholders			
C.2.1,C.2.2	Channel to reach all shareholders of the company.	Complied	The modes of communication between the company and the shareholders are the Annual Reports, Interim Reports, announcements made through the Colombo Stock Exchange, other press releases and Annual / Extraordinary General Meetings. Shareholders may raise concerns they have, with the Chairman, the Managing Director or the Secretaries, as appropriate. The soft version of the Annual Report is posted on the company website upon release to the Stock Exchange. The website also features news and latest updates of the company. The active participation of shareholders at the Annual General Meeting is encouraged. The Board believes the AGM is a means of continuing effective dialogue with shareholders. The Board offers clarifications and responds to concerns shareholders have over the content of the Annual Report as well as other matters which are important to them. The AGM is also used to adopt the financial statements for the year.
C.2.3	Implementation of the policy and methodology for communication with shareholders	Complied	Annual Report and Financial Statement of the Company are available on the website enabling all shareholders to access the Annual Report and Financial Statements. However a shareholder could be provided with a printed copy of the Annual Report if requested in writing to do so. A copy of the interim financial statements are released to the Colombo Stock Exchange and posted on their website. Copies of all public announcements are made available to the CSE for dissemination to the public.
C.2.4	Disclosure of contact person	Complied	Shareholders can forward their inquiries via electronic media (e-mail, telephone call or in writing) to the relevant person to raise queries. The contact person for such communication is the Company Secretary.
C.2.5	Major issues and concerns of shareholders	Complied	All the major issues relating to shareholders are brought to the attention of the Board.
C.2.6	Person to be contacted with regard to shareholders matters.	Complied	The Company Secretary holds the responsibility to be contacted in relation to shareholders matters.
C.2.7	Process for responding to shareholders matters.	Complied	The Chairman and the Directors answer all the queries raised by the shareholders at the AGM and General Meetings. The Board in conjunction with the Company Secretary formulates the process for addressing shareholders matters.
Principle: C.3 Major Material Transactions			
C.3.2	Disclosure of Major Transactions to shareholders	Complied	There have been no transactions during the year under review which fell within the definition of “Major Transactions” as set out in the Companies Act No 7 of 2007.

Reference to CASL code	Requirement	Compliance	Details of Compliance
D. Accountability and Audit			
Principle: D.1 Financial and Business Reporting			
D.1.1/ D.1.2	Balance and understandable information to shareholders	Complied	The Company has presented balanced and understandable financial statements which gives a true and fair view of the performance and financial position on a quarterly and annual basis. In the preparation of Financial Statements, the Company has complied with the requirements of the Companies Act No 07 of 2007 and requirement of Sri Lanka Accounting Standards and Securities and Exchange Commission. Price sensitive public reports and reports for statutory requirements are also presented in a balanced and understandable manner.
D.1.3	CEO's & CFO's approval on financial Statements prior to Board approval	Complied	The Chief Financial Officer and two other Directors have signed the Financial Statements on behalf of the Board. Responsibilities of Board of Directors and Directors statement on internal controls are given in pages 119 on this report.
D.1.4	The Directors Report	Complied	The Annual Report of the Board of Directors on the affairs of the Company is given on pages 116 of this Annual Report which contains the following: • Declaration that the Company has not engaged in activities that contravene laws and regulations of Sri Lanka. • Declaration by the Directors on all material interests in contracts involving the Company and has refrained from voting on matters in which they were materially interested. • Equitable treatment to shareholders. • Compliance with best practices of corporate governance. • Information relating to PPE has been given in notes 11 to the Financial statements. • Review of internal controls, risk management and reasonable assurance of effectiveness and adherence. • Going concern of the business.
D.1.5	Statement of Directors Responsibility and statement on internal controls and Auditors Report	Complied	The Statement of Directors Responsibilities for the financial statements is given in page 119 and Directors statement on internal controls is given in page 116. The Auditors' Report is available on pages 123 to 125.

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Reference to CASL code	Requirement	Compliance	Details of Compliance
D.1.6	Management Discussion Analysis	Complied	Management Structure DPL Group comprises Dipped Products PLC and subsidiary companies. The Group is effectively divided in to two sectors to achieve the strategic objectives. The Hand Protection division includes the manufacturing operations of Dipped Products PLC and nine subsidiary companies and the Italian marketing company ICOGUANTI S.p.A. The division is managed by the Managing Director and functional units supervised by Executive Directors. The Plantation division is managed by the Managing Director of Kelani Valley Plantation PLC and Talawakelle Tea Estates PLC, who is also a Director of D P L Plantations (Pvt) Ltd (Plantations Holding Company). The authority is exercised within the ethical framework and business practices established by the Board which demands compliance with existing laws and regulation as well as best practices in dealing with employees, customers, suppliers and the community at large. These are further describing elsewhere in this report. The Management Team and Group structure are given in pages 24 and 30.
			The Executive Directors, General Managers and key Managers of both divisions meet separately on a monthly basis to review progress and discuss strategic issues and other important developments that require consideration. Minutes are kept of decision made and major issues. The Managing Director of Dipped Products PLC attends the monthly meetings of the Group Management Committee of Hayleys PLC and report on progress and important issue. Management Report Chairman and Managing Director's Joint Message (pages 16 to 19) in this Report provides an analysis of the Group's performance during the financial year. The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks. This process has been in place through the year under review. The potential risks, both internal as well as external, faced by the company and actions instituted for mitigating the same are reported in the Chairman and Managing Director's Joint Message (pages 16 to 19) in this Report.
D.1.7	Summon an EGM to notify serious loss of capital	Complied	In the event the net assets of the Company fall below 50% of the value of the Company's Stated Capital, the Directors will forthwith summon an Extraordinary General Meeting to notify shareholders' the remedial action being taken. However, such an event has not taken place since the adoption of the New Companies Act No 07 of 2007.

Reference to CASL code	Requirement	Compliance	Details of Compliance
Principle: D.2 Risk Management and Internal Control			
D.2.1, D2.2. D.2.3, D2.4.	Monitoring sound system of internal control	Complied	The Board is responsible for the Group's internal control and its effectiveness. Internal control is established with emphasis on safeguarding assets, making available accurate and timely information and imposing greater discipline on decision making. It covers all controls required, including financial, operational and compliance controls, and risk management. It is important to recognise, however that any system can provide only reasonable, and not absolute, assurance that errors and irregularities are prevented or detected within a reasonable time. The important procedures in place to discharge this responsibility are as follows: • The Directors are responsible for the establishment and monitoring of financial controls appropriate for the operation within the overall Group policies. • The Board reviews the strategies of the divisions and constituent companies. • Annual budgeting and regular forecasting processes are in place and the Directors review performance. • The Board has established policies in areas of investment and treasury management and does not permit employment of complex risk management mechanism.
			• The Group is subjected to regular internal audits and system reviews. • The Audit Committee reviews the plans and activities of the internal audits and the management letters of External Auditors. • The Group carefully selects and trains employees and provides appropriate channels of communication to foster a control conscious environment. The Board has reviewed the effectiveness of the system of financial control for the period up to the date of signing the accounts. The Directors' Responsibilities for the financial statements are described on page 119.
Principle: D.3 Audit Committee			
D.3.1, D.3.2	Composition of Audit Committee	Complied	An Audit Committee was established in 2007. The Committee consists of three Independent Non-Executive Directors. The Chairman of the Audit Committee is an Independent Non-Executive Director, a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. The Company Secretary serves as Committee Secretary. The Chairman, Managing Director, Finance Director, Head of MA & SRD and the Chief Financial Officer of Hayleys PLC are invited to attend the Meetings, and the other Directors and Senior Managers attend meetings as required. The input of the External Auditors is obtained where necessary. The Audit Committee helps the Group achieve a balance between conformance and performance.

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Reference to CASL code	Requirement	Compliance	Details of Compliance
D.3.3	Committees' purpose, duties and responsibilities	Complied	The Committee is empowered to examine any matters relating to the Financial Reporting systems of DPL, and its external and internal audits. Its duties include the detailed review of Financial Statements, internal control procedures and risk management framework, accounting policies and compliance with applicable accounting standards and other rules & regulations. It reviews the adequacy of systems in place for compliance with relevant legal, regulatory and ethical requirements and Company policies. The Audit Committee makes recommendations to the Board pertaining to appointment, re –appointment of External Auditors after assessing the independence and performance, and approves the remuneration and terms of engagement of the External Auditors.
D.3.4	Disclosures of names of the members of Audit Committee	Complied	During the year under review the committee met on four occasions, the attendance at these meetings are reported in "Audit Committee Report' in page 114 of this report
Principle: D.4 Related Party Transactions Review Committee			
D.4.1	Related Party Transactions	Complied	Company is adhering to LKAS 24 and Transactions entered into with related parties during the year is disclosed in note 34 to the financial statements.
D.4.2	Composition of Related Party Transactions Committee	Complied	The Related Party Transactions (RPT) Review Committee of Hayleys PLC acts as the company's RPT review committee and consists of Dr. H Cabral,PC – (Chairman) Independent Non – Executive M Y A Perera – Independent Non – Executive S C Ganegoda – Executive
D.4.3	Terms of Reference	Complied	Related Party Transactions Review Committee has written terms of reference dealing with its authority and duties. RPT review committee report describing the duties, task and attendance of the committee appear on page 113.
Principle: D.5 Code of Business Conduct & Ethics			
D.5.1	Disclosure on presence of Code of Business Conduct & Ethics	Complied	The Directors and members of the Senior Management team are bound by the Code of Business Conduct & Ethics which is applicable to the Hayleys Group. The Code consists of important topics like conflict of interest, corporate opportunities, confidentiality, fair dealing, protection and proper use of Company assets, compliance of laws, rules and regulations etc. The Board ensures the compliance with the code and non-compliance may reasons to go for a disciplinary action.
D.5.2	Process to identify and report price sensitive information	Complied	The Company has a process in place to ensure that material and price sensitive information is promptly identified and reported.

Reference to CASL code	Requirement	Compliance	Details of Compliance
D.5.3	Shares purchased by directors and key management personnel	Complied	The Company has a policy and a process for monitoring, and disclosure of shares purchased by any Director and key management personnel. Details of directors share holdings are given in page 116 of the annual report of Board of Directors on the affairs of the Company.
D.5.4	Affirmation of Code in the Annual Report by the Chairman	Complied	The Chairman affirms that he is not aware of any violation of any of the provisions of the Code of Business Conduct and Ethics in the Annual Report.
Principle: D.6 Corporate Governance Disclosures			
D.6.1	Disclosure of adherence to Corporate Governance	Complied	The extent to which the Company adheres to established principles and practices of good Corporate Governance is disclosed from pages 90 to 112 of this report. **IT Governance** Strategic focus has been placed on strengthening the Company's IT capabilities in line with its operations, processes and capacity improvements. Dedicated staff is deployed to support this. DPL's investment in IT covers resources operated and managed centrally and resources deployed across the various factories and estates. Most operations within the business have access to ERP systems, and internet and e-mail services. **IT value and alignment** Investments in IT projects and systems are made after consideration of suitability for the related projects. Further aspects such as cost savings, the provision of timely information and the balance between cost and benefits/ needs are also considered when decisions are taken. **IT Risk Management** Risks associated with IT are assessed in the process of Risk Management. Use of licensed software, close monitoring of internet usage (for compliance with the IT Use Policy) and mail server operations and the use of anti-virus and firewall software, are some practices in place.
SECTION 2: SHAREHOLDERS			
E. Institutional Investors			
Principle: E.1. Shareholder Voting, E.2. Evaluation of Governance Disclosures			
E.1, E.2	Dialogue with shareholders and Evaluation of governance disclosure	Complied	All investors are notified of the Annual General Meeting and all their views, comments and suggestions are encouraged. The Company maintains continuous dialogue with institutional investors. Impartiality is maintained on shareholder votes at the AGM based on individual holding and weightage. Institutional investors are encouraged to give due consideration to all relevant factors drawn to their attention when evaluating companies governance arrangement particularly in relation to Board structure and composition.

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Reference to CASL code	Requirement	Compliance	Details of Compliance
F. Other Investors			
Principle: F.1. Investing /Divesting Decisions, F.2. Shareholders Voting			
F.1, F.2	Adequate analysis for investment / divestment decisions and usage of voting right	Complied	All shareholders are encouraged to actively participate in the AGM and they have the independence of using their votes as they wish. The company believes that the rational investors remain with the Company without divesting. There are no restrictions for investing or divesting in the Company shares.
Principle: G. Internet of Things and Cyber security			
G.1	Cyber security risk of sending and receiving information	Complied	Disaster Recovery plan is implemented with hardware infrastructure. All the data backups and DR site are maintained by Group IT. Investments are also made in cybersecurity systems and frameworks which are updated on a regular basis.
Principle: H. Environment, Society and Governance (ESG)			
H.1.1	Provide Sufficient information relating to ESG risks	Complied	The Group's material ESG risks are identified through the Hayleys Group's materiality assessment. Information pertaining to the relevant topics are collected and reported to the Hayleys PLC GMC on a quarterly basis, through a dedicated reporting system. Content included in the Annual Report is determined based on this materiality assessment. The Annual report complies with the Integrated Reporting Framework and the GRI Standards for Sustainability Reporting. The Report also contains sufficient and relevant information of ESG to assess how risks and Opportunities are recognised, managed, measured and reported in pages 50 to 53. The impact of ESG issues are disclosed in Risk management report in pages 50 to 53.

Levels of compliance with the CSE's Listing Rules - Section 7.10 Rules on Corporate Governance are given in the following table.

Rule No.	Subject	Applicable Requirement	Compliance Status	Applicable section in the Status Annual Report
7.10.1(a)	Non-Executive Directors	At least one third of the total number of Directors should be Non-Executive Directors.	Compliant	Corporate Governance A.5.1
7.10.2(a)	Independent Directors	Two or one third of Non-Executive Directors, whichever is higher, should be Independent.	Compliant	Corporate Governance A.5.2
7.10.2(b)	Independent Directors	Each Non-Executive Director should submit a declaration of independence/non-independence in the prescribed format.	Compliant	Corporate Governance A.5.4
7.10.3(a)	Disclosure relating to Directors	Names of Independent Directors should be disclosed in the Annual Report.	Compliant	Corporate Governance A.5.5
7.10.3(b)	Disclosure relating to Directors	The basis for the Board to determine a Director is Independent, if criteria specified for Independence is not met.	Compliant	Corporate Governance A.5.5
7.10.3(c)	Disclosure relating to Directors	A brief resume of each Director should be included in the Annual Report and should include the Director's areas of expertise.	Compliant	Corporate Governance A.5.5
7.10.3(d)	Disclosure relating to Directors	Forthwith provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3 (a),(b) and (c) to the Exchange.	Compliant	Corporate Governance A.7.3
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee.	Compliant	Corporate Governance B.1.1, B.1.2, B.1.3, B.1.4, B.1.5
7.10.5(a)	Composition of Remuneration	Shall comprise Non-Executive Directors a majority of whom will be independent.	Compliant	Corporate Governance B.1.1, B.1.2, B.1.3, B.1.4, B.1.5
7.10.5(b)	Functions of Remuneration Committee	The Remuneration Committee shall recommend the remuneration of Chief Executive Officer and Executive Directors.	Compliant	Corporate Governance B.1.1, B.1.2, B.1.3, B.1.4, B.1.5
7.10.5(c)	Disclosure in the Annual Report relating to Remuneration Committee	The Annual Report should set out; • Names of directors comprising the Remuneration Committee. • Statement of Remuneration Policy. • Aggregated remuneration paid to Executive & Non-Executive Directors.	Compliant	Corporate Governance B.1.1, B.1.2, B.1.3, B.1.4, B.1.5, B.2.1, B.2.2, B.2.3, B.2.4

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Rule No.	Subject	Applicable Requirement	Compliance Status	Applicable section in the Status Annual Report
7.10.6	Audit Committee	The company shall have an Audit Committee.	Compliant	Corporate Governance D.3.1,D.3.2
7.10.6(a)	Composition of Audit Committee	Shall comprise of Non-Executive Directors a majority of whom will be independent. Non-Executive Directors shall be appointed as the Chairman of the committee. Managing Director and Chief Financial Officer should attend Audit Committee Meetings. The Chairman of the Audit Committee or one member should be a member of a professional accounting body.	Compliant	Corporate Governance D.3.1,D.3.2
7.10.6(b)	Audit Committee Functions	Functions shall include: Overseeing of the preparation, presentation and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards. Overseeing of the compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements. Overseeing the processes to ensure that the internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards. Assessment of the independence and performance of the external auditors. Make recommendations to the Board pertaining to appointment, re –appointment and removal of external auditors, and approve the remuneration and terms of engagement of the external auditors.	Compliant	Corporate Governance D.3.3 Audit Committee Report
7.10.6(c)	Disclosure in the Annual Report relating to Audit Committee	a. Names of Directors comprising the Audit Committee. b. The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination. c. The Annual Report shall contain a Report of the Audit Committee setting out of the manner of compliance with their functions.	Compliant	Corporate Governance D.3.4

Levels of compliance with the CSE's Listing Rules - Section 9 - Rules of Related Party Transactions given in the following table.

Rule No.	Subject	Applicable Requirement	Compliance Status	Applicable section in the Status Annual Report
9.2	Related Party Transactions Re-view Committee (RPTRC) Functions	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.	Complaint	Refer RPTRC report page 113.

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Rule No.	Subject	Applicable Requirement	Compliance Status	Applicable section in the Status Annual Report
9.2.2	Composition	Two Independent Non-Executive Directors and one Executive Director.	Complaint	Refer RPTRC report page 113.
9.2.3	Related Party Transactions Re-view Committee (RPTRC)	As per the Listing Rules of the CSE mandatory from January 01, 2016. If the parent Company and the subsidiary Company both are listed entities, the Related Party Transactions re-view Committee of the parent Company may be permitted to function as such Committee of the subsidiary.	Compliant	The Committee of the Parent Company functions as the committee of the Company. Refer RPTRC report page 113.
9.2.4	Related Party Transactions Re-view Committee-Meetings	Shall meet once a quarter.	Compliant	Annual Report of the Board of Directors page 116.
9.3.2	Related Party Transactions Re-view Committee-Disclosure in the Annual Report	a) Non-recurrent Related Party Transactions- If aggregate value exceeds 10% of the equity or 5% Total assets whichever is lower. b) Recurrent Related Party Transactions – If aggregate value exceeds 10% Gross revenue/ income as per the latest audited accounts. c) Report by the Related Party Transactions re-view Committee. d) A declaration by the Board of Directors.	Compliant	Not applicable Not applicable Refer RPTRC report page 113. Annual Report of the Board of Directors page 116.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transaction Review Committee of Hayleys PLC, the parent Company functions as the Committee of the Company 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 OF THE COMMITTEE

The Related Party Transactions Review Committee comprises two Independent Non-Executive Directors and one Executive Director. The Committee comprised of the Following members;

Dr H Cabral, PC** - Chairman

Mr. M Y A Perera **

Mr. S C Ganegoda*

* Executive Director

** Independent Non-Executive

The duties of the 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.

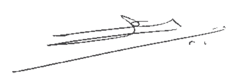
Task of the Committee

The Committee re-viewed the related party transactions and their compliances of Dipped Products PLC and communicated the same to the Board.

The Committee in its re-view process recognized the adequate of the content and quality of the information forwarded to its members by the management.

Meetings

The Committee held 4 times during the year under review. The attendance at the meetings are given in table on page 117 of the Annual Report.



Dr. Harsha Cabral, PC.

Chairman

Related Party Transactions Review Committee of Hayleys PLC

May 17, 2021

AUDIT COMMITTEE REPORT

The Audit Committee, appointed by and responsible to the Board of Directors, comprises the following three Independent Non-Executive Directors:

Mr. S Rajapakse (Chairman)

Mr. F Mohideen

Mr. S P Peiris

The Chairman of the committee, Mr. S Rajapakse is an Independent Non - Executive Director. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and holds an MBA from Postgraduate Institute of Management, University of Sri Jayewardenepura.

Brief profiles of each member are given on pages 20 to 23 of this report. Their individual and collective financial knowledge and business acumen and the independence of the Committee, are brought to bear on their deliberations and judgments on matters that come within the Committee's purview.

Company secretary acts as the secretary to the audit committee. The Chairman, Hayleys Group Chief Finance Officer, the Managing Director and Finance Director of the Company and, Head of Group Management Audit & System Review attend meetings of the Committee by invitation.

CHARTER OF THE AUDIT COMMITTEE

The audit committee Charter is periodically reviewed and revised with the concurrence of Board of Directors. 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 and Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka further regulate the composition, role and functions of the Board Audit Committee.

MEETINGS OF THE AUDIT COMMITTEE

The Audit Committee met 4 times during the year. The attendance of the members at these meetings is as follows:

Mr. S Rajapakse (Chairman)	4/4
Mr. F Mohideen	4/4
Mr. S P Peiris	4/4

THE OBJECTIVE AND ROLE OF THE AUDIT COMMITTEE

The role of the committee, which has specific terms of reference, is described in the Corporate Governance Report on page 110 of this report.

TASKS OF THE AUDIT COMMITTEE

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 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 Hayleys Group Management Audit & Systems Review Department (MA & SRD) reports on key control elements and procedure in Group companies that are selected according to an annual plan were reviewed. Internal Audits are outsourced wherever necessary, to leading audit firms in line with an agreed annual audit plan. Follow up reviews are scheduled to ascertain that audit recommendations are being acted upon. The Committee appraised the independence of the Group MA & SRD and other internal auditors, in the conduct of their assignments.

The committee reviewed statements that indicated major business risks, mitigating actions or contemplated for management of these risks.

SUBSIDIARY COMPANY AUDIT COMMITTEES

Kelani Valley Plantations PLC and Talawakelle Tea Estates PLC the other quoted companies in the Group have independent Non-Executive Directors constituted in their own Audit Committee to review activities. Their terms of reference are similar to the terms of the DPL Group Audit Committee and reports from these committees will be forwarded to the DPL Group 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 External Auditors has not been impaired.

The Audit Committee provides the opportunity to External Auditors to meet Audit Committee members independently, if necessary.

APPOINTMENT OF EXTERNAL AUDITORS

The Audit Committee has recommended to the Board of Directors that Messers Ernst & Young; continued as External Auditors for the financial year ending March 31, 2022.

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.

ETHICS AND GOOD GOVERNANCE

The committee continuously emphasized 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. All appropriate procedures are in place to conduct independent investigations into incidents reported through Whistle-Blowing or identified through other means. The Whistle-Blower Policy guarantees strict confidentiality of the identity of the Whistle-Blowers.

SRI LANKA ACCOUNTING STANDARDS

Committee reviewed the revised policy decisions relating to adoption of new and revised Sri Lanka Accounting Standards (SLFRS/LKAS) applicable to the Group companies and made recommendation to the Board of Directors. 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 assistance of Messers Ernst and Young to assess and review the existing SLFRS policies and procedures adopted by the Group.

S Rajapakse
Chairman

Audit Committee
May 13, 2021

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

DIPPED PRODUCTS PLC 2020/2021

The Directors of Dipped Products PLC present their report together with the audited Financial Statements of the Company and of the Group for the year ended March 31, 2021.

The details set out herein provide the pertinent information required by the Companies Act No.07 of 2007, the Colombo Stock Exchange Listing Rules and are guided by recommended best accounting practices.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW OF THE YEAR

The principal activities of the Group and its management team are shown on pages 20 to 27 in this Report. The joint letter from the Chairman and the Managing Director describe the Group's affairs and mention important events of the year. The results for the year are set out in the statement of profit or loss on page 126.

