SUSTAINABLE PROTECTION

DIPPED PRODUCTS PLC | ANNUAL REPORT 2019/20

DPL

Handling you with care

Scan to view this report online at:
www.dplgroup.com

SUSTAINABLE PROTECTION

Dipped Products PLC is an entity committed to sustaining and protecting our stakeholders and the environment in which we operate. As a respected global manufacturer of sustainable protective hand-wear, we have committed ourselves to the highest standards of quality, innovation and responsibility, entrenching sustainable practices in all we do.

In the year under review, we have recorded a significant improvement in profitability while building customer relationships that reinforce and shield our long-term business strategy.

Today as we prepare to take on the future with a pledge to sustain and protect the people, we are well-equipped to leverage our resources and explore new avenues to carry forth the value we have secured today into the future.

Dipped Products PLC.

We're advocates of sustainable protection.

CONTENTS

OVERVIEW

About this Report	04
Performance Highlights	05
Chairman and Managing Director's Joint Message	07
Board of Directors	10
Management Team	12
Value Creation Model	14

DPL AT A GLANCE

Business Overview	16
Group Structure	18

PERFORMANCE REVIEW

Operating Environment	20
Our Strategy	21
Operational Review	22
Financial Review	24
Risk Management	26

VALUE CREATION

Manufactured Capital	28
Human Capital	29
Social and Relationship Capital	30
Intellectual Capital	31
Natural Capital	33

CORPORATE GOVERNANCE

Corporate Governance	34
Related Party Transactions Review Committee Report	54
Audit Committee Report	55
Annual Report of the Board of Directors on the Affairs of the Company	57
Statement of Directors' Responsibility	61

IMPACT OF COVID 19 AND WAY FORWARD 62

FINANCIAL STATEMENTS

Financial Calendar	64
Independent Auditor's Report	65
Statements of Profit or Loss	68
Statements of Comprehensive Income	69
Statements of Financial Position	70
Statements of Changes in Equity	71
Statements of Cash Flows	74
Notes to the Financial Statements	76

ANNEXES

Decade at a Glance	136
The Share	138
Group Structure	142
Glossary	144
Notice of Meeting	145
Form of Proxy	147
Corporate Information	IBC

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.

ABOUT THIS REPORT

In the wake of unprecedented operational and financial challenges posed by COVID-19 and our subsequent efforts to rationalise nonessential costs, this year Dipped Products PLC has sought to produce a concise, yet statutorily compliant Annual Report. Content included in the Report has been carefully selected and structured to fulfil the essential information requirements of our stakeholders given the prevalent conditions. The Report includes high-level disclosures on the Group's operating environment, strategy, performance, governance, sustainability, and our plans for the future.

REPORTING ENTITY

Dipped Products PLC and its operating subsidiaries in Sri Lanka, Thailand and Italy which are engaged in the Hand Protection and Plantation sectors.

REPORTING PERIOD

The Report covers the period from April 01, 2019 to March 31, 2020.

STANDARDS AND PRINCIPLES

Sri Lanka Financial Reporting Standards

Listing Requirements of the Colombo Stock Exchange

Code of Best Practice on Corporate Governance issued by Securities and Exchange Commission of Sri Lanka (2017)

REPORT STRUCTURE

This year's report has been structured to address the following key topics/ questions raised by our stakeholders:

Core topic/question	The information we share	Where to look
High-level overview of the Group's strategy, performance, risk factors and way forward	› Our strategic imperatives and the progress we made › Developments in our operating landscape › The Group's financial and operational performance	Chairman and Managing Director's Joint Message (Page 07) Performance Highlights (Page 05)
Introduction to DPL and how we create value	› Snapshot of the Group › The process through which we transform our capital inputs	DPL at a Glance (Page 136) Value Creation Model (Page 14)
What were the key trends that shaped the Group's performance?	› Developments in the global and local economy › Market development	Operating Environment (Page 20)
How the Group performed during the year?	› Operating performance of our key business lines › Group's financial performance	Operating Review (Page 20) Financial Review (Page 24)
Approach to Sustainability and how the Group created value	› Summary of how we nurtured all capitals during the year	Manufactured Capital (Page 28) Human Capital (Page 29) Social and Relationship Capital (Page 30) Intellectual Capital (Page 31) Natural Capital (Page 33)
How the COVID-19 pandemic affects us and our plans for the future?	› Impacts of COVID-19 and what we are doing to address the resultant challenges › Outlook for the future	Way Forward (Page 62)

PERFORMANCE HIGHLIGHTS

	Metric		2019/20	2018/19	% Y-o-Y
FINANCIAL CAPITAL	**FINANCIAL PERFORMANCE**				
	Revenue	Rs. "million"	**30,563**	30,089	1.57
	Operating profit	Rs. "million"	**1,441**	1,782	(19.13)
	Profit before tax	Rs. "million"	**1,160**	1,643	(29.38)
	Profit after tax	Rs. "million"	**850**	1,224	(30.55)
	Return on equity	%	**6.72**	8.33	(19.33)
	Return on capital employed	%	**10.27**	14.16	(27.47)
	Working Capital Ratios				
	Inventory holding period	Days	**65.80**	67.04	(1.86)
	Debtor holding period	Days	**59.71**	61.09	(2.27)
	Payable holding period	Days	**50.27**	48.25	4.18
	Cash conversion cycle	Days	**75.23**	79.88	(5.82)
	Current ratio	Times	**1.62**	1.53	5.49
	Quick asset ratio	Times	**0.97**	0.93	4.37
	Financial Stability				
	Total assets	Rs. "million"	**27,279**	26,202	4.11
	Total liabilities	Rs. "million"	**13,248**	12,989	1.99
	Shareholders' funds	Rs. "million"	**11,137**	10,422	6.86
	Non controlling interest	Rs. "million"	**2,894**	2,791	3.69
	Total debt	Rs. "million"	**6,068**	5,270	15.14
	Debt/Equity	No. of times	**0.34**	0.40	(14.76)
	Net debt (cash)/Equity	No. of times	**0.30**	0.27	14.16
	Debt/Total assets	%	**22.00**	20.00	10.00
	Shareholder Information				
	No. of shares In issue	Number	**59,861,512**	59,861,512	-
	Earnings per share	Rs.	**12.50**	14.51	(13.85)
	Dividends per share	Rs.	**4.00**	4.50	(11.11)
	Net asset value per share	Rs.	**186.04**	174.09	6.86
	Closing price	Rs.	**57.00**	78.00	(26.92)
	Market capitalization	Rs. "million"	**3,412**	4,669	(26.92)
	P/E ratio	No. of times	**4.56**	5.38	(15.17)
	Dividend payout	%	**32.00**	31.01	3.18
	Dividend cover	No. of times	**3.12**	3.22	(3.24)
	Dividend yield	%	**7.02**	5.77	21.64

PERFORMANCE HIGHLIGHTS

	Metric		2019/20	2018/19	% Y-o-Y
MANUFACTURED CAPITAL	Property, plant and equipment	Rs. "million"	12,317	12,218	0.81
	Carbon intensity*	Kg/per pair	0.06	0.06	-
	Capital expenditure	Rs. "million"	1,690	748	125.94
HUMAN CAPITAL	**AN INSPIRED TEAM**				
	Total employees*	No.	1,767	1,531	15.41
	Payments to employees*	Rs. "million"	2,546	2,389	6.57
	Employee retention rate*	%	81	74	9.46
	No. of promotions*	No.	33	21	57.14
	Female representation*	%	35	33	6.06
	Investment in training*	Rs. "million"	8.6	13.4	(35.82)
	Total training hours*	Hours	28,496	21,841	30.47
	Average training hours/employee*	Hours	16.12	14.26	13.04
SOCIAL AND NETWORK CAPITAL	**SUSTAINABLE OPERATIONS**				
	Payments to suppliers*	Rs. "million"	9,096	8,076	12.63
	Beneficiaries*	No.	5,500	5,000	10.00
	Investment in CSR*	Rs. "million"	4	4	-
INTELLECTUAL CAPITAL	**PRODUCTS AND INNOVATION**				
	New products launched*	No.	17	8	112.50
	Investment in R &D*	Rs. "million"	113.5	86.4	31.37
	Customer satisfaction*	%	87	81	7.41
NATURAL CAPITAL	**SUSTAINABLE OPERATIONS**				
	Energy consumption*	GJ "million"	1.32	1.33	(0.75)
	% of renewable energy*	%	91	91	-
	Water consumption*	M^3 "million"	1.56	1.49	4.70
	Carbon footprint*	MtCO2e	14,559	14,296	1.84

** Hand Protection sector only*

CHAIRMAN AND MANAGING DIRECTOR'S JOINT MESSAGE

"We are confident that recent investments we have made in strengthening our production, process and human capabilities have positioned us in good stead to weather the challenges presented by this pandemic"

A M Pandithage
Chairman

Dear Shareholder,

The year under review was one which tested the mettle of our team and the agility of our strategy. The economic and social implications of the COVID-19 pandemic we began to experience in the latter part of the year under review were unprecedented. The organisations were compelled to rethink their strategies and reinvent their business models to ensure commercial viability and sustainability. For Dipped Products PLC, we are confident that recent investments we have made in strengthening our production, process and human capabilities have positioned us in good stead to weather the challenges presented by this pandemic. Against this backdrop, we are pleased to present to you the Group's Annual Report and Audited Financial Statements for the financial year ended March 31, 2020.

A Review of our Performance

The Group's performance was upheld by the strong results of the Hand Protection Sector, while performance of the Plantation Sector continued to be affected by challenging exogenous factors. Consolidated Revenue increased by 2% to Rs. 30.6 billion driven by a 4% growth in the Hand Protection sector, while the Plantation Sector recorded a contraction of 3%, reflecting weak prices and crop losses stemming from prolonged droughts in cultivation areas. A timely strategy centred on driving changes in the customer/product mix, expanding capacity, and enhancing productivity and operational efficiencies enabled the Hand Protection Sector to record a 29% growth in pre-tax profits to Rs. 1.0 billion. On the other hand, the escalation of costs arising from the 40% increase in the basic wage of plantation sector workers coupled with lower prices resulted in the Plantation Sector recording a sharp drop in pre-tax profit to Rs. 221 million. Overall, the Group's Consolidated pre-tax profit recorded a 29% decline to Rs. 1.16 billion during the year under discussion.

An Agile Strategy

In the Hand Protection Sector our priorities were clear; our product strategy was refined to effectively respond to emerging industry dynamics, while rationalising costs through enhancing productivity and lean initiatives remained an area of focus. During the year, we sought to drive changes in our product/customer mix by increasing focus on the industrial segment, developing 17 new products, and acquiring 30 new customers. We also enhanced the production capacity and product range in supported gloves, for which we see an increase in global demand. In shifting to a higher value product range, the Sector also converted several of its natural rubber production lines to synthetic rubber, demand for which is growing. The DPL Production System, consisting of Total Productivity Management, Lean and Six Sigma continued to drive improvements in productivity and efficiency, generating cost savings to the tune of over Rs. 100 million during the year under review.

CHAIRMAN AND MANAGING DIRECTOR'S JOINT MESSAGE

"Significant focus was also placed on developing our team, nurturing a high-performance culture, and building talent and leadership pipelines"

Ng Soon Huat
Managing Director

Significant focus was also placed on developing our team, nurturing a high-performance culture, and building talent and leadership pipelines. We sought proactive customer acquisition by driving increased visibility of our online presence and actively participating in trade fairs/exhibitions which has contributed to the increase of the Sector's total customer base. Product innovation is a key determinant of competitive edge and during the year we further strengthened our R&D capabilities by investing in both equipment and human resources.

As a result of this proactive and timely strategy, the Sector's Sri Lankan operations delivered a strong performance, recording commendable growth in both production volumes and profitability. New products in our supported range have gained traction and have significant growth potential, thereby validating our investments in DPL Universal Gloves.

Dipped Products (Thailand) Limited recorded an improvement in performance towards the latter part of the year, supported by a wider customer acquisition and a strong order book. We have strengthened leadership capabilities in this operation, which is now aptly positioned to capitalise on the demand growth for medical gloves given the increasing focus on health and safety considerations. ICOGUANTI, our marketing arm based in Italy performed well for most part of the year as it pursued expansion in the adjacent markets.

Despite unprecedented challenges in the Plantations Sector, we continued to direct investments towards strengthening the capabilities of our team, driving socio-economic empowerment in estate communities, and enhancing product quality. Resultantly, our Regional Plantation Companies continued to outperform the industry, commanding the highest pricing for both tea and rubber at the auctions and receiving numerous accolades for leadership in sustainability and operational excellence, among others. Following the success of Talawakelle Plantations in the preceding year, Kelani Valley Plantations PLC emerged the overall winner at the National Business Excellence Awards in 2019.

Championing Sustainability

The Group's agenda in social and environmental sustainability is aligned to the vision of its parent, Hayleys PLC- which is widely regarded as a leader in sustainability. We are committed to the creation of shared value across our supply chain and increased value injection to local rubber farmers through widening our network of farmers and increasing local procurement during the year. We continue to empower farmers through our award-winning initiative, DPL Firstlight, providing fair pricing, technical assistance, and opportunities for capacity building. The Sector also continues to drive improvement in its environmental footprint; 91% of our energy requirements are now fulfilled by renewable sources which in turn has enabled a sustained improvement in carbon intensity

Rs. 30,563 Mn
REVENUE

Rs. 1,160 Mn
PROFIT BEFORE TAX

over the last few years. We also made considerable progress in water recycling during the year, which is expected to partly address the issue of persistent shortages in water supply in the industrial zone.

Leadership and Governance

Ms. R.N Obeyesekere who served as an Executive Director resigned during the year. On behalf of the Board of Directors, we wish to extend our appreciation for her valuable contribution throughout the years. We also take this opportunity to thank Mr. M Bottino who served as an Executive Director of the Company and as Managing Director of ICOGUANTI, who retired during the year for his invaluable contributions to the Group for over 25 years.

During the year under review, the Board focused on evaluating emerging market trends and refining its strategy to capitalise on the opportunities presented therein. Other areas of Board focus included people development, automation and process improvements and digitisation.

Implications of COVID-19 and Way Forward

Following the outbreak of the pandemic, the Group operated strictly in line with the social distancing and safety measures recommended by the Government. In the Hand Protection Sector, manufacturing operations were halted temporarily in the 3rd week of March but commenced subsequently at reduced activity levels. Ensuring the safety of our employees was a key priority and we facilitated appropriate work from home measures for office employees, while installing sanitizing facilities and appropriate safety guidelines across all our manufacturing facilities. In the Plantation Sector considerable investments were directed towards ensuring preventive/curative measures on the estates. From the Group level, we implemented 'Haysmart Initiatives which sets out clear guidelines for cost rationalisation and exploring new opportunities, which in turn has allowed the company to defer non-essential expenditure and preserve liquidity

Despite the operational challenges posed by the pandemic, the outlook for the Hand Protection sector remains promising. Increasing global focus on health and safety considerations have led to a surge in demand for essential personal protective equipment and rubber gloves; given our recent capacity expansions and product development we are in good stead to capitalise on these opportunities. The order books are strong and we will continue to fulfil customer requirements while pursuing growth aspirations in our key product verticals. We will continue to expand our manufacturing capacity, which in turn will generate employment opportunities. The way we work will undoubtedly change as a result of this pandemic, and we will direct investments towards further enhancing employee competencies and productivity.

The Plantation Sector is likely to benefit from customers' preference for healthy beverages given the anti-viral properties of Black Tea, although downside risks such as escalating cost of production and low labour productivity continue to threaten the sustainability of Sri Lanka's plantation industry. Despite the prevalent challenges we will continue to invest in upskilling our employees, uplifting the standard of living of estate sector communities as well as rejuvenating our land through ongoing investments in replanting.

Acknowledgements

We would like to extend our appreciation to the Board of Directors for their continued support and guidance. Our employees continue to be the driving force behind DPL's success and we thank them for their commitment and hard work. We also take this opportunity to thank our customers, suppliers, shareholders and all other stakeholders who have partnered us in our journey, and look forward to their support in the future.

A M Pandithage
Chairman

Ng Soon Huat
Managing Director

June 11, 2020

BOARD OF DIRECTORS

A M 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; Honored 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.

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 a large multi-national entity. 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.

DHAMMIKA PERERA *

Appointed to the Board in November 2010. Quintessential strategist and a business leader with interests in a variety of key industries including Manufacturing, Banking and Finance, Leisure, Plantations and Hydro Power 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 un-quoted 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, Uni-Dil Packaging 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 and Hayleys Fabric PLC.

F MOHIDEEN **

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.

S GANEGODA *

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.

S RAJAPAKSE **

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 PLC 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. Director of UniDil Packaging Ltd, UniDil Packaging and Solutions Ltd.

N A R R S 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.

S P PEIRIS **

Appointed to the Board in July 2014. Director of Bartleet Religare Securities (Pvt) Ltd., (BRS) and has over 28 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 clients to the Colombo Stock Market.

K D G GUNARATNE **

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.

H S R KARIYAWASAN *

Appointed to the DPL Board in May 2016. 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 and as the Managing Director of Eco Solutions sector. 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.

R H P JANADHEERA

Operations

Joined DPL in August 2017 as Director Operations. Fellow Member of CA Sri Lanka. Associate Member of the Chartered Institute of Managements Accountants (CIMA-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.

K M D I 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 Honors from University of Kelaniya and an MBA from University of Colombo.

** Non-Executive*

*** Independent Non-Executive*

MANAGEMENT TEAM

HAND PROTECTION

A M PANDITHAGE
Chairman

NG SOON HUAT
Managing Director

N A R R S NANAYAKKARA
Director (Finance)

R H P JANADHEERA
Director (Operations)

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

Deputy General Managers

K K D P SENANAYAKE
Outsource Operations

W T C KUMARA
DPGL

A J M K B JAYASUNDARA
Finance

ANANDA S MANICKAVASAGAM
DPTL

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

S W A PREMACHANDRA
Group Projects

P L D R COORAY
Group Manager - Sales

C M MANUEL
Group Production Planning

A C WIMALAWARDENA
Factory Manager (HL)

H N H JAYASINGHE
Factory Manager (DL)

N P BADDAGE
Centrifuging & Latex Supply

K M C S K PERERA
FGS (DL)

H W C N KUMARA
Compounding (DL)

MS. W A D C RODRIGO
Laboratory (DL)

P H C RAVIHANSA
Human Resources (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)

K C RUPARATHNA
Production (HL)

MS. S N MAYADUNNE
Quality Control (HL)

S A C P KUMAR
Human Resources (DPGL)

N K SAMARASINGHE
Quality Control (DPGL)

H A S HETTIARACHCHI
Production (DPGL)

N K SAMARASINGHE
Quality Control (DPGL)

F B I N C S BANDARA
Engineering (DPGL)

T S SAMARATHUNGA
Sales (DUGL)

T H L SENEVIRATNE
TSP & Warehouse (DUGL)

DR. K A S K HEMACHANDRA
Operations (DUGL)

W A K HARISCHANDRA
Energy & Sustainability

T K HATHURUSINGHE
Business Development

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

H S R JAYASINGHE
Procurement

D I WICKRAMASURIYA
Logistics

L Y WICKRAMARACHCHI
Packing Materials

MS. A M A ATTANAYAKE
Finance

H G N BUDDHIKA
Finance

C N MALLIKARATCHY
Production & Compounding (DPTL)

W D R JAYASEKARA
Finance (DPTL)

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

N NAVAPARITTHIKUL
LAB/QA/QC/WT/R&D (DPTL)

ANANDA LANSAKARA
Engineering & EMS (DPTL)

MS. S JINDARAT
Business Development (DPTL)

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
Treasuring & Credit (ICOGUANTI S.p.A)

CARLO LAVAGNINO
Accounting and Admin (ICOGUANTI S.p.A)

PLANTATIONS

A M PANDITHAGE
Chairman

W G R RAJADURAI
Managing Director - KVPL/TTE

Kelani Valley Plantations PLC

A WEERAKOON
Director, CEO

Operational Directors

R N A BANDARANAYAKE
Plantations (Tea)

Y U S PREMATHILAKE
Plantations (Rubber)

Other Directors

H K C DE J SENEVIRATNE
Regional Administration

General Managers

R D G FERNANDO
Rubber Marketing & Administration

R M V W WEERABAHU
Finance

A T GAMAGE
Human Resources & Corporate Sustainability

Regional General Managers

K W S F FERNANDO
Kiriporuwa

A P SENANAYAKE
Nuwara Eliya Region

Deputy General Managers

D I GALLEARACHCHI
Invery

D E P K ERANDA WELIKALA
Panawatte

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

VALUE CREATION MODEL

CAPITAL INPUTS

FINANCIAL CAPITAL

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

Rs. 14,031 Mn
Shareholders' funds

Rs. 4,762 Mn
Debt

(Page 24 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.

Rs. 5,685 Mn
Value of Manufacturing plants

Rs. 12,317 Mn
Property, plant and equipment

(Page 28 for more information)

HUMAN CAPITAL*

1,767
Strong workforce

81%
Retention rate

(Page 29 for more information)

SOCIAL & RELATIONSHIP CAPITAL*

4,000+
Farmer relationships

96%
Customer retention rate

2,000+
Other value chain partners

(Page 30 for more information)

INTELLECTUAL CAPITAL*

02
Patents received

03
Patents applied

(Page 31 for more information)

NATURAL CAPITAL*

1.56 x m^3 million
Water use

1.32 MnGJ
Energy consumption

67%
Renewable raw materials

(Page 33 for more information)

** Hand Protection Sector Only*

VALUE CREATING ACTIVITIES

HAND PROTECTION

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

PLANTATION

- Land preparation and cultivation of tea, rubber and minor crops
- Harvesting
- Processing and Manufacturing
- Marketing and Sales

UNDERPINNED BY

- Strong corporate governance
- Strategic management
- Finance and Planning
- Robust risk management
- Sustainability

OUTPUTS

HAND PROTECTION

Rs. 17.9Bn
Revenue

91%
Renewable energy generated

PLANTATION

Rs. 12.8Bn
Revenue

83%
Renewable energy generated

Hand Protection Sector Only

PERFORMANCE OUTCOMES

Sustainable shareholder value (Page 24)

Generating sustainable value to our shareholders

2%	Rs. 4	7%
Revenue growth	Dividends per share	Net assets value appreciation per share

Manufacturing excellence* (Page 28)

Our manufacturing capabilities are vital in ensuring product quality, driving innovation and achieving our cost optimisation objectives

02	Rs. 113.5 Mn
Processes automated	R&D expenses

Customer satisfaction and innovation* (Page 31)

We strive to sustain our competitive edge through consistent focus on quality and innovation

17	87%
New products launched	Customer satisfaction

Creating a high performing workplace* (Page 29)

We want our employees to thrive in a dynamic and inspiring work environment.

28,496	Rs. 8.6 Mn
Training hours	Investment in training

Supply chain management* (Page 30)

Building a secure and sustainable supply chain which can empower our suppliers and other value chain partners

Rs. 9,096 Mn	Rs. 6,077 Mn	4,000+
Total payments to suppliers	Local purchases	Strong farmer base

Respect for the environment and communities* (Page 33)

Creating a responsible organisation which generates sustainable long-term value to its stakeholders

Rs. 4 Mn	Rs. 15.5 Mn	0.068 kgCO2e /pair
Investment in CSR	Investment in environmental protection	Carbon footprint per pair

BUSINESS OVERVIEW

We are a global leader in protective hand-wear, operating manufacturing facilities in Sri Lanka & Thailand and our products are sold in over 70 countries across the world. We serve close to 5% of global demand for natural and synthetic-latex based household and industrial gloves and have built a global reputation for superior quality, innovation and sustainability. Our competitive edge has been sharpened by our ability to effectively respond to shifting global dynamics and evolving customer needs through new products and manufacturing methods. The Company's subsidiaries, Kelani Valley Plantations PLC ("KVPL") and Talawakelle Tea Estates PLC ("TTE") are among Sri Lanka's leading regional plantation companies, producing a considerable amount of Sri Lanka's tea and rubber production through 41 estates in 4 districts. Both subsidiaries are frequently recognised as industry leaders in quality, sustainability and labour practices. Headquartered in Colombo, Sri Lanka, DPL is part of the Hayleys PLC Group, one of Sri Lanka's most respected and diversified business conglomerates which commands leading positions across key sectors.

