DIPPED PRODUCTS PLC - ANNUAL REPORT 2021/22

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Read the Dipped Products PLC Annual Report online.
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CARING HANDS

When we manufacture world-class, protective hand-wear, we are not just protecting your well-being, but every life you touch thereafter. Cognizant of this impact, we have committed ourselves to the highest standards of quality and innovation, while embracing sustainability practices that re-shape our thinking for a greener tomorrow.

Today, we have allowed our innovative thinking to map our future as we enter new market segments with a determination to protect. Our capabilities align with our resourceful team who have made it their mission to position us as the preferred provider of hand protection wear in the world.

As we strive to carry forth the values we've built today, we will face our tomorrow with an ambition to protect yours.

Dipped Products PLC is a world leader in protective hand-wear, with a global reputation for innovation, quality and responsible manufacturing practices. Our vast product range comprises over 350+ products of natural and synthetic-latex based supported, unsupported and disposable gloves with numerous applications.

Group Revenue

Rs. 55.30 Bn

The Group continued to deliver on its shareholder commitments supported by its diverse earnings profile, richer product mix and market penetration in the Hand Protection Sector and favourable pricing in the Plantation Sector

Group Capital Expenditure

Rs. 3,965 Mn

The Hand Protection Sector embarked on a major capacity expansion drive during the year, investing over Rs. 3.2 billion in all 5 manufacturing facilities

Employee Retention Rate (Hand Protection)

81%

The Group is a preferred employer, with both Hand Protection and Plantation Sectors obtaining the "Great Place to Work" certification

Carbon Footprint (Hand Protection)

1% reduction

Increased reliance on renewable energy has led to a gradual reduction in carbon footprint, despite an increase in production volumes

ABOUT THIS REPORT

We are pleased to present our Integrated Annual Report for the financial year ending 31st March 2022- our primary communication to our stakeholders. This Report tells the story of how we create long-term value to our stakeholders, our approach to delivering our strategic ambitions and how we responded to opportunities and risks. We also reflect on the past year's performance and discuss our plans for the future.

Scope and Boundary

The Report covers the operations of Dipped Products PLC and its subsidiaries (refer to page 234) for the period from April 1, 2021 to March 31, 2022. The Group's operations consist of two sectors, namely Hand Protection and Plantation and information pertaining to the Group and/or the individual segment have been clearly denoted across the Report. Consolidated information included in this Report relates to the activities at Group level, and both financial and non-financial data from subsidiaries are fully consolidated. The narrative report focuses mainly on the Hand Protection Sector, while detailed information on the two plantation subsidiaries are available in the Annual Reports of Kelani Valley Plantations PLC and Talawakelle Tea Estates PLC. The Group adopts an annual reporting cycle and there have been no major restatements of financial or non-financial information unless otherwise stated.

Integrated thinking

Our corporate reporting is aligned with our integrated approach to managing our business. Our strategy formulation and internal processes ensure that we effectively manage our resources and relationships to create sustainable value. The six capitals (as defined in the <IR> Framework) have been considered in our strategy, resource allocation and materiality determination process.

Combined assurance

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

Materiality

This Report provides information on all matters we believe we could substantially affect our value creation in a structured manner. In determining these issues, we have considered the needs of our stakeholders (page 41), opportunities and risks in the operating landscape (page 36) and our economic, social and environmental impacts. Please refer to page 8 for further information on how the Group determines its material topics.

REPORTING BOUNDARY

Integrated Reporting Boundary

- The operating context
- Impacts along our value chain
- Stakeholder considerations
- Local and global development priorities

Financial and non-financial reporting boundary

DPL Handling you with care

- Subsidiaries engaged in the Hand Protection Sector
- Subsidiaries engaged in the Plantation Sector

Reporting Frameworks

The financial statements have been prepared in line with the International Financial Reporting Standards while the narrative report is guided by the principles of the International <IR> Framework and the GRI Standards (2021) published by the Global Reporting Initiative. In addition to the mandatory requirements of the Colombo Stock Exchange, the Corporate Governance narrative demonstrates compliance to the Code of Best Practice on Corporate Governance issued by CA Sri Lanka. New frameworks adopted during the year are listed in the Reporting Improvements section below.

REPORTING IMPROVEMENTS

Prepared based on the "Guidelines for presentation of Annual Report 2022" published by CA Sri Lanka

Sustainability Reporting

Early adoption of new GRI Standards (2021)

Adoption of Sustainability Accounting Standards Board (SASB) Standards

Gender Reporting

Adoption of Gender Parity Reporting Framework of CA Sri Lanka

Carbon Footprint Disclosures

Adoption of the recommendations of the TCFD (Task Force on Climate Related Financial Disclosures) disclosures

External Assurance

Assurance on Integrated Reporting by Messrs. Ernst & Young

Board responsibility on corporate reporting

As the Board, we acknowledge our responsibility in ensuring the integrity of this Report. We hereby confirm that the 2021/22 Report addresses all relevant material matters and fairly represents the Group's integrated performance. We also confirm that the Report has been prepared in line with the guidance provided in the Integrated Reporting Framework of the International Integrated Reporting Council.

Signed on behalf of the Board,

N A R R S Nanayakkara
Director - Finance

NAVIGATION ICONS

Six Capitals

- Financial Capital
- Manufactured Capital
- Human Capital
- Intellectual Capital
- Social & Relationship Capital
- Natural Capital

Strategic Priorities

- Profitable growth
- Innovation and digitisation
- Value Chain and Community
- Customer focus
- Inspired and dedicated team
- Climate action

Feedback

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

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

ABOUT THIS REPORT

DETERMINING OUR MATERIAL ISSUES

The Group annually conducts a review of the material matters that could affect our ability to create value over the short, medium and long-term. The process we adopt for determining material is clearly articulated in the Hayleys Group's Materiality Assessment Policy which comprises a 7-part test. It is conducted separately for the Hand Protection and Plantation sectors and the results are subsequently consolidated through a scoring system which enables us to identify the topics that are relevant to the DPL Group as a whole.

Define process parameters

Group's business model → Discussions with senior leadership team → Strategic aspirations → Reporting frameworks (GRI/IR)

Filtration of long-list of identified topics

Filters to determine organisational impact

- ☑ Financial impact
- ☑ Innovation opportunity
- ☑ Reputation
- ☑ Externalities
- ☑ Link to strategy
- ☑ Risk

Filters to determine stakeholder Impact

- ☑ Customers
- ☑ Employees
- ☑ Shareholders
- ☑ Suppliers
- ☑ Business partners
- ☑ Government
- ☑ Communities

Evaluate importance of each matter through a scoring system → Set reporting boundaries → Determine disclosures

Based on this process, the following issues were identified as material topics for the year under review. Further details on the Group's material topics are available on page 45 of this Report.

Stakeholder topics

- On-time delivery
- Customer satisfaction
- Customer health and safety
- Employee well-being
- Training and education

External environment trends

- Access to uninterrupted energy
- Availability of foriegn exchange
- Exchange rate fluctuations
- Macro-economic vulnerabilities
- Government policies
- Commodity prices
- Import restrictions
- Procurement practices

Other topics

- Pandemic-led disruptions
- Manufacturing capabilities and technology
- Innovation
- Managing environmental impacts

PERFORMANCE HIGHLIGHTS

Operating Environment

- ⊕ Resilient demand for supported gloves
- ⊖ Demand for medical gloves moderated in comparison to 2020/21
- ⊖ Disruptions to domestic and global supply chains
- ⊖ Escalation in raw material costs
- ⊕ Customers' increasing social and environmental consciousness
- ⊖ Rising interest rates
- ⊖ Exchange rate volatility

HIGHLIGHTS OF THE YEAR

1. Significant **capacity expansions** across all manufacturing locations at an investment of approximately Rs.4.0 billion, resulting in manufacturing capacity increasing by 16%
2. Increased penetration across key markets through the **acquisition of 34 new customers**, including several large supermarket chains
3. **New product development** with 20 products launched during the year, focusing on supported gloves, premium offerings and sustainable products
4. **Expansion of local supply chain** through addition of 2,392 new farmers across 3 new districts through the DPL Firstlight programme
5. Successfully obtained the **"Great Place to Work" certification** attesting to the strength of the Group's employee value proposition
6. Focus on expanding the **Group's water treatment and recycling capacity,** in line with capacity additions to manufacturing lines

WAY FORWARD

- Pursue aggressive expansion in Supported Gloves while penetrating new product segments
- Strengthen customer engagement through visits and trade exhibitions
- Increased focus on sustainable products and sustainable manufacturing methods
- Production facility dedicated to Sports Gloves- a new product vertical for the Group
- Implement solar energy solutions to increase reliance on renewable energy

PERFORMANCE HIGHLIGHTS 2021/22

FINANCIAL CAPITAL (GROUP)

Metric		2021/22	2020/21	% Y-o-Y
STRATEGIC PRIORITY: GROWTH				
Earnings highlights				
Revenue	Rs. million	55,294	46,387	19
Gross Profit	Rs. million	10,733	11,830	(9)
Gross Profit margin	%	19.41	25.50	(6)
Operating profit	Rs. million	5,360	7,320	(27)
Operating profit margin	%	10.00	16.00	(6)
Profit before tax	Rs. million	7,597	7,191	6
Profit before tax margin	%	13.74	15.50	(2)
Profit after tax	Rs. million	6,411	5,833	10
Return on equity (%)	%	24.00	30.00	(6)
Return on capital employed (%)	%	13.15	24.03	(11)
Return on Assets	%	14.06	16.23	(2)
Interest cover ratio	No. of times	7.81	15.74	(50)
Working capital ratios				
Inventory days	Days	97.88	83.26	18
Debtor days	Days	68.87	55.57	24
Payable days	Days	43.67	41.47	5
Cash conversion cycle	Days	123.08	97.36	26
Liquidity ratio				
Current ratio	No. of times	1.67	1.46	14
Quick asset ratio	No. of times	1.09	0.88	24
Financial stability				
Total assets	Rs. million	54,050	44,305	22
Total liabilities	Rs. million	27,690	25,164	10
Shareholders' funds	Rs. million	21,907	15,646	40
Non Controlling Interest	Rs. million	4,452	3,495	27
Total debt	Rs. million	14,409	11,326	27
Equity/Assets	No. of times	0.49	0.43	14
Debt/Equity	No. of times	0.55	0.59	(7)
Net debt (cash)/Equity	No. of times	0.20	0.40	(50)
Debt/Total assets	%	26.66	25.56	1
Shareholder information				
No. of shares In Issue	Number	598,615,120	598,615,120	-
Earnings per share	Rs.	8.99	8.63	4
Dividends per share	Rs.	2.50	2.30	9
Net asset value per share	Rs.	36.60	26.14	40
Closing price	Rs.	32.50	46.40	(30)
Market capitalization	Rs. million	20,293	27,776	(27)
P/E ratio	No. of times	3.62	5.38	(33)
Dividend payout	%	27.81	26.65	1
Dividend cover	No. of times	3.60	3.75	(4)
Dividend yield	%	7.37	4.96	2

MANUFACTURED CAPITAL

Metric		2021/22	2020/21	% Y-o-y
Property, plant and equipment	Rs. million	16,345	13,075	25
Carbon intensity Per pair	Kg/per pair	0.15	0.16	(6)
Capital expenditure	Rs. million	3,965	1,734	129
Manufacturing facilities - Hand Protection	No.	5	5	-
Manufacturing facilities - Plantation	No.	41	41	-
Asset Turnover ratio	%	1.02	1.05	-

HUMAN CAPITAL

STRATEGIC PRIORITY: AN INSPIRED TEAM				
Total employees	No.	2,177	2,081	5
Payments to employees	Rs. million	4,349	2,825	54
Employee retention rate	%	81	74	7
No. of promotions	No.	35	28	25
Female representation	%	32	30	2
Investment in training	Rs. million	11.50	8.0	44
Total training hours	Hours	27,292	19,655	39
Average training hours/employee	Hours	12.54	9.44	33
Profit per employee	Rs. million	2.29	2.67	(14)
Revenue per employee	Rs. million	17.41	14.62	19
Value added per employee	Rs. million	9.08	8.57	6

INTELLECTUAL CAPITAL

STRATEGIC PRIORITY: PRODUCTS AND INNOVATION				
New products launched	No.	20	10	100
Investment in R &D	Rs. million	231	139	66
Customer satisfaction	%	84	80	4
Strength of R&D team	No.	14	14	-

SOCIAL & RELATIONSHIP CAPITAL

STRATEGIC PRIORITY: SUSTAINABLE OPERATIONS				
Payments to suppliers	Rs. million	21,371	15,558	37
Beneficiaries	No.	6,500	6,000	8
Investment in CSR	Rs. million	9	10	(10)
Instances of socio -economic regulatory non- compliance	No.	Nil	Nil	Nil
Small scale suppliers	%	94	93	1

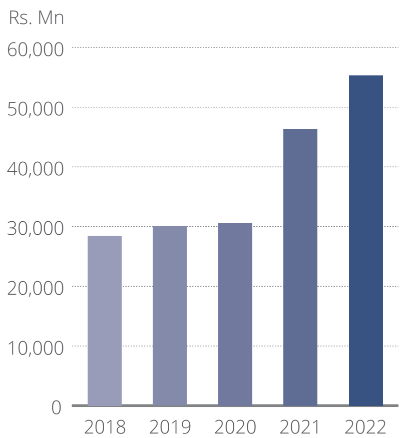
NATURAL CAPITAL

Energy consumption	GJ Mn	2.04	1.86	10
% of renewable energy	%	93	93	-
Water consumption	m^3 Mn	1.78	1.88	(5)
Carbon footprint	MtCO2e	40,757	41,052	(1)
Emission Intensity	KGCO2e/per pair	0.15	0.16	(6)
Energy intensity	MJ/per pair	7.42	7.24	2
Water intensity	Liters/per pair	6.46	7.29	(11)
Sustainable water sourcing	Liters Mn	294	284	4
Instance of environmental non - compliance	No.	Nil	Nil	Nil

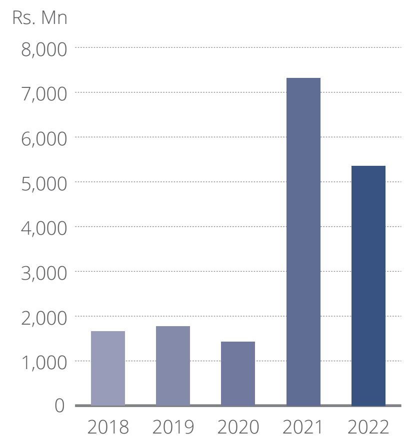
Unless mentioned otherwise, the non-financial information relates to the Hand Protection operations, which is the focus of this Annual Report. Information on the Plantation Sector is available in respective annual reports of Kelani Valley Plantations PLC (KVPL) and Talawakelle Tea Estates PLC (TTE).

FINANCIAL HIGHLIGHTS

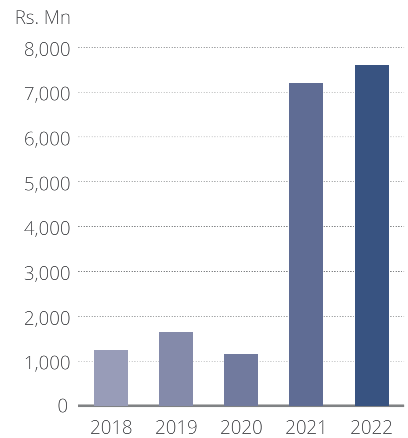
Revenue



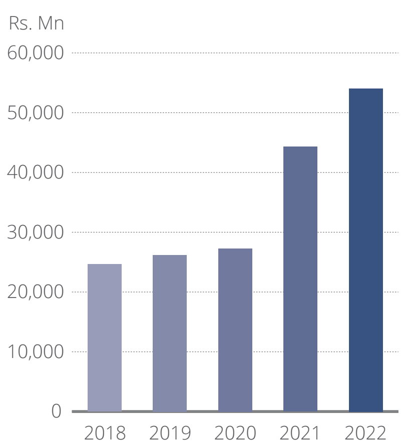
Operating Profit



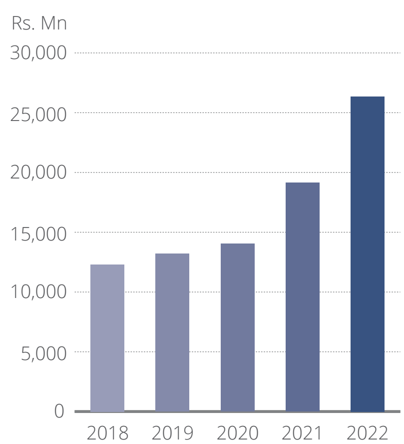
Profit before Tax



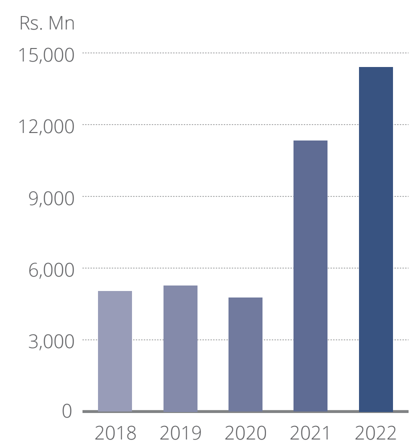
Total Assets



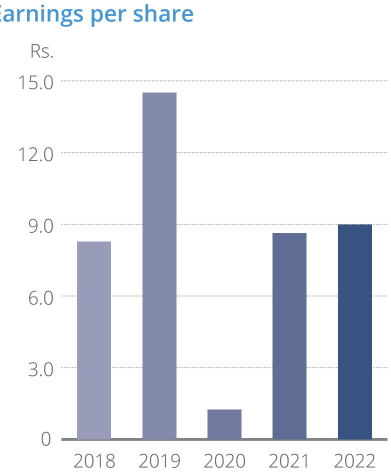
Equity



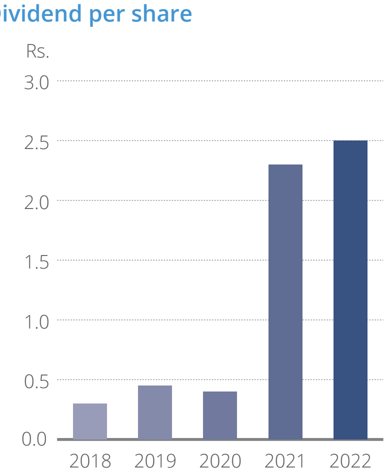
Total debt



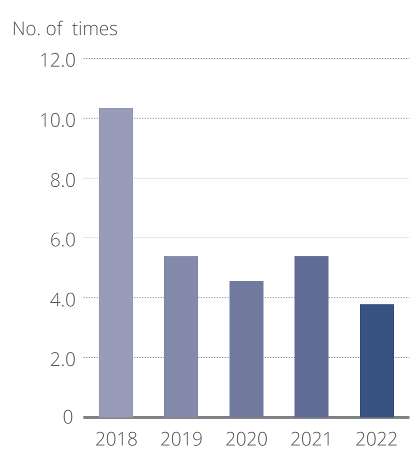
Earnings per share



Dividend per share



P/E ratio



AWARDS

The Group is a frequent recipient of local and international awards across multiple spheres of its operations, attesting to its continued quest for excellence.

1. **CA Sri Lanka Annual Report Awards**
   GOLD Award for Manufacturing Companies - Turnover above LKR 5 Bn
2. **CMA Excellence in Integrated Reporting Awards**
   Ten Best Integrated Reports
3. **CMA Excellence in Integrated Reporting Awards**
   Best Integrated Report- Manufacturing Industry (Sector Award)
4. **National Business Excellence Awards**
   Winner - Export sector
5. **Presidential Export Awards**
   2019/2020 - Won the Best Exporter Award - Latex Rubber Products Sector
6. **Great Place to work**
   Certified from October 2021 to October 2022
7. **NCE Export Awards**
   Gold Award for Rubber & Rubber Products Sector, Extra Large Category
8. **NCE Export Awards**
   Special Award for Highest Foreign Exchange Earner
9. **CNCI Achievers Awards**
   Won National Bronze Award & Top Ten in Extra Large Category - Manufacturing Sector
10. **Best Corporate Citizen Sustainability Awards**
    Triple Bottom Line - Award Winner - Economic Sustainabiity (Proft)
11. **Best Corporate Citizen Sustainability Awards**
    Category Award Winner - Financial Performance

MILESTONES

2021

Installation of Electrician glove plant, Unsupported glove plant, Supported glove plant and knitting machines in Dipped Products PLC Hanwella Rubber Products Limited and DPL Universal Gloves Limited

2020

Installation of Unsupported Glove plant in DPL Premier Gloves Limited

Commenced implementation of SAP ERP system to Dipped Products (Thailand) Ltd

2018

Amalgamation of Grossart (Pvt) Ltd and Neoprex (Pvt) Ltd with Dipped Products PLC

Installation of SAP ERP System to local companies of the Hand Protection Sector

2016

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

2015

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

2014

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

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1976

Incorporation of Dipped Products Ltd

1977

Commencement of trial production

1981

Capacity enhancement by 166%

1982

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

1983

Listed as a Public Listed entity on the Colombo Stock Exchange

1986

Third capacity expansion

1990

Acquisition of rubber thread operation

1992

Incorporation of Grossart Ltd

Awarded management contract of KVPL by the Government and Incorporation of DPL Plantations Ltd

1993

Expansion of Grossart Ltd

1994

Incorporation of Venigros Ltd and installation of production lines

1995

Commencement of production at Venigros Ltd

Acquisition of KVPL

1998

Incorporation of Neoprex Ltd

1999

Commencement of production at Neoprex Ltd

2000

Installation of Mapics ERP System

2002

Acquisition of ICOGUANTI S.p.A, Italy

2003

Incorporation of Texnil td and Dipped Products (Thailand) Ltd

2005

Commencement of production at Dipped Products (Thailand) Ltd

2006

Acquisition of Hanwella Rubber Products Ltd

2011

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

VALUE CREATION IN PRACTICE

For Shareholders

Profit-after-tax
Rs. 6.4 Bn (+10%)

Earnings per share
Rs. 8.99 (+4%)

Dividends per share
Rs. 2.50 (+9%)

Net assets per share
Rs. 36.60 (+40%)

For our Customers

New products
20

Satisfaction rate
84%

New customers acquired
34

For our People

Payments to employees
Rs. 4.3 Bn (+54%)

Investment in training
Rs. 11.5 Mn (+44%)

Zero work-related fatalities during the year

A diverse workplace
32% Female

For our Suppliers

Supplier payments
Rs. 21,371 Mn

Number of Suppliers
4,500+

Local procurement
66%

For the Planet

1% **reduction in the carbon footprint**

6% **reduction in carbon intensity**

10% **reduction in energy consumption**

5% **reduction in water consumption**

COVID-19 RESPONSE IN 2021/22

Sri Lanka entered the second year of the COVID-19 pandemic in 2021, with the emergence of highly transmissible variants resulting in periodic surges in infections and lockdowns. The Group leveraged the learnings obtained during the first wave of the pandemic in 2020, to systematically mitigate the impact of COVID-19 on our stakeholders and ensure continuity of operations.

EMPLOYEE WELL-BEING

We minimised the risk of cross infection through comprehensive safety measures while introducing benefits and facilities to care for infected employees. These measures included provision of high-quality PPE, free PCR testing, regular sanitization and provision of immunity boosting medicine. We conducted successful vaccination drives across all our operating locations in partnership with the relevant health authorities. We also facilitated treatment at Interim Care Centres (ICC) for infected employees, while the medical expenses of all critically ill employees were borne by the Company.

Focus was also placed on mental well-being given the unique challenges and uncertainty that prevailed, with employees given access to counselling and stress management.

SUPPORTING SUPPLIERS

The Group worked closely with both its local and international suppliers in ensuring continuity of raw material supplies, amidst the numerous supply chain disruptions that prevailed. Through DPL Firstlight, we continued to inject value through ethical procurement and supplier development.

BUSINESS AGILITY

The Group swiftly expanded capacity in product segments which presented strong upside potential during the pandemic

PROGRESS AGAINST PRIORITIES

The Group's COVID-19 response plan launched at the outset of the pandemic, consisted of several short-term and mid-to-long term priorities.

Short-term

- Ensure safety of employees
- Preserving liquidity through curtailing non-essential expenses
- Proactively negotiate pricing with customers

Mid-to-long term

- Diversify supplier base to build resilience – *Ongoing*
- Capacity expansion in selected product segments
- Increase integration of sustainability considerations to business strategy- *Ongoing*

OUR COVID-19 STATISTICS (as at end-March 2022)

80%	Fully vaccinated (all 3 doses)
100%	Vaccinated with 1st and 2nd doses
0%	Active cases
100%	Recoveries
0%	Fatalities

CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE

Mohan Pandithage
Chairman

Ng Soon Huat
Managing Director

Dear Stakeholders,

As we reflect on the financial year in review, which marked the 2nd year of the pandemic, resilience and agility have emerged as key positive outcomes of these unprecedented times. Despite a still uncertain outlook, the DPL Group's agile and responsive approach guided our strategic agenda and provided us with clear direction to address emerging challenges and generate multi-stakeholder value. Resultantly, the Group delivered the best performance in its operating history, with Revenue increasing by 19% to Rs. 55.29 Bn while Profit-after-tax recorded a 10% growth to Rs. 6.41 Bn.

Operating Landscape

Despite sporadic surges in COVID-19 infections during the year, Sri Lankan businesses remained largely resilient to the pandemic, as they leveraged learnings from the 1st wave to ensure continuity of operations, while safeguarding the well-being of employees. That said, the pandemic compounded the country's underlying economic vulnerabilities resulting in a growing fiscal deficit, subdued growth, and a crippling foreign exchange crisis. Sri Lanka's Gross Domestic Product (GDP) grew by 3.7% in 2021 (compared to a contraction of 3.6% in 2020), recording strong rebound in the first quarter of the year. Activity moderated in the second half, however, as the country experienced a shortage in foreign currency driven by the decline in tourism earnings and remittances coupled with significant international debt payments during the year. The crisis deepened in the first quarter of the calendar year 2022

Despite the short-term challenges, the Sector adopted a long-term view to business growth and successfully launched a capacity expansion program. During the year, the Sector invested Rs. 3.2 Bn in upgrading capacity and capabilities across all five manufacturing locations, which in turn facilitated a 10% increase in production volumes during the year.

and ensuing weeks as the country experienced interruptions to the supply of essential items and energy. The Central Bank of Sri Lanka allowed the free float of the Sri Lankan Rupee in mid-March 2022 and exchange rate depreciated. Meanwhile, interest rates which remained in single digits for most part of the year, recorded a gradual uptick in view of the tighter monetary policy, adopted by the central bank to curb inflationary pressures.

The country's ongoing economic crisis presents the most significant threat in our immediate risk landscape. We are cognisant of the inevitable short-term pressures that will arise from these conditions and have taken strategic and pre-emptive measures to minimise these impacts and ensure uninterrupted and timely fulfilment of our customer orders. Over the medium-to-long term, we are confident that Sri Lanka's economy will stabilise as a result of fiscal consolidation measures, structural reforms and an IMF engagement. We are firm in our belief that Sri Lankan businesses will demonstrate their characteristic resilience in responding to the challenges presented by the economic fallout and will emerge as stronger, resilient and more agile organisations.

Strategy and Performance Review

The Group's Consolidated Turnover increased by 19% to Rs.55.29 Bn during the year, driven primarily by the Hand Protection Sector which recorded a 25% growth in Revenue. The Sector's strong performance was underpinned by resilient demand for gloves, coupled with new customer acquisition and launch of innovative products which facilitated a volume growth of 10%. The Plantation Sector recorded a 9% growth in Revenue upheld by strong pricing for both tea and rubber and the quality focus of both plantation companies, which enabled it to command premium pricing at the Colombo Tea Auction. Meanwhile, an escalation in costs driven by the increase in raw material prices, freight rates and supply chain disruptions resulted in Consolidated Gross Profit declining by 9% to Rs.10.73 Bn during the year. The Group's overall profitability was upheld by significant exchange gains generated from the sharp depreciation of the Rupee during the latter part of the year. ICOGUANTI S.p.A; the Sector's distribution arm in Italy delivered revenue growth of 27%, but the profit was affected by narrowing profit margins resulting from the sharp drop in glove prices stemming from excess supplies. The Hand Protection Sector recorded a 10% decline in Pre-tax-Profit, primarily due to cost escalations and moderation of prices when compared with the record highs of 2021/22. Meanwhile, the Plantation Sector delivered record profitability, with Pre-tax Profit increasing by 63% to Rs. Rs.2.80 Bn during the year. Resultantly, the Group's Consolidated Pre-tax Profit increased by 6% to Rs.7.60 Bn while Profit-after-Tax recorded a 10% growth to Rs. 6.41 Bn.

Revenue growth

+19.2%

Asset growth

+21.9%

CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE

Hand Protection

Global demand for gloves remained favourable in the first half of the year, before moderating in subsequent months in view of overstocking by distributors. The Sector faced considerable disruptions to supply chains during the year; global supply chains were affected by congestion in shipping lines and a surge in freight rates while local supply chain partners were impacted by the shortage in foreign currency liquidity and interruptions to fuel supply in the latter part of the year. Against this backdrop, the Sector focused on ensuring the sustainability of its supplier partners. We also increased reliance on local latex suppliers through adding 2,392 new farmers to the 'DPL Firstlight' program in Ratnapura and Kegalle districts.

Despite the prevalent challenges, the Sector leveraged its R&D capabilities to introduce 20 new products which included 6 supported gloves and 3 unsupported gloves and 11 in medical glove range. The Sector continued to make inroads in expanding its value-added product portfolio which included widening the product range in electrician gloves. In a major milestone in its journey of innovation, the Sector ventured into a new product vertical with the launch of the Sports Glove segment during the year. Incorporating sustainable design and packaging to our product development process was a key priority as we explored the development of a compostable glove and introduced recycled packaging material for selected products.

The Sector also aggressively pursued increased penetration across new and existing markets. Increased deployment of sales resources in key markets allowed the Sector to acquire 34 new customers in both household and industrial segments, while deepening relationships with existing clients. Customer satisfaction levels reached 84% during the year, as we placed strategic emphasis on fulfilling specific requirements on a timely manner.

In recent years, the Sector has made considerable progress in its efficiency drive, leveraging digitalisation, automation and a cost-conscious organisational culture to drive productivity improvements. During the year, the Sector launched over 150 projects to reduce waste, optimise resource consumption and increase efficiency, which resulted in cost savings to the tune of Rs. 300 Mn.

Despite the short-term challenges, the Sector adopted a long-term view to business growth and successfully launched a capacity expansion program. During the year, the Sector invested Rs. 3.2 Bn in upgrading capacity and capabilities across all five manufacturing locations, which in turn facilitated a 10% increase in production volumes during the year.

Plantation

The Group's Plantation Sector demonstrated resilience to multiple challenges during the year, which included the imposition of a 35% wage hike and fertilizer shortage. The Sector's relentless focus on quality and sustainable agricultural practices enabled both our plantation companies to record above average yields and command premium pricing. Strategic emphasis was placed on enhancing the value proposition to employees through encouraging non-wage remuneration models, ongoing engagement with the leadership team and considerable investments in employee development.

Delivering our People Promise

The Group's resilience and agility during the year was underpinned by the efforts of our passionate and tenacious team. In both Sectors we focused on attracting, developing and retaining the talent and expertise required to drive our ambitious growth strategies while building a dynamic and inclusive culture. Physical and mental well-being of employees was a key priority during the year, as we implemented stringent safety and hygiene protocols, facilitated vaccination drives and provided access to counselling and mental health services. Ongoing focus was also placed on training and development, with Rs. 11.5 Mn directed towards enhancing leadership, sales and marketing, technical and lean management skills. We are proud to report that both the Hand Protection and Plantation Sectors successfully obtained the "Great Place to Work" Certification during the year, attesting to the strength of the value proposition offered to employees.

Commitment to ESG

As an organisation which understands and has clearly seen the benefits of sustainability, social and environmental consciousness has long-since been embedded to our strategy and decision making. The year under review marked a major milestone in our sustainability journey, as DPL adopted the Hayleys Lifecode- a holistic Environmental (E), Social (S) and Governance (G) Framework which was launched by the Hayleys Group in January 2022. The Hayleys Lifecode seeks to harmonise ESG integration across all Group entities and sets out the Group's long-term ESG aspirations and action plan in achieving these objectives.

Environment Pillar: Aligned to the Hayleys Group's ambitious target of reducing absolute carbon emissions by 30% by 2030, the Hand Protection Sector increased reliance on renewable energy, which accounted for 93% of total energy consumption during the year. Resultantly, the Sector's carbon intensity decreased by 6% during the year. In line with its capacity expansions, Rs. 148Mn was directed towards enhancing the technology, capabilities and capacity of the Sector's effluent treatment plants, which resulted in recycled water increasing by 5% during the year; water recycled and re-used amounted to 11% of total water consumption, compared to 5% in the previous year.

Social pillar: Creating an engaged, diverse and inclusive work environment is a key pillar of the Hayleys Lifecode; in keeping with this commitment to nurture a culture in which our female employees can thrive, DPL initiated 'Ahimansa' a unique program to promote gender parity and empower female employees through flexible working hours, child-care facilities and better work-life balance. Meanwhile, we continued to generate value across our supply chain through the award-winning DPL Firstlight program, offering capacity building on sustainable agriculture practices, distribution of fertilizer and other input materials and community engagement.

Governance supporting value creation: Robust corporate governance practices, which are aligned with the Hayleys Group, provide a solid foundation in driving effective leadership in these trying times, ensuring accountability and transparency across the organisation, while setting the right tone at the top. During the year, key areas of Board focus included assessing the implications of the country's macro-economic conditions, evaluating employee safety measures, evaluating progress of capacity expansion plans, and driving the Group's sustainability journey forward.

Outlook & Plans

As discussed earlier, despite the inevitable short-term pressures we are confident of Sri Lanka's economic recovery in the medium-to-long term. As an exporter, we are aware of the significant role we play in supporting the country's economic recovery through generating valuable foreign currency. A relentless focus is being placed on ensuring business continuity minimising downtime in the short term. The Group is confident of its ability to procure the required input materials and fuel to ensure uninterrupted operations which in turn will allow us to fulfil customer requirements in a timely manner.

Following capacity expansion in 2021/22, DPL is aptly positioned to pursue aggressive growth in product segments such as supported gloves and value-added products which present significant potential for growth. We are also excited by the initial response to our new range of sports gloves and are currently pursuing customer acquisition in this new segment. We also hope to further strengthen our R&D capabilities through upgrading infrastructure and enhancing skills to develop sophisticated products catering to customers' emerging requirements. In line with the Group's aspirations of seeking increased penetration in the European region, DPL set up a distribution arm in France in April 2022 which is expected to drive customer acquisition and volume growth in the medium-to-long term.

Acknowledgements

As we look forward to an exciting year, we would like to take this opportunity to extend our gratitude to the Board of Directors for their valuable counsel during the year. The Group's continued success amidst numerous challenges is the result of the commitment and dedication of the DPL team, and we would like to extend our deepest appreciation to the leadership team and all employees for their untiring efforts. We would also like to thank all our customers, suppliers, business partners and other stakeholders for their continued support and we look forward to working with you all in the future.

Thank you.

A.M Pandithage
Chairman

Ng Soon Huat
Managing Director

BOARD OF DIRECTORS

1 **Mohan Pandithage**
Chairman

2 **Rajitha Kariyawasan**
Deputy Chairman

3 **Ng Soon Huat**
Managing Director

4 **Pushpika Janadheera**
Deputy Managing Director

5 **Dhammika Perera**
Non-Executive Director

6 **Faiz Mohideen**
Independent Non-Executive Director

7 **Sarath Ganegoda**
Non-Executive Director

8 **Sujeewa Rajapakse**
Independent Non-Executive Director

9 **Ramesh Nanayakkara**
Finance Director

10 **Sujeewa Peiris**
Independent Non-Executive Director

11 **Gamini Gunaratne**
Independent Non-Executive Director

12 **Indika Prasad**
Sales & Marketing Director

13 **Giorgio Molinari**
ICOGUANTI S.p.A Director

14 **Chandika Ratnasiri**
Engineering Director

15 **Ms. Dinusha Bhaskaran**
(Alternate Director to Mr. Dhammika Perera)

BOARD OF DIRECTORS

Mohan Pandithage

Chairman

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

Rajitha Kariyawasan

Deputy Chairman

Appointed to the DPL Board in May 2016. Appointed as the Deputy Chairman of DPL in October 2020. A member of the Hayleys Group Management Committee and a Director of Hayleys PLC since 2010. Has overall responsibility for the Purification Products sector as the Managing Director of Haycarb PLC and as the Deputy Chairman of the 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 BSc. 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.

Ng Soon Huat

Managing Director

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

Pushpika Janadheera

Deputy Managing Director

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

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

Dhammika Perera

Non- Executive Director

Mr. Dhammika Perera is a quintessential strategist and a business leader with interests in a variety of key industries including manufacturing, banking and finance, leisure, plantations, and hydropower generation. He has over 30 years of experience in building formidable businesses through unmatched strategic foresight and extensive governance experience gained through membership of the Boards of quoted and unquoted companies.

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

Faiz Mohideen

Independent Non-Executive Director

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

Sarath Ganegoda

Non-Executive Director

Appointed to the Board of Dipped Product PLC in October 2009. Fellow Member of CA Sri Lanka and Member of institute of Certified Management Accountants of Australia. Holds a MBA from the Postgraduate Institute of Management, University of Sri Jayawardenepura.

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

Has responsibility for the Strategic Business Development Unit of Hayleys PLC, the holding Company of DPL. He serves on the Boards of Hayleys PLC, Unisyst Engineering PLC, Alumex PLC, Haycarb PLC, Hayleys Fabric PLC, Hayleys Fibre PLC, Kelani Valley Plantations PLC, Regnis (Lanka) PLC, Singer (Sri Lanka) PLC, Singer Industries (Ceylon) PLC, The Kingsbury PLC and Horana Plantations PLC

Sujeewa Rajapakse

Independent Non-Executive Director

Mr. Sujeewa Rajapakse is the Managing Partner of BDO Partners a firm of Chartered Accountants. A Fellow of The Institute of Chartered Accountants of Sri Lanka (FCA) and a Fellow of Institute of Chartered Management Accountants of Sri Lanka (FCMA), Mr. Rajapakse holds a Master of Business Administration (MBA) from Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura.

During his professional career that spanned nearly four decades, he has held the honorary positions of President, Vice-President and Council Member (elect) of The Institute of Chartered Accountants of Sri Lanka (ICASL), Former Chairman of Auditing Standards Committee of ICASL, President of Practicing Accountants Forum of Sri Lanka, Treasurer of Sri Lanka Cricket, Treasurer for Cricket World Cup 2011, Board member and Technical Advisor to South Asian Federation of Accountants (SAFA), Technical Advisor to Confederation of Asia Pacific Accountants (CAPA). He has also served in the directorates of National Development Bank PLC, NDB Capital Ltd. – Bangladesh, The Finance Company PLC, Uni Dil Packaging Ltd and Uni Dil Packaging Solutions Ltd also the Deputy Chairman of Softlogic Life Insurance PLC.

At present he serves as the Chairman of People's Bank, and People's leasing and Finance PLC. Also, an Independent Non-Executive Director of Haycarb PLC, Hayleys Agriculture Holdings Ltd and Director of Lankan Alliance Finance Limited, Bangladesh. Mr. Rajapakse is a Council member of the University of Sri Jayewardenepura.

Ramesh Nanayakkara

Finance

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

Sujeewa Peiris

Independent Non-Executive Director

Appointed to the Board in July 2014. Mr. Peiris is the Chief Executive Officer of Bartleet Religare Securities (Pvt) Ltd., (BRS) and serves on the BRS board since 2008. He is an experienced professional with a carrier spanning over 30 years in the Capital Market industry. He has introduced many High Net worth and Institutional investors to BRS and the Stock Market and was instrumental in many acquisitions, takeovers, and sales of strategic stakes. Mr. Peiris overlooks and is responsible for the overall operations of BRS. He is a leading and highly recognized Stockbroker/Investment Advisor licensed by the Securities & Exchange Commission of Sri Lanka.

Gamini Gunaratne

Independent Non-Executive Director

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

Indika Prasad

Sales & Marketing

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

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

Giorgio Molinari

ICOGUANTI S.p.A

Appointed to the Board in April 2022. Joined ICOGUANTI S.p.A., in Oct 2019 and functions as its Joint Managing Director since May 2020. Holds Graduation in Economics at L.U.I.S.S. University of Rome (Italy). Previously held Executive and senior management positions in several large private sector entities in Italy, Switzerland and Germany including regional Western Europe and has experience over of 27 years. Also served in the Italian Military Navy as Officer for 15 months.

Chandika Ratnasiri

Engineering

Joined DPL in 2007. Appointed to the Board in April 2022. Responsible for Group Engineering projects and maintenance of all manufacturing operations in Sri Lanka and Thailand.

Holds a BSc and MSc (first class Honors) in Engineering from State Moscow University, USSR and is a member of the Institution of Engineering and Technology (MIET) , UK. Has 27 years of experience in various multi-national corporations in Sri Lanka and in Europe.