SUBDIVISION OF SHARES OF THE COMPANY

The ordinary shares of the company were subdivided by splitting each issued ordinary share into 10 ordinary shares from February 10,2021. Consequently the total number of existing issued Ordinary Shares were increased from 59,861,512 to 598,615,120 without changing the Stated Capital of the Company which remains at Rs.598,615,120/-.

FINANCIAL STATEMENT

The Financial Statements of the Company and the Group are given on pages 126 to 190.

INDEPENDENT AUDITOR'S REPORT

Independent Auditors' Report on the Financial Statements is given on page 123

ACCOUNTING POLICIES

The accounting policies adopted by the Company and its subsidiaries in the preparation of the Financial Statements are given on pages 134 to 151.

INTEREST REGISTER

Directors' Interest in Transactions: 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 34 to the Financial Statements dealing with related party disclosures include details of their interests in transactions.

Directors' Remuneration: The Executive Directors' remuneration is established within an established framework. The total remuneration of Executive Directors of the Company for the year ended 31st March 2021 is Rs.131,285,804/- (2020 - Rs. 111,543,437/-) which 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 2021 is Rs.5,673,000/- (2020 - Rs. 4,857,000/-) determined according to scales of payment decided upon by the Board. The Board is satisfied that the payment of this remuneration is fair to the Company.

Remuneration paid to the Directors of the subsidiary companies for financial year ended March 31, 2021 is Rs. 127,932,188/- (2020- Rs. 107,164,569/-).

Details of Directors' Shareholdings as defined in Colombo Stock Exchange Rules.

	No of Shares	
	As at March 31, 2021	As at April 1, 2020
Mr. A M Pandithage	-	-
Mr. H S R Kariyawasan & K H S Kariyawasan - 3,325,850	4,125,710	82,486
Mr. H S R Kariyawasan & H B Kariyawasan - 799,860		
Mr. Ng Soon Huat	-	-
Mr. R H P Janadheera	-	-
Mr. K D D Perera*	10,000	1,000
Mr. F Mohideen	-	-
Mr. S C Ganegoda	250,000	-
Mr. S Rajapakse	-	-
Mr. N A R R S Nanayakkara	295,260	14,526
Mr. S P Peiris	61,000	6,100
Mr. K D G Gunaratne	-	-
Mr. K M D I Prasad	-	-
Ms. Y Bhaskaran (Alternate to Mr. K D D Perera)	-	-

*Mr. K D D Perera holds directly and indirectly 51.01% of the total issued shares of Hayleys PLC which in return holds 42.12% of shares in Dipped Products PLC.

The Company, in compliance with the companies Act No.07 of 2007, maintains an Interests Register and the details of the entries regard to the Directors shares are as follows:

- Mr. H S R Kariyawasan purchased 330,085 ordinary shares during the year
- Mr. S C Ganegoda purchased 25,000 ordinary shares during the year
- Mr. N A R R S Nanayakkara purchased 15,000 ordinary shares during the year

The Directors' shareholding increased as a result of the subdivision of shares made on February 10,2021 by splitting each ordinary share into 10 ordinary shares.

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 re-viewed by the Related Party Transactions Re-View Committee of Hayleys PLC, the parent Company of Dipped Products PLC and are in compliance with Section 09 of the CSE Listing Rules.

The Committee met Four (04) times during the Financial year 2020/2021.

Attendance

Meetings held on June 15,2020, August 11,2020, November 06,2020 and February 10,2021.

Dr. H Cabral, PC	4/4
Mr. M Y A Perera	4/4
Mr. S C Ganegoda	4/4

* *Executive*

** *Independent Non-Executive*

DONATIONS

No donations were made by the company for the year ended March 31,2021. (2020 - Nil/-).

Directorate

The names of the Directors who served during the year are given on Pages 20 to 23 in this report.

In terms of Article No.29(1) of the Articles of Association of the Company, Messrs. R.H.P.Janadheera, S.P.Peiris and K.D.G.Gunaratne retire by rotation and being eligible offer themselves for re-election.

Pursuant to section 211 of the Companies Act No.07 of 2007 an ordinary Resolutions will be put before the shareholders for the reappointment of Mr. A M Pandithage and Mr. F Mohideen not withstanding the age limit of seventy years stipulated by section 210 of the Companies Act.

The Directors of the subsidiaries are given on pages 198 and 199.

INSURANCE & INDEMNITY

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

AUDITORS

The Auditors, Messrs Ernst & Young, Chartered Accountants, will be paid Rs.2,781,900.00/- (2020 – Rs. 2,426,718/-) and Rs. 13,363,208/- (2020 – Rs.14,482,415/-) as audit fees by the Company and its Subsidiaries respectively. Messrs Ernst & Young, Chartered Accountants will be paid Rs.1,467,080.00/- (2020 – Rs. 1,042,464/-) and Rs. 3,199,552.64/- (2020- Rs.2,507,876/-) by the Company and the Group, for non-audit related work, which consisted mainly of tax consultancy services.

In addition to the above, Rs.7,181,756.86/- (2020 – Rs. 6,497,517/-), and Rs.1,247,120.36/- (2020- Rs. 1,186,684/-) were paid as audit fees by ICOGUANTI S.p.A. and Dipped Products (Thailand) Ltd., respectively.

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

Messrs Ernst & Young, Chartered Accountants, are deemed re-appointed, in terms of Section 158 of the Companies Act No. 7 of 2007, as Auditors of the Company.

A resolution proposing the Directors be authorized to determine their remuneration will be submitted at the Annual General Meeting.

TURNOVER

The gross turnover of the Group during the year was Rs.46,386,666,924/- (2020 - Rs. 30,562,982,478/-). The Group turnover from international trade in Hand Protection Sector amounted to Rs.30,414,300,992/- (2020 - Rs. 17,893,039,621/-). Further information on Group turnover is detailed in Note 3 to the Financial Statements.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

PROFITS

	2021 Rs.'000	2020 Rs.'000
After making provisions for all known liabilities and depreciation on property, plant & equipment the profit earned by the Group before taxation was	7,191,273	1,160,426
And taxation on Group profits amounting to were deducted	(1,357,946)	(310,133)
The Group was left with a profit of	5,833,327	850,293
And the amount attributable to non-controlling interest of	(669,293)	(102,196)
And other comprehensive income attributable to parent was	149,967	(3,646)
And the balance of the previous year net of final dividend and appropriations were adjusted	6,370,799	6,855,160
The profit before appropriation was	11,684,800	7,599,551
Appropriations		
Your Directors have made appropriations as follows:		
First Interim dividend authorized	59,861	29,931
Second Interim dividend authorized	179,585	89,792
Third Interim dividend authorized	538,754	119,723
Fourth Interim dividend authorized	598,615	-
Total appropriations	1,376,815	239,446

RESERVES

The total Group reserves as at March 31, 2021 amount to Rs.15,047,638,338/- (2020 - Rs.10,538,246,986/-) comprising capital reserves of Rs.520,421,502/- (2020 - Rs. 520,421,502/-), available-for-sale reserve of Rs.64,754,670/- (2020 - Rs. 64,719,546/-) and revenue reserves of Rs.14,462,462,165.14/- (2020 - Rs. 9,953,104,938/-)

DIVIDEND

First Interim Dividend of Rs.1/- per share was paid to the shareholders on August 21,2020. The second Interim Dividend of Rs.3/- per share was paid to the shareholders on October 20,2020. Third Interim Dividend of Rs.9/- per share was paid to the Shareholders on December 21,2020 and Fourth Interim Dividend of Rs.1/- per share was paid to the shareholders on March 25,2021.

The Board of Directors has recommended the payment of a final dividend of Rs. 0.60 per share payable on July 9, 2021 to the shareholders of the issued ordinary shares of the Company as at close of business on June 29,2021. The proposed dividend is subject to shareholder approval at the forthcoming Annual General Meeting.

The Directors have confirmed that the Company satisfies the solvency test requirement under Section 56 of the Companies Act No. 07 of 2007 and a solvency certificate was obtained from the Auditors in respect of the interim dividends paid and has been sought in respect of the final dividend proposed.

STATUTORY PAYMENTS

The Directors are satisfied that all statutory payments in relation to Employees and the Government have been made up to date.

TAXATION

Details of tax rates applied to the Group for this year is disclosed in Note 07 to the financial statements.

CAPITAL EXPENDITURE

Group expenditure on Property, Plant and Equipment during the year amounted to Rs.1,733,645,000/- (2020 - Rs. 1,690,231,596/-). The movement in Property, Plant and Equipment during the year is set out in Note 11 to the Financial Statements

MARKET VALUE OF PROPERTIES

The value of land owned by the Group is stated at cost or valuation. Information on valuation of land is explained in Note 11 to the Financial Statements.

EVENTS AFTER THE REPORTING PERIOD

No circumstances have arisen since the reporting period end which would require adjustment to or disclosure in, other than those disclosed in Note 39 to the Financial Statements.

GOING CONCERN

The Directors' after making necessary inquiries and reviews including review of the Group's budget for the ensuing year, capital expenditure requirements, future prospects and risks, cash flows and borrowing facilities 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.

STOCK MARKET INFORMATION

Information relating to earnings, dividend, net assets per share and share trading are given on pages 194 to 197.

MAJOR SHAREHOLDINGS

The Twenty major shareholders as at March 31,2021 are given on page 195 in this Report.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Tuesday, June 29,2021 at 2.00 p.m on online platform. The Notice of the Annual General Meeting appears on page 206

For and on behalf of the Board,

A M Pandithage
Chairman

Ng Soon Huat
Managing Director

Hayleys Group Services (Pvt) Limited
Secretaries

400, Deans Road,
Colombo 10

May 18,2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible under sections 150 (1), 151, 152 (1) & 153 of the Companies Act No. 7 of 2007, 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, for ensuring that proper accounting records are kept to enable, determination of 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, Companies Act No 07 of 2007 and the listing rules of the Colombo Stock Exchange. Further, the financial statements provide the information required by 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 reasonable measures to safeguard the assets of the Group and, in that context, have instituted appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities.

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 dividends paid and final dividend proposed. Also a solvency certificate was obtained from the Auditors in respect of the said interim dividends paid and will be obtained for final dividend proposed.

The external Auditors, Messrs Ernst & Young deemed re- appointed in terms of Section 158 of the Companies Act 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 page 123 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 (Pvt) Limited

Secretaries

May 18,2021

WAY FORWARD

OUTLOOK AND PLANS

The evolution of the pandemic: At the point of this Report going into publication, Sri Lanka is experiencing the third wave of the pandemic with a sharp escalation in infections over the recent weeks. This has prompted the Government to impose partial restrictions once again on gathering and mobility; however, economic activity is largely expected to continue, given the Government's commitment to ensure minimal disruptions to business activity.

Despite these short-term pressures, the outlook for DPL remains promising and as an organisation we are now better equipped to operate in limited mobility through the new safe work practices, investments in human capital, continuous improvements, and smarter ways of working.

Demand supply dynamics: While global demand for gloves is expected to moderate and consolidate from the record-high levels experienced in 2020/21, demand is expected to remain above pre-pandemic levels due to increased health and safety consciousness post-COVID 19. The gradual recovery of advanced economies against the back of pandemic-induced confidence is expected to drive strong growth in industrial activity- as has been evidenced in recent months. DPL is aptly positioned to benefit from these emerging opportunities given recent investments in capacity expansion and value addition. However, with regional manufacturers expanding capacity, we anticipate a degree of price pressure.

Our plans for next year and beyond are given below:

Business focus

We have invested in capacity expansions across key categories of products in all 5 manufacturing locations, which is expected to increase overall production capacity by 12% to15%. We see considerable potential for supported gloves and will drive increased penetration of this segment. With a focus on improving the profitability of our portfolio, we will continue to seek further growth in premium offerings such as electrician gloves, supported by our best-in-class research capabilities.

People focus

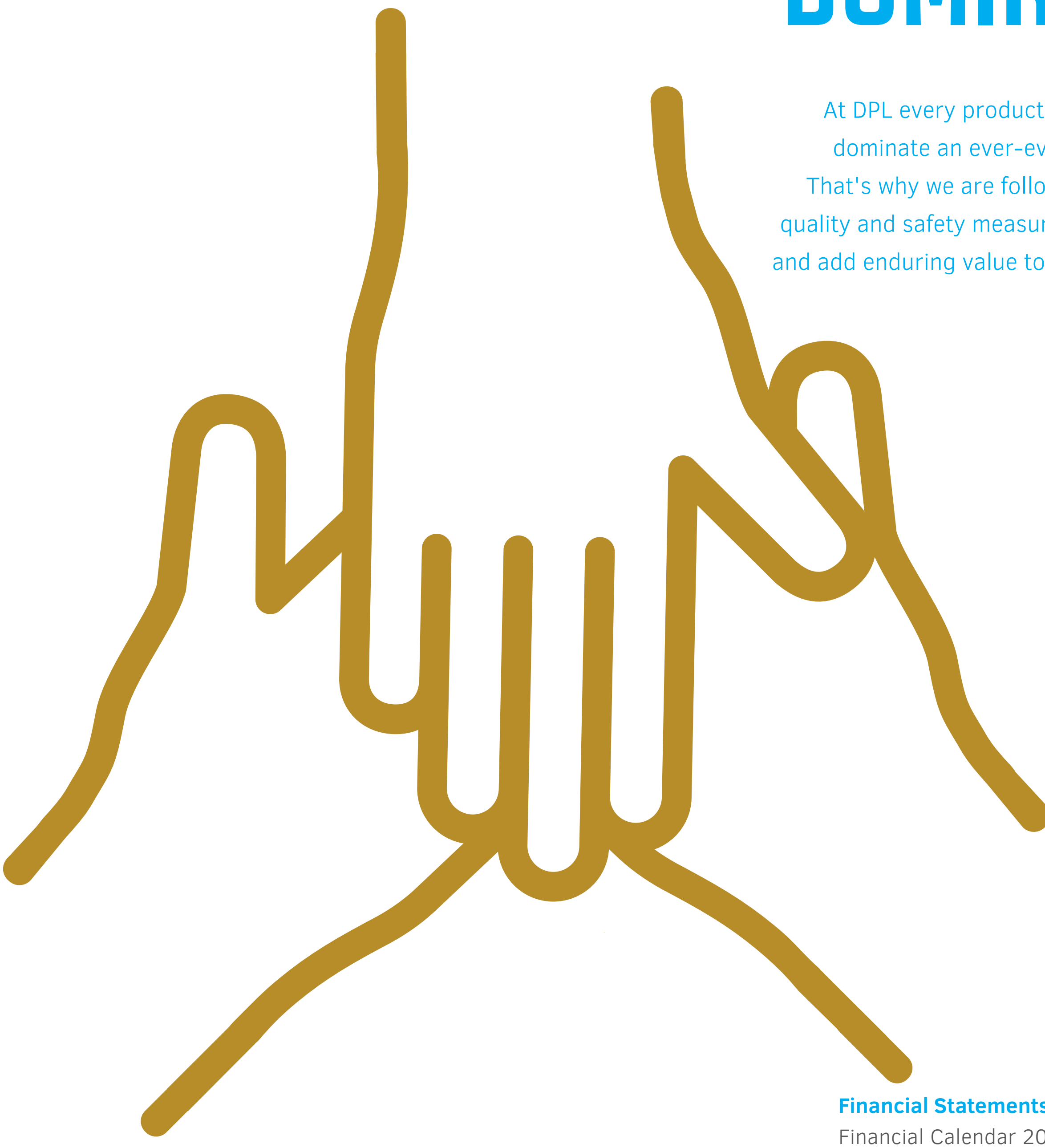
As we adapt to operating effectively in limited mobility, we will continue to place strategic emphasis on the safety of our team, ensuring continued adherence to health guidelines. Other areas of people focus will include ongoing opportunities for skill development and building a conducive and dynamic organisational culture.

Environmental focus

Our environmental agenda is aligned to that of the Hayleys Group and we will continue to focus on driving efforts to achieve the Group's ambitious environmental targets for 2030. Key areas of focus for 2020/21 will include, reducing water withdrawal through increasing the recycling capacity and increasing the sourcing of sustainable firewood for bio-mass purposes.

DESIGNED TO DOMINATE

At DPL every product is designed to dominate an ever-evolving market. That's why we are following stringent quality and safety measures to optimise and add enduring value to each product.



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FINANCIAL CALENDAR 2020/21

Interim Reports	
Quarter ended June 30, 2020	August 12, 2020
Quarter ended September 30, 2020	November 4, 2020
Quarter ended December 31, 2020	February 11, 2021
Quarter ended March 31, 2021	May 18, 2021

Annual Report - 2020/21	June 03,2021
Forty Fifth Annual General Meeting	June 29, 2021
First Interim dividend	August 21,2020
Second Interim dividend	October 20,2020
Third Interim dividend	December 21,2020
Fourth Interim dividend	March 25,2021
Final dividend	July 9, 2021

INDEPENDENT AUDITOR'S REPORT

Building a better working world

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Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DIPPED PRODUCTS PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Dipped Products 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 2021, 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 the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2021, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How KAM was addressed
Revenue Recognition The Group recorded revenue from contracts with customers amounting to Rs. 46,387Mn as disclosed in Note 3. Revenue Recognition was a key audit matter due to: • the significance of the account balance coupled with the significant increase in revenue recorded by the Group during the year; and • considerations to be made on terms of sales arrangements relating to the timing of transfer of control of the asset including incoterms.	Our audit procedures to address this area of focus which also included supervision and direction over audits performed by component auditors included the following: - obtaining an understanding of the design of controls relating to the recognition of revenue, - testing controls relating to revenue and trade account receivables over the accuracy and timing of revenue accounted in the consolidated financial statements, - assessing the revenue recognition policy applied by the group over its compliance with Sri Lanka Accounting Standards, - performing inquiries and substantive analytical procedures to understand the nature of business activities and understanding reasons contributing to the significant increase in revenue recognized during the year, and - testing transactions recorded at year-end, assessing whether revenue was recognized in the correct accounting period, particularly testing how terms of sales arrangements were considered within the revenue recognition process. We also assessed the appropriateness and completeness of the related disclosures provided in Notes 2.19.1 and 3 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How KAM was addressed
Retirement Benefit Obligation The retirement benefit obligation as at 31 March 2021 of the Group is based on the actuarial valuations carried out by an external valuer engaged by the Group. Assessing the present value of retirement benefit obligation was a key audit matter due to following reasons: • The retirement benefit obligation of the Group is significant (Rs. 2,725 Mn) in the context of the total liabilities of the Group (11% of total liabilities). • The actuarial valuation involves making significant assumptions about discount rates and future salary increases. Further, the complexity of the valuation and the changes in underlying assumptions are highly sensitive in assessing the value of retirement benefit obligation. • The determination of the base salary/wage rate and the future salary/wage growth rates for the purpose of measuring retirement benefit obligation as of year-end, required significant management judgments giving due consideration to wage/ salary negotiations which are currently under discussion. The matter is also referred to the Court of Appeal as at the statement of financial position date as disclosed under Note 33 to the financial statements.	Our audit procedures to address the key audit matter included the following procedures: - we assessed the competency, capability and objectivity of the external actuary engaged by the Group, - we read the external actuary's report and understood the key estimates made and the approach taken by the valuer in determining the present value of retirement benefit obligation, - we assessed the assumption for salary increases against the historical collective agreements, - we agreed the discount rate used, to our internally developed benchmarks, - we validated the key data used by the actuary to the underlying data held by the Group, and - we evaluated the impact on the retirement benefit obligation resulting from wage negotiations and assessed the adequacy of disclosures given in Note 33 to the financial statements. We have also assessed the adequacy of the disclosures relating to the significant judgements and estimates made in Note 27 to the financial statements.
Bearer Biological Assets The Bearer Biological Asset is a significant non-current asset of the Group representing 34% of the total assets consisting of Rs. 4,147Mn as Mature and Rs. 1,452Mn as Immature Plantations as at 31 March 2021. Assessing the existence, valuation, and fair presentation and disclosure of Bearer Biological Assets in the financial statements is a key audit matter due to following factors: • Magnitude of the balance and its significance to total assets (34%) of the group. • Identification of costs to be capitalised as immature plantations, involvement of management judgement regarding the point at which transfers to be made from immature plantations to mature plantations and for the identification of triggers of impairment (if any).	Our audit procedures to address the key audit matter included the following: - we assessed the processes and controls in place over the appropriate identification of expenses incurred relating to immature plantations, - we validated significant amounts capitalised (including capitalized labour and other acceptable costs) by examining related invoices, capital expenditure authorizations and other corroborative evidences, - assessed timely transfer of matured plants to respective matured plantation categories by examining ageing profile of immature plantations, - assessed the adequacy of depreciation provided on the mature plantations by performing independent computation, and - we inspected the ageing profile of the immature biological assets as of the reporting date to assess whether triggers of impairment (if any) are identified on a timely basis, also assessing whether impairment charges/losses are duly accounted for in the financial statements. We also assessed the adequacy of the related disclosures provided in Note 11 in the financial statements.

Other Information included in the 2020/21 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion

thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Responsibilities of the management and those charged with governance

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 4107.

Ernst & Young

Colombo

18 May 2021

STATEMENT OF PROFIT OR LOSS

Year ended March 31,	Notes	Group		Company	
		2021	2020	2021	2020
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue from contracts with customers	3	46,386,667	30,562,982	5,817,146	4,057,442
Cost of sales		(34,556,902)	(25,858,623)	(4,045,930)	(3,054,301)
Gross profit		11,829,765	4,704,359	1,771,216	1,003,141
Other income and gains	4	340,669	282,508	1,144,977	260,031
Distribution costs		(1,012,659)	(701,298)	(35,931)	(41,164)
Administrative expenses		(3,837,952)	(2,839,358)	(834,264)	(562,342)
Other expenses	5	-	(14,944)	(4,194)	(287)
Finance cost	6.1	(618,834)	(481,576)	(81,898)	(105,865)
Finance income	6.2	465,822	200,530	87,164	35,435
Change in fair value of investment properties	14	24,462	10,205	18,780	6,324
Profit before tax	7	7,191,273	1,160,426	2,065,860	595,273
Tax expense	8	(1,357,946)	(310,133)	(202,958)	(36,049)
Profit for the year		5,833,327	850,293	1,862,902	559,224
Attributable to:					
Equity holders of the parent		5,164,034	748,097	1,862,902	559,224
Non-controlling interest		669,293	102,196	-	-
		5,833,327	850,293	1,862,902	559,224
Basic earnings per share (Rs.)	9	8.63	1.25	3.11	0.93
Diluted earnings per share (Rs.)	9	8.63	1.25	3.11	0.93
Dividends per share (Rs.)	10	2.30	0.40	2.30	0.40

Figures in brackets indicate deductions.

The Notes on pages 134 to 190 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

Year ended March 31,	Notes	Group		Company	
		2021	2020	2021	2020
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Profit for the year		5,833,327	850,293	1,862,902	559,224
Other comprehensive income (OCI)					
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)					
Currency translation of foreign operations		573,688	39,972	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)					
Actuarial gain/(loss) on defined benefit plans and agents' indeminity fund	27.2/ 28	294,776	(301)	(12,137)	(15,564)
Tax effect on actuarial gain/(loss)	8.2/20	(40,605)	(497)	1,699	2,179
Net gain/(loss) on equity instruments designated at Fair Value through Other Comprehensive Income		44	(1)	-	-
Other comprehensive income for the year (net of tax)		827,903	39,173	(10,438)	(13,385)
Total comprehensive income for the year (net of tax)		6,661,230	889,466	1,852,464	545,839
Attributable to:					
Equity holders of the parent		5,886,205	783,756	1,852,464	545,839
Non-controlling interest		775,025	105,710	-	-
Total comprehensive income for the year (net of tax)		6,661,230	889,466	1,852,464	545,839

Figures in brackets indicate deductions.