1,767

EMPLOYEES IN HAND PROTECTION SECTOR

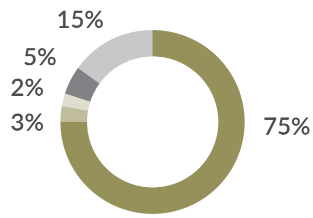
14,445

EMPLOYEES IN PLANTATION SECTOR

7 PATENTED PRODUCTS

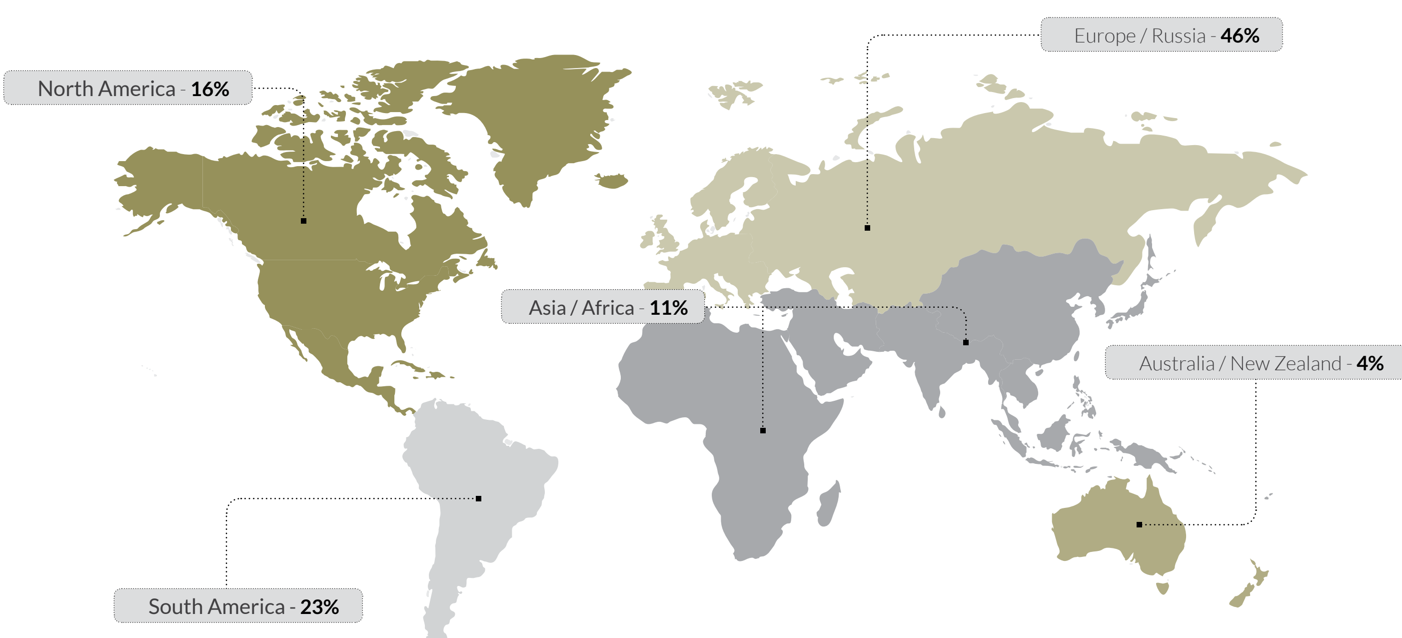
1 INDUSTRIAL DESIGN

ECONOMIC VALUE ADDED

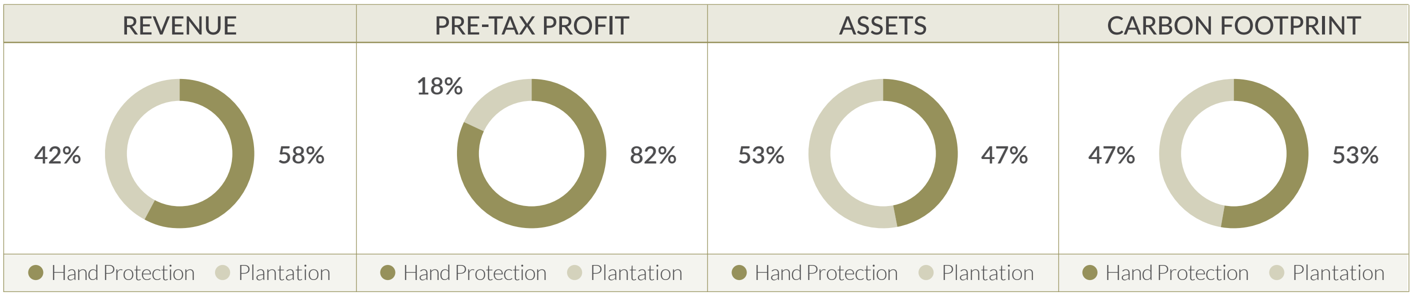


- To employees as remuneration - **Rs. 7,894 Mn**
- To government as taxes - **Rs. 316 Mn**
- To shareholders as dividends - **Rs. 239 Mn**
- To lenders of capital - **Rs. 555 Mn**
- Retained in the business - **Rs. 1,580 Mn**

OUR MARKETS BY SALES VOLUMES



SEGMENTAL CONTRIBUTION



PRODUCT PORTFOLIO

143
VARIANTS OF UNSUPPORTED GLOVES

29
VARIANTS OF SUPPORTED GLOVES

88
VARIANTS OF MEDICAL GLOVES

PRODUCT APPLICATIONS

- Industrial Gloves
- Household Gloves
- Medical Gloves
- Industrial Sleeves

COMMITMENT TO SUSTAINABLE VALUE CREATION*

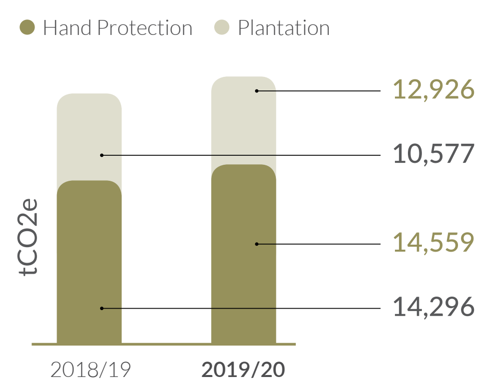
91%
reliance on renewable energy

1.2MnGJ
renewable energy generated

08%
water recycled

1.56m³Mn
water used

CARBON FOOTPRINT



VALUE CHAIN PARTNERSHIPS

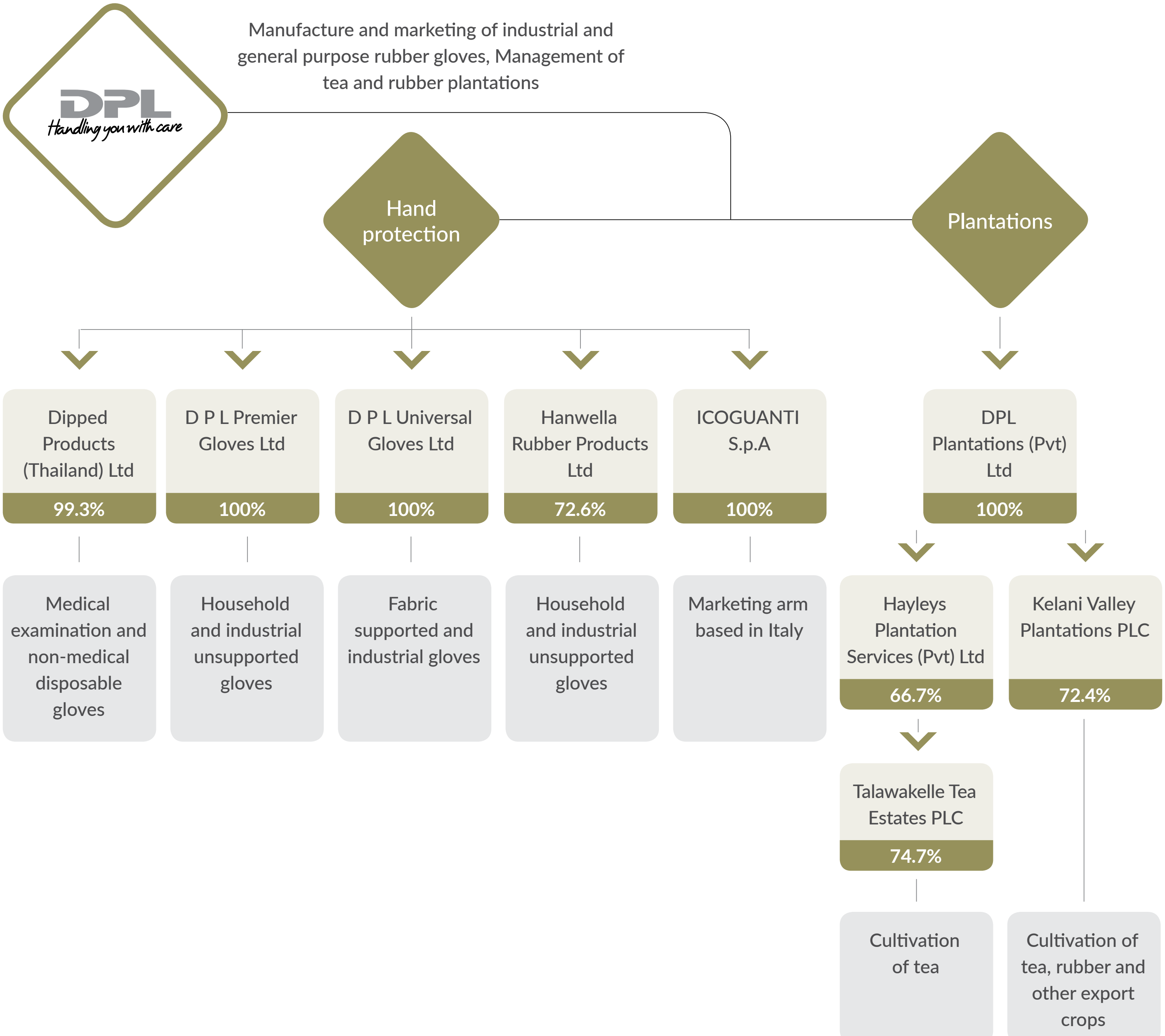
4,000+
Farmers supported*

5,500+
Suppliers*

20,000+
Plantation sector beneficiaries

* *Hand Protection Sector Only*

GROUP STRUCTURE



SERVING
70+
COUNTRIES WORLDWIDE

FULLFILLS
5%+
GLOBAL DEMAND

YEARS
44
IN THE INDUSTRY

A HELPING HAND

Performance Review

Our collaborative, farsighted strategies lay the foundation for future growth.

OPERATING ENVIRONMENT

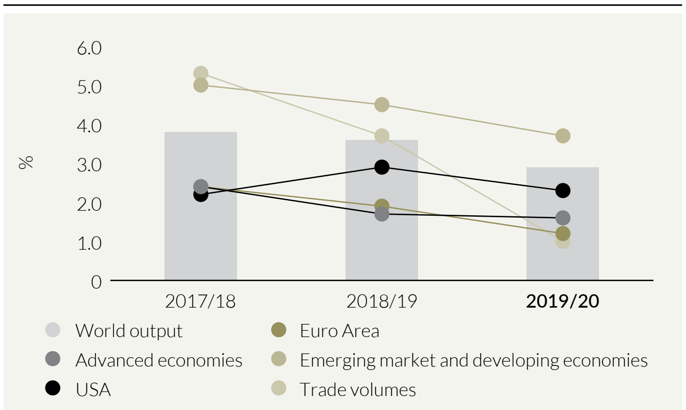
GLOBAL ECONOMY

Relatively subdued growth with GDP expanding by 2.9% (2018: 3.6%) reflecting trade tensions, geopolitical tensions and climate related disasters.

1.7% in 2019 (2018:2.2%)	**3.7%** in 2019 (2018:4.8%)
Advanced economies	Emerging economies

GROWTH IN GLOBAL TRADE MODERATED TO 1% (2018:3.7%)

GLOBAL GROWTH TRENDS



Source: IMF-World Economic Outlook

OUTLOOK

The global spread of COVID-19 has brought many economies to a standstill, as countries adopted various social distancing measures, including complete lockdowns to curtail its spread. At the time of this Report going to print, most countries have commenced easing of restrictions although concerns remain regarding the emergence of a 2nd wave, the IMF projects that the global economy will contract by 3% in 2020 reflecting both demand and supply side shocks.

The Sri Lankan government has also sought to gradually ease restrictions. The country has so far been largely successful in curtailing the spread of the virus; however the economic fallout is expected to be significant given the county's reliance on tourism and exports for foreign currency generation and dependence on SMEs' which are extremely vulnerable to macro-economic conditions.

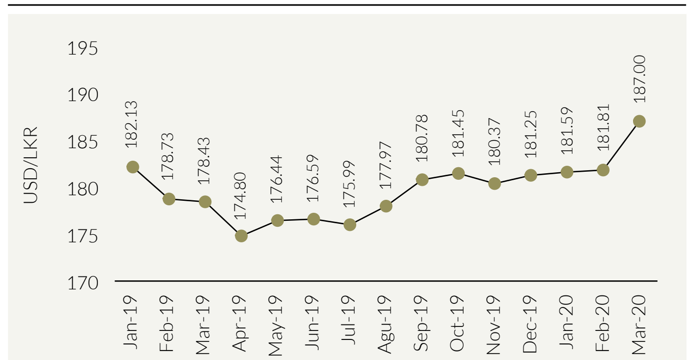
FACTORS IMPACTING DPL

- **Global trade tensions:** The imposition of tariffs by USA on China has opened up opportunities for other exporters.
- **Commodity price movements:** In general, prices of most commodities declined in 2019, weighed down by trade tensions and muted manufacturing and trading activity.
- **BREXIT:** Brexit negotiations since 2017 added to the turbulence in global markets, given uncertainty pertaining to the terms on which UK would exit the bloc.

GDP growth moderated to 2.3% in 2019, from 3.2% the previous year, primarily due to escalating security concerns following the April terror attacks, as well as subdued global economic conditions. Agriculture sector growth slowed to 0.6%.

- **Exchange rate:** The Rupee remained relatively stable in 2019, although recording sharp depreciation towards the latter part of March 2020.

EXCHANGE RATE MOVEMENTS



- **Interest rates:** The CBSL adopted an accommodative monetary policy stance in 2019, with policy rates being reduced twice in 2019 and in the first quarter of 2020.
- **Inflation:** Inflation levels were relatively low for most part of 2019, reflecting weaker demand as economic activity moderated. That said, the first quarter of 2020 saw a gradual increase in inflation mainly due to acceleration of food inflation.

OUR STRATEGY

DPL's overarching strategic objectives are aligned to the long-term strategic aspirations of its parent company Hayleys PLC, which has developed a holistic strategic plan combining its commercial, social and environmental aspirations. Initiatives adopted by the Sectors under each strategic pillar are determined based on market conditions, operating models and the risk profile of each industry.

	STRATEGIC PILLAR	COMMITMENT
1	**Profitable growth** Develop a balanced portfolio of investments to ensure sustainable profitability and liquidity.	Develop innovative new products in diversifying the product portfolio Reach to overseas distribution networks Pursue growth in new markets Local and offshore expansion of manufacturing facilities
2	**Innovation and digitisation** Utilise technology and social media platforms to create new revenue streams	Enhance focus on R&D Automation and digitisation to drive increased operational efficiencies Enhance brand equity through stronger digital presence
3	**Value chain and community partnerships** Create a secure, sustainable and efficient value chain that uplifts communities	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
4	**Customer focus** Enhancing experiences for every customer	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 Ensuring our customer value proposition is in line with what customers need
5	**Inspired and dedicated team** Enhancing experiences for every customer	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
6	**Climate action** Protect, enhance and sustain the wider ecological system we operate within	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

OPERATIONAL REVIEW

HAND PROTECTION

OPERATING ENVIRONMENT

- Supply deficit in natural rubber
- Increasing demand for synthetic gloves and industrial gloves
- New opportunities in global demand
- Shortage of manual labour in Sri Lanka

STRATEGIC PRIORITIES

- Shifts in the customer mix to more high-value products
- Investments in strengthening the supported gloves range
- Proactive customer engagement
- New product development
- Driving cost efficiencies

PERFORMANCE

REVENUE	Rs.17,893Mn
OPERATING PROFIT	Rs.1,091Mn
CAPITAL EXPENDITURE	Rs.445Mn
ASSET GROWTH	5%

The Hand Protection segment delivered a year of strong growth, recording revenue and profit growth of 4% and 29% respectively. Performance was upheld by the Company's strategic focus on shifting to a high-value product range, new product development, customer acquisition as well as ongoing focus on driving cost efficiencies and productivity. While the segment's performance was affected by the disruptions to operations in March 2020 due to the COVID-19 pandemic, the relatively strong performance in previous quarters enabled the segment to record a y-o-y growth in volumes, revenue, and profitability.

A richer product mix: We placed strategic emphasis on changing our customer mix from household to industrial gloves, which in turn enabled an improvement in profit margins. Several of our natural rubber production lines were converted to synthetic-based manufacturing during the year. Focus was also placed on strengthening our Supported Gloves range with significant investments directed towards new product development and enhancing human capital.

Manufacturing efficiencies: The DPL Production System, comprising a holistic program aimed at achieving cost efficiencies, productivity improvements and eliminating waste continued to generate significant savings. Through this initiative, the Company is currently progressing on Six Sigma, Lean Manufacturing and Total Productivity Management which collectively contributed considerable amount of saving for profit enhancing.

Driving innovation: During the year we invested Rs. 113.5 million in research and development, resulting in the development of 17 new products and 260+ variants of existing products. We also obtained 2 patents during the year, with 3 more applied. There are 7 new products in the pipeline.

Way Forward: While restrictions imposed by the Government in March 2020 had a short-term impact on our factory operations, manufacturing activities have now recommenced albeit at limited capacity. The order book remains strong, particularly in the medical gloves segment which has seen significant demand in recent months. Key priorities for next year include further enhancing manufacturing capacity and driving increased automation and factory modernisation to generate efficiency improvements.

PLANTATIONS

OPERATING ENVIRONMENT

- Decline in tea and rubber prices
- Adverse weather conditions
- Escalating cost of production
- Shortage of fertilizer

STRATEGIC PRIORITIES

- Crop diversification
- Ongoing investment in replanting
- Focus on employee skill development
- Reduce dependence on fossil fuels

PERFORMANCE

REVENUE	Rs.12,797Mn
OPERATING PROFIT	Rs.412Mn
CAPITAL EXPENDITURE	Rs.1,245Mn
ASSET GROWTH	3%

The Plantation Segment experienced a year of unprecedented challenges, characterised by adverse weather, decline in global prices, rising cost of production and prolonged impacts of the glyphosate ban. Resultantly, the segment's revenue declined by 3% to Rs. 12,797 million while profit fell sharply to Rs. 221 million, from Rs. 930 million the year before. Notwithstanding these challenges, the Group's Plantation sector companies, KVPL and TTE performed relatively better than its counterparts, continuing to command premium pricing at auctions and recording above average yields. Despite a significant increase in costs stemming from preventive/curative measures to curtail the spread of COVID-19, we continued to direct investments towards improving the nutrition, health and safety standards and living conditions of our estate communities.

Challenging external environment: Global tea prices declined by an average of 2% during the year, reflecting turmoil in key buying markets and a significant oversupply of orthodox tea from the African region. While prices recorded a gradual pick-up towards the latter part of the year, these gains are likely to be short-lived given disruptions to supply chains. Prices commanded at rubber auctions continues to be lower than cost of production in Sri Lanka, which has continued to escalate against the backdrop of rising labour costs and declining yields. In 2019, the basic wage rate of plantation workers' was increased by 40% inserting further pressure on the already-high cost of production.

Industry leaders in pricing and quality: We continue to command premium pricing at the tea and rubber auctions attesting to the superior quality of our products and strong brand. During the year, TTE and KVPL maintained their long-standing positions as the No.1 and No. 2 price commanders at the Colombo Tea Auction while KVPL continues to be the leading price taker for rubber. Our plantation companies are also frequent recipient of numerous awards and accolades and during the year won 17 awards including 02 Gold Awards with Overall Excellence Gold Award to KVPL, at the National Business Excellence Awards

Way forward: The anti-viral and pharmacological properties of tea is expected to support demand growth over the short-to-medium term, as consumers increasingly pursue healthy beverages, particularly in the wake of the global pandemic. On the other hand, escalating costs, low productivity, and adverse weather conditions continue to threaten the sustainability of Sri Lanka's plantation industry. Against this backdrop we will place strategic focus on crop diversification, rejuvenating land through replanting and enhancing labour productivity to drive a win-win proposition for the Group and our employees.

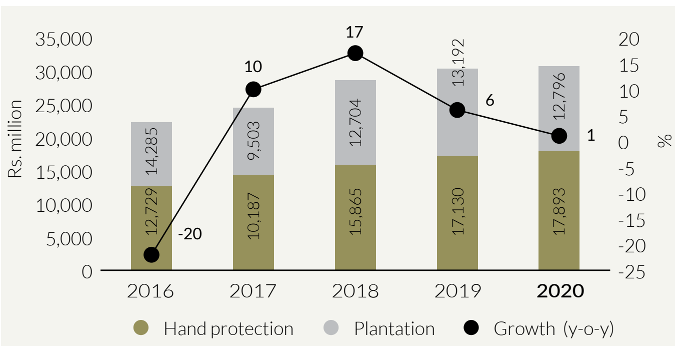
FINANCIAL REVIEW

FINANCIAL PERFORMANCE

Revenue

The Group's revenue grew by 2% to Rs.30.56 billion during the year, supported by 4% growth in the Hand Protection sector, while the Plantations sector recorded a revenue dip of 3%. Growth in Hand Protection sector was driven by new customer acquisition, a shift in customer/product mix towards high-value products and deeper relationships with existing customers. Performance of the Plantations sector was impacted by adverse weather conditions which led to a decline in production volumes and weaker global pricing during the period under discussion. That said, it is noteworthy that our RPCs performed relatively well in comparison to the industry, due to their ability to command premium pricing at the auctions. Hand Protection sector contributed 58% to consolidated revenue during the year.

REVENUE TRENDS



Gross Profit

Consolidated gross profit contracted by 5% to Rs.4.70 billion during the year, mainly due to an escalation of direct costs in the Plantations sector which saw an increase in estate workers' wages. The Hand Protection sector on the other hand recorded wider margins reflecting our strategy of pursuing growth in value-added products. The Group's gross profit margin narrowed to 15.4% from 16.4% the year before.

Cost Management

The increase in operating expenses was curtailed to 4% during the year, with administrative and distribution costs increasing by a respective 1% and 17%. The Hand Protection sector's ongoing efforts to drive efficiencies through the DPL Production System (comprising Total Productivity Maintenance, Six Sigma and Lean) are reflected in cost savings amounting to Rs. 120 million during the year. On the other hand, the Plantation sector continued to record escalating costs- an industry-wide phenomenon given low labour productivity, high wages, and adverse weather conditions. Resultantly the Group's Earnings Before Interest and Tax (EBIT) declined by 28% to Rs. 1.43 billion during the year under discussion; excluding a one-off disposal gain of last year, EBIT is estimated to have decreased by 19%.