Ms. Dinusha Bhaskaran

(Alternate Director to Mr. Dhammika Perera)

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

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

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

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

MANAGEMENT TEAM

1 **Hiran Ranasinghe**
General Manager-Business Performance Improvement

2 **Dr. Upul Ratnayake**
General Manager - Group Technical & R&D

3 **Prabath Mendis**
General Manager- DPTL

4 **Ms. Vasana Wanigasekara**
General Manager - Sales

5 6 7 8

5 **Thusitha Perera**
General Manager- Human Resources

6 **Nilaksha Pushpakumara**
General Manager-Operations

7 **Sampath Kumara**
General Manager-Procurement

8 **Asanka Fonseka**
General Manager -Sales & Marketing (DUGL)

MANAGEMENT TEAM

HAND PROTECTION

A M PANDITHAGE
Chairman

H S R KARIYAWASAN
Deputy Chairman

NG SOON HUAT
Managing Director

R H P JANADHEERA
Deputy Managing Director

N A R R S NANAYAKKARA
Director (Finance)

K M D I PRASAD
Director (Sales & Marketing)

B K C R RATNASIRI
Director (Engineering)

G MOLINARI
Managing Director (ICOGUANTI S.p.A)

General Managers

H C RANASINGHE
Business Performance Improvement

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

D P P MENDIS
DPTL

MS. S V WANIGASEKARA
Sales

G D T C PERERA
Human Resources

S A N PUSHPAKUMARA
Operations

I H S R KUMARA
Procurement

H U A FONSEKA
Sales & Marketing (DUGL)

Deputy General Managers

W T C KUMARA
DPGL

A J M K B JAYASUNDARA
Finance

C N MALLIKARATCHY
DPTL

Group Managers

G KARUNARATHNE
Group Process

S D P R SILVA
Group Engineering

M L M FARHARTH
Group Quality

E G C S PREMADASA
Group Health & Safety

P L D R COORAY
Group Sales

C M MANUEL
Group Production Planning

H S R JAYASINGHE
Group Procurement

K M C S K PERERA
Group Warehousing & TSP

A C WIMALAWARDENA
Factory Manager (HL)

H N H JAYASINGHE
Factory Manager (DL)

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

D I WICKRAMASURIYA
Group Logistics & Warehousing

Managers

N P BADDAGE
Centrifuging & Latex Supply

H W C N KUMARA
Compounding (DL)

MS. W A D C RODRIGO
Laboratory (DL)

L P P LANKESHWARA
Environment Regulatory & Management (DL)

M U WETTASINGHE
Engineering (DL)

MS. H D DANGALLE
Research & Development (DL)

W S PERERA
Engineering (DL)

S A SILVA
Training & Development

P R PUNCHIHEWA
Production (DL)

MS. K A WEERASINGHE
Quality Control (DL)

P H C RAVIHANSA
Human Resources (DL & HL)

MS. S N MAYADUNNE
Quality Control (HL)

P R R PRASAD
Production (HL)

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

N K SAMARASINGHE
Quality Control (DPGL)

H A S HETTIARACHCHI
Production (DPGL)

F B I N C S BANDARA
Engineering (DPGL)

T H L SENEVIRATNE
TSP & Warehouse (DPGL)

T S SAMARATHUNGA
Knitting & Plying (DUGL)

H A C JAYAWARDENA
Glove Designing (DUGL)

W A K HARISCHANDRA
Energy & Sustainability

R M S T P BANDARA
FGS (DUGL)

R H KAMAL
Quality Control (DUGL)

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

MS. M K S KUMARARATHNE
Regional Business Development

MS. H M N A DENUWARA
Regional Business Development

L Y WICKRAMARACHCHI
Packing Materials

MS. A M A ATTANAYAKE
Finance

H G N BUDDHIKA
Finance

S H WIJESINGHE
Projects

R M D N RATHNAYAKE
Projects

M A D I P WICKRAMARATNE
IT

MS. D K D MADHUBHASHINI
Learning & Development

W D R JAYASEKARA
Finance (DPTL)

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

N NAVAPARITTHIKUL
QA/QC/WT (DPTL)

ANANDA LANSAKARA
Engineering & EMS (DPTL)

MS. S JINDARAT
Business Development (DPTL)

MS. S CHUAYBUMRUNG
Procurement (DPTL)

MS. P SELVARAJ
R&D and Process Control

ENRICO GIULIANO
Commercial (ICOGUANTI S.p.A)

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

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

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

Plantation

A M PANDITHAGE
Chairman

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

Kelani Valley Plantations PLC

A WEERAKOON
Director/CEO

Operational Directors

R N A BANDARANAYAKE
Director Strategic Agri - Business Development

Y U S PREMATHILAKE
Director Plantations (Rubber)

R D G FERNANDO
Rubber Marketing & Administration

R M V W WEERABAHU
Finance

General Managers

A T GAMAGE
Human Resources & Corporate Sustainability

D M WICKRAMARATNE
Tea Marketing

Regional General Managers

K W S F FERNANDO
Dewalakande

A P SENANAYAKE
Nuwara Eliya Region

P D PATHIRANA
Pedro

D I GALLEARACHCHI
Invery

Deputy General Managers

D E P K WELIKALA
Panawatte

A M C B ATTANAYAKE
Annfield

P U Wanigatunge
Nuwara Eliya

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

L A E A PERERA
DGM-Marketing

Regional General Managers - Estates

P G G JAYATHILAKE
Kiruwanaganga

G K WIJESEKERA
Somerset

Snr. Deputy General Manager - Estates

A C M BANDARANAYAKE
Deniyaya

E S B A EGODAWELA
Bearwell

WHO WE ARE

DPL is a global leader in protective hand-wear, serving close to 5% of global demand for natural and synthetic-latex based household and industrial gloves. The Group offers an array of high-quality, innovative and sustainably manufactured gloves, which are sold in over 70 countries across the world. DPL operates 5 manufacturing facilities in Sri Lanka and Thailand. The Company's plantation sector subsidiaries, Kelani Valley Plantations PLC and Talawakelle Tea Estates PLC are among Sri Lanka's leading regional plantation companies, producing considerable amount of of Sri Lanka's tea and rubber production through 41 estates in 5 districts. DPL is part of Hayley s PLC, one of Sri Lanka's most respected, diversified and socio-economically impactful business conglomerates which commands leading positions across key sectors of the economy.

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.

HAND PROTECTION

SUPPORTED GLOVES	UNSUPPORTED GLOVES	DISPOSABLE GLOVES
67 Product Categories	48 Product Categories	47 Product Categories
100 Variants	198 Variants	68 Variants

Operating locations

Four manufacturing facilities in Sri Lanka

One manufacturing facility in Thailand

Marketing and distribution arm in Italy

PLANTATION

High, low and medium-grown tea

Rubber

Operating locations

41 estates in 5 districts

12,863 hectares cultivated

WHAT WE DO

Revenue Rs. 55.3 Bn	**Total assets** Rs. 54.1 Bn	**Operating profit** Rs. 5.4 Bn
Profit-after-tax Rs. 6.4 Bn	**Employees** 16,181	**Value chain partners** 6,500+

OUR COMPETITIVE EDGE

Hand Protection

- State-of-the-art manufacturing capabilities
- Innovation driven R&D capabilities
- Comprehensive array of products catering to emerging needs
- Socially and environmentally conscious decision making

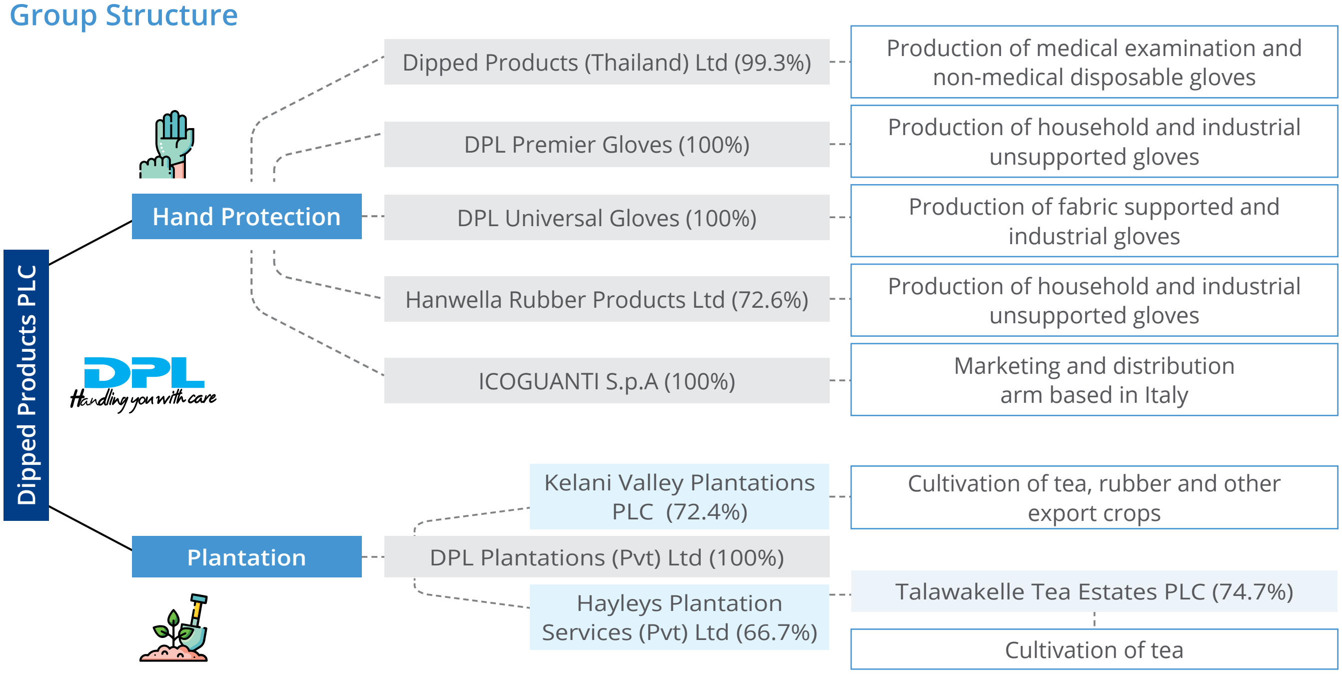
Plantation

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

Where we operate

	Italy	Sri Lanka	Thailand
Key activity	Marketing and distribution arm	Manufacturing	Manufacturing
Production lines	-	27	09
Product range	Personal Protection Equipments	Household and Industrial Gloves	Disposable Gloves
Employees	22	1,648	507
Revenue	Rs. 14.20 Bn	Rs. 18.01 Bn	Rs. 7.21 Bn
Tax expenses	Rs. 0.26 Bn	Rs. 0.29 Bn	Rs. 0.28 Bn
Assets	Rs. 11.15 Bn	Rs. 17.65 Bn	Rs. 5.98 Bn

Group Structure



WHO WE ARE

Our product offering

INDUSTRIAL GLOVES

Types of protection


Automotive


Construction


Agriculture & Farming


Food safe


Gardening


Industrial


Oil and gas handling


Waste management

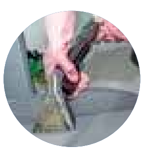

Arc & welding


Sports and recreation

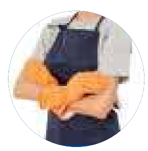

Cold and winter

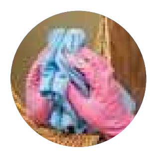

Mechanics

HOUSEHOLD GLOVES


Vehicle maintenance


Pet care


Personal care


Household cleaning


Gardening


Food preparation


DIY


Dish washing

PRODUCT PORTFOLIO BY APPLICATION

PRODUCT PORTFOLIO BY CATEGORY

Unsupported gloves

- Natural Rubber
- Blended
- Nitrile
- Neoprene

Supported gloves

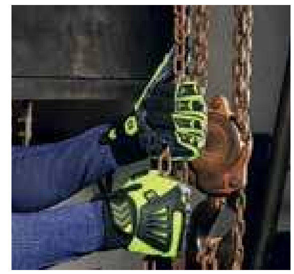
- Dipped-Cut & Sewn
- Coated seamless
- Sports and mechanisms

DISPOSABLE GLOVES

Industrial gloves

Medical Examination gloves

MECHANIC GLOVES



Gloves featuring liquid repellent properties, comfort, convenience, resistance against wet and cold weather among others

ECO-FRIENDLY RANGE

Range of eco-friendly gloves made out of PET Polyester yarns extruded from plastic waste bottles

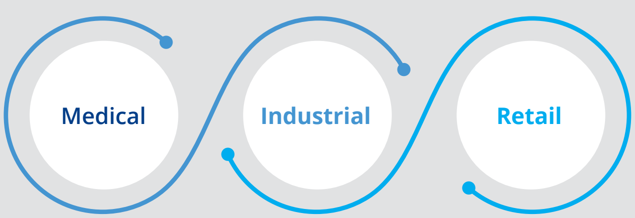
ELECTRICIAN GLOVES

Made with special grade natural rubber compounds for assured electrical protection

INDUSTRIAL SLEEVES

Sleeve and glass knitted sleeves

Disposable gloves



PATENTED PRODUCTS

Patents 06	Industry-designs 01
Patents applied during year 05	Patents are in the processing stage 08

VALUE CREATION MODEL

The Group's value creation model (graphically illustrated below) demonstrates how our resources and relationships (capital inputs) are transformed through business activities, strategic actions and value drivers to generate outcomes. During this process, our stock of capitals is nurtured, preserved or eroded depending on the;

CAPITAL INPUTS

Financial Capital

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

Shareholders' funds:

Rs. 26.36 billion

Debt: **Rs. 14.41 billion**

(Page 66 for more information)

Manufactured Capital

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

Manufacturing locations: **05**

Plantation: **41 Estates**

Property, plant and equipment: **Rs. 16.34 billion**

(Page 70 for more information)

Human Capital

Skills, attitudes and work ethic of **16,181** employees

(Page 76 for more information)

Social & Relationship Capital

Farmer relationships: **6,000+**

Customer relationships: **1,000+**

Other value chain partners: **6,500+**

(Page 84 for more information)

Intellectual Capital

Tacit knowledge and capacity for innovation

Systems, processes and standards

New products: **20**

(Page 91 for more information)

Natural Capital

Land extent: **19,647 hectares**

Renewable raw materials: **15,000 MT**

Water use: **1.78 M3 Mn**

Energy consumption: **2.04 GJ Mn**

(Page 96 for more information)

CAPITAL

Vision: To be the preferred and most sought-after provider of hand protection wear in the world

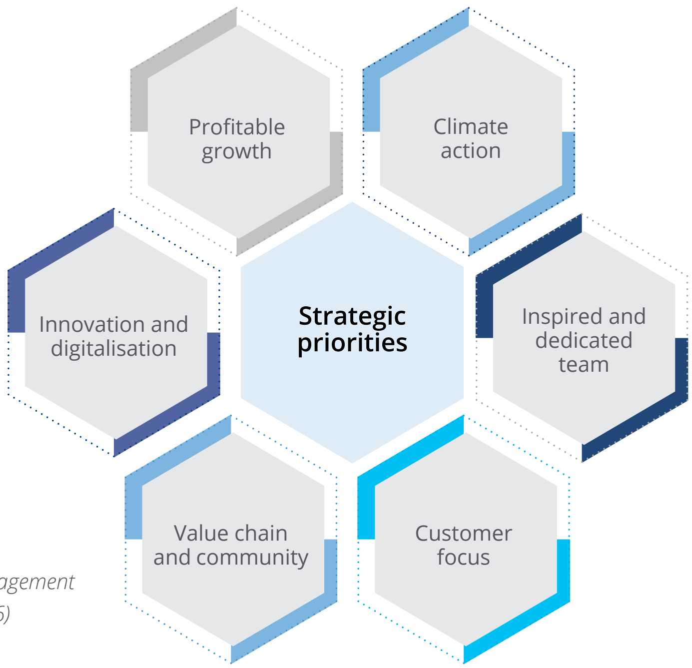
Corporate Governance (Page 112)

STAKEHOLDER AND BUSINESS OUTCOMES IN 2021/22

FINANCIAL CAPITAL (GROUP)	
+	Rs. 6,411 million profit after tax
+	Rs. 1,497 million dividend payments
+	Net Assets per Share increased by 40%
+	Return on equity of 24%
-	Increase in net debt of Rs. 3,083 million

MANUFACTURED CAPITAL	
+	Rs. 3,200 million capital expenditure
+	16% increase in capacity
+	84% capacity utilisation
+	10% increase in production volumes

TRANSFORMATION



Risk Management (Page 106)

External impacts

- Macro-economic dynamics
- Commodity prices
- Global demand Social & Environmental sustainability
- Competition
- Geopolitics
- Climate change

OUTPUTS

Rs. 37,918 Mn
Revenue from Hand Protection Sector

10%
Volume growth in gloves

Rs. 17,666 Mn
Revenue from Plantation Sector

+ 10,692 Mt
Tea production

93%
Renewable energy generated

- 3,796 Mt
Waste generated

- 40,757 MtCO2e
Carbon footprint

+ Positive outcomes
- Negative outcomes

HUMAN CAPITAL	
+	Rs. 4,349 million salaries and remuneration
+	Rs. 11.5 million training investment
+	35 promotions
+	Low workplace injuries
+	Low number of reported grievances

INTELLECTUAL CAPITAL	
+	Rs. 300 million cost savings generated through TPM and lean management
+	20 new products launched
+	Rs. 231 million investment in R&D
+	Initiatives to drive efficiency improvements

SOCIAL & RELATIONSHIP CAPITAL	
+	Rs. 21,371 million payments to suppliers of which 66% was to local farmers
+	Rs. 3.2 million in supplier development and training
+	84% customer satisfaction rate
+	Rs. 10 million investments in community initiatives
+	Low number of community grievances

NATURAL CAPITAL	
+	3,560 kwh renewable energy generated
+	11% water recycled
-	3,616 MT solid waste generated
-	1.7 M3 Mn water consumption
-	40,757 MtCO2e carbon footprint

OUR OPERATING LANDSCAPE

We continue to monitor risks and harness opportunities stemming from the external landscape which could materially impact our business model and value creation. The conditions that prevailed during the year led to dramatic shifts in the Group's operating landscape, as discussed below through a PESTEL analysis.

POLITICAL & ECONOMIC

Challenging domestic macro-economic landscape

- Global economic growth strengthened to 5.9% in 2021, reflecting strong rebound from advanced economies (+5%) which saw unprecedented fiscal stimulus and an easing of restrictions. Emerging markets and developing economies grew by 6.5% supported by stronger commodity prices and higher demand. The outlook for 2022, however, remains uncertain given potential economic scarring from the Ukrainian conflict and inflationary pressures.
- Sri Lanka's macro-economic vulnerabilities inserted considerable pressure to the Group's operations in 2021/22 and is likely to intensify over the short-to-medium term.
- GDP grew by 3.7% in 2021 (2020: contraction of 3.6%), with strong rebound in the first quarter of the year. Activity moderated during the second half of the year reflecting pandemic-led disruptions and escalating challenges from the foreign exchange crisis.
- The sharp fall in tourism earnings and remittances, together with significant international debt repayments have inserted unprecedented pressure on the country's external position. This presents the most significant risk to the country's economy over the short-to-medium term, particularly given prevalent shortages in energy, food and medicinal supplies.
- With the regulator allowing market forces to determine the exchange rate from March 2022, the Sri Lanka Rupee has fallen sharply, depreciating by 30% in FY 2021/22.
- Interest rates remained low for most part of the year, before gradually increasing in view of monetary policy tightening.

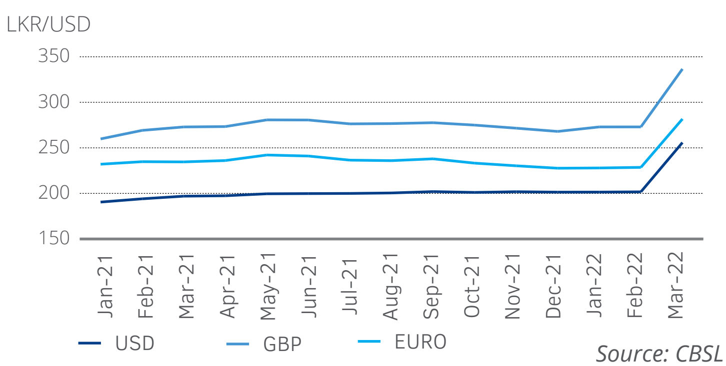
	Impact on the Group
+	Increased demand for industrial gloves with the recovery of economic activity
+	Favourable impact of Rupee depreciation on export earnings
−	Impact on local supply chains and challenges in sourcing natural rubber and packing material, particularly given shortages in energy supply
−	Disruptions to global supply chains and surge in freight rates leading to cost escalations

	Our Response
✓	Strategic focus on supporting to our local supply chain
✓	Proactive demand planning and working capital management
✓	New customer acquisition in existing and new markets

Link to Strategy (Page 48)
Profitable growth, Customer focus, Value chain and community

Link to Material Risks & Opportunities (Page 106)
Government policy and macro-economic vulnerabilities
Raw material availability and supply chain risks
Exchange rate fluctuations

Exchange rate movements



Source: CBSL

SOCIAL

COVID-19 pandemic

- Sri Lanka experienced the 2nd and 3rd waves of the pandemic in 2021, with the emergence of highly transmissible variants leading to periodic lockdowns.
- The pandemic led to unprecedented focus on health and safety within the workplace while accelerating the shift to new hybrid-models of working. Businesses demonstrated strong adaptability to operating in conditions of limited mobility, deploying technology to engage with both internal and external stakeholders.
- Sri Lanka's vaccination drive has largely been successful with nearly 75% of the country vaccinated by end-2021 and most organisations facilitating vaccinations for its employees.
- The demand for disposable gloves surged following the outbreak of the pandemic and remained resilient in 2021 given increased importance of hygiene. Demand conditions have now moderated with distributors increasing stocks over the last year. Prices have also resultantly stabilised from the record highs of the last 2 years.

	Impact on the Group
+	Surge in demand for disposable gloves
–	Increased concerns on employee health and safety
–	Volatilities in raw material pricing

	Our Response
✓	Expanded capacity to cater to the surge in demand for gloves
✓	Strategic focus on the physical and mental well-being of employees
✓	Secure access to an uninterrupted supply of raw materials through increasing local procurement

Link to Strategy (Page 48)
Profitable growth, Customer focus, Value chain and community, Innovation & Digitalisation

Link to Material Risks & Opportunities (Page 106)
Pandemic related disruptions
Employee health and safety

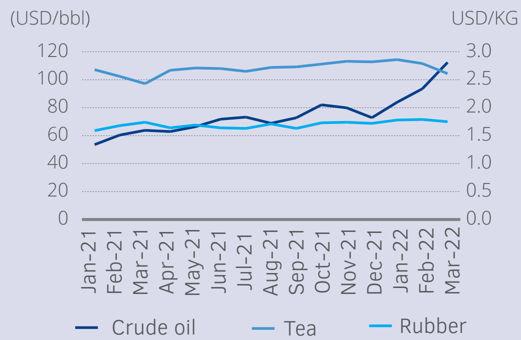
OUR OPERATING LANDSCAPE

ECONOMIC

Global commodity prices

- Global commodity prices surged in 2021, reflecting stronger industrial activity, supply chain disruptions and unfavourable weather which impacted agricultural supply chains
- Fluctuations in commodity prices also represent challenges in transitioning to low-carbon economies.
- With supply constraints easing and demand growth slows, energy prices are expected to stabilise in 2022 although this could be affected by new outbreaks of COVID-19 and adverse weather.

Commodity price movements



Impact on the Group

- The sharp increase in the price of natural and nitrile rubber, adversely impacted the Hand Protection Sector
- The Plantation sector benefited from robust tea and rubber prices during the year

Our Response

- Expanded local farmer base by 2,000+ to secure the natural rubber supply chain through DPL Firstlight
- Increased stock holding periods to minimise exposure to fluctuating raw material prices

Link to Strategy (Page 48)

Profitable growth, Value chain and community

Link to Material Risks & Opportunities (Page 106)

- Raw material availability and supply chain risks
- Implications of climate change

ENVIRONMENTAL

Implications of climate change

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

Transition risks

- Risks associated with transitioning to a low carbon economy including increasing reliance on renewable energy and development of sustainable products.
- There has been a sharp rise in demand for biomass reflecting manufacturers' increased shift towards biomass energy. This, coupled with the supply chain disruptions stemming from the pandemic and unfavourable weather have led to sharp escalations in the price of biomass.

Impact on the Group

- The Plantation Sector is directly impacted by these vagaries which determine volumes and yield.
- The Hand Protection Sector is exposed through reliance on agriculture-based raw materials and the water intensity of its operations. The Sector was also affected by shortages in biomass during the year.

Our Response

- Crop diversification in the Plantation Sector
- Adoption of sustainable agriculture and manufacturing practices
- Propagation of our sustainability agenda across value chain partners
- Pursue alternative sources of renewable energy, including sustainable firewood.

Link to Strategy (Page 48)

Climate Action

Link to Material Risks & Opportunities (Page 106)

Implications of climate change

OUR OPERATING LANDSCAPE

LEGAL

Regulatory developments

- The CBSL implemented several measures to preserve foreign currency outflows from the country. This included limitations on entering forward rate contracts, mandatory conversion of export proceeds, revocation of limits on short-term foreign currency borrowings and requirement of 100% cash margin on selected imports.
- Increased stringency of regulations relating to the safety, sustainability and quality of input and packaging material, particularly from the European Region and the USA.

Impact on the Group
− Supply chain disruption
+ Strengthen competitive position through sustainable product propositions

Our Response
Proactive management of foreign currency in partnership with the Central Treasury Unit of Hayleys PLC
Enhance sustainable product portfolio in catering to emerging requirements

Link to Strategy (Page 48)
Innovation and digitalisation, Customer focus, Profitable growth

Link to Material Risks & Opportunities (Page 106)
Risk of regulation/de-regulation
Product responsibility

STAKEHOLDER RELATIONSHIPS

Retaining and building stakeholder trust is vital to our commercial and social sustainability and emphasis is placed on understanding their concerns and expectations through proactive and ongoing engagement. In determining which stakeholders to engage with, we place priority on those who have the most significant influence on our decisions and are in turn most affected by us. Key stakeholder topics identified during the year are listed below:

- Impact of macro-economic vulnerabilities
- Implications of the pandemic
- Continuity of operations
- Commercial sustainability of business partners

A high-level overview of the Group's stakeholder engagement during the year is presented below:

SHAREHOLDERS

Institutional 739

Individual 14,252

Strong Quality of relationship

Met all legal and regulation requirements

How we engaged

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

Stakeholder interests in 2021/22

- Implications of macro-economic vulnerabilities
- Impacts of COVID-19 pandemic on performance
- Opportunities for growth
- Effective risk management
- Clear, accurate and timely communication
- Share price performance
- Effective allocation of capital
- Resilience and effectiveness of strategy

Our response

- Capacity expansion to cater to emerging demand
- Effective implementation of a robust strategy, which led to strong earnings growth
- Proactive risk management practices
- Focus on preserving balance sheet strength and liquidity

Value Created			
	24% Return on equity	28% Dividend payout ratio	Rs. 2.50 Dividend per share

STAKEHOLDER RELATIONSHIPS

CUSTOMERS

Hand Protection 350+

Plantation 850+

Strong Quality of relationship

Customer satisfaction rate

Hand protection : 84%

Plantation : 80%

Stakeholder interests in 2021/22

- Continued availability of products
- Price competitiveness
- Superior product quality
- Assurance on processes, systems and products
- Ease of transactions
- Social and environmental consciousness

How we engaged

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

Our response

- Ongoing emphasis on innovation to suit emerging requirements
- Continued compliance to quality, safety and environmental certifications

Value Created

- Rs. 55,294 Mn Sales generated
- 42 New products launched
- 84 New customers

EMPLOYEES

Hand Protection 2,177

Plantation 14,004

Strong Quality of relationship

Employee retention rate

Hand protection : 81%

Plantation : 95%

Stakeholder interests in 2021/22

- Physical and mental well-being
- Attractive reward schemes including medical benefits
- Opportunities for skill development and career progression
- Job security
- Safe and conducive work environment

How we engaged

- Engagement through trade unions (ongoing)
- Satisfaction surveys (annual)
- Performance appraisals (annual)
- Staff meetings (ongoing)
- Work-life balance initiatives (ongoing)

Our response

- Strategic emphasis on health, safety and well-being
- Ongoing engagement with trade unions
- Significant investments in training and development

Value Created

- Rs. 10,144 Mn Payments to employees
- 110 Promotions
- Rs. 15 Mn Investment in training

SUPPLIERS

Hand Protection
4,514

Plantation
3,220

Good Quality of relationship

Local purchase
Hand Protection : 66%
Plantation : 99%

Stakeholder interests in 2021/22

- Financial support in addressing import restrictions
- Ease of transaction
- Consistent demand for produce
- Fair pricing mechanisms
- Ethical business conduct
- Competency development and capacity building

How we engaged

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

Our response

- Expansion of local farmers through DPL Firstlight programme
- Focus on ensuring commercial sustainability of suppliers through financial and other forms of support
- Increased visibility of future demand
- Supplier development programmes

Value Created

Rs. 21,371 Mn	+10	Rs. 3.2 Mn
Payments to suppliers	Supplier development programmes	Investment in supplier development

COMMUNITIES

CSR Spend Hand Protection
Rs. 9 Mn

CSR Spend Plantation
Rs. 244 Mn

Good Quality of relationship

Zero community grievances

Stakeholder interests in 2021/22

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

How we engaged

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

Our response

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

Value Created

Rs. 253 Mn	100	685
Investment in CSR	Houses developed for plantation employees	Volunteer hours

STAKEHOLDER RELATIONSHIPS

GOVERNMENT

Tax Expense Hand Protection
Rs. 1,755 Mn

Tax Expense Plantation
Rs. 221 Mn

Strong Quality of relationship

Zero instances of non-compliance to environmental, socio-economic and other regulations

Stakeholder interests in 2021/22

- Generation of export income and conversion of proceeds
- Tax payments
- Compliance to relevant regulations
- Generate socio-economic benefits

How we engaged

- Engagement at industry forums and corporate engagement platforms (ongoing)
- Written communications (ongoing)
- Face to face interactions (ongoing)

Our response

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

Value Created

Rs. 1,976 Mn
Income tax payments

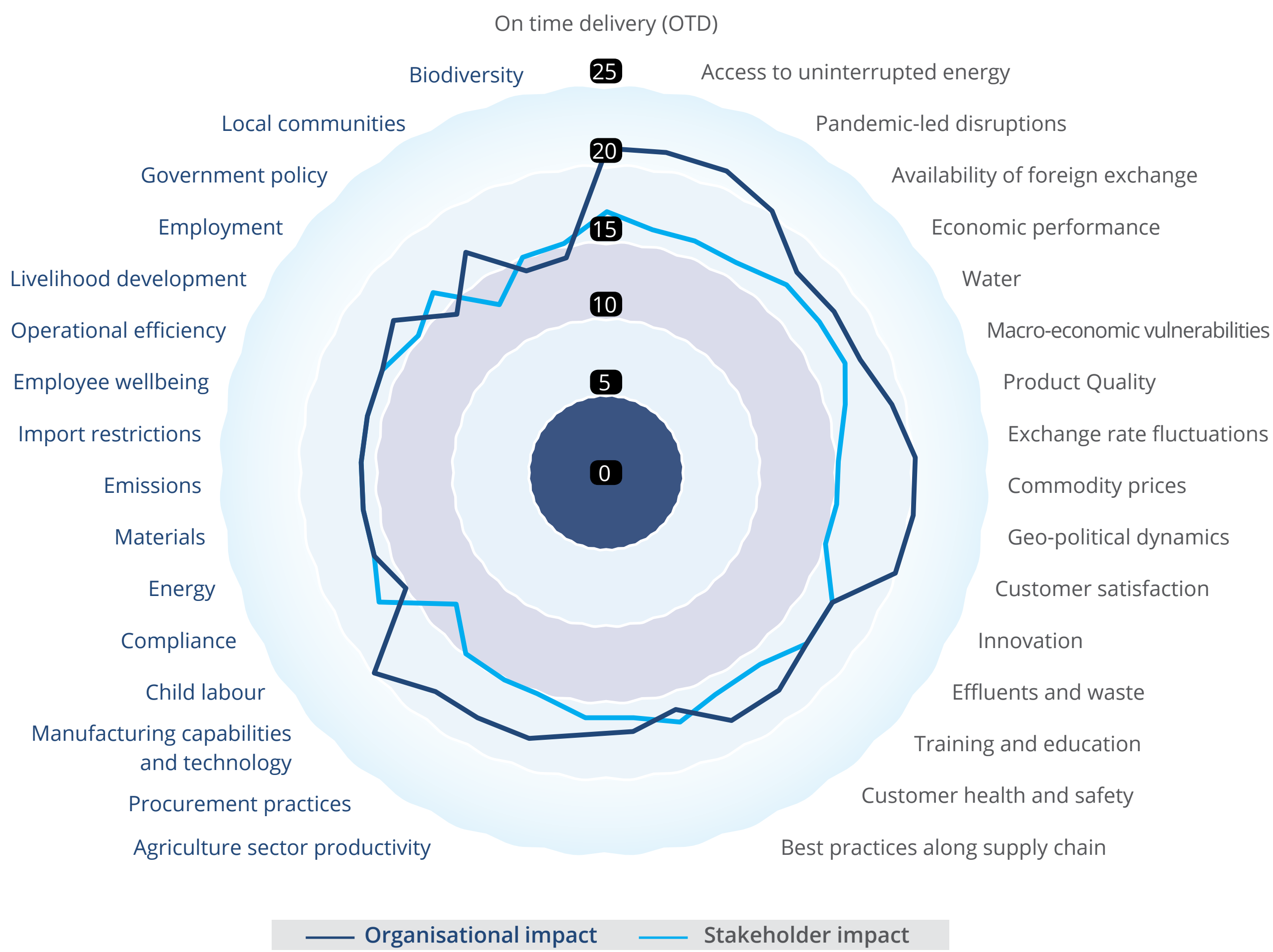
Rs. 562 Mn
Other payments to Government

MATERIAL ISSUES

The process adopted by the Group in determining materiality is governed by the Hayleys Group's Materiality Assessment Procedure, which clearly sets out the parameters and filters applicable (please refer to page 36 for further information). The macro-economic challenges and pandemic-led disruptions that prevailed during the year, resulted in significant shifts in the Group's material topics with the emergence of new risks as well as opportunities.

DPL's materiality map for 2021/22 is presented below; it includes issues that are material to both the Hand Protection and Plantation Sector.

MATERIAL ISSUES 2021/22



MATERIAL ISSUES

The material issues identified above, have been categorised to broader themes and impacts for better clarity and understanding. The changes in the materiality compared to the previous year is also disclosed.

Theme/category	Material topic	Relevant GRI Standard/ SASB indicator/SDG	Materiality compared to the previous year	Page reference for further information
Customer relationships	On Time Delivery	-	-	Refer to page 84
	Customer satisfaction	-	-	
	Customer health and safety	GRI 416: Customer Health and Safety 2016	-	
Our people proposition	Employment	GRI 401: Employment 2016	-	Refer to page 76
	Employee well-being	GRI 403: Occupational Health and Safety 2018	Increased in materiality	
	Training and development	GRI 404: Training and Education 2016	-	
Product capabilities	Product quality		-	Refer to page 91
	Innovation		-	
	Manufacturing capabilities and technology		-	
	Operational efficiency		-	
	Agriculture sector productivity		-	Refer to page 64
Economic conditions	Macro-economic vulnerabilities		Increased in materiality	Refer to page 36
	Availability of foreign exchange			
	Exchange rate fluctuations			
	Commodity prices			
Resilient supply chains	Best practices along supply chain		Increased in materiality	Refer to page 84
	Procurement practices	GRI 204: Procurement Practices 2016		
	Materials	GRI 301: Materials 2016		Refer to page 96

Theme/category	Material topic	Relevant GRI Standard/ SASB indicator/SDG	Materiality compared to the previous year	Page reference for further information
Managing environmental impacts	Water	GRI 303: Water and Effluents 2018	-	Refer to page 96
	Energy	GRI 302: Energy 2016	-	
	Emissions	GRI 305: Emissions 2016	-	
	Effluents & Waste	GRI 306: Waste 2020	-	
	Biodiversity	GRI 304: Biodiversity 2016	-	
Regulatory developments and compliance	Government policy		-	Refer to page 36
	Import restrictions		-	
	Compliance		-	
Socio-economic impacts	Economic performance	GRI 201: Economic performance 2016	-	Refer to page 36
	Indirect economic impacts	GRI 203: Indirect economic impacts 2016	-	
	Local communities	GRI 413: Local communities 2016	-	
Other socio political factors	Pandemic-led disruptions		-	Refer to page 17
	Child labour	GRI 408: Child labour 2016	-	Refer to page 36
	Access to uninterrupted energy		New topic	Refer to page 108

STRATEGY AND RESOURCE ALLOCATION

Strategic imperatives

The Group's continued success over the past few years has been underpinned by its focus on several key strategic priorities, representing critical areas of the business. The strategy is aligned to the Group's ongoing efforts to embed sustainability considerations to its day-to-day decision-making, thereby driving the creation of multi-stakeholder value while minimising the adverse impacts of its business.

Vision: To be the preferred and most sought-after provider of hand protection wear in the world

Business objectives

- Capacity expansion in selected product segments
- Strengthen market share across key markets
- Improve profitability of product portfolio

Profitable growth

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

Innovation & Digitalisation

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

Customer focus

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

Sustainability objectives

- Reduce carbon footprint
- Increased recycling and reuse of water
- Propagate sustainable agricultural practices across our supply chain product portfolio

Inspired and dedicated team

Training and development → Inclusivity and equal opportunity → Effective talent management and succession planning

Climate action

- Water conservation
- Circularity
- Investment in replanting
- Renewable energy

Value chain and community development

MEASURING DELIVERY OF OUR STRATEGY

Profitable growth

RESOURCE ALLOCATION

Financial Capital
Rs. 3,965 Mn
Capital expenditure

Human Capital
31
Number of sales team members in Hand Protection Sector

Increased focus on customer engagement

Natural Capital
12,893
hectares Cultivated

Hand Protection

- The Segment pursued significant capital expansion with manufacturing capacity across key product categories increasing by 35% during the year
- Aggressive penetration in supported gloves through appointment of sales agents in several regions
- Client acquisition including new partnership with major supermarket in Europe and pursued deeper relationships with existing customers

Plantation

- Strategic emphasis on product quality and productivity
- Ongoing focus on crop diversification

Highlights of 2021/22

16%
increase in manufacturing capacity

Revenue Growth

25%
Hand Protection

9%
Plantation

84
New customers acquired

Link to Remuneration

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

Link to Risk

- Competitor entry and price pressure
- Risks stemming from manufacturing operations

MEASURING DELIVERY OF OUR STRATEGY

Innovation and Digitalisation

RESOURCE ALLOCATION

Human Capital	Financial Capital	Human Capital
4,656	Rs. 231 Mn	14
Employees trained on DPL Production System	Investment in R&D	Strength of R&D team

Hand Protection

- Development of 20 new products including 6 supported and 3 unsupported gloves and 11 disposable gloves
- Development of new sports glove range, enabling entry into new market segment
- Increased R&D focus on sustainable products
- Organisation-wide efficiency drive through assigning over 150 cost management programs
- Productivity improvements across all production lines
- Ongoing training efficiency initiatives including lean, Total Productive Maintenance and Six Sigma
- Use of robotic technology within manufacturing facilities

Plantation

- Ongoing investments in productivity improvements through mechanisation and automation
- 22 new products developed in plantation sector as the Group's value-added tea exporter

Highlights of 2021/22

Rs. 300 Mn
Cost savings generated through TMP and lean management activities

42
New products developed

Rs. 317 Mn
generated from new products

Link to Remuneration

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

Link to Risk

- Technology risk
- Competitor entry and price pressure
- Risks stemming from manufacturing operations

Customer Focus

RESOURCE ALLOCATION

Intellectual Capital

8

New products in the pipeline

Human Capital

31

Strength of sales team

Hand Protection

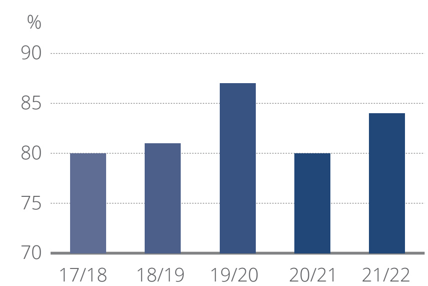
- Proactive engagement through online channels including social media, virtual tours etc.
- Enhanced the customer value proposition by widening the product offering
- Compliance to a range of Quality, Environmental, Occupational health and safety and food safety certifications

Plantation

- Compliance to product quality and responsibility guidelines and standards
- Product innovation and enhanced customer proposition at Mabroc Teas

Highlights of 2021/22

Customer satisfaction



Link to Remuneration

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

Link to Risk

- Customer satisfaction
- Competitor entry and price pressure
- Product responsibility

MEASURING DELIVERY OF OUR STRATEGY

Value Chain & Community Development

RESOURCE ALLOCATION

Manufactured Capital

Rs. 28,816 Mn
Payments to suppliers

7,720
suppliers

Financial Capital

Rs. 3.2 Mn
Investment in supplier development

Rs. 253 Mn
Investment in CSR

Hand Protection

- Expanded the local farmer base in Kegalle, Monaragala, Ratnapura and Kurunegalle districts
- Proactive and ongoing engagement with both local and international suppliers
- Distribution of fertilizer, rain guards and rubber plants under the DPL Firstlight programme

Plantation

- Ongoing investments in supporting the well-being of our estate communities through the "Home for Every Plantation Worker" programme

Highlights of 2021/22

66%
Local procurement

2,392
Farmers added to Firstlight

2,000+
farmers trained on sustainable agriculture practices

Link to Remuneration

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

Link to Risk

- Raw material availability and supply chain risks
- Implications of climate change

Inspired and Dedicated Team

RESOURCE ALLOCATION

Financial Capital

Rs. 10,144 Mn

Payments to employees

Human Capital

7 Hours

of training allocated to each employees

Manufactured Capital

Rs. 15 Mn

Investment in staff training

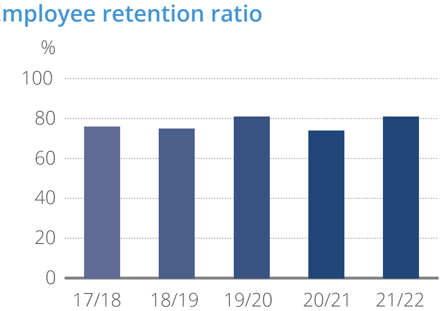
Hand Protection

- Comprehensive measures to ensure physical and mental well-being of employees
- Strategic focus on talent development, including leadership, technical, sales and marketing and productivity capabilities
- Enhanced employee welfare through upgrading staff facilities
- Enhanced remuneration and benefits in line with high inflation
- Engagement programmes implemented to nurture a diverse and inclusive culture

Highlights of 2021/22

Certified as a "Great Place to Work"

Employee retention ratio



Plantation

- Strategic focus on ensuring employee safety through stringent safety protocols and hygiene practices

Link to Remuneration

Employee retention and satisfaction are KPIs for the Group's HR Department

Link to Risk

- Employee relations
- Employee health and safety
- Labour shortages

MEASURING DELIVERY OF OUR STRATEGY

Climate Action

RESOURCE ALLOCATION

Financial Capital

Rs. 148 Mn

Investments in expanding effluent treatment plant

Natural Capital

30,000

Rubber plants planted in 2021/22

Hand Protection

- Expanded effluent treatment plants (ETP) at two locations in line with capacity increase
- Improved technology in effluent treatment plants including conversion of chemical treatment plant to biological treatment plant during the year
- Established a wetland park in the Hanwella facility using aqua plants to absorb pollutant materials
- Pursuing saw dust as an alternative to biomass for powering boilers
- Installed energy efficient heat exchangers manufacturing locations
- Increased focus on sustainable packaging
- 30,000 rubber plants planted

Plantation

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

Highlights of 2021/22

11%

water recycled and re-used with recycling capacity increased by nearly 22% times

20%

reduction of total waste

Revenue Growth

25%

Hand protection

9%

Plantation

Link to Remuneration

Climate targets are linked to the remuneration of the engineering and Procurement division while executive leadership remuneration is linked to the Group's overall performance

Link to Risk

- Implications of climate change
- Raw material availability and supply chain risks

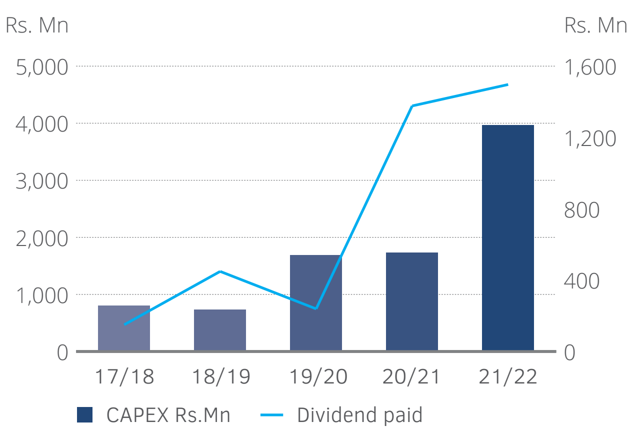
MANAGING OUR TRADE-OFFS

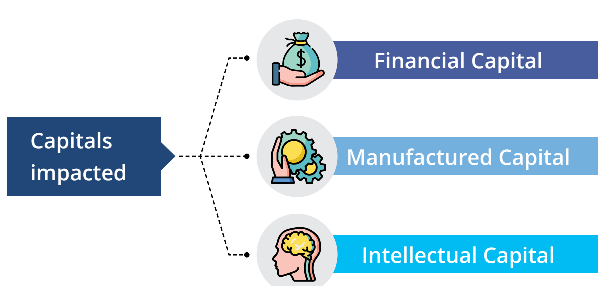
In driving our strategy, we examine the availability, adequacy and quality of capital inputs, balancing short- and long-term objectives in ensuring sustainable value creation to all stakeholders. Listed below are the key trade-offs we made during the year and the thinking behind our decisions.