The Notes on pages 134 to 190 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

Year ended March 31,	Notes	Group		Company	
		2021	2020	2021	2020
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	13,075,168	12,316,577	823,360	680,019
Formers (moulds)	13	379,355	344,575	91,550	92,504
Investment properties	14	392,622	368,160	188,280	169,500
Biological assets	15	530,543	505,240	-	-
Right of use assets	16	1,438,123	1,237,647	45,536	50,515
Intangible assets	17	310,532	306,486	35,506	47,345
Investments in subsidiaries	18.1	-	-	4,400,546	4,400,546
Amounts due from subsidiaries	23.1	-	-	-	8,210
Other non-current financial assets	19	391,571	392,621	594	1,689
Deferred tax assets	20.1	131,094	98,621	71,853	59,766
		16,649,008	15,569,927	5,657,225	5,510,094
Current Assets					
Inventories	21	11,103,664	4,661,463	1,360,483	752,185
Trade and other receivables	22	10,110,737	4,658,649	1,164,709	1,024,080
Advances and prepayments		2,708,504	598,012	231,848	101,319
Amounts due from subsidiaries	23.2	-	-	1,673,492	323,401
Cash and short term deposits		3,733,478	1,791,056	364,162	58,685
		27,656,383	11,709,180	4,794,694	2,259,670
Total assets		44,305,391	27,279,107	10,451,919	7,769,764
EQUITY AND LIABILITIES					
Equity					
Stated capital	24	598,615	598,615	598,615	598,615
Capital reserves		520,422	520,422	239,184	239,184
Fair value reserve of financial assets at fair value through OCI		64,752	64,720	-	-
Revenue reserves		14,462,463	9,953,105	4,513,726	4,038,077
Equity attributable to equity holders of the parent		15,646,252	11,136,862	5,351,525	4,875,876
Non-controlling interest		3,495,286	2,894,169	-	-
Total equity		19,141,538	14,031,031	5,351,525	4,875,876
Non-Current Liabilities					
Interest-bearing loans and borrowings	25.1	1,819,967	1,377,134	21,734	34,887
Deferred income	26	806,159	756,156	-	-
Defined benefit obligations	27.2	2,725,467	2,894,372	527,367	512,638
Agents' indemnity fund	28	84,992	70,136	-	-
Deferred tax liabilities	20.2	747,639	717,332	-	-
Other non current liabilities		71,454	200,411	-	-
		6,255,678	6,015,541	549,101	547,525
Current Liabilities					
Trade and other payables	29	8,352,217	3,794,578	732,547	522,619
Interest-bearing loans and borrowings	25.2	9,505,881	3,385,085	3,011,284	887,841
Amounts due to subsidiaries	30	-	-	643,337	935,903
Income tax payable		1,050,077	52,872	164,125	-
		18,908,175	7,232,535	4,551,293	2,346,363
Total liabilities		25,163,853	13,248,076	5,100,394	2,893,888
Total equity and liabilities		44,305,391	27,279,107	10,451,919	7,769,764

Figures in brackets indicate deductions.

These financial statements are in compliance with the requirements of the Companies Act No : 07 of 2007

The Notes on pages 134 to 190 form an integral part of the Financial Statements.

N A R R S Nanayakkara
Director - Finance

The Board of Directors is responsible for these Financial Statements.

Signed for and on behalf of the Board by,

A M Pandithage
Chairman

Ng Soon Huat
Managing Director

Colombo
May 18, 2021

STATEMENT OF CHANGES IN EQUITY

Year ended March 31,	Stated Capital	Attributable to Equity holders of the Parent									Total	Non-Controlling Interest	Total Equity
		Capital Reserves			Total Other Components of Equity	Revenue Reserves							
		Reserve on Scrip Issue	Revenue Reserves	Other Capital Reserves	Fair Value Reserve of Financial Assets at Fair Value Through OCI	General Reserve	Timber Reserve	Bearer Biological Produce Reserve	Retained Earnings	Exchange Fluctuation Reserve			
GROUP	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at April 1, 2019	598,615	167,409	269,724	71,832	64,721	1,190,950	183,626	16,162	7,052,680	975,177	10,590,896	2,856,850	13,447,746
Profit for the year	-	-	-	-	-	-	24,781	(9,904)	733,220	-	748,097	102,196	850,293
Realised Gain on Timber Sales	-	-	-	-	-	-	(11,494)	-	11,494	-	-	-	-
Other comprehensive income													
Currency translation of foreign operations	-	-	-	-	-	-	-	-	-	39,366	39,366	606	39,972
Net gain on equity instrument designated at fair value through OCI	-	-	-	-	(1)	-	-	-	-	-	(1)	-	(1)
Actuarial gain/(loss) on defined benefit plans and agents' indeminity fund	-	-	-	-	-	-	-	-	(3,682)	-	(3,682)	3,381	(301)
Tax effect on actuarial gain/(loss) on defined benefit plans and agents' indeminity fund	-	-	-	-	-	-	-	-	(24)	-	(24)	(473)	(497)
Total other comprehensive income	-	-	-	-	(1)	-	-	-	(3,706)	39,366	35,659	3,514	39,173
Total comprehensive income for the year	-	-	-	-	(1)	-	13,287	(9,904)	741,008	39,366	783,756	105,710	889,466
Transactions with owners, recorded directly in equity													
Dividends to equity holders	-	-	-	-	-	-	-	-	(239,446)	-	(239,446)	(68,391)	(307,837)
Unclaimed dividend written-back	-	-	-	-	-	-	-	-	1,656	-	1,656	-	1,656
Transfers	-	-	-	11,457	-	-	-	-	(11,457)	-	-	-	-
Total contributions by and distributions to owners	-	-	-	11,457	-	-	-	-	(249,247)	-	(237,790)	(68,391)	(306,181)
Balance as at March 31, 2020	598,615	167,409	269,724	83,289	64,720	1,190,950	196,913	6,258	7,544,441	1,014,543	11,136,862	2,894,169	14,031,031

Figures in brackets indicate deductions.

The Notes on pages 134 to 190 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

Year ended March 31,	Stated Capital	Attributable to Equity holders of the Parent									Total	Non-Controlling Interest	Total Equity
		Capital Reserves			Total Other Components of Equity	Revenue Reserves							
		Reserve on Scrip Issue	Revenue Reserves	Other Capital Reserves	Fair Value Reserve of Financial Assets at Fair Value Through OCI	General Reserve	Timber Reserve	Bearer Biological Produce Reserve	Retained Earnings	Exchange Fluctuation Reserve			
GROUP	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at April 1, 2020	598,615	167,409	269,724	83,289	64,720	1,190,950	196,913	6,258	7,544,441	1,014,543	11,136,862	2,894,169	14,031,031
Profit for the year	-	-	-	-	-	-	6,208	11,739	5,146,087		5,164,034	669,293	5,833,327
Realised Gain on Timber Sales	-	-	-	-	-	-	(1,605)	-	1,605	-	-	-	-
Other comprehensive income													
Currency translation of foreign operations	-	-	-	-	-	-	-	-	-	572,168	572,168	1,520	573,688
Net gain on equity instrument designated at fair value through OCI	-	-	-	-	32	-	-	-	-	-	32	12	44
Actuarial gain/(loss) on defined benefit plans and agents' indeminity fund	-	-	-	-	-	-	-	-	173,605	-	173,605	121,171	294,776
Tax effect on actuarial gain/(loss) on defined benefit plans and agents' indeminity fund	-	-	-	-	-	-	-	-	(23,634)	-	(23,634)	(16,971)	(40,605)
Total other comprehensive income	-	-	-	-	32	-	-	-	149,971	572,168	722,171	105,732	827,903
Total comprehensive income for the year	-	-	-	-	32	-	4,603	11,739	5,297,663	572,168	5,886,205	775,025	6,661,230
Transactions with owners, recorded directly in equity													
Dividends to equity holders	-	-	-	-	-	-	-	-	(1,376,815)	-	(1,376,815)	(173,908)	(1,550,723)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	(1,376,815)	-	(1,376,815)	(173,908)	(1,550,723)
Balance as at March 31, 2021	598,615	167,409	269,724	83,289	64,752	1,190,950	201,516	17,997	11,465,289	1,586,711	15,646,252	3,495,286	19,141,538

Revaluation Reserve relates to the revaluation of land
Fair value Reserve of financial assets at FVTOCI relates to change in fair value of financial assets at FVTOCI.
General Reserve comprises profits set aside for future distribution and investment.
Timber Reserve relates to changes in fair value of managed trees and commercial timber plantations cultivated on estates
Bearer Biological Produce Reserve relates to the changes in the fair value of agricultural produce of bearer biological assets on plantation estates.
Exchange Fluctuation Reserve comprises all foreign currency differences arising from translation of the Financial Statements of foreign operations.

Figures in brackets indicate deductions.
The Notes on pages 134 to 190 form an integral part of the Financial Statements.

Year ended March 31,	Company				
	Stated Capital	Revaluation Reserve	Other Capital Reserves	Revenue Reserves Retained Earnings	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at April 1, 2019	598,615	239,004	180	3,730,028	4,567,827
Profit for the year	-	-	-	559,224	559,224
Other comprehensive income					
Actuarial loss on defined benefit plans	-	-	-	(15,564)	(15,564)
Tax effect on actuarial loss on defined benefit plans	-	-	-	2,179	2,179
Total other comprehensive income	-		-	(13,385)	(13,385)
Total comprehensive income for the year	-		-	545,839	545,839
Transactions with owners, recorded directly in equity					
Dividends to equity holders	-	-	-	(239,446)	(239,446)
Unclaimed dividend written-back				1,656	1,656
Total transactions with owners, recorded directly in equity	-	-	-	(237,790)	(237,790)
Balance as at March 31, 2020	598,615	239,004	180	4,038,077	4,875,876
Balance as at April 01, 2020	598,615	239,004	180	4,038,077	4,875,876
Profit for the year	-	-	-	1,862,902	1,862,902
Other comprehensive income					
Actuarial gain/(loss) on defined benefit plans	-	-	-	(12,137)	(12137)
Tax effect on Actuarial gain/(loss) on defined benefit plans	-	-	-	1,699	1,699
Total other comprehensive income	-	-	-	(10,438)	(10,438)
Total comprehensive income for the year	-	-	-	1,852,464	1,852,464
Transactions with owners, recorded directly in equity					
Dividends to equity holders	-	-	-	(1,376,815)	(1,376,815)
Total transactions with owners, recorded directly in equity	-	-	-	(1,376,815)	(1,376,815)
Balance as at March 31, 2021	598,615	239,004	180	4,513,726	5,351,525

Figures in brackets indicate deductions.

The Notes on pages 134 to 190 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

Year ended March 31,	Notes	Group		Company	
		2021	2020	2021	2020
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash flows from/(used in) operating activities					
Cash generated from operations (Note A)		244,376	4 ,182,197	(185,611)	888,638
Interest paid	6.1	(469,514)	(453,204)	(81,897)	(105,865)
Taxes paid		(355,833)	(416,382)	(34,845)	(20,781)
Retiring gratuity paid	27.2	(347,371)	(307,718)	(74,443)	(50,136)
Release in defined benefit obligation due to employee transfers	27.2	350	-	350	(285)
Agents' indemnity paid	28	(6,004)	(2,969)	-	-
Net cash flow from (used in) operating activities		(933,996)	3,001,924	(376,446)	711,571
Cash flows from/(used in) investing activities					
Purchase & construction of property, plant and equipment		(1,733,645)	(1,690,419)	(237,591)	(125,960)
Acquisition of right of use assets	16	(174,428)	-	-	-
Purchase of formers (moulds)	13	(79,263)	(117,223)	(5,663)	(42,860)
Acquisition of intangible assets	17	(17,963)	-	-	-
Grants received	26	82,777	37,631	-	-
Proceeds from disposal of property, plant & equipment		18,896	13,134	13	226
Development cost incurred on biological assets net of harvest	15	(15,192)	183	-	-
Interest and dividend received		100,566	104,639	1,736	29,747
Dividend received from subsidiary companies		-	-	307,938	171,046
Net cash flows from/(used in) investing activities		(1,818,252)	(1,652,055)	66,433	32,199
Cash flows from/(used in) financing activities					
Long term loans obtained	25.1.1	771,892	300,000	-	-
Repayment of long term loans	25.1.1	(202,810)	(438,499)	-	-
Loan repayment by subsidiary company	23.1	-	-	15,567	14,783
Capital payment on lease liabilities	25.1.2	(51,705)	(38,705)	(16,789)	(13,799)
Dividend paid to equity holders of the parent		(1,497,558)	(228,209)	(1,497,558)	(228,209)
Dividend paid to shareholders with non-controlling interest		(173,908)	(68,391)	-	-
Net movement of short term loans		3,376,409	(1,136,278)	1,602,540	(151,540)
Net cash flows from/(used in) financing activities		2,222,320	(1,610,082)	103,760	(378,765)
Net increase/(decrease) in cash & cash equivalents		(529,929)	(260,213)	(206,253)	365,005
Cash & cash equivalents at the beginning of the year		(625,532)	(365,319)	(196,185)	(561,190)
Cash & cash equivalents at the end of the year (Note B)		(1,155,461)	(625,532)	(402,438)	(196,185)

Year ended March 31,	Notes	Group 2021 Rs.'000	Group 2020 Rs.'000	Company 2021 Rs.'000	Company 2020 Rs.'000
A) CASH GENERATED FROM OPERATIONS					
Profit before tax		7,191,273	1,160,426	2,065,860	595,273
Adjustments for:					
Interest cost	6.1	469,514	453,204	81,897	105,865
Gain on fair value change in consumable biological assets	15	(10,111)	(39,650)	-	-
Loss/(gain) on change in fair value of produce on bearer biological assets	21.1	(21,897)	14,944	-	-
Gain on fair value change in investment properties	14	(24,462)	(10,205)	(18,780)	(6,324)
Depreciation on property, plant & equipment	11	1,085,152	1,071,706	94,237	83,325
Depreciation on right of use assets	16	100,402	91,202	17,788	16,244
Write-off & breakages of formers		11,030	36,514	2,805	12,852
Impairment of formers	7	33,453	30,050	3,813	4,866
Amortisation of intangible assets	17	16,493	13,357	11,839	11,840
Gain on disposal of property, plant & equipment	4	(13,424)	(8,561)	-	(125)
Amortisation of grants	26	(32,774)	(22,653)	-	-
Impairment provision for/(reversal of) bad & doubtful debts	22.1	30,128	(46,131)	1,402	(15,314)
Provision for retiring gratuity	27.2	449,201	469,603	76,685	75,464
Provision for agents' indemnity fund	28	8,980	8,073	-	-
Impairment loss on investment and other amounts due	18.1.1/ 23.2.1	-	-	4,194	287
Provision for slow moving/obsolete inventories	7	104,415	18,671	954	4,702
Interest and dividend income	4/6.2	(100,566)	(104,639)	(1,127,167)	(272,293)
Differences of exchange on translation of foreign entities		601,030	(1,668)	-	-
		9,897,837	3,134,243	1,215,528	616,662
(Increase)/decrease in trade and other receivables		(5,552,715)	773,227	(1,516,952)	127,521
(Increase)/decrease in advances and prepayments		(2,131,219)	(374,547)	(130,529)	(41,784)
(Increase)/decrease in inventories		(6,524,720)	(4,824)	(609,252)	(45,470)
Increase/(decrease) in trade and other payables		4,555,193	654,098	855,596	231,709
		(9,653,461)	1,047,954	(1,401,137)	271,976
		244,376	4,182,197	(185,611)	888,638
B) ANALYSIS OF CASH & CASH EQUIVALENTS AT END OF THE YEAR					
Cash at bank and cash in hand		1,754,468	631,903	124,366	58,685
Short term deposits		1,979,010	1,159,153	239,796	-
Bank overdraft	25.2	(4,888,939)	(2,416,588)	(766,600)	(254,870)
		(1,155,461)	(625,532)	(402,438)	(196,185)

Figures in brackets indicate deductions.

The Notes on pages 134 to 190 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1 General

Dipped Products PLC, is a Company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. The address of the Company's registered office is given on the back inner cover in this report.

The Consolidated Financial Statements of Dipped Products PLC, as at and for the year ended March 31, 2021 encompass the Company and its Subsidiaries (together referred to as the 'Group'). All subsidiaries in the Group are limited liability companies incorporated and domiciled in Sri Lanka other than Dipped Products (Thailand) Ltd. and ICOGUANTI S.p.A which are incorporated and domiciled in Thailand and Italy respectively.

Descriptions of the nature of the operations and principal activities of the Company and its Subsidiaries are given on the pages 198 and 199. There were no significant changes in the nature of the principle activities of the Company and the Group during the financial year under review.

The Company's ultimate Parent undertaking and controlling entity is Hayleys PLC which is incorporated in Sri Lanka.

The Financial Statements of all companies in the Group other than those mentioned in Note 2.2.5 to the Financial Statements are prepared for a common financial year which ends on March 31.

The Consolidated Financial Statements of the Group for the year ended March 31, 2021 were authorized for issue by the Directors on May 18, 2021.

1.2 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.

1.3 Basis of Preparation

1.3.1 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. 7 of 2007.

1.3.2 Basis of Measurement

The Consolidated Financial Statements have been prepared on a historical cost basis, except for the following items in the Statement of Financial Position:

- Land which is recognized as property plant and equipment is measured at cost at the time of the acquisition and subsequently carried at fair value.
- Land and buildings which are recognised as investment property which are measured at cost at the time of the acquisition and subsequently carried at fair value
- Financial instruments reflected at fair value through profit or loss and fair value through OCI measured at fair value.
- Consumable biological assets are measured at fair value, less cost to sell.
- Agricultural produce from biological assets are reflected at fair value, less cost 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.

1.3.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees which is the Group's functional currency except for certain subsidiaries whose functional currencies are different as they operate in different economic environments. All financial information presented in Sri Lankan Rupees have been given to the nearest thousand (Rs. '000), unless stated otherwise.

1.3.4 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.

1.3.5 Changes in Accounting Policies

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 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to SLFRS 3: Definition of a Business

The amendment to SLFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to LKAS1 and LKAS 8: Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Amendments to references to the conceptual framework in SLFRS standards

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist in developing standards, to help prepares develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

1.3.6 Comparative Information

The consolidated financial statements provide comparative information in respect of the previous period.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Significant Accounting Judgments, Estimates and Assumptions

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgments 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 judgments 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 judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows.

2.1.1 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. 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.

Such includes management's assessment of the existing and anticipated effects of COVID-19 on the Company and its subsidiaries. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.1.2 Taxation

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

According to The Inland Revenue (Amendment) Bill, to amend the Inland Revenue Act, No. 24 of 2017, Agro Farming is exempt from income tax for a period of 5 years effective from 01 April 2019 and Agro processing is liable at 14%. Accordingly, where applicable, the Group has separated its income and expenses as Agro farming and Agro Processing and applied the respective tax rates

As per the inland revenue (Amended) bill issued on 18.03.2021, company is identified Separately business income as agro farming & agro processing for the purpose of calculating income tax liability therefore , the company has separated assets and liabilities as at 31 March 2021 as Agro farming and Agro processing for the deferred tax purpose.

NOTES TO THE FINANCIAL STATEMENTS

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

2.1.3 Employee Benefit Liability - Gratuity

The present value of the employee 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 benefit obligations are given in Note 27 to the Financial Statements. Any changes in these assumptions will impact the carrying amount of employee benefit obligations.

2.1.4 Biological Assets

The group measures consumable Biological Assets at fair value and changes in value being recognised in the statement of profit or loss. Fair valuation involves assumptions which are provided in Note 15. Such estimations are subject to significant uncertainties.

Judgement is also required in relation to bearer biological assets in assessing immature plantation for indicators of impairment and determining the point at which transfers to mature plantation are to be made.

2.2 Basis of Consolidation

The Consolidated Financial Statements (referred to as the 'Group') comprise the Financial Statements of the Company and its Subsidiaries. List of subsidiaries are disclosed in Note 18 to the Financial Statements.

2.2.1 Subsidiaries

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

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has the power over an investee.

- 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.

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 statement of profit or loss. Any investment retained is recognised at its fair value.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies include with the Group's accounting policies. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Investments in subsidiaries are carried at cost less any accumulated impairment in the separate financial statements of the Company.

2.2.2 Business combination and goodwill

Business combinations are accounted for using the acquisition method of accounting. The cost of an acquisition is measured as the aggregate of the consideration transferred, 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 interest in the acquire either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Transaction costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with business combinations are expensed as incurred.

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.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss recognised in statement of profit or loss.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 financial instruments, is measured at fair value with the changes in fair value recognised in the statement of 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 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 reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain on bargain purchase is recognized in statement of profit or loss.

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

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

2.2.3 Transactions with Non- Controlling Interests

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.

2.2.4 Transactions Eliminated on Consolidation

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and intra-group dividends are eliminated in full in preparing the Consolidated Financial Statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

2.2.5 Companies with Different Accounting Years

The Financial Statements of all subsidiaries in the Group other than those mentioned below are prepared on a common financial year, which ends on March 31.

The subsidiaries with December 31 financial year ends prepare additional financial information as of the same date as the Financial Statements of the Parent for consolidation purpose except for ICOGUANTI S.p.A as explained below.

ICOGUANTI S.p.A's statutory financial year ends on December 31. However for consolidation purposes, financial statements for the 12 months period from March 1 to February 28 has been used.

Dipped Products (Thailand) Ltd's statutory Ltd.'s financial year ends on December 31. Financial statements for the 12 months period from April 1 to March 31 has been consolidated.

2.3. Foreign Currency Translation

The Group's Consolidated Financial Statements are presented in Sri Lanka Rupees, which is also the Parent Company's functional currency. Each entity in the Group determines its own functional currency and items included in the Financial Statements of each entity are measured using that functional currency.

2.3.1 Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group 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 retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as 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 retranslation of non-monetary

NOTES TO THE FINANCIAL STATEMENTS

items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income or statement of profit or loss.

2.3.2 Foreign Operations

The results and financial position of all Group entities that have a functional currency other than the Sri Lanka Rupee are translated into Sri Lanka Rupees as follows:

- assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition, are translated to Sri Lanka Rupees at the exchange rate at the reporting date;
- income and expenses are translated at the average exchange rates for the period.

Foreign currency differences are recognised in exchange fluctuation reserve through Other Comprehensive Income.

When a foreign operation is disposed of, the relevant amount in the translation reserve is transferred to statement of profit or loss as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is re-attributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to statement of profit or loss.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognised in Other Comprehensive Income in the exchange fluctuation reserve.

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 closing rate.

2.3.3 Current versus non-current classification

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

- Expected to be realised or intended to sold or consumed in a normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in a normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- It dose not have a right at the reporting date 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.

2.3.4 Fair value measurement

The Group measures financial instruments such as financial assets at fair value through other comprehensive income/ derivatives, and non-financial assets such as owner occupied land, investment property, consumable biological assets and agricultural produce from bearer plants, at fair value. 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 35.
- Quantitative disclosures of fair value measurement hierarchy Note 35.
- Property (land) under revaluation model Note 11.
- Investment Properties Note 14 and 35.
- Financial instruments (including those carried at amortised cost) Note 35.
- Biological assets Note 15 and 35.
- Agricultural produce from bearer plants Note 21.1.

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.

2.4 Property, Plant and Equipment

2.4.1 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.

2.4.2 Basis of recognition

Property, plant and equipment 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.

2.4.3 Measurement

Items of Property, Plant and Equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any, whilst land is measured at fair value

Owned Assets

The cost of Property, Plant and Equipment includes expenditure that are 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 the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs if it is a qualifying asset.

Purchased software that is integral to 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 revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case, the increase is recognised in profit or loss. A revaluation deficit is recognised in the statements of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

2.4.4 Subsequent Costs

The cost of replacing a component of an item of Property, Plant and Equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised in accordance with the derecognition policy given below.