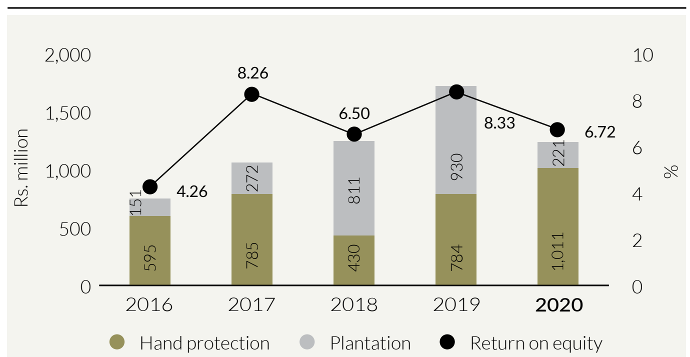
Net Finance Cost

The Group's finance costs declined by 2% to Rs. 481.58 million during the year, due to the gradual decline in market interest rates during the year, normalisation of exchange loss compared to the previous year and a 30% reduction in total borrowings. Interest on short-term borrowings account for 56% of the Group's finance expenses. Meanwhile the Group's finance income increased by 34% to Rs. 200.53 million during the year mainly due to exchange gains.

Profitability

The moderate growth in revenue coupled with an escalation of costs in the Plantations sector resulted in the Group's consolidated pre-tax profit declining by 29% to Rs. 1.16 billion during the year. The Hand Protection sector recorded a 29% expansion in pre-tax profit and crossed the Rs. 1.0 billion profit mark during the period; the Sector's strong performance reflects strategic focus on shifting to a higher-value product range (including industrial and synthetic gloves), ongoing focus in productivity and process efficiencies as well as new customer acquisitions. Meanwhile, the Plantation sector' performance continued to be hampered by the challenging industry conditions. Adverse weather led to crop losses during the period under review, while the global decline in both tea and rubber prices as well as escalating costs added further pressure on margins.

PROFITABILITY TRENDS



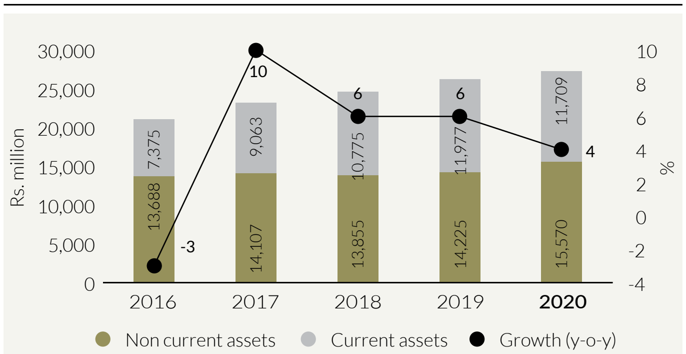
Total tax expenses declined by 26% to Rs. 310.13 million during the year, due to lower profitability levels as well as a reversal in deferred tax expenses. The Group's profit for the year declined by 31% to Rs. 850.29 million, mainly due to the weaker profitability of the Plantation sector, which was somewhat offset by the strong performance of the Hand Protection sector.

FINANCIAL POSITION

Balance Sheet Strength

Consistent asset expansion, strong shareholders' funds and relatively low debt levels have allowed the Group to maintain a healthy balance sheet. Total assets grew by 4% to Rs. 27.28 billion due to increased working capital requirements and the recognition of right of use assets in line with the adoption of SLFRS-16. Investment in working capital amounted to Rs. 9.32 billion during the year, accounting for 34% of the Group's total assets. The Group's liquidity position remained healthy, with cash and short-term deposits amounting to Rs. 1.79 billion (or 7% of total assets) by end-March 2020.

ASSET GROWTH



Capital Position

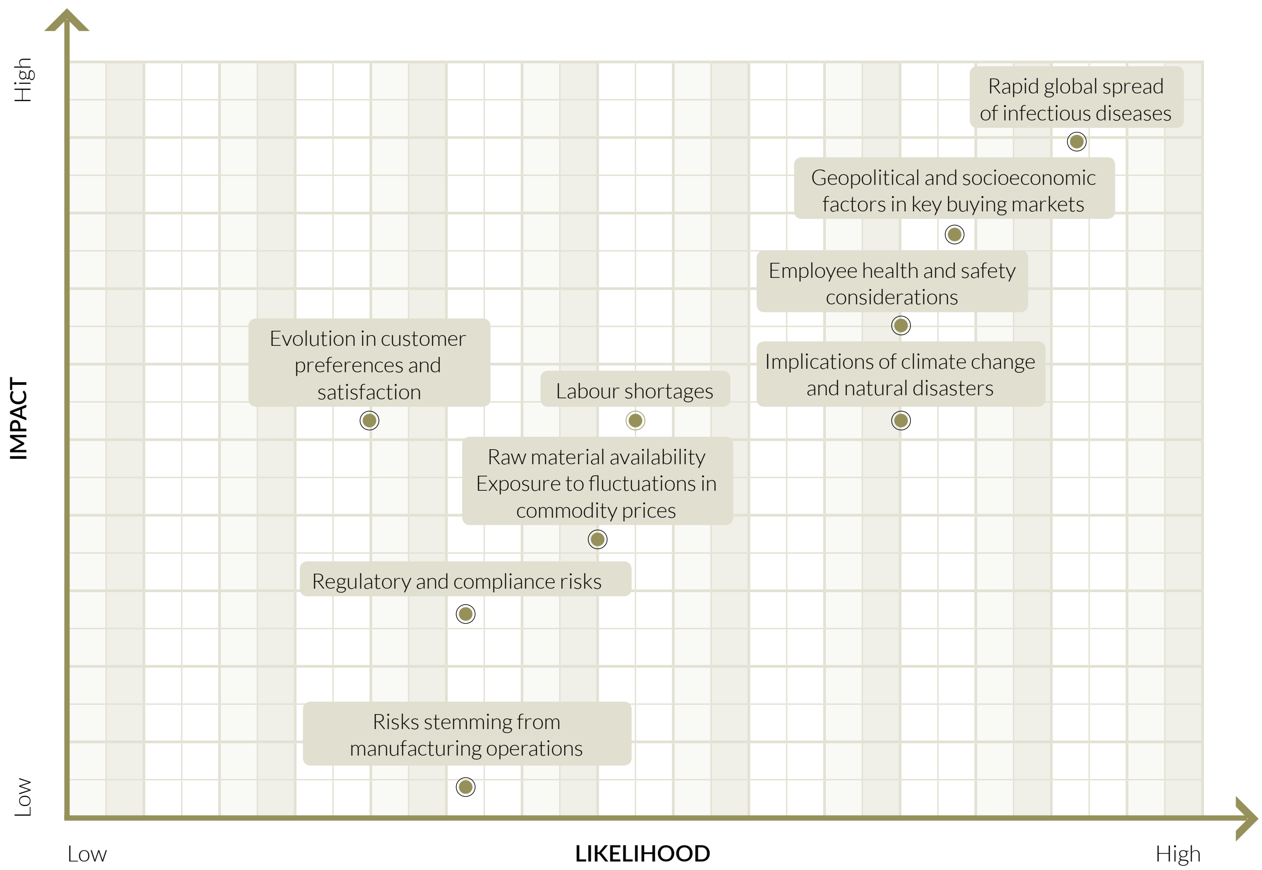
The Group reduced exposure to borrowings during the year, with total debt declining by 10% to Rs. 4.76 billion. Short-term borrowings continued to dominate the debt profile with a share of 66% of total borrowings. Meanwhile good profit generation during the year resulted in shareholders' funds increasing by 6% to Rs. 14.03 billion, funding 51% of total assets. Accordingly, the Group's gearing ratio (defined as debt/debt+equity) reduced to 25% from 29% the previous year.

CASH FLOW

The Group's operating cash flow improved during the year supported by the strong performance of the Hand Protection sector; net cash inflows from operating activities increased to Rs. 3 billion, from Rs. 1.49 billion the previous year. Meanwhile cash outflows from investing activities amounted to Rs. 1.65 billion reflecting investments in capital expenditure primarily in Plantation sector. Net cash outflows from financing activities were Rs. 1,610.08 million as the Group continued to settle its borrowings. Overall, movements in cash and cash equivalents amounted to a decrease of Rs. 260.21 million, compared to a decrease of Rs. 1,249.77 million in the previous year.

RISK MANAGEMENT

As a Group competing in global markets, with significant exposure to the natural environment DPL is exposed to numerous socio-economic, demographic and environmental risks. The Group's risk profile has changed significantly in recent months, given the global implications of the COVID-19 pandemic. The Group's key risk exposures at present are as follows;



Risk Factor	Potential Impacts	Mitigating Actions	Risk Rating
Rapid global spread of infectious diseases	• Disruptions to global supply chains and knock-on effects on downstream manufacturers • Reduced capacity utilisation due to lockdowns and quarantines • Reduction in the supply of labour	• Adequate measures to ensure safety of employees • Cost rationalisation and curtailment of non-essential expenditure to manage liquidity	
Geopolitical and socioeconomic factors in key buying markets	• Increased price sensitivity of customers • Potential slowdown in demand	• Widening portfolio to offer a complete range of products • Market diversification • Ongoing efforts on generating cost optimisation and process efficiencies	

Low Moderate High

Risk Factor	Potential Impacts	Mitigating Actions	Risk Rating
Employee health and safety considerations	• Reduced availability of labour due to quarantines, fear of contagion and unwell workers • Increased cost of attracting and retaining new labour	• Work-from-home options for office and executive employees • Complete shutdown of manufacturing operations for two weeks • Regular health checks and monitoring of all employees • Compliance to several health and safety certifications including OHSAS	High
Implications of climate change and natural disasters	• Reduction in production volumes in the Plantation Sector • Water scarcity and high cost of sourcing water for manufacturing operations • Difficulty in sourcing raw materials, particularly natural rubber	• Expansion of the DPL Firstlight initiative which has enabled the Group to develop strong relationships with rubber smallholders • Crop diversification in the Plantation sector	High
Labour shortages	• Affects continuity of operations • Possible escalation of costs	• Emphasis on increasing permanent employees in the workforce • Ongoing emphasis on automation • Robust talent attraction and talent management mechanism • Strong engagement with resident communities, particularly in estate communities	Moderate
Raw material availability Exposure to fluctuations in commodity prices	• Affects continuity of operations • High cost of sourcing alternative raw materials • Ensuring quality of raw materials	• Broad-base the local farmer network through DPL Firstlight • Use of alternative raw materials such as synthetic latex • Diversification of supplier base	Moderate
Evolution in customer preferences and satisfaction	• Erosion of competitive advantage • Decline in customer retention levels • Difficulties in attracting new customers	• Consistently monitoring changing customer requirements • Ongoing investment in research and development • Engaging with customers to monitor feedback • Continued efforts to improve product process	Moderate
Regulatory and compliance risks	• Reputational impact • Financial impacts arising from penalties, legal action etc.	• Compliance reporting • Persistent monitoring of environmental performance and related parameters	Low
Risks stemming from manufacturing operations	• Exposure to occupational risks and injuries • Breakdown of machinery/equipment	• Better predictability and resource allocation through SAP implementation • Independent safety audits • Proactive monitoring of all socio and environmental performance indicators	Low

Low Moderate High

MANUFACTURED CAPITAL

"Our Manufactured Capital consisting of our state-of the-art factories. Plant and machinery is a vital component of our value creation process as it enables us to consistently meet the quality and efficiency standards required to operate in an increasingly competitive landscape. We continue to enhance our Manufactured Capital through ongoing investments aimed at achieving manufacturing and operational excellence."

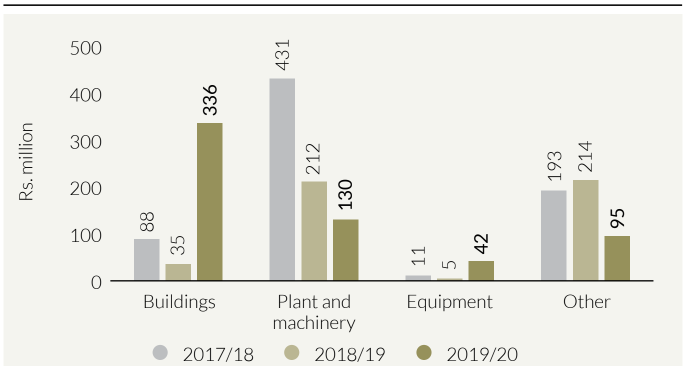
STRATEGIC PRIORITIES

- Capacity expansion
- Automation and efficiency improvements
- Drive improvements in environmental footprint

VALUE CREATION IN 2019/20

Rs. 130Mn Assets addition for plant and machinery	Capacity expansion in supported gloves and high value added products
02 Precess automated	Physical infrastructure is designed and managed to drive optimal efficiency
Rs. 120Mn Cost savings	Cost savings from DPL Production System
< 1% Scrap and rejects	Reflecting ongoing efforts to improve product quality

CAPITAL EXPENDITURE* (Excluding Capital Working Progress)



** Hand Protection Sector Only*

HIGHLIGHTS OF 2019/20

- Our manufacturing facilities include the Hand Protection segment's 5 manufacturing plants in Sri Lanka and Thailand and the Plantation Sector's 41 tea and rubber estates. As at the end of March 2020, the group's property, plant and equipment amounted to Rs. 5,685 million and accounted to 54% of total assets.
- Total CAPEX during the year amounted to Rs. 1,690 million of which Rs. 445 million (26%) was invested in the Hand Protection sector while Rs. 1,245 million (74%) was invested in the plantation sector.
- In line with our strategy of shifting to high-value products, we increased capacity of specialised products (such as electrician's gloves).
- The DPL Production System comprising TPM, Six Sigma and Lean generated cost savings of around Rs. 120 million, with several projects being implemented to drive efficiencies and automation.
- We continued to drive efforts towards reducing the environmental footprint of our operations; almost 91% of our energy requirements are met through renewable sources and we are also exploring means of solar power generation.
- **Way forward:** Driving greater efficiency to generate cost savings will therefore continue to be a focus as we navigate a difficult year. We will also drive further investments towards enhancing production capabilities and capacities, particularly in specialised gloves and supported gloves.

HUMAN CAPITAL

"Our team of 16,212 employees are the driving force behind the Group's success. With labour shortages affecting both the Hand Protection and Plantation sectors, we are committed to developing a productive, high-performing work force which will drive us towards our strategic aspirations."

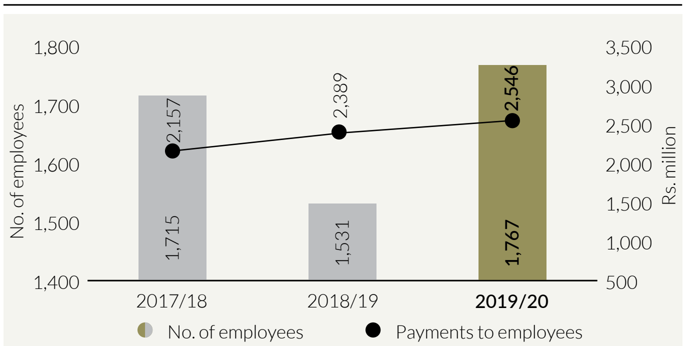
STRATEGIC PRIORITIES

- Employee training and development
- Increase employee productivity
- Strengthened employee health and safety

VALUE CREATION IN 2019/20

Rs. 8.6Mn Training Investment	Training for all levels of the organisation including supervisory staff and managers
Rs. 2,546Mn Employee payments	Increased employee value creation through higher remuneration
33 Promotions	We offer pathways for career progression to our high-performing employees
81% Employee retention rate	We are committed towards ensuring a satisfied and sustainable work environment

EMPLOYEE VALUE CREATION*



** Hand Protection Sector Only*

HIGHLIGHTS OF 2019/20

- Our team consists of 1,767 employees in the Hand protection sector and 14,445 employees in the Plantation sector. Hand protection sector spread out across 06 locations in 03 countries. During the year, we recruited 617 new employees to the Hand protection sector.
- DPL's HR policy frameworks and governance structures are broadly aligned to that of our parent - Hayleys Group.
- We offer a host of attractive benefits to employees in addition to basic remuneration. During the year, we increased the starting salary for factory workers.
- During the year, several training programs were conducted on lean manufacturing for factory staff while structured leadership and supervisory development programs were conducted for supervisory staff.
- Health and safety of our employees is paramount; three of our hand protection factories have obtained OHSAS 18001 and we are in the process of obtaining ISO 450001 the latest Health and Safety certification for D P L Universal Gloves Ltd, Safety measures have been further strengthened post-COVID.
- **Way Forward:** We hope to create more employment opportunities in the medium term as we pursue further capacity expansion. Areas of focus in our people agenda for next year will include training and development, employee engagement and succession planning.

New Human Resource Information System HRIS (Oracle & DMS)

The group is in the process of implementing a new Human Resource Information System (HRIS), Oracle HCM which is a complete HCM solution, natively built for the cloud, designed to humanize employee experiences, support HR needs of the organization, leverage the latest technological innovations and empower our organization to adapt to rapidly shifting market dynamics by implementing global best practices in terms of managing our most valuable asset that is our workforce.

Having seamless integration with DMS Time and Attendance solution, we believe that the overall efficiency levels of managing our non-executive workforce can be further improved.

SOCIAL & RELATIONSHIP CAPITAL

"We continue to invest in deepening our relationships with customers, suppliers, and our communities to ensure mutual value creation through high customer satisfaction, efficient supply chains and empowered communities."

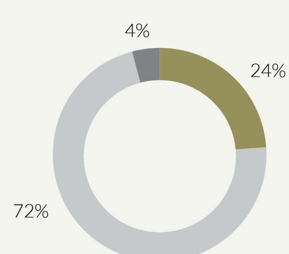
STRATEGIC PRIORITIES

- Customer acquisition
- Widening the product portfolio
- Expansion of the DPL Firstlight farmer network

VALUE CREATION IN 2019/20

Rs. 2Mn Fertilizer distributed	Sustainable value generated to our suppliers through various initiatives
87% Customer satisfaction	Achieved record high customer satisfaction levels
Rs. 968Mn Payments to farmers	Increased value injection to local rubber farmers through DPL Firstlight
Rs. 4Mn Investment in CSR	Ongoing book donation programmes for deserving schools and other factory level CSR initiatives

SUPPLIER PROFILE*



** Hand Protection Sector Only*

HIGHLIGHTS OF 2019/20

- Our customers include global distributors and end customers who are spread out across all regions of the world. During the year we acquired 30 new customers.
- Customer satisfaction levels improved to a record high of 87% from 81% the year before.
- We enhanced value to customers by widening our product portfolio, increasing focus on specialised, high-value products for the industrial sector. 4 new products were introduced in the supported range while 8 new products were introduced in the unsupported range and 5 new products in medical glove range. We are now able to offer a more complete range of products, enabling us to deepen relationships with existing customers.
- Our award-winning supplier development initiative, DPL Firstlight has empowered over 4,000+ latex rubber farmers island-wide by ensuring fair prices for field latex, providing training and capacity development opportunities and by distributing input material. During the year we further widened our network of Firstlight farmers.
- We continued to invest in supporting and developing the communities we operate in. A book donation programme for a deserving school in Parangiyaawadiya benefited more than 330 students while numerous CSR engagements were also conducted at factory level.
- **Way forward:** We will continue to diversify our product , customer, and supplier bases to reduce the concentration risk amidst an increasingly volatile operating environment. Meanwhile, we will continue invest in empowering our communities through ongoing investments in capacity building and development initiatives.

INTELLECTUAL CAPITAL

"Our intellectual capital consisting of our research and development capabilities, robust manufacturing processes and quality management systems continue to drive our brand value, enabling us to stand apart from our competition in terms of quality and innovation."

STRATEGIC PRIORITIES

- New product development
- Strengthened R&D capabilities
- Process improvements

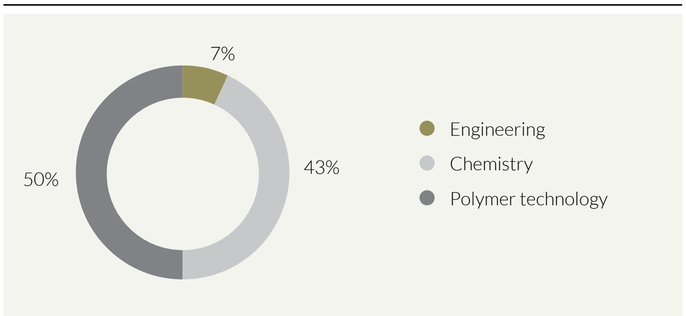
VALUE CREATION IN 2019/20

Rs. 113.5Mn R&D Investment	R&D investment directed towards new product development, process improvements and new equipment
17 New products	Focus on specialised gloves, nitrile gloves and the supported range
02 Patents received / 03 Patents applied	Received one patent for thermal resistant neoprene support glove (Neotherm). One industrial design for the unique surface pattern of ambi gloves.
Ongoing International certifications	We continue to comply with a range of international certifications for our product portfolio and manufacturing processes

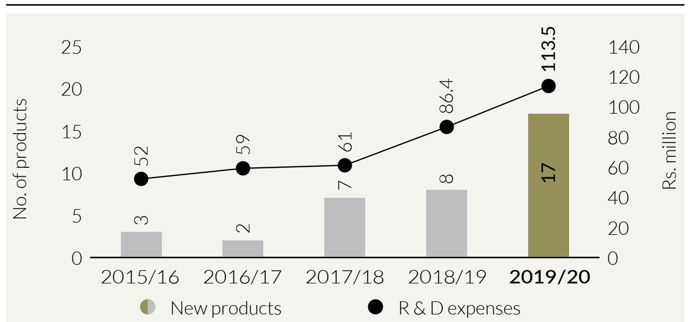
HIGHLIGHTS OF 2019/20

- 17 new products were introduced during the year, primarily in the industrial, supported and nitrile ranges (refer below for further details). Meanwhile we continue to develop variants of existing products and have developed almost 260+ customised variants.
- Ongoing research and development enable us to drive continuous improvement in our processes and operations as well. We continued to explore the use of alternative materials such as synthetic latex and water-based coagulants.
- During the year we invested in new R&D equipment including an advanced optical microscope and metal detector.
- The Company is one of the largest applicants of patents in Sri Lanka and currently has 7 patented products. We received 2 patents during the year and have 3 more in the pipeline.
- Our R&D team comprises 14 highly skilled and trained professionals including 2 PhD holders.
- We continue to comply with a range of international and local quality certifications including ISO 9001:2008, Forest Stewardship Council Certification, British Retail Consortium Certification, OHSAS 18001, ISO 17025:2005 (Laboratory accreditation) among others.
- **Way Forward:** We will continue to strengthen our research and development capabilities through ongoing investments in developing skills and infrastructure. Product development will continue to be a focus and we currently have 7 products in the pipeline.

R&D TEAM SKILL COMPOSITION*



NEW PRODUCTS INTRODUCED AND R&D EXPENSES*



** Hand Protection Sector Only*

INTELLECTUAL CAPITAL

NEW PRODUCTS DEVELOPED DURING THE YEAR

UNSUPPORTED GLOVES

MAGNETO PRO
Magnetically detectable nitrile glove.

INTERFACE ULTRA-GRIP
A glove with a unique surface texture that provides superior grip in all environments; dry, wet and oily conditions.

INTERFACE NEO
Neoprene over nitrile glove with micro roughened surface texture.

NEOGRIPPY
A fabric supported neoprene glove consisting of a heavy neoprene coating with a smooth finish.

NEOFLEX
A fabric supported neoprene glove consisting of a heavy neoprene coating with a micro roughened finish.

NEOROUGH
A fabric supported neoprene glove consisting of a heavy neoprene coating with a crinkled finish.

ELASTO PLUS
A glove with a textured surface created by elastomeric particles that greatly improves dry and wet grip.

UNLINED NEOPRENE
The only unlined neoprene glove in DPL glove range.

SUPPORTED GLOVES

XTRALITE PRIME ULTRA HB
Medium cut resistant ultra thin glove with 360° breathable nitrile coating.

XTRAFLEX PRIME ULTRA HC
High cut resistant ultra thin glove with 360° breathable nitrile coating.