Balancing short-term cash flows with long-term strategic investments

Capacity expansion and long-term investments in building and machinery requires significant capital outlay as well as appropriate levels of human and intellectual capital. In managing this trade-off during the year, we clearly communicated with our stakeholders on our long-term plans and alignment to short-term objectives. During the year, we maintained a dividend payout of 28% while investing nearly Rs. 4 billion in capacity expansions.

Capex vs dividend paid

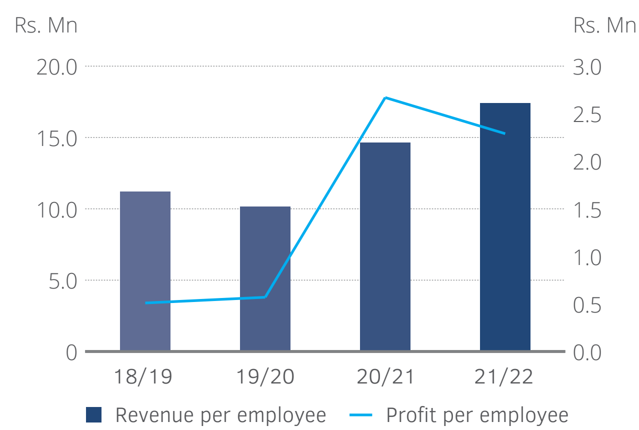


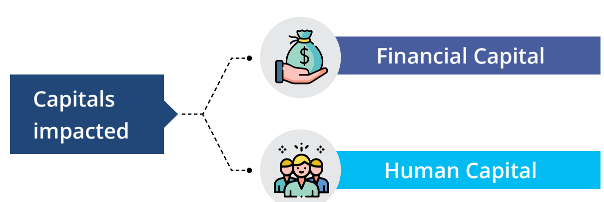


Financial outlay of managing COVID-19 impacts

Significant investments were directed towards ensuring the safety of our employees during the year. While this entailed an outlay of cash flows, it ultimately supported the physical and mental well-being of employees and ensured continuity of production, despite a surge in infections in the country. It also contributed towards strengthening the Group's employee proposition and enhancing satisfaction.

Profit Vs Revenue



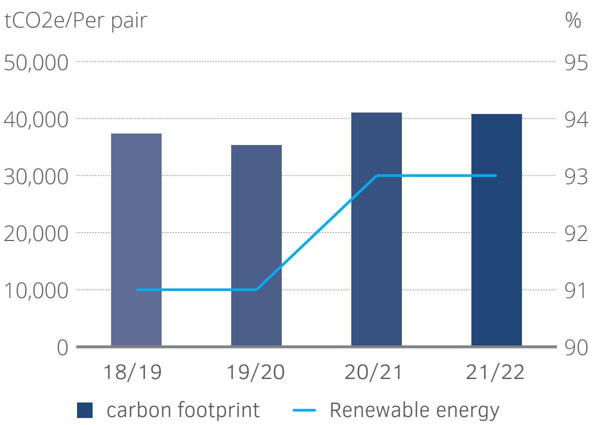


MANAGING OUR TRADE-OFFS

Foregoing short-term financial returns to drive down carbon footprint

The Hand Protection Sector relies primarily on biomass energy to power its boilers. Despite the sharp increase in its cost during the year, the Group continued to procure and utilise biomass for its energy, as it maintained focus on its carbon reduction goals. During the year, the Hand Protection Sector's carbon footprint reduced by 1% while procurement cost of biomass increased by 46%.

Reliance on renewable energy



Capitals impacted

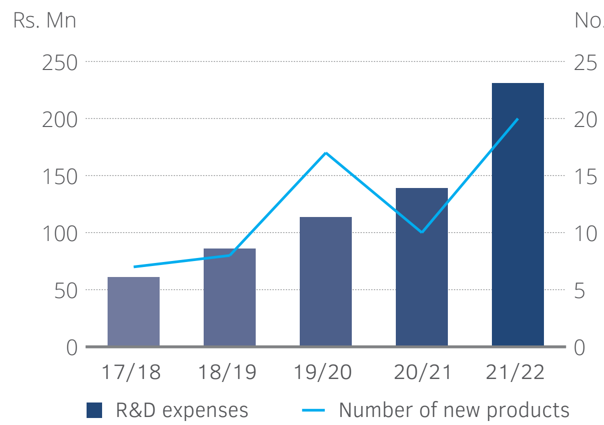
- Financial Capital
- Natural Capital

Balancing increased investments in R&D with long-term product prospects

Continued innovation is preceded by ongoing research and development activities, which typically require considerable financial resources as well as a strengthening of the Hand Protection Sector R&D team.

Meanwhile increased automation and mechanisation in our plants could lead to a gradual reduction in the dependency on employees.

R&D and Innovation



Capitals impacted

- Intellectual Capital
- Financial Capital

INTEGRATING ESG THROUGH THE HAYLEYS LIFECODE

The Hayleys Group (along with its subsidiaries) marked a major milestone during the year, with the launch of the Hayleys Lifecode, which seeks to harmonise ESG integration across all Group entities. The Lifecode sets out the Group's commitment to ESG targets and a clear action plan for achieving these targets, which were formulated in consultation with Group entities. The Lifecode builds on the existing infrastructure to capture ESG information, the Cube, which is updated monthly enabling review of ESG performance by both Sector level and Group leadership teams.

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

INTEGRATING ESG THROUGH THE HAYLEYS LIFECODE

The progress made by DPL in each of these pillars are discussed in the Capital Management Review from page 66 to 104 of this Annual Report.

Governance of ESG factors

In line with the adoption of the Lifecode, DPL also aligned with the relevant policies rolled out across the Hayleys Group. In accordance with the specified governance structures, the Hand Protection and Plantation Sectors have also appointed Sustainability Champions who are empowered to drive the effective implementation of the Lifecode in coordination with relevant functions.

The policy architecture of the framework is as follows:

ENVIRONMENT

- Material and waste management policy
- Energy and emissions management policy
- Water management policy
- Biodiversity conservation policy
- Chemical management policy
- Sustainability Compliance Guideline

SOCIAL

Employee related policies

- Industrial Relations policy
- Disciplinary policy
- Grievance handling policy
- Recruitment policy
- Learning & Development policy
- Talent Management and Succession Planning policy
- Performance Management Policy
- Human Rights Policy
- Whistleblower Policy
- Anti-Sexual Harassment policy
- Health and Safety Policy

Policies related to other stakeholders

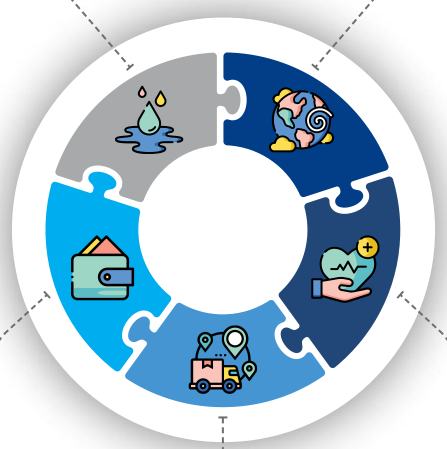
- Customer Management Policy
- Procurement Policy
- CSR Policy

GOVERNANCE

- Board Charter
- Board Committee Charters
- Stakeholder Engagement
- Information Disclosure Policies
- IT policy
- Intellectual Capital Policy
- Information Security policy
- Business data back-up policy

How we are responding to key sustainability issues

Emerging issues in the sustainability context present both opportunities and risks for DPL; the Group is acutely aware of these dynamics and has sought to embed these issues into their strategy and decision-making, in order to build a more resilient, responsive and sustainable organisation. Key sustainability issues affecting the Group are listed below and described in further detail in the Capital Management Review on page 66 to 104.



Conservation of water

Although DPL does not operate in water stressed areas, the Group's operations are relatively water intensive, and have introduced measures to reduce water withdrawal including,

- Increasing recycling and re-use through effluent treatment plants
- Rainwater harvesting in the Plantation Sector
- Chemical free buffer zones and fences to minimise risk of water contamination

Combating climate change

The Plantation Sector is directly exposed to climate related weather changes, while Hand Protection is vulnerable due to its reliance on agricultural raw materials.

- Increase reliance on renewable energy generation, including solar, wind and hydro power
- Broaden and diversify agricultural supply chains

Poverty and income inequality

The Group contributes to socio-economic empowerment and community development through,

- Ethical sourcing, development and value injection to rubber farmers through DPL Firstlight
- Significant investment in uplifting the living standards of estate sector workers

Sustainable and resilient supply chain development

Given vulnerabilities and environmental impacts along our supply chains, the Group has strived to develop resilient and sustainable suppliers through,

- Investment in farmer development and propagation of sustainable agricultural practices
- Replanting and sustainable agriculture practices in the Plantation Sector

Health and well-being of communities

- Multi-faceted community development programmes for estate sector workers- one of the most vulnerable communities in the country

SASB DISCLOSURES

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

Topic	Accounting Metric	Unit of Measure	Code	DISCLOSURE/Pg. reference
Water Management	1. Total water withdrawn 2. Total water Consumed 3. Percentage in regions with High or Extremely High Baseline Water Stress	(m³) (m³)	CG-HP-140a.1	1,781,210 1,781,210 (withdrawn quantity is being consumed) Not Applicable
	Description of water management risks and discussions of strategies in place to manage those risks	-	CG-HP-140a.2	DPL manufacturing operations are not in regions of high water stress
Product Environmental, Health, and Safety Performance	Revenue from products that contain REACH substances of very high concern (SVHC)	Rs. Mn	CG-HP-250a.1	Do not use such substances in our products
	Revenue from products that contain substances on the California DTSC Candidate Chemicals List	Rs. Mn	CG-HP-250a.2	Do not use such substances in our products
	Discussion of process to identify and manage emerging materials and chemicals of concern		CG-HP-250a.3	No such processes with such materials and chemicals concern
	Revenue from products designed with green chemistry principles	Rs. Mn	CG-HP-250a.4	Rs. 172 Mn (Products: Interface ECO, Xtralite Prime)
Packaging Lifecycle Management	1. Total weight of packaging	Mt	CG-HP-410a.1	5,661
	2. Percentage made from recycled and/or renewable materials	%	CG-HP-410a.1	55%
	3. Percentage that is recyclable, reusable, and/or compostable	%	CG-HP-410a.1	86%
	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle		CG-HP-410a.2	When purchasing, priority for the packaging which were made using recycled material. *Priority for the suppliers those who adhered to Eco friendly manufacturing processes. *Priority for the products which can be recycled easily or biodegradable.
Environmental & Social Impacts of Palm Oil Supply Chain	Amount of palm oil sourced, percentage certified through the Roundtable on Sustainable Palm Oil (RSPO) supply chains as a) Identity Preserved b) Segregated c) Mass Balance d) Book & Claim	Mt (%)	CG-HP-430a.1	Not applicable
Activity Metrics				
Units of products sold		Number	CG-HP-000.A	275Mn Pairs
Total weight of products sold		Mt		15,000
Number of manufacturing facilities		Number	CG-HP-000.B	05

INVESTMENT CASE

Strong market position

We are a global market leader with a strong reputation for quality and innovation

Market reach of
70 countries

Best in class R&D capabilities

6 patented products

Strong team and partnerships

Strong execution track record

- Capable team and strategic mindset
- Long-term customer relationships
- Mutually beneficial supplier relationships

Healthy balance sheet

Diverse earnings profile

13%
Return on capital employed

35%
Gearing ratio

Track record in shareholder value creation

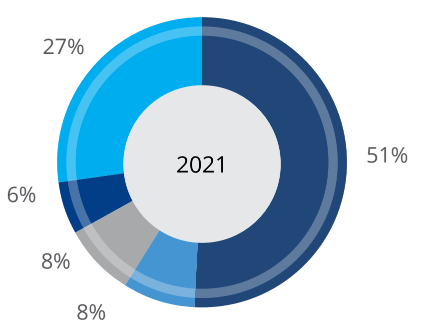
Responsibility and sustainability

Holistic ESG Framework

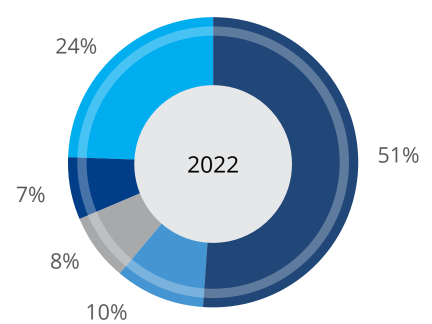
Sustainability integrated to business strategies

93%
Reliance on renewable energy

Statement of Economic Value Added and Generated



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



- To employees as remuneration - Rs. 10,143 Mn
- To Government of Sri Lanka & overseas as taxes - Rs. 1,965 Mn
- To Shareholders as dividends - Rs. 1,497 Mn
- To lenders of capital - Rs. 1,358 Mn
- Retained in the business - Rs. 4,816 Mn

OPERATIONAL REVIEW

Hand Protection

"The Hand Protection Sector delivered record revenue and profit during the year, achieving a top line growth of 25% while profit for the year record to Rs. 5 Bn during the year."

Key Inputs

- Natural latex
- Synthetic latex
- Chemicals
- Packing materials

Value Chain

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


Unsupported gloves


Supported gloves


Disposable gloves

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

Operating Environment and SWOT Analysis

STRENGTHS

- Market position and brand name
- Strong manufacturing capabilities and technology
- Research and development capabilities
- Long-standing customer relationships
- Secure supply chain through partnerships with local farmers

WEAKNESSES

- Exposure to commodity price movements and vagaries in the agriculture sector
- Increased borrowings, reflecting recent debt funded capacity expansions

INTERNAL FACTORS

OPPORTUNITIES

- Strong growth potential in supported gloves
- Opportunities for increasing penetration in premium products such as electricians' gloves and sports gloves
- Increase penetration in new markets

THREATS

- Sri Lanka's macro-economic crisis and implications on exchange rate and interest rate
- Interruptions to fuel and energy supply
- Competitive threats
- Supply chain disruptions
- Escalation in raw material prices

EXTERNAL FACTORS

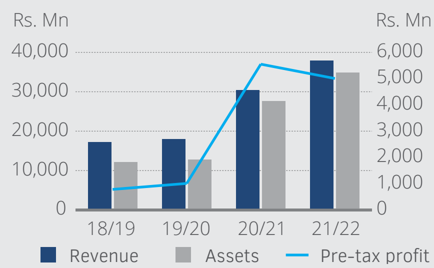
POSITIVE

NEGATIVE

Strategy and Performance

- The Sector delivered yet another year of growth and profitability, with revenue increasing by 25%, profit-before-tax for the year amounted to Rs. 5 billion. Performance was upheld by resilient demand, together with capacity expansions, customer acquisition, development of value-added products and ongoing focus on cost efficiencies. The Sector's Thailand operation recorded revenue growth of 26% although demand moderated in comparison to previous year.
- Revenue growth was supported by the acquisition of 34 new customers, particularly from the USA and European region. The Sector focused on increasing penetration in Supported Gloves, for which it sees significant growth potential.
- Given supply chain disruptions, the Sector widened its network of DPL Firstlight farmers by over 2,000 farmers, thereby increasing reliance on local sourcing and securing the supply chain ICOGUANTI the marketing arm in Italy delivered a revenue growth of 27% as the Sector deepened relationships in the European region.
- The Sector invested Rs. 3.96 billion across all 5 manufacturing locations, resulting in a capacity increase of 16% during the year.

Hand protection performance



Innovation	Value to People	Environmental commitment
20 new products launched **5 patents applied** Launch of Sports Gloves - new category for DPL *(Refer to page 91 for further information)*	• Continued focus on ensuring the physical and mental well-being of employees • Vaccination drive with 100% employees receiving the first two doses	• Increased water treatment and recycling capacity in line with capacity expansion • Focus on sustainable products and packaging including 1 Biodegradable gloves 2 Glove manufactured using recycled PET bottles 3 Recycled packaging material • Exploring avenues for sustainable bio-mass *(Refer to page 96 for further information)*

Plans

- Emphasis on high-value products such as electrician's gloves and sports gloves
- Increase focus on sustainable products and packaging solutions
- Secure supply chain for raw materials and fuel in view of potential disruptions
- New customer acquisition and deepening existing relationships

Contribution to Group

69%	Revenue
66%	Profit before tax
64%	Assets
13%	Employees
78%	Carbon footprint

Nurturing our Capitals

Financial Capital
25% increase in Revenue

Manufactured Capital
16% increase in capacity
Capacity utilisation of **84%**

Human Capital
Rs. 4,349 mn payments to employees
Rs. 11.5 mn training investment

Social Capital
34 customers acquired
Rs. 9 mn CSR investment

Natural Capital
6% reduction in carbon intensity
20% increase in water recycled

OPERATIONAL REVIEW

Plantation

"The Plantation Sector delivered a 9% growth in Revenue while profit-before-tax increased by 63% to Rs. 2.8 billion during the year, the highest in the Sector's operating history"

Key Inputs

- Bought leaf
- Agro chemicals
- Chemicals
- Packaging materials

Value Chain

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

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

Operating Environment and SWOT Analysis

STRENGTHS

- Strong reputation for quality with both TTE and KVPL consistently ranking as top price takers at the Auction
- Strategic focus on sustainable agriculture
- Capable leadership team
- Diversified crop base

WEAKNESSES

- Exposure to vagaries in the agriculture sector
- Low productivity of agriculture sector workers
- Relatively high cost of production and low yields in Sri Lanka's plantation sector in comparison to regional counterparts

INTERNAL FACTORS

OPPORTUNITIES

- Strong pricing for both tea and rubber
- Increased demand for orthodox black tea, given customer emphasis on health and well-being following COVID-19
- Opportunities for increasing penetration in premium products such as electricians' gloves and sports gloves
- Increase penetration in new markets

THREATS

- Government-imposed 35% wage hike for estate sector workers
- Shortages in weedicide, fungicide and fertilizer
- Pest problems in the rubber industry
- Labour shortages

EXTERNAL FACTORS

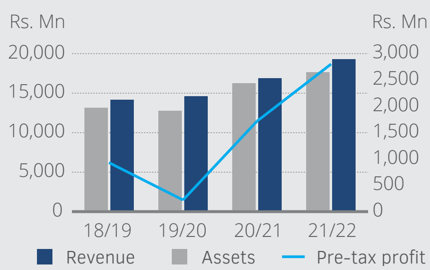
POSITIVE

NEGATIVE

Strategy and Performance

- The Plantation Sector delivered commendable growth amidst numerous challenges, to achieve a revenue growth of 9%, while pre-tax profit increased by 63% to Rs. 2.8 million. Performance was driven by stronger pricing for both tea and rubber, and the Sector's relentless focus on productivity and quality, which enabled it to command the industry's best pricing. The Group's value-added tea exporter, Mabroc also delivered record profitability supported by new production and penetration in new markets.
- The Sector has continued to invest in digitisation and mechanisation which has facilitated more improved performance management, manufacturing efficiencies and better visibility of field level information
- The Sector's long-standing focus on sustainable agriculture enabled it to remain resilient against the shortage in chemical fertilizer as it increased reliance on organic fertilizer.

Plantations performance



Commitment to quality	Value to People	Environmental commitment
The Sector complies to a range of national and international certifications including (but not limited to) the following: • Rainforest Alliance License Agreement • ISO 22000:2005 Food Safety Management System certification • British Retail Consortium (BRC) Certification • ISO 14001: 2015-Environment Management System • Great Place to Work Survey	• Only Regional Plantation Company to obtain the "Great Place to Work" Certification • Ongoing leadership engagement at operational and estate level • Training and development through virtual platforms • Ongoing focus on health and well-being including 100% vaccination of all estate- workers *(Refer to page 76 for further information)*	• Focus on regenerative and sustainable agriculture • Increased reliance on organic fertilizer through using weeds for composting • Increased renewable energy generation through solar-roof solutions *(Refer to page 96 for further information)*

Plans

- Pursue crop diversification and non-agricultural diversification as we strive to enhance the productivity of our land
- Ongoing emphasis on automation and mechanisation to increased efficiency and productivity of employees

Contribution to Group

31%	Revenue
34%	Profit before tax
36%	Assets
87%	Employees
22%	Carbon footprint

Nurturing our Capitals

Financial Capital
Record high profitability

Manufactured Capital
39 tea and rubber factories

Human Capital
14,004 employees
Rs. 5,795 mn payments to employees

Social Capital
60,000 estate communities
Rs. 244 mn CSR investment

Natural Capital
18% reduction in carbon footprint/ carbon intensity

FINANCIAL CAPITAL

The Group delivered yet another year of stellar performance, driven by the top line growth in both Sectors and strong commodity pricing, which enabled the Group to continue to deliver on its shareholder commitments.

Hand Protection Sector

Rs.14.98 Bn
Shareholders' fund

Rs.11.04 Bn
Borrowings

Rs. 21.91 Bn
Shareholders' fund

Rs. 13.20 Bn
Borrowings

Plantation Sector

Rs. 6.93 Bn
Shareholders' fund

Rs.2.16 Bn
Borrowings

Value transformation during 2021/22

	Capital impacted
Revenue growth through volume expansion	+Financial Capital
Effective management of margins despite escalation in costs	+Financial Capital
Focus on operational efficiency and cost rationalisation	+Financial Capital +Intellectual Capital

OUTCOMES

Hand Protection

- +25% increase in revenue
- -10% reduction in PBT
- +138% increase in capital expenditure
- +27% increase in total assets

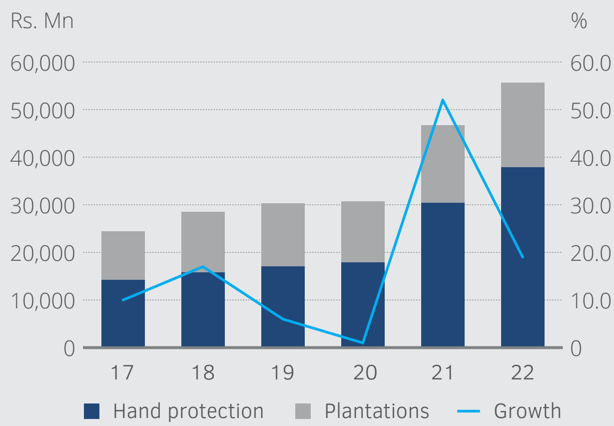
Plantation

- +9% increase in revenue
- +63% increase in PBT
- +96% increase in capital expenditure
- +14% increase in total assets

Revenue

DPL's Consolidated Revenue increased by 19% to a record-high Rs.55.29 billion during the year. Revenue growth was driven by the Hand Protection Sector which recorded a 25% increase and accounted for 69% of Consolidated Revenue. Although moderating from the near 70% growth seen last year, the Sector's continued expansion was supported by a near 16% increase in manufacturing capacity, acquisition of over 30 new customers and a favourable product mix. The Plantation Sector also recorded a revenue growth of 9%, supported by the robust prices for Sri Lankan tea and our reputation for quality which enabled both KVPL and TTE to command above-average pricing at the auction.

Revenue Growth



Gross Profit

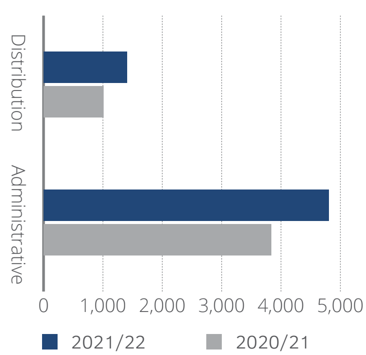
Consolidated gross profit declined by 9% to Rs.10.73 billion, reflecting the normalisation of product pricing and sharp cost escalations in the Hand Protection Sector. This was due to disruptions in both local and global supply chains, a surge in freight costs. These challenges were partially countered by improved pricing in the Plantation Sector, underscoring the diversity of the Group's earnings profile. Resultantly, the group's gross profit margin narrowed to 19.4% from 25.5% the previous year.

FINANCIAL CAPITAL

Cost Management

The Group's operating expenses increased by 28% during the year, with administrative and distribution costs increasing by a respective 25% and 39% during the year. This increase was driven by higher operational activity in both sectors, coupled with high inflation levels, staff costs and expenses arising from the implementation of stringent safety measures in all manufacturing facilities and estates. In the Hand Protection Sector, an organisation-wide cost saving program was initiated in line with the DPL Production System (comprising TPM, Six Sigma and Lean initiatives), which resulted in cost savings of over Rs.300 million during the year.

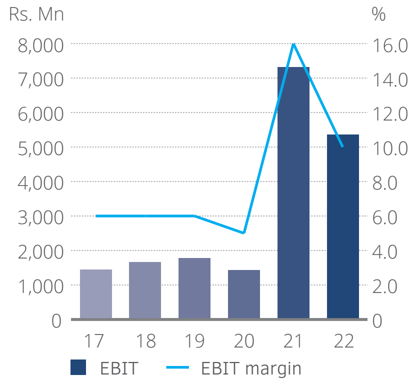
Operating expenses



Earnings Before Interest and Tax

The Group's EBIT declined by 27% to Rs. 5.36 billion during the year, mainly due to narrower profit margins in the Hand Protection Sector to the escalation in input materials and the moderation in price. The Plantation Sector, however, recorded an improvement in core profitability reflecting strong pricing for both tea and rubber, as well as ongoing focus on automation which supported improvements in efficiency and productivity.

Core profitability



Net Finance Cost

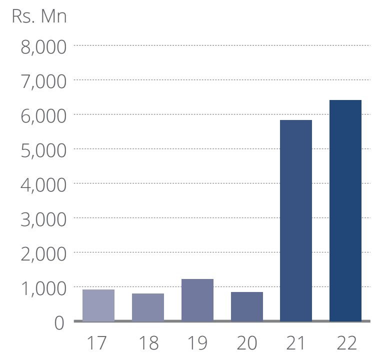
The Group's finance cost increased by 14% during the year, reflecting increased borrowings in the Hand Protection Sector as it pursued debt-funded capacity expansions. Interest on short-term borrowings accounted for 69% of total finance costs and the Group's average cost. The Group's finance income amounted to Rs. 2.94 billion during the year, the bulk of which was due to exchange gains arising from translation gains on the back of the depreciation of the Rupee. Resultantly, the Group's net finance income of Rs. 2.24 billion (compared to a net finance cost of Rs.153.01 million) upheld the Group's overall profitability during the year.

Profitability

The Group's pre-tax profit increased by 6% to a record- high of Rs.7.60 billion driven by strong top line growth in both Sectors, improved profitability in Plantation and significant exchange gains. The Hand Protection Sector's pre-tax profit declined by 10% and accounted for 66% of Consolidated profits. The Plantation Sector delivered strong growth in profitability, with PBT increasing by 63% to Rs. 2.80 billion during the year.

The Group's tax expense declined by 13% to Rs. 1.19 billion during the year, reflecting a reduction in the applicable tax rates. Resultantly, the Group's profit for the year recorded a 10% increased to Rs.6.41 billion, the highest profit achieved in DPL's operating history.

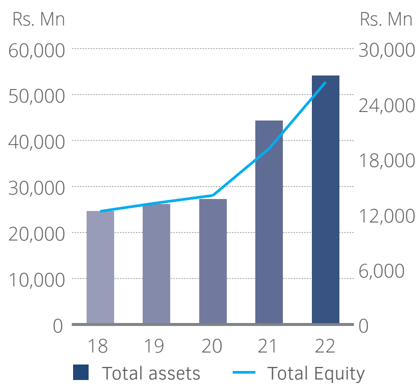
Profit for the year



Financial Position

Consolidated assets increased by 22% to Rs.54.05 billion during the year, reflecting capital expansions in the Hand Protection Sector and increased working capital investments in line with the conditions that prevailed. Property, Plant and Equipment increased by 25% during the year, as the Sector invested in enhancing capacities at all 5 manufacturing locations. Meanwhile investments in inventories and trade & receivables increased by a respective 9% and 20% due to higher operational activity increased inventory holding due to prevalent supply chain disruptions. The Group also strengthened its liquidity position during the year, with cash and cash equivalents more than doubling to Rs.9.04 billion as at end-March 2022.

Financial position



Funding Profile

Despite an increase in borrowings to fund capital expenditure, the Group's funding profile remains healthy and strengthened further during the year supported by good profit generation. The Group's equity increased by 38% to Rs.26.36 billion during the year, which funded nearly 50% of the Group's assets. The Group's borrowings increased by 30% to Rs.13.20 billion during the year, mainly to fund capital expansion and working capital requirements. Short-term borrowings accounted for 76% of total borrowings while the debt-to-equity ratio reduced to 0.55X from 0.59X the year before.

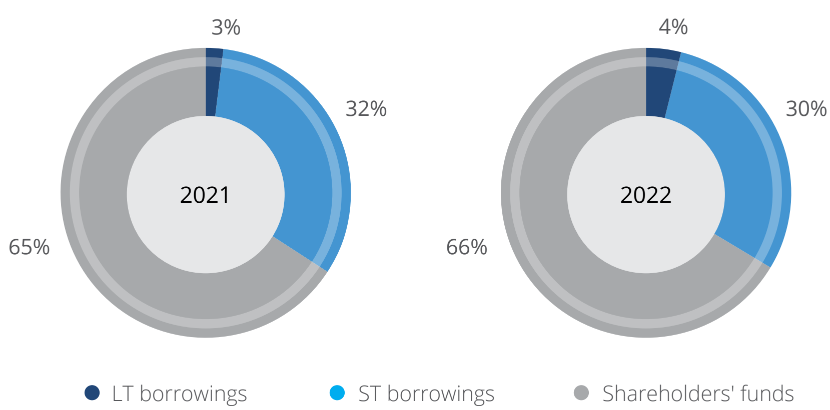
Cash Flow

The Group's operating cashflow strengthened during the year, with a net inflow of Rs. 7.81 billion, partly due to significant difference of exchange rate translations of foreign entities. Meanwhile net cash outflow from investing activities amounted to Rs. 3.37 billion mainly due to capital expenditure incurred on the capacity expansions in the Hand Protection Sector. Net cash flow from financing activities amounted to an inflow of Rs.2.26 billion due to a net positive movement in short-term loans. Resultantly, the Group's net change in cash and cash equivalents amounted to an increase of Rs.6.70 billion compared to a decrease of Rs.529.93 million the previous year.

Way Forward

While demand conditions are expected to remain resilient, we anticipated margin pressure given increasing competitiveness and persistent increase in raw materials given supply chain disruptions.
In responding to this challenge, Hand Protection Sector will pursue increased penetration in value-added products including sports gloves and electrician gloves which are expected to support profitability margins.
In Plantation, the tea and rubber prices are expected to maintain their momentum thereby driving revenue growth, although the Sector's outlook is pressured by the significant increase in costs including wages and fertilizer.

Funding profile



MANUFACTURED CAPITAL

The Group's Manufactured Capital comprises physical infrastructure including glove manufacturing facilities, tea and rubber factories that enable continuous and consistent production of high-quality products in both Sectors

Hand Protection Sector

Manufacturing facilities
4 in Sri Lanka

Manufacturing facilities
1 in Thailand

Rs. 16,345 Mn
Property Plant and Equipment

Rs. 54,050 Mn
of Assets

Plantation Sector

41
Estates

39
Factories

Value transformation during 2021/22

	Capital impacted		
Rs. 3.2 billion capex on capacity expansion across all Hand Protection manufacturing facilities	-Financial Capital	+Manufactured Capital	+Intellectual Capital
Organisation-wide manufacturing efficiency drive including productivity training	+Financial Capital	+Intellectual Capital	+Human Capital
Automation and mechanisation	-Financial Capital	+Manufactured Capital	+Intellectual Capital

OUTCOMES

Hand Protection

- **+10%** increase in production volumes
- **+Rs. 300 million** cost savings through TPM projects
- **+99%** product quality
- +Increased capacity for water recycling
- **+1%** decrease in carbon footprint

Plantation

- **+9%** revenue growth
- +Best in industry yields
- +Improvements in efficiency and productivity

Capacity expansion in 2021/22

Following organic growth over the last decade, the Hand Protection Sector engaged in a significant expansion drive during the year, investing over Rs. 3.2 billion to increase manufacturing capacity by nearly 16%. Manufacturing capabilities were thereby enhanced across all 5 operating locations (refer to Page 72 for further information) Strategic focus on expanding capacity in selected high-margin products, which demonstrated strong growth following the outbreak of the pandemic and the subsequent rebound of industrial activity, have enabled the Group to achieve record growth and profitability in the last 2 years. Despite challenges stemming from import restrictions, surge in freight rates and shortage in foreign currency, the Group successfully rolled out the capacity expansion plans at all locations parallelly, with dedicated Engineering teams tasked with driving each project. It is also noteworthy that, given COVID-19 led restrictions in travel, the commissioning of new plants, execution and fabrication were done largely by the DPL Engineering team with limited support from external consultants.

Other key investments during the year included,

Hand Protection Sector

- Enhancing manufacturing technology and efficiency through the deployment of Robotic Process Automation (RPA), which enabled considerable cost savings
- Investments in improving employees' facilities in all operating locations
- Responsible and sustainable solutions to minimise the adverse environmental impact of our operations; this included expansion of the capacity and technology used in effluent treatment plants and

Plantation Sector

- Ongoing capital expenditure on automation and factory mechanisation in the Plantation Sector

MANUFACTURED CAPITAL

As demonstrated below, in line with its capacity expansions, the Hand Protection Sector made parallel investments in upgrading its waste, effluent and energy management infrastructure, with the aim of mitigating the environmental implications arising from increased production.

D P L Premier Gloves Limited

Product capabilities

Unsupported gloves

Contribution to Value Creation

Features cloud-based systems comprising in-house developed controls, dis-plays and trends.

Sustainable manufacturing

Expansion of the bio-mass boiler to cater to the increase in capacity

Hanwella Rubber Products Limited

Product capabilities

Unsupported gloves

Contribution to Value Creation

The new production line represents the Group's largest Natural Rubber Glove line.

Sustainable manufacturing

Expand and improve the technology of the Effluent Treatment Plant

Dipped Products PLC

Product capabilities

Electrician gloves

Contribution to Value Creation

Involved the in-house design and construction of a new building, facilitating production of the Group's most premium product- electrician gloves with resistance of up to 36 kWh.

D P L Universal Gloves Limited

Product capabilities

Supported gloves

Contribution to Value Creation

Capabilities to produce new designs and an extensive range of supported gloves

Sustainable manufacturing

Enhancement of the Effluent Treatment Plant in line with the increase in capacity expansion

Dipped Products (Thailand) Limited

Product capabilities

Disposable gloves

Contribution to Value Creation

Capacity expansion driven through productivity improvements in all 9 production lines

MANUFACTURED CAPITAL

Investing in our future

Location	Project	Glove type / Purpose	Description
D P L Premier Gloves limited	Sports & mechanics Glove manufacturing facility with LEED	Sports and Mechanics Gloves	The concept that DPL wants to introduce is knitted products with combination of cut & sewn features which are called "Hybrid Gloves" Under this DPL going to introduce Sports & Mechanics gloves which are used for leisure sports and industrial requirements such as oil and gas industries.
	Centralized Warehouse	Build central warehouse to facilitate all local finished goods stock management & operations	Facilitate of glove packing / transport operations/ loading, unloading mechanism, at TSPs and company with integrate Barcode tracking system with system gate passes.

Operational efficiency drive

DPL Production System is an organisation-wide efficiency drive which seeks to reduce waste, increase energy efficiency and nurture a cost-conscious culture. Over the last few years, we have introduced many productivity initiatives including TPM, Lean, Six Sigma, Kaizen and value stream mapping, with many employees undergoing training and obtaining certifications every year. During the year, we embarked on an ambitious project, assigning a variety of cost-saving projects to executive-led teams, who in turn were responsible for successfully concluding these projects over a 3-month period. The initiative was widely successful generating cost savings of nearly Rs.300 million, in addition to energy savings, waste reduction and improved ergonomics. During the year we also widened the coverage of DPL Production System to supervisory staff.

156
Projects

936
employees engaged

Rs.300 Million
savings

20%
Estimated energy saving

Productivity and efficiency training in 2021/22

Six Sigma Green Belt- **14** managers and executives

Lean yellow belt: **45** employees

Kaizen: **40** sessions

Process mapping training: **16** process owners and **15** compound and engineering staff

Way forward

Despite the prevalent challenges stemming from escalating input prices and interruptions to the energy supply, the Group will continue to invest in expanding its manufacturing footprint. Plans are in place to set up a dedicated LEED certified manufacturing facility for sports gloves. We will continue on our efficiency drive through DPL Production System, with plans in place to increase the number of projects, offer six sigma and 5S training and broaden the coverage to Thailand.

Adequacy of Manufactured Capital for future plans

Having substantially expanded capacity during the year and a utilisation rate of 84% in 2021/22, the Group is aptly positioned to cater to emerging demand over the short-to-medium term.

HUMAN CAPITAL

Our team of 16,181 employees in both Hand Protection and Plantation Sectors showed remarkable resilience during an year of extraordinary challenges, while continuing to be brand ambassadors for the Group, driving our strategic ambitions and entrenching and upholding our corporate values.