The costs of the day-to-day servicing of Property, Plant and Equipment are recognised in statement of profit or loss as incurred.

2.4.5 Derecognition

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal; or when no future economic benefits are expected from its use. Gains and losses on

NOTES TO THE FINANCIAL STATEMENTS

derecognition are recognised (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) in statement of profit or loss and gains are not classified as revenue. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

2.4.6 Depreciation

Depreciation is recognised in the statement of Profit or Loss on a straight-line basis over the estimated useful lives of each part of an item of Property, Plant and Equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The Group reviews its residual values, useful lives and method of depreciation at each reporting date. Judgement by management is exercised in the estimation of these values, rates and methods and hence they are subject to uncertainty.

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

Description	Years
Buildings	20-40
Plant and Machinery	10-30
Stores Equipment	5
Laboratory Equipment	5
Office & Canteen Equipment	5-8
Furniture & Fittings	6-10
Motor Vehicles	4-10

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.

In respect of formers, a 10% provision on the written down value is recognised as an impairment in the statement of profit or loss.

2.5 Leases

The group assesses at contract inception whether a contract is or contents 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 a consideration.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

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 16 Impairment of Assets.

Leasehold rights of the Plantation sector

The leasehold rights of assets taken over from JEDB/SLSPC are amortised in equal amounts over the shorter of the remaining lease periods and the useful lives as follows:

Description	Period
Bare land	53
Improvements to land	30
Mature plantations (Tea & rubber)	20-33 1/2
Building	25

Land Development Costs

Permanent land development costs are those costs incurred in making major infrastructure development and building new access roads on leasehold land. The costs have been capitalised and amortised over the remaining lease periods.

Permanent impairments 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.

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.

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.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of computer equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.6 Intangible Assets

Basis of recognition

An Intangible asset is recognised if it is probable that the future economic benefits associated with the assets will flow to the Group and cost of the assets can be reliably measured.

Intangible assets acquired separately are measured on initial recognition at cost. The cost 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 accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit or loss in the year in which the expenditure is incurred.

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.

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 amortisation period and method are reviewed annually.

2.6.1 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 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 statement of profit or loss. During the period of development, the asset is tested for impairment annually.

2.6.2 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 is recognised in the statement of profit or loss as incurred.

2.6.3 Amortisation

Amortisation is recognised in statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets other than goodwill, from the date on which they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- Development Cost - 15 years
- Computer Software - 5 to 8 years

2.6.4 De-recognition of intangible assets

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

2.7 Investment Property

Investment property is property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. The carrying value of an investment property includes the cost of replacing part of an existing investment property, at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day to- day servicing of the investment property. 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 value are included in the statement of profit or loss in the year in which they arise. Fair values are evaluated with sufficient frequency by an accredited external, independent valuer. Investment properties are derecognised when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognised in the statement of profit or loss in the year of retirement or disposal.

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.

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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. Where Group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant and equipment in the consolidated financial statements, and accounted using Group accounting policy for property, plant and equipment.

2.8 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 asset includes tea and rubber trees, those that are not intended to be sold or harvested, however used to grow for 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.

2.8.1 Bearer Biological Asset

The 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.

2.8.2 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.

2.8.3 Consumable Biological Assets

Consumable biological assets includes 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 value of timber trees are measured using Discounted cash flow (DCF) method taking into 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 15.

The main variables in DCF model concerns;

Variable	Comment
Timber content	Estimate based on physical verification of girth, height and considering the growth of the each spices in different geographical regions. Factor all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company.
Economic useful life	Estimate based on the normal life span of each spices by factoring the forestry plan of the Company.
Selling price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfil in bringing the trees in to saleable condition.
Planting cost	Estimated costs for the further development of immature areas are deducted.

The gain or loss arising on initial recognition of 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.

2.8.4 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.

2.9 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.

2.9.1 Financial Assets - Initial Recognition and Subsequent Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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.

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.

Subsequent Measurement

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

- Financial assets at amortised cost (debt instruments) (previously classified as loans and receivables)
- 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) (previously classified as available for sale financial assets)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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 amounts due from related parties.

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.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as

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described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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 also 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.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition

Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised 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 asset is recognised to the extent of the Group's continuing involvement in the asset. 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.

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.

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. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.9.2 Financial Liabilities

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, derivatives and amounts due to related parties.

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 includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. 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 recognized 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.

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.

2.9.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only 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.

2.9.4 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 35.

2.9.5 Derivative Financial Instruments

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 net cash inflows are expected to be delivered to the entity and as financial liabilities when net cash outflows are expected to be delivered from the entity.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit or loss.

2.9.6 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets

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and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in statement of profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

2.10 Inventories

Inventories are measured at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

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 shares of production overhead based on standard operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Finished Good Manufactured from Agricultural Produce of Biological Assets

These are valued at the lower of cost and estimated net realisable. Net realisable value is the estimated selling price at which stocks can be sold in the ordinary course of business after allowing for cost of realisation and/or cost of conversion from their existing state to saleable condition.

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.

2.11 Impairment of Non-Financial Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the 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 (OCI). For such properties, the impairment is recognised in OCI 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 recognized 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 reporting date 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 reporting date at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the cash generating unit to which goodwill relates. Where the recoverable value of the cash generating unit is less than the carrying amount, an impairment loss is recognized. The impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the unit and then to the other assets on a pro-rata basis to carrying amount to each asset in the unit.

2.12 Cash and Short Term Deposits

Cash in hand and at bank and short term deposits in the statement of financial position comprise cash at banks and cash on hand and short term deposits with a maturity of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short term deposits as defined above, net of outstanding bank overdrafts.

2.13 Employee Benefits

2.13.1 Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an employee benefit expense in Statement 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 respectively.

2.13.2 Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by LKAS 19 on 'Employee Benefits'. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 on 'Employee Benefits'. However, 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.

2.13.3 Short Term Benefits

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

2.13.4 Recognition of actuarial gains or losses

Actuarial gains or losses are recognised in full in Other Comprehensive Income

2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, 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.

2.15 Grants and Subsidies

Grants and subsidies are recognised at their fair value where there is a reasonable assurance the grant / subsidy will be received and all attaching conditions, if any, will be complied with. When the grant or subsidy relates to an income item is recognised as income over the periods necessary to match them to the costs to which it is intended to compensate on a systematic basis.

Grants and subsidies related to assets, including non- monetary grants at fair value are deducted at arriving at the carrying value of the asset (or are deferred in the Statement Financial Position and credited to the Statement of Profit or Loss over the useful life of the asset).

Grants received for forestry are initially deferred and credited to statement of profit or loss once when the related blocks of trees are harvested.

2.16 Taxation

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of profit or loss except to the extent that it relates to a business combination, or items recognised directly in Equity or in Other Comprehensive Income.

Current Tax

Current income tax assets and liabilities for the current and prior periods 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 by the reporting date in the countries where the Group operates and generates taxable income.

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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.

Tax withheld on dividend income from Subsidiaries recognised as an expense in the Consolidated statement of profit or loss at the same time as the liability to pay the related dividend is recognised.

Deferred Taxation

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 and equity accounted investees 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 investees deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement of profit or loss is recognised outside the statement of profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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.

Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- Receivables and payables that are stated with the amount of sales tax. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

2.17 Capital Commitments and Contingencies

Capital commitments and contingent liabilities of the Group are disclosed in the respective Notes 32 & 33 to the Financial Statements.

2.18 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.

2.19 Statements of Profit or Loss

For the purpose of presentation of the statement of profit or loss, the function of expenses method is adopted.

2.19.1 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's operating segments are described In Note 31 to these financial statements. In all operating segments, the Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer. In relation to sales with local customers, this point is generally the delivery of goods, while exports also take in to account the term related to each shipment of 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. 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).

Sale of Plantation produce

Black tea and Rubber produce are sold at the Colombo tea/rubber Auction and the highest bidder whose offer is accepted shall be the buyer, and a sale shall be completed at the fall of the hammer, at which point control is transferred to the customer. Revenue from sale of other crops are recognised at the point in time when the control of the goods has transferred to the customer generally upon delivery of the goods to the location specified by the customer and the acceptance of the goods by the customer.

Rendering of services

The Group recognises revenue from services over time, using an output method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

Generation of Hydro Power

Revenue from the generation of hydro energy is recognised at the point of hydro energy releases to the national grid calculated at a pre-determined unit price.

2.19.2 Other Income

Dividend

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

Grants

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

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.

Other income

Other income is recognized on an accrual basis.

2.19.3 Expenses

Expenses are recognized in the statement of profit or loss on the basis of a direct association between the cost incurred and the earnings of specific items of income.

All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year.

Repairs and renewals are charged to statement of profit or loss in the year in which the expenditure is incurred.

Borrowing Costs

Borrowing costs are recognised as an incurred, except to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Finance Income and Finance Costs

Finance income comprises interest income on funds invested. Interest income is recognised based on the EIR in the Statement of Profit or Loss.

Finance costs 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.

The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Foreign currency gains and losses are reported on a net basis.

2.20 Cash Flow Statement

The Cash Flow Statement has been prepared using the 'indirect method'.

Interest paid is classified as an operating cash flow. Grants received, which are related to purchase and construction of Property, Plant and Equipment are

NOTES TO THE FINANCIAL STATEMENTS

classified as investing cash flows. Dividend and interest income are classified as cash flows from investing activities.

2.21 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 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.

2.22 Events After the Reporting Period

All material events after the reporting period have been considered and where appropriate adjustments or disclosures have been made in the respective Notes to the Financial Statements.

2.23 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 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.

2.24 Standards Issued but not yet Effective

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.

Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 – Interest Rate Benchmark Reform (Phase 1 & 2)

The amendments to SLFRS 9 & LKAS 39 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

IBOR reforms Phase 2 include number of reliefs and additional disclosures. Amendments supports companies in applying SLFRS when changes are made to contractual cashflows or hedging relationships because of the reform.

These amendments to various standards are effective for the annual reporting periods beginning on or after 01 January 2021. Pending the completion of detail review of the above amendment the extent of the probable impact is not reasonably estimable.

Amendments to SLFRS 16 - COVID – 19 Related Rent Concessions

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 Covid-19 related rent concession the same way it would account for the change under SLFRS16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 01 June 2020. This amendment is not expected to have a material impact on the Financial Statements of the Group in the foreseeable future.

Amendments to SLFRS 3

The amendments update SLFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to SLFRS 3 a requirement that, for obligations within the scope of LKAS 37, an acquirer applies LKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to LKAS 16

In March 2021, the ICASL adopted amendments to LKAS16-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. Pending the completion of detail review of the above amendment the extent of the probable impact is not reasonably estimable.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to LKAS 37

In March 2021, the ICASL adopted amendments to 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. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

Amendments to LKAS 1: Classification of Liabilities as Current or Non-current

In March 2021 , ICASL adopted amendments to paragraphs 69 to 76 of LKAS 1 which specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively. Pending the completion of detail review of the above amendment the extent of the probable impact is not reasonably estimable.

NOTES TO THE FINANCIAL STATEMENTS

3 REVENUE FROM CONTRACTS WITH CUSTOMERS

Year ended March 31,	Group	
	2021	2020
	Rs.'000	Rs.'000
Hand Protection (Note 3.1)	30,414,301	17,893,040
Plantations (Note 3.2)	16,249,197	12,796,734
	46,663,498	30,689,774
Inter-group sales/services	(276,831)	(126,792)
	46,386,667	30,562,982

3.1 Hand Protection

Year ended March 31,	Group	
	2021	2020
	Rs.'000	Rs.'000
Sale of Manufactured Goods		
Dipped Products PLC	5,646,197	4,057,442
Dipped Products (Thailand) Ltd	6,309,341	3,397,255
Hanwella Rubber Products Ltd	2,510,088	1,788,954
D P L Premier Gloves Ltd	5,026,241	3,675,844
D P L Universal Gloves Ltd	1,557,416	934,626
	21,049,283	13,854,121
Rendering of Services		
Dipped Products PLC	170,949	-
Distribution Operations		
ICOGUANTI S.p.A	11,179,619	5,083,685
	32,399,851	18,937,806
Intra-group sales/services	(1,985,550)	(1,044,766)
	30,414,301	17,893,040

3.2 Plantations

Year ended March 31,	Group	
	2021	2020
	Rs.'000	Rs.'000
Sale of Plantation Produce	9,006,830	7,848,170
Sale of Manufactured Goods	7,391,350	4,988,024
Generation of Hydro Power	99,513	90,494
Hospitality Services	8,394	28,936
	16,506,087	12,955,624
Intra-group sales/services	(256,890)	(158,890)
	16,249,197	12,796,734

Geographical segmentation of revenue is presented in Note 31.1.

3.3 Contract Balances

Year ended March 31,	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Contract liabilities				
Advances received (Note 29)	323,497	218,322	225,801	121,484

4. OTHER INCOME AND GAINS

Year ended March 31,	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gain on disposal of property, plant and equipment	13,424	8,561	-	125
Lease rental income	57,691	34,946	-	-
Amortisation of government grants (Note 26)	32,774	22,653	-	-
Gain on fair value change in consumable biological assets (Note 15)	10,111	39,650	-	-
Gain on fair value change in produce on bearer biological assets (Note 21.1)	21,897	-	-	-
Dividend income	-	-	1,125,431	242,546
Sale of trees	34,320	34,126	-	-
Hydro power/solar income	7,200	2,728	-	-
Sundry income	163,252	139,844	19,546	17,360
	340,669	282,508	1,144,977	260,031

5. OTHER EXPENSES

Year ended March 31,	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Impairment loss on investment and other amounts due	-	-	4,194	287
Loss on fair value change in produce on bearer biological assets (Note 21.1)	-	14,944	-	-
	-	14,944	4,194	287

6. FINANCE COSTS/INCOME

6.1 Finance Cost

Year ended March 31,	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest on short-term borrowings	270,463	269,432	75,115	97,664
Interest on long-term borrowings	56,243	42,007	-	-
Interest on leases liabilities	142,496	141,765	6,783	8,201
Exchange loss	149,632	28,372	-	-
	618,834	481,576	81,898	105,865

6.2 Finance Income

Year ended March 31,	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest income	100,254	104,639	1,736	29,747
Exchange gain	365,568	95,891	85,438	5,688
	465,822	200,530	87,164	35,435

NOTES TO THE FINANCIAL STATEMENTS

7 PROFIT BEFORE TAX

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Directors' emoluments	264,891	223,565	136,959	116,400
Staff costs (Note 7.1)	9,050,384	7,730,417	940,837	727,710
Staff training and development cost	9,398	15,868	5,584	3,088
Depreciation and amortisation of property, plant and equipment (Note 11)	1,085,152	1,071,706	94,237	83,325
Depreciation on right of use assets (Note 16)	100,401	91,202	17,788	16,244
Amortisation of intangible assets (Note 17)	16,493	13,357	11,839	11,840
Impairment of formers (moulds) (Note 13)	33,453	30,050	3,813	4,866
Auditors' remuneration				
Audit services	24,894	24,593	2,782	2,427
Non-audit services	4,667	3,550	1,467	1,042
Provision for/(reversal of) impairment of trade receivables	30,128	(46,131)	1,402	(15,314)
Provision for impairment of slow moving inventories/obsolete inventories	104,415	18,671	954	4,702
Legal fees	36,521	27,385	833	3,802
Donations	5,066	1,107	-	-

7.1 Staff Costs

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Defined contribution plan cost	768,577	768,026	82,198	70,609
Defined benefit plan costs	449,201	469,602	76,685	75,464
Staff costs - others	7,832,605	6,492,788	781,954	581,637
	9,050,384	7,730,417	940,837	727,710
No. of employees at year - end	16,712	16,212	579	500

8. TAX EXPENSE

8.1 Income Statement

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Income tax on current year profits	1,311,588	272,201	216,146	34,185
Under/(over) provision in respect of previous years	2,231	(1,480)	(2,800)	-
Irrecoverable economic service charges	25,750	(5,813)	-	(27,779)
	1,339,569	264,908	213,346	6,406
Deferred tax expense / (reversal) (Note 20)	(35,965)	(6,324)	(10,388)	29,643
Withholding tax on dividends	54,342	51,549	-	-
	1,357,946	310,133	202,958	36,049

8.2 Statement of Other Comprehensive Income

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Deferred tax effect on actuarial (gain)/loss on defined benefit obligation (Note 20.2)	40,605	497	(1,699)	(2,179)
	40,605	497	(1,699)	(2,179)

Reconciliation of accounting profit to income tax expense

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Profit before tax	7,191,273	1,160,426	2,065,860	595,273
Intra-group eliminations	1,067,846	287,153	-	-
	8,259,119	1,447,579	2,065,860	595,273
Disallowable expenses	2,889,156	1,557,978	200,537	255,698
Tax deductible expenses	(1,691,218)	(1,189,181)	(169,691)	(157,956)
Tax exempt income	(1,943,198)	(388,381)	(556,988)	(231,546)
Tax loss brought forward	(2,357,794)	(2,732,976)	-	(223,750)
Tax loss carried forward	1,169,552	2,572,855	-	-
Taxable income	6,325,617	1,267,874	1,539,718	237,719

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Income tax @ 28%	-	12,039	-	-
Income tax @ 24%	569,925	100,260	1,056	1,785
Income tax @ 20%	242,914	5,257	-	-
Income tax @ 18%	753	296	654	117
Income tax @ 14%	417,462	138,091	214,436	32,283
Income tax @ other tax rates	80,534	16,258	-	-
Income tax on current year profits	1,311,588	272,201	216,146	34,185
Effective tax rate	18%	23%	10%	11%

Qualified profit earned by Dipped Products PLC, Hanwella Rubber Products Ltd, Mabroc Teas (Pvt) Ltd , Kalupahana Power Company (Pvt) Ltd, Kelani Valley Resorts (Pvt) Ltd, TTEL Hydro Power Company (Pvt) Ltd and TTEL Somerset Hydro Power (Pvt) Ltd are subject to tax at the rate of 14% (2020 - 14%) and manufacturing profit earned by Dipped Products PLC, Hanwella Rubber Products Ltd and Mabroc Teas (Pvt) Ltd are subject to tax at the rate of 18% (2020 - 14%)

Kelani Valley Plantation PLC and Talawakelle Tea Estate PLC's business income which is derived from agro farming is exempt for income tax and earnings from manufacturing is subject to tax at the rate of 14% (2020 - 14%).

Palma Ltd, Venigros (Pvt) Ltd, Texnil (Pvt) Ltd, Feltex (Pvt) Ltd, D P L Plantations (Pvt) Ltd, Kelani Valley Instant Tea (Pvt) Ltd and Hayleys Plantation Services (Pvt) Ltd are subject to tax at 24% based on the Inland Revenue Act No. 24 of 2017.

Dipped Products (Thailand) Ltd is liable to corporate tax rate of 20%.

ICOGUANTI S.p.A., Italy is liable to a corporate tax rate of 24% and a regional tax of 3.9% on its taxable income.

Other income of the companies in the Group are liable for income tax at relevant tax rates.

NOTES TO THE FINANCIAL STATEMENTS

9. EARNINGS PER SHARE

Basic Earnings Per Share

Basic earnings per share is calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted - average number of ordinary shares outstanding during the year.

The following reflects the profit and share data used in the basic earnings per share computations:

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Amount used as the Numerator:				
Net profit attributable to the equity holders of the parent	5,164,034	748,097	1,862,906	559,224
Number of Ordinary Shares used as the Denominator:				
Weighted-average number of ordinary shares in issue	598,615,120	598,615,120	598,615,120	598,615,120
Earnings per ordinary share - basic (Rs.)	8.63	1.25	3.11	0.93

Weighted average number of ordinary shares in 2020 has been adjusted based on post sub -division of ten shares for each ordinary share held.

Diluted Earnings Per Share

There are no potentially dilutive ordinary shares of the Company and as a result, the diluted earnings per share is the same as the basic earnings per share shown above.

10. DIVIDENDS PER SHARE

	Group	
	2021	2020
	Rs.'000	Rs.'000
First Interim dividend	59,862	29,931
Second Interim dividend	179,584	89,792
Third Interim dividend	538,754	119,723
Forth Interim dividend	598,615	-
Gross dividend	1,376,815	239,446
Number of shares	598,615,120	598,615,120
Dividend per share (Rs.)	2.30	0.40

Out of the total distribution of dividend Rs.2.30 per share, Rs.1.36 per share (2020 - Rs. 0.10 per share) distributed to shareholders comprise redistribution of dividends received by the Company.

Weighted average number of ordinary shares in 2020 has been adjusted based on post sub -division of ten shares for each ordinary share held.

11. PROPERTY, PLANT & EQUIPMENT

11.1 Group

	Group Land	Mature/ Immature Plantations	Buildings	Plant & Machinery	Stores Equipment	Laboratory Equipment	Office and Canteen Equipment	Furniture and Fittings	Motor Vehicles	2021 Total	2020 Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Freehold											
Cost/Valuation											
At beginning of the year	808,981	7,429,386	3,581,963	8,429,458	695,422	90,267	307,377	336,193	716,900	22,395,947	20,865,311
Transfer to Intangible assets	-	-	-	-	-	-	-	(3,196)	-	(3,196)	-
Effect of movement in foreign exchange	9,995	-	100,677	312,342	22,508	1,980	5,896	10,180	5,111	468,689	172,689
Additions	16,811	237,464	65,726	736,876	70,670	19,346	34,571	56,293	102,789	1,340,546	1,411,694
Disposals	-	-	-	(16,635)	-	-	(4,945)	(2,839)	(29,550)	(53,969)	(37,900)
Transfer to biological assets (Note 15)	-	-	-	-	-	-	-	-	-	-	(15,847)
At end of the year	835,787	7,666,850	3,748,366	9,462,041	788,600	111,593	342,899	396,631	795,250	24,148,017	22,395,947
Depreciation and Impairment											
At beginning of the year	-	1,875,569	1,248,529	5,684,825	537,798	79,751	266,460	238,888	539,126	10,470,946	9,306,443
Transfer to Intangible assets	-	-	-	-	-	-	-	(1,384)	-	(1,384)	-
Effect of movement in foreign exchange	-	-	42,084	266,527	22,144	1,946	5,248	9,874	3,484	351,306	126,124
Charge for the year	-	191,956	136,439	600,002	29,375	5,778	20,375	41,751	59,476	1,085,152	1,071,706
Disposals	-	-	-	(14,052)	-	-	(4,932)	(2,501)	(27,010)	(48,495)	(33,327)
At end of the year	-	2,067,525	1,427,052	6,537,302	589,317	87,475	287,151	286,628	575,076	11,857,525	10,470,946
Net book value at year end	835,787	5,599,325	2,321,314	2,924,741	199,283	24,118	55,748	110,003	220,174	12,290,492	11,925,001
Capital work-in-progress (Note 11.3)										784,676	391,576
Carrying value of freehold property, plant and equipment										13,075,168	12,316,577

NOTES TO THE FINANCIAL STATEMENTS

11.2 Company

	Land	Buildings	Plant & Machinery	Stores Equipment	Laboratory Equipment	Office and Canteen Equipment	Furniture and Fittings	Motor Vehicles	2021 Total	2020 Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Freehold										
Cost/Valuation										
At beginning of the year	226,592	170,107	797,466	89,297	48,575	147,519	24,443	68,184	1,572,183	1,535,952
Additions	16,811	11,141	111,112	2,194	15,626	15,511	885	77,600	250,880	36,980
Disposals	-	-	-	-	-	(4,729)	-	-	(4,729)	(749)
At end of the year	243,403	181,248	908,578	91,491	64,201	158,301	25,328	145,784	1,818,334	1,572,183
Depreciation and impairment										
At beginning of the year	-	113,564	577,567	80,812	44,610	131,055	13,348	51,013	1,011,969	929,292
Charge for the year	-	5,446	63,599	3,061	2,834	7,537	2,034	9,727	94,237	83,325
Disposals	-	-	-	-	-	(4,716)	-	-	(4,716)	(648)
At end of the year		119,010	641,166	83,873	47,444	133,876	15,382	60,740	1,101,490	1,011,969
Net book value	243,403	62,238	267,412	7,618	16,757	24,425	9,946	85,045	716,844	560,214
Capital work-in-progress (Note 11.3)									106,516	119,805
Carrying value of property, plant & equipment									823,360	680,019

11.3 Capital work in progress

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At the beginning of the year	391,576	112,849	119,805	30,825
Addition during the year	1,140,076	367,330	110,827	116,929
Capitalised during the year	(746,976)	(88,603)	(124,116)	(27,949)
At end of the year	784,676	391,576	106,516	119,805

11.4 Other Explanatory Information

(i) The value of lands which have been revalued by independently qualified valuers are indicated below together with the last date of revaluation. Valuations were performed by Mr. P. B. Kalugalgedara (Chartered valuation surveyor-UK) and S. L. STANDARD APPRAISAL COMPANY LIMITED for Dipped Products PLC and Dipped Products (Thailand) Limited respectively.