WATER BASED PU GLOVE
Eco friendly, DMF free PU coated glove with cut resistant property.

SILICON GRIP GLOVE
A cut resistant glove with a super dry grip, suitable for glass and adhesive handling.

MEDICAL GLOVES

M1. 2
Natural rubber, powder free, natural colour, 240 mm, 9.5g @size M

L1.2
Natural rubber, powder free, 240 mm, blue colour 12.5g @ size M

P1. 2
Natural rubber, powder free, 260 mm, natural colour, 13g @ size M

HR13
Natural rubber, powder free, 280 mm, blue colour, 18.5g @size M

M1. 2 (5 NEW COLOURS)
Nitrile, powder free, 240 mm, 6g @ size M (Teal green, Lime green, Blue, Orange, Grape)

NATURAL CAPITAL

"With climate change increasingly impacting our supply chains, agricultural output, and communities, we have a responsibility towards driving responsible consumption of natural resources and minimising the carbon footprint of our operations."

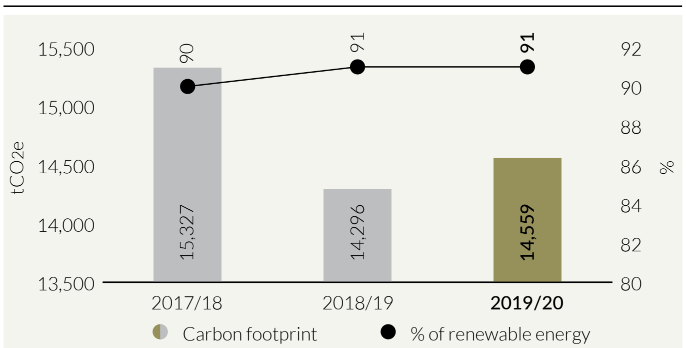
STRATEGIC PRIORITIES

- Reduce carbon footprint through increasing reliance on renewable energy
- Water recycling
- Responsible disposal of waste

VALUE CREATION IN 2019/20

Rs. 15.5Mn Investment in environmental initiatives	Ongoing investments in driving reductions in our environmental footprint
91% Reliance on renewable energy	Increased dependence on bio-mass and exploring the prospect of solar power generation
0.068kgCO2e/pair Carbon intensity	Sustained reduction in carbon intensity
8% Water recycled in our operations	Water preservation through rain water harvesting and recycling

ENERGY CONSUMPTION*



** Hand Protection Sector Only*

HIGHLIGHTS OF 2019/20

- Our environmental management framework is based Hayleys PLC's sustainable Business Framework. DPL also complies with a host of local and international environmental certifications.
- We continue to reduce dependence on fossil fuels with 91% of our energy requirements now met through bio- mass.
- In 2019/20 we also expanded waste-water heat recovery and it is now operational in 4 factories and 7 production lines.
- Carbon intensity increased by 4.6% and total GHG emissions decreased by 2% to 1.32 tCO_2e during the year. However, this figures reflecting ongoing efforts to increase energy efficiency and reliance on renewable energy.
- Water recycling was a priority during the year, as acute water shortages were experienced in the industrial zone. We increased our storage and collection capacity and expanded rainwater harvesting in manufacturing plants.
- The waste is initially 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.
- Meanwhile 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.
- **Way forward:** We will continue to focus on reducing our carbon footprint through targeted efforts to reduce our dependency on non- renewable energy sources and by exploring process improvements and product reformulations aimed at reducing the carbon intensity of our products. Meanwhile with resource scarcity becoming an increasingly significant issue we will continue to drive water and raw material management initiatives to ensure optimization of these resources.

CORPORATE GOVERNANCE

Dipped Products PLC (DPL) continues to be committed to conducting the Company's business ethically and in accordance with high standards of good Corporate Governance.

The Board believes, that a comprehensive Corporate Governance framework enables DPL to achieve ethical and stewardship obligations, while supporting the creation of long-term sustainable stakeholder value.

The Company is a subsidiary of Hayleys PLC. Principle Business of the Company are shown on the pages 142 to 143.

DPL Governance Guidelines provide Directors and Management with a road map of their respective responsibilities. These guidelines which will be updated periodically, detail clearly those matters requiring Board and Committee approval, advice or review. The DPL Governance Framework is depicted in the following diagram.

The Company adopts the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (Code), which are applicable to listed companies via the Colombo Stock Exchange Listing Rules. While we are adhering to the legal framework for Corporate Governance provided by listing rules, the Code is used as a guideline to determine operational structures and processes that exemplify good governance practices across the business.

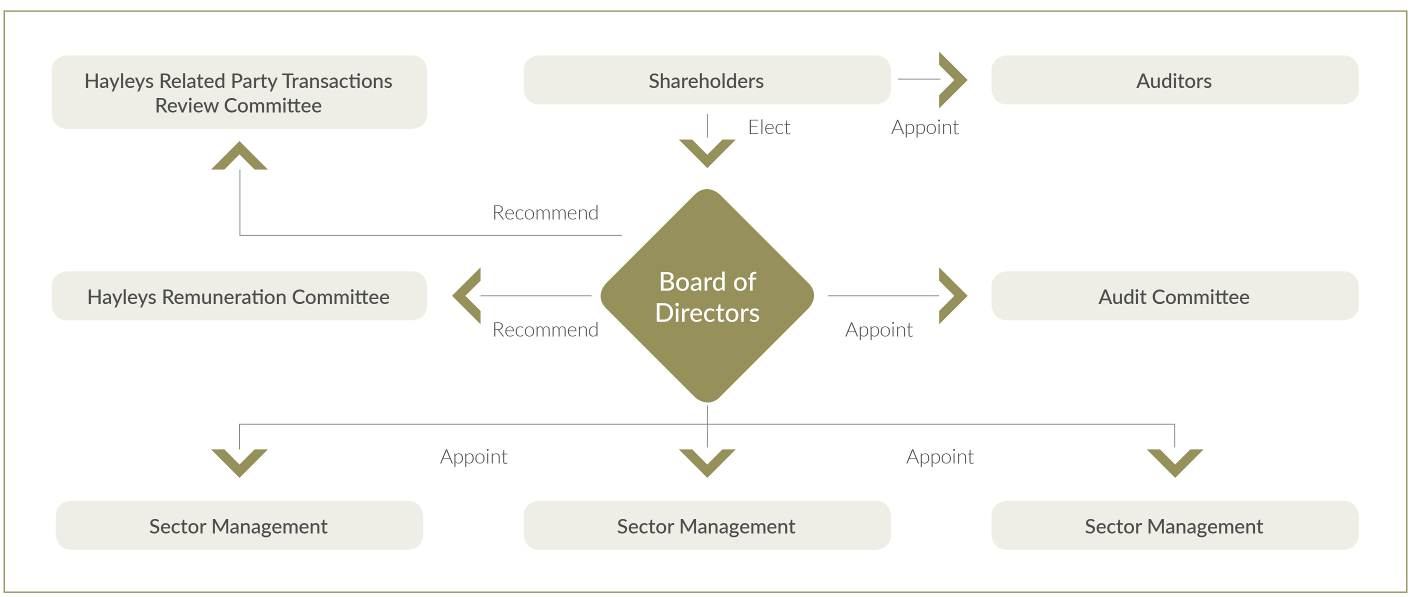
These guidelines, which are updated periodically, outline matters that require Board and Committee approval, advice or review. The Company adopts the Code of Best Practice on Corporate Governance 2017, issued by the Institute of Chartered Accountants of Sri Lanka (Code) which has been recommended for adoption by listed companies by the Colombo Stock Exchange.

BOARD OF DIRECTORS

The Board of Directors is responsible for setting up the Governance Framework within the Company.

COMPOSITION AND ATTENDANCE AT MEETINGS

As at the end of the year under review, the Board consisted of Thirteen Directors; Seven Non-Executive Directors and Six Executive Directors. These Directors are named below and their profiles are available in pages 10 and 11 of this Report. Details of Directors share holding in DPL and directorates in other related companies are given in pages 57 and 142 respectively.



The Board meets quarterly as a matter of routine. Ad hoc meetings are held as and when necessary. During the year under review the Board met on seven occasions. The attendance at these meetings was:

	Attendance
Mr. A M Pandithage	7/7
Mr. Ng Soon Huat	7/7
Mr. Dhammika Perera*	1/7
Mr. F Mohideen**	7/7
Mr. S C Ganegoda*	7/7
Mr. S Rajapakse**	7/7
Mr. N A R R S Nanayakkara	7/7
Mr. S P Peiris**	7/7
Mr. K D G Gunaratne**	7/7

	Attendance
Mr. H S R Kariyawasan*	7/7
Mr. R H P Janadheera	7/7
Mr. K M D I Prasad	7/7
Ms. Y Bhaskaran* (Alternative Director to Mr. Dhammika Perera)	6/7
Ms. R N Obeyesekera (Resigned w.e.f. August 14, 2019)	2/4
Mr. M Bottino (Resigned w.e.f. May 01, 2020)	3/7

** Non- Executive   **independent Non- Executive*

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 thirteen Directors - seven Non-Executive Directors and six Executive Directors including the Chairman.

The Board considered that the present composition and expertise is sufficient to meet the needs of the group. The Non-Executive Directors contribute with their knowledge and experience collectively gained from experience in serving variety of public and private organizations. The profiles of the Directors are found on pages of 10 and 11 of this Annual Report. Details of Directors shareholdings in DPL and the directorates they hold in other companies are given on pages 57 and 142 to 143 respectively.

Reference to CASL code	Requirement	Compliance	Details of Compliance
A.1.1	Board Meetings	Complied	The Board meets quarterly basis with special meetings convened if and when need arises. During the year under review the Board met on seven occasions. Details of meetings of the Board and attendance of the members are set out on page 35 of this Report. The information is provided to the Board on a structured manner and regular basis as agreed by the Board. 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 7 days prior to the meeting.

CORPORATE GOVERNANCE

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 the 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, Managing Director and CEO. 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 sustainable business development 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 furtherance of their duties, at the Company's expense. This will be coordinated through the Board.

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 bring 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 were 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 consequent to the meeting. Hence, they are able to familiarize with the 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 in the view that necessity of continuous training and development of skills are vital when effectively performing the duties.
Principle: A.2 Chairman and Chief Executive Officer (CEO) There are two key tasks at the top of every public company – conducting of the business of the Board, and facilitating executive responsibility for management of the Company's business. There should be a clear division of responsibilities at the head of the Company, which will ensure a balance of power and authority, such that no one individual has unfettered powers of decision.			
A.2.1	Division of responsibilities of Chairman and CEO	Complied	The Chairman and the Chief Executive Officer of the Company are two different personnel where it clearly distinguishes the power and authority. 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.

CORPORATE GOVERNANCE

Reference to CASL code	Requirement	Compliance	Details of Compliance
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.			
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. • 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 of finance by serving in different organizations. Hence the Board is with 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 Thirteen 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.

Reference to CASL code	Requirement	Compliance	Details of Compliance
A.5.3	Independence of Non- Executive Directors	Complied	Non-Executive Directors' profiles reflect their calibre and the weight their views carry in 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.
A.5.4,	Annual declaration of independence - Non Executive Directors	Complied	Each Non-Executive Director has been submitted 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 10 and 11.
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 in each 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 reports on performance and such other reports and documents as are 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.

CORPORATE GOVERNANCE

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 Dhammika 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 10 and 11.
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 performance of the Board and Sub-Committees is evaluated annually on self-assessment basis.
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 10 and 11 of this Annual Report. Directors' interest in contracts is given on page 123 of this Report. The number of Board meetings attend by the Directors is available in the page 35 of this Report.

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 Dhammika Perera* M H Jamaldeen** M Y A Perera** * Non-Executive Director ** Independent Non-Executive Director Payment of remuneration to Directors is disclosed in page 57 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 structures the remuneration package to attract, retain and motivate the Directors needed to run the Company successfully but avoid paying more than is necessary for this purpose. The remuneration levels relative to other companies and performance of the Directors are taken in to account when considering the remuneration levels of the Directors.
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 is to attract and retain a highly qualified and experienced work force, and reward performance accordingly in the backdrop of industry norms. These compensation packages provide compensation appropriate for each business within the Group and commensurate with each employee's level of expertise and 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.

CORPORATE GOVERNANCE

Reference to CASL code	Requirement	Compliance	Details of Compliance
C. Relations with Share Holders			
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 shareholders15 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.
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, Quarterly Financial Statements, and Interim Reports, announcements made through the Colombo Stock Exchange, other press releases and Annual / Extraordinary General Meetings. Shareholders may bring up 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 as soon as they have been released to the Stock Exchange. The website posts 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.

Reference to CASL code	Requirement	Compliance	Details of Compliance
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 such 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.
D. Accountability and Audit			
Principle: D.1 Financial and Business Reporting			
D.1.1/ D.1.2	Balance and understandable information to shareholders	Complied	Company has presented balanced and understandable financial statements which gives a true and fair view quarterly and annually. In the preparation of Financial Statements, 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.

CORPORATE GOVERNANCE

Reference to CASL code	Requirement	Compliance	Details of Compliance
D.1.3	CEO's & CFO's approval on financial Statements prior to Board approval	Complied	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 61 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 57 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 61 and Directors statement on internal controls is given in page 57. The Auditors' Report is available on pages 65 to 67.
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 divisions to achieve the strategic objectives. The Hand Protection division includes the production operation 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 DPL 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 12 and 142.

Reference to CASL code	Requirement	Compliance	Details of Compliance
			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 07 to 09) 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 07 to 09) 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.
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.

CORPORATE GOVERNANCE

Reference to CASL code	Requirement	Compliance	Details of Compliance
			• 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 61.
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.
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 five occasions, the attendance at these meetings are reported in "Audit Committee Report' in page 55 of this report

Reference to CASL code	Requirement	Compliance	Details of Compliance
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 54.
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 with a Code of Business Conduct & Ethics which is developed by 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.
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 57 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 & Ethics in the Annual Report.

CORPORATE GOVERNANCE

Reference to CASL code	Requirement	Compliance	Details of Compliance
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 35 to 53 of this report. **IT Governance** We continue to give attention to bringing DPL's IT systems in line with its strategies and objectives. Dedicated staff is deployed to support this. DPL's investment in IT covers resources operated and managed centrally and resources deployed on the various factories and estates. ERP system and internet and e-mail services catering to most parts of the business. **IT Value and Alignment** Investments in IT projects and systems are made after consideration of their 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 the investors are notified of the Annual General Meeting and all their views, comments and suggestions are encouraged. The Company seeks 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 weight to all relevant factors drawn to their attention when evaluating companies governance arrangement particularly in relation to Board structure and composition.

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.
Principle: H. Environment, Society and Governance (ESG)			
H.1.1	Provide Sufficient information relating to ESG risks	Complied	Annual report contains sufficient and relevant information of ESG to assess how risks and Opportunities are recognised, managed, measured and reported in pages 26 to 27. The impact of ESG issues are disclosed in Risk management report in pages 26 to 27.

CORPORATE GOVERNANCE

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

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

CORPORATE GOVERNANCE

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 54.
9.2.2	Composition	Two Independent Non-Executive Directors and one Executive Director.	Complaint	Refer RPTRC report page 54.
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 54.

Rule No.	Subject	Applicable Requirement	Compliance Status	Applicable section in the Status Annual Report
9.2.4	Related Party Transactions Re-view Committee- Meetings	Shall meet once a quarter.	Compliant	Annual Report of the Board of Directors page 58.
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.	Compliant	Not applicable
		b) Recurrent Related Party Transactions – If aggregate value exceeds 10% Gross revenue/ income as per the latest audited accounts.		Not applicable
		c) Report by the Related Party Transactions re-view Committee.		Refer RPTRC report page 54.
		d) A declaration by the Board of Directors.		Annual Report of the Board of Directors page 57.

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 Director

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 recognised 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 58 of the Annual Report.

Dr. Harsha Cabral, PC.
Chairman
Related Party Transactions Review Committee of Hayleys PLC

June 15, 2020

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 10 and 11 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 5 times during the year. The attendance of the members at these meetings is as follows:

Mr. S Rajapakse (Chairman)	5/5
Mr. F Mohideen	5/5
Mr. S P Peiris	5/5

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 51 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.

AUDIT COMMITTEE REPORT

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, 2021.

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

June 9, 2020

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

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, 2020.

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 142 to 143 and 12 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 68.

FINANCIAL STATEMENT

The Financial Statements of the Company and the Group are given on pages 68 to 134.

INDEPENDENT AUDITOR'S REPORT

Independent Auditors Report on the Financial Statements is given on pages 65 to 67.

ACCOUNTING POLICIES

The accounting policies adopted by the Company and its subsidiaries in the preparation of the Financial Statements are given on pages 76 to 94.

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.

The Company maintains an interest register.

Directors' Remuneration: The Executive Directors' remuneration is determined within an established framework. The total remuneration of Executive Directors of the Company for the year ended March 31, 2020 is Rs.23,631,070/- (2019- Rs. 23,413,500/-) 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 March 31, 2020 is Rs. 4,857,000/- (2019 - Rs. 4,259,250/-) 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, 2020 is Rs. 55,771,464/- (2019- Rs.55,411,780/-).

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

	No of Shares	
	As at March 31, 2020	As at April 01, 2019
Mr. A.M. Pandithage	-	-
Mr. Ng Soon Huat (Managing Director)	-	-
Mr. Dhammika Perera*	1,000	1,000
Mr. S.C. Ganegoda	-	-
Mr. F. Mohideen	-	-
Mr. M. Bottino (Resigned w.e.f. May 01, 2020)	-	-
Mr. S. Rajapakse	-	-
Mr. N.A.R.R.S. Nanayakkara	14,526	14,526
Mr. S.P. Peiris	6,100	6,100
Mr. K.D.G. Gunaratne	-	-
Mr. H.S.R. Kariyawasan & K.H.S. Kariyawasan - 2,500 Mr. H.S.R. Kariyawasan & H.B. Kariyawasan - 79,986	82,486	82,486
Mr. R.H.P. Janadheera	-	-
Mr. K.M.D.I. Prasad	-	-
Ms. Y. Bhaskaran (Alternate to Mr. Dhammika Perera)	-	-

*Mr. Dhammika 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.

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

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 Review 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 2019/2020.

Attendance

Meetings held on May 15, 2019, August 5, 2019, November 5, 2019 and February 10, 2020.

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

* Executive Director   ** Independent Non-Executive Director

DONATIONS

No donations were made for the year ended March 31, 2020 by the Company. (2019 – Nil/-)

DIRECTORATE

The names of the Directors who served during the year are given on page 10 and 11 in this report.

In terms of Article No.29(1) of the Articles of Association of the Company, Messrs. S.C. Ganegoda, Dhammika Perera and N.A.R.R.S Nanayakkarase retire by rotation and being eligible offer themselves for re-election.

Notice has been given pursuant to section 211 of the Companies Act No.07 of 2007 of the intention to propose as an ordinary resolution the reappointment of Mr.F. Mohideen notwithstanding the age limit of seventy years stipulated by section 210 of the Companies Act.

Ms. R. N. Obyesekere and Mr. M. Bottino who served as executive directors resigned from the Board w.e.f. August 14, 2019 and May 1, 2020 respectively.

The Directors of the subsidiaries are given on pages 142 and 143.

INSURANCE & INDEMNITY

The ultimate Parent of the Company, Hayleys PLC has obtained a Directors & Officers liability insurance from Orient Insurance Ltd., providing worldwide cover to indemnify all past, present and future Directors & Officers (D & O) of the Group. The limit on liability of the cover is USD 5 million per annum at a premium of Rs. 9.2 million.

AUDITORS

The Auditors, Messrs Ernst & Young, Chartered Accountants, will be paid Rs.2,426,718/- (2019 - Rs. 2,478,099/-) and Rs.14,482,415/- (2019 - Rs. 13,302,010/-) as audit fees by the Company and its Subsidiaries respectively. Messrs Ernst & Young, Chartered Accountants will be paid Rs.1,042,464/- (2019 - Rs. 1,411,074/) and Rs.2,507,876/- (2019 - Rs. 2,135,959/-) by the Company and the Group, for non-audit related work, which consisted mainly of tax consultancy services.

In addition to the above, Rs.6,497,517/- (2019 - Rs. 6,192,349/), and Rs.1,186,684/- (2019 - Rs. 945.720/-) 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 authorised to determine their remuneration will be submitted at the Annual General Meeting.

TURNOVER

The gross turnover of the Group during the year was Rs. 30,562,982,478/- (2019 - Rs. 30,089,317,922/-). The Group turnover from international trade in Hand Protection Sector amounted to Rs. 17,893,039,621/- (2019 - Rs. 17,130,046,285/-). Further information on Group turnover is detailed in Note 3 to the Financial Statements.

PROFITS

	2020 Rs. '000	2019 Rs. '000
After making provisions for all known liabilities and depreciation on property, plant & equipment the profit earned by the Group before taxation was	**1,160,426**	1,642,546
And taxation on Group profits amounting to were deducted	**(310,133)**	(418,720)
The Group was left with a profit of	**850,293**	1,223,826
And the amount attributable to non-controlling interest of	**(102,196)**	(355,402)
And other comprehensive income attributable to parent was	**(3,646)**	(139,541)
And the balance of the previous year net of final dividend and appropriations were adjusted	**6,855,160**	6,378,741
The profit before appropriation was	**7,599,551**	7,107,624
Appropriations Your Directors have made appropriations as follows:		
First Interim dividend authorised Rs. 0.50 on October 16, 2019	**29,931**	89,792
Second Interim dividend authorised Rs. 1.50 on January 22, 2020	**89,792**	59,862
Third Interim dividend authorised Rs. 2.00 on May 26, 2020	**119,723**	119,723
Total appropriations	**239,446**	269,377

RESERVES

The total Group reserves as at March 31, 2020 amount to Rs. 10,538,246,986/- (2019 - Rs. 9,822,961,667/-) comprising capital reserves of Rs. 520,421,502/- (2019 - Rs. 508,964,837/-), available-for-sale reserve of Rs. 64,719,546/- (2019 - Rs. 64,721,042/-) and revenue reserves of Rs.9,953,104,938/- (2019 - Rs. 9,249,275,788/-).

DIVIDEND

First Interim Dividend of Cents 50 per share was paid to the shareholders on October 16, 2019. The second Interim Dividend of Rs. 1.50 per share was paid to the shareholders on January 22, 2020 and Third Interim Dividend of Rs. 2.00 per share was paid to the Shareholders on May 26, 2020.

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.

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 08 to the financial statements.

CAPITAL EXPENDITURE

Group expenditure on Property, Plant and Equipment during the year amounted to Rs.1,690,231,596/- (2019 - Rs. 744,349,705/-). 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.

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

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 138 to 141.

MAJOR SHAREHOLDINGS

The twenty major shareholders as at March 31, 2020 are given on page 139 in this Report.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at the Registered Office, No 400, Deans Road, Colombo 10, Sri Lanka on July 28, 2020 at 10.00 a.m. The Notice of the Annual General Meeting appears on page 145.

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

June 11, 2020

STATEMENT OF DIRECTORS' RESPONSIBILITY

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 satisfied the solvency test requirement under Section 56 of the Companies Act No. 07 of 2007 for the first, second and third interim dividends paid and A solvency certificates was obtained from the Auditors in respect of the said interim dividends paid.