Hand Protection Sector

2,177 Employees

In 06 locations

16,181 **Total employees**

Plantation Sector

14,004 Employees

In 41 estates

Value transformation during 2021/22

	Capital impacted	
Comprehensive measure to ensure safety and wellbeing of employees	+Human Capital	-Financial Capital
Ongoing investment in training and development	+Human Capital	-Financial Capital
Nurturing a culture of inclusivity and diversity	+Human Capital	+Intellectual Capital

VALUE CREATED/PRESERVED/ERODED

Hand Protection

- +Certified as a "Great Place to Work"
- **+Rs. 4,349 million** payments to employees
- **+27,292** training hours
- **+35** employees promoted
- **-19%** employee turnover

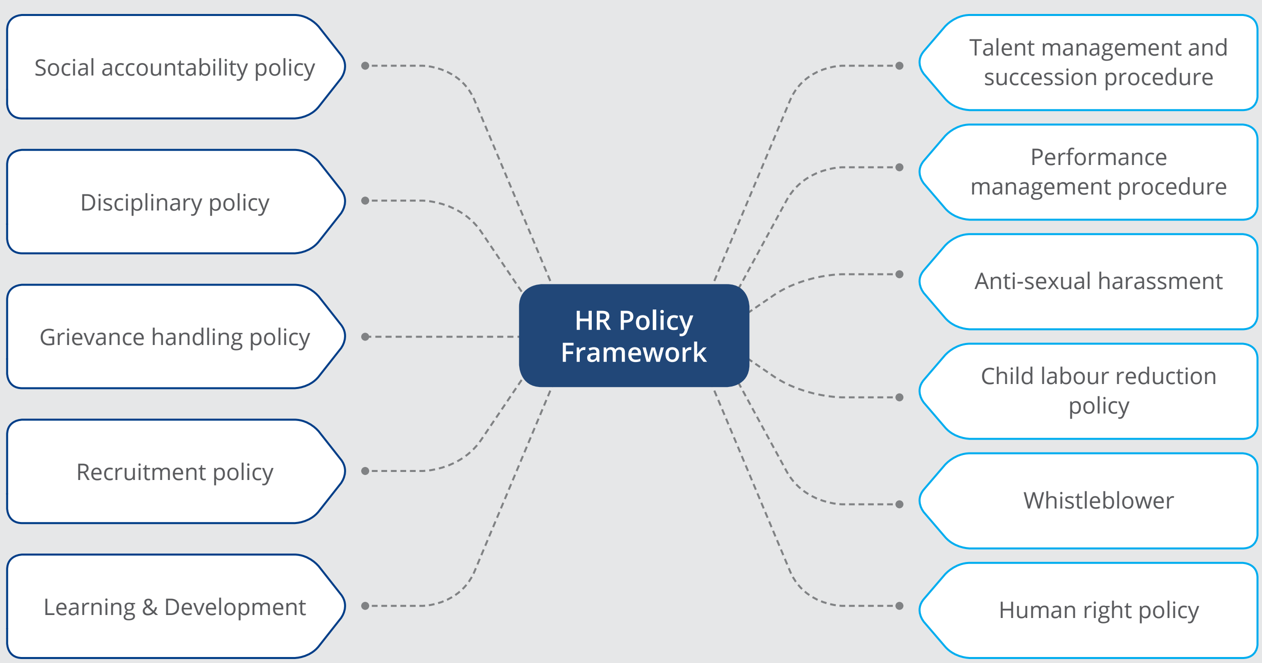
Plantation

- +Certified as a 'Great Place to Work'
- **+Rs. 5,795 million** payments to employees
- **+87,479** training hours
- **+41,017** employees trained
- **-8%** employee turnover

Approach to People Management

The Group's HR value proposition centres on creating a rewarding, dynamic and diverse workplace, enabled by its strong governance framework and robust HR policy frameworks. DPL's HR practices are broadly aligned to that of the Hayleys Group and are designed to be in line with all regulatory requirements and industry best practices; the Plantation Sector HR frameworks have been refined to reflect industry guidelines, sensitivities and market practices.

DPL adopted the Hayleys Lifecode during the year, which sets out the Group's commitment towards actioning and achieving its 2030 Environmental and Social aspirations (refer to further information on page 57). In line with the launch of the Framework, several Group-wide HR policies were revisited and refined. HR policies applicable to DPL are listed below:

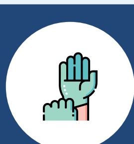


HUMAN CAPITAL

Team profile

DPL's team comprises 16,181, representing both the Hand Protection and Plantation Sectors, engaged on permanent, contract and casual basis. Due to capacity expansions in the Hand Protection Sector, 728 employees were recruited in both contract and permanent categories, with 70% of them being permanent. A recruitment drive was carried across the country, which in turn supported regional job creation. The Group is an equal opportunity employer, with a level playing available for all our employees in recruitment, training, determining remuneration and promotions, among others.

During the year under review, there were no reported cases of discrimination. Given the conditions that prevailed, we enhanced the safety measures applicable to contract employees, which included transport, accommodation and short-term boarding facilities.



Hand Protection

2,177 (13%)

Plantation

14,004 (87%)

Employment

	Male	Female
By Contract		
Permanent	1,349	633
Contract	136	59
By Region		
Sri Lanka	1,308	340
Overseas	177	352
By Employment Type		
Full Time	1,485	692

New Recruits

	No.	%
By Gender		
Male	528	73
Female	200	27
By Age		
Less than 30	507	70
30 to 50	210	28
Over 50	11	2
By Region		
Sri Lanka	645	89
Overseas	83	11

Exits

	No.	%
By Gender		
Male	495	76
Female	159	24
By Age		
Less than 30	442	68
30 to 50	184	28
Over 50	28	4
By Region		
Sri Lanka	567	87
Overseas	87	13

Hand Protection Sector only

HR Strategy in 2021/22

The Group's HR Strategy for the year centered on ensuring continuity of operations, while consistently supporting employees through safeguarding their physical and mental well-being. Key HR priorities are given below:

Measuring employee satisfaction

Great Place to Work certification

Satisfaction score of **78%**

In a key milestone during the year, the Hand Protection Sector successfully obtained the "Great Place to Work" certification a commendable achievement given the unionised nature of the Group's operations. The certification followed comprehensive and organisation-wide focus group discussions and assessments and has provided valuable feedback on areas for improvement.

The Plantation Sector also received the GPTW certification last year, emerging as the first agriculture sector organisation in Sri Lanka to do so.

Due to COVID-19 restrictions, several religious and cultural events as well as team building initiatives were held virtually during the year. This included Christmas carols, Christmas parties, Thai Pongal and New year celebrations among others and Long Service award held physically.

Employee engagement

Given the unprecedented tumult and uncertainty that prevailed during the year, the Group's engagement initiatives aimed to strengthen employee morale and motivation while being transparent about the Group's plans and outlook. Consistent formal and informal employee engagement was carried out during the year, as discussed on page 76 of this Report. 71% of our employees in Hand Protection Sector are represented by Trade Unions and we maintained cordial relationships with all trade unions in implementing safety guidelines, adopting new ways of working and determining remuneration. Any significant operational change is communicated to trade unions with adequate notice provided for discussion.

HUMAN CAPITAL

Employee well-being

Ensuring business continuity while safeguarding the health and well-being of our employees was a critical priority during the year. As such, vaccinating our employees was a key focus, with DPL being one of the first companies to organize a COVID-19 vaccination drive within the factories. Leveraging on its good relationships with the health authorities, the Group held successful vaccination camps with its factories, completing almost 100% coverage of all employees, while awareness creation too was carried out concurrently with the collaboration of the health authorities. In addition, around 80% of the workforce have also received the booster dose, incidentally a significant percentage compared to the country. Other safety measures that were established are set out alongside:

Mental well-being: Given the unique conditions that prevailed during the year, mental health and emotional well-being were also considered a priority with several training sessions on counselling and stress management being carried out for the executive management.

Health and Safety Policy

"Ensuring the 100% complete and accurate reporting of relevant health and safety data to Hayleys Group Sustainability on a timely basis following the set reporting requirements of the GRI Standards and Hayleys' Cube reporting".

COVID-19 safety measures

- Provision of relevant Personal Protective Gear free of charges
- Regular PCR testing
- Provision of immunity boosting medication
- All infected employees sent to interim care centres at the Group's expense

Location	Health and safety Certification
Dipped Products PLC	ISO 45001
Hanwella Rubber Products Ltd	ISO 45001
D P L Universal Gloves	ISO 45001
DPL Premier Gloves Ltd	ISO 45001
Dipped Products (Thailand) Ltd	Applied for ISO 45001

Occupational health and safety

The Group has in place a comprehensive Health and Safety Policy together with a dedicated Health and Safety department, which oversees all H&S processes and initiatives of the Group. Our facilities have also obtained and continue to comply with ISO 45001 which provides a solid foundation for implementing the Group's H&S aspirations. Meanwhile, ongoing monitoring of work- related injuries as well as periodic risk assessments and safety audits ensure that the highest health and safety standards are consistently maintained across our operations.

Occupational health and safety training and awareness programmes are provided for all levels of employees, with specific focus on minimising injuries within manufacturing facilities, mitigating exposure to hazardous substances and preventing occupation hazards among others. A total of 60 health and safety programmes were conducted during the year.

Safety record in 2021/22

Number of high-consequence work related injuries	1
Number of work-related fatalities	Nil

Plantation Sector

The plantation sector offers a womb-to-tomb proposition which includes maternity benefits, child-care, immunization programmes, nutrition support and reproductive health among others. The H&S initiatives are extended beyond our direct employees to the wider estate community.

Training and development

We refocused attention on people development during the year, as we sought to nurture the next generation of the Group's leaders through opportunities for world-class training programmes. Training programmes comprised external and internal development programmes as well as on-the-job training and certification programmes. Succession plans too were put in place successfully, while a talent management module was introduced during the year. Key training interventions during the year are listed below:

Training record in 2021/22

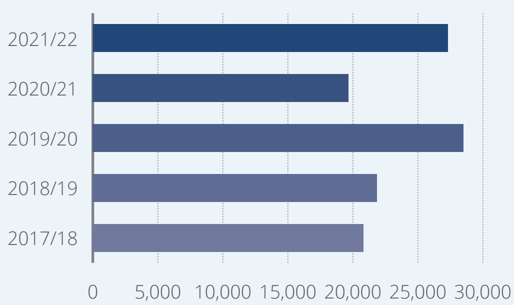
Hand Protection Sector only

Rs. 11.5 Mn
Investment in training

92%
Training coverage ratio

4,656
Employees trained

Training Hours



Average training hours

	Hours
Male	17,496
Female	9,795
Assistant manager and above	3,148
Executive staff	5,042
Non-executive staff	19,101

Training programmes conducted during the year

Leadership Development

- Development programme facilitated by a world-renowned consultant for 20 members in Senior Leadership Team – 440 training hours
- Management development program with Sandbox consultancies carried out for 39 managers -1250 hours.

Sales & Marketing

- Sales Leadership Development Program for the regional business development managers
- Personal and productivity enhancement training for executive carder

Lean Management

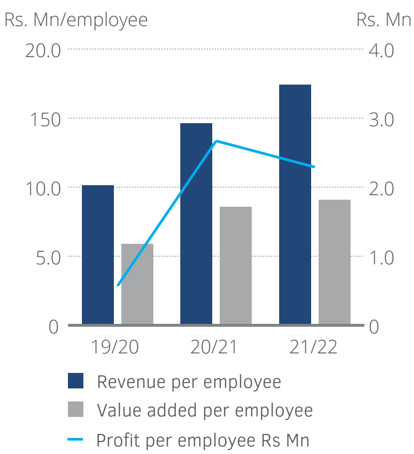
- Yellow belt training carried for 45 employees and 40 valuable kaizens on Lean Culture
- Graduation ceremony for six sigma green belt

HUMAN CAPITAL

Productivity

In line with the Group's strategic emphasis on operational efficiencies, we drove concerted organisation wide efforts to drive employee productivity. Increased skill development in Kaizen, Lean and TPM initiatives have supported the creation of an efficiency-centered, cost consciousness culture, which has contributed towards increasing employee productivity. As a result of these initiatives, the Hand Protection sector achieved a 16% increase in capacity, with a minimal increase in the employee pool. Meanwhile our plantation sector subsidiaries continue to record above average industry yields, attesting to the productivity of its people.

Productivity and value addition



Rewards and recognition

In consultation with the respective trade unions, Collective Agreements determine remuneration for all factory personnel in the Hand Protection sector and manual grade plantation sector employees. As such, annual increments and bonus were given to all factory personnel in accordance with the Collective Bargaining Agreement. While vehicle and fuel allowances were revised, taking into consideration the cost increases.

Remuneration for executive staff consist of two components, such as a fixed pay component based on market rates and a variable pay component linked to individual and company performance. Executive employees are assessed based on performance appraisals, which are conducted in mid year annually and based on pre-defined Goals & targets through online performance management system. Executives employees are assessed based on 100% performance appraisals, which are conducted in mid year & annually based on the pre-defined goals & targets. Non-Executive employees are also assessed annually. While total payments to employees during the year amounted to Rs. 4,349 Mn, salary and benefits were paid in full to all employees throughout the lockdown period. To support our employees through the challenging times we also granted an advance bonus to all Hand Protection employees

Performance Management Procedure

Goals of employees should include Goals set according to the SMARTER principal (Specific, Measurable, Achievable, Realistic, Time-bound, excellence oriented, rigorous) measures and evaluation criteria as agreed upon by the immediate supervisor and the employee.

Gender Parity Report

The Group is cognisant of the business case for creating a diverse culture in which employees representing various demographics, skill set and perspectives can thrive. This is enabled through the Group's policies, procedures, practices and organisational culture which promotes diversity and inclusivity. DPL is also aligned with the Hayleys Group's aspirations on gender diversity and has taken proactive measures to create a conducive work environment for women. In addition, the Hayleys ESG Framework 2022 also covers the vital aspects of Diversity & Equal Opportunity. The information presented below provides a high-level overview of the Group's approach and success to date in creating a conducive environment for women.

Hand Protection Sector only

Policy framework

- Equal opportunity
- Anti-sexual harassment policy
- Non-discrimination policy
- Hayleys Lifecode

Female representation

7% Board of Directors

20% Management team

25% Executives

32% Non-Executives

Female representation in key departments (%)

Finance	25%
Marketing	60%
R&D and technical	41%
Human Resources	40%
Procurement	32%

Employee practices encouraging female empowerment

- Flexible work and work-from-home arrangements
- Awareness programs on sexual harassment
- Launch of Abhimansa: A programme to encourage and empower women in a women-friendly work environment was introduced. Flexible working hours, Creches and Day Care facilities are being looked at for the near future.
- Gander inclusivity-related awareness sessions

Way forward

We will continue to drive an enhanced value proposition to employees by placing ongoing emphasis on developing, career progression and nurturing a diverse and inclusive culture. We are acutely aware of the implications of the current economic conditions and the resultant hardships faced by our employees and will adopt proactive measures to ensure that our employees are well taken care of.

Adequacy of Human Capital for future plans

The increased production volumes and entry into new product segments such as sports glove have necessitated a strengthening of the Group's Human Capital.

SOCIAL & RELATIONSHIP CAPITAL

The Group's Social and Relationship Capital represents the relationships we have nurtured across our value chain and communities, which support the continuity of our operations and provide us the social license to operate and ensure our legitimacy.

Hand Protection Sector

34
New customers

84%
Customer satisfaction rate

- Customer Relationships
- Business Partners/ Suppliers
- Communities

Plantation Sector

50
New customers

80%
Customer satisfaction rate

Value transformation during 2021/22

	Capital impacted
Ongoing focus on product development in catering to customers' evolving requirements	+Intellectual Capital, +Social and Relationship Capital
Increase reliance on local suppliers through expanding the DPL Firstlight farmer base	+Social and Relationship Capital
Rs. 3.2 mn investment in capacity development of farmers	-Financial Capital, +Social and Relationship Capital

VALUE CREATED/PRESERVED/ERODED

Hand Protection

- **+84%** customer satisfaction rate
- **+34** customers acquired
- **+2,392** farmers added to DPL Firstlight
- **+5,812** increase in payments to suppliers
- **+10%** volume growth

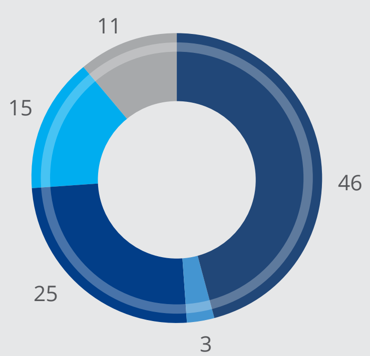
Plantation

- **+9%** revenue growth
- **+Rs. 7,448 Bn** supplier payments
- **+Rs. 244 Mn** in CSR engagement

Customer relationships

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

Hand Protection-Customers by region



- Europe/ Russia
- North America
- Australia/New zeland
- Asia/ Africa
- South America

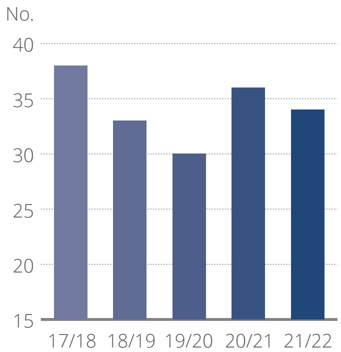
Customer Relationship Management in 2021/22

The last 2 years have seen a dramatic surge in demand for gloves, necessitating glove manufacturers to effectively manage customers to optimise both financial return and build long-term relationships. Key aspects of DPL's customer strategy during the year,

- Aggressive pursuit of new customers with 34 customers, including a large European retail chain acquired during the year
- Formation of dedicated business development team focusing only on acquiring new customers
- Appointed four new agents for South America, Middle East/ Africa, Europe and North American regions
- Maintained digital engagement including through social media and corporate website
- Emphasis on supporting the requirements of long-term customers, rather than short-term financial gains through selling at spot rates to new customers

SOCIAL & RELATIONSHIP CAPITAL

Number of new customers



Listening to our customers

Since the outbreak of COVID-19, the Group has sought to engage with customers through digital channels given restrictions to international travel. Accordingly, the Group launched a virtual factory tour for existing and potential customers and upgraded its corporate website to attract web inquiries. We have also strengthened engagement via social media platforms and have seen healthy conversion rates for inquiries.

Customer Satisfaction Surveys:
The Hand Protection Sector conducts ongoing satisfaction surveys to proactively identify customers concerns. The customer satisfaction rate increased to 84% in 2021/22, from 80% the previous year.

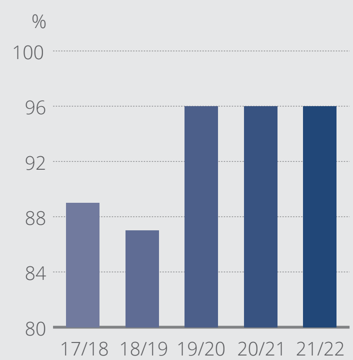
Customer coverage

300+

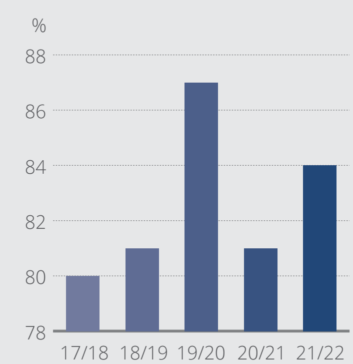
Factors considered:

- Product quality
- Timely delivery
- Customer focused products
- After Sales Services

Customer retention rate



Customer satisfaction rate



Responding to our customers

The marketing and product development strategy during the year sought to directly address the emerging needs of our customers, which in turn enabled the Group to deliver record-high customer satisfaction levels. A summary of our value creation to customers is give below:

RANGE AND INNOVATION

With ongoing innovation, DPL has developed a comprehensive array of offerings catering to customers' evolving requirements. Significant progress was made in product development in 2021/22 (refer to Page 93)

Supported gloves

06

Unsupported gloves

03

Disposable gloves

11

SUSTAINABLE PRODUCTS

We are responding to customers' increasing preference towards environmentally conscious products through,

- Development of several bio-degradable gloves during the year
- Sustainable packaging using recycled material for selected products
- Exploring the development of a compostable glove

PRODUCT RESPONSIBILITY

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

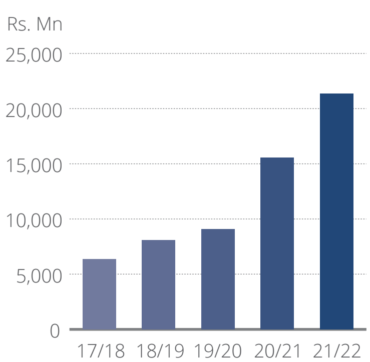
PRODUCT QUALITY

The Hand Protection Sector has built a strong reputation for product quality, through stringent assurance processes and compliance to a range of national and international certifications (refer to page 95 for further information). In Plantations, KVPL and TTE consistently command premium pricing at the Auctions, emerging as the leading price takers among all RPCs.

Supplier Relationships

We partner with a network of extensive suppliers through whom we source natural and synthetic latex, packaging materials, chemicals, fabric liners and outsourced producers, among others. Our supplier profile is diverse, both in size and geographical locations; given numerous supply chain disruptions during the year, the Group placed strategic emphasis on increasing procurement from local suppliers and local procurement accounted for 66% of total payments during the year.

Payment to suppliers



SOCIAL & RELATIONSHIP CAPITAL

Hand Protection: Supply Chain

Nitrile latex	Natural latex	Chemicals	Packing materials	Fabric liners
8 global suppliers	**4,500+** local suppliers **3** global suppliers	**100+** Imported **25+** local agents	**55+** local suppliers	**90%** manufactured locally with the balance imported

Supply chain strategy in 2021/22

As set out alongside, the prevalent conditions led to considerable supply-chain challenges, stemming from both pandemic-led disruptions and macro-economic vulnerabilities. The Group adopted the following strategies in responding to these challenges, which in turn enabled the continuity of operations during the year.

- Focus on supporting our eco-system of suppliers through facilitating dollar payments, which in turn enabled continued importation of materials and contributed towards their long-term sustainability
- Supporting suppliers through provision of fuel stocks to ensure continuity of their operations
- Increased buffer stock for all critical items and expanded our warehousing capacity
- Ensure elimination of child labour/ forced or compulsory labour across our supply chain. During the year we didn't identify any suppliers at significant risk for employing child labour.
- Diversify international and local supplier base
- Leverage Group synergies by partnering with Hayleys Advantis in scheduling shipping and logistics
- Increase rubber sourcing from local farmers through DPL Firstlight

Supply chain related challenges

- COVID-19 related disruptions
- Severe dollar shortage and impact on local suppliers relying on imported material
- Sharp escalation in costs of input and packaging material
- Increase in global commodity prices and freight rates
- Climate change related implications on agricultural supply chains

DPL FIRSTLIGHT

DPL Firstlight is a unique, multi award-winning supplier development initiative which empowers over 5,000 farmers island-wide and contributes to their socio-economic progress through a multi-faceted value proposition as illustrated below. During the year, we proactively expanded our network through developing over 2000 farmers in the Kegalle, Hambantota, Ratnapura and Kurunegala districts.

- The price paid is indexed to the regional prices well above competition through a unique pricing formula which enables Firstlight farmers to benefit from better prices, as several cost components such as middlemen's margins, brokerage, transporting and warehousing costs are eliminated.
- Payment is made weekly through a secure payment system in place through the rural banking network.
- Rs. 2,433 million payments made to Field latex farmers during the year.

Farmer education and training programmes are carried out on an ongoing basis to ensure good quality crops, sustainable production methods and a secure supply chain

+5,000

farmers trained at a total investment of Rs. 3.2 mn

Rs. 6 Mn

of fertilizer distributed

7,000

rain guards provided

30,000

rubber plants distributed

120,000

collection cups distributed

We distributed fertilizer, rain guards, special collection cups and high-quality tapping material

85

Digital class rooms initiated under DP education programme

We support the educational needs of Firstlight communities and during the year, school bags were provided to children of Firstlight farmers in the Monaragala district.

SOCIAL & RELATIONSHIP CAPITAL

Community Engagement

Rain guards distribution

Facilitating the primary education of children belonging to estate families

Way forward

Supply chain related challenges are expected to persist in the short-term given the present macro-economic vulnerabilities and shortage in Sri Lanka's foreign currency reserves. The Group has formulated strategic response plans to address these challenges which include continued development of local farmers, expanding the supplier base for chemicals and leveraging banking relationships in partnership with Hayleys Treasury unit to facilitate imports that are essential for our manufacturing process.

Adequacy of Social & Relationship Capital for future plans

Recent capacity expansions have positioned the Group for strong volume growth, which in turn will necessitate the expansion of our supply chain to support continued production. We are confident that the relationships we have nurtured with our suppliers and ongoing efforts to diversify and widen our supply base will enable an uninterrupted supply of input materials, which will allow us to fulfill customer needs.

INTELLECTUAL CAPITAL

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

Hand Protection Sector

14
Employees in R&D team

05
Patents applied

Reputation for innovation, quality and sustainability

Plantation Sector

22
New products developed

50
New customers acquired

Value transformation during 2021/22

	Capital impacted		
Rs. 231.2 million investment in research and development capabilities and new product development		+Intellectual Capital	-Financial Capital
Ongoing investment in enhancing the capabilities of our R&D team		+Intellectual Capital	+Human Capital
Increased focus towards developing sustainable products	+Natural Capital	+Intellectual Capital	-Financial Capital

INTELLECTUAL CAPITAL

VALUE CREATED/PRESERVED/ERODED

Hand Protection

- **+20** new products developed
- **+5** patent applications
- +All related certifications obtained

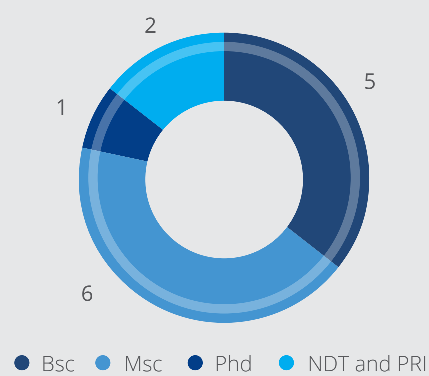
Plantation

- **+22** related certifications obtained
- **+22** new product developed

Research and Development Capabilities

DPL is at the forefront of innovation in the global rubber glove industry, having introduced many 'firsts' to the sector throughout its operating history. The Group's strength in R&D are underpinned by the capabilities of its competent R&D team, which comprises 14 highly skilled professionals. As a result, the Group has built a strong reputation for innovation, with the ability to customise products to suit specific requirements. During the year, DPL further enhanced its research footprint through establishing a dedicated R&D team in Thailand. The Group's R&D capabilities will play a critical role in supporting the Group's aspirations of becoming the most diversified, innovative nitrile manufacturer in the world.

R&D team : Skill profile



Innovation and new product development

The Group's R&D capabilities have enabled it to Innovation is an ongoing process at DPL and has allowed the Group to retain its competitive edge despite increased competitive intensity from regional players. The Group is globally reputed for its research and development capabilities, which has enabled it to design innovative and tailor-made solutions to suit emerging customer needs. New product development is a result of the collective efforts of the R&D and marketing team as presented alongside:

Emerging customer needs discussed at the Product Development Forum

Evaluation of potential ideas and concept generation

Lab scale and plant trials

Field trial which includes customer engagement

Patent application and marketing

Despite the numerous challenges that prevailed during the year, the Group made significant progress in its innovation journey, with the launch of 20 new products during the year. In recent years, the Group has directed its product development aspirations towards enhancing the offering in Supported Gloves and Value-added products.

New product developments in 2021/22 in Sri Lanka

Unsupported glove range

Moisture absorbent therapeutic glove

A patentable unsupported multifunctional glove comprising a liquid absorbent inner layer and a liquid non-absorbent outer layer. The glove features therapeutic properties and consists of a good inner grip

Natural rubber biodegradable glove

A natural rubber glove which has the ability to biodegrade in both aerobic and anaerobic conditions, where the biodegradability has been enhanced with nano-material technology.

Cost effective nitrile glove

Cost-effective unlined nitrile glove comparable properties to the standard nitrile unlined glove.

Supported glove range

Elasto plus supported glove

Fabric supported glove featuring a textured surface created by elastomeric particles that provides an enhanced dry and wet grip

Koala Lite

A general-purpose fabric supported gauntlet with a flat natural rubber coating that provides superior flexibility

Xtrachem

Nitrile fully coated gauntlet with a nylon liner which provides high chemical protection and a microfoam coating on palm providing an enhanced wet grip

Resist'O HD

Fabric supported glove with a double dipped nitrile coating for superior grip on oily surfaces with a cut D liner that provides better cut resistance

Lepto A1

Fabric supported glove with polyester lining and ultra -thin nitrile coating providing superior dexterity

SNT Glove

Fabric supported glove with a micro-foam nitrile coating on the palm and a wool and silk liner which makes it suitable to use in cold conditions. The glove features a special silicon print on palm for superior dry grip

Disposable glove range

There are 11 new products developed under Disposable glove range in Dipped products (Thailand) Limited.

INTELLECTUAL CAPITAL

Patented products: DPL is one of Sri Lanka's leading applicants of patents, both domestically and internationally. The Group has successfully obtained 6 patents to date and applied for 5 more during the year under review.

- Patents filed locally at National Patent Office at Sri Lanka: **2 patents**
- Patents filed at World Intellectual Property Office: **1 patent**
- Patents filed with USA Patent office: **2 patents**

Details of patents filed during the year are given below:

Interface Elasto
Latex article with a particulate textured surface created with elastomeric hard domains

Foam lined Glove
Moisture absorbent therapeutic re-usable latex article

Xtralite Prime
Percolative surface textured polymeric latex coating for a fabric supported glove

Magneto/Magneto Pro
A latex dipped article containing a natural mineral composite with a magnetically detectable property

Ketoresister
Latex dipped article with a modified polyvinylalcohol layer which offers resistance to water, solvents and diluted solvents

Systems and Processes

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

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

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

Way forward

We are keen to further embed environmental sustainability to our product design and manufacturing processes and are exploring avenues of introducing a compostable glove, thereby reducing the landfill waste of our products. New product development will also focus on Supported Gloves, where we see significant potential for growth. Ongoing focus will also be placed on further enhancing the skills of our R&D employees through offering training and facilitating opportunities for higher education.

NATURAL CAPITAL

Both Hand Protection and Plantation Sectors rely significantly on natural inputs and to impact on the environment through the discharge of waste, effluents and emissions. Environmental risks such as water scarcity and implications of climate change, also impact the Group's business continuity and commercial sustainability,

Hand Protection Sector

1.78 m^3Mn Water consumption

2.04 GJ Mn Energy consumption

Rs. 1 Bn
Freehold and leasehold land

Rs. 28 Bn
Fixed assets

Plantation Sector

0.98 m^3Mn Water consumption

0.4 GJ Mn Energy consumption

Value transformation during 2021/22

	Capital impacted
Launch of Hayleys Lifecode setting out clear targets and action plans for driving environmental aspirations	+Intellectual Capital, +Natural Capital, +Human Capital
Rs. 148 Mn investments in expanding the Group's effluent treatment capacities, in line with the increase in production capacity	-Financial Capital, +Natural Capital
Improvements in energy, water and emission intensities	+Natural Capital

VALUE CREATED/PRESERVED/ERODED

Hand Protection

- **+1%** decrease in carbon footprint
- **+6%** reduction in carbon intensity
- **+93%** depend on renewable energy
- **+6%** reduction in water intensity

Plantation

- **+10%** decrease in carbon footprint
- **+18%** reduction in carbon intensity
- **+8%** renewable energy generated
- **+4%** energy intensity reduced

Respecting our Environment

With the launch of the Hayleys Lifecode, DPL's environmental management approach was aligned to the Group-wide agenda with a clear blueprint for managing key environmental impacts in resource consumption, energy, water usage, waste and carbon footprint, among others. In addition to a holistic policy framework, the Lifecode defines clear goals for reducing environmental impacts over the mid-to-long-term including annual targets. Both the Hand Protection and Plantation Sectors have obtained a range of local and international environmental certifications as listed below:

Policy and Standards Architecture

Hayleys Lifecode

- Material and Waste Management Policy
- Energy and Emissions Management Policy
- Water Management Policy
- Biodiversity Conservation Policy
- Chemical Management Policy
- Sustainability Compliance Guideline

External Standards and Certifications

Hand Protection Sector	ISO 14001: 2004
ISO 14001: 2004	ISO 14001: 2004
Forest Stewardship Council Certification	Forest Stewardship Council Certification

NATURAL CAPITAL

Environmental Compliance

Compliance to all environment-related laws, regulations and standards and monitored across all operation locations and reported to the respective Audit Committees in the Hand Protection and Plantation Sectors. Further information pertaining to any fines, penalties imposed due to non-compliance with environmental regulations are tracked through the Cube System, and reported to the Group Management Committee through the Hayleys Sustainability Division. During the year, there were no instances of non-compliance to any environmental regulations and the Group did not engage in any activities that were detrimental to the environment.

Materials

In Hand Protection Sector our key raw materials are latex, cotton liners. Latex consists of both natural and synthetic latex and during the year and during the year our consumption of raw materials increased line with higher production volumes. Proactive efforts in widening our supplier base through the DPL Firstlight program has enabled the Group to remain relatively resilient to supply chain disruptions. In recent years, the Group has also focused on increasing reliance on renewable and recycled raw material and packaging material. Key initiatives are set out below:

Group Material and Waste Management Policy

"Establish a material management programme to prioritise sustainable material sourcing while increasing the use of recycled and reclaimed material inputs where ever possible"

Yarn manufactured through recycled PET bottles

Sustainable packing material for customers

Sustainable packing material for customers

Environmental Compliance

Water consumption: Our operations are relatively water intensive and in recent years, the Group has placed emphasis on reducing water withdrawal through increasing recycling and reuse. In Hand Protection, our interaction with water is primarily for manufacturing, cleaning and employee usage, while the Plantation Sector utilizes water for crop cultivation as well as use within the estate communities. The Group does not operate in any area of water stress and measures are in place to consistently assess the impact of water withdrawal on bodies of water.

Group Water Management Policy

"Identify, clearly map and measure all water inputs (classified by source), water applications (process and non-process water), water distribution plans and waste water generation (hazardous and non-hazardous) within the defined boundaries"

Measures in place to reduce the Group's water withdrawal include the following;

Measures in place to reduce water withdrawal

Hand Protection

Increase focus on recycle and re-use with all manufacturing facilities operating an Effluent Treatment Plant

Plantation

- Rainwater harvesting
- Chemical fee buffer zones
- Recycling and re-use
- Raising awareness among estate communities in ways of preserving water consumption

The Group's water consumption decreased by 5% during the year, reflecting an increase in production both Hand Protection and Plantation Sectors in view of the higher operational activity. Both Sectors, however, recorded an improvement in water intensity.

Water consumption details are as follows:

Water used Liters Mn	2021/22	2020/21	YoY change %
Surface water	689	823	(16)
Ground water	84	93	(10)
Rainwater	2	3	(33)
Municipal lines	708	683	4
Waste water or other	105	103	2
Purchased Drinking Water	5		-
Recycled water	187	178	5
Total Water withdrawal	1,781	1,883	(5)

Sustainable Water sourcing

Performance against Lifecode Goals	2030 target	2021/22 performance
Sustainable water sourcing	30%	17%
Reduce water intensity	30%	6%

NATURAL CAPITAL

Water discharge

The Hand Protection Sector operates effluent treatment plants at all five facilities and during the year, invested in increasing the capacity of water treatment at these plants in line with the capacity expansions. The quality of the water discharged is assessed frequently through sample testing, to ensure compliance to regulatory requirements on water quality including BoD and CoD parameters. The Hand Protection Sector increased its water recycling and re-use quantity during the year. Major investments during the year included:

Hanwella Rubber Products

Increased recycling capacity by nearly 3 times, in line with production expansion.

The used water is directed to a man made wetland cultivated with aqua plants, which acts to absorb pollutant materials. This has resulted in increasing the recycling level to 60% in process.

water recycled

31%

Universal Gloves

Established the ETP to date at the Universal Gloves factory in line with the addition of a new manufacturing line.

Recycling capacity per day

1,000 m^3

Premier Gloves

Chemical treatment method converted to a biological method which results in a significant reduction in the remaining sludge.

The Group's water discharge for the year decreased by 5% reflecting increased recycle water usage. Water discharge by destination for the year under review is presented below.

Liters M³	Hand Protection
Rain water	1,710
Waste water or other	105,077
Recycled water	187,274
Total sustainable water	294,061

Performance against Lifecode Goals	2030 target	2021/22 performance
Waste-water recycled and re-used	50%	11%

Energy

In line with its emission reduction goals, the Hand Protection Sector achieved 100% conversion of its thermal plants to bio-mass energy sources in 2018/19. During the year under review, supply constraints and increased demand for biomass led to a near 30% increase in cost, prompting the Sector to direct focus towards alternative avenues including sustainable firewood and saw dust. The Group launched a tree planting initiative in Monaragala last year, with the objective of planting 1 million rubber trees; during the year, 30,000 plants were distributed to smallholder communities in the area as part of this initiative. The sector also contributed to install heat exchanges which enable water heat recovery, which in turn is used for heating applications. The Plantation Sector relies on solar and hydro power generation and increased its renewable energy by 2% during the year.

Given the significant increase in volumes, the Hand Protection sector's energy consumption increased by 10% during the year, of which all from renewable energy sources. Energy intensity, however declined by 2% reflecting ongoing improvements in energy efficiency.

Group Energy & Emission Management Policy

Gradually shift from non-renewable energy sources and increase reliance on renewable energy such as solar, wind, biomass energy etc. Ensure that purchased biomass is sustainably sourced and does not result in deforestation.

Energy Mix

	Hand Protection		Plantation	
	2021/22 Mj Mn	YoY change %	2021/22 Mj Mn	YoY change %
Non renewable				
Furnace Oil	8.40	(24)	4.10	(91)
Electricity	105.59	(4)	18.10	(6)
Diesel	5.22	45	0.40	(3)
LPG	19.62	15	4.35	2
Renewable				
Firewood	1,906	11	324.39	7
Hydro	-	-	4.16	>100
In transportation	-	-	4.71	6
Total consumption	2,045.75	10	360.21	(4)
Energy Intensity (Mj/ Revenue Mn)	54,037	(12)	22,731	4

Performance against Lifecode Goals	2030 target	2021/22 performance
Sustainable and renewable energy applications	90%	93%
Sustainable bio mass sourcing	100%	20%
Reduction in energy intensity	25%	2%

NATURAL CAPITAL

Carbon footprint

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

MtCO2e	Hand Protection		Plantation	
	2021/22	YoY change %	2021/22	YoY change %
Scope 1 emissions	20,371	10	4,917	7
Scope 2 emissions	16,921	(11)	6,575	(20)
Scope 3 emissions	3,464	8	268	10
Total emissions	**40,757**	**(1)**	**11,760**	**(10)**
Emission intensity (mtCO2e/Rs. Mn)	1,076.60	(20)	677.03	(18)

Performance against Lifecode Goals	2030 target	2021/22 performance
Reduction in absolute GHG emissions - Scope 1 & 2	25%	1%
Reduction in absolute GHG emissions - Scope 3	10%	8%

Dewalakande roof top solar project

TCFD alignment at a glance

Disclosure requirement	Progress made
Governance	• Environmental targets, including emission reduction goals are set out in the Hayleys Lifecode • The scope of the Hayleys PLC Audit Committee and Audit Committee of subsidiaries have been expanded to include oversight of ESG issues including climate-related opportunities and risks • The Hayleys Group GMC is responsible for implementing the ESG framework across the Group and the Group Sustainability Division drives the agenda. Sectors Report all relevant non-financial performance indicators to the Group Sustainability Division on a quarterly basis • A Lifecode Champion is appointed at Sector level who reports directly to the Sector Head/CEO on ESG matters
Strategy	• Key risks/opportunities relating to climate change on the Group's operations including the following;

Hand Protection

Risks	Opportunities
• Impact of adverse weather on the security and quality of the agricultural supply chain (i.e: procurement of natural latex) • Impact of adverse weather conditions on the sourcing of biomass	• Increase reliance on renewable energy • Customers' increasing propensity towards climate-friendly, sustainable products

Plantation

Risks	Opportunities
• Direct impact of climate-change driven stress such as rising temperature, droughts and erratic weather patterns on quality and yields • Increased frequency of pest attacks • Implications on estate communities	• Increase reliance on renewable energy

Disclosure requirement	Progress made
Risk Management	• Climate related risks arise primarily across the Group's supply chain and the procurement team monitors the implications of climate-related risks to assess potential impacts on raw material sourcing. The Audit Committee also takes climate-related risks into consideration when assessing the Group's external risks and these factors are discussed regularly.
Metrics and targets	• GHG Emissions - Scope 1, 2 and 3 emissions (computation based on the GHG Protocol)- refer to page 102 • Emission intensity - mtCO2e/per pair of gloves- refer to page 102

NATURAL CAPITAL

Waste

Waste generation occurs primarily during the dipping and manufacturing process and all waste is disposed of in a responsible manner, in line with the Group's aspirations of minimising its waste to landfill. The Group Recyclable waste is supplied to approved third-party recyclers while wood ash from boilers is disposed in line with the environmental regulations. In collaboration with the Rubber Research Institute waste rubber particles is converted back to re-usable rubber to manufacture other products. The chemical sludge is sent to GeoCycle for incineration while biological sludge is provided to compost manufacturers. Meanwhile, biomass ash is offered to a third-party for composting.

Group Material & Waste Management Policy

"Introducing possible waste minimization practices while improving resource efficiencies through application of LCA concepts, lean manufacturing practices, innovation & technology applications and application of any other material and waste management related concepts"

Way forward

The Group will seek to drive the engagement and skill development required to embed the aspirations of the Hayleys Lifecode across decision-making and operations at every level. We are also cognisant of customers' persistently increasing focus on sustainability aspects and will seek to strengthen our sustainable manufacturing and product propositions. We are also exploring opportunities in solar power generation and sustainable biomass, as we are keen to contribute towards the Hayleys Group's 2050 net zero aspirations.

Adequacy of Natural Capital for future plans

Water supply remains relatively healthy, particularly within the BOI Zones in which two of our factories operate. Interruptions to the energy supply may have serious repercussions going forward, although this is mitigated through reliance on renewable energy. Following expansion this year, the Group's waste management capabilities remain adequate.