Company	Location & date of last revaluation	Land in Acres	Written up as at 31-Mar-21	Written up as at 31-Mar-20
			Rs.'000	Rs.'000
Dipped Products PLC	Brahmanagama, Kottawa (March 31,2019)	10.67	214,239	214,239
Dipped Products (Thailand) Limited	Khuan Niang, Songkhla (March 31,2019)	13.05	-	-

(ii) Cost of revalued lands given above, amounts to Rs. 111,017,773.

(iii) The cost of fully depreciated Property, Plant & Equipment of the Company which are still in use as at reporting date is Rs. 800,640,446/- (2020 - Rs. 339,843,765/-) and for the Group is Rs. 5,299,196,558/- (2020 - Rs. 1,958,639,803/-).

(iv) No. of buildings owned by the Company and the Group are 20 and 58 respectively.

(v) During the year Dipped Products PLC acquired a land which is having extent of 0.61 acres, amount to Rs. 16,810,710.

(vi) Value of immature and mature plantations in the Group as at March 31, 2021 is Rs. 1,452,359,531 and Rs. 4,146,965,222 respectively.

12. LEASE RENTALS PAID IN ADVANCE

	Group	
	2021	2020
	Rs.'000	Rs.'000
At the beginning of the year	-	58,406
Transfer to right of use assets	-	(58,406)
At the end of the year	-	-

13. FORMERS (MOULDS)

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost				
At beginning of the year	738,471	657,762	239,715	209,707
Additions	79,263	117,223	5,663	42,860
Write off /breakage of formers	(11,030)	(36,514)	(2,805)	(12,852)
At end of the year	806,704	738,471	242,573	239,715
Impairment				
At beginning of the year	393,896	363,846	147,211	142,344
Charge for the year	33,453	30,050	3,812	4,867
At end of the year	427,349	393,896	151,023	147,211
Net book value				
At beginning of the year	344,575	293,916	92,504	67,363
At end of the year	379,355	344,575	91,550	92,504

14 INVESTMENT PROPERTIES

Group	2021			2020		
	Land	Building	Total	Land	Building	Total
Carrying value	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At the beginning of the year	305,710	62,450	368,160	293,713	64,242	357,955
Change in fair value during the year	24,458	4	24,462	11,997	(1,792)	10,205
At the end of the year	330,168	62,454	392,622	305,710	62,450	368,160

Company	2021			2020		
	Land	Building	Total	Land	Building	Total
Carrying value	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At the beginning of the year	169,500	-	169,500	163,176	-	163,176
Change in fair value during the year	18,780	-	18,780	6,324	-	6,324
At the end of the year	188,280	-	188,280	169,500	-	169,500

NOTES TO THE FINANCIAL STATEMENTS

14.1 Rental Income

	Group	
	2021	2020
	Rs.'000	Rs.'000
Rental income derived from investment properties	13,500	12,000

Direct operating expenses arising from investment properties that did not generate rental income is Rs. 1,333,003 (2020-1,457,629)

The details of the Investment properties of the group are disclosed below.

Company	Location & date of last revaluation	Area (Building) SQ.FT.	Land in Acres	Value of Building Rs.'000	Value of Land Rs.'000	Total Rs.'000
Dipped Products PLC	Nadungamuwa, Weliweriya (31.03.2021)	-	8.19	-	188,280	188,280
Venigros (Pvt) Ltd	Nadungamuwa, Weliweriya (31.03.2021)	55,381	7.09	62,454	141,888	204,342
		55,381	15.28	62,454	330,168	392,622

14.2 The fair value of investment property has been determined based on a valuation performed by Mr. P. B. Kalugalgedara (Chartered valuation surveyor-UK), an accredited valuer on March 31, 2021.

15. BIOLOGICAL ASSETS

	Group			
	Immature Plantations	Mature Plantations	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At beginning of the year	6,669	498,571	505,240	449,926
Transfer from immature plantations (Note 11.1)	(6,669)	6,669	-	15,847
Increase due to development	-	17,339	17,339	15,197
Gain arising from changes in fair value less cost to sell	-	10,111	10,111	39,650
Decrease due to harvest	-	(2,147)	(2,147)	(15,380)
At end of the year	-	530,543	530,543	505,240

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.

The fair value of mature managed trees were ascertained in accordance with SLFRS 13 & LKAS 41. The valuation of Kelani Valley Plantations PLC was carried out by Messers FRT Valuation Services (Pvt) Ltd using market approach method and valuation of Talawakelle Tea Estates PLC was carried out by Messers FRT Valuation Services (Pvt) Ltd using Discounted Cash Flow (DCF) method. In ascertaining the fair value of timber, a physical verification was carried out covering all the estates.

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.) 2021	2020	Relationship of Unobservable Inputs to Fair Value
Consumable managed biological assets	DCF/Market approach	Discounting Rate	13.57%	15-17.50%	Higher the discount rate, lesser the fair value
		Optimum rotation (Maturity)	20-25 Years	20-25 Years	Lower the rotation period, higher the fair value
		Volume at rotation	25-140 cu.ft	25-140 cu.ft	Higher the volume, higher the fair value
		Price per cu.ft.	Rs. 50/- to Rs. 2,864/-	Rs. 50/ - Rs. 2,900/-	Higher the price per cu. ft., higher the fair value

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. 13.57%.

2. The price adopted are net of expenditure.

3. Though the replanting is a condition precedent for harvesting, yet the cost is not taken into consideration.

4. Per commercial stand are valued on cost approach.

5. Contiguous area of trees with trees a similar specie silviculture and other characteristics.

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. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realisable value. The Board of Directors retains their view that commodity markets are inherently volatile and that long term price projections are highly unpredictable.

Sensitivity Analysis

Sensitivity Variation - Sales Price

Values of biological assets 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:

Group	-10%		10%
Managed Timber	Rs.'000	Rs.'000	Rs.'000
As at March 31, 2021	477,488	530,543	583,598
As at March 31, 2020	458,406	498,571	538,318

NOTES TO THE FINANCIAL STATEMENTS

Sensitivity Variation - Discount Rate

Values of biological assets are very sensitive to changes of the discount rate applied. Simulations made timber trees show that a rise or decrease by 1.5% of the estimated discounted rate has the following effect on the net present value of biological assets:

Group	-1.50%		1.50%
Managed Timber	Rs.'000	Rs.'000	Rs.'000
As at March 31, 2021	532,397	530,543	528,845
As at March 31, 2020	501,619	498,571	495,409

16. RIGHT OF USE ASSETS

Group	Land	Building	Mature/ Immature Plantation	Machinery & Equipments	Office Equipment	2021 Total	2020 Total
Carrying value	Rs.'000	Rs.'000	Rs.'000		Rs.'000	Rs.'000	Rs.'000
Cost							
At beginning of the year	1,018,757	314,033	635,524	35,101	26,850	2,030,265	2,030,265
Re-assessment	75,086	51,364	-	-	-	126,450	-
Addition	174,428	-	-	-	-	174,428	-
At end of the year	1,268,271	365,397	635,524	35,101	26,850	2,331,143	2,030,265
Depreciation and Impairment							
At beginning of the year	52,325	181,547	515,383	35,101	8,262	792,618	701,416
Charge for the year	38,515	38,834	14,791	-	8,262	100,402	91,202
At end of the year	90,840	220,381	530,174	35,101	16,524	893,020	792,618
Carrying value of right of use assets	1,177,431	145,016	105,350	-	10,326	1,438,123	1,237,647

Company	Building	Office Equipment	2021 Total	2020 Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost				
At beginning of the year	39,909	26,850	66,759	66,759
Re-assessment	12,809	-	12,809	-
At end of the year	52,718	26,850	79,568	66,759
Depreciation and Impairment				
At beginning of the year	7,982	8,262	16,244	-
Charge for the year	9,526	8,262	17,788	16,244
At end of the year	17,508	16,524	34,032	16,244
Carrying value of right of use assets	35,210	10,326	45,536	50,515

17. INTANGIBLE ASSETS

Group	Group					Company		
	Goodwill	Development Cost	Computer Software	2021	2020	Computer Software	2021	2020
Carrying value	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost								
At beginning of the year	253,933	18,297	76,623	348,853	348,853	71,025	71,025	71,025
Additions	-	-	17,963	17,963	-	-	-	-
Transfers from PPE	-	-	3,196	3,196	-	-	-	-
Forex revaluation gain	-	-	1,034	1,034	-	-	-	-
At end of the year	253,933	18,297	98,816	371,046	348,853	71,025	71,025	71,025
Amortisation								
At beginning of the year	-	14,939	27,428	42,367	29,010	23,680	23,680	11,840
Charge for the year	-	844	15,649	16,493	13,357	11,839	11,839	11,840
Transfers from PPE	-	-	1,384	1,384	-	-	-	-
Forex revaluation gain	-	-	270	270	-	-	-	-
At end of the year	-	15,783	44,731	60,514	42,367	35,519	35,519	23,680
Net book value								
At beginning of the year	253,933	3,358	49,195	306,486	319,844	47,345	47,345	59,185
At end of the year	253,933	2,514	54,085	310,532	306,486	35,506	35,506	47,345

Goodwill acquired through business combinations have been allocated to the following cash-generating units (CGUs) for impairment testing:

	Group	
	2021	2020
Carrying value	Rs.'000	Rs.'000
Mabroc Teas (Pvt) Ltd	33,310	33,310
Talawakelle Tea Estates PLC	220,623	220,623
	253,933	253,933

The recoverable value of goodwill for all CGUs have been based on Value In Use (VIU) calculations which have been determined by discounting the future cash flows generated from the continuing use of the CGUs. Key assumptions used are given below:

Business Growth - Based on historical growth rate and business plan

Inflation - Based on the current inflation rate

Discount Rate - Average market borrowing rate adjusted for risk premium

Margin - Based on current margins and business plans

NOTES TO THE FINANCIAL STATEMENTS

18. INVESTMENTS

18.1 Investments in Subsidiaries (at cost) - Unquoted Investments

Group	% Holding		No. of Shares		Company	
	2021	2020	2021	2020	2021	2020
Carrying value	%	%	No.	No.	Rs.'000	Rs.'000
Palma Ltd.	100	100	4,000,000	4,000,000	40,000	40,000
DPL Plantations (Pvt) Ltd.	100	100	55,000,000	55,000,000	550,000	550,000
Venigros (Pvt) Ltd.	100	100	8,000,000	8,000,000	202,450	202,450
Texnil (Pvt) Ltd.	100	100	29,000,000	7,500,000	290,000	75,000
Dipped Products (Thailand) Ltd.	99	99	4,516,250	4,516,250	1,466,742	1,466,742
ICOGUANTI S.p.A.	100	100	3,150,000	3,150,000	624,734	624,734
Feltex (Pvt) Ltd.	100	100	1,500,000	1,500,000	15,000	15,000
Hanwella Rubber Products Ltd.	73	73	18,152,000	18,152,000	151,620	151,620
D P L Premier Gloves Ltd.	100	100	45,000,000	45,000,000	450,000	450,000
D P L Universal Gloves Ltd.	100	100	125,000,000	125,000,000	1,250,000	1,250,000
					5,040,546	4,825,546
Impairment of investment in subsidiaries (Note 18.1.1)					(640,000)	(425,000)
					4,400,546	4,400,546

18.1.1 Impairment of Investments in Subsidiaries

				Group	
	D P L Universal Gloves Ltd	Dipped Products (Thailand) Ltd.	Texnil (Pvt) Ltd.	2021	2020
Carrying value	Rs.'000	Rs.'000			
At beginning of the year	100,000	250,000	75,000	425,000	425,000
Transfer from impairment provision for amounts due from subsidiaries (Note 23.2.1)	-	-	211,116	211,116	-
Provision made during the year	-	-	3,884	3,884	-
At end of the year	100,000	250,000	290,000	640,000	425,000

18.1.2 Sub Subsidiary Holdings

	% Holding		No. of Shares	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Kelani Valley Plantations PLC	72.43	72.43	49,253,800	24,626,900
Hayleys Plantation Services (Pvt) Ltd	66.67	66.67	13,400,000	13,400,000

19. OTHER NON-CURRENT FINANCIAL ASSETS

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial assets at fair value through OCI				
Quoted equity shares (Note 19.1)	57	12	-	-
Unquoted equity shares (Note 19.2)	390,920	390,920	-	-
Total financial assets at fair value through OCI	390,977	390,932	-	-
Loan debtors	594	1,689	594	1,689
Total non-current Financial Assets	391,571	392,621	594	1,689

19.1 Quoted Equity Shares

	Group	
	2021	2020
	Rs.'000	Rs.'000
Royal Ceramic Lanka PLC		
[No. of shares in 2021 and 2020 - 220]	57	12
	57	12

19.2 Unquoted Equity Shares

	Group	
	2021	2020
	Rs.'000	Rs.'000
Wellassa Rubber Company Ltd		
(No. of shares 2021 and 2020 - 255,000)	2,550	2,550
Provision for fall in value of investment	(2,550)	(2,550)
Mabroc International (Pvt) Ltd	732	732
Mabroc Japan Ltd.	4,567	4,567
Total short term investments	5,299	5,299
Provision for fall in value of investment	(5,299)	(5,299)
Martin Bauer Hayleys (Pvt) Ltd (Note 19.2.1)	390,920	390,920
Total long term investments	390,920	390,920

NOTES TO THE FINANCIAL STATEMENTS

19.2.1 Martin Bauer Hayleys (Pvt) Ltd.

		Group	
		2021	2020
	No of Shares	Rs.'000	Rs.'000
At beginning of the year	39,091,550	390,920	390,920
At end of the year	39,091,550	390,920	390,920

	Group	
	2021	2020
As at 31st March	Rs.	Rs.
Fair value of a share	10	10

Information About Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Valuation technique	Unobservable inputs	Range unobservable inputs 2021	2020
Financial Asset	DCF	Discounting rate	11.38%	15%
(Investment in shares of Martin Bauer Hayleys (Pvt) Ltd		Growth rate	2.5%	5.0%

Sensitivity Analysis - Based on Discounting Rate

	Rs. '000	Rs. '000
Discount Rate	-1.00%	1.00%
As at March 31, 2021	54,091	(46,028)
As at March 31, 2020	42,746	(33,113)

Sensitivity Analysis - Based on Discounting Rate

	Rs. '000	Rs. '000
Growth Rate	-1%	1%
As at March 31, 2021	(32,908)	37,797
As at March 31, 2020	(22,612)	29,938

20. DEFERRED TAX ASSETS AND LIABILITIES

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
20.1 Deferred Tax Assets				
At end of the year (Note 20.2)	131,094	98,621	71,853	59,766
20.2 Deferred Tax Liability				
At beginning of the year	618,711	623,650	(59,766)	(87,230)
Recognised during the year - In Statement of Profit or Loss	(35,965)	(6,324)	(10,388)	29,643
- In OCI - Actuarial gain/(loss)	40,605	497	(1,699)	(2,179)
- Effect of movement in foreign exchange	(6,806)	888	-	-
At end of the year	616,545	618,711	(71,853)	(59,766)
Deferred tax assets	131,094	98,621	71,853	59,766
Deferred tax liability	747,639	717,332	-	-

20.3 Recognised Deferred Tax Assets and Liabilities

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Deferred tax relates to the following:				
Accelerated depreciation for tax purposes	1,090,631	1,221,405	20,317	23,459
Biological assets	56,237	71,521	-	-
Defined benefit obligation	(267,929)	(383,512)	(73,831)	(71,769)
Losses available for offset against future taxable income	(63,358)	(125,478)	-	-
Others	(199,036)	(165,225)	(18,339)	(11,456)
Net deferred tax liability/(assets)	616,545	618,711	(71,853)	(59,766)

20.4 A deferred tax asset has not been recognised in relation to carried forward tax losses amounting to Rs.458,552,205 as at March 31, 2021 (2020 Rs.1,675,277,186)

21. INVENTORIES

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Raw materials and consumables	4,073,207	2,171,312	967,041	502,052
Finished goods	5,655,328	1,456,832	242,120	99,863
Work-in-progress	884,827	589,314	202,908	200,902
Produce stock	731,531	602,716	-	-
Produce on bearer biological assets (Note 21.1)	31,907	10,010	-	-
	11,376,800	4,830,184	1,412,069	802,817
Provision for slow-moving/obsolete inventories (Note 21.2)	(273,136)	(168,721)	(51,586)	(50,632)
	11,103,664	4,661,463	1,360,483	752,185

NOTES TO THE FINANCIAL STATEMENTS

21.1 Produce on Bearer Biological Assets

	Group	
	2021	2020
	Rs.'000	Rs.'000
At the beginning of the year	10,010	24,954
Change in fair value less cost to sell	21,897	(14,944)
At end of the year	31,907	10,010

21.2 Movement in the provision for slow-moving/obsolete inventories

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At beginning of the year	168,721	156,179	50,632	45,930
Charge for the year	104,415	12,542	954	4,702
At end of the year	273,136	168,721	51,586	50,632

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade receivables - Related parties	25,399	14,899	193,714	480,212
- Others	9,716,305	4,368,900	950,345	510,106
Total trade receivables	9,741,704	4,383,799	1,144,059	990,318
Impairment provision for bad and doubtful debts (Note 22.1)	(76,892)	(46,764)	(2,473)	(1,071)
	9,664,812	4,337,035	1,141,586	989,247
Income tax recoverable	41,728	134,049	-	14,375
Other receivables - Parent	1,926	63	1,926	63
- Other	402,271	187,502	21,197	20,395
Total other receivable	404,197	187,565	23,123	20,458
	10,110,737	4,658,649	1,164,709	1,024,080

22.1 Movement in Impairment Provision

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At beginning of the year	46,764	92,895	1,071	16,385
Charge for the year	37,345	14,159	1,402	4,566
Reversal for the year	(7,217)	(60,290)	-	(19,880)
At end of the year	76,892	46,764	2,473	1,071

22.2 Age Analysis of the Trade Receivables

Company	Total Rs.'000	Neither past due nor impaired Rs.'000	Past due but not impaired 0 - 60 days Rs.'000	61 - 120 days Rs.'000	121-180 days Rs.'000	181-365 days Rs.'000	> 365 days Rs.'000
As at March 31, 2021	1,141,586	726,971	408,887	3,543	274	-	1,911
As at March 31, 2020	989,247	695,776	283,915	1,202	3,244	3,191	1,919

Group	Total Rs.'000	Neither past due nor impaired Rs.'000	Past due but not impaired 0 - 60 days Rs.'000	61 - 120 days Rs.'000	121-180 days Rs.'000	181-365 days Rs.'000	> 365 days Rs.'000
As at March 31, 2021	9,664,812	7,973,251	1,603,469	53,218	4,436	7,806	22,632
As at March 31, 2020	4,337,035	3,206,151	1,086,379	3,749	10,558	28,047	2,151

23. AMOUNT DUE FROM SUBSIDIARIES

23.1 Amounts due from Subsidiaries - Non-Current

	Company 2021 Rs.'000	Company 2020 Rs.'000
At beginning of the year	23,837	38,620
Loan granted during the year	-	-
Settlement of loan during the year	(15,567)	(14,783)
At end of the year	8,270	23,837
Receivable within one year (Transferred to current assets - Note 23.2)	(8,270)	(15,627)
Receivable after one year	-	8,210

The above loans represent amounts granted to Kelani Valley Plantations PLC (KVPL) by the company at the rate of 8% per annum which shall be repayable in 5 years.

23.2 Amounts due from Subsidiaries - Current

	Company 2021 Rs.'000	Company 2020 Rs.'000
Fully-owned subsidiaries	1,485,987	502,823
Partly-owned subsidiaries	179,235	15,757
Impairment provision (Note 23.2.1)	-	(210,806)
Current portion of loan receivable from KVPL (Note 23.1)	8,270	15,627
	1,673,492	323,401

23.2.1 Movement in impairment provision

	Company 2021 Rs.'000	Company 2020 Rs.'000
At beginning of the year	210,806	210,519
Charge for the year	310	287
Transfer to impairment of investment in subsidiaries (18.1.1)	(211,116)	
At end of the year	-	210,806

NOTES TO THE FINANCIAL STATEMENTS

24 STATED CAPITAL

	Group		Company	
	2021		2020	
	Number	Rs.'000	Number	Rs.'000
Issued and fully-paid				
At beginning of the year	59,861,512	598,615	59,861,512	598,615
Subdivision of shares*	538,753,608	-	538,753,608	-
At end of the year	598,615,120	598,615	598,615,120	598,615

* As per the circular resolution passed on January 20,2021, the issued and fully paid Ordinary Shares of the Company were sub-divided by splitting each ordinary share held into 10 shares , thus increasing the number of existing issued Ordinary Shares of the Company from 59,861,512 to 598,615,120 ordinary shares without affecting an increase in the Stated Capital of the Company.