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 pages 65 to 67 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

June 11, 2020

IMPACT OF COVID 19 AND WAY FORWARD

IMPLICATIONS OF COVID-19

In the immediate aftermath of the COVID-19 outbreak in Sri Lanka, the Group took prompt action to ensure the safety of all employees through facilitating remote working arrangements and installing sanitising and safety measures in all facilities. Significant investments were also made in preventive/curative measures in the Plantations Sector, successfully enabling the infection of estate communities. Key impacts are summarised below:

	Hand Protection	Plantations
People	In line with the guidelines issued by our Parent company Hayleys PLC, DPL Group retained all employees and maintained full salaries despite the challenging conditions. Comprehensive measures are in place to ensure the safety of all our employees.	
Demand	Demand remained relatively resilient and has recorded a gradual increase given the global focus on health and safety considerations.	Short-term impact on demand due to suspension of tea and rubber auctions for several weeks.
Supply chain and logistics	Temporary disruptions to raw material supply which have now returned to normalcy.	Impact on distribution and logistics during the lockdown temporarily affected continuity of operations.
Adaptability	The Sector intends to capitalise on the opportunities presented by the surge in demand for personal protective equipment and gloves.	The anti-viral properties of tea and the increasing customer prevalence for healthy beverages is expected to augur well for tea manufacturers over the medium to long-term

OUTLOOK

Both the Hand Protection and Plantation Sectors have now recommenced operations under stringent health and safety guidelines. In line with the guidelines issued by the Hayleys Group under the Haysmart initiatives, the Group has introduced a range of measures to preserve liquidity and curtail losses in this challenging period; these measures include deferment of non-essential expenditure, recruitment and advertising/promotion expenses as well as renegotiation with suppliers and banks.

Hand Protection:

The sector's order book remains strong and the Group will focus on the following priorities

- Capacity expansion in rubber gloves
- Ongoing focus on productivity and lean initiatives
- Product development industrial and specialised gloves
- Pursue growth opportunities in new markets

Plantations:

- Investments in rejuvenating land through ongoing investments in replanting
- Ongoing investments in upskilling employees
- Uplifting the living standard of estate sector communities
- Product diversification

THE HANDS THAT SUSTAIN

Financial Statements

We believe in crafting sustainable solutions designed to deliver long-term value.

FINANCIAL CALENDAR

Interim Reports

Quarter ended June 30, 2019	August 2, 2019
Quarter ended September 30, 2019	November 4, 2019
Quarter ended December 31, 2019	February 12, 2020
Quarter ended March 31, 2020	June 12, 2020

Annual Report - 2019/20	July 03, 2020
Forty Fourth Annual General Meeting	July 28, 2020
First Interim dividend paid	October 16, 2019
Second Interim dividend paid	January 22, 2020
Third Interim dividend paid	May 26, 2020

INDEPENDENT AUDITOR'S REPORT

Ernst & Young
Chartered Accountants
201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka

Tel : +94 11 2463500
Fax Gen : +94 11 2697369
Tax : +94 11 5578180
eysl@lk.ey.com
ey.com

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 2020, 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 2020, 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
Retirement Benefit Obligations The retirement benefit obligation of the Group is significant (Rs. 2,894 Mn) in the context of the total liabilities of the Group (22% of total liabilities). Valuation of the Group's Retirement Benefit Obligation involves a complex calculation; the calculation requires the use of significant assumptions such as rate of increase in salary & discount rate. Small changes in those assumptions could have a significant effect on the financial performance and financial position of the Group. Accordingly, actuarial valuation of retirement benefit obligation is considered to be a key audit matter.	We evaluated the assumptions made in relation to the actuarial valuation of the retirement benefit obligation. In particular: • We assessed the assumption for salary increases against the group's historic trend. • 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. • Evaluated and understood the possible impact on gratuity on wage negotiations. We evaluated the adequacy of the related disclosures given in Note 27 in the financial statements

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How KAM was Addressed
Bearer Biological Assets As at 31 March 2020, 20% of the total assets of the Group consisted of bearer biological assets amounting to Rs. 5,554Mn. During the financial year Group capitalised an amount of Rs. 330Mn relating to immature plantations while transfers out to mature plantations amounted to Rs. 605 Mn. Management's identification of capitalizable portion of the cost incurred relating to immature plantations, identification of the point at which transfer out to mature plantation to be made and the assessment of if the indicators of impairment are present, are significant in arriving at the value of such plantations. Due to the above factors and the magnitude of the amounts involved, we considered this area as a key audit matter.	Our audit procedures to address this area of focus included (amongst others) the following: • We assessed the processes and controls in place to ensure; proper capitalisation of the expenses incurred relating to immature plantations, timely transfer of matured plants to respective matured plantation categories and triggers of impairment (if any) are on a timely basis. • We validated the significant amounts capitalised (including capitalized labour and other acceptable costs) by examining related invoices, capital expenditure authorizations and other corroborative evidences. • We inspected the ageing profile of the immature biological assets as of the reporting date as well as at the points of transfers out to ensure appropriate and timely transfers are made to respective matured plantation. We evaluated the adequacy of the related disclosures given in Note 11 in the financial statements.

Other Information included in the 2019/20 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

June 11, 2020
Colombo

STATEMENT OF PROFIT OR LOSS

Year ended March 31,	Notes	Group		Company	
		2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Revenue from contracts with customers	3	**30,562,982**	30,089,318	**4,057,442**	3,898,365
Cost of sales		**(25,858,623)**	(25,143,301)	**(3,054,301)**	(3,025,141)
Gross profit		**4,704,359**	4,946,017	**1,003,141**	873,224
Other income and gains	4	**282,508**	229,663	**260,031**	240,238
Distribution costs		**(701,298)**	(597,762)	**(41,164)**	(33,671)
Administrative expenses		**(2,839,358)**	(2,805,922)	**(562,342)**	(621,200)
Other expenses	5	**(14,944)**	-	**-**	-
Impairment loss on investment and other amounts due		**-**	-	**(287)**	(100,406)
Finance cost	6.1	**(481,576)**	(493,597)	**(105,865)**	(127,298)
Finance income	6.2	**200,530**	149,599	**35,435**	55,832
Change in fair value of investment properties	14	**10,205**	9,895	**6,324**	6,276
Deemed disposal gain on equity accounted investee	18.2	**-**	204,653	**-**	-
Profit before tax	7	**1,160,426**	1,642,546	**595,273**	292,995
Tax (expense) / reversal	8	**(310,133)**	(418,720)	**(36,049)**	34,772
Profit for the year		**850,293**	1,223,826	**559,224**	327,767
Attributable to:					
Equity holders of the parent		**748,097**	868,424	**559,224**	327,767
Non-controlling interest		**102,196**	355,402	**-**	-
		850,293	1,223,826	**559,224**	327,767
Basic earnings per share (Rs.)	9	**12.50**	14.51	**9.34**	5.48
Diluted earnings per share (Rs.)	9	**12.50**	14.51	**9.34**	5.48
Dividends per share (Rs.)	10	**4.00**	4.50	**4.00**	4.50

Figures in brackets indicate deductions.
The Notes on pages 76 to 134 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

Year ended March 31,	Notes	Group		Company	
		2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Profit for the year		**850,293**	1,223,826	**559,224**	327,767
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		**39,972**	289,466	**-**	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)					
Revaluation of land	11	**-**	57,560	**-**	57,560
Tax effect on land revaluation	8.2/20	**-**	(8,058)	**-**	(8,058)
Actuarial gain/(loss) on defined benefit plans and agents' indeminity fund	27.2/ 28	**(301)**	(252,536)	**(15,564)**	509
Tax effect on actuarial gain/(loss)	8.2/20	**(497)**	34,948	**2,179**	(71)
Net gain/(loss) on equity instruments designated at Fair Value through Other Comprehensive Income		**(1)**	89,336	**-**	-
Other comprehensive income for the year (net of tax)		**39,173**	210,716	**(13,385)**	49,940
Total comprehensive income for the year (net of tax)		**889,466**	1,434,542	**545,839**	377,707
Attributable to:					
Equity holders of the parent		**783,756**	1,131,223	**545,839**	377,707
Non-controlling interest		**105,710**	303,319	**-**	-
Total comprehensive income for the year (net of tax)		**889,466**	1,434,542	**545,839**	377,707

Figures in brackets indicate deductions.
The Notes on pages 76 to 134 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

Year ended March 31,	Notes	Group		Company	
		2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	12,316,577	12,217,758	680,019	637,484
Lease rentals paid in advance	12	-	57,115	-	-
Formers (moulds)	13	344,575	293,916	92,504	67,363
Investment properties	14	368,160	357,955	169,500	163,176
Biological assets	15	505,240	449,926	-	-
Right of use assets	16	1,237,647	-	50,515	-
Intangible assets	17	306,486	319,844	47,345	59,185
Investments in subsidiaries	18.1	-	-	4,400,546	3,500,546
Amounts due from subsidiaries	23.1	-	-	8,210	23,748
Other non-current financial assets	19	392,621	390,933	1,689	-
Deferred tax assets	20.1	98,621	137,408	59,766	87,230
		15,569,927	14,224,855	5,510,094	4,538,732
Current Assets					
Inventories	21	4,661,463	4,690,253	752,185	711,417
Trade and other receivables	22	4,658,649	5,340,315	1,024,080	1,080,365
Advances and prepayments		598,012	204,029	101,319	59,535
Amounts due from subsidiaries	23.2	-	-	323,401	1,266,170
Cash and short term deposits		1,791,056	1,742,202	58,685	181,113
		11,709,180	11,976,799	2,259,670	3,298,600
Total assets		27,279,107	26,201,654	7,769,764	7,837,332
EQUITY AND LIABILITIES					
Equity					
Stated capital	24	598,615	598,615	598,615	598,615
Capital reserves		520,422	508,965	239,184	239,184
Fair value reserve of financial assets at fair value through OCI		64,720	64,721	-	-
Revenue reserves		9,953,105	9,249,276	4,038,077	3,732,466
Equity attributable to equity holders of the parent		11,136,862	10,421,577	4,875,876	4,570,265
Non-controlling interest		2,894,169	2,791,075	-	-
Total equity		14,031,031	13,212,652	4,875,876	4,570,265
Non-Current Liabilities					
Interest-bearing loans and borrowings	25.1	1,377,134	883,102	34,887	-
Deferred income	26	756,156	741,178	-	-
Defined benefit obligations	27.2	2,894,372	2,736,670	512,638	472,031
Agents' indemnity fund	28	70,136	62,905	-	-
Deferred tax liabilities	20.2	717,332	761,058	-	-
Other non current liabilities		200,411	-	-	-
		6,015,541	5,184,913	547,525	472,031
Current Liabilities					
Trade and other payables	29	3,794,578	3,331,312	522,619	558,051
Interest-bearing loans and borrowings	25.2	3,385,085	4,387,201	887,841	1,506,303
Amounts due to subsidiaries	30	-	-	935,903	730,682
Income tax payable		52,872	85,576	-	-
		7,232,535	7,804,089	2,346,363	2,795,036
Total liabilities		13,248,076	12,989,002	2,893,888	3,267,067
Total equity and liabilities		27,279,107	26,201,654	7,769,764	7,837,332

The Notes on pages 76 to 134 form an integral part of the Financial Statements.
The Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

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
June 11, 2020

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	Revaluation Reserve	Other Capital Reserves	Fair Value Reserve of Financial Assets at Fair Value Throught 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, 2018	598,615	167,409	220,222	59,581	15	1,190,950	162,316	12,824	6,640,309	687,074	9,739,315	2,566,261	12,305,576
Profit for the year	-	-	-	-	-	-	23,540	3,338	841,546	-	868,424	355,402	1,223,826
Realised Gain on Timber Sales	-	-	-	-	-	-	(2,230)		2,230	-	-	-	-
Other comprehensive income													
Currency translation of foreign operations	-	-	-	-	-	-	-	-	-	288,103	288,103	1,363	289,466
Net gain on equity instrument designated at fair value through OCI	-	-	-	-	64,706	-	-	-	-	-	64,706	24,630	89,336
Revaluation of land	-	-	57,560	-	-	-	-	-	-	-	57,560	-	57,560
Tax effect on land revaluation	-	-	(8,058)	-	-	-	-	-	-	-	(8,058)	-	(8,058)
Actuarial gain/(loss) on defined benefit plans	-	-	-	-	-	-	-	-	(161,749)	-	(161,749)	(90,787)	(252,536)
Tax effect on actuarial gain/(loss) on defined benefit plans	-	-	-	-	-	-	-	-	22,237	-	22,237	12,711	34,948
Total other comprehensive income	-	-	49,502	-	64,706	-	-	-	(139,512)	288,103	262,799	(52,083)	210,716
Total comprehensive income for the year	-	-	49,502	-	64,706	-	21,310	3,338	704,264	288,103	1,131,223	303,319	1,434,542
Transactions with owners, recorded directly in equity													
Dividends to equity holders	-	-	-	-	-	-	-	-	(448,961)	-	(448,961)	(78,505)	(527,466)
Transfers	-	-	-	12,251	-	-	-	-	(12,251)	-	-	-	-
Total contributions by and distributions to owners	-	-	-	12,251	-	-	-	-	(461,212)	-	(448,961)	(78,505)	(527,466)
Balance as at March 31, 2019	598,615	167,409	269,724	71,832	64,721	1,190,950	183,626	16,162	6,883,361	975,177	10,421,577	2,791,075	13,212,652

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	Revaluation Reserve	Other Capital Reserves	Fair Value Reserve of Financial Assets at Fair Value Throught 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
Effect of transition to SLFRS 16 (Note 1.3.5)	-	-	-	-	-	-	-	-	169,319	-		169,319	65,775	235,094
Balance as at April 1, 2019 - Restated	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

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 76 to 134 form an integral part of the Financial Statements.

Year ended March 31, COMPANY	Stated Capital Rs.'000	Capital Reserves: Revaluation Reserve Rs.'000	Capital Reserves: Other Capital Reserves Rs.'000	Revenue Reserves Retained Earnings Rs.'000	Total Equity Rs.'000
Balance as at April 1, 2018	598,615	189,502	180	3,853,222	4,641,519
Profit for the year	-	-	-	327,767	327,767
Other comprehensive income					
Actuarial gain/(loss) on defined benefit plans	-	-	-	509	509
Tax effect on Actuarial gain/(loss) on defined benefit plans	-	-	-	(71)	(71)
Revaluation of land	-	57,560	-	-	57,560
Tax effect on Land revaluation	-	(8,058)		-	(8,058)
Total other comprehensive income	-	49,502	-	438	49,940
Total comprehensive income for the year	-	49,502	-	328,205	377,707
Transactions with owners, recorded directly in equity					
Dividends to equity holders	-	-	-	(448,961)	(448,961)
Total transactions with owners, recorded directly in equity	-	-	-	(448,961)	(448,961)
Balance as at March 31, 2019	598,615	239,004	180	3,732,466	4,570,265
Effect of transition to SLFRS 16 (Note 1.3.5)	-	-	-	(2,438)	(2,438)
Balance as at April 01, 2019 - Restated	598,615	239,004	180	3,730,028	4,567,827
Profit for the year	-	-	-	559,224	559,224
Other comprehensive income					
Actuarial gain/(loss) on defined benefit plans	-	-	-	(15,564)	(15,564)
Tax effect on Actuarial gain/(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

Figures in brackets indicate deductions.
The Notes on pages 76 to 134 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

Year ended March 31,	Notes	Group 2020 Rs.'000	Group 2019 Rs.'000	Company 2020 Rs.'000	Company 2019 Rs.'000
Cash flows from/(used in) operating activities					
Cash generated from operations (Note A)		4 ,182,197	2,405,395	888,638	(83,547)
Interest paid	6.1	(453,204)	(425,789)	(105,865)	(113,931)
Taxes paid		(416,382)	(238,999)	(20,781)	(20,589)
Retiring gratuity paid	27.2	(307,718)	(254,399)	(50,136)	(34,305)
Release in defined benefit obligation due to employee transfers	27.2	-	2,664	(285)	2,664
Agents' indemnity paid	28	(2,969)	(1,588)	-	-
Net cash flow from (used in) operating activities		3,001,924	1,487,284	711,571	(249,708)
Cash flows from/(used in) investing activities					
Purchase & construction of property, plant and equipment		(1,454,494)	(425,072)	(125,960)	(40,475)
Payment of lease rental in advance		-	(1,446)	-	-
Field development expenditure		(235,925)	(304,968)	-	-
Purchase of formers (moulds)		(117,223)	(77,067)	(42,860)	(20,074)
Acquisition of intangible assets		-	(20,529)	-	(17,864)
Grants received	26	37,631	36,627	-	-
Proceeds from disposal of property, plant & equipment		13,134	26,673	226	926
Development cost incurred on biological assets net of harvest	15	183	(3,409)	-	-
Investment in other non current financial assets	18.2	-	(96,920)	-	-
Interest and dividend received		104,639	101,434	29,747	51,977
Dividend received from subsidiary companies		-	-	171,046	106,736
Net cash flows from/(used in) investing activities		(1,652,055)	(764,677)	32,199	81,226
Cash flows from/(used in) financing activities					
Long term loans obtained	25.1.1	300,000	-	-	-
Repayment of long term loans	25.1.1	(438,499)	(1,072,986)	-	-
Loan repayment by subsidiary company	23.1	-	-	14,783	14,149
Capital payment on lease liabilities		(38,705)	(2,760)	(13,799)	-
Dividend paid to equity holders of the parent		(228,209)	(337,322)	(228,209)	(337,322)
Dividend paid to shareholders with non-controlling interest		(68,391)	(78,505)	-	-
Net movement of short term loans		(1,136,278)	(480,808)	(151,540)	198,870
Net cash flows from/(used in) financing activities		(1,610,082)	(1,972,381)	(378,765)	(124,303)
Net increase/(decrease) in cash & cash equivalents		(260,213)	(1,249,774)	365,005	(292,785)
Cash & cash equivalents at the beginning of the year		(365,319)	884,455	(561,190)	(268,405)
Cash & cash equivalents at the end of the year (Note B)		(625,532)	(365,319)	(196,185)	(561,190)

Year ended March 31,	Notes	Group		Company	
		2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
A) CASH GENERATED FROM OPERATIONS					
Profit before tax		1,160,426	1,642,546	595,273	292,995
Adjustments for:					
Interest cost	6.1	453,204	425,789	105,865	113,931
Deemed disposal gain on equity accounted investee	18.2	-	(204,653)	-	-
Gain on fair value change in consumable biological assets	15	(39,650)	(35,972)	-	-
Loss/(gain) on change in fair value of produce on bearer biological assets	21.1	14,944	(3,464)	-	-
Gain on fair value change in investment properties	14	(10,205)	(9,895)	(6,324)	(6,276)
Depreciation on property, plant & equipment	11	1,071,706	1,051,642	83,325	82,951
Amortisation of lease rentals paid in advance	12	-	1,279	-	-
Depreciation on right of use assets	16	91,202	-	16,244	-
Write-off & breakages of formers		36,514	27,388	12,852	2,874
Impairment of formers	7	30,050	35,107	4,866	7,485
Amortisation of intangible assets	17	13,357	13,183	11,840	11,840
Gain on disposal of property, plant & equipment	4	(8,561)	(20,023)	(125)	(381)
Amortisation of grants	26	(22,653)	(23,449)	-	-
Impairment provision for/(reversal of) bad & doubtful debts	22.1	(46,131)	13,067	(15,314)	6,169
Provision for retiring gratuity	27.2	469,603	418,826	75,464	70,361
Provision for agents' indemnity fund	28	8,073	5,927	-	-
Impairment loss/(reversal) on investment and other amounts due	18.1.1/23.2	-	-	287	100,406
Provision for/write-off of slow moving/obsolete inventories	7	18,671	21,916	4,702	2,607
Interest and dividend income	4/6.2	(104,639)	(101,434)	(272,293)	(291,089)
Differences of exchange on translation of foreign entities		(1,668)	281,941	-	-
		3,134,243	3,539,721	616,662	393,873
(Increase)/decrease in trade and other receivables		773,227	(715,409)	127,521	(663,107)
(Increase)/decrease in advances and prepayments		(374,547)	(34,408)	(41,784)	(6,880)
(Increase)/decrease in inventories		(4,824)	(162,372)	(45,470)	(108,692)
Increase/(decrease) in trade and other payables		654,098	(222,137)	231,709	301,259
		1,047,954	(1,134,326)	271,976	(477,420)
		4,182,197	2,405,395	888,638	(83,547)
B) ANALYSIS OF CASH & CASH EQUIVALENTS AT END OF THE YEAR					
Cash at bank and cash in hand		631,903	710,717	58,685	181,113
Short term deposits		1,159,153	1,031,485	-	-
Bank overdraft	25.2	(2,416,588)	(2,107,521)	(254,870)	(742,303)
		(625,532)	(365,319)	(196,185)	(561,190)

Figures in brackets indicate deductions.
The Notes on pages 76 to 134 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, 2020 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 142 to 143. 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, 2020 were authorized for issue by the Directors on June 11, 2020.

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 recognized 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 are 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

The Group applied SLFRS 16 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2019/20, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

SLFRS 16 Leases

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under SLFRS 16 is substantially unchanged from LKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in LKAS 17. Therefore, SLFRS 16 does not have an impact for leases where the Group is the lessor.

The Group adopted SLFRS 16 using the modified retrospective method of adoption, without restating comparative information. Instead, it has recognized the cumulative effect of initially applying this standard as an adjustment to the opening balance of Retained earnings at the date of initial application, as permitted under the specific transitional provisions in the standard. The impact on adoption of SLFRS 16 is reflected in below:

	Group Rs.'000	Company Rs.'000
ASSETS		
Right of use assets	724,403	66,759
Total Assets	**724,403**	**66,759**
EQUITY AND LIABILITIES		
Equity		
Revenue reserves	169,319	(2,438)
Non-controling interest	65,775	-
Total Equity	**235,094**	**(2,438)**
Lease liabilities	489,309	69,197
Total Equity and Liabilities	**724,403**	**66,759**

The weighted average incremental borrowing rate applied to the lease liability is 12.5% (p.a.).

The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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 Measurement of the Recoverable Amount of Cash-Generating Units Containing Goodwill

The impairment analysis is principally based upon discounted estimated cash flows from the use and eventual disposal of the assets. Factors such as a lower than anticipated sale resulting in a decrease of net cash flows and changes in the discount rates could be reflective of an impairment that should be recognised by the group. Further details are disclosed in Note 17 to the Financial Statements.

2.1.5 Revaluation of Land

The Group measures land at revalued amount with changes in value being recognised in Other Comprehensive Income. The valuer has applied an open market approach in determining the valuation of the property. Further details on revaluation lands are disclosed in Note 11 of the Financial Statements.

2.1.6 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

2.2.4Transactions 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 financial year ends on December 31. However for consolidation purposes, financial statements for the 12 months period from March 1 to February 29 have been used.

Dipped Products (Thailand) 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 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

NOTES TO THE FINANCIAL STATEMENTS

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 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 asseses at contract inception wheather a contract is or contents a lease. That is, if the contract conveys the right to control the use of an indetified 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.

NOTES TO THE FINANCIAL STATEMENTS

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. 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.

NOTES TO THE FINANCIAL STATEMENTS

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 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.

NOTES TO THE FINANCIAL STATEMENTS

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 34.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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 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.