CARING COMMITMENT

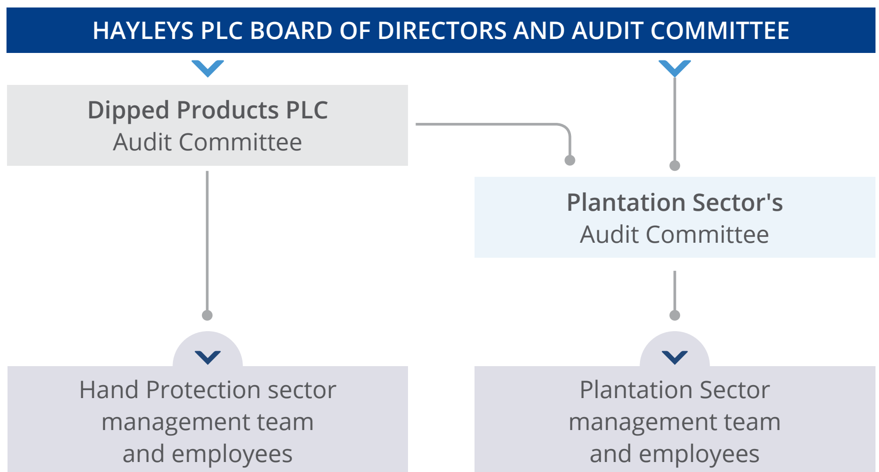
We are committed to providing the best in quality and care while remaining socially conscious of our environmental footprint.

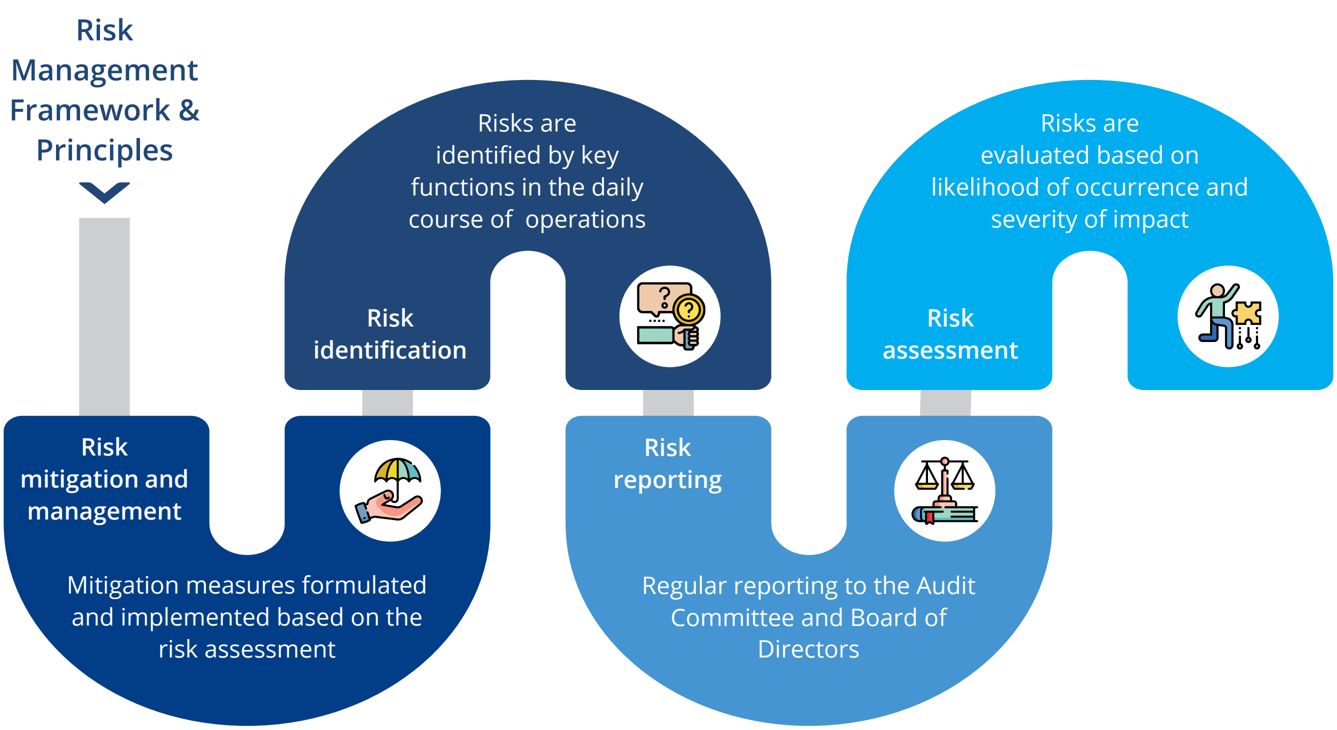
RISK MANAGEMENT

DPL is exposed to a range of internal and external risks in both the Hand Protection and Plantation Sectors stemming from exposure to agricultural supply chains, which in turn are affected by numerous factors beyond the Group's control. The Group's approach to managing these risks is aligned to its parent entity, Hayleys PLC which adopts a robust Enterprise Risk Management (ERM) system with structures and tools in place to identify, manage and mitigate risks in a consistent manner. Accordingly, clearly defined governance structures, framework of policies and allocation of responsibilities for risk identification, measurement, mitigation and monitoring forms the foundation of DPL's risk management framework.

Risk Management Framework

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



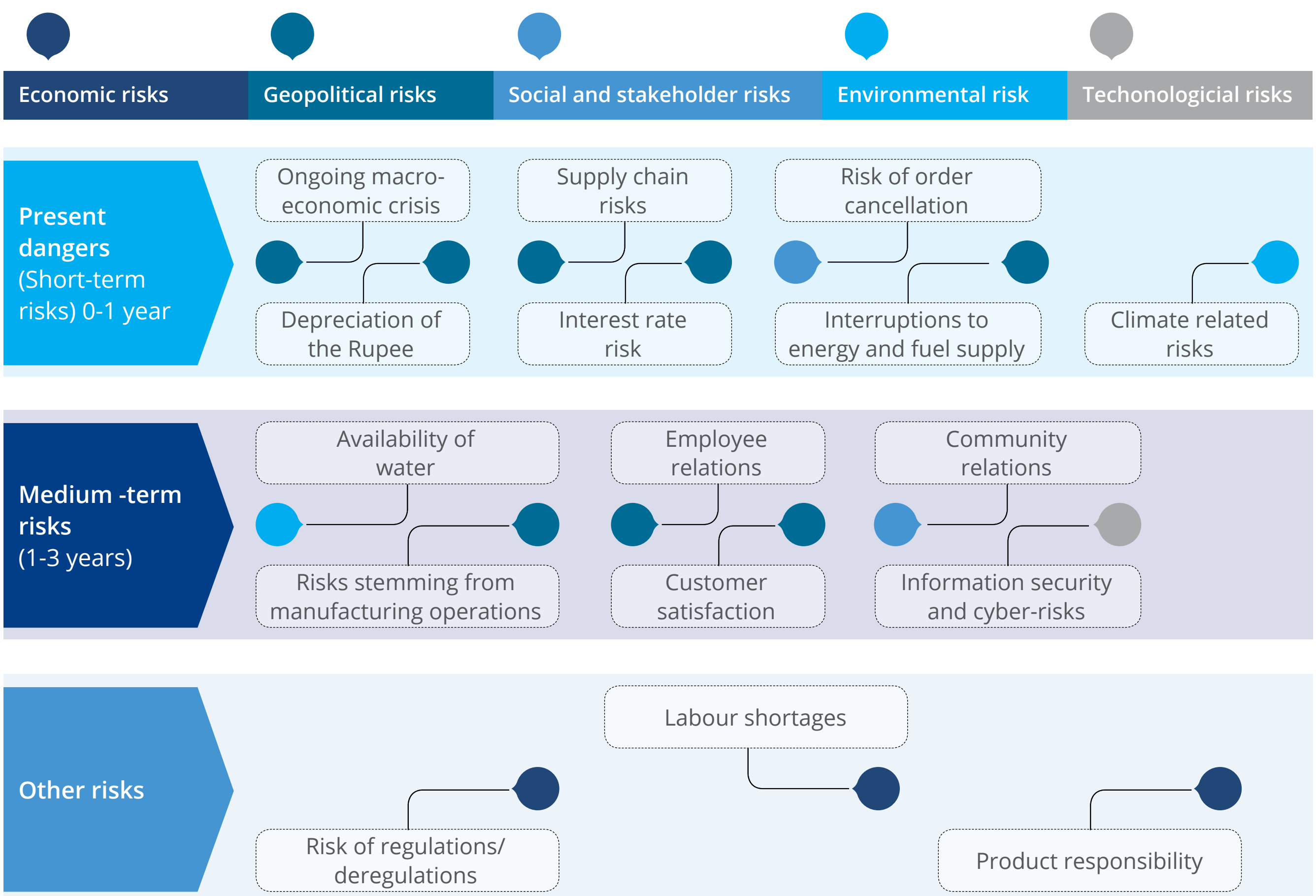


Approach to Risk Management

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

Principal Risks of 2021/22

DPL's risk landscape changed dramatically during the year, reflecting both pandemic-led challenges and severe macro-economic challenges. These dynamics had implications on both the Hand Protection and Plantation sectors as discussed below: The following discussion provides an overview of the Group's top risks in terms of impact and likelihood; this list is not exhaustive, and the Group duly monitors other emerging risks on an ongoing basis.



RISK MANAGEMENT

Risk	Potential impact	Developments in 2021/22
Ongoing macro-economic crisis Risk rating 2020/21 2021/22	• Acute shortage in foreign currency crisis and the resultant macro-economic vulnerabilities can impact the Group through, 1. Supply chain disruptions 2. Escalation in raw material costs 3. Limited predictability and visibility renders planning extremely challenging	A sharp fall in tourism inflows and worker remittances together with significant international debt payments led to a rapid decline in the country's foreign reserves in 2021 pushing the country to an acute economic crisis in 2022. This has led to a shortage in essential items, medicine, and fuel, with broad-based impacts across industries.
Depreciation of the Rupee Risk rating 2020/21 2021/22	• As an export-oriented organisation, fluctuations in exchange rate have a direct impact on our profitability • Depreciation of the exchange rate leads to an escalation in the cost of imported raw materials.	The CBSL allowed free float of the Rupee in March 2022, resulting in the Rupee falling sharply against the US Dollar. In FY 2022, the Rupee declined by 30% against the Dollar, falling further in ensuing weeks. This led to a sharp escalation in raw material prices.
Supply chain risks Risk rating 2020/21 2021/22	• Our key inputs are natural resources, the supply of which is susceptible to supply shortages stemming from factors outside the control of the Group. • Imported raw materials are directly affected by the country's foreign currency shortage	Local procurement was affected by pandemic-led disruptions while imports were impacted by the foreign liquidity crisis and surge in freight rates. The price of latex also recorded a significant increase during the year, reflecting the increase in commodity prices and resilient demand for PPE across the world.
Interest rate risk Risk rating 2020/21 2021/22	• The sharp increase in interest rates in recent months will result in an escalation in the Group's finance costs. • Given the Group's recent debt-funded capacity expansions, this would have a considerable impact on profitability	The CBSL has shifted monetary policy direction to a tighter stance with a view to curbing inflationary pressures; resultantly market interest rates have recorded a sharp increase in recent months.
Risk of order cancellation Risk rating 2020/21 2021/22	• Direct impact on revenue and profitability • Adverse implications on brand and customer reputation	The ongoing economic crisis in Sri Lanka can deter new orders and/or lead to cancellations of orders due to customers' concerns on our inability to fulfil orders on a timely manner
Interruptions to energy and fuel supply Risk rating 2020/21 2021/22	• Direct impact on continuity of production while reliance on alternative energy sources (such as generators) will lead to an escalation in manufacturing costs • Adverse implications on our supply chain partners and difficulties in transporting input materials	Sri Lanka's foreign exchange crisis has led to shortages in the supply of fuel and interruptions to the electricity supply. However, the Government has to date ensured continued supply to industries operating in Industrial Zones given their vital importance in the economy.

High Moderate Low

	Risk mitigation	Outlook for 2022/23
	• Proactively monitor emerging developments in the policy landscape and macro-economic environment • Leverage relationships with banks to facilitate continued importation of raw materials • Engage with and support suppliers to import raw materials • Increasing inventory holding and proactive working capital management to ensure continuity of production and sales operations	While short-term pressures remain inevitable, we are confident that the Sri Lankan economy will post recovery over the medium to long-term given appropriate policy response which includes fiscal discipline, suitable monetary policy and commitment to reforms in line with the proposed IMF-bailout programme.
	• Ongoing monitoring of exchange rate movements and assessment of the impact on our operations • Proactive negotiations with banks in partnership with the Hayleys Treasury Unit • Increasing reliance on local raw material suppliers, particularly latex	The Rupee has continued to weaken in the first quarter of FY 2022/23, but is expected to stabilise over the medium-term supported by the gradual improvement in the country's macro-economic fundamentals.
	• Increased reliance on local suppliers through the addition of 2,000+ new suppliers to the DPL Firstlight Program • Nurtured stronger relationships with the Firstlight Farmers through sharing knowledge, capacity development and continued injection of value	The prices of raw material have recorded sharp escalation in recent months, but are expected to stabilise towards the second half of the year as demand conditions moderate.
	• Proactive monitoring of interest rate developments and negotiating with banks in partnership with the Hayleys Treasury Unit	Interest rates are expected to remain elevated over the short-to-medium term given the country's present macro-economic vulnerabilities and weak fiscal position.
	• Securing adequate inventory and energy supply to ensure continuity of production • Ongoing engagement with customers to provide assurance on our ability to fulfil orders in a timely manner	This risk is expected to ease over the short-to-medium term as the Group is confident of fulfilling all orders.
	• Facilities operating within the Industrial Zones are not significantly impacted by the energy shortages • The Group maintains buffer stocks of fuel supply in other manufacturing facilities to ensure uninterrupted production	These concerns are expected to alleviate over the medium-term, supported by bridging financing facilities which will support the continued import of essential items.

RISK MANAGEMENT

Risk	Potential impact	Developments in 2021/22
Implications of climate change Risk rating 2020/21 2021/22	• We rely on agricultural supply chains to obtain our primary raw materials. Climate change implications and natural disasters have a direct impact on these supply chains, affecting the ability to secure access to primary raw materials • Natural disasters, extreme weather conditions and rising temperatures have a direct impact on the productivity of our lands and quality and quantity of crops in the plantation sector.	• Weather conditions remained relatively conducive for tea production, which increased by 7% during the year • Rubber product, however, was affected by adverse weather with total production declining by 1.7% during the year.
Risks stemming from manufacturing operations Risk rating 2020/21 2021/22	• Risks arising from occupational safety hazards, breakdown of machinery and equipment and disposal of waste and effluents could lead to disruptions to manufacturing operations, impact product quality and lead to reputational damage.	• Driving towards manufacturing excellence through automation and process innovation continues to be a strategic priority for the Group.
Employee health and safety Risk rating 2020/21 2021/22	• As a manufacturing organisation our employees are exposed to the risks of injuries and occupational hazards which could affect employee productivity, manufacturing continuity and reputation. • The outbreak of COVID-19 has escalated health and safety risks and possible infections could lead to stoppages in production and increased costs	• We leveraged the learnings obtained from the first wave of the pandemic to support the well-being of our employees while ensuring continuity of production • Encouraged employees to take vaccines and necessary health precautions
Geopolitical risk Risk rating 2020/21 2021/22	• The Group's products are sold primarily in export markets and socio economic and political tensions in buying markets directly impact demand and pricing.	• Despite the contraction in the global economy, demand for protective handwear remained resilient given increased emphasis on health and safety considerations • Demand for Sri Lankan tea also remained resilient, given supply constraints in other tea-producing regions.

High Moderate Low

	Risk mitigation	Outlook for 2022/23
	• The Firstlight initiative has enabled the Group to develop strong relationships with rubber smallholders, thereby contributing towards a sustainable supply of raw materials • Expansion outside Sri Lanka, to limit exposure to adverse conditions that could affect the supply of latex in Sri Lanka	As implications of climate change escalate, we will continue to expand our supplier base to diversify our risks. The Group is also committed to doing its part to reduce its carbon footprint through gradually reducing dependence on fossil fuel-based energy sources.
	• Ongoing investments in enhancing manufacturing efficiencies through adopting new ways of working and investments in state-of-the-art technology • Indemnity insurance against fire, natural disasters and other hazards.	We will continue to pursue methods of innovation, productivity enhancements and waste elimination in our drive towards operational excellence.
	• Stringent health and safety protocols including regular PCR testing, cleanliness and hygiene protocols, rotation of shifts and a range of other practices to minimise the risk of cross infection • Clear procedures in place to support employees' and families in case of infection and quarantine. • Facilitate work from home arrangements for all office employees	The Group has adapted to working under conditions of limited mobility and has implemented the required preventive measures to continue production uninterrupted in the event of a resurgence of infections.
	• Expansion into new markets and segments • Acquisition of new customers	Although demand for gloves is likely to moderate from the record high levels witnessed in 2020/21, we anticipate demand conditions to be above average given increased prevalence on health and safety aspects.

CORPORATE GOVERNANCE

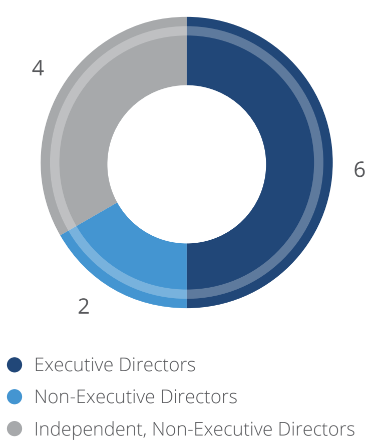
The year under review was one in which organisations' responsiveness and adaptability was put to the ultimate test, given pandemic-led disruptions and unprecedented macro-economic challenges. Against this backdrop, DPL demonstrated strong resilience, swiftly capturing market opportunities and enhancing shareholder value while successfully navigating risks stemming from the country's weakening economic conditions. The Group's robust corporate governance practices provided a solid foundation in driving effective leadership in these trying times, ensuring accountability and transparency across the organisation, while setting the right tone at the top.

The discussion below presents a high-level overview of the Group's governance practices and the Board's contribution to value creation during the year. Further details are provided in pages 114 to 139 of this Report which demonstrate the Group's compliance to the Code of Best Practice on Corporate Governance and Continuing Listing Rules of the Colombo Stock Exchange

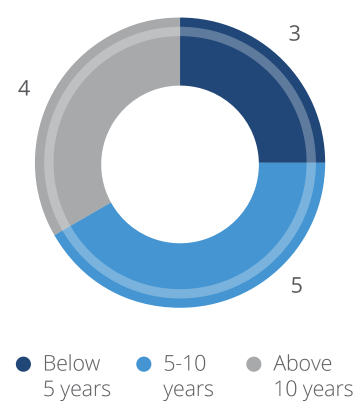
Board of Directors 2021/22

The Board comprises 12 directors including 6 Executive and 6 Non-Executive Directors, of which 4 are independent. Directors represent diversity in skills, expertise, industry experience and demographics thereby bringing in diverse thinking to the Board, enhancing the overall depth and quality of discussions. The Hayleys Group is represented by 4 Directors including the Chairman and Chief Executive of Hayleys PLC who functions as the Chairman of DPL. Please refer to page 24 and 25 for brief profiles of the Board of Directors.

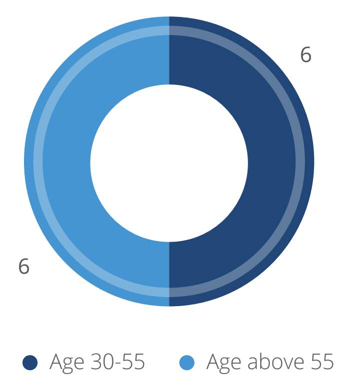
Board composition



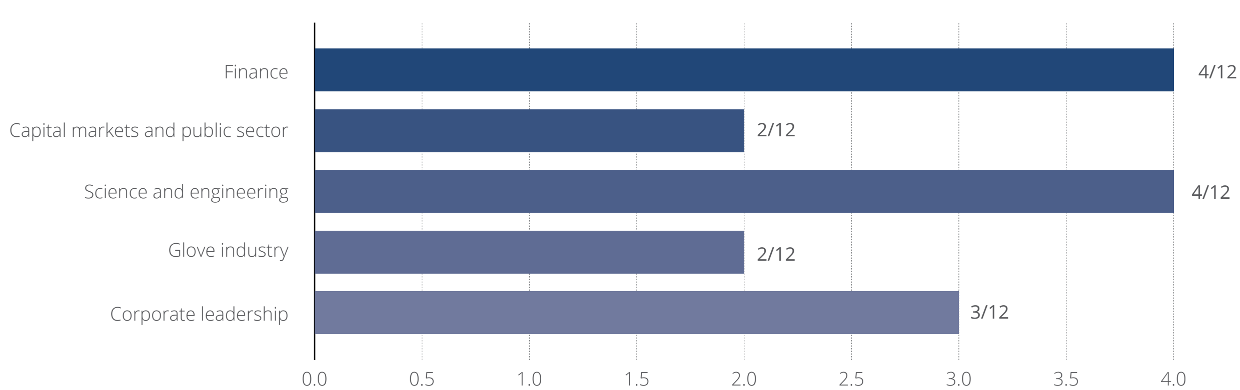
Board tenure



Inter-generational diversity



Board skill composition



Our Approach to Corporate Governance

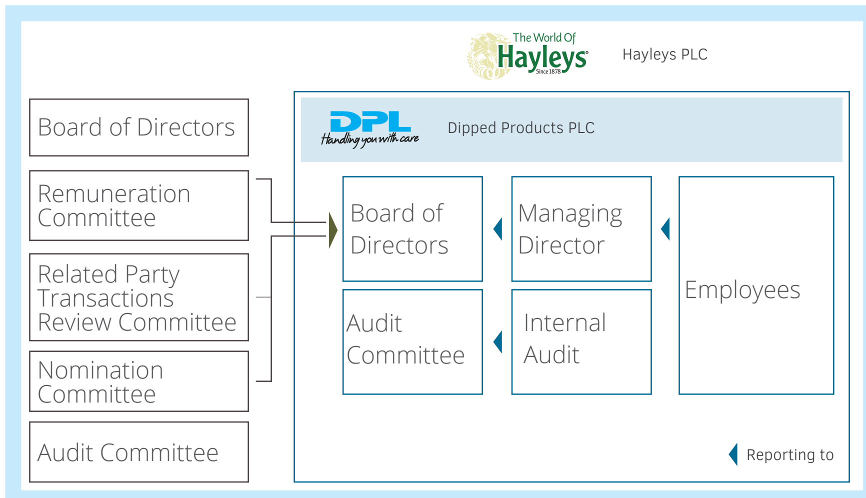
DPL's corporate governance framework is broadly aligned to that of its parent entity, Hayleys PLC and refined to reflect specific industry dynamics, regulatory requirements and stakeholder expectations of the Sectors in which DPL operates. The Governance Framework encourages appropriate balance of authority and decision-making power and seeks to drive integrity, transparency and accountability across the organisation. DPL's governance framework is underpinned on the following internal and external instruments:

CORPORATE GOVERNANCE

Governance Structure

The Board of Directors is the apex governing authority and is empowered to delegate responsibilities pertaining to specific functions to any committee or committees as it thinks fit. Accordingly, the Board is supported by 4-sub committees which have oversight responsibility on specific areas delegated to them, thereby allowing the Board to devote its time to strategic agenda items. The Remuneration Committee, Nomination Committee and Related Party Transactions Review Committees of Hayleys PLC, assist the Board of DPL, as permitted by the listing rules of the CSE. DPL's Audit Committee reports to the Hayleys PLC Audit Committee on financial reporting, internal controls and risk management related issues. Please refer to the Reports of the sub-committees from page 140 to page 144 of this Report for further information.

The Governance Structure is graphically illustrated below:



Sub-Committee	Composition	Mandate	No. of meetings held
Audit Committee *(Refer page 143 for Audit Committee Report)*	• Independent Non-Executive Directors - **3**	Provide oversight on financial reporting, internal controls and functions relating to internal and external audit	04
Remuneration Committee *(Refer page 141 for Remuneration Committee Report)*	• Non-Executive Director - **1** • Independent Non-Executive Directors - **3**	Hayleys PLC, the Parent Company remuneration Committee function as the Remuneration Committee of the Company and Formulation and review of Remuneration policies and set goals and targets relating to Directors, Managing Director and Key Management Personnel (KMPs)	02
Related Party Transactions Review Committee (RPTRC) *(Refer page 142 for RPTRC Report)*	• Executive Director - **1** • Independent Non-Executive Directors - **2**	Hayleys PLC, the Parent Company RPTRC function as the RPTRC of the Company Assess all transactions with related parties to ensure that related parties are treated on par with other stakeholders	04
Nomination Committee *(Refer page 140 for Nomination Committee Report)*	• Chairman - **1** • Non-Executive Director - **1** • Independent Non-Executive Director - **1**	Hayleys PLC, the Parent Company Nomination Committee function as the Nomination Committee of the Company and makes the recommendations to the Board on all new appointments	12

Director Training

Processes are in place to ensure that Directors are given the opportunity to consistently refresh their knowledge and keep abreast of emerging developments, which in turn will enrich discussions and contribute towards the overall effectiveness of decision making. Through the support of the Hayleys PLC, Strategic Business Development Unit, the Board is kept updated on emerging economic and market dynamics including changes to regulations, and other socio-economic and political factors. Directors also attend external training programmes on relevant topics and a list of training programmes attended during the year are set out alongside.

Policy Framework

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

New Policiess

Hayleys Lifecode - Environmental Policies

- Material and waste management policy
- Energy and emissions management policy
- Water management policy
- Biodiversity conservation policy
- Chemical management policy
- Sustainability Compliance Guideline

Board Contribution to Value Creation in 2021/22

Oversight on Strategy

Formulation of the strategic direction to create shared and sustainable stakeholder value.

Risk Management

Ensure that risk management practices and internal controls in place are prudent and effective

Shaping the Organisational culture

Create and reinforce the appropriate culture, through setting the right tone at the top

Driving Sustainability

Ensure that economic, social and environmental consciousness is embedded in decision-making

CORPORATE GOVERNANCE

Oversight on Strategy

The Board of Directors play a vital role in formulating strategy and overseeing its delivery; the participation of the Group's 6 Executive Directors, who represent several key functions are critical to this process given their deep understanding of industry opportunities and risks and emerging market dynamics. Given the unprecedented operating conditions that prevailed during the year, the Board engaged proactively with the business to ensure continuity of operations while safeguarding the well-being of our employees.

In addition to the standard agenda items, the Board focused on the following special aspects in 2021/22;

- Impacts of the foreign exchange crisis on the Group's operations and implementation of measures to mitigate against this risk
- Evaluate the stringency of the safety measures in place across the organisation to ensure the well-being of employees
- Assessing management initiatives to ensure continuity of raw material procurement, given supply chain disruptions
- Evaluate progress of capacity expansion plans

Board Meetings

The Board convened 4 times during the year under review, with Board activities continuing despite the conditions that prevailed during the year. All meetings were held through digital/hybrid platforms. Sub-committee activities also continued uninterrupted. The Board procedure relating to meetings is set out below:

Start of the year

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

Agenda

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

Board paper compilation and circulation

- Board papers are prepared and electronically circulated to Directors at least 7 days prior to the meeting, providing sufficient time to review matters

Board Meeting

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

Post-meeting

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

Attendance at Board meetings is set out below:

Name	No. of Meetings
Mr.A.M.Pandithage	4/4
Mr.S.H.Ng	4/4
Mr.H.S.R.Kariyawasan	4/4
Mr.F.Mohideen	4/4
Mr.S.C.Ganegoda	3/4
Mr.S.Rajapakse	4/4
Mr.N.A.R.R.S.Nanayakkara	4/4

Name	No. of Meetings
Mr.S.P.Peiris	4/4
Mr.K.D.G.Gunaratne	4/4
Mr.R.H.P.Janadheera	4/4
Mr.K.M.D.I.Prasad	4/4
Mr.K.D.D.Perera or by his alternate Ms.Y.Bhaskaran	4/4

Risk Management

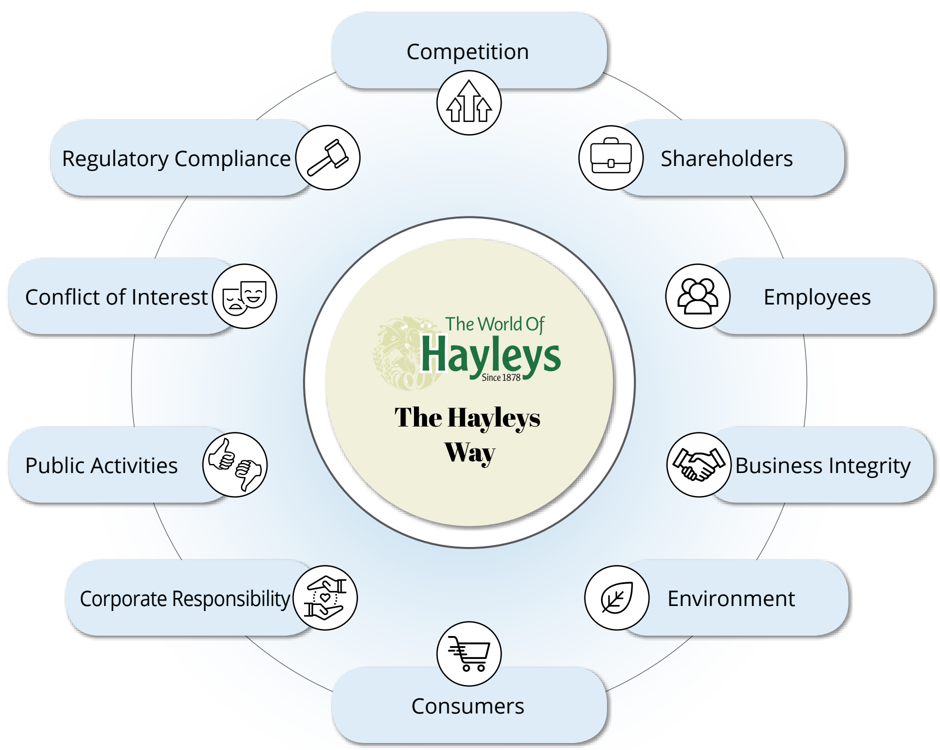
The Audit Committee assists the Board in the discharge of its risk related duties, with effective risk management underpinned by a robust framework including policies and risk strategies. As discussed on page off this Report, the Group's risk management framework has been designed to optimise risk-reward dynamics and is based on the three lines of defence model. Key risk-related developments during the year include,

- Assessment of the independence and objectivity of the external auditors as discussed in the Board Audit Committee Report on page 143.
- Assessment of the integrity of the Group's financial statements as well as internal controls and compliance
- Proactively monitoring external developments and assessing the potential impact on the Group's financial performance and position
- Increased focus on IT and Cyber Security risk, given remote working arrangements and higher vulnerability to IT related risks

Shaping organisational culture

The Board plays an integral role in shaping the Group's organisational culture through setting the right tone at the top and ensuring that behaviour of all internal stakeholders are aligned to the Group's core values. The Hayleys Way- serves as the Group's Internal Code of Conduct, explicitly setting out the behaviour expected from an employee and reinforcing the Group's organisational values.

The Group is committed to maintaining the highest degree of integrity, ethics and transparency in all its operations, which includes measures to prevent the risk of corruption. These measures include, monitoring of compliance to all relevant laws and regulations through the Internal Audit function, a clearly articulated and communicated whistleblowing policy and grievance mechanisms. In addition, the Hayleys Way- the Group's Code of Conduct sets the tone for ethical behaviour across the Group.



CORPORATE GOVERNANCE

Driving Sustainability

The Hayleys Lifecode

The Board holds apex responsibility for ensuring that sustainability considerations are embedded in the Group's decision making through adopting measures to proactively identify economic, social and environmental impacts. During the year, the Hayleys Group launched the Hayleys Lifecode applicable to all Group companies- which clearly sets out the long-term aspirations and action plans for driving sustainable development (please refer to page 57 for further information). In line with the guidelines of the Lifecode, the Group's General Management Committee and Board of Directors review the Group's environmental and social performance indicators on a quarterly basis.

Hayleys Lifecode - Vision and Purpose

The World Of Hayleys Since 1878

Our Purpose

Thriving businesses that shape better futures

Environmental	Social	Governance
Minimise our footprint while seizing opportunities to shape a greener future	Striving and thriving together for a better tomorrow	Responsible and responsive corporate citizenry

Sustainability Reporting:

DPL has in recent years, sought to enhance its corporate reporting in alignment with Hayleys PLC and as global best practice. Our reporting continues to receive recognition at various award competitions, attesting to the meaningfulness, relevance and readability of the information provided. Key aspects of the Group's Sustainability Reporting are as follows:

- Adoption of the <IR> Framework of the International Integrating Reporting Council
- Global Reporting Standards (GRI) for Sustainability Reporting
- Systematic materiality assessment procedure in line with the Hayleys Group

Engagement with shareholders

DPL maintains transparent, ongoing and two-way communication with its shareholders, to ensure that needs are identified and fully addressed. Directors are also made aware of major issues and concerns of shareholders through the Company Secretary, who serves as the key contact point for all shareholder related inquiries. DPL's shareholder engagement methods and process adopted during the year are listed on page 230 of this Report.

Compliance with the Code of Best Practice on Corporate Governance issued by CA Sri Lanka

Reference to CASL code	Requirement	Compliance	Details of Compliance
Section 1: The Company			
A. Directors			
Principle: A.1 The Board As at the end of the year under review, the Board consisted of twelve Directors - six Non-Executive Directors and six Executive Directors including the Chairman. The Board combines diverse skills and expertise to drive the Group's strategic aspirations. During the year the Board reviewed its skills mix and is determined that the present composition and expertise is sufficient to meet the needs of the group. The Non-Executive Directors contribute their collective knowledge and experience gained from experience in serving variety of public and private organizations. The profiles of the Directors are found on pages of 24 and 25 of this Annual Report. Details of Directors shareholdings in DPL and the directorates they hold in other companies are given on pages 145, 234 and 235 respectively.			
A.1.1	Board Meetings	Complied	The Board meets on a quarterly basis with special meetings convened when the need arises. During the year under review the Board met on four occasions; during the lockdown period, meetings were shifted to digital platform and all meeting were held virtually or as a hybrid meeting. Details of meetings of the Board and attendance of the members are set out on page 116 of this Report. The Board is provided with information necessary to effectively discharge its duties in a structured and regular manner. Information to be reported to the Board includes ; • Financial and operational results on pre agreed Key Performance Indicators. • Financial performance compared to previous periods, budgets and targets. • Impact of risk factors on financial and operating results and actions to mitigate such risks • Compliance with laws and regulations and any non-compliances. • Internal control review. • Share trading of the Company and related party transactions by Key Management Personnel. • Any other matters the board should be aware of. The minutes of the previous Board meeting and above information are distributed among the members with adequate time prior to the meeting.

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 entrepreneurial leadership. The Board is responsible to: • Providing direction and guidance to the Company in the formulation of high-level medium, and long term strategies which are aimed at promoting the sustainable long term success of the Company. • Appointing and reviewing the performance of the Chairman and Managing Director. • Ensure Executive Directors and key management team possesses the skills, experience and knowledge to implement strategy effectively, with proper succession arrangements in place. • Reviewing, approving and monitoring annual corporate plans, corporate budget and capital expenditure. • Reviewing and approving major acquisitions, disposals and major investments by the management within their limits of authority. • Ensure effective systems to secure the integrity of information, internal controls, business continuity and risk management. • Ensure compliance with laws, regulations and ethical standards. • Ensure all stakeholder interests are considered in corporate decisions. • DPL has adopted Integrated Reporting since 2015 and recognizes the importance of embedding sustainability in corporate strategy, decisions and activities. • Set and communicate values/standards, with adequate attention being paid to accounting policies/practices and fostering compliance with financial regulations. • Adequacy and the integrity of the Internal control systems over financial reporting and management Information Systems are reviewed by the Board/Audit Committee. • Ensuring that financial statements are published quarterly and the Annual Report is published at the end of the financial year. • Determining any changes to the discretions/authorities delegated from the Board to the Key Management Team. • Approving any amendments to constitutional document.

Reference to CASL code	Requirement	Compliance	Details of Compliance
A.1.3	Compliance with the laws of the country and agreed to obtain independent professional advice	Complied	The Board collectively as well as the Directors individually, recognizes their duty to comply with laws of the country which are applicable to the Company. The Board of Directors ensures that procedures and processes are in place to ensure that the Company complies with all applicable laws and regulations. Directors have the power to obtain independent professional advice as deemed necessary, in discharging their duties, at the Company's expense. This is co-ordinated through the Board.
A.1.4	Access to the advice and services of the Company Secretary	Complied	The services and advice of the Company Secretary are available to all the Directors. The Company Secretary ensures that Board procedures and all applicable rules and regulation are complied with. The removal of the Secretary is a matter for the Board as a whole. Obtained a directors and officers' liability insurance, providing worldwide cover to indemnify all Directors and Officers.
A.1.5	Independent judgment of the Directors	Complied	Non-Executive Directors are independent of the management and free from any business and other relations. None of other Directors are related to each other. This enables all the members of the Board to exercise independent judgment to bear on issues of strategy, performance, resources and standards of business conduct.
A.1.6	Dedication of adequate time and effort of the Directors	Complied	The Board of Directors allocated adequate time and effort before a meeting to review Board papers and call for additional information and clarification, and to follow up on issues arising from the meeting. As a result, Directors are kept aware of all material developments impacting the Group including business changes, operations, risks and controls which ultimately help to satisfactorily discharge the duties and responsibilities owed to the Company.
A.1.7	Calls for resolutions	Complied	Any Director can call for a resolution to be presented to the Board if deemed necessary.
A.1.8	Training for new and existing Directors	Complied	The Board of Directors recognizes the need for continuous training & expansion of knowledge and undertakes such professional development as they consider necessary in assisting them to carry out their duties as Directors. Every new Director and current Directors are given a training if necessary and appropriately. This training curriculum encompasses both general aspects of directorship and matters specific to the industry. The Board is of the view that obtaining continued training is vital in the effective discharge of its duties.

CORPORATE GOVERNANCE

Reference to CASL code	Requirement	Compliance	Details of Compliance
Principle: A.2 Chairman and Chief Executive Officer (CEO) There is a clear division of responsibility between the Board and executive leadership, thereby ensuring a balance of power and authority and ensuring that no individuals has unfettered powers. The Chairman is responsible for conducting of the business of the Board while the Managing Director/CEO has oversight on executive responsibility for management of the Company's business.			
A.2.1	Division of responsibilities of Chairman and CEO	Complied	The role of Chairman and the Chief Executive Officer of the Company are segregated with clearly defined authority and responsibilities. The Chairman of the Company is also the Chairman of Hayleys PLC. Chief Executive Authority is vested in the Managing Director of the Company. The separation between the position of the Chairman and officers with executive powers in the Company ensures a balance of power and authority.
Principle: A.3 Chairman's Role The Chairman's role in preserving good Corporate Governance is crucial. As the person responsible for running the Board, the Chairman should preserve order and facilitate the effective discharge of Board functions.			
A.3.1	Conduct of Board Meetings	Complied	The Chairman ensure the following: • Approving the agenda for each meeting prepared in consultation with the Managing Director and the Company Secretary taking in to consideration matters relating to strategy, performance, resource allocation, risk management and compliance. • Sufficiently detailed information of matters included in the agenda should be provided to the Directors in a timely manner. • Ensuring that all Directors are aware of their duties and responsibilities. • All Directors are encouraged to make an effective contribution, within their respective capabilities for the benefit of the Company. • All Directors are encouraged to seek information considered necessary to discuss matters on the agenda of meetings and to request inclusions of matters of corporate concern on the agenda. • Maintaining the balance of power between Executive and Non-Executive Directors. • The view of Directors on issues under consideration are ascertained. • Ensuring that the Board is in complete control of the company's affairs and alert to its obligations to all shareholders and other stakeholders.

Reference to CASL code	Requirement	Compliance	Details of Compliance
Principle: A.4 Financial Acumen The Board should ensure the availability within it, of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.			
A.4.1	Financial acumen	Complied	The Board includes Three Senior Chartered Accountants, who possess the necessary knowledge and competence to offer the Board guidance on matters of finance. One of them serves as Chairman of the Audit Committee. Other Members of the Board have ample experience in handling matters related to finance through leadership in numerous organizations across sectors. Hence the Board has sufficient financial acumen and knowledge to offer guidance on matters of finance.
Principle: A.5 Board Balance It is preferable for the Board to have a balance of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the Board's decision making.			
A.5.1	Non-Executive Directors	Complied	Six out of twelve Directors on the Board are Non-Executive Directors. The composition of the Executive and Non-Executive Directors (the latter are over one third of the total number of Directors), satisfies the requirements laid down in the Listing Rules of the Colombo Stock Exchange. The Chairman and the Managing Director is not the same person.
A.5.2	Independence of Non- Executive Directors	Complied	Four out of Six Non-Executive Directors are independent. The Board has determined that four Non-Executive Directors satisfy the criteria for "independence" set out in the Listing Rules.
A.5.3	Independence of Non- Executive Directors	Complied	Non-Executive Directors' profiles reflect their calibre and industry insights and their contribution towards enhancing the depth of Board deliberations. Each one is independent of management and free from any relationship that can interfere with independent judgment. The balance of Executive, Non-Executive and Independent Non-Executive Directors on the Board ensures that no individual Director or small group of Directors dominates board discussion and decision making.
A.5.4,	Annual declaration of independence - Non Executive Directors	Complied	Each Non-Executive Director has submitted a declaration stating the independence or non-independence in a prescribed format. This information is made available to the Board.
A.5.5	Board determination of independence of Non-Executive Directors and disclosure in Annual Report	Complied	The Board considered the declaration of independence submitted by each Non-Executive Director with the basis for determination given in Code of Best Practices as a fair representation and will continue to evaluate their independence on this basis annually. The Board believes the Independency of Mr. F. Mohideen is not compromised by being a Board member for more than ten years. Brief resume of all the Directors is available in pages 24 to 25.