25 INTEREST-BEARING BORROWINGS

25.1 Interest-Bearing Borrowings - Non-Current

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Long term loans (Note 25.1.1)	725,000	347,541	-	-
Lease liabilities (Note 25.1.2)	1,094,967	1,029,593	21,734	34,887
	1,819,967	1,377,134	21,734	34,887

25.1.1 Long Term Loans

	Group	
	2021	2020
	Rs.'000	Rs.'000
At beginning of the year	552,820	692,834
Obtained during the year	771,892	300,000
Repayments during the year	(202,810)	(438,499)
Effect of movement in foreign exchange	60,715	(1,515)
At end of the year	1,182,617	552,820
Repayments due within one year from the reporting date (included under current liabilities - Note 25.2)	(457,617)	(205,279)
Repayment due after one year	725,000	347,541

Maturity profile of long term loans

	Group	
	2021	2020
	Rs.'000	Rs.'000
Long term loans repayable within one year from the reporting date	457,617	205,279
Long term loans repayable between 1-5 years from the reporting date	725,000	347,541
Long term loans repayable after 5 years from the reporting date	-	-
	1,182,617	552,820

25.1.2 Lease Liabilities

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At beginning of the year	1,085,396	1,115,565	55,398	69,197
Re-assesment	126,447	-	12,810	-
Accretion of interest	142,496	141,765	6,783	8,201
Payments	(194,201)	(180,470)	(23,573)	(22,000)
Effects of movements in foreign exchange	10,331	8,536	-	-
At end of the year	1,170,469	1,085,396	51,418	55,398
Repayments due within one year from the reporting date (included under current liabilities - Note 25.2)	75,502	(55,803)	29,684	(20,511)
Repayment due after one year	1,094,967	1,029,593	21,734	34,887

Maturity profile of Lease Liabilities

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Lease Liabilities repayable within one year from the reporting date	75,502	55,803	29,684	20,511
Lease Liabilities repayable between 1-5 years from the reporting date	382,354	156,976	21,734	34,887
Lease Liabilities repayable after 5 years from the reporting date	712,613	872,617	-	-
	1,170,469	1,085,396	51,418	55,398

The following are the amounts recognised in Statement of Profit or Loss

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Depreciation expense of right of use assets (Note 16)	100,401	91,202	17,788	16,244
Interest expense on lease liabilities (Note 25.1.2)	142,496	141,765	6,783	8,201
Total amount recognised in Statement of Profit or Loss	242,897	232,967	24,571	24,445

25.2 Interest-Bearing Borrowings - Current

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Long term loans (Note 25.1.1)	457,617	205,279	-	-
Lease liabilities (Note 25.1.2)	75,502	55,803	29,684	20,511
Short term loans	4,083,823	707,415	2,215,000	612,460
Bank overdrafts	4,888,939	2,416,588	766,600	254,870
	9,505,881	3,385,085	3,011,284	887,841

25.3 Payments relating to short term and low value lease payments of Rs. 13,822,265 and Rs. 4,585,329 have been recognised by the Group and the Company respectively, within administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS

25. INTEREST-BEARING BORROWINGS (CONTD.)

25.3 Details of Term Loans

Company	Lender/rate of interest (p.a.)	31-Mar-21 Rs.'000	31-Mar-20 Rs.'000
D P L Premier Gloves Ltd.	SCB 1 month LIBOR +0 .4% till 31.12.2021 and 1 month LIBOR +2.85% from 01.01.2022 (USD 1.6 million)	319,728	-
Hanwella Rubber Products Ltd	SCB 1 month LIBOR +0 .4% till 31.12.2021 and 1 month LIBOR +2.85% from 01.01.2022 (USD 2 million)	399,660	-
Kelani Valley Plantations PLC.	DFCC Bank AWPLR - 0.50% first two years & AWPLR + 5.5% after two years	-	27,480
	Amana Bank SLIBOR with a cap of 14% and floor of 7.25%	-	9,149
	Amana Bank SLIBOR with a cap of 14% and floor of 7.25%	6,503	25,942
	Amana Bank SLIBOR with a cap of 14% and floor of 7.25%	12,838	22,023
	Amana Bank SLIBOR + 3.25%	20,497	30,293
	NDB AWPLR - 0.50% first two years & AWPLR + 1.50% after two years	-	10,313
	NDB 6.3%	13,641	17,278
	NDB 6.3%	3,234	4,097
	NDB 4%	22,200	-
	NDB 4%	25,000	-
	Sri Lanka Tea Board 6 month AWPLR + 1%	-	6,944
	Sri Lanka Tea Board 5%	-	3,531
Mabroc Teas (Pvt) Ltd.	Sampath Bank AWPLR + 1%	223,650	300,000
	Sampath Bank 4%	20,000	-
Kelani Valley Resorts (Pvt) Ltd	Pan Asia Bank 4%	5,000	-
ICOGUANTI S.p.A	Alessandria Financing 1.95% (EURO 1 million)	76,739	77,607
Talawakelle Tea Estates PLC	NDB Bank 6.6%	13,097	16,589
	Sri Lanka Tea Board 5.00%	-	1,574
	Commercial Bank PLC 4%	20,830	-
		1,182,617	552,820

Repayment Rs.'000		Security
as per schedule	Monthly ending 18.09.2023	Nil
as per schedule	Monthly ending 15.09.2023	Nil
2,290 x 60 inst.	Monthly ending 14.03.2021	Primary mortgage of Rs. 348 million over the leasehold rights of Halgolla, We Oya, Polatagama and Ederapola Estates and letter of undertakings from DPL Plantations (Pvt) Ltd., was given to subordinate management fee and dividends in a default situation of Term Loan; carrying amount of which is Rs. 42 million.
as per schedule	Monthly ending 14.12.2020	Nil
as per schedule	Monthly ending 19.03.2022	Nil
as per schedule	Monthly ending 21.01.2022	Nil
833 x 60 inst.	Monthly ending 17.11.2022	Nil
1,031 x 60 inst.	Monthly ending 11.02.2021	Primary mortgage over the leasehold rights, Buildings,Plant & Machinery of Pedro, Mahagastota & Panawatte Estates; carrying amount of which is Rs. 151 million.
303 x 72 inst	Monthly ending 19.01.2025	
72 x 72 inst	Monthly ending 19.01.2025	
1,400 x 18 inst	Monthly ending 24.08.2022	
1,400 x 18 inst	Monthly ending 24.12.2022	
1,389 x 48 inst.	Monthly ending 31.03.2021	Trade receivable from tea brokers
1,646 x 48 inst	Monthly ending 31.03.2021	
6,250 x 48 inst	Monthly ending 31.03.2023	Nil
1,333 x 15 inst	Monthly ending 26.05.2022	Nil
208 x 24 inst	Monthly ending 30.10.2023	Nil
Repayment over 2 years as per agreed schedule	Monthly ending 30.06.2025	Nil
975 x 72 Inst.	Monthly ending 31.01.2025	Fixed Deposits of Rs.24 Mn with the letter of setoff.
1,579 x 36 Inst.	Monthly ending 30.04.2020	Tea sales proceeds.
1,390 x 18 Inst.	Monthly ending 30.09.2022	Concurrent mortgage over stocks and debtors for Rs. 165 Mn

NOTES TO THE FINANCIAL STATEMENTS

26 DEFERRED INCOME

Government Grants

	Group	
	2021	2020
	Rs.'000	Rs.'000
Grants		
At beginning of the year	1,133,478	1,095,847
Received during the year	82,777	37,631
At end of the year	1,216,255	1,133,478
Amortisation		
At beginning of the year	377,322	354,669
Amortised during the year	32,774	22,653
At end of the year	410,096	377,322
Carrying amount	806,159	756,156

Kelani Valley Plantations group received grants from the Sri Lanka Tea Board, Save the Children International and Rubber Development Department of Ministry of Plantation Industries.

The amount spent is capitalised under relevant classification of improvement to right of use assets corresponding grant component is reflected under deferred grants and subsidies and amortised over the useful life span of the asset.

27 DEFINED BENEFIT OBLIGATIONS

The Group measures the Present Value of Defined Benefit Obligation (PVDBO) which is a defined benefit plan with the advice of an actuary using the Projected Unit Credit Method (PUC).

The actuarial valuation involves making assumptions about discount rate, average expected future working lives, salary escalation rate, promotion rates and mortality rates.

Due to the long term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

Accordingly, the employee benefit obligation actuarial valuation as of March 31, 2021, carried out by Messrs Actuarial & Management Consultants (Pvt) Ltd, except for Dipped Products (Thailand) Limited and ICOGUANTI S.p.A which were valued by Messrs Aon Solutions (Thailand) Ltd and Messrs Managers & Partners - Actuarial Services S.p.A. respectively.

The key assumptions used by the actuary include the following:

Assumptions regarding future mortality are based on a A1967/70 mortality table, issued by the Institute of Actuaries, London.

The demographic assumptions underlying the valuation with respect to retirement age, early withdrawals from service and retirement on medical grounds were considered.

Company	2021 ICOGUANTI	2021 DPTL	2021 KVPL	2021 HPSL	2021 Other*	2020 ICOGUANTI	2020 DPTL	2020 KVPL	2020 HPSL	2020 Other*
Discount rate (%)	0.69	1.4	8	8	8	0.45	1.5	10	10	10
Salary Escalation Rate (%)										
Workers (%)	1	4.5	5.7	5.7	7	1	5	18	18	9
Executive and clerical (%)	1	4.5	7	7	7	1	5	9	9	9
Retirement age										
Workers	67	60	60	60	55	67	60	60	60	55
Executive and clerical	67	60	60	60	60	67	60	60	60	60
Expected future working life										
Workers	12.9	10	5.18	5.37	5.36-5.82	11.7	10	5.19	5.37	5.52-8.24
Executive and clerical	12.9	10	5.61	6.47	5.82	11.7	10	6	6.47	5.52

* Other - Refers to companies in the Hand Protection sector excluding Dipped Products (Thailand) Ltd. and ICOGUANTI S.p.A.

ICOGUANTI : ICOGUANTI S.p.A. , DPTL : Dipped Products (Thailand) Ltd, KVPL : Kelani Valley Plantations PLC, HPSL : Hayleys Plantation Services (Pvt) Ltd)

27.1 Net Benefit Expense Categorised under Administrative Expenses and Other Comprehensive Income.

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Current service cost (under Administrative Expense)	188,937	217,339	29,126	26,316
Past service cost (under Administrative Expense)	-	5,180	-	-
Interest cost (under Administrative Expense)	260,264	247,083	47,559	49,148
Actuarial loss/(gain) (under Other Comprehensive Income)	(293,570)	(3,285)	12,137	15,564
	155,631	466,317	88,822	91,028

27.2 Movement in the Present Value of the Defined Benefit Obligations are as Follows:

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At beginning of the year	2,894,372	2,736,670	512,638	472,031
Effect of movement in foreign exchange	22,485	(896)	-	-
Benefits paid	(347,371)	(307,718)	(74,443)	(50,136)
Release in DBO due to employee transfers	350	-	350	(285)
Current service cost	188,937	217,339	29,126	26,316
Interest cost	260,264	247,083	47,559	49,148
Past Service Cost	-	5,180	-	-
Actuarial loss/(gain)	(293,570)	(3,286)	12,137	15,564
At end of the year	2,725,467	2,894,372	527,367	512,638

The liability as per Payment of Gratuity Act for Group and Company as at March 31, 2021 are Rs.3,047,631,399 (2020-Rs.2,957,416,477) and Rs.434,111,580 (2020-Rs.416,470,823) respectively.

NOTES TO THE FINANCIAL STATEMENTS

27.3 Sensitivity Analysis - Salary Escalation Rate and Discount Rate:

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

A sensitivity analysis was carried out as follows:

	Group		Company	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	-1%	-1%	-1%	-1%
A one percentage point change in the salary escalation rate				
- The present value of defined benefit obligation	163,371	(148,790)	33,222	(30,379)
A one percentage point change in the discount rate				
- The present value of defined benefit obligation	(138,380)	154,328	(27,652)	30,715

27.4 Distribution of Defined Benefit Obligations Over Future Working Life:

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Within the next 12 months	487,466	568,008	66,069	105,245
Between 2 to 5 years	1,043,321	1,046,484	261,214	234,908
Beyond 5 years	1,194,680	1,279,880	200,084	172,485
	2,725,467	2,894,372	527,367	512,638

28 AGENTS' INDEMNITY FUND

	Group	
	2021	2020
	Rs.'000	Rs.'000
At beginning of the year	70,136	62,905
Provision for the year	8,980	8,073
Actuarial Loss/ (Gain)	(1,206)	3,587
Payments during the year	(6,004)	(2,969)
Effect of movement in foreign exchange rate	13,086	(1,460)
At end of the year	84,992	70,136

Agents' Indemnity Fund consist of provisions made for sales agents' retirement benefits of ICOGUANTI S.p.A as set by the provisions in Italian Law.

29 TRADE AND OTHER PAYABLES

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade payables - Related parties	124,347	5,660	39,806	13,555
- Others	5,899,013	1,824,347	160,973	159,430
Total trade payables	6,023,360	1,830,007	200,779	172,985
Other payables including accrued expenses - Parent	82,090	143,799	16,364	9,427
- Others	1,915,993	1,474,430	282,326	90,703
Advance received	323,497	218,322	225,801	121,484
Unclaimed dividends/Dividends payable	7,277	128,020	7,277	128,020
	8,352,217	3,794,578	732,547	522,619

30 AMOUNTS DUE TO SUBSIDIARIES

	Company	
	2021	2020
	Rs.'000	Rs.'000
Fully-owned subsidiaries	643,337	716,989
Partly-owned subsidiaries	-	218,914
	643,337	935,903

31 SEGMENT INFORMATION

The Group's results have been identified to the Hand Protection sector and the Plantation sector having considered the nature of operations and principle activities of entities.

31.1 Geographical Segment Information

	Hand Protection Sector		Plantation Sector	
	2021	2020	2021	2020
	%	%	%	%
Asia/Africa/Middle East	8.00	11.29	36.70	30.49
South America	8.71	11.75	-	-
Australia/New Zealand	1.64	2.19	1.00	0.62
Europe	63.06	59.24	7.74	7.86
North America	18.29	15.02	0.42	0.15
	99.70	99.49	45.86	39.12
Indirect exports	0.01	-	52.90	60.49
Sri Lanka	0.29	0.51	1.24	0.39
	100.00	100.00	100.00	100.00

NOTES TO THE FINANCIAL STATEMENTS

31.2 Business Segment Information

	Hand Protection		Plantations		Inter - Segment		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue from contracts with customers	30,414,301	17,893,040	16,249,197	12,796,734	(276,831)	(126,792)	46,386,667	30,562,982
Profit before tax	5,550,585	1,011,068	1,718,788	220,858	(78,100)	(71,500)	7,191,273	1,160,426
Non cash Expenses								
Depreciation and impairment of property, plant & equipment and right of use assets	673,659	665,235	511,894	498,373	-	-	1,185,553	1,163,608
Provision for defined benefit obligation	112,558	114,442	336,643	355,161	-	-	449,201	469,603
Provision for / (reversal of) agents indemnity fund	8,980	8,073	-	-	-	-	8,980	8,073
Provision for slow moving/obsolete Inventories	108,769	16,120	(4,354)	2,551	-	-	104,415	18,671
Finance cost	177,588	159,297	441,246	322,279	-	-	618,834	481,576
Finance income	201,539	69,328	264,469	131,202	(186)	-	465,822	200,530
Tax expense	1,135,780	202,174	222,166	107,959	-	-	1,357,946	310,133
Capital expenditure	1,343,591	445,583	390,054	1,244,836	-	-	1,733,645	1,690,419
Total assets	27,464,391	12,709,025	16,899,557	14,618,380	(58,557)	(48,298)	44,305,391	27,279,107
Non - interest bearing liabilities	8,721,257	3,487,248	5,241,695	5,011,773	(50,287)	(13,165)	13,912,665	8,485,856
Cash Flows								
- Cash flows from operating activities	(1,585,480)	1,274,292	651,484	1,742,415	-	(14,783)	(933,996)	3,001,924
- Cash flows from investing activities	(1,674,477)	(462,950)	(65,675)	(1,117,605)	(78,100)	(71,500)	(1,818,252)	(1,652,055)
- Cash flows from financing activities	1,524,200	(463,281)	620,020	(1,233,084)	93,666	78,100	2,222,320	(1,610,082)

32 CAPITAL EXPENDITURE COMMITMENTS

The approximate amount of capital expenditure approved by the Directors and not contracted for as at March 31, 2021 amounts to Rs. 1,446,710,937 (2020 - Rs. 2,108,199,511). The approximate Capital expenditure contracted for which no provision is made in the Financial Statements as at March 31, 2021 amounts to Rs.1,737,764,640 (2020 - Rs. 323,511,288).

33 CONTINGENT LIABILITIES

(i) Contingent liability on retirement benefit obligation

In the past 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 RPC's decided the daily wage rate of Tea / Rubber workers as Rs 1,000 per day and gazetted its decision on March 05, 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 Group from the above court case, the contingent liability on retirement benefit obligation liability would be Rs. 700,419,270 and of which Rs.43,620,112 need to be charged to Profit or Loss and Rs. 656,799,158Mn to be charged under Other Comprehensive Income for the year ended 31 March 2021. However, no provisions have been made in the financial statements for the year ended 31 March 2021 in this regard.

(ii) Letter of Credit outstanding of Rs. 115,342,377 (2020 - Rs. 51,845,979) and Bank guarantees provided on behalf of the companies within the group Rs. 360,000 at the end of the year (2020 - Rs. 360,000).

(iii) Having discussed with the legal experts and based on information available, the Board of Directors are confident that the ultimate resolution on the cases against the group are unlikely to have a material effect on the financial position of the group.

NOTES TO THE FINANCIAL STATEMENTS

34 RELATED PARTY DISCLOSURES

Key Management Personal (KMP) comprise the directors of the group and the ultimate parent entity. Directors' remuneration in respect of the Company and the Group for the financial year ended March 31, 2021 are given in Note 7 to the Financial Statements. The remuneration to the Managing Director and Director-Operations are paid by the parent and included within the services related expenses given below.

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Transactions with related parties				
Subsidiaries				
Inventory transfers			(41,417)	64,002
Purchase of latex			(148,988)	(14,365)
Skim sales			4,674	4,426
Export sales			176,576	178,696
Export sales commission			(6,206)	(11,486)
Export services			178,537	-
Services-related expenses reimbursed			517,676	562,123
Reimbursement of cost (electricity, fuel & water)			2,253	3,399
Dividend income			886,931	242,546
Fund transfers			536,686	(172,152)
Processing-related expenses reimbursed			(18,706)	2,603
Current account interest paid			(2,073)	28,537
Flock purchases			(28,667)	(29,170)
Share Allotment			(215,000)	(900,000)
Parent - Hayleys PLC				
Services-related expenses paid	(317,664)	(367,837)	(193,051)	(123,579)
Dividend paid	(630,273)	(93,644)	(630,273)	(93,644)
Affiliates				
Sales of gloves	4,863	9,803	1,345	7,856
Sales of rubber products	6,093	1,852	-	-
Sales of latex	17,843	14,057	-	-
Sale of tea	149,448	143,087	-	-
Services-related expenses	(237,749)	(119,886)	(120,440)	(72,568)
Rental income	13,500	13,548	-	-
Purchase of latex	(3,944)	(23,382)	-	-
Purchase of goods	(283,194)	(221,948)	(32,030)	(28,594)
Dividend paid	(226,395)	(35,322)	(226,395)	(35,322)

Terms and conditions of transactions with related parties

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

Transactions with Advantis Freight (Pvt) Ltd., Advantis Project & Engineering (Pvt) Ltd., Agility Logistics (Pvt) Ltd., Clarion Shipping (Pvt) Ltd., CMA-CGM Lanka (Pvt) Ltd., COSCO Shipping Line Lanka (Pvt) Ltd., Dilmah Ceylon Tea Company PLC., Energynet (Pvt) Ltd., Expelogix (Pvt) Ltd., Fentons Ltd., Haycarb PLC., Haylex Ltd., Hayleys Agriculture Holdings Ltd., Hayleys Agro Fertilizers (Pvt) Ltd., Hayleys Aventura (Pvt) Ltd., Hayleys Business Solutions International (Pvt) Ltd.,Hayleys Consumer Products Ltd., Hayleys Lifescience (Pvt) Ltd., Hayleys Fabrics PLC., Hayleys Tours (Pvt) Ltd., Hayleys Travels (Pvt) Ltd., HJS Condiments Ltd., Horana Plantations PLC., Logiwiz Ltd., Martin Bauer Hayleys (Pvt) Ltd., MIT Global Solutions (Pvt) Ltd., Mountain Hawk Express (Pvt) Ltd., Ocean Network Express Lanka (Pvt) Ltd., Puritas (Pvt) Ltd., Ravi Industries Ltd., Rileys (Pvt) Ltd., Royal Ceramics Lanka PLC., Singer (Sri Lanka) PLC., Singer Digital Media (Pvt) Ltd., The Kingsbury PLC., Toyo Cusion Lanka (Pvt) Ltd.,Uni Dil Packaging (Pvt) Ltd., Uni Dil Packaging Solution Ltd., Valibel Plantations (Pvt) Ltd., and Volanka (Pvt) Ltd. are given above under details of related party transactions with affiliates.

35 FAIR VALUE MEASUREMENT

The fair value is the price that would be received to sell an assets or paid to transfer a liability in an orderly transaction between market participants of the measurement date.

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

Group	Carrying Amount		Fair Value	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Financial Assets				
Equity instrument designated at fair value through OCI				
- Quoted equity shares	57	12	57	12
- Unquoted equity shares	390,920	390,920	390,920	390,920
	390,977	390,932	390,977	390,932
Loans and Receivables				
- Trade and other receivables	10,110,737	4,658,649	10,110,737	4,658,649
Cash and short term deposits	3,733,478	1,791,056	3,733,478	1,791,056
Total	13,844,215	6,449,705	13,844,215	6,449,705
Non-Financial Assets				
Freehold land	835,787	808,981	835,787	808,981
Investment property	392,622	368,160	392,622	368,160
Biological assets	530,543	505,240	530,543	505,240
Total	1,758,952	1,682,381	1,758,952	1,682,381
Financial Liabilities				
Interest-bearing loans and borrowings				
- Lease liabilities	1,170,469	1,085,396	1,170,469	1,085,396
- Long term loans	1,182,617	552,820	1,182,617	552,820
- Short term loans and bank overdraft	8,972,762	3,124,003	8,972,762	3,124,003
Trade and other payables (excluding unclaimed dividend)	8,419,596	3,666,558	8,419,596	3,666,558
Total	19,745,444	8,428,777	19,745,444	8,428,777

NOTES TO THE FINANCIAL STATEMENTS

Company	Carrying Amount		Fair Value	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Assets				
Trade and other receivables	1,164,708	1,024,080	1,164,708	1,024,080
Amount due from subsidiaries	1,242,711	323,401	1,242,711	323,401
Cash and short term deposits	364,162	58,685	364,162	58,685
Total	2,771,581	1,406,166	2,771,581	1,406,166
Non-Financial Assets				
Freehold land	243,403	226,592	243,403	226,592
Investment property	188,280	169,500	188,280	169,500
Total	431,683	396,092	431,683	396,092
Financial Liabilities				
Interest-bearing loans and borrowings				
- Obligations under lease liabilities	51,418	55,398	51,418	55,398
- Short term loans and bank overdrafts	2,981,600	867,330	2,981,600	867,330
Amount due to subsidiaries	643,336	935,903	643,336	935,903
Trade and other payables (excluding unclaimed dividend)	725,275	424,599	725,275	424,599
Total	4,401,629	2,283,230	4,401,629	2,283,230

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

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

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

The methods and assumptions used to estimate fair value of freehold land, investment property and biological assets are reflected in Note 11.3, 14 and 15 respectively.

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 March 31, 2021 the Group/Company held the following financial assets carried at fair value in the Statement of Financial Position.

	Group				Company			
	2021	Level 1	Level 2	Level 3	2021	Level 1	Level 2	Level 3
Assets Measured at Fair Value								
Financial assets at fair value through OCI								
Equity shares	390,977	57	-	390,920	-	-	-	-
Freehold land	835,787	-	-	835,787	243,403	-	-	243,403
Investment property	392,622	-	-	392,622	188,280	-	-	188,280
Biological asset	530,543	-	-	530,543	-	-	-	-

During the reporting period ended March 31, 2021 there were no transfers between Level 1 and Level 2 fair value measurements.

As at March 31, 2020, the Group/Company held the following financial instruments measured at fair value:

	Group				Company			
	2021	Level 1	Level 2	Level 3	2021	Level 1	Level 2	Level 3
Assets Measured at Fair Value								
Financial assets at fair value through OCI								
Equity shares	390,932	12	-	390,920	-	-	-	-
Freehold land	808,981	-	-	808,981	226,592	-	-	226,592
Investment property	368,160	-	-	368,160	169,500	-	-	169,500
Biological asset	505,240	-	-	505,240	-	-	-	-

During the reporting period ended March 31, 2020 there were no transfers between Level 1 and Level 2 fair value measurements.

The table below sets out information about significant unobservable inputs used in measuring non-financial assets measured at fair value categorised as level 3 in the fair value hierarchy as at March 31, 2021.