NOTES TO THE FINANCIAL STATEMENTS

2.24 Standards Issued but not yet Effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

SLFRS 3: Definition of a Business

Amendments to the definition of a business in SLFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to LKAS1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to LKAS 1 Presentation of Financial Statements and LKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, '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 to the definition of material are not expected to have a significant impact on the Group's consolidated financial statements.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

Year ended March 31,	Group	
	2020 Rs.'000	2019 Rs.'000
Hand Protection (Note 3.1)	17,893,040	17,130,046
Plantations (Note 3.2)	12,796,734	13,192,031
	30,689,774	30,322,077
Inter-group sales/services	(126,792)	(232,759)
	30,562,982	30,089,318

3.1 Hand Protection

Year ended March 31,	Group	
	2020 Rs.'000	2019 Rs.'000
Sale of Manufactured Goods		
Dipped Products PLC	4,057,442	3,898,365
Dipped Products (Thailand) Ltd	3,397,255	3,291,795
Hanwella Rubber Products Ltd	1,788,954	1,643,339
D P L Premier Gloves Ltd	3,675,844	3,475,173
D P L Universal Gloves Ltd	934,626	661,490
	13,854,121	12,970,162
Distribution Operations		
ICOGUANTI S.p.A	5,083,685	5,097,687
	18,937,806	18,067,849
Intra-group sales/services	(1,044,766)	(937,803)
	17,893,040	17,130,046

3.2 Plantations

Year ended March 31,	Group	
	2020 Rs.'000	2019 Rs.'000
Sale of Plantation Produce	7,848,170	8,006,100
Sale of Manufactured Goods	4,988,024	5,348,472
Generation of Hydro Power	90,494	108,208
Hospitality Services	28,936	23,423
	12,955,624	13,486,203
Intra-group sales/services	(158,890)	(294,172)
	12,796,734	13,192,031

NOTES TO THE FINANCIAL STATEMENTS

3. REVENUE FROM CONTRACTS WITH CUSTOMERS (Contd.)

3.3 Geographical segmentation of revenue is presented in Note 31.1.

3.4 Contract Balances

	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Contract liabilities				
Advances received (Note 29)	**218,322**	56,018	**121,484**	53,214

4. OTHER INCOME AND GAINS

	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Gain on disposal of property, plant and equipment	**8,561**	20,023	**125**	381
Lease rental income	**34,946**	25,227	**-**	-
Amortisation of government grants (Note 26)	**22,653**	23,449	**-**	-
Gain on fair value change in consumable biological assets (Note 15)	**39,650**	35,972	**-**	-
Gain on fair value change in produce on bearer biological assets (Note 21.1)	**-**	3,464	**-**	-
Dividend income	**-**	2	**242,546**	235,257
Sale of trees	**34,126**	32,297	**-**	-
Tea center income	**-**	17,212	**-**	-
Hydro power/solar income	**2,728**	8,781	**-**	-
Sundry income	**139,844**	63,236	**17,360**	4,600
	282,508	229,663	**260,031**	240,238

5. OTHER EXPENSES

	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Loss on fair value change in produce on bearer biological assets (Note 21.1)	**14,944**	-	**-**	-

6. FINANCE COSTS/INCOME

6.1 Finance Cost

	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Interest on short-term borrowings	269,432	234,069	97,664	113,931
Interest on long-term borrowings	42,007	84,313	-	-
Interest on leases liabilities	141,765	107,407	8,201	-
Total interest expenses	453,204	425,789	105,865	113,931
Exchange loss	28,372	67,808	-	13,367
	481,576	493,597	105,865	127,298

6.2 Finance Income

	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Interest income	104,639	101,432	29,747	51,977
Guarantee income	-	-	-	3,855
Exchange gain	95,891	48,167	5,688	-
	200,530	149,599	35,435	55,832

7. PROFIT BEFORE TAX

	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Directors' emoluments	84,259	83,084	28,488	27,673
Staff costs (Note 7.1)	7,893,565	7,132,789	969,596	716,135
Staff training and development cost	15,868	20,238	3,088	8,146
Depreciation and amortisation of property, plant and equipment	1,071,706	1,051,642	83,325	82,951
Depreciation on right of use assets	91,202	-	16,244	-
Amortisation of intangible assets	13,357	13,183	11,840	11,840
Amortisation of lease rentals paid in advance	-	1,279	-	-
Impairment of formers (moulds)	30,050	35,107	4,866	7,485
Auditors' remuneration				
Audit services	24,593	24,034	2,427	2,478
Non-audit services	3,550	3,595	1,042	1,411
Provision for/(reversal of) impairment of trade receivables	(46,131)	13,067	(15,314)	6,169
Provision for impairment of slow moving inventories/obsolete inventories	18,671	21,916	4,702	2,607
Legal fees	27,385	12,818	3,802	6,730
Donations	1,107	1,892	-	-

NOTES TO THE FINANCIAL STATEMENTS

7. PROFIT BEFORE TAX (Contd.)

7.1 Staff Costs

	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Defined contribution plan cost	863,506	727,276	90,542	80,571
Defined benefit plan costs	469,602	418,826	75,464	70,361
Staff costs - others	6,560,457	5,986,687	803,590	565,203
	7,893,565	7,132,789	969,596	716,135
No. of employees at year - end	16,212	17,692	500	544

8. TAX EXPENSE

8.1 Income Statement

	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Income tax on current year profits	272,201	237,195	34,185	-
Under/(over) provision in respect of previous years	(1,480)	(12,866)	-	(9,118)
Irrecoverable economic service charges	(5,813)	69,488	(27,779)	36,542
	264,908	293,817	6,406	27,424
Deferred tax expense / (reversal) (Note 20)	(6,324)	75,151	29,643	(62,196)
Withholding tax on dividends	51,549	49,752	-	-
	310,133	418,720	36,049	(34,772)

8.2 Statement of Other Comprehensive Income

	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Deferred tax effect on actuarial (gain)/loss on defined benefit obligation	497	(34,948)	(2,179)	71
Deferred tax effect on land revaluation	-	8,058	-	8,058
	497	(26,890)	(2,179)	8,129

Reconciliation of accounting profit to income tax expense

	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Profit before tax	1,160,426	1,642,546	595,273	292,995
Intra-group eliminations	287,153	222,033	-	-
	1,447,579	1,864,579	595,273	292,995
Disallowable expenses	1,557,978	1,563,781	255,698	277,684
Tax deductible expenses	(1,189,181)	(1,330,986)	(157,956)	(296,900)
Tax exempt income	(388,381)	(510,444)	(231,546)	(235,638)
Tax loss brought forward	(2,732,976)	(2,630,549)	(223,750)	(398,726)
Adjustments for tax loss brought forward	-	90,608	-	-
Tax loss carried forward	2,572,855	2,312,381	-	360,585
Taxable income	1,267,874	1,359,371	237,719	-

	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Income tax @ 28%	12,039	15,652	-	-
Income tax @ 24%	100,260	114,689	1,785	-
Income tax @ 20%	5,257	488	-	-
Income tax @ 18%	296	-	117	-
Income tax @ 14%	138,091	88,184	32,283	-
Income tax @ other tax rates	16,258	18,182	-	-
Income tax on current year profits	272,201	237,195	34,185	-
Effective tax rate	23%	19%	11%	-

Business income of 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% (2019 - 14%)

Kelani Valley Plantation PLC and Talawakelle Tea Estate PLC's business income which is derived from agro farming is excempt for income tax and earnings from manufacturing is subject to tax at the rate of 14% (2019 - 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 3.5% 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	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Amount used as the Numerator:				
Net profit attributable to the equity holders of the parent	748,097	868,424	559,224	327,767
Number of Ordinary Shares used as the Denominator:				
Weighted-average number of ordinary shares in issue	59,861,512	59,861,512	59,861,512	59,861,512
Earnings per ordinary share - basic (Rs.)	12.50	14.51	9.34	5.48

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	
	2020 Rs.'000	2019 Rs.'000
First Interim dividend - Rs. 0.50 per share (2019 - 1.50)	29,931	89,792
Second Interim dividend - Rs. 1.50 per share (2019- 1.00)	89,792	59,862
Third Interim dividend - Rs. 2.00 per share (2019 - 2.00)	119,723	119,723
Gross dividend	239,446	269,377
Number of shares	59,861,512	59,861,512
Dividend per share (Rs.)	4.00	4.50

Out of the total distribution of dividend Rs.4.00 per share, Rs.1.01 per share (2019 - Rs.1.95 per share) distributed to shareholders comprise redistribution of dividends received by the Company.

11. PROPERTY, PLANT & EQUIPMENT

11.1 Group

	Land Rs.'000	Mature/ Immature Plantations Rs.'000	Buildings Rs.'000	Plant & Machinery Rs.'000	Stores Equipment Rs.'000	Laboratory Equipment Rs.'000	Office and Canteen Equipment Rs.'000	Furniture and Fittings Rs.'000	Motor Vehicles Rs.'000	2020 Total Rs.'000	2019 Total Rs.'000
Freehold											
Cost/Valuation											
At beginning of the year	325,258	7,115,662	3,226,717	8,175,572	649,913	83,990	292,179	295,046	700,974	**20,865,311**	20,019,829
Revaluation gain	-	-	-	-	-	-	-	-	-	**-**	57,560
Effect of movement in foreign exchange	4,437	-	19,169	136,532	9,863	874	2,320	(574)	68	**172,689**	420,145
Additions	479,286	329,571	336,077	129,834	35,961	6,021	13,552	45,659	35,733	**1,411,694**	418,410
Disposals	-	-	-	(12,480)	(315)	(618)	(674)	(3,938)	(19,875)	**(37,900)**	(50,633)
Transfer to biological assets (Note 15)	-	(15,847)	-	-	-	-	-	-	-	**(15,847)**	-
At end 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
Depreciation and Impairment											
At beginning of the year	-	1,681,766	1,116,342	4,984,750	501,013	72,374	244,123	206,700	499,375	**9,306,443**	8,225,810
Effect of movement in foreign exchange	-	-	11,293	102,346	9,691	859	2,160	(427)	202	**126,125**	280,952
Charge for the year	-	193,802	120,894	608,407	27,408	6,643	20,691	34,456	59,404	**1,071,705**	846,715
Disposals	-	-	-	(10,677)	(315)	(125)	(514)	(1,841)	(19,855)	**(33,327)**	(47,034)
At end of the year	-	1,875,569	1,248,529	5,684,826	537,798	79,751	266,460	238,888	539,126	**10,470,946**	9,306,443
Net book value at year end	808,981	5,553,818	2,333,434	2,744,632	157,624	10,516	40,917	97,305	177,774	**11,925,001**	11,558,868
Capital work-in-progress										**391,576**	112,849
Carrying value of freehold property, plant and equipment										**12,316,577**	11,671,717
Leasehold											
Cost/Valuation											
At beginning of the year	547,067	635,525	148,426	35,101	-	-	-	-	-	**1,366,119**	1,021,418
Transfer to right of use assets	(547,067)	(635,525)	(148,426)	(35,101)	-	-	-	-	-	**(1,366,118)**	-
Additions	-	-	-	-	-	-	-	-	-	**-**	353,637
Disposals	-	-	-	-	-	-	-	-	-	**-**	(3,051)
Transfer to biological assets (Note 15)	-	-	-	-	-	-	-	-	-	**-**	(5,885)
At end of the year	-	-	-	-	-	-	-	-	-	**-**	1,366,119
Amortisation and impairment											
At beginning of the year	135,339	501,212	148,426	35,101	-	-	-	-	-	**820,078**	615,151
Transfer to right of use assets	(135,339)	(501,212)	(148,426)	(35,101)	-	-	-	-	-	**(820,078)**	-
Charge for the year	-	-	-	-	-	-	-	-	-	**-**	204,927
At end of the year	-	-	-	-	-	-	-	-	-	**-**	820,078
Carrying value of leasehold property, plant & equipment at year end	-	-	-	-	-	-	-	-	-	**-**	546,041
Carrying value of property, plant & equipment										**12,316,577**	12,217,758

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT & EQUIPMENT (Contd.)

11.2 Company

	Land Rs.'000	Buildings Rs.'000	Plant & Machinery Rs.'000	Stores Equipment Rs.'000	Laboratory Equipment Rs.'000	Office and Canteen Equipment Rs.'000	Furniture and Fittings Rs.'000	Motor Vehicles Rs.'000	2020 Total Rs.'000	2019 Total Rs.'000
Freehold										
Cost/Valuation										
At beginning of the year	226,592	167,118	783,203	85,907	46,986	143,575	14,978	67,593	**1,535,952**	1,402,770
Additions	-	2,989	14,263	3,705	1,589	4,378	9,465	591	**36,980**	80,223
Revaluation gain	-	-	-	-	-	-	-	-	**-**	57,560
Disposals	-	-	-	(315)	-	(434)	-	-	**(749)**	(4,601)
At end 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
Depreciation and impairment										
At beginning of the year	-	108,482	520,660	78,224	41,256	124,155	12,723	43,793	**929,292**	850,396
Charge for the year	-	5,082	56,907	2,903	3,354	7,233	625	7,220	**83,325**	82,951
Disposals	-	-	-	(315)	-	(333)	-	-	**(648)**	(4,054)
At end of the year		113,564	577,567	80,812	44,610	131,055	13,348	51,013	**1,011,969**	929,293
Net book value	226,592	56,543	219,899	8,485	3,965	16,464	11,095	17,171	**560,214**	606,659
Capital work-in-progress									**119,805**	30,825
Carrying value of property, plant & equipment									**680,019**	637,484

11.3 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-20 Rs.'000	Written up as at 31-Mar-19 Rs.'000
Dipped Products PLC	Brahmanagama, Kottawa (March 31, 2019)	10.06	**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) During the year Mabroc Teas (Pvt) Ltd acquired a land which is having extent of 1.94 acres, amount to Rs. 479,284,835.

(iv) The cost of fully depreciated Property, Plant & Equipment of the Company which are still in use as at reporting date is Rs. 339,843,765/- (2019 - Rs. 320,232,519/-) and for the Group is Rs.1,958,639,803/- (2019 - Rs. 1,754,423,124/-).

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

12. LEASE RENTALS PAID IN ADVANCE

	Group	
	2020 Rs.'000	2019 Rs.'000
At the beginning of the year	58,406	58,239
Transfer to right of use assets	(58,406)	-
Additions for the year	-	1,446
Amortisation for the year	-	(1,279)
At the end of the year	-	58,406
Current portion (shown under advances and prepayments)	-	(1,291)
	-	57,115

13. FORMERS (MOULDS)

	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Cost	738,471	657,762	239,715	209,707
Provision for impairment	(393,896)	(363,846)	(147,211)	(142,344)
	344,575	293,916	92,504	67,363

NOTES TO THE FINANCIAL STATEMENTS

14. INVESTMENT PROPERTIES

Group	2020			2019		
Carrying value	Land Rs.'000	Building Rs.'000	Total Rs.'000	Land Rs.'000	Building Rs.'000	Total Rs.'000
At the beginning of the year	293,713	64,242	357,955	281,762	66,298	348,060
Change in fair value during the year	11,997	(1,792)	10,205	11,951	(2,056)	9,895
At the end of the year	305,710	62,450	368,160	293,713	64,242	357,955

Company	2020			2019		
Carrying value	Land Rs.'000	Building Rs.'000	Total Rs.'000	Land Rs.'000	Building Rs.'000	Total Rs.'000
At the beginning of the year	163,176	-	163,176	156,900	-	156,900
Change in fair value during the year	6,324	-	6,324	6,276	-	6,276
At the end of the year	169,500	-	169,500	163,176	-	163,176

14.1 Rental Income

	Group	
	2020 Rs.'000	2019 Rs.'000
Rental income derived from investment properties	12,000	5,000

Direct operating expenses arising from investment properties that did not generate rental income is Rs. 1,457,629 (2019 - Nil)

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

Company	Location & date of last revaluation	Area (Bldgs) SQ.FT.	Land in Acres	Value of Building Rs.'000	Value of Land Rs.'000	Total Rs.'000
Dipped Products PLC	Nadungamuwa, Weliweriya (31.03.2020)	-	8.19	-	169,500	169,500
Venigros (Pvt) Ltd	Nadungamuwa, Weliweriya (31.03.2020)	55,381	7.09	62,450	136,210	198,660
		55,381	15.28	62,450	305,710	368,160

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, 2020.

15. BIOLOGICAL ASSETS

	Group			
	Immature Plantations Rs.'000	Mature Plantations Rs.'000	2020 Rs.'000	2019 Rs.'000
At beginning of the year	**6,669**	443,257	**449,926**	404,659
Transfer from immature plantations (Note 11.1)	**-**	15,847	**15,847**	5,885
Increase due to development	**-**	15,197	**15,197**	7,886
Gain arising from changes in fair value less cost to sell	**-**	39,650	**39,650**	35,972
Decrease due to harvest	**-**	(15,380)	**(15,380)**	(4,476)
At end of the year	**6,669**	498,571	**505,240**	449,926

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. The valuation of Kelani Valley Plantations PLC was carried out by Messers KPMG Sri Lanka using market approach method and valuation of Talawakelle Tea Estates PLC was carried out by Messers Sunil Fernando & Associates (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.)		Relationship of Unobservable Inputs to Fair Value
			2020	2019	
Consumable managed biological assets	DCF	Discounting Rate	15-17.50%	17-17.50%	Higher the discount rate, lesser the fair value
Optimum rotation (Maturity)		Optimum rotation (Maturity)	20-35 Years	25-35 Years	Lower the rotation period, higher the fair value
Volume at rotation		Volume at rotation	23-95 cu.ft	25-85 cu.ft	Higher the volume, higher the fair value
Price per cu.ft.		Price per cu.ft.	Rs. 140/ - Rs.9,000/-	Rs. 450/ - Rs.9,000/-	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. 15.0%.
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.

NOTES TO THE FINANCIAL STATEMENTS

15. BIOLOGICAL ASSETS (Contd.)

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, 2020	458,406	498,571	538,318
As at March 31, 2019	405,899	443,257	480,196

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, 2020	501,619	498,571	495,409
As at March 31, 2019	451,161	443,257	434,890

16. RIGHT OF USE ASSETS

The Group adopted SLFRS 16 using the modified retrospective method of adoption, without restating comparative information. Instead, it has recognised the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings at the date of initial application, as permitted under the specific transitional provisions in the standard.

Group	Land Rs.'000	Building Rs.'000	Mature/ Immature Planation Rs.'000	Office Equipment Rs.'000	Total Rs.'000
Recognise on adoption of SLFRS 16 on April 1, 2019					
Assets recognised on adoption of SLFRS 16	531,946	165,607	-	26,850	724,403
Reclassified from property, plant and equipment	411,728	-	134,312	-	546,040
Reclassified from lease rentals paid in advance	58,406	-	-	-	58,406
As at April 1, 2019 (Restated)	1,002,080	165,607	134,312	26,850	1,328,849
Depreciation for the year	(35,649)	(33,121)	(14,170)	(8,262)	(91,202)
As at March 31, 2020	966,431	132,486	120,142	18,588	1,237,647

Company	Building Rs.'000	Office Equipment Rs.'000	Total Rs.'000
Recognise on adoption of SLFRS 16 on April 1, 2019	39,909	26,850	66,759
Depreciation for the year	(7,982)	(8,262)	(16,244)
As at March 31, 2020	31,927	18,588	50,515

17. INTANGIBLE ASSETS

	Group					Company		
	Goodwill Rs.'000	Development Cost Rs.'000	Computer Software Rs.'000	2020 Rs.'000	2019 Rs.'000	Computer Software Rs.'000	2020 Rs.'000	2019 Rs.'000
Cost								
At beginning of the year	253,933	18,297	76,623	**348,853**	275,163	71,025	**71,025**	-
Additions	-	-	-	-	20,529	-	-	17,864
Transfers from CWIP as at March 31, 2019	-	-	-	-	53,161	-	-	53,161
At end of the year	**253,933**	**18,297**	**76,623**	**348,853**	348,853	71,025	**71,025**	71,025
Amortisation								
At beginning of the year	-	13,978	15,031	**29,009**	15,826	11,840	**11,840**	-
Charge for the year	-	961	12,397	**13,357**	13,183	11,840	**11,840**	11,840
At end of the year	**-**	**14,939**	**27,428**	**42,367**	29,009	23,680	**23,680**	11,840
Net book value								
At beginning of the year	253,933	4,319	61,592	**319,844**	259,337	59,185	**59,185**	-
At end of the year	**253,933**	**3,358**	**49,195**	**306,486**	319,844	47,345	**47,345**	59,185

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

Carrying value	Group 2020 Rs.'000	Group 2019 Rs.'000
Mabroc Teas (Pvt) Ltd	**33,310**	33,310
Talawakelle Tea Estates PLC	**220,623**	220,623
	253,933	253,933

NOTES TO THE FINANCIAL STATEMENTS

17. INTANGIBLE ASSETS (Contd.)

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

18. INVESTMENTS

18.1 Investments in Subsidiaries (at cost) - Unquoted Investments

	% Holding		No. of Shares		Company	
	2020 %	2019 %	2020 No.	2019 No.	2020 Rs.'000	2019 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	7,500,000	7,500,000	75,000	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	35,000,000	35,000,000	1,250,000	350,000
					4,825,546	3,925,546
Impairment of investment in subsidiaries (Note 18.1.1)					(425,000)	(425,000)
					4,400,546	3,500,546

18.1.1 Impairment of Investments in Subsidiaries

	D P L Universal Gloves Ltd Rs.'000	Dipped Products (Thailand) Ltd. Rs.'000	Texnil (Pvt) Ltd. Rs.'000	Group 2020 Rs.'000	Group 2019 Rs.'000
At beginning of the year	100,000	250,000	75,000	425,000	325,000
Provision / (Reversal) made during the year	-	-	-	-	100,000
At end of the year	100,000	250,000	75,000	425,000	425,000

18.1.2 Sub Subsidiary Holdings

	% Holding		No. of Shares	
	2020 %	2019 %	2020 No.	2019 No.
Kelani Valley Plantations PLC	**72.43**	72.43	**24,626,900**	24,626,900
Hayleys Plantation Services (Pvt) Ltd	**66.67**	66.67	**13,400,000**	13,400,000

18.2 Investments in Equity Accounted Investee

Up to October 31, 2018 Kelani Valley Plantations PLC owned a 40% holding in Hayleys Global Beverages (Pvt) Ltd (HGBL) being an entity that is involved in the manufacture of ready to drink tea.