CORPORATE GOVERNANCE

Reference to CASL code	Requirement	Compliance	Details of Compliance
A.5.6	Alternate Directors	Complied	Ms. Y. Bhaskaran act as an alternate Director to Mr. K.D.D.Perera in line with the Articles of Association of the Company and the CSE listing rules.
A.5.7, A.5.8	Requirement to appoint Senior Independent Director	Not Applicable	This is not applicable as the Chairman and the Managing Director is not the same person.
A.5.9	Chairman's meetings with Non-Executive Directors	Complied	The Chairman holds meeting with the Non-Executive Directors, without Executive Directors, at least once a year and at any other time where necessary.
A.5.10	Record in the Board minutes of Concerns not unanimously resolved	Complied	All matters of the Company are recorded in the Board Minutes, with sufficient detail to enable a proper assessment to be made of the deliberation and any decisions taken at the meeting.
Principle: A.6 Supply of information			
A.6.1	Timely information to the Board	Complied	Directors are provided with quarterly performance reports and other reports and documents which are deemed necessary. The Chairman ensures all Directors are adequately briefed on issues arising at meetings.
A.6.2	Information provided in advance to the Board meetings	Complied	The Board Meetings are arranged in advance and all Directors are informed. The Directors are provided with minutes, the agenda and the Board papers in advance to prepare and clearly comprehend with the matters discussed or consent.
Principle: A.7 Appointments to the Board			
A.7.1, A.7.2	Appointment to the Board	Complied	Refer governance structure in Corporate Governance Report on page 112 and Nomination Committee Report on page 140.
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 24 to 25.

Reference to CASL code	Requirement	Compliance	Details of Compliance
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. Please refer Nomination Committee Report on page 140. The Managing Director does not retire by rotation.
Principle: A.9 Appraisal of Board Performance			
A.9.1 ,A.9.2, A.9.3	Appraisal of Board Performance	Complied	The Chairman and Remuneration Committee (Hayleys PLC, the parent company's Remuneration Committee functions as the Remuneration Committee of the Company) are responsible for evaluating the performance of Executive Directors and Committees through an annual self-evaluation of its own performance. The responses are being submitted to the Chairman for discussion at a Board Meeting.
Principle: A.10 Disclosure of Information in respect of Directors			
A.10.1	Disclosures about Directors	Complied	Name, qualification, brief profile, and nature of expertise are given in the pages 24 to 25 of this Annual Report. Directors' interest in contracts is given on page 216 of this Report. The number of Board meetings attend by the Directors is available in the page 116 of this Report.
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 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	Refer governance structure in Corporate Governance Report on page 113. Payment of remuneration to Directors is disclosed in page 146 of this report. No Director is involved in deciding his own remuneration.

CORPORATE GOVERNANCE

Reference to CASL code	Requirement	Compliance	Details of Compliance
Principle: B.2 The level and make up of remuneration			
B.2.1, B.2.2, B.2.3, B.2.4	Levels of remuneration	Complied	The Remuneration Committee determined remuneration structures with the objective of attracting, retaining and motivating skilled Directors who can drive the Company's strategic agenda. The remuneration levels relative to other companies and performance of the Directors are taken into account when considering the remuneration levels of the Directors.
Principle: B.3 Disclosure of the remuneration			
B.3.1	Disclosure of the remuneration	Complied	Please refer the Remuneration Committee Report on page 141. The remuneration policy aims to attract and retain a highly qualified and experienced work force, and nurture a performance driven culture, while offering rewards which are in line with industry norms. These compensation packages provide compensation appropriate for each business within the Group and commensurate with each employee's level of expertise and contribution, bearing in mind the business performance and shareholder return. The total of Directors' Remuneration is reported in Note 7 and Note 33 to the Financial Statements.
C. Relations with Shareholders			
Principle: C.1 Constructive use of the AGM and conduct of General Meetings			
C.1.1	Notice of AGM	Complied	The notice and the agenda of the Annual General Meeting are sent to the shareholders 15 working days prior to the meeting. The Annual Report is published in the Company's web site and CSE web site.
C.1.2	Separate resolution for substantially separate items	Complied	A separate resolution is proposed at an Annual General Meeting on each substantially separate item. Adoption of the Annual Report of the Board of Directors on the affairs of the Company, Statement of Compliance and the Financial Statements with the Independent Auditor's Report is considered as a separate resolution. A form of Proxy is provided with the Annual Report to all shareholders to direct their Proxy to vote.
C.1.3	Votes and use of proxy	Complied	The Company ensures that all proxy votes are properly recorded and counted. The level of proxies lodged on each resolution is conveyed to the Chairman.

Reference to CASL code	Requirement	Compliance	Details of Compliance
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, Interim Reports, announcements made through the Colombo Stock Exchange, other press releases and Annual / Extraordinary General Meetings. Shareholders may raise concerns they have, with the Chairman, the Managing Director or the Secretaries, as appropriate. The soft version of the Annual Report is posted on the company website upon release to the Stock Exchange. The website also features news and latest updates of the company. The active participation of shareholders at the Annual General Meeting is encouraged. The Board believes the AGM is a means of continuing effective dialogue with shareholders. The Board offers clarifications and responds to concerns shareholders have over the content of the Annual Report as well as other matters which are important to them. The AGM is also used to adopt the financial statements for the year.
C.2.3	Implementation of the policy and methodology for communication with shareholders	Complied	Annual Report and Financial Statement of the Company are available on the website enabling all shareholders to access the Annual Report and Financial Statements. However a shareholder could be provided with a printed copy of the Annual Report if requested in writing to do so. A copy of the interim financial statements are released to the Colombo Stock Exchange and posted on their website. Copies of all public announcements are made available to the CSE for dissemination to the public.
C.2.4	Disclosure of contact person	Complied	Shareholders can forward their inquiries via electronic media (e-mail, telephone call or in writing) to the relevant person to raise queries. The contact person for such communication is the Company Secretary.
C.2.5	Major issues and concerns of shareholders	Complied	All the major issues relating to shareholders are brought to the attention of the Board.

CORPORATE GOVERNANCE

Reference to CASL code	Requirement	Compliance	Details of Compliance
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.3.1/ 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	The Company has presented balanced and understandable financial statements which gives a true and fair view of the performance and financial position on a quarterly and annual basis. In the preparation of Financial Statements, the Company has complied with the requirements of the Companies Act No 07 of 2007 and requirement of Sri Lanka Accounting Standards and Securities and Exchange Commission. Price sensitive public reports and reports for statutory requirements are also presented in a balanced and understandable manner.
D.1.3	CEO’s & CFO’s approval on financial Statements prior to Board approval	Complied	The Chief Financial Officer and two other Directors have signed the Financial Statements on behalf of the Board. Responsibilities of Board of Directors and Directors statement on internal controls are given in pages 150 on this report.

Reference to CASL code	Requirement	Compliance	Details of Compliance
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 145 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 150 and Directors statement on internal controls is given in page 145. The Auditors' Report is available on pages 155 to 158.
D.1.6	Management Discussion Analysis	Complied	**Management Structure** DPL Group comprises Dipped Products PLC and subsidiary companies. The Group is effectively divided in to two sectors to achieve the strategic objectives. The Hand Protection division includes the manufacturing operations of Dipped Products PLC and nine subsidiary companies and the Italian marketing company ICOGUANTI S.p.A. The division is managed by the Managing Director and functional units supervised by Executive Directors. The Plantation division is managed by the Managing Director of Kelani Valley Plantation PLC and Talawakelle Tea Estates PLC, who is also a Director of D P L Plantations (Pvt) Ltd (Plantations Holding Company). The authority is exercised within the ethical framework and business practices established by the Board which demands compliance with existing laws and regulation as well as best practices in dealing with employees, customers, suppliers and the community at large. These are further describing elsewhere in this report. The Management Team and Group structure are given in pages 28 and 31.

CORPORATE GOVERNANCE

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 18 to 21) 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 18 to 21) in this Report.
D.1.7	Summon an EGM to notify serious loss of capital	Complied	In the event the net assets of the Company fall below 50% of the value of the Company's Stated Capital, the Directors will forthwith summon an Extraordinary General Meeting to notify shareholders' the remedial action being taken. However, such an event has not taken place since the adoption of the New Companies Act No 07 of 2007.

Reference to CASL code	Requirement	Compliance	Details of Compliance
Principle: D.2 Risk Management and Internal Control			
D.2.1, D2.2. D.2.3, D2.4.	Monitoring sound system of internal control	Complied	The Board is responsible for the Group's internal control and its effectiveness. Internal control is established with emphasis on safeguarding assets, making available accurate and timely information and imposing greater discipline on decision making. It covers all controls required, including financial, operational and compliance controls, and risk management. It is important to recognise, however that any system can provide only reasonable, and not absolute, assurance that errors and irregularities are prevented or detected within a reasonable time. The important procedures in place to discharge this responsibility are as follows: • The Directors are responsible for the establishment and monitoring of financial controls appropriate for the operation within the overall Group policies. • The Board reviews the strategies of the divisions and constituent companies. • Annual budgeting and regular forecasting processes are in place and the Directors review performance. • The Board has established policies in areas of investment and treasury management and does not permit employment of complex risk management mechanism.
			• The Group is subjected to regular internal audits and system reviews. • The Audit Committee reviews the plans and activities of the internal audits and the management letters of External Auditors. • The Group carefully selects and trains employees and provides appropriate channels of communication to foster a control conscious environment. • The Board has reviewed the effectiveness of the system of financial control for the period up to the date of signing the accounts. The Directors' Responsibilities for the financial statements are described on page 150.

CORPORATE GOVERNANCE

Reference to CASL code	Requirement	Compliance	Details of Compliance
Principle: D.3 Audit Committee			
D.3.1	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.3.2	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.3.3	Disclosures of names of the members of Audit Committee	Complied	During the year under review the committee met on four occasions, the attendance at these meetings are reported in "Audit Committee Report' in page 143 of this report
Principle: D.4 Related Party Transactions Review Committee			
D.4.1	Related Party Transactions	Complied	Company is adhering to LKAS 24 and Transactions entered into with related parties during the year is disclosed in note 33 to the financial statements.

Reference to CASL code	Requirement	Compliance	Details of Compliance
D.4.2	Composition of Related Party Transactions Review Committee	Complied	Refer governance structure in Corporate Governance Report on page 113. Refer Related Party Transactions Review Committee Report on page 142.
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 142.
Principle: D.5 Code of Business Conduct & Ethics			
D.5.1	Disclosure on presence of Code of Business Conduct & Ethics	Complied	The Directors and members of the Senior Management team are bound by the Code of Business Conduct & Ethics which is applicable to the Hayleys Group. The Code consists of important topics like conflict of interest, corporate opportunities, confidentiality, fair dealing, protection and proper use of Company assets, compliance of laws, rules and regulations etc. The Board ensures the compliance with the code and non-compliance may reasons to go for a disciplinary action.
D.5.2	Process to identify and report price sensitive information	Complied	The Company has a process in place to ensure that material and price sensitive information is promptly identified and reported.
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 145 of the annual report of Board of Directors on the affairs of the Company.
D.5.4	Affirmation of Code in the Annual Report by the Chairman	Complied	The Chairman affirms that he is not aware of any violation of any of the provisions of the Code of Business Conduct and Ethics in the Annual Report.

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 112 to 139 of this report. **IT Governance** Strategic focus has been placed on strengthening the Company's IT capabilities in line with its operations, processes and capacity improvements. Dedicated staff is deployed to support this. DPL's investment in IT covers resources operated and managed centrally and resources deployed across the various factories and estates. Most operations within the business have access to ERP systems, and internet and e-mail services. **IT value and alignment** Investments in IT projects and systems are made after consideration of suitability for the related projects. Further aspects such as cost savings, the provision of timely information and the balance between cost and benefits/ needs are also considered when decisions are taken. **IT Risk Management** Risks associated with IT are assessed in the process of Risk Management. Use of licensed software, close monitoring of internet usage (for compliance with the IT Use Policy) and mail server operations and the use of anti-virus and firewall software, are some practices in place.
SECTION 2: SHAREHOLDERS			
E. Institutional Investors			
Principle: E.1. Shareholder Voting, E.2. Evaluation of Governance Disclosures			
E.1, E.2	Dialogue with shareholders and Evaluation of governance disclosure	Complied	All investors are notified of the Annual General Meeting and all their views, comments and suggestions are encouraged. The Company maintains continuous dialogue with institutional investors. Impartiality is maintained on shareholder votes at the AGM based on individual holding and weightage. Institutional investors are encouraged to give due consideration to all relevant factors drawn to their attention when evaluating companies governance arrangement particularly in relation to Board structure and composition.

Reference to CASL code	Requirement	Compliance	Details of Compliance
F. Other Investors			
Principle: F.1. Investing /Divesting Decisions, F.2. Shareholders Voting			
F.1, F.2	Adequate analysis for investment / divestment decisions and usage of voting right	Complied	All shareholders are encouraged to actively participate in the AGM and they have the independence of using their votes as they wish. The company believes that the rational investors remain with the Company without divesting. There are no restrictions for investing or divesting in the Company shares.
Principle: G. Internet of Things and Cyber security			
G.1	Cyber security risk of sending and receiving information	Complied	Disaster Recovery plan is implemented with hardware infrastructure. All the data backups and DR site are maintained by Group IT. Investments are also made in cybersecurity systems and frameworks which are updated on a regular basis.
Principle: H. Environment, Society and Governance (ESG)			
H.1.1	Provide Sufficient information relating to ESG risks	Complied	The Group's material ESG risks are identified through the Hayleys Group's materiality assessment. Information pertaining to the relevant topics are collected and reported to the Hayleys PLC GMC on a quarterly basis, through a dedicated reporting system. Content included in the Annual Report is determined based on this materiality assessment. The Annual report complies with the Integrated Reporting Framework and the GRI Standards for Sustainability Reporting. The Report also contains sufficient and relevant information of ESG to assess how risks and Opportunities are recognised, managed, measured and reported in pages 106 to 111. The impact of ESG issues are disclosed in Risk management report in pages 106 to 111.

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 two Non-Executive Directors or 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 142.

Rule No.	Subject	Applicable Requirement	Compliance Status	Applicable section in the Status Annual Report
9.2.2	Composition	Two Independent Non-Executive Directors and one Executive Director.	Complaint	Refer RPTRC report page 142.
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 142.
9.2.4	Related Party Transactions Re-view Committee-Meetings	Shall meet once a quarter.	Compliant	Annual Report of the Board of Directors page 145.
9.3.2	Related Party Transactions Re-view Committee-Disclosure in the Annual Report	a) Non-recurrent Related Party Transactions- If aggregate value exceeds 10% of the equity or 5% Total assets whichever is lower. b) Recurrent Related Party Transactions – If aggregate value exceeds 10% Gross revenue/ income as per the latest audited accounts. c) Report by the Related Party Transactions re-view Committee. d) A declaration by the Board of Directors.	Compliant	Not applicable Not applicable Refer RPTRC report page 142. Annual Report of the Board of Directors page 145.

NOMINATION COMMITTEE REPORT

The Nomination Committee of Hayleys PLC, the parent Company functions as the Committee of the Company.

Composition

- Mr. A.M. Pandithage (ED) - Chairman
- Mr. K.D.D. Perera (NED)
- Dr. H. Cabral PC (IND/NED)

ED - Executive Director

NED - Non - Executive Director

IND/NED - Independent Non-Executive Director

(Refer to pages 24 to 25 for a brief profile of the Directors)

Attendance at Committee Meetings

Director	Attendance
Mr. A. M. Pandithage	12/12
Dr. H.C. Cabral	11/12
Mr. K.D.D.Perera (or by his Alternate Ms. K.Amarasinghe)	8/12

Duties of the Nomination Committee

- Consider of making any appointment of new Directors or re-electing current Directors to the Board.
- Provide advice and recommendations to the Board on any such appointment.
- Review criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment to the Board and
- Key Management Personnel in the Company.
- Consider if a Director is able to and has been adequately carrying out his or her duties as a Director, taking in to consideration the number of Listed
- Company Boards on which the Director is represented and other principal commitments.
- Review the structure, size, composition and competencies of the Board and make recommendations to the Board with regard to any changes.
- Recommend the requirements of new expertise and succession arrangements for retiring Directors.
- Recommend on any matter referred by the Board of Directors.
- The Committee has recommended based on the performance and the contribution made to achieve the objectives of the Board to re-elect Mr. K. M. D. I. Prasad, Mr. H.S.R. Kariyawasan and Mr. S.Rajapakse to the Board at the Annual General Meeting to be held on June 28, 2022.
- The Committee has recommended to reappoint Mr. A.M. Pandithage and Mr. F Mohideen who retire having attained the age of over seventy years.
- Mr. B. K. C. R. Ratnasiri and Mr. G. Molinari have been recommended to the Board by the Committee and have been appointed to the Board on April 1, 2022 subject to the election by the shareholders at the Annual General Meeting.

A.M. Pandithage
Chairman

Nomination Committee

May 19, 2022

REMUNERATION COMMITTEE REPORT

The Remuneration Committee of Hayleys PLC, the parent Company functions as the Committee of the Company.

Composition

- Dr. H. Cabral, PC (IND/NED) - Chairman
- Mr. K.D.D. Perera (NED)
- Mr. M.Y.A Perera (IND/NED)
- Mr. M.H. Jamaldeen (IND/NED)

IND/NED - Independent Non-Executive

Director, NED - Non-Executive Director

(Refer to pages 24 to 25 for a brief profile of the Directors)

The Chairman assists the Committee by providing relevant information and participating in its analysis and deliberations, except when his own compensation package is reviewed.

Attendance at Committee Meetings

Director	Attendance
Dr. H. Cabral, PC	2/2
Mr. K.D.D. Perera	2/2
Mr. M.Y.A. Perera	2/2
Mr. M.H. Jamaldeen	2/2

Duties of the Remuneration Committee

Duties of the Remuneration Committee The Committee is vested with power to evaluate, assess, decide and recommend to the Board of Directors on any matter that may affect Human Resources Management of the Company and the Group and specifically include:

- Determining the compensation of the Chairman & Chief Executive, Executive Directors and the Members of the Group Management Committee.
- Lay down guidelines and parameters for the compensation structures of all management staff within the Group taking into consideration industry norms.
- Formulate guidelines, policies and parameters for the compensation structures for all Executive staff of the Company.
- Review information related to executive pay from time to time to ensure same is in par with the market/industry rates.
- Evaluate the performance of the Chairman
- & Chief Executive and Key Management Personnel against the predetermined targets and goals.
- Assess and recommending to the Board of Directors of the promotions of the Key Management Personnel and address succession planning.
- Approving annual salary increments and bonuses

Remuneration Policy

The remuneration policy is to attract and retain a highly qualified and experienced work force, and reward performance accordingly in the backdrop of industry norms. These compensation packages provide compensation appropriate for each business within the Group and commensurate with each employee's level of expertise and contributions, bearing in mind the business' performance and shareholder returns.

Activities in 2021/22

- During the year the committee reviewed the performance of the Chairman and Executive Directors based on the targets set in the previous year and determined the bonus payable and the annual increments.
- Recommended the bonus payable and annual increments to be paid to Executive and Non-Executive staff based on the ratings of the Performance Management System.

Dr. Harsha Cabral, PC.
Chairman

Remuneration Committee

May 19, 2022

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transaction Review Committee of Hayleys PLC, the parent Company functions as the Committee of the Company in terms of the Code of Best Practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka and the Section 9 of the Listing Rules of the Colombo Stock Exchange.

Composition of the Committee

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

Dr H Cabral, PC** - Chairman
Mr. M.Y.A.Perera **
Mr. S C Ganegoda*

* Executive Director
** Independent Non-Executive

The committee met 4 times during the financial year 2021/22 and meeting held on May 17, 2021, August 10, 2021, November 9, 2021 and February 11, 2022.

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.
- Attendence at Committee Meetings

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

- Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary including obtaining appropriate professional and expert advice from suitably qualified persons.
- To recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- To monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.
- Meet with the management, Internal Auditors/External Auditors as necessary to carry out the assigned duties.
- To review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.
- To review the economic and commercial substance of both recurrent/non recurrent related party transactions
- To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining 'competent independent advice' from independent professional experts with regard to the value of the substantial asset of the related party transaction.

Task of the Committee

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

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

Dr. Harsha Cabral, PC.
Chairman

Related Party Transactions Review Committee of Hayleys PLC

May 17, 2022

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 24 to 25 of this report. Their individual and collective financial knowledge and business acumen and the independence of the Committee, are brought to bear on their deliberations and judgments on matters that come within the Committee's purview.

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

CHARTER OF THE AUDIT COMMITTEE

The audit committee Charter is periodically reviewed and revised with the concurrence of Board of Directors. The terms of reference of the committee are clearly defined in the Charter of the Audit Committee. Rules on Corporate Governance under listing rules of corporate governance under Colombo Stock Exchange and Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka further regulate the composition, role and functions of the Board Audit Committee.

MEETINGS OF THE AUDIT COMMITTEE

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

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

THE OBJECTIVE AND ROLE OF THE AUDIT COMMITTEE

The role of the committee, which has specific terms of reference, is described in the Corporate Governance Report on page 132 of this report.

TASKS OF THE AUDIT COMMITTEE

Financial Reporting System

The Committee reviewed the financial reporting system adopted by the Group in the preparation of its quarterly and annual Financial Statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards. The methodology included obtaining statements of compliance from Heads of Finance and Directors-in-charge of operating units. The Committee recommended the Financial Statements to the Board for its deliberations and issuance. The Committee, in its evaluation of the financial reporting system, also recognised the adequacy of the content and quality of routine management information reports forwarded to its members.

INTERNAL AUDITS

The Committee reviewed the process to assess the effectiveness of the Internal Controls that have been designed to provide reasonable assurance to the Directors that assets are safeguarded and that the financial reporting system can be relied upon in preparation and presentation of Financial Statements. The Hayleys Group Management Audit & Systems Review Department (MA & SRD) reports on key control elements and procedure in Group companies that are selected according to an annual plan were reviewed. Internal Audits are outsourced wherever necessary, to leading audit firms in line with an agreed annual audit plan. Follow up reviews are scheduled to ascertain that audit recommendations are being acted upon. The Committee appraised the independence of the Group MA & SRD and other internal auditors, in the conduct of their assignments.

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

SUBSIDIARY COMPANY AUDIT COMMITTEES

Kelani Valley Plantations PLC and Talawakelle Tea Estates PLC the other quoted companies in the Group have independent Non-Executive Directors constituted in their own

AUDIT COMMITTEE REPORT

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, 2023.

SUPPORT TO THE COMMITTEE

The Committee received information and support from management during the year to enable it to carry out its duties and responsibilities effectively.

ETHICS AND GOOD GOVERNANCE

The committee continuously emphasized on upholding ethical values of the staff members. In this regard, Code of Ethics and Whistle-Blowers Policies were put in place and followed educating and encouraging all members of the staff. All appropriate procedures are in place to conduct independent investigations into incidents reported through Whistle- Blowing or identified through other means. The Whistle-Blower Policy guarantees strict confidentiality of the identity of the Whistle-Blowers.

SRI LANKA ACCOUNTING STANDARDS

Committee reviewed the revised policy decisions relating to adoption of new and revised Sri Lanka Accounting Standards (SLFRS/LKAS) applicable to the Group companies and made recommendation to the Board of Directors. The Committee would continue to monitor the compliance with relevant Accounting Standards and keep the Board of Directors informed at regular intervals.

The committee has pursued the assistance of Messers Ernst and Young to assess and review the existing SLFRS policies and procedures adopted by the Group.

S Rajapakse
Chairman
Audit Committee

May 11, 2022

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

1. GENERAL

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, 2022.

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.

2. REVIEW OF THE BUSINESS

2.1 Principal Business activities of the Company and the Group

The principal activities of the Group and its management team are shown on pages 24 to 29 and 234 in this Report.

2.2 Review of operations of the Company and the Group

The Group's businesses and their performance during the year, with comments on financial results, as well as future business developments are appraised in the joint letter from Chairman and the Managing Director on page 18 to 21 of this Report. Those also provide an overall assessment of the state of affairs of the Group and the Company with details of important events that took place during the period.

The segment wise contribution to Group revenue, profit, result, assets and liabilities are provided in note 30 to the Financial Statements.

2.3 Financial Statements of the Company and the Group

The Financial Statements of the Company and the Group are given on pages 159 to 226 of this report.

2.4 Independent Auditor's Report

Independent Auditors' Report on the Financial Statements is given on page 155.

2.5 Accounting Policies and changes during the year

The accounting policies adopted by the Company and its subsidiaries in the preparation of the Financial Statements are given on pages 167 to 185.

2.6 Entries in the Interests Register

The Company, in compliance with the Companies Act No.7 of 2007, maintains an Interests Register. As further required by the Act, particulars of entries in the interests register of the Company and those subsidiaries which have not dispensed with the requirement to maintain interests registers, as permitted under Section 30 of the Companies Act, are detailed below.

2.6.1 Directors' interest in transactions

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 33 to the Financial Statements dealing with related party disclosures include details of their interests in transactions.

2.6.2 Directors' interests in shares

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

	No of Shares	
	As at March 31, 2022	As at April 1, 2021
Mr.A.M.Pandithage	-	-
Mr.S.Huat Ng (Managing Director)	-	-
Mr.H.S.R.Kariyawasan & K.H.S.Kariyawasan - 3,325,850 Mr.H.S.R.Kariyawasan & H.B.Kariyawasan - 799,860	4,125,710	4,125,710
Mr.F.Mohideen	-	-
Mr.S.C.Ganegoda	250,000	250,000
Mr. Dhammika Perera*	10,000	10,000
Mr.S.Rajapakse		-
Mr.N.A.R.R.S.Nanayakkara	350,000	295,260
Mr.S.P.Peiris	61,000	61,000
Mr.K.D.G.Gunaratne	-	-
Mr.R.H.P.Janadheera	-	-
Mr.K.M.D.I.Prasad	-	-
Mr. B. K. C. R. Ratnasiri	-	-
Mr. G. Molinari	-	-
Ms.Y.Bhaskaran (Alternate to Mr.Dhammika Perera)	-	-

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

*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.

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

- Mr. N.A.R.R.S.Nanayakkara purchased 54,740 ordinary shares of the Company during the year
- Mr. K. Bhaskaran, spouse of Ms. Y. Bhaskaran (Alternate Director to Mr. K.D.D. Perera) purchased 2,000 ordinary shares of the Company during the year

2.6.3 Directors' Remuneration

The Executive Directors' remuneration is established within an established framework. The total remuneration of Executive Directors of the Company for the year ended March 31, 2022 is 224,944,001 (2021- Rs. 131,285,804) 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, 2022 is Rs.5,469,000 (2021 -Rs.5,673,000/-) determined according to scales of payment decided upon by the Board. The Board is satisfied that the payment of this remuneration is fair to the Company.

Remuneration paid to the Directors of the subsidiary companies for financial year ended March 31, 2022 is Rs.206,471,802 (2021- Rs.127,932,188).

2.6.4 Insurance & Indemnity

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

2.7 Corporate Donations

No donations were made for the year ended March 31, 2022. (2021 - Nil).

3. FUTURE DEVELOPMENTS

Future developments are discussed in the joint letter from Chairman and the Managing Director on page 18 to 21 of this Report.

4. GROUP REVENUE AND INTERNATIONAL TRADE

The gross turnover of the Group during the year was Rs. 55,293,982,736 (2021 - Rs. 46,386,666,924).

The Group turnover from international trade in Hand Protection Sector amounted to Rs. 37,917,943,983 (2021 - Rs.30,414,301). Further information on Group turnover is detailed in Note 3 to the Financial Statements.

The Group's exports from Sri Lanka, amounted to Rs.25,842,097,705 (2021- Rs.21,951,609,934) in the year under review.

The Group's revenue from International Trade, which includes the revenue of overseas subsidiaries in addition to exports from Sri Lanka, amounted to Rs. 21,408,855,820 (2021- Rs. 17,488,959,313) in the year under review.

Trade between Group companies is conducted at fair market prices.

5. PERFORMANCE AND RESERVES

5.1 Performance

Profits

	2022 Rs.'000	2021 Rs.'000
After making provisions for all known liabilities and depreciation on property, plant & equipment the profit earned by the Group before taxation was	7,596,775	7,191,273
And taxation on Group profits amounting to were deducted	(1,185,975)	(1,357,946)
The Group was left with a profit of	6,410,800	5,833,327
And the amount attributable to non-controlling interest of	1,028,149	669,293
And other comprehensive income attributable to parent was	8,585	149,967
And the balance of the previous year net of final dividend and appropriations were adjusted	11,288,966	6,370,799
The profit before appropriation was	16,680,202	11,684,800

	2022 Rs.'000	2021 Rs.'000
Appropriations		
Your Directors have made appropriations as follows:		
First Interim dividend authorized	568,684	59,861
Second Interim dividend authorized	269,377	179,585
Third Interim dividend authorized	299,308	538,754
Forth Interim dividend authorized	-	598,615
Total appropriations	1,137,369	1,376,815

5.2 Reserves

The total Group reserves as at March 31, 2022 amount to Rs. 21,308,181,203 (2021- Rs. 15,047,638,338) comprising capital reserves of Rs.580,772,613 (2021 - Rs. 520,421,502), available-for-sale reserve of Rs.64,778,312 - (2021- Rs. 64,754,670) and revenue reserves of Rs. 20,662,630,277 (2021 - Rs. 14,462,462,165). The composition of reserves is shown in the Statement of Changes in Equity in the Financial Statements.

5.3 Dividend

First Interim Dividend of Rs.0.95 per share was paid to the shareholders on October 22, 2021. The second Interim Dividend of Rs.0.45 per share was paid to the shareholders on January 28, 2022. Third Interim Dividend of Rs.0.50 per share was paid to the Shareholders on May 6, 2022.

The Board of Directors has recommended the payment of a final dividend of Rs. 0.15 per share payable on July 11, 2022 to the shareholders of the issued ordinary shares of the Company as at close of business on June 28, 2022. The proposed dividend is subject to shareholder approval at the forthcoming Annual General Meeting.

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

6. PROPERTY, PLANT AND EQUIPMENT

Group expenditure on Property, Plant and Equipment during the year amounted to Rs. 3,964,843,631 (2021 - Rs. 1,733,645,000).

The movement in Property, Plant and Equipment during the year is set out in Note 11 to the Financial Statements.

7. MARKET VALUE OF FREEHOLD

The freehold land of the Group has in general been subjected to routine revaluation by independent qualified valuers. The most recent revaluations of the lands were carried out as at March 31, 2022. Details of revaluations, carrying values and market values are provided in Note 11.4 to the Financial Statements.

8. ISSUE OF SHARES AND DEBENTURES

8.1 Issue of Shares and Debentures by the Company

The Company did not issue any shares or Debenture during the year ended March 31, 2022.

8.2 Stated Capital and Debentures

The stated capital of the Company, consisting of 598,615,120 ordinary shares, amounts to Rs.598,615,120 as at March 31, 2022.

There was no change in stated capital during the year.

There was no debenture as at March 31, 2022.

9. SHARE INFORMATION

Information relating to earnings,dividend, net assets per share and share trading are given on pages 228 to 233.

10. SUBSTANTIAL SHAREHOLDINGS

10.1 Major shareholdings

The Twenty major shareholders as at March 31, 2022 are given on page 231 in this Report.

10.2 Public Holding

The public holding March 31, 2022 are given on page 231 in this report.

11. DIRECTORS

The names of the Directors who served during the year are given on page 24 in this report.

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

Messrs. B. K. C. R. Ratnasiri and G. Molinari were appointed to the Board as Directors on April 1, 2022 and In terms of Article No. 27 (2) of the Articles of Association of the Company, shareholders will be requested to re-elect them at the Annual General Meeting.

In terms of Article No.29 (1) of the Articles of Association of the Company, Messrs. Mr. K. M. D. I. Prasad, H. S. R. Kariyawasan and S. Rajapakse retire by rotation and being eligible offer themselves for re-election.

Pursuant to section 211 of the Companies Act No.07 of 2007 an ordinary Resolutions will be put before the shareholders for the reappointment of Mr. A. M. Pandithage and Mr. F. Mohideen notwithstanding the age limit of seventy years stipulated by section 210 of the Companies Act.

The Directors of the subsidiaries are given on pages 234 and 235.

12. DISCLOSURE OF DIRECTORS' DEALING IN SHARES AND DEBENTURES

Directors' dealings and Directors' holdings in ordinary shares are given under Note 2.6.2 of this report.

None of the Directors hold debentures in Dipped Products PLC.

13. EMPLOYEE SHARE OWNERSHIP PLANS

The Company does not operate any share option schemes

14. DIRECTORS' DISCLOSURE OF INTEREST

Disclosure of interest by the Directors of the Company are detailed in Note 2.6 of this report.

15. RELATED PARTY TRANSACTIONS

The Board of Directors has given the following statement in respect of the related party transactions.

The related party transactions of the Company during the financial year have been 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.

16. ENVIRONMENTAL PROTECTION

The Group's efforts to conserve scarce and non-renewable resources, as well as its environmental objectives and key initiatives, are described in the Natural Capital on pages 96 to 105.

17. STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments due to the Government, other regulatory institutions and those related to employees have been made on time.

18. EVENTS AFTER THE REPORTING DATE

No circumstances have arisen since the reporting period end which would require adjustment to or disclosure in, other than those disclosed in Note 38 to the Financial Statements.

19. GOING CONCERN

The Directors, after considering the financial position, operating conditions, regulatory and other factors including matters addressed in the Corporate Governance Code, have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Therefore the going concern basis has been adopted in the preparation of the Financial Statements.

20. EXPOSURE TO RISK

The Group has a structured risk management process in place to support its operations.

The Audit Committees play a major role in this process. The Risk Management section of this report elaborates these practices and the Group's risk factors.

21. APPOINTMENT OF AUDITORS

Messrs Ernst & Young, Chartered Accountants, are deemed reappointed, in terms of Section 158 of the Companies Act No. 7 of 2007, as Auditors of the Company for the year 2022/2023.

22. AUDITORS' REMUNERATION AND INTEREST IN CONTRACTS

The Auditors, Messrs Ernst & Young, Chartered Accountants, will be paid Rs. 2,851,837 (2021 – Rs. 2,781,900) and Rs. 14,666,974 (2021 – Rs.13,683,208) as audit fees by the Company and its Subsidiaries respectively. Messrs Ernst & Young, Chartered Accountants will be paid Rs. 1,314,968 (2021 – Rs. 1,467,080) and Rs. 3,216,099 (2021- Rs.3,199,553) by the Company and the Group, for non-audit related work, which consisted mainly of tax consultancy services.

In addition to the above, Rs. 7,970,649 (2021 – Rs. 7,181,757), and Rs. 1,389,398 (2021- Rs. 1,247,120) were paid as audit fees by ICOGUANTI S.p.A. and Dipped Products (Thailand) Ltd., respectively.

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

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

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

23. RATIOS AND MARKET PRICE INFORMATION

The ratios relating to equity and debt as required by the listing requirements of the Colombo Stock Exchange are given on page 228 of this Report.

24. EMPLOYEES & INDUSTRIAL RELATIONS

The Group has a structure and a culture that recognises the aspirations, competencies and commitment of its employees. Career growth and advancement within the Group is promoted. Details of Group's human resource practices and employee and industrial relationships are given in Social Performance section of the Sustainability Review.

25. SHAREHOLDERS

It is the Group's policy to endeavour to ensure equitable treatment to its shareholders.

26. INTERNAL CONTROLS

The Directors acknowledge their responsibility for the Group's system of internal control. The system is designed to give assurance, inter alia, regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information generated. However, any system can only ensure reasonable and not absolute assurance that errors and irregularities are either prevented or detected within a reasonable time period.

The Board, having reviewed the system of internal controls, is satisfied with the Group's adherence to and effectiveness of these controls for the period up to the date of signing the Financial Statements.

27. CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance rules laid down under the listing rules of the Colombo Stock Exchange.

The Corporate Governance Report on pages 112 to 139 discusses this further.

28. ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Tuesday, June 28, 2022 at 1.00 p.m via online meeting platform. The Notice of the Annual General Meeting appears on page 246.

For and on behalf of the Board,

A M Pandithage
Chairman

Ng Soon Huat
Managing Director

Hayleys Group Services (Pvt) Limited
Secretaries

400, Deans Road,
Colombo 10

May 19, 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible under sections 150 (1), 151, 152 (1) & 153 of the Companies Act No. 7 of 2007 (The Companies Act.), to ensure compliance with the requirements set out therein to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit & loss of the Company and the Group for the financial year.

The Directors are also responsible, under section 148 of the Companies Act to ensure that proper accounting records are kept to enable, determination of the financial position with reasonable accuracy, preparation of financial statements and audit of such statements to be carried out readily and properly.

The Board accepts responsibility for the integrity and objectivity of the financial statements presented. The Directors confirm that in preparing the financial statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected.

They also confirm that the financial statements have been prepared and presented in accordance with the Sri Lanka Accounting standards, the Companies Act and the listing rules of the Colombo Stock Exchange.

The Directors are of the opinion, based on their knowledge of the company, key operations and specific inquiries that adequate resources exist to support the Company on a going concern basis over the next year. These financial statements have been prepared on that basis.

The Directors have taken proper and sufficient measures to safeguard the assets of the Group and, in that context, have instituted appropriate systems of internal control and accounting records to prevent and detect frauds and other irregularities. These have been reviewed, evaluated and updated on an ongoing basis.

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

The external Auditors, Messrs Ernst & Young chartered Accountants re-appointed in terms of the Companies Act were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The report of the Auditors, shown on page 155 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) LTD
Secretaries

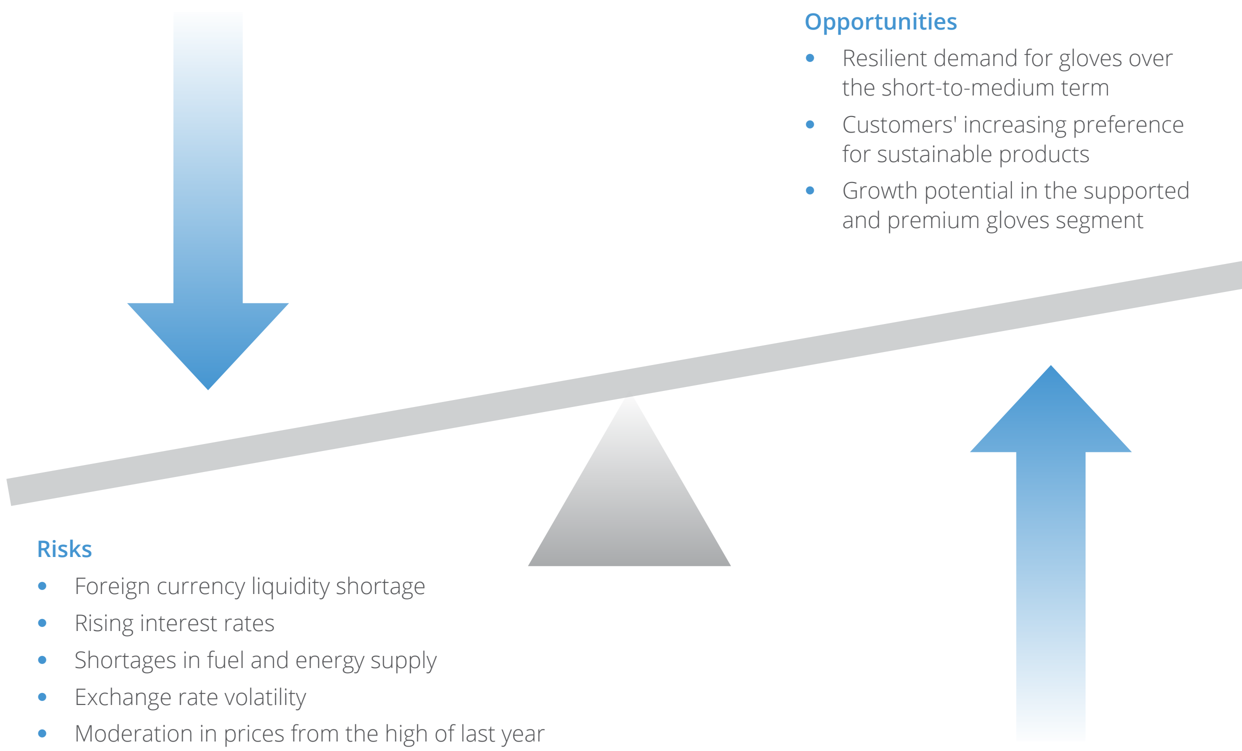
May 19, 2022

WAY FORWARD

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

Despite the immediate-term pressures, measures taken by the Central Bank of Sri Lanka to stabilize the external sector, together with fiscal consolidation and structural reforms in line with the recommendations of the IMF-supported program are expected to facilitate a gradual recovery of the economic over the medium-to-long term. (Refer to page 36 for further details on the economic outlook). Accordingly the Sector remains optimistic on medium-to-long term growth prospects and will maintain focus on its strategic priorities, consistent with the agenda followed in 2021/22.