	Fair Value as at 31-Mar	Valuation Technique	Significant Unobservable Inputs	Estimates for Unobservable		Fair value Measurement Sensitivity to Unobservable Inputs Measurement
	Rs. '000			2021	2020	
Investment Property - Weliveriya	330,168	Direct Capital Comparison Method	Rate Per Perch	Rs.125-150	Rs.120-135	Significant increases (decreases) in estimated price per perch would result in a significantly higher (lower) fair value
Freehold land (Kottawa)	243,403	Direct Capital Comparison Method	Rate Per Perch	Rs.110-135	Rs.110-135	Significant increases (decreases) in estimated price per perch would result in a significantly higher (lower) fair value

NOTES TO THE FINANCIAL STATEMENTS

36 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from financial instruments:

1 Credit risk

2 Liquidity risk

3 Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout these Consolidated Financial Statements.

Risk management framework

The Board of Directors have the overall responsibility for the establishment and oversight of the Group's risk management framework, which includes developing and monitoring the Group's risk management policies.

Credit risk

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 establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade and other receivables.

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

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Rupees	385,308	176,448	372,796	501,948
Australian Dollar	36,196	139,478	-	-
Sterlin Pound	-	69,904	-	-
United States Dollar	3,560,484	1,810,514	685,433	471,398
Euro	5,341,866	2,198,800	106,480	50,734
Thai Baht	13,899	35,437	-	-
Chinese Yuan	772,984	228,068	-	-
	10,110,737	4,658,649	1,164,709	1,024,080

Management has assessed the existing and anticipated effect of COVID -19 on recoverability of trade and other receivable and concluded that Company and its subsidiaries don't have significant doubt on recoverability of trade and other receivable. Therefore, no incremental impairment allowance has been recognised.

Investments

Credit risk from invested balances with the financial institutions are managed by the Hayleys Group 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.

Cash and Cash Equivalents

The Group and Company held cash at bank and in hand of Rs. 3,733 million and Rs. 364 million respectively as at March 31, 2021 (Rs. 1,791 million and Rs. 59 million respectively in 2020) which represents its maximum credit exposure on these assets.

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

Citibank, N.A. - AAA(lka)

Standard Chartered Bank - AAA(lka)

Hongkong and Shanghai Banking Corporation Ltd. - AAA(lka)

Sampath Bank PLC - AA-(lka)

Hatton National Bank PLC - AA-(lka)

Bank of Ceylon - AA- (lka)

Deutsche Bank AG - BBB+

NDB Bank PLC - A+(lka)

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. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

The liquidity requirements of business units and subsidiaries are met through short term loans to cover any short term fluctuations and longer term funding to address any structural liquidity requirements. The Group monitors the cash flows of its group companies 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. The Group aims to fund investment activities of its group companies by funding the long term investment with long term financial sources. Short term investments are funded using short term loans.

The monthly liquidity position is monitored by the Hayleys Group Treasury. All liquidity policies and procedures are subject to review and approval by the Hayleys Group Treasury.

NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 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
Group						
Interest-bearing loans and borrowings	4,888,941	4,217,102	399,839	1,107,353	712,613	11,325,848
Trade and other payables	-	8,225,316	105,955	20,946	-	8,352,217
	4,888,941	12,442,418	505,794	1,128,299	712,613	19,678,065
Company						
Interest-bearing loans and borrowings	766,600	2,215,000	7,421	22,263	21,734	3,033,018
Trade and other payables	-	729,816	2,731	-	-	732,547
Amount due to related parties	643,337	-	-	-	-	643,337
	1,409,937	2,944,816	10,152	22,263	21,734	4,408,902

Year ended March 31, 2020	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
Group						
Interest-bearing loans and borrowings	2,416,588	772,555	195,940	504,516	872,620	4,762,219
Trade and other payables	-	3,619,166	165,146	10,266	-	3,794,578
	2,416,588	4,391,721	361,086	514,782	872,620	8,556,797
Company						
Interest-bearing loans and borrowings	254,871	617,588	15,382	34,887	-	922,728
Trade and other payables	-	463,598	62,281	1,400	-	522,619
Amount due to related parties	935,903	-	-	-	-	935,903
	1,190,774	1,081,186	77,663	36,287	-	2,385,910

Management has assessed the existing and anticipated effect of COVID -19 on liquidity of the Company and its subsidiaries to settle liabilities when it is due and management are satisfied that the Company and its subsidiaries don't have significant concerns relating to the Group's liquidity.

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, available-for-sale investments 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.

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 cashflows. The Hayleys Group Treasury closely monitors the interest rate fluctuations in the market and advices the sectors on a daily basis.

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

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

	Increase/ decrease in interest rate	Effect on profit before tax 2021 Group Rs.'000	Company Rs.'000
Sensitivity only using borrowings			
Increase	1%	(113,258)	(30,330)
Decrease	-1%	113,258	30,330
Sensitivity using borrowings and deposits			
Increase	1%	(93,468)	(27,932)
Decrease	-1%	93,468	27,932

	Increase/ decrease in interest rate	Effect on profit before tax 2020 Group Rs.'000	Company Rs.'000
Sensitivity only using borrowings			
Increase	1%	(47,662)	(9,227)
Decrease	-1%	47,662	9,227
Sensitivity using borrowings and deposits			
Increase	1%	(36,031)	(9,227)
Decrease	-1%	36,031	9,227

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) and Thai Baht (THB).

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 forwards contracts. Hayleys Group Treasury closely monitors the exchange rate fluctuations and advices to the sectors on a daily basis.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar, Euro, Thai Baht, Yen, Australian Dollar and Yuan exchange rate, with all other variables held constant.

The impact on the Group's and Company's profit before tax due to the change in exchange rate is as follows:

NOTES TO THE FINANCIAL STATEMENTS

	2021							
	Group						Company	
	USD	EURO	THB	YEN	AUD	YUAN	USD	EURO
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Increase in exchange rate by 5% (Rs.)	209.8	245.3	6.7	1.9	159.7	31.8	209.8	245.3
Impact to the profit before tax	(110,113)	195,236	(17,548)	(40,686)	1,810	38,649	27,792	5,324
Decrease in exchange rate by 5% (Rs.)	189.8	222.0	6.0	1.7	144.5	28.8	189.8	222.0
Impact to the profit before tax	110,113	(195,236)	17,548	40,686	(1,810)	(38,649)	(27,792)	(5,324)

	2020							
	Group						Company	
	USD	EURO	THB	YEN	AUD	YUAN	USD	EURO
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Increase in exchange rate by 5% (Rs.)	199.4	219.9	6.1	1.8	123.2	27.9	199.4	219.9
Impact to the profit before tax	(5,571)	(53,229)	12,783	6,602	(6,974)	(11,403)	9,861	(2,551)
Decrease in exchange rate by 5% (Rs.)	180.4	198.9	5.5	1.7	111.5	25.3	180.4	198.9
Impact to the profit before tax	5,571	53,229	(12,783)	(6,602)	6,974	11,403	(9,861)	2,551

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 Group's net debt to adjusted equity ratio at the reporting date was as follows:

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest-Bearing borrowing (non-current)	1,819,967	1,377,134	21,734	34,887
Current portion of long term interest-bearing borrowings	533,119	261,082	29,684	20,511
Short term interest-bearing borrowings	8,972,762	3,124,003	2,981,600	867,330
Total borrowings	11,325,848	4,762,219	3,033,018	922,728
Equity	19,141,538	14,031,031	5,351,525	4,875,876
Equity and debts	30,467,386	18,793,250	8,384,543	5,798,604
Gearing Ratio (%)	37%	25%	36%	16%

37 EFFECT ON CONSOLIDATION OF COMPANIES WITH DIFFERENT ACCOUNTING YEARS

Financial year end of ICOGUANTI S.p.A ends on 31 December. However, in order to minimise the gap with parent company's year end which is 31 March, financial statements for the 12 months period from March 1, 2020 to February 28, 2021 have been consolidated.

Financial year end of Dipped Products (Thailand) Ltd also ends on 31 December. However its financial statements for the 12 months ended March 31, 2020 have been consolidated with Group Financial Statements.

38 MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of Equity Interest Held by Non - Controlling Interests

Company Name	Country of incorporation and operation	2021 %	2020 %
Kelani Valley Plantations PLC	Sri Lanka	27.57	27.57
Hayleys Plantation Services (Pvt) Ltd	Sri Lanka	33.33	33.33

Accumulated Balances of Material Non - Controlling Interest

Company Name	2021 %	2020 %
Kelani Valley Plantations PLC	1,212,654	989,524
Hayleys Plantation Services (Pvt) Ltd	2,011,230	1,679,972
Accumulated Material Non - Controlling Interest	3,223,884	2,669,496

Profit Allocated to Material Non - Controlling Interest

Company Name	2021 %	2020 %
Kelani Valley Plantations PLC	226,299	(17,893)
Hayleys Plantation Services (Pvt) Ltd	353,259	96,035
Accumulated Material Non - Controlling Interest	579,558	78,142

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised statements of profit or loss for the year ended March 31

Profit allocated to Material Non - Controlling Interest

	2021	2020	2021	2020
	Kelani Valley Plantations PLC (Group)		Hayleys Plantation Services (Pvt) Ltd (Group)	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue from contracts with customers	11,760,469	8,909,173	4,488,728	3,886,417
Cost of sales	(10,003,835)	(8,064,216)	(3,637,211)	(3,593,340)
Administrative & distribution expenses	(733,324)	(727,395)	(207,582)	(185,088)
Finance costs and income	(224,913)	(247,690)	48,136	55,536
Profit / (loss) before tax	947,521	(22,771)	772,073	231,157
Tax expense	(145,336)	(64,247)	(76,830)	(43,711)
Profit for the year	802,185	(87,018)	695,243	187,446
Total comprehensive income	920,963	(61,749)	837,636	179,353
Attributable to non-controlling interests	7,099	8,502	218,261	48,316
Dividends paid to non-controlling interests	(7,800)	-	(53,542)	(38,241)

Summarised statement of financial position as at March 31

	2021	2020	2021	2020
	Kelani Valley Plantations PLC (Group)		Hayleys Plantation Services (Pvt) Ltd (Group)	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Current Assets	3,611,819	2,185,652	2,459,135	1,637,221
Non-Current Assets	7,140,577	7,186,003	3,630,552	3,631,675
Current Liabilities	3,395,861	2,637,246	679,105	408,520
Non-Current Liabilities	3,066,298	3,255,333	1,533,611	1,647,704
Total equity	4,290,237	3,479,075	3,876,970	3,212,673
Attributable to:			-	
Equity holders of parent	4,249,055	3,437,193	2,798,692	2,299,134
Non-controlling interest	41,182	41,883	1,078,278	913,539

39 EVENTS AFTER THE REPORTING PERIOD

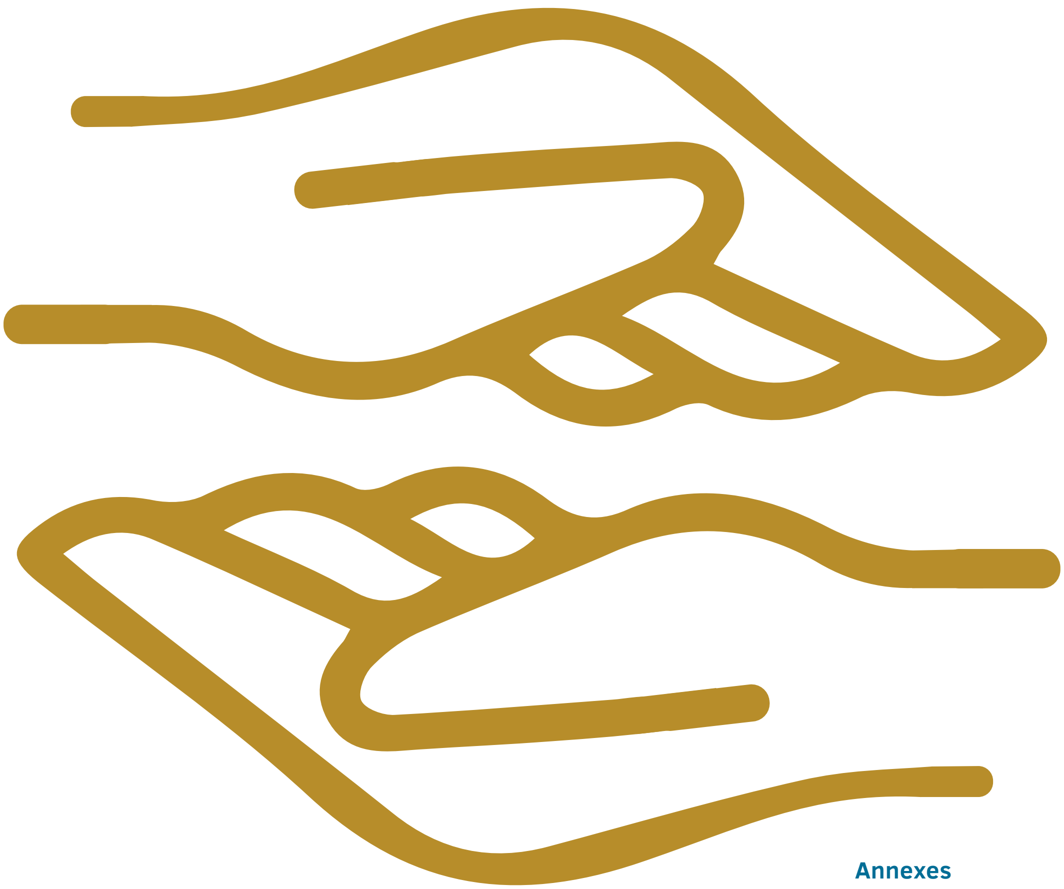
Dividend

At the Board Meeting held on May 18, 2021, the Directors have recommended the Final Dividend of Rs. 0.60 per share subject to the approval by the shareholders at the Annual General Meeting to be held on June 29, 2021 to be paid to the shareholders on July 09, 2021.

No other circumstances have arisen since the reporting period end which would require adjustments to, or disclosure in the Financial Statements.

DESIGNED TO ENRICH

At DPL our ultimate goal is to enrich lives through leveraging our capabilities and technologies to uphold consistent quality and safety standards.



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DECADE AT A GLANCE

	2021 Rs.'000	2020 Rs.'000	2019 Rs.'000	2018 Rs.'000	2017 Rs.'000
Trading Results					
Revenue	46,386,667	30,562,982	30,089,318	28,484,874	24,334,423
Profit before tax	7,191,273	1,160,426	1,642,546	1,240,494	1,057,260
Taxation	(1,357,946)	(310,133)	(418,720)	(439,644)	(139,526)
Profit after tax	5,833,327	850,293	1,223,826	800,850	917,734
Non-controlling interest	(669,293)	(102,196)	(355,402)	(305,382)	(164,533)
Profit attributable to equity holders of the Company	5,164,034	748,097	868,424	495,468	753,201
Non-Current Assets					
Property, plant & equipment	13,075,168	12,316,577	12,217,758	12,408,303	12,414,457
Investments	390,977	390,932	390,933	23	26
Other non-current assets	3,182,863	2,862,418	1,616,164	1,446,534	1,692,470
	16,649,008	15,569,927	14,224,855	13,854,860	14,106,953
Current Assets	27,656,383	11,709,180	11,976,799	10,775,220	9,063,244
Total Assets	44,305,391	27,279,107	26,201,654	24,630,080	23,170,197
Capital & Reserves					
Stated capital	598,615	598,615	598,615	598,615	598,615
Capital reserves	585,174	585,142	573,686	447,227	478,788
Revenue reserves	14,462,463	9,953,105	9,249,276	8,693,473	8,044,601
Shareholders' funds	15,646,252	11,136,862	10,421,577	9,739,315	9,122,004
Non-controlling interest	3,495,286	2,894,169	2,791,075	2,566,261	2,312,205
Total Equity	19,141,538	14,031,031	13,212,652	12,305,576	11,434,209
Non-Current Liabilities					
Deferred tax liability	747,639	717,332	761,058	713,849	686,093
Interest bearing borrowings	1,819,967	1,377,134	883,102	1,397,541	2,114,650
Other non-current liabilities	3,688,072	3,921,075	3,540,753	3,090,164	2,859,687
	6,255,678	6,015,541	5,184,913	5,201,554	5,660,430
Current Liabilities					
Current portion of interest bearing borrowings	533,119	261,082	435,988	874,758	801,486
Short term loans and bank overdrafts	8,972,762	3,124,003	3,951,213	2,767,380	2,201,582
Other current liabilities	9,402,294	3,847,450	3,416,888	3,480,812	3,072,490
	18,908,175	7,232,535	7,804,089	7,122,950	6,075,558
Total Equity and Liabilities	44,305,391	27,279,107	26,201,654	24,630,080	23,170,197
Ratios & Other Information					
Earnings per share (Rs.)*	8.63	1.25	1.45	0.83	1.26
Return on equity (%)	33.00	6.72	8.33	6.50	8.26
Market price per share (Rs.)	46.40	57.00	78.00	85.50	76.00
Price earnings ratio (times)*	5.38	4.56	5.38	10.33	6.00
Dividend per share (Rs.)	2.30	0.40	0.45	0.30	0.25
Net assets per share (Rs.)*	26.14	18.60	17.41	16.27	15.24
Dividend yield (%)	4.96	7.02	5.77	3.50	3.30
Dividend cover (times)	3.75	3.12	3.22	2.76	5.00
Debt to equity ratio (times)	0.59	0.34	0.40	0.41	0.45
Current ratio	1.46	1.62	1.53	1.51	1.49

Figures in brackets indicate deductions.

*Computed based on 598,615,120 shares on issue as at March 31, 2021.Earning per share, Dividend per share and Net asset per share in all reporting periods were adjusted based on post sub-division of ten shares for every one ordinary share held.

2016	2015	2014	2013	2012	
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
					Trading Results
21,931,303	27,738,672	23,092,215	23,657,743	19,693,665	Revenue
690,608	1,946,819	1,519,246	2,153,775	2,437,677	Profit before tax
(214,653)	(385,449)	(362,189)	(387,203)	(294,922)	Taxation
475,955	1,561,370	1,157,057	1,766,572	2,142,755	Profit after tax
(127,826)	(285,953)	(361,979)	(358,324)	(236,780)	Non-controlling interest
348,129	1,275,417	795,078	1,408,248	1,905,975	Profit attributable to equity holders of the Company
					Non-Current Assets
12,188,554	12,058,013	10,414,861	10,119,322	9,451,513	Property, plant & equipment
22	24	17	22	2,575	Investments
1,788,001	1,422,904	1,078,443	846,822	809,644	Other non-current assets
13,976,577	13,480,941	11,493,321	10,966,166	10,263,732	
7,381,572	8,546,008	8,551,704	8,542,389	8,500,569	Current Assets
21,358,149	22,026,949	20,045,025	19,508,555	18,764,301	Total Assets
					Capital & Reserves
598,615	598,615	598,615	598,615	598,615	Stated capital
450,178	444,347	457,262	452,892	236,852	Capital reserves
7,115,483	7,225,571	6,271,286	5,793,215	4,965,582	Revenue reserves
8,164,276	8,268,533	7,327,163	6,844,722	5,801,049	Shareholders' funds
2,406,025	2,513,282	2,322,191	2,068,640	1,750,494	Non-controlling interest
10,570,301	10,781,815	9,649,354	8,913,362	7,551,543	Total Equity
					Non-Current Liabilities
565,781	494,555	458,093	370,723	290,486	Deferred tax liability
2,136,957	1,372,989	1,405,877	1,642,681	1,899,973	Interest bearing borrowings
3,359,121	3,157,461	3,071,331	3,076,310	2,920,336	Other non-current liabilities
6,061,859	5,025,005	4,935,301	5,089,714	5,110,795	
					Current Liabilities
321,495	306,521	406,609	336,539	327,218	Current portion of interest bearing borrowings
1,891,333	2,813,367	2,104,466	2,350,402	3,447,198	Short term loans and bank overdrafts
2,513,161	3,100,241	2,949,295	2,818,538	2,327,547	Other current liabilities
4,725,989	6,220,129	5,460,370	5,505,479	6,101,963	
21,358,149	22,026,949	20,045,025	19,508,555	18,764,301	Total Equity and Liabilities
					Ratios & Other Information
0.58	2.13	1.33	2.35	3.18	Earnings per share (Rs.)*
4.26	15.42	10.85	20.57	32.86	Return on equity (%)
73.00	138.00	87.10	111.00	100.10	Market price per share (Rs.)
12.60	6.50	6.60	4.70	3.10	Price earnings ratio (times)*
0.20	0.70	0.55	0.70	0.60	Dividend per share (Rs.)
13.64	13.81	12.24	11.43	9.69	Net assets per share (Rs.)*
2.70	5.10	6.30	6.30	6.00	Dividend yield (%)
2.90	3.00	2.40	3.40	5.30	Dividend cover (times)
0.41	0.42	0.41	0.49	0.75	Debt to equity ratio (times)
1.56	1.37	1.58	1.55	1.39	

THE SHARE

1. STOCK EXCHANGE LISTING

The ordinary shares of Dipped Products PLC, are listed with the Colombo Stock Exchange of Sri Lanka. Interim Financial Statements of the 4th quarter for the year ended March 31, 2021 have been submitted to the Colombo Stock Exchange as required by the Listing Rules.

2. ORDINARY SHAREHOLDERS

Number of shareholders as at March 31,2021 - 9,903 (as at March 31,2020 - 2,550).

Number of Shares held	Resident			Non-Resident			Total		
	No. of Share-holders	No. of Shares	%	No. of Share-holders	No. of Shares	%	No. of Share-holders	No. of Shares	%
1 - 1,000	4,137	1,552,406	0.26	8	5,117	0.00	4,145	1,557,523	0.26
1,001 - 10,000	3,575	14,947,968	2.50	14	77,980	0.01	3,589	15,025,948	2.51
10,001 - 100,000	1,777	54,467,907	9.10	20	717,620	0.12	1,797	55,185,527	9.22
100,001 - 1,000,000	324	84,359,654	14.09	12	3,217,079	0.54	336	87,576,733	14.63
Over 1000,000	36	439,269,389	73.38	-	-	-	36	439,269,389	73.38
Total	9,849	594,597,324	99.33	54	4,017,796	0.67	9,903	598,615,120	100.00

Of the issued Share Capital over 90% is held by residents of Sri Lanka.