	Group	
	2020 Rs.'000	2019 Rs.'000
At beginning of the year	-	-
Additional investment	-	96,920
Deemed Disposal Gain on Equity Accounted Investee	-	204,653
Carrying value of investment transferred to Fair Value Through OCI (Note 19.2.1)	-	301,573
Derecognition and classified as Fair Value Through OCI Financial Asset on loss of significant influence	-	(301,573)
At end of the year	-	-

19. OTHER NON-CURRENT FINANCIAL ASSETS

	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Financial assets at fair value through OCI				
Quoted equity shares (Note 19.1)	**12**	13	-	-
Unquoted equity shares (Note 19.2)	**390,920**	390,920	-	-
Total financial assets at fair value through OCI	**390,932**	390,933	-	-
Loan debtors	**1,689**	-	**1,689**	-
Total non-current Financial Assets	**392,621**	390,933	**1,689**	-

19.1 Quoted Equity Shares

	Group	
	2020 Rs.'000	2019 Rs.'000
Royal Ceramic Lanka PLC		
[No. of shares in 2020 and 2019 - 220]	**12**	13
	12	13

NOTES TO THE FINANCIAL STATEMENTS

19. OTHER NON-CURRENT FINANCIAL ASSETS (Contd.)

19.2 Unquoted Equity Shares

	Group	
	2020 Rs.'000	2019 Rs.'000
Wellassa Rubber Company Ltd		
(No. of shares 2020 and 2019 - 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

19.2.1 Martin Bauer Hayleys (Pvt) Ltd.

	No of Shares	Group	
		2020 Rs. '000	2019 Rs. '000
At the begining of the year	39,091,550	**390,920**	-
Transfer from investment in equity accounted investee	-	**-**	301,573
Gain/(Loss) on FVTOCI Financial Asset	-	**-**	89,347
At the end of the year	39,091,550	**390,920**	390,920

As at 31st March	Group	
	2020 Rs.	2019 Rs.
Fair value of a share	**10**	10

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

Financial Asset	Valuation technique	Unobservable inputs	Range unobservable inputs	
			2020	2019
Financial Asset	DCF	Discounting rate	**16%**	17%
(Investment in shares of Martin Bauer Hayleys (Pvt) Ltd		Growth rate	**5%**	5%

Sensitivity Analysis - Based on Discounting Rate

Discount Rate	Rs. '000 -1.50%	Rs. '000 +1.50%
As at March 31, 2020	67,271	(47,968)
As at March 31, 2019	66,991	(47,132)

Growth Rate	Rs. '000 -1%	Rs. '000 +1%
As at March 31, 2020	(22,612)	29,938
As at March 31, 2019	(4,610)	8,366

20. DEFERRED TAX ASSETS AND LIABILITIES

	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
20.1 Deferred Tax Assets				
At end of the year (Note 20.2)	98,621	137,408	59,766	87,230
20.2 Deferred Tax Liability				
At beginning of the year	623,650	615,693	(87,230)	(33,163)
Transfer from income tax recoverable	-	(36,371)	-	-
Recognised during the year - In Statement of Profit or Loss	(6,324)	75,151	29,643	(62,196)
- In OCI - Actuarial gain/(loss)	497	(34,948)	(2,179)	71
- In OCI - Land revaluation	-	8,058	-	8,058
- Effect of movement in foreign exchange	888	(3,933)	-	-
At end of the year	618,711	623,650	(59,766)	(87,230)
Deferred tax assets	98,621	137,408	59,766	87,230
Deferred tax liability	717,332	761,058	-	-

20.3 Recognised Deferred Tax Assets and Liabilities

	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Deferred tax relates to the following:				
Accelerated depreciation for tax purposes	1,221,405	1,114,986	23,459	11,016
Biological assets	71,521	65,303	-	-
Defined benefit obligation	(383,512)	(366,136)	(71,769)	(66,084)
Losses available for offset against future taxable income	(125,478)	(168,720)	-	(40,848)
Others	(165,225)	(21,783)	(11,456)	8,686
Net deferred tax liability/(assets)	618,711	623,650	(59,766)	(87,230)

20.4 A deferred tax asset has not been recognised in relation to carried forward tax losses amounting to Rs.1,675,277,186 as at March 31, 2020 (2019 Rs.1,193,484,042)

NOTES TO THE FINANCIAL STATEMENTS

21. INVENTORIES

	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Raw materials and consumables	2,171,312	2,068,871	502,052	506,037
Finished goods	1,456,832	1,411,097	99,863	67,701
Work-in-progress	589,314	523,940	200,902	183,609
Produce stock	602,716	817,570	-	–
Produce on bearer biological assets (Note 21.1)	10,010	24,954	-	–
	4,830,184	4,846,432	802,817	757,347
Provision for slow-moving/obsolete inventories	(168,721)	(156,179)	(50,632)	(45,930)
	4,661,463	4,690,253	752,185	711,417

21.1 Produce on Bearer Biological Assets

	Group	
	2020 Rs.'000	2019 Rs.'000
At the beginning of the year / as previously reported	24,954	21,490
Change in fair value less cost to sell	(14,944)	3,464
At end of the year	10,010	24,954

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Trade receivables - Related parties	14,899	8,493	480,212	432,277
- Others	4,368,900	5,143,927	510,106	633,520
Total trade receivables	4,383,799	5,152,420	990,318	1,065,797
Impairment provision for bad and doubtful debts (Note 22.1)	(46,764)	(92,895)	(1,071)	(16,385)
	4,337,035	5,059,525	989,247	1,049,412
Income tax recoverable	134,049	66,204	14,375	-
Other receivables - Parent	63	115	63	-
- Other	187,502	214,471	20,395	30,953
Total other receivable	187,565	214,586	20,458	30,953
	4,658,649	5,340,315	1,024,080	1,080,365

22.1 Movement in Impairment Provision

	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
At beginning of the year	92,895	79,828	16,385	10,216
Charge/(reversal) for the year	(46,131)	13,067	(15,314)	6,169
At end of the year	46,764	92,895	1,071	16,385

22.2 Age Analysis of the Trade Receivables

Company	Total	Neither past due nor impaired	Past due but not impaired				
	Rs.'000	Rs.'000	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, 2020	989,318	695,847	283,915	1,202	3,244	3,191	1,919
As at March 31, 2019	1,049,412	962,942	62,492	10	444	111	24,413

Group	Total	Neither past due nor impaired	Past due but not impaired				
	Rs.'000	Rs.'000	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, 2020	4,337,035	3,206,151	1,086,379	3,749	10,558	28,047	2,151
As at March 31, 2019	5,059,525	3,523,715	1,443,768	21,538	6,569	11,806	52,199

23. AMOUNT DUE FROM SUBSIDIARIES

23.1 Amounts due from Subsidiaries - Non-Current

	Company	
	2020 Rs.'000	2019 Rs.'000
At beginning of the year	38,620	52,769
Loan granted during the year	-	-
Settlement of loan during the year	(14,783)	(14,149)
At end of the year	23,837	38,620
Receivable within one year (Transferred to current assets - Note 23.2)	(15,627)	(14,872)
Receivable after one year	8,210	23,748

The above loans represent amounts granted to Kelani Valley Plantations PLC (KVPL) by the company at the rate of 10% per annum which shall be repayable in 5 years.

NOTES TO THE FINANCIAL STATEMENTS

23. AMOUNT DUE FROM SUBSIDIARIES (Contd.)

23.2 Amounts due from Subsidiaries - Current

	Company	
	2020 Rs.'000	2019 Rs.'000
Fully-owned subsidiaries	502,823	1,458,736
Partly-owned subsidiaries	15,757	3,081
Opening impairment provision	(210,519)	(210,113)
Charge/(reversal) of impairment provision	(287)	(406)
Current portion of loan receivable from KVPL (Note 23.1)	15,627	14,872
	323,401	1,266,170

24. STATED CAPITAL

	Group/Company			
	2020		2019	
	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
At end of the year	59,861,512	598,615	59,861,512	598,615

25. INTEREST-BEARING BORROWINGS

25.1 Interest-Bearing Borrowings - Non-Current

	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Long term loans (Note 25.1.1)	347,541	259,964	-	-
Lease liabilities (Note 25.1.2)	1,029,593	623,138	34,887	-
	1,377,134	883,102	34,887	-

25.1.1 Long Term Loans

	Group	
	2020 Rs.'000	2019 Rs.'000
At beginning of the year	692,834	1,643,284
Obtained during the year	300,000	-
Repayments during the year	(438,499)	(1,072,986)
Effect of movement in foreign exchange	(1,515)	122,536
At end of the year	552,820	692,834
Repayments due within one year from the reporting date (included under current liabilities - Note 25.2)	(205,279)	(432,870)
Repayment due after one year	347,541	259,964

Analysis of Long Term Loans by the Year of Repayment

	Group	
	2020 Rs.'000	2019 Rs.'000
Long term loans repayable within one year from the reporting date	205,279	432,870
Long term loans repayable between 1-5 years from the reporting date	347,541	259,964
Long term loans repayable after 5 years from the reporting date	-	-
	552,820	692,834

25.1.2 Lease Liabilities

	Group 2020 Rs.'000	Company 2020 Rs.'000
Balance as at April 1, 2019	626,256	-
Effect of transision to SLFRS 16	489,309	69,197
Balance as at April 1, 2019 (Restated)	1,115,565	69,197
Accretion of interest	141,765	8,201
Payments	(180,470)	(22,000)
Effects of movements in foreign exchange	8,536	-
Balance as at March 31, 2020	1,085,396	55,398
Repayments due within one year from the reporting date (included under current liabilities - Note 25.2)	(55,803)	(20,511)
Repayment due after one year	1,029,593	34,887

Analysis of Lease Liabilities by the Year of Repayment

	Group	Company
	2020 Rs.'000	2020 Rs.'000
Lease Liabilities repayable within one year from the reporting date	55,803	20,511
Lease Liabilities repayable between 1-5 years from the reporting date	156,976	34,887
Lease Liabilities repayable after 5 years from the reporting date	872,617	-
	1,085,396	55,398

25.2 Interest-Bearing Borrowings - Current

	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Long term loans (Note 25.1.1)	205,279	432,870	-	-
Lease liabilities (Note 25.1.2)	55,803	3,118	20,511	-
Short term loans	707,415	1,843,692	612,460	764,000
Bank overdrafts	2,416,588	2,107,521	254,870	742,303
	3,385,085	4,387,201	887,841	1,506,303

25.3 Payments relating to short term and low value lease payments has been recognised by the Group withing 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.)	March 31, 2020 Rs.'000	March 31, 2019 Rs.'000
D P L Premier Gloves Ltd.	HSBC 3 month LIBOR + 2% (USD 4.5 million)	-	222,474
D P L Universal Gloves Ltd.	HSBC 3 month LIBOR + 2% (USD 3.5 million)	-	25,680
Kelani Valley Plantations PLC.	DFCC Bank AWPLR - 0.50% first two years & AWPLR + 5.5% after two years	27,480	54,960
	Amana Bank SLIBOR with a cap of 14% and floor of 7.25%	9,149	19,382
	Amana Bank SLIBOR with a cap of 14% and floor of 7.25%	25,942	45,981
	Amana Bank SLIBOR with a cap of 14% and floor of 7.25%	22,023	31,291
	Amana Bank SLIBOR + 3.25%	30,293	38,830
	NDB AWPLR - 0.50% first two years & AWPLR + 1.50% after two years	10,313	22,689
	NDB 6.3%	17,278	20,915
	NDB 6.3%	4,097	4,959
	Sri Lanka Tea Board 6 month AWPLR + 1%	6,944	22,222
	Sri Lanka Tea Board 5%	3,531	22,437
	Sampath Bank AWPLR + 1%	300,000	-
MABROC Teas (Pvt) Ltd.	HSBC 3 month LIBOR + 3%	-	27,485
ICOGUANTI S.p.A	Alessandria Financing 1.95% (EURO 1 million)	77,607	93,504
Talawakelle Tea Estates PLC	NDB Bank 6.6%	16,589	20,081
	Sri Lanka Tea Board 5.00%	1,574	19,944
		552,820	692,834

Repayment Rs.'000		Security
USD 125,000 x 36 inst. (with first 12 months grace period)	Monthly ending 27.02.2020	Primary mortgage over property at Biyagama Export Processing Zone Block B Walgama Malwana; carrying amount of which is Rs. 945 million.
USD 145,833 x 24 inst. (with first 12 months grace period)	Monthly ending 27.05.2019	Corporate guarantee from Dipped Products PLC
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 14.12.2021	Nil
as per schedule	Monthly ending 19.03.2023	Nil
as per schedule	Monthly ending 21.01.2023	Nil
833 x 60 inst.	Monthly ending 17.11.2022	Nil
1031 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. 161 million.
303 x 72 inst	Monthly ending 19.01.2025	
72 x 72 inst	Monthly ending 19.01.2025	
1389 x 48 inst.	Monthly ending 17.08.2022	Trade receivable from tea brokers
1646 x 48 inst	Monthly ending 26.07.2021	
6250 x 48 inst	Monthly ending 31.03.2023	Nil
USD 21,250 x 16 inst.	Monthly ending 27.08.2021	Facilities Agreement Form (FAF)
Repayment over 2 years as per agreed schedule	Monthly ending 30.06.2025	Nil
975 x 96 Inst.	Monthly ending 31.12.2024	Fixed Deposits of Rs.24 Mn with the letter of setoff.
1,579 x 36 Inst.	Monthly ending 30.04.2020	Tea sales proceeds.

NOTES TO THE FINANCIAL STATEMENTS

26. DEFERRED INCOME

Government Grants

	Group	
	2020 Rs.'000	2019 Rs.'000
Grants		
At beginning of the year	1,095,847	1,059,220
Received during the year	37,631	36,627
At end of the year	1,133,478	1,095,847
Amortisation		
At beginning of the year	354,669	331,220
Amortised during the year	22,653	23,449
At end of the year	377,322	354,669
Carrying amount	756,156	741,178

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, 2020, 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 Hewitt (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.

	2020					2019				
	ICOGUANTI	DPTL	KVPL	HPSL	Other*	ICOGUANTI	DPTL	KVPL	HPSL	Other*
Discount rate (%)	0.45	1.5	10	10	10	1.32	2.77	11	11	11
Salary Escalation Rate (%)										
Workers (%)	1	5	18	18	9	1	5	20	20	10
Executive and clerical (%)	1	5	9	9	9	1	5	10	10	10
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	11.7	10	5.19	5.37	5.52-8.24	11.6	12	5.98	6.38	5.97-5.28
Executive and clerical	11.7	10	6	6.47	5.52	11.6	12	5.24	5.57	6.58

* 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	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Current service cost (under Administrative Expense)	217,339	212,837	26,316	23,963
Past service cost (under Administrative Expense)	5,180	-	-	-
Interest cost (under Administrative Expense)	247,083	205,989	49,148	46,398
Actuarial loss/(gain) (under Other Comprehensive Income)	(3,285)	252,536	15,564	(509)
	466,317	671,362	91,028	69,852

27.2 Movement in the Present Value of the Defined Benefit Obligations are as Follows:

	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
At beginning of the year	2,736,670	2,308,123	472,031	433,820
Effect of movement in foreign exchange	(896)	8,920	-	-
Benefits paid	(307,718)	(254,399)	(50,136)	(34,305)
Release in DBO due to employee transfers	-	2,664	(285)	2,664
Current service cost	217,339	212,837	26,316	23,963
Interest cost	247,083	205,989	49,148	46,398
Past Service Cost	5,180	-	-	-
Actuarial loss/(gain)	(3,286)	252,536	15,564	(509)
At end of the year	2,894,372	2,736,670	512,638	472,031

The liability as per Payment of Gratuity Act for Group and Company as at March 31, 2020 are Rs.2,957,416,477 (2019-Rs.2,923,361,101) and Rs.416,470,823 (2019-Rs.381,455,073) 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 1%	Rs.'000 -1%	Rs.'000 1%	Rs.'000 -1%
A one percentage point change in the salary escalation rate				
- The present value of defined benefit obligation	107,557	(108,815)	29,878	(27,418)
A one percentage point change in the discount rate				
- The present value of defined benefit obligation	(150,287)	159,140	(24,734)	27,389

27.4 Distribution of Defined Benefit Obligations Over Future Working Life:

	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Within the next 12 months	**568,008**	456,565	**105,245**	59,169
Between 2 to 5 years	**1,046,484**	1,063,005	**234,908**	257,808
Beyond 5 years	**1,279,880**	1,217,100	**172,485**	155,054
	2,894,372	2,736,670	**512,638**	472,031

28. AGENTS' INDEMNITY FUND

	Group	
	2020 Rs.'000	2019 Rs.'000
At beginning of the year	**62,905**	54,041
Provision for the year	**8,073**	5,927
Actuarial Loss/ (Gain)	**3,587**	-
Payments during the year	**(2,969)**	(1,588)
Effect of movement in foreign exchange rate	**(1,460)**	4,525
At end of the year	**70,136**	62,905

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	
		2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Trade payables	- Related parties	5,660	8,903	13,555	56,692
	- Others	1,824,347	1,643,605	159,430	138,662
Total trade payables		1,830,007	1,652,508	172,985	195,354
Other payables including accrued expenses	- Parent	143,799	123,207	9,427	46,316
	- Others	1,474,430	1,381,140	90,703	144,728
Advance received		218,322	56,018	121,484	53,214
Unclaimed dividends/Dividends payable		128,020	118,439	128,020	118,439
		3,794,578	3,331,312	522,619	558,051

30. AMOUNTS DUE TO SUBSIDIARIES

	Company	
	2020 Rs.'000	2019 Rs.'000
Fully-owned subsidiaries	716,989	633,604
Partly-owned subsidiaries	218,914	97,078
	935,903	730,682

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	
	2020 %	2019 %	2020 %	2019 %
Asia/Africa/Middle East	11.29	9.68	30.49	36.05
South America	11.75	11.20	-	-
Australia/New Zealand	2.19	2.02	0.62	0.33
Europe	59.24	65.18	7.86	3.98
North America	15.02	11.47	0.15	0.08
	99.49	99.55	39.12	40.44
Indirect exports	-	-	60.88	59.56
Sri Lanka	0.51	0.45	-	-
	100.00	100.00	100.00	100.00

NOTES TO THE FINANCIAL STATEMENTS

31. SEGMENT INFORMATION (Contd.)

31.2 Business Segment Information

	Hand Protection		Plantations		Inter - Segment		Total	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Revenue from contracts with customers	17,893,040	17,130,046	12,796,734	13,192,031	(126,792)	(232,759)	30,562,982	30,089,318
Profit before tax	1,011,068	783,646	220,858	930,400	(71,500)	(71,500)	1,160,426	1,642,546
Non cash Expenses								
Depreciation and impairment of property, plant & equipment and right of use assets	665,235	609,480	498,373	442,162	-	-	1,163,608	1,051,642
Provision for defined benefit obligation	114,442	101,651	355,161	317,175	-	-	469,603	418,826
Provision for / (reversal of) agents indemnity fund	8,073	5,927	-	-	-	-	8,073	5,927
Provision for slow moving/ obsolete Inventories	16,120	18,535	2,551	3,381	-	-	18,671	21,916
Finance cost	159,297	231,327	322,279	262,270	-	-	481,576	493,597
Finance income	69,328	50,103	131,202	99,496	-	-	200,530	149,599
Tax expense	202,174	279,672	107,959	139,048	-	-	310,133	418,720
Capital expenditure	445,583	150,281	1,244,836	597,823	-	-	1,690,419	748,104
Total assets	12,709,025	12,151,640	14,618,380	14,150,137	(48,298)	(100,123)	27,279,107	26,201,654
Non - interest bearing liabilities	3,487,248	3,103,370	5,011, 773	4,676,406	(13,165)	(61,077)	8,485,856	7,718,699
Cash Flows								
- Cash flows from operating activities	1,274,292	750,510	1,742,416	750,926	(14,783)	(14,152)	3,001,925	1,487,284
- Cash flows from investing activities	(462,950)	(193,219)	(1,117,607)	(499,958)	(71,500)	(71,500)	(1,652,057)	(764,677)
- Cash flows from financing activities	(463,281)	(2,571,342)	(1,233,084)	513,309	86,283	85,652	(1,610,082)	(1,972,381)

32. CAPITAL EXPENDITURE COMMITMENTS

The approximate amount of capital expenditure approved by the Directors and not contracted for as at March 31, 2020 amounts to Rs. 2,108,199,511 (2019 - Rs. 1,123,843,131). The approximate Capital expenditure contracted for which no provision is made in the Financial Statements as at March 31, 2020 amounts to Rs. 323,511,288 (2019 - Rs. 90,630,280).

33. CONTINGENT LIABILITIES

The contingent liabilities as at March 31, 2020 amounting to Rs. 194,339,985 (2019 – Rs. 18,150,011). This include letter of Credit outstanding of Rs. 51,845,979 (2019 - Rs. 13,266,092) and Contingent liabilities that may result, depending on the timing of the taxability of certain fair value adjustments in Plantation sector of Rs. 142,134,006 (2019 - Rs. 4,523,919). Bank guarantees provided on behalf of the companies within the group Rs. 360,000 at the end of the year (2019 - Rs. 360,000).

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.

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, 2020 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	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Transactions with related parties				
Subsidiaries				
Inventory transfers		-	64,002	6,285
Purchase of latex		-	(14,365)	(75,306)
Skim sales		-	4,426	10,055
Export sales		-	178,696	67,684
Services-related expenses reimbursed		-	562,123	365,598
Reimbursement of cost (electricity, fuel & water)		-	3,399	1,895
Dividend income		-	242,546	235,257
Fund transfers		-	(172,152)	233,082
Processing-related expenses reimbursed		-	2,603	2,314
Current account interest paid		-	28,537	49,297
Flock purchases		-	(29,170)	(22,840)
Share Allotment		-	(900,000)	-
Interest on guarantee		-	-	3,516
Parent - Hayleys PLC				
Services-related expenses paid	(367,837)	(354,486)	(123,579)	(174,422)
Dividend paid	(93,644)	(131,266)	(93,644)	(131,266)
Affiliates				
Sales of gloves	9,803	8,342	7,856	5,037
Sales of rubber products	1,852	2,057	-	-
Sales of latex	14,057	34,549	-	-
Sale of tea	143,087	113,796	-	-
Services-related expenses	(119,886)	(119,462)	(72,568)	(64,374)
Rental income	13,548	5,000	-	-
Purchase of latex	(23,382)	(8,758)	-	-
Purchase of goods	(221,948)	(298,930)	(28,594)	(35,970)
Dividend paid	(35,322)	(49,626)	(35,322)	(49,626)

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., Agro Technica 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., Haycolour (Pvt) Ltd., 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 Tours (Pvt) Ltd., Hayleys Travels (Pvt) Ltd., Haymat Ltd., HJS Condiments Ltd., Horana Plantations PLC., Logiwiz Ltd., Martin Bauer Hayleys (Pvt) Ltd., MIT Cargo (Pvt) Ltd., Mountain Hawk Express (Pvt) Ltd., N Y K Line Lanka (Pvt) Ltd., Ocean Network Express Lanka (Pvt) Ltd., Puritas (Pvt) Ltd., Quality Seed Co. 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 PLC., Volanka (Pvt) Ltd., and Yusen Logistics & Kusuhara Lanka (Pvt) Ltd. are given above under details of related party transactions with affiliates.

NOTES TO THE FINANCIAL STATEMENTS

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	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Financial Assets				
Equity instrument designated at fair value through OCI				
- Quoted equity shares	12	13	12	13
- Unquoted equity shares	390,920	390,920	390,920	390,920
	390,932	390,933	390,932	390,933
Loans and Receivables				
- Trade and other receivables	4,658,649	5,340,315	4,658,649	5,340,315
Cash and short term deposits	1,791,056	1,742,202	1,791,056	1,742,202
Total	6,449,705	7,473,450	6,449,705	7,473,450
Non-Financial Assets				
Freehold land	808,981	325,258	808,981	325,258
Investment property	368,160	357,955	368,160	357,955
Biological assets	505,240	449,926	505,240	449,926
Total	1,682,381	1,133,139	1,682,381	1,133,139
Financial Liabilities				
Interest-bearing loans and borrowings				
- Lease liabilities	1,085,396	626,256	1,085,396	626,256
- Long term loans	552,820	692,834	552,820	692,834
- Short term loans and bank overdraft	3,124,003	3,951,213	3,124,003	3,951,213
Trade and other payables (excluding unclaimed dividend)	3,666,558	3,212,873	3,666,558	3,212,873
Total	8,428,777	8,483,176	8,428,777	8,483,176

Company	Carrying Amount 2020 Rs.'000	Carrying Amount 2019 Rs.'000	Fair Value 2020 Rs.'000	Fair Value 2019 Rs.'000
Financial Assets				
Trade and other receivables	1,024,080	1,080,365	1,024,080	1,080,365
Amount due from subsidiaries	323,401	1,266,170	323,401	1,266,170
Cash and short term deposits	58,685	181,113	58,685	181,113
Total	1,406,166	2,527,648	1,406,166	2,527,648
Non-Financial Assets				
Freehold land	226,592	226,592	226,592	226,592
Investment property	169,500	163,176	169,500	163,176
Total	396,092	389,768	396,092	389,768
Financial Liabilities				
Interest-bearing loans and borrowings				
- Obligations under lease liabilities	55,398	-	55,398	-
- Short term loans and bank overdrafts	887,841	1,506,303	887,841	1,506,303
Amount due to subsidiaries	935,903	730,682	935,903	730,682
Trade and other payables (excluding unclaimed dividend)	424,599	439,612	424,599	439,612
Total	2,303,741	2,676,597	2,303,741	2,676,597

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.

NOTES TO THE FINANCIAL STATEMENTS

35. FAIR VALUE MEASUREMENT (Contd.)

As at March 31, 2020 the Group/Company held the following financial assets carried at fair value in the Statement of Financial Position.

	Group				Company			
	2020	Level 1	Level 2	Level 3	2020	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.

As at March 31, 2019, the Group/Company held the following financial instruments measured at fair value:

	Group				Company			
	2019	Level 1	Level 2	Level 3	2019	Level 1	Level 2	Level 3
Assets Measured at Fair Value								
Financial assets at fair value through OCI								
Equity shares	390,933	13	-	390,920	-	-	-	-
Freehold land	325,258	-	-	325,258	226,592	-	-	226,592
Investment property	357,955	-	-	357,955	163,176	-	-	163,176
Biological asset	449,926	-	-	449,926	-	-	-	-

During the reporting period ended March 31, 2019 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, 2020.