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



Opportunities

- Resilient demand for gloves over the short-to-medium term
- Customers' increasing preference for sustainable products
- Growth potential in the supported and premium gloves segment

Risks

- Foreign currency liquidity shortage
- Rising interest rates
- Shortages in fuel and energy supply
- Exchange rate volatility
- Moderation in prices from the high of last year

WAY FORWARD

The Group's short-term strategies in responding to the immediate threats and its longer term strategies and objectives are set out below:

Short-term	• Pursue aggressive growth in existing and new markets • Leverage relationships with banks in facilitating continued imports of input materials • Increase reliance on local suppliers through the DPL Firstlight program • Increase buffer stocks of fuel to ensure continuity of production and increase reliance on renewable energy
	• Proactively monitor interest rate movements and engage with banks to mitigate potential impacts • Support our eco-system of suppliers through providing access to foreign currency through our export income
Medium to long-term	• Pursue sales opportunities in the sports gloves vertical • Increased focus on use of recycled input materials and environmentally friendly packaging materials • Development of a favourable product mix with increased focus on value-added products • Proactively monitor interest rate movements and engage with banks to mitigate potential impacts

CARING VALUES

We add enduring value to each of our products, following tried-and-tested safety standards which ultimately bring precision in all our future endeavours.

FINANCIAL CALENDAR 2021/22

Interim Reports	
Quarter ended June 30, 2021	August 12, 2021
Quarter ended September 30, 2021	November 9, 2021
Quarter ended December 31, 2021	February 10, 2022
Quarter ended March 31, 2022	May 19, 2022

Annual Report - 2021/22	June 03, 2022
Forty Sixth Annual General Meeting	June 28, 2022
First Interim dividend paid	October 22, 2021
Second Interim dividend paid	January 28, 2022
Third Interim dividend paid	May 6, 2022
Final dividend proposed	May 19, 2022
Final dividend payable	July 8, 2022

INDEPENDENT AUDITOR'S REPORT

Building a better working world

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DIPPED PRODUCTS PLC

Report on the audit of the Consolidated 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 2022, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and Group give a true and fair view of the financial position of the Company and Group as at 31 March 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

Key audit matter	How our audit addressed the key audit matter
Revenue from contracts with customers The Group recognized revenue from contracts with customers amounting to Rs. 55,294Mn in accordance with the Group accounting policy as disclosed in Note 2.19.1 and 3. Revenue Recognition was a key audit matter due to: • its significance coupled with the significant increase (19%) in revenue recorded by the Group during the year; and • considerations to be made on terms of sales arrangements affecting the transfer of control over goods and services sold.	Our audit procedures to address this area of focus included the following: • Assessed the revenue recognition policy applied by the group over its compliance with Sri Lanka Accounting Standards, • evaluated the design of internal controls and tested the operating effectiveness of relevant controls relating to the sale of goods and services, • performed inquiries of management and appropriate analytical procedures to understand and assess the reasonableness of the reported revenues, and • tested the appropriateness of revenue recognised by reviewing relevant sales contracts and other supporting documents. We also assessed the appropriateness and completeness of the related disclosures provided in Notes 2.19.1 and 3 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

Key audit matter	How our audit addressed the key audit matter
Retirement Benefit Obligation The retirement benefit obligation as at 31 March 2022 of the Group is based on the actuarial valuations carried out by an external valuer engaged by the Group. Measurement of the retirement benefit obligation was a key audit matter due to following reasons: • The retirement benefit obligation of the Group is significant (Rs. 2,867Mn) in the context of the total liabilities of the Group (10% of total liabilities). • The actuarial valuation involves making significant assumptions about discount rate. Further, the valuation and the changes in underlying significant assumptions are highly sensitive in assessing the value of retirement benefit obligation. • The determination of the base salary/wage rate and the future salary/wage growth rates, particularly in the plantation sector of the Group are sensitive for the purpose of measuring the retirement benefit obligation as of year-end. Required significant management judgments are disclosed under Note 26 & 32 to the financial statements.	Our audit procedures to address this area of focus included the following: • We assessed the competency, capability and objectivity of the external actuaries engaged by the Group, • we read actuarial valuation reports and understood the key estimates made and the approach taken by the valuers in determining the present value of retirement benefit obligation, • we agreed the discount rate used, to our internally developed benchmarks. • we assessed the reasonableness of the assumption applied for salary increases, particularly in the plantation sector against historical collective agreements entered, • we checked the reasonableness of key data used by the actuaries to underlying data of the Group, and • we evaluated the impact on retirement benefit obligation in the plantation sector resulting from wage negotiations and assessed the adequacy of disclosures given in Note 32 to the financial statements. We have also assessed the adequacy of the disclosures made in Notes 26 to the financial statements relating to the significant judgements and estimates.
Bearer Biological Assets Bearer Biological Assets are a significant non-current asset in the Group representing 10% of the total assets comprising Rs 4,393Mn as mature plantations and Rs 1,292Mn as immature plantations as at 31 March 2022. Assessing the valuation of Bearer Biological asset in the financial statements is a key audit matter due to following factors: • Bearer Biological Assets represents the largest asset in the plantation sector and 10% of the total assets of the Group. • Involvement of management judgement regarding the identification of costs to be capitalized as immature plantations, determining the point at which transfers are to be made from immature plantations to mature plantations and the identification of triggers of impairment (if any).	Our audit procedures to address this area of focus included the following: • We assessed the processes and controls in place towards identifying the expenses incurred in relation to immature plantations, • we validated the significant amounts capitalised (including capitalized labour and other acceptable costs) by examining related invoices, capital expenditure authorizations and other corroborative evidences, • assessed timely transfer of matured plants to respective matured plantation categories by examining ageing profile of immature plantations, • we inspected the ageing profile of the immature biological assets as of the reporting date to established whether triggers of impairment (if any) are identified on a timely basis, assessed for probable impairment charges/losses and duly accounted for in the financial statements, and • assessed the reasonability of depreciation provided on the matured plantations by performing an independent computation. We also assessed the adequacy of the related disclosures given in Notes 11 in the financial statements.

Other information included in the Group's 2022 Annual Report

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

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

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

Responsibilities of management and those charged with governance

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditors' responsibilities for the audit of the Financial Statements

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

As part of an audit in accordance with Sri Lanka Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

INDEPENDENT AUDITOR'S REPORT

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditors' report is 4107.

Ernst & Young

19 May 2022
Colombo

STATEMENT OF PROFIT OR LOSS

Year ended March 31,	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Revenue from contracts with customers	3	55,293,983	46,386,667	6,610,277	5,817,146
Cost of sales		(44,561,333)	(34,556,902)	(5,289,337)	(4,045,930)
Gross profit		10,732,650	11,829,765	1,320,940	1,771,216
Other income and gains	4	833,407	340,669	1,455,815	1,144,977
Distribution costs		(1,402,795)	(1,012,659)	(38,364)	(35,931)
Administrative expenses		(4,803,655)	(3,837,952)	(1,028,196)	(834,264)
Other expenses	5	-	-	-	(4,194)
Finance cost	6.1	(706,458)	(618,834)	(311,712)	(81,898)
Finance income	6.2	2,943,626	465,822	1,644,069	87,164
Change in fair value of investment properties	13	-	24,462	-	18,780
Profit before tax	7	7,596,775	7,191,273	3,042,552	2,065,860
Tax expense	8	(1,185,975)	(1,357,946)	(242,132)	(202,958)
Profit for the year		6,410,800	5,833,327	2,800,420	1,862,902
Attributable to:					
Equity holders of the parent		5,382,651	5,164,034	2,800,420	1,862,902
Non-controlling interest		1,028,149	669,293	-	-
		6,410,800	5,833,327	2,800,420	1,862,902
Basic earnings per share (Rs.)	9	8.99	8.63	4.68	3.11
Diluted earnings per share (Rs.)	9	8.99	8.63	4.68	3.11
Dividends per share (Rs.)	10	2.50	2.30	2.50	2.30

Figures in brackets indicate deductions.

The Notes on pages 167 to 226 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

Year ended March 31,	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Profit for the year		6,410,800	5,833,327	2,800,420	1,862,902
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		2,276,284	573,688	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)					
Actuarial gain/(loss) on defined benefit plans and agents' indeminity fund	26.2/ 27	40,589	294,776	(55,248)	(12,137)
Tax effect on actuarial gain/(loss)	8.2/19.2	3,055	(40,605)	7,735	1,699
Net gain on equity instruments designated at Fair Value through Other Comprehensive Income	18	32	44	-	-
Revaluation of land	11	128,028	-	51,862	-
Tax effect on land revaluation	8.2/19.2	(16,041)	-	(7,261)	-
Other comprehensive income for the year (net of tax)		2,431,947	827,903	(2,912)	(10,438)
Total comprehensive income for the year (net of tax)		8,842,747	6,661,230	2,797,508	1,852,464
Attributable to:					
Equity holders of the parent		7,756,719	5,886,205	2,797,508	1,852,464
Non-controlling interest		1,086,028	775,025	-	-
Total comprehensive income for the year (net of tax)		8,842,747	6,661,230	2,797,508	1,852,464

Figures in brackets indicate deductions.

The Notes on pages 167 to 226 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

Year ended March 31,	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	16,344,832	13,075,168	1,166,197	823,360
Formers (moulds)	12	436,494	379,355	90,166	91,550
Investment properties	13	-	392,622	-	188,280
Biological assets	14	599,064	530,543	-	-
Right of use assets	15	1,345,567	1,438,123	24,657	45,536
Intangible assets	16	315,131	310,532	23,666	35,506
Investments in subsidiaries	17.1	-	-	5,892,658	4,400,546
Amounts due from subsidiaries	22.1	-	-	-	-
Other non-current financial assets	18	393,261	391,571	1,000	594
Deferred tax assets	19.1	169,425	131,094	-	71,853
		19,603,774	16,649,008	7,198,344	5,657,225
Current Assets					
Inventories	20	12,070,081	11,103,664	1,170,925	1,360,483
Trade and other receivables	21	12,129,696	10,110,737	1,644,784	1,164,709
Advances and prepayments		1,201,284	2,708,504	115,490	231,848
Amounts due from subsidiaries	22.2	-	-	1,686,497	1,673,492
Cash and short term deposits		9,044,765	3,733,478	3,088,241	364,162
		34,445,826	27,656,383	7,705,937	4,794,694
Total assets		54,049,600	44,305,391	14,904,281	10,451,919
EQUITY AND LIABILITIES					
Equity					
Stated capital	23	598,615	598,615	598,615	598,615
Capital reserves		580,773	520,422	283,785	239,184
Fair value reserve of financial assets at fair value through OCI		64,776	64,752	-	-
Revenue reserves		20,662,636	14,462,463	5,770,095	4,513,726
Equity attributable to equity holders of the parent		21,906,800	15,646,252	6,652,495	5,351,525
Non-controlling interest		4,452,443	3,495,286	-	-
Total equity		26,359,243	19,141,538	6,652,495	5,351,525
Non-Current Liabilities					
Interest-bearing loans and borrowings	24.1	2,535,569	1,819,967	351	21,734
Deferred income	25	809,083	806,159	-	-
Defined benefit obligations	26.2	2,866,645	2,725,467	611,422	527,367
Agents' indemnity fund	27	131,118	84,992	-	-
Deferred tax liabilities	19.2	775,949	747,639	113,377	-
Other non current liabilities		-	71,454	-	-
		7,118,364	6,255,678	725,150	549,101
Current Liabilities					
Trade and other payables	28	8,201,624	8,352,217	1,196,580	732,547
Interest-bearing loans and borrowings	24.2	11,873,634	9,505,881	5,232,926	3,011,284
Amounts due to subsidiaries	29	-	-	1,064,548	643,337
Income tax payable		496,735	1,050,077	32,582	164,125
		20,571,993	18,908,175	7,526,636	4,551,293
Total liabilities		27,690,357	25,163,853	8,251,786	5,100,394
Total equity and liabilities		54,049,600	44,305,391	14,904,281	10,451,919

Figures in brackets indicate deductions.
These financial statements are in compliance with the requirements of the Companies Act No : 07 of 2007
The Notes on pages 167 to 226 form an integral part of the Financial Statements.

N A R R S Nanayakkara
Director - Finance

The Board of Directors is responsible for these Financial Statements.

Signed for and on behalf of the Board by,

A M Pandithage
Chairman

Ng Soon Huat
Managing Director

Colombo
May 19, 2022

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

Other capital Reserve comprises legal reserve of ICOGUANTI S.p.A

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 167 to 226 form an integral part of the Financial Statements.

Year ended March 31,	Stated Capital	Attributable to Equity holders of the Parent										Non-Controlling Interest	Total Equity
		Capital Reserves			Total Other Components of Equity	Revenue Reserves					Total		
		Reserve on Scrip Issue	Revaluation Reserves	Other Capital Reserves	Fair Value Reserve of Financial Assets at Fair Value Through OCI	General Reserve	Timber Reserve	Bearer Biological Produce Reserve	Retained Earnings	Exchange Fluctuation Reserve			
GROUP	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at April 1, 2021	598,615	167,409	269,724	83,289	64,752	1,190,950	201,516	17,997	11,465,289	1,586,711	15,646,252	3,495,286	19,141,538
Profit for the year	-	-	-	-	-	-	25,593	2,988	5,354,070	-	5,382,651	1,028,149	6,410,800
Other comprehensive income													
Currency translation of foreign operations	-	-	-	-	-	-	-	-	-	2,268,468	2,268,468	7,816	2,276,284
Net gain on equity instrument designated at fair value through OCI	-	-	-	-	24	-	-	-	-	-	24	8	32
Actuarial gain/(loss) on defined benefit plans and agents' indeminity fund	-	-	-	-	-	-	-	-	3,946	-	3,946	36,643	40,589
Tax effect on actuarial gain/(loss) on defined benefit plans and agents' indeminity fund	-	-	-	-	-	-	-	-	4,639	-	4,639	(1,584)	3,055
Revaluation of land	-	-	110,638	-	-	-	-	-	-	-	110,638	17,390	128,028
Tax effect on Land revaluation	-	-	(13,620)	-	-	-	-	-	-	-	(13,620)	(2,421)	(16,041)
Total other comprehensive income	-	-	97,018	-	24	-	-	-	8,585	2,268,468	2,374,095	57,852	2,431,947
Total comprehensive income for the year	-	-	97,018	-	24	-	25,593	2,988	5,362,655	2,268,468	7,756,746	1,086,001	8,842,747
Transactions with owners, recorded directly in equity													
Dividends to equity holders	-	-	-	-	-	-	-	-	(1,496,538)	-	(1,496,538)	(126,924)	(1,623,462)
Realisation of Investment Properties	-		(36,667)	-	-	-	-	-	36,667	-	-	-	-
Total contributions by and distributions to owners	-	-	(36,667)	-	-	-	-	-	(1,459,871)	-	(1,496,538)	(126,924)	(1,623,462)
Change in ownership interest in subsidiaries													
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	340	-	340	(1,920)	(1,580)
Total change in ownership interest in subsidiaries									340		340	(1,920)	(1,580)
Balance as at March 31, 2022	598,615	167,409	330,075	83,289	64,776	1,190,950	227,109	20,985	15,368,413	3,855,179	21,906,800	4,452,442	26,359,243

Other capital Reserve comprises legal reserve of ICOGUANTI S.p.A
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 167 to 226 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

Year ended March 31,	Stated Capital	Capital Reserves: Revaluation Reserve	Capital Reserves: Other Capital Reserves	Revenue Reserves: Retained Earnings	Total Equity
Company	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at April 1, 2020	598,615	239,004	180	4,038,077	4,875,876
Profit for the year	-	-	-	1,862,902	1,862,902
Other comprehensive income					
Actuarial gain/(loss) on defined benefit plans	-	-	-	(12,137)	(12,137)
Tax effect on actuarial gain/(loss) on defined benefit plans	-	-	-	1,699	1,699
Total other comprehensive income	-		-	(10,438)	(10,438)
Total comprehensive income for the year	-		-	1,852,464	1,852,464
Transactions with owners, recorded directly in equity					
Dividends to equity holders	-	-	-	(1,376,815)	(1,376,815)
Total transactions with owners, recorded directly in equity	-	-	-	(1,376,815)	(1,376,815)
Balance as at March 31, 2021	598,615	239,004	180	4,513,726	5,351,525
Balance as at April 01, 2021	598,615	239,004	180	4,513,726	5,351,525
Profit for the year	-	-	-	2,800,420	2,800,420
Other comprehensive income					
Actuarial gain/(loss) on defined benefit plans	-	-	-	(55,248)	(55,248)
Tax effect on Actuarial gain/(loss) on defined benefit plans	-	-	-	7,735	7,735
Revaluation of land	-	51,862	-	-	51,862
Tax effect on Land revaluation	-	(7,261)	-	-	(7,261)
Total other comprehensive income	-	44,601	-	(47,513)	(2,912)
Total comprehensive income for the year	-	44,601	-	2,752,907	2,797,508
Transactions with owners, recorded directly in equity					
Dividends to equity holders	-	-	-	(1,496,538)	(1,496,538)
Total transactions with owners, recorded directly in equity	-	-	-	(1,496,538)	(1,496,538)
Balance as at March 31, 2022	598,615	283,605	180	5,770,095	6,652,495

Figures in brackets indicate deductions.

The Notes on pages 167 to 226 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

Year ended March 31,	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Cash flows from/(used in) operating activities					
Cash generated from operations (Note A)		10,765,934	231,560	1,045,892	(185,611)
Interest paid	6.1	(688,678)	(469,514)	(311,712)	(81,897)
Taxes paid		(1,976,236)	(355,833)	(187,970)	(34,845)
Retiring gratuity paid	26.2	(290,428)	(347,371)	(60,987)	(74,443)
Release in defined benefit obligation due to employee transfers	26.2	1,107	350	1,266	350
Agents' indemnity paid	27	(4,110)	(6,004)	-	-
Net cash flow from (used in) operating activities		7,807,589	(946,812)	486,489	(376,446)
Cash flows from/(used in) investing activities					
Purchase & construction of property, plant and equipment		(3,964,844)	(1,733,645)	(399,256)	(237,591)
Acquisition of right of use assets	15	-	(174,428)	-	-
Purchase of formers (moulds)	12	(126,335)	(66,447)	(5,039)	(5,663)
Acquisition of intangible assets	16	(19,483)	(17,963)	-	-
Grants received	25	38,874	82,777	-	-
Proceeds from disposal of property, plant & equipment		62,929	18,896	11,189	13
Proceeds from disposal of investment property		400,000	-	195,000	-
Development cost incurred on biological assets net of harvest	14	1,060	(15,192)	-	-
Interest and dividend received		238,629	100,566	196,677	1,736
Dividend received from subsidiary companies		-	-	709,549	307,938
Proceed from share buyback by subsidiaries		-	-	509,017	-
Net cash flows from/(used in) investing activities		(3,369,170)	(1,805,436)	1,217,138	66,433
Cash flows from/(used in) financing activities					
Long term loans obtained	24.1.1	2,205,964	771,892	-	-
Repayment of long term loans	24.1.1	(1,075,356)	(202,810)	-	-
Loan repayment by subsidiary company	22.1	-	-	8,270	15,567
Capital payment on lease liabilities	24.1.2	(64,203)	(51,705)	(21,383)	(16,789)
Dividend paid to equity holders of the parent		(1,188,076)	(1,497,558)	(1,188,076)	(1,497,558)
Dividend paid to shareholders with non-controlling interest		(126,924)	(173,908)	-	-
Net movement of short term loans		2,512,606	3,376,409	1,510,000	1,602,540
Net cash flows from/(used in) financing activities		2,264,009	2,222,320	308,811	103,760
Net increase/(decrease) in cash & cash equivalents		6,702,427	(529,929)	2,012,437	(206,253)
Cash & cash equivalents at the beginning of the year		(1,155,461)	(625,532)	(402,438)	(196,185)
Cash & cash equivalents at the end of the year (Note B)		5,546,966	(1,155,461)	1,609,999	(402,438)

STATEMENT OF CASH FLOWS

Year ended March 31,	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
A) CASH GENERATED FROM OPERATIONS					
Profit before tax		7,596,775	7,191,273	3,042,552	2,065,860
Adjustments for:					
Interest cost	6.1	688,678	469,514	311,712	81,897
Gain on fair value change in consumable biological assets	20.1	(2,510)	(21,897)	-	-
Loss/(gain) on change in fair value of produce on bearer biological assets	14	(67,692)	(10,111)	-	-
Gain on fair value change in investment properties	13	-	(24,462)	-	(18,780)
Depreciation on property, plant & equipment	11	1,148,362	1,085,152	108,282	94,237
Depreciation on right of use assets	15	118,333	100,402	20,879	17,788
Write-off & breakages of formers		27,290	11,030	4,126	2,805
Impairment of formers	7	49,866	23,957	2,297	3,813
Amortisation of intangible assets	16	18,736	16,493	11,839	11,839
Gain on disposal of property, plant & equipment	4	(26,507)	(13,424)	(11,189)	-
Gain on disposal of investments property	4	(7,378)	-	(6,720)	-
Amortisation of grants	25	(35,950)	(32,774)	-	-
Impairment provision for/(reversal of) bad & doubtful debts	7/21.1	50,075	30,128	(564)	1,402
Provision for retiring gratuity	7.1/26.2	397,332	449,201	88,529	76,685
Provision for agents' indemnity fund	27	18,654	8,980	-	-
Impairment loss on investment and other amounts due	17.1.1/ 22.2.1	-	-	-	4,194
Provision for slow moving/obsolete inventories	7	304,381	104,415	(15,543)	954
Interest and dividend income	4/6.2	(238,629)	(100,566)	(1,262,426)	(1,127,167)
Differences of exchange on translation of foreign entities		2,877,279	597,710	-	-
Gain on share buyback by subsidiaries	4	-	-	(251,129)	-
		12,917,096	9,885,021	2,042,645	1,215,528
(Increase)/decrease in trade and other receivables		(1,858,004)	(5,552,715)	(2,251,192)	(1,516,952)
(Increase)/decrease in advances and prepayments		1,507,220	(2,131,219)	116,358	(130,529)
(Increase)/decrease in inventories		(1,268,288)	(6,524,720)	205,101	(609,252)
Increase/(decrease) in trade and other payables		(532,090)	4,555,193	932,980	855,596
		(2,183,241)	(9,653,461)	(996,753)	(1,401,137)
		10,765,934	231,560	1,045,892	(185,611)
B) ANALYSIS OF CASH & CASH EQUIVALENTS AT END OF THE YEAR					
Cash at bank and cash in hand		4,329,403	1,754,468	720,220	124,366
Short term deposits		4,715,362	1,979,010	2,368,021	239,796
Bank overdraft	24.2	(3,497,799)	(4,888,939)	(1,478,242)	(766,600)
		5,546,966	(1,155,461)	1,609,999	(402,438)

Figures in brackets indicate deductions.

The Notes on pages 167 to 226 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, 2022 encompass the Company and its Subsidiaries (together referred to as the 'Group'). All subsidiaries in the Group are limited liability companies incorporated and domiciled in Sri Lanka other than Dipped Products (Thailand) Ltd. and ICOGUANTI S.p.A which are incorporated and domiciled in Thailand and Italy respectively.

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

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

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

The Consolidated Financial Statements of the Group for the year ended March 31, 2022 were authorized for issue by the Directors on May 19, 2022.

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 Standards promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and with the requirements of the Companies Act No. 7 of 2007.

1.3.2 Basis of Measurement

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

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

Where appropriate, the specific policies are explained in the succeeding notes.

No adjustments have been made for inflationary factors in the Consolidated Financial Statements.

1.3.3 Functional and Presentation Currency

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

1.3.4 Materiality and Aggregation

Each material class of similar items is presented separately in the Consolidated Financial Statements.

Items of a dissimilar nature or function are presented separately unless they are immaterial.

1.3.5 Changes in Accounting Policies

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after April 1, 2021.

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

Amendments to SLFRS 16 Leases: Covid-19-Related Rent Concessions beyond June 30, 2021.

In December 4, 2020, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued Covid-19-Related Rent Concessions - amendment to SLFRS 16 Leases. The amendments provide relief to lessees from applying SLFRS 16 guidance

NOTES TO THE FINANCIAL STATEMENTS

on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under SLFRS 16, if the change were not a lease modification.

The amendment was intended to apply until June 30, 2021, but as the impact of the Covid-19 pandemic is continuing, in June 28, 2021, CA Sri Lanka extended the period of application of the practical expedient to June 30, 2022.The amendment applies to annual reporting periods beginning on or after April 1, 2021.

1.3.6 Comparative Information

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Significant Accounting Judgments, Estimates and Assumptions

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgments and estimates are based on historical experience and other factors including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgments and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period and any future periods.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows.

2.1.1 Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

Such includes management's assessment of the existing and anticipated effects of the current state of the national economy and the circumstances surrounding volatility of the external environment on the Company and its subsidiaries. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.1.2 Taxation

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

According to The Inland Revenue (Amendment) Bill, to amend the Inland Revenue Act, No. 24 of 2017, Agro Farming in the plantation sector is exempt from income tax for a period of 5 years effective from April 1, 2019 and Agro processing is liable at 14%. Accordingly, where applicable, the Group has separated its income and expenses as Agro farming and Agro Processing and applied the respective tax rates.

Further, the Group has separated assets and liabilities as at March 31, 2022 as Agro farming and Agro processing for deferred tax purposes.

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 26 to the Financial Statements. Any changes in these assumptions will impact the carrying amount of employee benefit obligations.

2.1.4 Biological Assets

The group measures consumable Biological Assets at fair value and changes in value being recognised in the statement of profit or loss. Fair valuation involves assumptions which are provided in Note 14. 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 17 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.

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

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 financial instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain on bargain purchase is recognized in statement of profit or loss.

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

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

2.2.3 Transactions with Non-Controlling Interests

Profit or loss and each component of Other Comprehensive Income are attributed to equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

2.2.4 Transactions Eliminated on Consolidation

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

2.2.5 Companies with Different Accounting Years

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

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

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

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

2.3. Foreign Currency Translation

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

2.3.1 Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary 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 34.
- Quantitative disclosures of fair value measurement hierarchy Note 34.
- Property (land) under revaluation model Note 11.
- Investment Properties Note 13 and 34.

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- Financial instruments (including those carried at amortised cost) Note 34.
- Biological assets Note 14 and 34.
- Agricultural produce from bearer plants Note 20.1.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Financial Statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.4 Property, Plant and Equipment

2.4.1 Property, plant & equipment

The group applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services or for administration purpose and are expected to be used for more than one year.

2.4.2 Basis of recognition

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

2.4.3 Measurement

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

Owned Assets

The cost of Property, Plant and Equipment includes expenditure that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs if it is a qualifying asset.

Purchased software that is integral to functionality of the related equipment is capitalised as a part of that equipment.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Revaluation of land is done with sufficient frequency to ensure that the fair value of the land does not differ materially from its carrying amount, and is undertaken by professionally qualified valuers.

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

2.4.4 Subsequent Costs

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

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

2.4.5 Derecognition

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal; or when no future economic benefits are expected from its use. Gains and losses on derecognition are recognised (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) in statement of profit or loss and gains are not classified as revenue. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

2.4.6 Depreciation

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

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

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

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

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognised.

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

2.5 Leases

The group assesses at contract inception whether a contract is or contents a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

Right-of-use assets

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

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment as more fully described In Note 15.

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

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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 24 to the Financial Statements.

Short-term leases and leases of low-value assets

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

2.6 Intangible Assets

Basis of recognition

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

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit or loss in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.

The amortisation period and method are reviewed annually.

2.6.1 Research and Development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit.

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

2.6.2 Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure including expenditure on internally generated goodwill is recognised in the statement of profit or loss as incurred.

2.6.3 Amortisation

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

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

2.6.4 De-recognition of intangible assets

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

2.7 Investment Property

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

Investment properties are measured initially at cost, including transaction costs. The carrying value of an investment property includes the cost of replacing part of an existing investment property, at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day to- day servicing of the investment property. Subsequent to initial recognition, the investment properties are stated at fair values, which reflect market conditions at the reporting date.

Gains or losses arising from changes in fair value are included in the statement of profit or loss in the year in which they arise. Fair values are evaluated with sufficient frequency by an accredited external, independent valuer. Investment properties are derecognised when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognised in the statement of profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use for a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. 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

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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 14.

The main variables in DCF model concerns;

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

The gain or loss arising on initial recognition of biological assets at fair value less cost to sell and from a change in fair value less cost to sell of consumable biological assets are included in statement of profit or loss for the period in which it arises.

Permanent impairments to Biological Asset are charged to the statement of profit or loss in full and reduced to the net carrying amounts of such asset in the year of occurrence after ascertaining the loss.

2.8.4 Nursery Plants

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

2.9 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

2.9.1 Financial Assets - Initial Recognition and Subsequent Measurement

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

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

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the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

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

Derecognition

Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired or;
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of Financial Assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.9.2 Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts, derivatives and amounts due to related parties.

Subsequent Measurement

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the Statement of Profit or Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss so designated at the initial date of recognition, and only if criteria of SLFRS 9 are satisfied. The group has not designated any financial liability at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

Financial guarantee contracts

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

2.9.3 Offsetting of Financial Instruments

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

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.9.4 Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques.

Such techniques may include:

- Using recent arm's length market transactions.
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 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

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benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in statement of profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

2.10 Inventories

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

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- All inventory items, except manufactured inventories and work- in-progress are measured at weighted average directly attributable cost
- Manufactured inventories and work- in-progress are measured at weighted- average factory cost which includes all direct expenditure and appropriate shares of production overhead based on standard operating capacity but excluding borrowing costs.

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

Finished Good Manufactured from Agricultural Produce of Biological Assets

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

Agricultural Produce Harvested from Biological Assets

Agricultural produce harvested from its biological assets are measured at their fair value less cost to sell at the point of harvest. The finished and semi-finished inventories from agriculture produce are valued by adding the cost of conversion to the fair value of the agricultural produce.

2.11 Impairment of Non-Financial Assets

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

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

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

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at reporting date and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at reporting date at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

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

2.12 Cash and Short Term Deposits

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

2.13 Employee Benefits

2.13.1 Defined Contribution Plans

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

The Group contributes 12% and 3% of gross emoluments to employees as Provident Fund and Trust Fund respectively.

2.13.2 Defined Benefit Plan

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

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 on ‘Employee Benefits’. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

2.13.3 Short Term Benefits

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

2.13.4 Recognition of actuarial gains or losses

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

2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.15 Grants and Subsidies

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

Grants and subsidies related to assets, including non- monetary grants at fair value are deducted at arriving at the carrying value of the asset (or are deferred in the

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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.

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 31 & 32 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 30 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

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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.

2.24 Standards Issued but not yet Effective

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

Amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets : Onerous Contracts – Costs of Fulfilling a Contract

In March 25, 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets (LKAS 37) to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted.

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

In 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued LKAS 16 Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Amendments to SLFRS 3 Business Combinations : Updating a reference to conceptual framework

In 23 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 3 Business Combinations - Updating a Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

An exception was also added to the recognition principle of SLFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of LKAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, it was decided to clarify existing guidance in SLFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

SLFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to SLFRS 9 Financial Instruments (SLFRS 9). The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

LKAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to LKAS 41 Agriculture (LKAS 41). The amendment removes the requirement in paragraph 22 of LKAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of LKAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

NOTES TO THE FINANCIAL STATEMENTS

3 REVENUE FROM CONTRACTS WITH CUSTOMERS

Year ended March 31,	Group 2022 Rs.'000	2021 Rs.'000
Hand Protection (Note 3.1)	37,917,944	30,414,301
Plantations (Note 3.2)	17,665,702	16,249,197
	55,583,646	46,663,498
Inter-group sales/services	(289,663)	(276,831)
	55,293,983	46,386,667

3.1 Hand Protection

Year ended March 31,	Group 2022 Rs.'000	2021 Rs.'000
Sale of Manufactured Goods		
Dipped Products PLC	6,428,756	5,646,197
Dipped Products (Thailand) Ltd	7,211,902	6,309,341
Hanwella Rubber Products Ltd	3,606,875	2,510,088
D P L Premier Gloves Ltd	6,116,038	5,026,241
D P L Universal Gloves Ltd	1,989,818	1,557,416
	25,353,389	21,049,283
Rendering of Services		
Dipped Products PLC	181,521	170,949
Distribution Operations		
ICOGUANTI S.p.A	14,196,954	11,179,619
	39,731,865	32,399,851
Intra-group sales/services	(1,813,922)	(1,985,550)
	37,917,944	30,414,301

3.2 Plantations

Year ended March 31,	Group 2022 Rs.'000	2021 Rs.'000
Sale of Plantation Produce	2,039,266	9,006,830
Sale of Manufactured Goods	15,794,583	7,391,350
Generation of Hydro Power	96,395	99,513
Hospitality Services	28,532	8,394
	17,958,776	16,506,087
Intra-group sales/services	(293,074)	(256,890)
	17,665,702	16,249,197

Geographical segmentation of revenue is presented in Note 30.1.

3.3 Contract Balances

Year ended March 31,	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Contract liabilities				
Advances received (Note 28)	649,399	323,497	295,170	225,801

4. OTHER INCOME AND GAINS

Year ended March 31,	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Gain on disposal of property, plant and equipment	26,507	13,424	11,189	-
Lease rental income	44,040	57,691	-	-
Amortisation of Government grants (Note 25)	35,950	32,774	-	-
Gain on fair value change in consumable biological assets (Note 20.1)	2,511	21,897	-	-
Gain on fair value of produce on bearer biological assets (Note 14)	67,692	10,111	-	-
Dividend income	-	-	1,065,749	1,125,431
Facilitation Fee	367,638	-	98,939	-
Sale of trees	31,769	34,320	-	-
Hydro power/solar income	7,179	7,200	-	-
Sundry income	242,743	163,252	22,089	19,546
Gain on disposal of investment property	7,378	-	6,720	-
Gain on share buyback by subsidiaries	-	-	251,129	-
	833,407	340,669	1,455,815	1,144,977

5. OTHER EXPENSES

Year ended March 31,	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Impairment loss on investment and other amounts due	-	-	-	4,194
Loss on fair value change in produce on bearer biological assets (Note 20.1)	-	-	-	-
	-	-	-	4,194

NOTES TO THE FINANCIAL STATEMENTS

6. FINANCE COSTS/INCOME

6.1 Finance Cost

	Group		Company	
Year ended March 31,	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Interest on short-term borrowings	492,607	270,775	306,377	75,115
Interest on long-term borrowings	49,198	56,243	-	-
Interest on leases liabilities	146,873	142,496	5,335	6,783
Exchange loss	17,780	149,632	-	-
	706,458	619,146	311,712	81,898

6.2 Finance Income

	Group		Company	
Year ended March 31,	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Interest income	238,629	100,566	196,677	1,736
Exchange gain	2,704,997	365,568	1,447,392	85,438
	2,943,626	466,134	1,644,069	87,164

7 PROFIT BEFORE TAX

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Directors' emoluments	436,885	264,891	230,413	136,959
Staff costs (Note 7.1)	10,143,399	9,050,384	1,068,302	940,837
Staff training and development cost	23,646	9,398	10,456	5,584
Depreciation and amortization of property, plant and equipment (Note 11)	1,148,363	1,085,152	108,281	94,237
Depreciation on right of use assets (Note 15)	118,333	100,401	20,879	17,788
Amortisation of intangible assets (Note 16)	18,736	16,493	11,840	11,839
Impairment of formers (moulds) (Note 12)	49,866	33,453	2,297	3,813
Auditors' remuneration				
Audit services	26,879	24,894	2,852	2,782
Non-audit services	5,976	4,667	1,315	1,467
Provision for/(reversal of) impairment of trade receivables (Note 21.1)	50,075	30,128	(564)	1,402
Provision for impairment of slow moving inventories/ obsolete inventories (Note 20.2)	304,381	104,415	(15,543)	954
Legal fees	50,759	36,521	8,868	833
Donations	2,051	5,066	-	-

7.1 Staff Costs

	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Defined contribution plan cost	863,700	768,577	101,150	82,198
Defined benefit plan costs	397,332	449,201	88,529	76,685
Staff costs - others	8,882,367	7,832,605	878,623	781,954
	10,143,399	9,050,384	1,068,302	940,837
No. of employees at year - end	16,181	16,712	611	579

8. TAX EXPENSE

8.1 Income Statement

	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Income tax on current year profits	1,039,169	1,311,588	63,942	216,146
Under/(over) provision in respect of previous years	6,254	2,231	(7,514)	(2,800)
Irrecoverable/(reversal) economic service charges	(6,582)	25,750	-	-
	1,038,841	1,339,569	56,427	213,346
Deferred tax expense / (reversal) (Note 19.2)	11,438	(35,965)	185,704	(10,388)
Withholding tax on dividends	135,696	54,342	-	-
	1,185,975	1,357,946	242,132	202,958

8.2 Statement of Other Comprehensive Income

	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Deferred tax effect on actuarial (gain)/loss on defined benefit obligation (Note 19.2)	(3,055)	40,605	(7,735)	(1,699)
Land Revaluation (Note 19.2)	16,041	-	7,261	-
	12,986	40,605	(474)	(1,699)

NOTES TO THE FINANCIAL STATEMENTS

8. TAX EXPENSE CONTD.

Reconciliation of accounting profit to income tax expense

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Profit before tax	7,596,775	7,191,273	3,042,552	2,065,860
Intra-group eliminations	1,299,322	1,067,846	-	-
	8,896,097	8,259,119	3,042,552	2,065,860
Disallowable expenses	667,324	2,889,156	(1,301,866)	200,537
Tax deductible expenses	(2,926,144)	(1,691,218)	(232,540)	(169,691)
Tax exempt income	(2,039,250)	(1,943,198)	(1,222,855)	(556,988)
Tax loss brought forward	(1,223,194)	(2,357,794)	-	-
Tax loss carried forward	949,595	1,169,552	-	-
Taxable income	4,324,428	6,325,617	285,291	1,539,718

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Income tax @ 24%	445,121	569,925	42,005	1,056
Income tax @ 20%	280,147	242,914	-	-
Income tax @ 18%	6,142	753	-	654
Income tax @ 14%	249,976	417,462	16,871	214,436
Income tax @ other tax rates	57,783	80,534	5,066	-
Income tax on current year profits	1,039,169	1,311,588	63,942	216,146
Effective tax rate	14%	18%	8%	10%

Qualified profit earned by Dipped Products PLC, Hanwella Rubber Products Ltd, Mabroc Teas (Pvt) Ltd , Kalupahana Power Company (Pvt) Ltd, Kelani Valley Resorts (Pvt) Ltd, TTEL Hydro Power Company (Pvt) Ltd and TTEL Somerset Hydro Power (Pvt) Ltd are subject to tax at the rate of 14% (2021 - 14%) and manufacturing profit earned by Dipped Products PLC, Hanwella Rubber Products Ltd and Mabroc Teas (Pvt) Ltd are subject to tax at the rate of 18%

Kelani Valley Plantation PLC and Talawakelle Tea Estate PLC's business income which is derived from agro farming is exempt for income tax and earnings from manufacturing is subject to tax at the rate of 14% (2021 - 14%).

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

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

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

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

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	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Amount used as the Numerator:				
Net profit attributable to the equity holders of the parent	5,382,651	5,164,034	2,800,420	1,862,906
Number of Ordinary Shares used as the Denominator:				
Weighted-average number of ordinary shares in issue	598,615,120	598,615,120	598,615,120	598,615,120
Earnings per ordinary share - basic (Rs.)	8.99	8.63	4.68	3.11

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

	Company	
	2022 Rs.'000	2021 Rs.'000
Final dividend - 2020 / 2021	359,169	-
First Interim dividend	568,684	59,862
Second Interim dividend	269,377	179,584
Third Interim dividend	299,308	538,754
Forth Interim dividend	-	598,615
Gross dividend	1,496,538	1,376,815
Number of shares	598,615,120	598,615,120
Dividend per share (Rs.)	2.50	2.30

Out of the total distribution of dividend Rs.2.50 per share, Rs.1.90 per share (2021 - Rs. 1.36 per share) distributed to shareholders comprise redistribution of dividends received by the Company.

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT & EQUIPMENT

11.1 Group

	Group										
	Land	Mature/ Immature Plantations	Buildings	Plant & Machinery	Stores Equipment	Laboratory Equipment	Office and Canteen Equipment	Furniture and Fittings	Motor Vehicles	2022 Total	2021 Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Freehold											
Cost/Valuation											
At beginning of the year	835,787	7,666,850	3,748,366	9,462,041	788,600	111,593	342,899	396,631	795,250	24,148,017	22,395,947
Transfer to Intangible assets	-	-	-	-	-	-	-		-	-	(3,196)
Effect of movement in foreign exchange	48,824	-	359,399	1,381,870	105,612	11,390	28,845	17,842	8,006	1,961,788	468,689
Additions	-	294,062	230,982	1,519,027	71,230	22,646	48,662	38,290	127,107	2,352,006	1,340,546
Revaluation	128,028	-	-	-	-	-	-	-	-	128,028	
Disposals	-	-	-	(20,525)	(50,956)	(839)	(13,177)	(41,940)	(52,132)	(179,569)	(53,969)
Transfer to biological assets (Note 15)	-	(1,888)	-	-	-	-	-	-	-	(1,888)	
At end of the year	1,012,639	7,959,024	4,338,747	12,342,413	914,486	144,790	407,229	410,823	878,231	28,408,382	24,148,017
Depreciation and Impairment											
At beginning of the year	-	2,067,525	1,427,052	6,537,302	589,317	87,475	287,151	286,628	575,076	11,857,526	10,470,946
Transfer to Intangible assets	-	-	-	-	-	-	-	-	-	-	(1,384)
Effect of movement in foreign exchange	-	-	190,095	1,254,153	102,696	9,032	24,859	10,901	6,587	1,598,323	351,306
Charge for the year	-	240,205	144,971	557,751	37,709	8,687	24,759	46,416	87,864	1,148,362	1,085,152
Disposals	-	-	-	(19,117)	(26,310)	(839)	(13,176)	(41,799)	(41,906)	(143,147)	(48,495)
At end of the year	-	2,307,730	1,762,118	8,330,089	703,412	104,355	323,593	302,146	627,621	14,461,064	11,857,525
Net book value at year end	1,012,639	5,651,294	2,576,629	4,012,324	211,074	40,435	83,636	108,677	250,610	13,947,318	12,290,492
Capital work-in-progress (Note 11.3)										2,397,514	784,676
Carrying value of freehold property, plant and equipment										16,344,832	13,075,168

11.2 Company

	Company									
	Land	Buildings	Plant & Machinery	Stores Equipment	Laboratory Equipment	Office and Canteen Equipment	Furniture and Fittings	Motor Vehicles	2022 Total	2021 Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Freehold										
Cost/Valuation										
At beginning of the year	243,403	181,248	908,577	91,491	64,202	158,301	25,328	145,784	1,818,334	1,572,183
Additions	-	91,428	273,161	14,039	9,681	12,662	400	-	401,371	250,880
Revaluation	51,862	-	-	-	-	-	-	-	51,862	-
Disposals	-	-	(7,618)	(2,238)	(839)	-	-	(9,500)	(20,195)	(4,729)
At end of the year	295,265	272,676	1,174,120	103,292	73,042	170,963	25,728	136,284	2,251,372	1,818,334
Depreciation and impairment										
At beginning of the year	-	119,010	641,166	83,873	47,443	133,876	15,382	60,740	1,101,490	1,011,969
Charge for the year	-	7,383	57,821	4,105	5,020	9,631	2,076	22,246	108,282	94,237
Disposals	-	-	(7,619)	(2,238)	(839)	-	-	(9,500)	(20,196)	(4,716)
At end of the year	-	126,393	691,368	85,740	51,624	143,507	17,458	73,486	1,189,576	1,101,490
Net book value	295,265	146,284	482,752	17,552	21,418	27,456	8,270	62,798	1,061,796	716,844
Capital work-in-progress (Note 11.3)									104,401	106,516
Carrying value of property, plant & equipment									1,166,197	823,360

11.3 Capital work in progress

	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At the beginning of the year	784,676	391,576	106,516	119,805
Addition during the year	3,322,100	1,140,076	376,322	110,827
Capitalised during the year	(1,709,262)	(746,976)	(378,437)	(124,116)
At end of the year	2,397,514	784,676	104,401	106,516

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT & EQUIPMENT CONTD.