Categories of Shareholders	March 31, 2021		March 31, 2020	
	No. of Shareholders	No. of Shares	No. of Shareholders	No. of Shares
Individuals	9,354	152,085,366	2,369	8,331,397
Institutions	549	446,529,754	181	51,350,115
Total	9,903	598,615,120	2,550	59,861,512

3. SHARE VALUATION

The market value of an ordinary share of Dipped Products PLC:

	2021		2020	
Highest	Rs. 765.00	(January 27,2021)	Rs. 92.00	(December 4, 2019)
Lowest	Rs. 39.00	(March 5,2021)	Rs. 55.60	(March 13, 2020)
Year end	Rs 46.40		Rs.57.00	

4. SHARE TRADING

	2021	2020
Number of transactions	132,039	1,512
Number of shares traded	132,645,505	812,961
Value of shares traded (Rs.)	23,889,207,381.65	66,647,656.20

5. FIRST TWENTY SHAREHOLDERS AS AT MARCH 31, 2021

	Name of the Shareholder	No.of Shares as at 31/03/2021	%	No.of Shares as at 31/03/2020	%
1	HAYLEYS PLC	252,109,380	42.12	25,210,938	42.12
2	VOLANKA (PRIVATE) LIMITED	48,736,400	8.14	4,873,640	8.14
3	HAYCARB PLC	40,687,460	6.80	4,068,746	6.80
4	EMPLOYEES PROVIDENT FUND	29,264,651	4.89	7,637,280	12.76
5	SEYLAN BANK PLC / M.E.AMARASINGHE	6,058,170	1.01	-	0.00
6	RAVI INDUSTRIES LIMITED	5,670,000	0.95	567,000	0.95
7	SEYLAN BANK PLC / W.D.N.H.PERERA	4,725,000	0.79	-	0.00
8	DR.D.JAYANNTHA	4,150,000	0.69	415,000	0.69
9	MR.HS.R.KARIYAWASAN & MRS. K.H.S. KARIYAWASAN	3,325,850	0.56	2,500	0.00
10	MR.N.SAMARASURIYA	3,175,860	0.53	-	0.00
11	MR.H.A.R.PIERIS	3,000,000	0.50	221,400	0.37
12	MR.M.N.DEEN	2,496,994	0.42	-	0.00
13	MR.S.H.AMARASEKERA	2,053,750	0.34	812	0.00
14	RENUKA PROPERTIES LIMITED	2,000,000	0.33	324,934	0.54
15	COMMERCIAL BANK OF CEYLON PLC/ G.S.N.PEIRIS	1,961,290	0.33	-	0.00
16	SEYLAN BANK PLC/HOTEL INTERNATIONAL (PVT) LTD	1,955,940	0.33	-	0.00
17	DECC BANK PLC/I.K.DE SILVA	1,940,000	0.32	-	0.00
18	MR.N.P.DE ALWIS SAMARANAYAKE	1,920,000	0.32	-	0.00
19	SEYLAN BANK PLC/L.I.ADHIHETTY	1,910,170	0.32	-	0.00
20	MR.K.S.R.NISSANKA	1,875,485	0.31	-	0.00
	TOTAL	419,016,400	70.00	43,322,250	72.37

6. SHARES HELD BY THE PUBLIC

Public Holding as at - 31.03.2021

Percentage of Public Holding - 41.21

Total number of shareholders representing the public holding - 9,892

Float - Adjusted Market Capitalization (Rs.) - 11,446,383,100.17

The Company complies with option 1 of the Listing Rules 7.13.1 (a) which no minimum % required.

THE SHARE

7. HISTORY OF DIVIDEND AND SCRIP ISSUES (LAST 31 YEARS)

The number of shareholders represent in public holding 9,892

Year ended March 31	Issue	Basis	No. of shares '000	Cumulative No. of shares '000	Dividend per Share Rs.	Dividend paid Rs'000
1991	Bonus	1:05	1,000	6,000	3.30	19,800
1992				6,000	2.60	15,600
1993				6,000	2.60	15,600
1994	Share Trust (at Rs. 41.00)		600	6,600	3.00	19,800
1995				6,600	3.50	23,100
1996	Bonus	1:05	1,320	7,920	1.75	13,860
	Rights (at Rs. 60.00)	1:05	1,584	9,504	17.50	16,632
1997	Bonus	1:05	1,901	11,405	3.50	39,917
1998	Bonus	1:05	2,281	13,686	4.00	54,743
1999	Bonus	1:05	2,737	16,423	3.50	57,480
2000	Bonus	1:08	2,053	18,476	3.00	55,427
2001				18,476	4.00	73,903
2002				18,476	3.50	64,665
2003	Bonus	1:08	2,309	20,785	3.50	72,748
2004	Bonus	1:05	4,157	24,942	4.00	99,769
2005	Bonus	1:05	4,988	29,931	–	–
	Bonus	1:01	29,931	59,861	4.00	239,446
2006				59,861	3.00	179,585
2007				59,861	4.50	269,377
2008				59,861	3.00	179,585
2009				59,861	3.00	179,585
2010				59,861	3.75	224,480
2011				59,861	3.00	179,585
2012				59,861	6.00	359,169
2013				59,861	7.00	419,031
2014				59,861	5.50	329,238
2015				59,861	7.00	419,031
2016				59,861	2.00	119,723
2017				59,861	2.50	149,653
2018				59,861	3.00	179,585
2019				59,861	4.50	269,374
2020				59,861	4.00	239,444
2021	Share Split	1:10	538,754	598,615	2.30	1,376,815

Market Capitalisation (Last 31 years)

Year ended March 31	Market capitalisation Rs. million	Net assets Rs. million
1991	690	178
1992	618	210
1993	537	223
1994	574	284
1995	574	340
1996	893	492
1997	984	611
1998	1,505	794
1999	854	961
2000	905	1,032
2001	859	1,179
2002	1,109	1,312
2003	1,143	1,498
2004	2,120	1,782
2005	5,507	2,148
2006	4,909	2,179
2007	6,540	2,646
2008	4,759	2,810
2009	3,307	3,079
2010	6,211	3,310
2011	6,950	5,142
2012	5,992	5,801
2013	6,645	6,845
2014	5,214	7,327
2015	8,261	8,044
2016	4,370	7,896
2017	4,550	9,122
2018	5,118	9,739
2019	4,669	10,422
2020	3,412	11,136
2021	27,776	15,646

GROUP STRUCTURE

HOLDING COMPANY

Manufacture and marketing of industrial and general purpose rubber gloves, Management of tea and rubber plantations

DIPPED PRODUCTS PLC

Incorporated in 1976 in Sri Lanka

Stated capital - Rs 598,615,120

DIRECTORS:

A M Pandithage - Chairman

H S R Kariyawasan - Deputy Chairman (Appointed as Deputy Chairman October 1,2020)

Ng Soon Huat - Managing Director

R H P Janadheera - Deputy Managing Director (Appointed as Deputy Managing Director August 1,2020)

K D D Perera

F Mohideen

S C Ganegoda

S Rajapakse

N A R R S Nanayakkara

S P Peiris

K D G Gunaratne

K M D I Prasad

Ms. Y Baskaran (Alt to Mr. K D D Perera)

HAND PROTECTION

Manufacture and export of latex thread

PALMA LTD

Incorporated in 1990 in Sri Lanka

Stated capital - Rs. 40,000,000

Group interest - 100%

DIRECTORS:

A M Pandithage - Chairman

Ng Soon Huat

N A R R S Nanayakkara

S C Ganegoda

Manufacture and export of fabric supported and unsupported gloves

VENIGROS (PVT) LTD

Incorporated in 1994 in Sri Lanka

Stated capital - Rs. 80,000,000

Group interest - 100%

DIRECTORS:

A M Pandithage - Chairman

Ng Soon Huat

S C Ganegoda

Manufacture and export of fabric supported gloves

TEXNIL (PVT) LTD

Incorporated in 2001 in Sri Lanka

Stated capital - Rs. 290,000,000

Group interest - 100%

DIRECTORS:

A M Pandithage - Chairman

Ng Soon Huat

S C Ganegoda

Manufacture and export of examination gloves

DIPPED PRODUCTS (THAILAND) LTD

Incorporated in 2002 in Thailand

Share capital - THB 455,000,000

Group interest – 99.26%

DIRECTORS:

A M Pandithage - Chairman

Ng Soon Huat

R H P Janadheera

N A R R S Nanayakkara

S C Ganegoda

T G Thoradeniya

D P P Mendis

Marketing and distribution of household, industrial and medical gloves and personal protective wear

ICOGUANTI S.p.A

Registered in Milan and successors to ICO Srl

Incorporated in 1968 in Genoa

Share capital - Euro 3,500,000

Group interest - 100%

DIRECTORS:

A M Pandithage - Chairman

G Molinari - Joint Managing Director

Ng Soon Huat - Joint Managing Director

M Orlando

H S R Kariyawasan

K Pandiwita (Resigned December 31, 2020)

R H P Janadheera (Appointed April 30,2021)

N A R R S Nanayakkara (Appointed April 30,2021)

Manufacture of cotton and synthetic flock

FELTEX (PVT) LTD

Incorporated in 2005 in Sri Lanka

Stated capital - Rs 15,000,000

Group interest - 100%

DIRECTORS:

A M Pandithage - Chairman

Ng Soon Huat

N A R R S Nanayakkara

S C Ganegoda

Manufacture and export of household, industrial and examination gloves

HANWELLA RUBBER PRODUCTS LTD

Incorporated in 1987 in Sri Lanka

Stated capital - Rs 250,000,000

Group interest - 72.6%

DIRECTORS:

A M Pandithage - Chairman

Ng Soon Huat

R H P Janadheera

B A Mahipala
(Resigned July 23,2020)

K M D I Prasad

A Muthukuda
(Resigned August 1,2020)

B A D H C Mahipala
(Appointed July 24,2020)

Manufacture and export of household and industrial gloves

D P L PREMIER GLOVES LTD

Incorporated in 2014 in Sri Lanka

Stated capital - Rs. 450,000,000

Group interest - 100%

DIRECTORS:

A M Pandithage - Chairman

Ng Soon Huat

R H P Janadheera

R.M.U.N. Rathnayake
(Appointed September 15,2020)

EXPORT TRADING

D P L INTERNATIONAL LTD

Incorporated in 2016 in Sri Lanka

Group interest - 100%

DIRECTORS:

A M Pandithage - Chairman

Ng Soon Huat

R H P Janadheera

N A R R S Nanayakkara

Manufacture and export of fabric supported and industrial gloves

D P L UNIVERSAL GLOVES LTD

Incorporated in 2014 in Sri Lanka

Stated capital - Rs. 1,250,000,000

Group interest - 100%

DIRECTORS:

A M Pandithage - Chairman

Ng Soon Huat

R H P Janadheera

N A R R S Nanayakkara

B K C R Ratnasiri

M U A Fonseka
(Appointed September 1, 2020)

PLANTATIONS

Plantation management

DPL PLANTATIONS (PVT) LTD

Incorporated in 1992 in Sri Lanka

Stated capital - Rs. 550,000,000

Group interest - 100%

DIRECTORS:

A M Pandithage - Chairman

Ng Soon Huat

W G R Rajadurai

S C Ganegoda

A Weerakoon

Tea and rubber plantations

KELANI VALLEY PLANTATIONS PLC

Incorporated in 1992 in Sri Lanka

Stated capital - Rs. 340,000,010

Group interest - 72.43%

DIRECTORS:

A M Pandithage - Chairman

Dr. R Rajadurai - Managing Director

A Weerakoon - Chief Executive Officer

F Mohideen

S C Ganegoda

C V Cabraal

L N De S Wijeyeratne

Plantation management

HAYLEYS PLANTATION SERVICES (PVT) LTD

Incorporated in 1992 in Sri Lanka

Stated capital - Rs. 408,030,000

Group interest – 66.67%

DIRECTORS:

A M Pandithage - Chairman

Merrill J Fernando

Malik J Fernando

D C Fernando
(Alternate to Mr. Merrill J Fernando)

Ms. M Perera
(Alternate to Mr. Malik J Fernando)

S C Ganegoda
(Alternate to Mr. A M Pandithage)

Dr. W G R Rajadurai

N R Ranatunga

GLOSSARY

ACCOUNTING POLICIES

Specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

BORROWINGS

Bank loans, overdrafts and finance lease obligations.

CAPITAL EMPLOYED

Total assets less interest free liabilities.

CAPITAL RESERVES

Reserves identified for specific purposes and considered not available for distribution.

CASH EQUIVALENTS

Liquid investments with original maturities of three months or less.

CONTINGENT LIABILITIES

Conditions or situations at the Statement of Financial Position date, the financial effect of which are to be determined by future events which may or may not occur.

CURRENT RATIO

Current assets divided by current liabilities.

DIVIDEND COVER

Post-tax profit divided by gross dividend. Measures the number of times dividend is covered by distributable profit.

DIVIDEND YIELD

Gross dividend per share as a percentage of the market price.

EARNINGS PER SHARE

Profit attributable to ordinary shareholders divided by a weighted average number of ordinary shares in issue and ranking for dividend.

GROSS DIVIDEND

Portion of profits inclusive of tax withheld distributed to shareholders.

NET ASSETS PER SHARE

Shareholders' funds divided by the number of ordinary shares issued.

OPERATING PROFIT MARGIN

Operating profit divided by Group turnover.

PRICE EARNINGS RATIO

Market price of a share divided by earnings per share.

RELATED PARTIES

A person or entity that is reporting to the reporting entity.

RETURN ON EQUITY

Attributable profits divided by average shareholders' funds.

REVENUE RESERVES

Reserves considered as being available for distributions and investments.

SEGMENT

Constituent business units grouped in terms of nature and similarity of operations.

SLFRS/LKAS

Sri Lanka Accounting Standards corresponding to International Financial Reporting Standards.

TOTAL EQUITY

Share capital, reserves and minority interest.

VALUE ADDITION

The quantum of wealth generated by the activities of the Group and its distribution.

WORKING CAPITAL

Capital required to finance the day-to-day operations (current assets minus current liabilities

GRI CONTEXT INDEX

GRI Standard	Disclosure	Page number	Omission
GRI 101: Foundation 2016 (does not include any disclosures)			
General Disclosures			
GRI 102: General Disclosures 2016	102-1 Name of Organisation	28	
	102-2 Activities, brands, products and services	28	
	102-3 Location of headquarters	209	
	102-4 Location of operations	28	
	102-5 Ownership and legal form	209	
	102-6 Markets served	74	
	102-7 Scale of the organisation	10,11	
	102-8 Information on employees and other workers	66	
	102-9 Supply chain	77	
	102-10 Significant changes to the organisation and supply chain	6	
	102-11 Precautionary principle	84	
	102-12 External initiatives	6	
	102-13 Membership of associations	28	
	102-14 Statement from senior decision maker	16	
	102-16 Values, principles, norms and standards of behaviour	90	
	102-18 Governance Structure	90	
	102-40 List of stakeholder groups	38	
	102-41 Collective bargaining agreements	39	
	102-42 Identifying and selecting stakeholders	38	
	102-43 Approach to stakeholder engagement	38	
	102-44 Key topics and concerns raised	43	
	102-45 Entities included in the consolidated financial statements	6	
	102-46 Defining report content and topic boundary	43	
	102-47 Material topics	43	
	102-48 Restatement of information	6	
	102-49 Changes in reporting	6	
	102-50 Reporting period	6	
	102-51 Date of most recent report	6	
	102-52 Reporting cycle	6	
	102-53 Contact point for questions regarding Report	7	
	102-54 Claims of reporting in accordance with GRI Standards	7	
	102-55 GRI context index		
	102-56 External assurance	6	

GRI CONTENT INDEX TOOL

GRI Standard	Disclosure	Page number	Omission
Material topics			
Economic Performance			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	29	
	103-2 The Management Approach and its components	29	
	103-2 Evaluation of the Management Approach	29	
GRI 201: Economic Performance 2016	201-1- Direct economic value generated and distributed	41	
Procurement practices			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	76	
	103-2 The Management Approach and its components	76	
	103-2 Evaluation of the Management Approach	76	
GRI 204: Procurement practices 2016	204-1 Proportion of sending on local suppliers	76	
Indirect economic impacts			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	29	
	103-2 The Management Approach and its components	29	
	103-2 Evaluation of the Management Approach	29	
GRI 203: Indirect economic impacts 2016	203-2 Significant indirect economic impacts	29	
Raw materials			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	87	
	103-2 The Management Approach and its components	87	
	103-2 Evaluation of the Management Approach	87	
GRI 301: Raw materials (2016)	301-1: Raw materials used by weight or volume	87	
Energy			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	86	
	103-2 The Management Approach and its components	86	
	103-2 Evaluation of the Management Approach	86	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	86	
	302-2 Energy consumption outside the organisation	86	
	302-3 Energy intensity	86	
	302-4 Reduction of energy consumption	86	
Water			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	84	
	103-2 The Management Approach and its components	84	
	103-2 Evaluation of the Management Approach	84	
GRI 303: Water 2016	303-1 Water withdrawal by source	84	

GRI Standard	Disclosure	Page number	Omission
Emissions			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	87	
	103-2 The Management Approach and its components	87	
	103-2 Evaluation of the Management Approach	87	
GRI 305 Emissions: 2016	305-1 Direct greenhouse gas (GHG) emissions	87	
	305-2 Energy indirect greenhouse gas (GHG) emissions (Scope 2)	87	
	305-4 Reduction of GHG emissions	87	
	305-5 Reduction of greenhouse gas emissions	87	
Environmental Compliance			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	84	
	103-2 The Management Approach and its components	84	
	103-2 Evaluation of the Management Approach	84	
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	84	
Employment			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	66	
	103-2 The Management Approach and its components	66	
	103-2 Evaluation of the Management Approach	66	
GRI 401: Employment 2016	401-1 Employee hires and turnover	68	
Labour Management Relations			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	70	
	103-2 The Management Approach and its components	70	
	103-2 Evaluation of the Management Approach	70	
GRI 402: Labour Management Relations 2016	402-1 Minimum notice periods regarding operational changes	70	
Health and Safety			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	69	
	103-2 The Management Approach and its components	69	
	103-2 Evaluation of the Management Approach	69	
GRI 403: Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities	69	

GRI CONTENT INDEX TOOL

GRI Standard	Disclosure	Page number	Omission
Training and education			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	71	
	103-2 The Management Approach and its components	71	
	103-2 Evaluation of the Management Approach	71	
GRI 404: Training and education	404-1 Average hours of training per year per employee	71	
	404-2 Programs for upgrading skills and transition assistance programmes	70	
	404-3 Percentage of employees receiving regular performance and career development reviews	70	
Local Communities			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	79	
	103-2 The Management Approach and its components	79	
	103-2 Evaluation of the Management Approach	79	
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments and development programmes	79	
Customer Health and Safety			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	76	
	103-2 The Management Approach and its components	76	
	103-2 Evaluation of the Management Approach	76	
GRI 416: Customer Health and Safety 2016	416-2 Incidences of non-compliance concerning the health and safety aspects of products	76	
Socio economic compliance			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	74	
	103-2 The Management Approach and its components	74	
	103-2 Evaluation of the Management Approach	74	
GRI 419: Socio economic compliance	419-1 Non-compliance with laws and regulations in the social and economic area	74	

NOTES

NOTICE OF MEETING

COMPANY NUMBER PQ 60

NOTICE IS HEREBY GIVEN that the Forty Fifth Annual General Meeting of Dipped Products PLC will be held on Tuesday, June 29,2021 at 2.00 p.m via online meeting platform and the business to be brought before the Meeting will be:

1. To consider and adopt the Annual Report of the Board of Directors and the Statements of Accounts for the year ended March 31, 2021, with the Report of the Auditors thereon.
2. To declare the final dividend as recommended by the Directors.
3. To re-elect Mr.R.H.P.Janadheera, who retires by rotation at the Annual General Meeting, a Director.
4. To re-elect, Mr.S.P.Peiris, who retires by rotation at the Annual General Meeting, a Director.
5. To re-elect, Mr.K.D.G.Gunaratne, who retires by rotation at the Annual General Meeting, a Director.
6. 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 years.

   ORDINARY RESOLUTION

   'That Mr. Abeyakumar Mohan Pandithage, who has attained the age of seventy 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'.
7. To propose the following resolution as an ordinary resolution for the re-appointment of Mr.F.Mohideen, in terms of Section 211 of the Companies Act No.07 of 2007,who retires having attained the age of seventy Four years.

   ORDINARY RESOLUTION

   'That Mr.Faiz Mohideen, retiring Director, who has attained the age of seventy 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'
8. To authorise the Directors to determine contributions to charities for the financial year 2021/2022.
9. To authorise the Directors to determine the remuneration of the Auditors, Messrs. Ernst & Young, Chartered Accountants, who are deemed to have been re-appointed as Auditors in terms of Section 158 of the Companies Act No.7 of 2007 for the financial year 2021/2022.
10. To consider any other business of which due notice has been given.

NOTE :

1. 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 with the Company Secretaries, Hayleys Group Services (Pvt) Ltd, No.400, Deans Road, Colombo 10, or emailed to dplagm@secretarial.hayleys.com not less than 48 hours before the time fixed for the Meeting.
2. Please refer the Circular to shareholders dated June 3,2021 and follow the instructions to join the meeting virtually.
3. In accordance with the rules of the Colombo Stock Exchange, the shares of the Company will be quoted ex-dividend on June 30,2021with regard to the Final Dividend.

By Order of the Board
DIPPED PRODUCTS PLC

HAYLEYS GROUP SERVICES (PRIVATE) LIMITED
Secretaries

Colombo
June 3,2021

FORM OF PROXY

DIPPED PRODUCTS PLC - Company Number PQ 60

I/We* ....(full name of shareholder**)
NIC No./Reg. No. of Shareholder (**) ....
of ....

being Shareholder/Shareholders* of DIPPED PRODUCTS PLC hereby appoint:

(1) ....(full name of proxyholder**)
NIC No. of Proxyholder (**) ....
of ....or,
failing him/them

(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 Forty Fifth Annual General Meeting of the Company to be held on Tuesday, 29th of June 2021 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

		For	Against
1	To adopt the Annual Report of the Directors and the Statements of Accounts for the year ended 31st March 2021 with the Report of the Auditors thereon.		
2	To declare the final dividend as recommended by the Directors.		
3	To re-elect Mr. R H P Janadheera who retires by rotation at the Annual General Meeting, a Director.		
4	To re-elect, Mr. S P Peiris, who retires by rotation at the Annual General Meeting, a Director.		
5	To re-elect, Mr. K D G Gunaratne, who retires by rotation at the Annual General Meeting, a Director.		
6	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.		
7	To propose the Ordinary Resolution as set out in the Notice for the re-appointment of Mr. F Mohideen, in terms of Section 211 of the Companies Act No.07 of 2007,who retires having attained the age of seventy years.		
8	To authorise the Directors to determine contributions to charities for the financial Year 2021/2022.		
9	To authorise the Directors to determine the remuneration of the Auditors, Messrs. Ernst & Young, Chartered Accountants, who are deemed to have been re-appointed as Auditors in terms of Section 158 of the Companies Act No.7 of 2007 for the financial year 2021/2022.		

(**) 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 ....2021.

Witnesses: Signature : ....
Name : ....
Address : ....
NIC No. : ....

....
Signature of Shareholder

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.

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.

CORPORATE INFORMATION

NAME OF THE COMPANY

Dipped Products PLC

LEGAL FORM

A Public Limited Company With Limited Liability
Incorporated in Sri Lanka in 1976

COMPANY NO.

PQ 60

STOCK EXCHANGE LISTING

The ordinary shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka.

PRINCIPAL LINES OF BUSINESS

Manufacture and marketing of industrial and general purpose gloves,management of tea and rubber plantations

DIRECTORS

A M Pandithage - Chairman
H S R Kariyawasan - Deputy Chairman
Ng Soon Huat - Managing Director
R H P Janadheera -Deputy Managing Director
K D D Perera
F Mohideen
S C Ganegoda
S Rajapakse
N A R R S Nanayakkara
S P Peiris
K D G Gunaratne
K M D I Prasad
Ms. Y Bhaskaran - (Alternate Director to Mr. K D D Perera)

AUDIT COMMITTEE

S Rajapakse - Chairman
F Mohideen
S P Peiris

SECRETARIES

Hayleys Group Services (Pvt) Ltd.
400, Deans Road,
Colombo 10

BANKERS

Citibank, N.A.
Standard Chartered Bank
Hongkong and Shanghai Banking Corporation Ltd.
Sampath Bank PLC
Hatton National Bank PLC
Bank of Ceylon
Deutsche Bank AG
NDB Bank PLC

AUDITORS

Ernst & Young
Chartered Accountants
201, De Saram Place,
Colombo 10

REGISTERED OFFICE

400, Deans Road,
Colombo 10
Sri Lanka
Tel: +94-11-2683964
Fax:+94-11-2699018
E-mail: postmast@dplgroup.com
Website: www.dplgroup.com

Designed & produced by
emagewise
Digital plates and printing by Gunaratne Offset (Pvt) Ltd
Photography by Dimitri Crusz
Danush de costa

The World Of
Hayleys
Since 1878