	Fair Value as at 31-Mar Rs. '000	Valuation Technique	Significant Unobservable Inputs	Estimates for Unobservable		Fair value Measurement Sensitivity to Unobservable Inputs Measurement
				2020	2019	
Investment Property - Weliveriya	305,710	Direct Capital Comparison Method	Rate Per Perch	Rs. 120-135	Rs. 115-130	Significant increases (decreases) in estimated price per perch would result in a significantly higher (lower) fair value
Freehold land (Kottawa)	226,592	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

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	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Rupees	176,448	426,894	501,948	470,405
Australian Dollar	139,478	-	-	-
Sterlin Pound	69,904	-	-	-
United States Dollar	1,810,514	2,397,500	471,398	572,145
Euro	2,198,800	2,263,417	50,734	37,815
Thai Baht	35,437	39,014	-	-
Chinese Yuan	228,068	213,490	-	-
	4,658,649	5,340,315	1,024,080	1,080,365

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.

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL RISK MANAGEMENT (Contd.)

Cash and Cash Equivalents

The Group and Company held cash at bank and in hand of Rs. 1,791 million and Rs. 59 million respectively as at March 31, 2020 (Rs. 1,742 million and Rs. 181 million respectively in 2019) 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.

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	2,416,587	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	-	461,268	62,281	1,400	-	524,949
Amount due to related parties	935,903	-	-	-	-	935,903
	1,190,774	1,078,856	77,663	36,287	-	2,383,580

Year ended March 31, 2019	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	2,107,521	1,952,689	326,991	277,053	606,049	5,270,303
Trade and other payables	-	2,766,123	171,571	393,618	-	3,331,312
	2,107,521	4,718,812	498,562	670,671	606,049	8,601,615
Company						
Interest-bearing loans and borrowings	742,303	764,000	-	-	-	1,506,303
Trade and other payables	-	467,099	86,065	4,887	-	558,051
Amount due to related parties	730,682	-	-	-	-	730,682
	1,472,985	1,231,099	86,065	4,887	-	2,795,036

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.

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL RISK MANAGEMENT (Contd.)

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:

	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

	Increase/decrease in interest rate	Effect on profit before tax 2019	
		Group Rs.'000	Company Rs.'000
Sensitivity only using borrowings			
Increase	1%	(52,703)	(15,063)
Decrease	-1%	52,703	15,063
Sensitivity using borrowings and deposits			
Increase	1%	(42,388)	(15,063)
Decrease	-1%	42,388	15,063

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:

	2020							
	Group						Company	
	USD Rs.'000	EURO Rs.'000	THB Rs.'000	YEN Rs.'000	AUD Rs.'000	YUAN Rs.'000	USD Rs.'000	EURO 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

	2019				
	Group			Company	
	USD Rs.'000	EURO Rs.'000	THB Rs.'000	USD Rs.'000	EURO Rs.'000
Increase in exchange rate by 5% (Rs.)	185	208	5.8	185	208
Impact to the profit before tax	(21,270)	(52,306)	6,312	(25,163)	(1,732)
Decrease in exchange rate by 5% (Rs.)	167	188	5.2	167	188
Impact to the profit before tax	21,270	52,306	(6,312)	25,163	1,732

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL RISK MANAGEMENT (Contd.)

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	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Interest-Bearing borrowing (non-current)	**1,377,134**	883,102	**34,887**	-
Current portion of long term interest-bearing borrowings	**261,082**	435,988	**20,511**	-
Short term interest-bearing borrowings	**3,124,003**	3,951,213	**867,330**	1,506,303
Total borrowings	**4,762,219**	5,270,303	**922,728**	1,506,303
Equity	**14,031,032**	13,212,652	**4,875,876**	4,570,265
Equity and debts	**18,793,250**	18,482,955	**5,798,604**	6,076,568
Gearing Ratio (%)	**25%**	29%	**16%**	25%

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, 2019 to February 29, 2020 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	2020 %	2019 %
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	2020 Rs.'000	2019 Rs.'000
Kelani Valley Plantations PLC	989,524	949,416
Hayleys Plantation Services (Pvt) Ltd	1,679,972	1,640,501
Accumulated Material Non - Controlling Interest	2,669,496	2,589,917

Profit Allocated to Material Non - Controlling Interest

Company Name	2020 Rs.'000	2019 Rs.'000
Kelani Valley Plantations PLC	(17,893)	113,571
Hayleys Plantation Services (Pvt) Ltd	96,035	208,207
Accumulated Material Non - Controlling Interest	78,142	321,778

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

	2020	2019	2020	2019
	Kelani Valley Plantations PLC (Group)		Hayleys Plantation Services (Pvt) Ltd (Group)	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue from contracts with customers	8,909,173	9,166,118	3,886,417	4,025,913
Cost of sales	(8,064,216)	(8,199,034)	(3,593,340)	(3,431,906)
Administrative & distribution expenses	(727,395)	(669,574)	(185,088)	(203,086)
Finance costs and income	(247,690)	(208,788)	55,536	44,620
Profit / (loss) before tax	(22,771)	444,767	231,157	483,197
Tax expense	(64,247)	(59,854)	(43,711)	(78,936)
Profit for the year	(87,018)	387,913	187,446	404,261
Total comprehensive income	(61,749)	347,914	179,353	320,850
Attributable to non-controlling interests	8,502	9,110	48,316	89,131
Dividends paid to non-controlling interests	-	(7,200)	(38,241)	(14,822)

NOTES TO THE FINANCIAL STATEMENTS

38. MATERIAL PARTLY-OWNED SUBSIDIARIES (Contd.)

Summarised statement of financial position as at March 31

	2020	2019	2020	2019
	Kelani Valley Plantations PLC (Group)		Hayleys Plantation Services (Pvt) Ltd (Group)	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Current Assets	2,185,652	2,651,826	1,637,221	1,683,805
Non-Current Assets	7,186,003	6,034,827	3,631,675	3,520,150
Current Liabilities	2,637,246	2,590,008	408,520	539,875
Non-Current Liabilities	3,255,333	2,740,720	1,647,704	1,533,688
Total equity	3,479,075	3,335,924	3,212,673	3,130,392
Attributable to:			-	
Equity holders of parent	3,437,193	3,322,544	2,299,134	2,234,918
Non-controlling interest	41,883	33,380	913,539	895,474

39. EVENTS AFTER THE REPORTING PERIOD

No circumstances have arisen since the reporting period end which would require adjustments to, or disclosure in the Financial Statements in accordance with Sri Lanka Accounting Standard - LKAS 10 on 'Events after the Reporting Period'.

THE FACTS AT HAND

Annexures

Our steady performance testifies to our consistency and continuity in the long run.

DECADE AT A GLANCE

	2020 Rs.'000	2019 Rs.'000	2018 Rs.'000	2017 Rs.'000	2016 Rs.'000
Trading Results					
Revenue from contracts with customers	30,562,982	30,089,318	28,484,874	24,334,423	21,931,303
Profit before tax	1,160,426	1,642,546	1,240,494	1,057,260	690,608
Taxation	(310,133)	(418,720)	(439,644)	(139,526)	(214,653)
Profit after tax	850,293	1,223,826	800,850	917,734	475,955
Non-controlling interest	(102,196)	(355,402)	(305,382)	(164,533)	(127,826)
Profit attributable to equity holders of the Company	748,097	868,424	495,468	753,201	348,129
Non-Current Assets					
Property, plant & equipment	12,316,577	12,217,758	12,408,303	12,414,457	12,188,554
Investments	390,932	390,933	23	26	22
Other non-current assets	2,862,418	1,616,164	1,446,534	1,692,470	1,788,001
	15,569,927	14,224,855	13,854,860	14,106,953	13,976,577
Current Assets	11,709,180	11,976,799	10,775,220	9,063,244	7,381,572
Total Assets	27,279,107	26,201,654	24,630,080	23,170,197	21,358,149
Capital & Reserves					
Stated capital	598,615	598,615	598,615	598,615	598,615
Capital reserves	585,142	573,686	447,227	478,788	450,178
Revenue reserves	9,953,105	9,249,276	8,693,473	8,044,601	7,115,483
Shareholders' funds	11,136,862	10,421,577	9,739,315	9,122,004	8,164,276
Non-controlling interest	2,894,169	2,791,075	2,566,261	2,312,205	2,406,025
Total Equity	14,031,031	13,212,652	12,305,576	11,434,209	10,570,301
Non-Current Liabilities					
Deferred tax liability	717,332	761,058	713,849	686,093	565,781
Interest bearing borrowings	1,377,134	883,102	1,397,541	2,114,650	2,136,957
Other non-current liabilities	3,921,075	3,540,753	3,090,164	2,859,687	3,359,121
	6,015,541	5,184,913	5,201,554	5,660,430	6,061,859
Current Liabilities					
Current portion of interest bearing borrowings	261,082	435,988	874,758	801,486	321,495
Short term loans and bank overdrafts	3,124,003	3,951,213	2,767,380	2,201,582	1,891,333
Other current liabilities	3,847,450	3,416,888	3,480,812	3,072,490	2,513,161
	7,232,535	7,804,089	7,122,950	6,075,558	4,725,989
Total Equity and Liabilities	27,279,107	26,201,654	24,630,080	23,170,197	21,358,149
Ratios & Other Information					
Earnings per share (Rs.)	12.50	14.51	8.28	12.58	5.82
Return on equity (%)	6.72	8.33	6.50	8.26	4.26
Market price per share (Rs.)	57.00	78.00	85.50	76.00	73.00
Price earnings ratio (times)	4.56	5.38	10.33	6.00	12.60
Dividend per share (Rs.)**	4.00	4.50	3.00	2.50	2.00
Net assets per share (Rs.)**	186.04	174.09	162.70	152.39	136.39
Dividend yield (%)	7.02	5.77	3.50	3.30	2.70
Dividend cover (times)	3.12	3.22	2.76	5.00	2.90
Debt to equity ratio (times)	0.34	0.40	0.41	0.45	0.41
Current Ratio	1.62	1.53	1.51	1.49	1.56

Figures in brackets indicate deductions.
** Computed based on 59,861,512 shares on issue as at March 31, 2020

2015 Rs.'000	2014 Rs.'000	2013 Rs.'000	2012 Rs.'000	2011 Rs.'000	
					Trading Results
27,738,672	23,092,215	23,657,743	19,693,665	14,869,245	Revenue from contracts with customers
1,946,819	1,519,246	2,153,775	2,437,677	748,110	Profit before tax
(385,449)	(362,189)	(387,203)	(294,922)	(162,527)	Taxation
1,561,370	1,157,057	1,766,572	2,142,755	585,583	Profit after tax
(285,953)	(361,979)	(358,324)	(236,780)	(138,969)	Non-controlling interest
1,275,417	795,078	1,408,248	1,905,975	446,614	Profit attributable to equity holders of the Company
					Non-Current Assets
12,058,013	10,414,861	10,119,322	9,451,513	6,246,770	Property, plant & equipment
24	17	22	2,575	1,353,751	Investments
1,422,904	1,078,443	846,822	809,644	586,313	Other non-current assets
13,480,941	11,493,321	10,966,166	10,263,732	8,186,834	
8,546,008	8,551,704	8,542,389	8,500,569	6,803,292	Current Assets
22,026,949	20,045,025	19,508,555	18,764,301	14,990,126	Total Assets
					Capital & Reserves
598,615	598,615	598,615	598,615	598,615	Stated capital
444,347	457,262	452,892	236,852	1,390,231	Capital reserves
7,225,571	6,271,286	5,793,215	4,965,582	3,153,487	Revenue reserves
8,268,533	7,327,163	6,844,722	5,801,049	5,142,333	Shareholders' funds
2,513,282	2,322,191	2,068,640	1,750,494	840,397	Non-controlling interest
10,781,815	9,649,354	8,913,362	7,551,543	5,982,730	Total Equity
					Non-Current Liabilities
494,555	458,093	370,723	290,486	210,707	Deferred tax liability
1,372,989	1,405,877	1,642,681	1,899,973	1,238,387	Interest bearing borrowings
3,157,461	3,071,331	3,076,310	2,920,336	1,682,435	Other non-current liabilities
5,025,005	4,935,301	5,089,714	5,110,795	3,131,529	
					Current Liabilities
306,521	406,609	336,539	327,218	416,968	Current portion of interest bearing borrowings
2,813,367	2,104,466	2,350,402	3,447,198	3,288,557	Short term loans and bank overdrafts
3,100,241	2,949,295	2,818,538	2,327,547	2,170,342	Other current liabilities
6,220,129	5,460,370	5,505,479	6,101,963	5,875,867	
22,026,949	20,045,025	19,508,555	18,764,301	14,990,126	Total Equity and Liabilities
					Ratios & Other Information
21.31	13.28	23.53	31.84	7.46	Earnings per share (Rs.)
15.42	10.85	20.57	32.86	8.69	Return on equity (%)
138.00	87.10	111.00	100.10	116.10	Market price per share (Rs.)
6.50	6.60	4.70	3.10	15.60	Price earnings ratio (times)
7.00	5.5	7.00	6.00	3.00	Dividend per share (Rs.)
138.13	122.40	114.34	96.91	85.90	Net assets per share (Rs.)**
5.10	6.3	6.30	6.00	2.60	Dividend yield (%)
3.00	2.4	3.40	5.30	2.50	Dividend cover (times)
0.42	0.41	0.49	0.75	0.83	Debt to equity ratio (times)
1.37	1.58	1.55	1.39	1.16	Current Ratio

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, 2020 have been submitted to the Colombo Stock Exchange as required by the Listing Rules.

2. Ordinary Shareholders

Number of shareholders as at March 31,2020 - 2,550 (as at March 31,2019 - 2,514).

	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	1693	348,252	0.58	11	4,888	0.01	1,704	353,140	0.59
1,001 - 10,000	605	2,144,756	3.58	25	88,912	0.15	630	2,233,668	3.73
10,001 - 100,000	176	4,392,930	7.34	11	305,847	0.51	187	4,698,777	7.85
100,001 - 1,000,000	18	4,397,965	7.35	5	770,418	1.29	23	5,168,383	8.64
Over 1000,000	5	43,121,959	72.04	1	4,285,585	7.15	6	47,407,544	79.19
Total	2,497	54,405,862	90.89	53	5,455,650	9.11	2,550	59,861,512	100.00

Of the issued Share Capital over 90% is held by residents of Sri Lanka.

	31-Mar-20		31-Mar-19	
	No. of Shareholders	No. of Shares	No. of Shareholders	No. of Shares
Individuals	2,369	8,331,397	2,341	8,138,706
Institutions	181	51,350,115	173	51,722,806
Total	2,550	59,861,512	2,514	59,861,512

3. Share Valuation

The market value of an ordinary share of Dipped Products PLC:

	2020	2019
Highest	Rs. 92.00 (December 4, 2019)	Rs. 99.10 (December 27, 2018)
Lowest	Rs. 55.60 (March 13, 2020)	Rs.66.20 (July 4, 2018)
Year end	Rs. 57.00	Rs.78.00

4. Share Trading

Company Name	2020	2019
Number of transactions	1,512	1,265
Number of shares traded	812,961	1,263,724
Value of shares traded (Rs.)	66,647,656.20	105,461,554.40

5. First Twenty Shareholders as at March 31, 2020

Shareholder	31-Mar-20 No. of Shares	31-Mar-20 %	31-Mar-19 No. of Shares	31-Mar-19 %
HAYLEYS PLC	25,210,938	42.12	25,210,938	42.12
EMPLOYEES PROVIDENT FUND	7,637,280	12.76	7,637,280	12.76
VOLANKA (PRIVATE) LIMITED	4,873,640	8.14	4,873,640	8.14
PROMAR OVERSEAS SA	4,285,585	7.16	4,285,585	7.16
HAYCARB PLC	4,068,746	6.80	4,068,746	6.8
EMPLOYEES TRUST FUND BOARD	1,331,355	2.22	1,331,355	2.22
RAVI INDUSTRIES LIMITED	567,000	0.95	567,000	0.95
E. W. BALASURIYA & CO. (PVT) LTD	500,673	0.84	500,673	0.84
DR.D.JAYANNTHA	415,000	0.69	415,000	0.69
RENUKA PROPERTIES LIMITED	324,934	0.54	324,934	0.54
MISS.L.A.PIERIS	253,418	0.42	-	-
MR.A.M.WEERASINGHE	250,000	0.42	250,000	0.42
MR. N. G. WICKREMERATNE & MRS.K.V.WICKREMERATNE	246,224	0.41	246,224	0.41
AKBAR BROTHERS (PVT) LTD A/C NO.1	233,771	0.39	233,771	0.39
MR. H.A.R. PIERIS	221,400	0.37	312,797	0.52
MR. D.F.G.DALPETHADO/MRS. H.F.A.K.D. FONSEKA	210,061	0.35	127,939	0.21
HALLSVILLE TRADING GROUP INC.	204,024	0.34	204,024	0.34
COMMERCIAL BANK OF CEYLON PLC A/C NO. 04	200,000	0.33	200,000	0.33
DEUTSCHE BANK AG SINGAPORE A/C 2 (DCS CLT ACC FOR DEUTSCHE BANK AG SINGAPORE- PWM WM CLIENT)	190,320	0.32	-	-
MRS. LEELA SIVAGURUNATHAN(DECEASED)	163,044	0.27	72,900	0.12
TOTAL	51,387,413	85.84	50,862,806	84.97

6. Share held by Public

Public Holding as at 31.03.2020

Percentage of Public Holding – 41.82%

Total number of shareholders representing the public holding – 2,541

Float - Adjusted Market Capitalization (Rs.) – 1,426,942,806.15

The Company complies with option 5 of the listing rules 7.13.1 (a) - Less than Rs. 2.5 Bn Float Adjusted Market Capitalization which required 20% minimum Public Holding.

THE SHARE

8. History of Dividend and Scrip Issues (Last 30 years)

Year ended 31-Mar	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	2.5	149,653
2018				59,861	3.00	179,585
2019				59,861	4.50	269,374
2020				59,861	4.00	239,446

Market Capitalisation (Last 30 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	8,164
2017	4,550	9,122
2018	5,118	9,739
2019	4,669	10,422
2020	3,412	11,136

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
Ng Soon Huat - Managing Director
Dhammika Perera
F Mohideen
S C Ganegoda
M Bottino ∞
S Rajapakse
N A R R S Nanayakkara
S P Peiris
K D G Gunaratne
H S R Kariyawasan
R H P Janadheera
Ms. R N Obeyesekere €
K M D I Prasad
Ms. Y Baskaran (Alt to Mr. Dhammika 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. 75,000,000
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
N A R R S Nanayakkara
S C Ganegoda
T G Thoradeniya
R H P Janadheera £
D P P Mendis £
K K D P Senanayake @

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 - 100.0%

Directors:
A M Pandithage - Chairman
M Bottino - Joint Managing Director ¥
G Molinari - Joint Managing Director µ
Ng Soon Huat - Joint Managing Director
M Orlando
A Orlando α
H S R Kariyawasan
K Pandiwita

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
B A Mahipala
R H P Janadheera
K M D I Prasad
A Muthukuda

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

Export trading

D P L International Ltd

Incorporated in 2016 in Sri Lanka
Group interest - 100%

Directors:
A M Pandithage - Chairman
Ng Soon Huat
N A R R S Nanayakkara
R H P Janadheera

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
N A R R S Nanayakkara
R H P Janadheera
B K C R Ratnasiri

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
F Mohideen
S C Ganegoda
L T Samarawickrama β
C V Cabraal
L N De S Wijeyeratne
A Weerakoon

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)
D S Seneviratne π
S C Ganegoda
(Alternate to Mr. A M Pandithage)
Dr. W G R Rajadurai
N R Ranatunga

∞ Resigned May 1, 2020
€ Resigned August 14, 2019
£ Appointed May 12,2020
@ Resigned May 12,2020
¥ Resigned May 4,2020 and serve as a director
µ Appointed May 4,2020
α Resigned May 4,2020
β Resigned June 1,2019
π Resigned February 2, 2020

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

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Forty Fourth Annual General Meeting of Dipped Products PLC will be held at the Registered Office of the Company, No.400, Deans Road, Colombo 10, Sri Lanka on July 28, 2020 at 10.00 a.m. 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 31st March 2020, with the Report of the Auditors thereon.
2. To re-elect Mr. S.C. Ganegoda who retires by rotation at the Annual General Meeting, a Director.
3. To re-elect, Mr. Dhammika Perera, who retires by rotation at the Annual General Meeting, a Director.
4. To re-elect, Mr.N.A.R.R.S. Nanayakkara, who retires by rotation at the Annual General Meeting, a Director.
5. To re-appoint Mr.F.Mohideen, who retires having attained the age of Seventy years and the Company having received special notice of the undernoted Ordinary Resolution in compliance with Section 211 of the Companies Act No.07 of 2007 in relation to his re-appointment.

   ORDINARY RESOLUTION

   'That Mr. Faiz Mohideen, retiring Director, who has attained the age of Seventy Three years be and is hereby re-appointed a Director for a further period of one year and it is hereby declared that the age limit of Seventy years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the appointment of the said Director'.
6. To authorise the Directors to determine contributions to charities for the financial year 2020/2021.
7. 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 2020/2021.
8. To consider any other business of which due notice has been given.

NOTE :

(i) A Shareholder is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Shareholder of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at the Registered Office, No.400, Deans Road, Colombo 10, Sri Lanka by 10.00 a.m. on July 26, 2020.

By Order of the Board
DIPPED PRODUCTS PLC

HAYLEYS GROUP SERVICES (PRIVATE) LIMITED
Secretaries

Colombo
July 1, 2020

NOTES

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 Fourth Annual General Meeting of the Company to be held on July 28, 2020 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 2020 with the Report of the Auditors thereon.		
2. To re-elect Mr. S.C. Ganegoda who retires by rotation at the Annual General Meeting, a Director.		
3. To re-elect, Mr. Dhammika Perera, who retires by rotation at the Annual General Meeting, a Director.		
4. To re-elect, Mr. N.A.R.R.S. Nanayakkara, who retires by rotation at the Annual General Meeting, a Director.		
5. To re-appoint Mr. F.Mohideen, who retires having attained the age of Seventy Three years, a Director by passing the Ordinary Resolution set out in the Notice.		
6. To authorise the Directors to determine contributions to charities for the financial Year 2020/2021.		
7. 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 2020/2021		

(**) 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 ....2020.

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.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION :

1. To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, Hayleys Group Services (Pvt) Ltd at No.400, Deans Road, Colombo 10, Sri Lanka not less than 48 hours before the start of the Meeting.
2. In perfecting the Form of Proxy, please ensure that all requested details are filled in legibly including mandatory details. Kindly Sign and fill in the date of signing.
3. If you wish to appoint a person other than the Chairman of the Company (or failing him, one of the Directors) as your proxy, please insert the relevant details at (1) overleaf. The proxy need not be a member of the Company.
4. Please indicate with an X in the space provided how your proxy is to vote on the resolutions. If no indication is given, the proxy in his discretion will vote as he thinks fit. Please also delete (***) if you do not wish your proxy to vote as he thinks fit on any other resolution brought before the meeting.
5. In the Case of a Company /Corporation the proxy must be under its common seal which should be affixed and attested in the manner prescribed by its Articles of Association.

   In the case of the individual shareholders, the signature of the shareholder should be witnessed by any person over 18 years of age.
6. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.
7. In case of Marginal Trading Accounts (slash accounts), the form of Proxy should be signed by the respective authorised Fund Manager/Banker with whom the account is maintained.

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
Ng Soon Huat - Managing Director
Dhammika Perera
F Mohideen
S C Ganegoda
M Bottino (Resigned w.e.f. May 01, 2020)
S Rajapakse
N A R R S Nanayakkara
S P Peiris
K D G Gunaratne
H S R Kariyawasan
R H P Janadheera
Ms. R N Obeysekere (Resigned w.e.f. August 14, 2019)
K M D I Prasad
Ms. Y Bhaskaran - (Alternate Director to
Mr. Dhammika 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

The World Of Hayleys
Since 1878