11.4 Other Explanatory Information

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

Company	Location & date of last revaluation	Land in Acres	Written up as at 31-Mar-22 Rs.'000	Written up as at 31-Mar-21 Rs.'000
Dipped Products PLC	Brahmanagama, Kottawa (March 31,2022)	10.67	266,104	214,239
Dipped Products (Thailand) Limited	Khuan Niang, Songkhla (March 31,2022)	13.05	175,371	-
Mabroc Teas (Private) Limited	New Hunupitiya Road, Kiribathgoda (March 31,2022)	1.94	542,000	-

(ii) Cost of revalued lands given above, amounts to Rs. 670,369,125/-

(iii) The cost of fully depreciated Property, Plant & Equipment of the Company which are still in use as at reporting date is Rs. 842,852,243/- (2021 - Rs. 800,640,466/-) and for the Group is Rs. 6,657,162,953/- (2021 - Rs. 5,299,196,558/-).

(iv) No. of buildings owned by the Company and the Group are 22 and 66 respectively.

(v) Value of immature and mature plantations in the Group as at March 31, 2022 is Rs. 1,292,625,206 and Rs. 4,393,971,237 respectively.

12. FORMERS (MOULDS)

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Cost				
At beginning of the year	806,704	738,471	242,573	239,715
Additions	126,335	66,447	5,039	5,663
Write off / breakage of formers	(27,290)	(11,030)	(4,126)	(2,805)
Forex revaluation gain	57,078	12,816	-	-
At end of the year	962,827	806,704	243,486	242,573
Impairment				
At beginning of the year	427,349	393,896	151,023	147,211
Charge for the year	49,866	23,957	2,297	3,812
Forex revaluation gain	49,118	9,496	-	-
At end of the year	526,333	427,349	153,320	151,023
Net book value				
At beginning of the year	379,355	344,575	91,550	92,504
At end of the year	436,494	379,355	90,166	91,550

13. INVESTMENT PROPERTIES

Group	2022			2021		
	Land	Building	Total	Land	Building	Total
Carrying value	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At the beginning of the year	330,168	62,454	392,622	305,710	62,450	368,160
Change in fair value during the year	-	-	-	24,458	4	24,462
Disposal during the year	(330,168)	(62,454)	(392,622)	-	-	-
At the end of the year	-	-	-	330,168	62,454	392,622

Company	2022			2021		
	Land	Building	Total	Land	Building	Total
Carrying value	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At the beginning of the year	188,280	-	188,280	169,500	-	169,500
Change in fair value during the year	-	-	-	18,780	-	18,780
Disposal during the year	(188,280)	-	(188,280)	-	-	-
At the end of the year	-	-	-	188,280	-	188,280

13.1 Rental Income

	Group	
	2022	2021
	Rs.'000	Rs.'000
Rental income derived from investment properties	4,750	13,500

Direct operating expenses arising from investment properties that did not generate rental income is Rs. 707,815. (2020/21-1,333,003)

NOTES TO THE FINANCIAL STATEMENTS

14. BIOLOGICAL ASSETS

	Group	
	2022 Rs.'000	2021 Rs.'000
At beginning of the year	530,543	505,240
Transfer from immature plantations (Note 11.1)	1,888	-
Increase due to development	19,131	17,339
Gain arising from changes in fair value less cost to sell	67,692	10,111
Decrease due to harvest	(20,190)	(2,147)
At end of the year	599,064	530,543

Managed trees include commercial timber plantations cultivated on estates. The cost of immature trees is treated as approximate fair value particularly on the ground of little biological transformation has taken place and impact of the biological transformation on price is not material. When such plantations become mature, the additional investments since taken over to bring them to maturity are transferred from Immature to Mature.

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

Information about fair value measurements using significant unobservable inputs (Level 3)

Non Financial Asset	Valuation Technique	Unobservable Inputs	Range of Unobservable Inputs (Probability weighted average.) 2022	2021	Relationship of Unobservable Inputs to Fair Value
Consumable managed biological assets	DCF/Market approach	Discounting Rate	15.4%	13.57%	Higher the discount rate, lesser the fair value
		Optimum rotation (Maturity)	20-25 Years	20-25 Years	Lower the rotation period, higher the fair value
		Volume at rotation	25-140 cu.ft	25-140 cu.ft	Higher the volume, higher the fair value
		Price per cu.ft.	Rs.50/- to Rs.3,000/-	Rs.50/- to Rs.2,864/-	Higher the price per cu. ft., higher the fair value

Key Assumptions Used in Valuation

1. The harvesting is approved by the PMMD and the Forest Department based on the Forestry Development Plan.
2. The price adopted are net of expenditure.
3. Though the replanting is a condition precedent for harvesting, yet the cost is not taken into consideration.

The valuations, as presented in the external valuation models based on net present values, take into account the long-term exploitation of the timber plantations. 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 Managed Timber	-10% Rs.'000	 Rs.'000	+10% Rs.'000
As at March 31, 2022	545,756	599,064	652,372
As at March 31, 2021	477,488	530,543	583,598

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 Managed Timber	-1.5% Rs.'000	 Rs.'000	+1.5% Rs.'000
As at March 31, 2022	600,819	599,064	597,396
As at March 31, 2021	532,397	530,543	528,845

NOTES TO THE FINANCIAL STATEMENTS

15. RIGHT OF USE ASSETS

Group Carrying value	Land Rs.'000	Building Rs.'000	Mature/ Immature Plantation Rs.'000	Machinery & Equipments	Office Equipment Rs.'000	2022 Total Rs.'000	2021 Total Rs.'000
Cost							
At beginning of the year	1,268,271	365,397	635,524	35,101	26,850	2,331,143	2,030,265
Re-assessment	25,777	-	-	-	-	25,777	126,450
Addition	-	-	-	-	-	-	174,428
At end of the year	1,294,048	365,397	635,524	35,101	26,850	2,356,920	2,331,143
Depreciation and Impairment							
At beginning of the year	90,840	220,381	530,174	35,101	16,524	893,020	792,618
Charge for the year	45,021	50,259	14,791	-	8,262	118,333	100,402
At end of the year	135,061	270,640	544,965	35,101	24,786	1,011,353	893,020
Carrying value of right of use assets	1,158,187	94,757	90,559	-	2,064	1,345,567	1,438,123

Company	Building Rs.'000	Office Equipment Rs.'000	2022 Total Rs.'000	2021 Total Rs.'000
Cost				
At beginning of the year	52,718	26,850	79,568	66,759
Re-assessment	-	-	-	12,809
At end of the year	52,718	26,850	79,568	79,568
Depreciation and Impairment				
At beginning of the year	17,508	16,524	34,032	16,244
Charge for the year	12,617	8,262	20,879	17,788
At end of the year	30,125	24,786	54,911	34,032
Carrying value of right of use assets	22,593	2,064	24,657	45,536

16. INTANGIBLE ASSETS

Group		Group				Company		
	Goodwill	Development Cost	Computer Software	2022	2021	Computer Software	2022	2021
Carrying value	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000		Rs.'000	Rs.'000
Cost								
At beginning of the year	253,933	18,297	98,816	371,046	348,853	71,025	71,025	71,025
Additions	-	-	19,483	19,483	17,963	-	-	-
Transfers from PPE	-	-	-	-	3,196	-	-	-
Forex revaluation gain	-	-	6,193	6,193	1,034	-	-	-
At end of the year	253,933	18,297	124,492	396,722	371,046	71,025	71,025	71,025
Amortisation								
At beginning of the year	-	15,783	44,731	60,514	42,367	35,520	35,520	23,680
Charge for the year	-	879	17,857	18,736	16,493	11,839	11,839	11,839
Transfers from PPE	-	-	-	-	1,384	-	-	-
Forex revaluation gain	-	-	2,341	2,341	270	-	-	-
At end of the year	-	16,662	64,929	81,591	60,514	47,359	47,359	35,519
Net book value								
At beginning of the year	253,933	2,514	54,085	310,532	306,486	35,506	35,506	47,345
At end of the year	253,933	1,635	59,563	315,131	310,532	23,666	23,666	35,506

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

	Group	
	2022	2021
Carrying value	Rs.'000	Rs.'000
Mabroc Teas (Pvt) Ltd	33,310	33,310
Talawakelle Tea Estates PLC	220,623	220,623
	253,933	253,933

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

Business Growth - Based on historical growth rate and business plan

Inflation - Based on the current inflation rate

Discount Rate - Average market borrowing rate adjusted for risk premium

Margin - Based on current margins and business plans

NOTES TO THE FINANCIAL STATEMENTS

17. INVESTMENTS

17.1 Investments in Subsidiaries (at cost) - Unquoted Investments

	% Holding		No. of Shares		Company	
	2022	2021	2022	2021	2022	2021
Carrying value	%	%	No.	No.	Rs.'000	Rs.'000
Palma Ltd.	100	100	4,000,000	4,000,000	40,000	40,000
DPL Plantations (Pvt) Ltd.	100	100	55,000,000	55,000,000	550,000	550,000
Venigros (Pvt) Ltd.	100	100	8,000,000	8,000,000	202,450	202,450
Texnil (Pvt) Ltd.	100	100	29,000,000	29,000,000	290,000	290,000
Dipped Products (Thailand) Ltd.	99	99	3,722,184	4,516,250	1,208,854	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	145,000,000	45,000,000	1, 450,000	450,000
D P L Universal Gloves Ltd.	100	100	200,000,000	125,000,000	2,000,000	1,250,000
					6,532,658	5,040,546
Impairment of investment in subsidiaries (Note 17.1.1)					(640,000)	(640,000)
					5,892,658	4,400,546

17.1.1 Impairment of Investments in Subsidiaries

	Company				
	D P L Universal Gloves Ltd	Dipped Products (Thailand) Ltd.	Texnil (Pvt) Ltd.	2022	2021
Carrying value	Rs.'000	Rs.'000			
At beginning of the year	100,000	250,000	290,000	640,000	425,000
Transfer from impairment provision for amounts due from subsidiaries (Note 22.2.1)	-	-	-	-	211,116
Provision made during the year	-	-	-	-	3,884
At end of the year	100,000	250,000	290,000	640,000	640,000

17.1.2 During the year, Dipped Products (Thailand) Limited re-purchased 800,000 of its shares at the issuing price of THB 100 per share, which generated a profit of LKR 251,129,246 to its parent company, Dipped Products PLC.

18. OTHER NON-CURRENT FINANCIAL ASSETS

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Financial assets at fair value through OCI				
Quoted equity shares (Note 18.1)	89	57	-	-
Unquoted equity shares (Note 18.2)	390,920	390,920	-	-
Total financial assets at fair value through OCI	391,009	390,977	-	-
Loan debtors	2,252	594	1,000	594
Total non-current Financial Assets	393,261	391,571	1,000	594

18.1 Quoted Equity Shares

	Group	
	2022 Rs.'000	2021 Rs.'000
Royal Ceramic Lanka PLC		
[No. of shares in 2022 - 2,200 (2021- 220) due to the Share split in Royal Ceremic Lanka PLC]	89	57
	89	57

18.2 Unquoted Equity Shares

	Group	
	2022 Rs.'000	2021 Rs.'000
Wellassa Rubber Company Ltd		
(No. of shares 2022 and 2021 - 255,000)	2,550	2,550
Mabroc International (Pvt) Ltd	732	732
Mabroc Japan Ltd.	4,567	4,567
Total short term investments	7,849	7,849
Provision for fall in value of investment	(7,849)	(7,849)
Martin Bauer Hayleys (Pvt) Ltd (Note 18.2.1)	390,920	390,920
Total long term investments	390,920	390,920

NOTES TO THE FINANCIAL STATEMENTS

18. OTHER NON-CURRENT FINANCIAL ASSETS CONTD.

18.2.1 Martin Bauer Hayleys (Pvt) Ltd.

		Group	
	No of Shares	2022 Rs.'000	2021 Rs.'000
At beginning of the year	39,091,550	390,920	390,920
At end of the year	39,091,550	390,920	390,920

	Group	
As at 31st March	2022 Rs.'000	2021 Rs.'000
Fair value of a share	10	10

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

	Valuation technique	Unobservable inputs	Range unobservable inputs 2022	2021
Financial Asset	DCF	Discounting rate	11.00%	11.38%
(Investment in shares of Martin Bauer Hayleys (Pvt) Ltd		Growth rate	1.50%	2.50%

Sensitivity Analysis - Based on Discounting Rate

Discount Rate	-1% Rs.'000	1% Rs.'000
As at March 31, 2022	50,455	(36,160)
As at March 31, 2021	54,091	(46,028)

Sensitivity Analysis - Based on Growth Rate

Growth Rate	-1% Rs.'000	1% Rs.'000
As at March 31, 2022	(24,673)	36,217
As at March 31, 2021	(32,908)	37,797

19. DEFERRED TAX ASSETS AND LIABILITIES

		Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
19.1	**Deferred Tax Assets**				
	At end of the year (Note 19.2)	169,425	131,094	-	71,853
19.2	**Deferred Tax Liability**				
	At beginning of the year	616,545	618,711	(71,853)	(59,766)
	Recognised during the year				
	- In Statement of Profit or Loss	11,438	(35,965)	185,704	(10,388)
	- In OCI - Actuarial gain/(loss)	(3,055)	40,605	(7,735)	(1,699)
	- Land Revaluation	16,041	-	7,261	-
	- Effect of movement in foreign exchange	(34,445)	(6,806)	-	-
	At end of the year	606,524	616,545	113,377	(71,853)
	Deferred tax assets	169,425	131,094	-	71,853
	Deferred tax liability	775,949	747,639	113,377	-

19.3 Recognised Deferred Tax Assets and Liabilities

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Deferred tax relates to the following:				
Accelerated depreciation for tax purposes	869,295	1,090,631	24,636	20,317
Biological assets	56,453	56,237	-	-
Defined benefit obligation	(251,538)	(267,929)	(85,444)	(73,831)
Losses available for offset against future taxable income	(2,718)	(63,358)	-	-
Others	(64,968)	(199,036)	174,185	(18,339)
Net deferred tax liability/(assets)	606,524	616,545	113,377	(71,853)

19.4 A deferred tax asset has not been recognised by the Group in relation to carried forward tax losses amounting to Rs.93,110,747 as at March 31, 2022 (2021 Rs.458,552,205).

20. INVENTORIES

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Raw materials and consumables	4,411,081	4,073,207	811,190	967,041
Finished goods	6,080,572	5,655,328	231,434	242,120
Work-in-progress	1,336,541	884,827	164,344	202,908
Produce stock	784,987	731,531	-	-
Produce on bearer biological assets (Note 20.1)	34,417	31,907	-	-
	12,647,598	11,376,800	1,206,968	1,412,069
Provision for slow-moving/obsolete inventories (Note 20.2)	(577,517)	(273,136)	(36,043)	(51,586)
	12,070,081	11,103,664	1,170,925	1,360,483

NOTES TO THE FINANCIAL STATEMENTS

20. INVENTORIES CONTD.

20.1 Produce on Bearer Biological Assets

	Group	
	2022 Rs.'000	2021 Rs.'000
At the beginning of the year	31,907	10,010
Change in fair value less cost to sell	2,510	21,897
At end of the year	34,417	31,907

20.2 Movement in the provision for slow-moving/obsolete inventories

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
At beginning of the year	273,136	168,721	51,586	50,632
Charge/(Reversal) for the year	304,381	104,415	(15,543)	954
At end of the year	577,517	273,136	36,043	51,586

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Trade receivables - Related parties	81,989	25,399	178,608	193,714
- Others	11,042,321	9,716,305	1,447,402	950,345
Total trade receivables	11,124,310	9,741,704	1,626,010	1,144,059
Impairment provision for bad and doubtful debts (Note 21.1)	(126,967)	(76,892)	(1,909)	(2,473)
	10,997,343	9,664,812	1,624,101	1,141,586
Income tax recoverable	254,415	41,728	-	-
Other receivables - Parent	319,491	1,926	3,267	1,926
- Other	558,447	402,271	17,416	21,197
Total other receivable	877,938	404,197	20,683	23,123
	12,129,696	10,110,737	1,644,784	1,164,709

21.1 Movement in Impairment Provision

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
At beginning of the year	76,892	46,764	2,473	1,071
Charge for the year	61,814	37,345	-	1,402
Reversal for the year	(11,739)	(7,217)	(564)	-
At end of the year	126,967	76,892	1,909	2473

21.2 Age Analysis of the Trade Receivables

Group	Total	Neither past due nor impaired	Past due but not impaired				
			0 - 60 days	61 - 120 days	121-180 days	181-365 days	> 365 days
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at March 31, 2022	10,997,343	8,971,967	1,377,577	84,983	19,178	47,480	496,158
As at March 31, 2021	9,664,812	7,973,251	1,603,469	53,218	4,436	7,806	22,632

Company	Total	Neither past due nor impaired	Past due but not impaired				
			0 - 60 days	61 - 120 days	121-180 days	181-365 days	> 365 days
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at March 31, 2022	1,624,101	1,193,041	407,716	11,845	9,705	-	1,794
As at March 31, 2021	1,141,586	726,971	408,887	3,543	274	-	1,911

22. AMOUNT DUE FROM SUBSIDIARIES

22.1 Amounts due from Subsidiaries - Non-Current

	Company	
	2022	2021
	Rs.'000	Rs.'000
At beginning of the year	8,270	23,837
Loan granted during the year	-	-
Settlement of loan during the year	(8,270)	(15,567)
At end of the year	-	8,270
Receivable within one year (Transferred to current assets - Note 22.2)	-	(8,270)
Receivable after one year	-	-

22.2 Amounts due from Subsidiaries - Current

	Company	
	2022	2021
	Rs.'000	Rs.'000
Fully-owned subsidiaries	940,081	1,485,987
Partly-owned subsidiaries	746,416	179,235
Current portion of loan receivable from KVPL (Note 22.1)	-	8,270
	1,686,497	1,673,492

22.2.1 Movement in impairment provision

	Company	
	2022	2021
	Rs.'000	Rs.'000
At beginning of the year	-	210,806
Charge for the year	-	310
Transfer to impairment of investment in subsidiaries (17.1.1)	-	(211,116)
At end of the year	-	-

NOTES TO THE FINANCIAL STATEMENTS

23. STATED CAPITAL

	2022		2021	
	Number	Rs.'000	Number	Rs.'000
Issued and fully-paid				
At beginning of the year	598,615,120	598,615	59,861,512	598,615
Subdivision of shares*	-	-	538,753,608	-
At end of the year	598,615,120	598,615	598,615,120	598,615

** As per the circular resolution passed on January 20,2021, the issued and fully paid Ordinary Shares of the Company were sub-divided by splitting each ordinary share held into 10 shares , thus increasing the number of existing issued Ordinary Shares of the Company from 59,861,512 to 598,615,120 ordinary shares without affecting an increase in the Stated Capital of the Company.*

24 INTEREST-BEARING BORROWINGS

24.1 Interest-Bearing Borrowings - Non-Current

	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Long term loans (Note 24.1.1)	1,402,351	725,000	-	-
Lease liabilities (Note 24.1.2)	1,133,218	1,094,967	351	21,734
	2,535,569	1,819,967	351	21,734

24.1.1 Long Term Loans

	Group	
	2022	2021
	Rs.'000	Rs.'000
At beginning of the year	1,182,617	552,820
Obtained during the year	2,205,964	771,892
Repayments during the year	(1,075,356)	(202,810)
Effect of movement in foreign exchange	791,053	60,715
At end of the year	3,104,278	1,182,617
Repayments due within one year from the reporting date (included under current liabilities - Note 24.2)	(1,701,927)	(457,617)
Repayment due after one year	1,402,351	725,000

Maturity profile of long term loans

	Group	
	2022	2021
	Rs.'000	Rs.'000
Long term loans repayable within one year from the reporting date	1,701,927	457,617
Long term loans repayable between 1-5 years from the reporting date	1,384,894	725,000
Long term loans repayable after 5 years from the reporting date	17,457	-
	3,104,278	1,182,617

24.1.2 Lease Liabilities

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
At beginning of the year	1,170,469	1,085,396	51,418	55,398
Re-assesment/New Lease	25,777	126,447	-	12,810
Accretion of interest	146,873	142,496	5,335	6,783
Payments	(211,076)	(194,201)	(26,718)	(23,573)
Effects of movements in foreign exchange	78,655	10,331	-	-
At end of the year	1,210,698	1,170,469	30,035	51,418
Repayments due within one year from the reporting date (included under current liabilities - Note 24.2)	77,480	75,502	29,684	29,684
Repayment due after one year	1,133,218	1,094,967	351	21,734

Maturity profile of Lease Liabilities

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Lease Liabilities repayable within one year from the reporting date	77,480	75,502	29,684	29,684
Lease Liabilities repayable between 1-5 years from the reporting date	330,584	382,354	351	21,734
Lease Liabilities repayable after 5 years from the reporting date	802,634	712,613	-	-
	1,210,698	1,170,469	30,035	51,418

The following are the amounts recognised in Statement of Profit or Loss

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Depreciation expense of right of use assets (Note 15)	118,333	100,401	20,879	17,788
Interest expense on lease liabilities (Note 24.1.2)	146,873	142,496	5,335	6,783
Total amount recognised in Statement of Profit or Loss	265,206	242,897	26,214	24,571

24.2 Interest-Bearing Borrowings - Current

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Long term loans (Note 24.1.1)	1,701,927	457,617	-	-
Lease liabilities (Note 24.1.2)	77,480	75,502	29,684	29,684
Short term loans	6,596,428	4,083,823	3,725,000	2,215,000
Bank overdrafts	3,497,799	4,888,939	1,478,242	766,600
	11,873,634	9,505,881	5,232,926	3,011,284

24.3 Payments relating to short term and low value lease payments of Rs. 15,317,424 and Rs. 3,674,247 have been recognised by the Group and the Company respectively, within administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS

24 INTEREST-BEARING BORROWINGS CONTD.

24.3 Details of Term Loans

Company	Lender/rate of interest (p.a.)	31-Mar-22 Rs.'000	31-Mar-21 Rs.'000
D P L Premier Gloves Ltd.	SCB 1 month LIBOR +0 .4% till 31.12.2021 and 1 month LIBOR +2.85% from 01.01.2022 (USD 1.6 million)	287,041	319,728
Hanwella Rubber Products Ltd	SCB 1 month LIBOR +0 .4% till 31.12.2021 and 1 month LIBOR +2.85% from 01.01.2022 (USD 2 million)	398,668	399,660
Kelani Valley Plantations PLC.	Amana Bank SLIBOR with a cap of 14% and floor of 7.25%	-	6,503
	Amana Bank SLIBOR with a cap of 14% and floor of 7.25%	2,706	12,838
	Amana Bank SLIBOR + 3.25%	10,261	20,497
	NDB 6.3%	10,003	13,641
	NDB 6.3%	2,372	3,234
	NDB 4%	5,400	22,200
	NDB 4%	8,200	25,000
Mabroc Teas (Pvt) Ltd.	Sampath Bank AWPLR + 1%	150,000	223,650
	Sampath Bank 4%	2,450	20,000
	HNB AWPLR+0.25%	21,660	-
	HNB AWPLR+0.50%	45,605	-
Kelani Valley Resorts (Pvt) Ltd	Pan Asia Bank 4%	4,775	5,000
ICOGUANTI S.p.A	Alessandria Financing 1.95% (EURO 1 million)	81,095	76,739
	BANCO BPM Financing 1% (EURO 1 million)	25,371	-
	BANCO BPM Financing 0.95% (EURO 1.5 million)	492,278	-
	BNL - BNP PARIBAS 0.27% (EURO 3 million)	738,417	-
	UNICREDIT 0.85% (EURO 1.2 million)	393,823	-
	INTESA SAN PAOLO 1% (EURO 1 million)	328,185	-
	INTESA SAN PAOLO 0.54% (EURO 0.25 million)	82,213	-
Talawakelle Tea Estates PLC	NDB Bank 6.6%	9,605	13,097
	Commercial Bank PLC 4%	4,150	20,830
		3,104,278	1,182,617

Repayment Rs.'000		Security
as per schedule	Monthly ending 18.09.2023	Nil
as per schedule	Monthly ending 15.09.2023	Nil
as per schedule	Monthly ending 19.03.2022	Nil
as per schedule	Monthly ending 21.01.2023	Nil
833 x 60 inst.	Monthly ending 17.11.2022	Nil
303 x 72 inst	Monthly ending 19.01.2025	Primary mortgage over the leasehold rights, Buildings,Plant & Machinery of Pedro,Mahagastota & Panawatte estates
72 x 72 inst	Monthly ending 19.01.2025	
1,400 x 18 inst	Monthly ending 24.08.2022	
1,400 x 18 inst	Monthly ending 24.12.2022	
6,250 x 48 inst	Monthly ending 31.03.2023	Negative pledge over fixed assets held at No 427, 427/A & 431; New Hunupitiya Road; Eriyawetiya; Kiribathgoda
1,333 x 15 inst	Monthly ending 26.05.2022	
834 x 36 inst	Monthly ending 12.05.2024	Nil
1,382 x 36 inst	Monthly ending 06.12.2024	Nil
208 x 24 inst	Monthly ending 30.10.2023	Nil
Repayment over 2 years as per schedule	Monthly ending 30.06.2025	Nil
Repayment within 1 year as per schedule	Monthly ending 31.03.2022	Nil
Repayment over 1 year as per schedule	Monthly ending 28.02.2023	Nil
Repayment over 2 years as per schedule	Quarterly ending 02.03.24	Nil
Repayment over 1 year as per schedule	Quarterly ending 31.08.23	Nil
Repayment over 2 years as per schedule	Monthly ending 30.03.2025	Nil
Repayment within 1 year as per schedule	Monthly ending 06.05.2022	Nil
975 x 72 Inst.	Monthly ending 31.01.2025	Fixed Deposits of Rs.24 Mn with the letter of setoff.
1,390 x 18 Inst.	Monthly ending 30.09.2022	Concurrent mortgage over stocks and debtors for Rs. 165 Mn

NOTES TO THE FINANCIAL STATEMENTS

25 DEFERRED INCOME

Government Grants

	Group	
	2022 Rs.'000	2021 Rs.'000
Grants		
At beginning of the year	1,216,255	1,133,478
Received during the year	38,874	82,777
At end of the year	1,255,129	1,216,255
Amortisation		
At beginning of the year	410,096	377,322
Amortised during the year	35,950	32,774
At end of the year	446,046	410,096
Carrying amount	809,083	806,159

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.

26 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, 2022, carried out by Messrs Actuarial & Management Consultants (Pvt) Ltd, except for Dipped Products (Thailand) Limited and ICOGUANTI S.p.A which were valued by Messrs Aon Solutions (Thailand) Ltd and Messrs Managers & Partners - Actuarial Services S.p.A. respectively.

The key assumptions used by the actuary include the following:

Assumptions regarding future mortality are based on a A1967/70 mortality table, issued by the Institute of Actuaries, London.

The demographic assumptions underlying the valuation with respect to retirement age, early withdrawals from service and retirement on medical grounds were considered.

	2022					2021				
Company	ICOGUANTI	DPTL	KVPL	HPSL	Other*	ICOGUANTI	DPTL	KVPL	HPSL	Other*
Discount rate (%)	1.6	1.9	15	15	15	0.69	1.4	8	8	8
Salary Escalation Rate (%)										
Workers (%)	1	4	8	8	13.5	1	4.5	5.7	5.7	7
Executive and clerical (%)	1	4	13.5	13.5	13.5	1	4.5	7	7	7
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	13.4	9	5.7	5.07	6.81-7.49	12.9	10	5.18	5.37	5.36-5.82
Executive and clerical	13.4	9	4.55	5.85	7.49	12.9	10	5.61	6.47	5.82

** 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)

26.1 Net Benefit Expense Categorised under Administrative Expenses and Other Comprehensive Income.

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Current service cost (under Administrative Expense)	198,039	188,937	35,752	29,126
Past service cost (under Administrative Expense)	18,728	-	12,915	-
Interest cost (under Administrative Expense)	180,565	260,264	39,861	47,559
Actuarial loss/(gain) (under Other Comprehensive Income)	(35,888)	(293,570)	55,248	12,137
	361,444	155,631	143,776	88,822

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

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
At beginning of the year	2,725,467	2,894,372	527,367	512,638
Effect of movement in foreign exchange	69,055	22,485	-	-
Benefits paid	(290,428)	(347,371)	(60,987)	(74,443)
Received to DBO due to employee transfers	1,107	350	1,266	350
Current service cost	198,039	188,937	35,752	29,126
Interest cost	180,565	260,264	39,861	47,559
Past Service Cost	18,728	-	12,915	-
Actuarial loss/(gain)	(35,888)	(293,570)	55,248	12,137
At end of the year	2,866,645	2,725,467	611,422	527,367

The liability as per Payment of Gratuity Act for Group and Company as at March 31, 2022 are Rs. 3,835,236,303 (2021 - Rs. 3,047,631,399) and Rs. 497,362,596 (2021- Rs. 434,111,580) respectively.

NOTES TO THE FINANCIAL STATEMENTS

26 DEFINED BENEFIT OBLIGATIONS CONTD.

26.3 Sensitivity Analysis - Salary Escalation Rate and Discount Rate:

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

A sensitivity analysis was carried out as follows:

	Group		Company	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	1%	-1%	1%	-1%
A one percentage point change in the salary escalation rate				
- The present value of defined benefit obligation	136,548	(122,062)	44,486	(37,591)
A one percentage point change in the discount rate				
- The present value of defined benefit obligation	(130,640)	147,655	(34,313)	41,435

26.4 Distribution of Defined Benefit Obligations Over Future Working Life:

	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Within the next 12 months	478,546	487,466	39,519	66,069
Between 2 to 5 years	1,134,219	1,043,321	278,615	261,214
Beyond 5 years	1,253,880	1,194,680	293,288	200,084
	2,866,645	2,725,467	611,422	527,367

27 AGENTS' INDEMNITY FUND

	Group	
	2022	2021
	Rs.'000	Rs.'000
At beginning of the year	84,992	70,136
Provision for the year	18,654	8,980
Actuarial Loss/ (Gain)	(4,701)	(1,206)
Payments during the year	(4,110)	(6,004)
Effect of movement in foreign exchange rate	36,283	13,086
At end of the year	131,118	84,992

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.

28. TRADE AND OTHER PAYABLES

		Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Trade payables	- Related parties	60,889	124,347	27,525	39,806
	- Others	4,579,625	5,899,013	243,630	160,973
Total trade payables		4,640,514	6,023,360	271,155	200,779
Other payables including accrued expenses	- Parent	107,696	82,090	37,012	16,364
	- Others	2,488,276	1,915,993	277,503	282,326
Advance received		649,399	323,497	295,170	225,801
Unclaimed dividends/Dividends payable		315,739	7,277	315,739	7,277
		8,201,624	8,352,217	1,196,579	732,547

29. AMOUNTS DUE TO SUBSIDIARIES

	Company	
	2022 Rs.'000	2021 Rs.'000
Fully-owned subsidiaries	889,978	643,337
Partly-owned subsidiaries	174,570	-
	1,064,548	643,337

30. 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.

30.1 Geographical Segment Information

	Hand Protection Sector		Plantation Sector	
	2022 %	2021 %	2022 %	2021 %
Asia/Africa/Middle East	8.43	8.00	37.45	36.70
South America	10.95	8.71	-	-
Australia/New Zealand	1.44	1.64	0.98	1.00
Europe	66.22	63.06	5.12	7.74
North America	12.37	18.29	1.01	0.42
	99.41	99.70	44.56	45.86
Indirect exports	-	0.01	53.59	52.90
Sri Lanka	0.59	0.29	1.85	1.24
	100.00	100.00	100.00	100.00

NOTES TO THE FINANCIAL STATEMENTS

30 SEGMENT INFORMATION CONTD,

30.2 Business Segment Information

	Hand Protection		Plantations		Inter - Segment		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue from contracts with customers	37,917,944	30,414,301	17,665,702	16,249,197	(289,663)	(276,831)	55,293,983	46,386,667
Operating profit	3,107,451	5,526,634	2,463,356	1,895,565	(211,200)	(78,286)	5,359,807	7,344,285
Profit before tax	5,004,893	5,550,585	2,803,082	1,718,788	(211,200)	(78,100)	7,596,775	7,191,273
Non cash Expenses								
Depreciation and impairment of property, plant & equipment and right of use assets	624,498	673,659	523,865	511,894	-	-	1,148,363	1,185,553
Provision for defined benefit obligation	130,453	112,558	266,879	336,643	-	-	397,332	449,201
Provision for / (reversal of) agents indemnity fund	18,654	8,980	-	-	-	-	18,654	8,980
Provision for slow moving/ obsolete Inventories	304,564	108,769	(183)	(4,354)	-	-	304,381	104,415
Finance cost	434,077	177,900	272,381	441,246	-	-	706,458	619,146
Finance income	2,331,519	201,851	612,107	264,469	-	(186)	2,943,426	466,134
Tax expense	953,609	1,135,780	232,366	222,166	-	-	1,185,975	1,357,946
Capital expenditure	3,200,402	1,343,591	764,442	390,054	-	-	3,964,844	1,733,645
Total assets	34,777,864	27,464,391	19,302,130	16,899,557	(30,394)	(58,557)	54,049,601	44,305,391
Non - interest bearing liabilities	8,080,895	8,721,257	5,620,015	5,241,695	(27,151)	(50,287)	13,673,759	13,912,665
Cash Flows								
- Cash flows from operating activities	6,135,180	(1,585,480)	1,672,409	651,484	-	-	7,807,589	(933,996)
- Cash flows from investing activities	(2,603,260)	(1,674,477)	(554,710)	(65,675)	(211,200)	(78,100)	(3,369,170)	(1,818,252)
- Cash flows from financing activities	2,439,167	1,524,200	(386,358)	620,020	211,200	93,666	2,264,009	2,222,320

31 CAPITAL EXPENDITURE COMMITMENTS

The approximate amount of capital expenditure approved by the Directors and not contracted for as at March 31, 2022 amounts to Rs.1,721,231,335/- (2021 - Rs. 1,446,710,937). The approximate Capital expenditure contracted for which no provision is made in the Financial Statements as at March 31, 2022 amounts to Rs. 774,148,933/- (2021 - Rs. 1,737,764,640).

32 CONTINGENT LIABILITIES

(i) Contingent liability on retirement benefit obligation

In the past wages, of the Plantation workers were negotiated between Trade Unions and Regional Plantation Companies (RPCs), once in every two years and a Collective Agreement was signed between the parties. However, the last wage negotiations between the parties were not successful and therefore, the matter was referred to the Wages Board by the Minister of Labour. Consequently The Wages Board without considering objections of the RPC's decided the daily wage rate of Tea / Rubber workers as Rs 1,000 per day and gazetted its decision on March 05, 2021.

Therefore, a "Writ Application" was instituted by the RPCs in the Court of Appeal seeking an interim order, staying and /or suspending the operation of the Gazette issued by the Wages Board, but the Hon Judges of the Court of Appeal declined to issue an interim order but directed the respondents to file objections and the RPCs (Petitioners) to file Counter Objections. As at the date of the Statement of financial position, the above matter is under the purview of the Court of Appeal and, therefore the final decision is pending.

Having discussed with independent legal experts and based on the information available, the Directors are of the view that in the event of an unforeseen verdict unfavourable to the Group from the above court case, the contingent liability on retirement benefit obligation liability would be Rs.121 Mn and of which Rs. 7.8 Mn need to be charged to Profit or Loss and Rs. 116 Mn to be charged under Other Comprehensive Income for the year ended March 31, 2022. However, no provisions have been made in the financial statements for the year ended March 31, 2022 in this regard.

(ii) Letter of Credit outstanding of Rs. 47,965,945/- (2021 - Rs. 115,342,377/-) and Bank guarantees provided on behalf of the companies within the group Rs. 1,080,000/- at the end of the year (2021 - Rs. 360,000).

(iii) Having discussed with the legal experts and based on information available, the Board of Directors are confident that the ultimate resolution on the cases against the group are unlikely to have a material effect on the financial position of the group.

NOTES TO THE FINANCIAL STATEMENTS

33. RELATED PARTY DISCLOSURES

Key Managment 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 31,2022 are given in Note 7 to the Financial Statements. The remuneration to the Managing Director and the Deputy Managing Director are paid by the parent and included within the services related expenses given below.

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Transactions with related parties				
Subsidiaries				
Inventory transfers	-	-	171,796	(41,417)
Purchase of latex	-	-	(95,583)	(148,988)
Skim sales	-	-	12,181	4,674
Export sales	-	-	269,700	176,576
Export sales Commission			(3,156)	(6,206)
Export Services			181,522	170,949
Services-related expenses reimbursed	-	-	590,702	525,264
Reimbursement of cost (Electricity, Fuel & Water)	-	-	2,517	2,253
Dividend income	-	-	1,065,749	886,931
Fund Transfers	-	-	1,363,699	536,686
Processing-related expenses reimbursed	-	-	21,688	(18,706)
Current account interest paid	-	-	65,294	(2,073)
Flock purchases	-	-	(26,601)	(28,667)
Investment made	-	-	(1,750,000)	(215,000)
Packing Material Disposal			577	-
Parent - Hayleys PLC				
Services related expenses paid	(703,359)	(317,664)	(234,538)	(193,051)
Dividend paid	(504,219)	(630,273)	(504,219)	(630,273)
Loan provided	(281,469)	-	-	-
Affiliates				
Sale of gloves	4,900	4,863	2,714	1,345
Sale of rubber products	5,387	6,093	-	-
Sale of Latex	22,373	17,843	-	-
Sale of Teas	-	149,448	-	-
Sale of Raw Material	460	-	460	-
Sale of Investment Property	400,000	-	195,000	-
Rental income	4,750	13,500	-	-
Services-related expenses	(2,237,140)	(237,749)	(220,153)	(120,440)
Purchase of Latex	(8,863)	(3,944)	-	-
Purchase of goods	(530,985)	(283,194)	(52,658)	(32,030)
Facilitation Fee	367,639	-	98,939	-
Dividend paid	(190,188)	(226,395)	(190,188)	(226,395)

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., Air Global (Pvt) Ltd., Alumex PLC., Clarion Shipping (Pvt) Ltd., CMA-CGM Lanka (Pvt) Ltd., COSCO Shipping Line Lanka (Pvt) Ltd., Energynet (Pvt) Ltd., Expelogix (Pvt) Ltd., Fentons Ltd., Haycarb PLC., Haycolour (Pvt) Ltd., Hayleys Lifescience (Pvt) Ltd., Haylex Ltd., Hayleys Agriculture Holdings Ltd., Hayleys Agro Farms (Pvt) Ltd., Hayleys Agro Fertilizers (Pvt) Ltd., Hayleys Aventura (Pvt) Ltd., Hayleys Business Solutions International (Pvt) Ltd., Hayleys Consumer Products Ltd., Hayleys Fabric PLC., Hayleys Lifesciences (Pvt) Ltd., Hayleys Travels (Pvt) Ltd., HJS Condiments Ltd., Horana Plantations PLC., Logiwiz Ltd., MIT Global Solutions (Pvt) Ltd., Mountain Hawk Express (Pvt) Ltd., North South Lines Ltd., Ocean Network Express Lanka (Pvt) Ltd., Puritas (Pvt) Ltd., Ravi Industries Ltd., Regnis Lanka PLC., Regnis Appliances (Pvt) Ltd., Rileys (Pvt) Ltd., Royal Ceramics Lanka PLC., Singer (Sri Lanka) PLC., Singer Digital Media (Pvt) Ltd., Swisstek (Ceylon) PLC., The Kingsbury PLC., Toyo Cusion Lanka (Pvt) Ltd., Uni Dil Packaging (Pvt) Ltd., Uni Dil Packaging Solution Ltd., Valibel Plantations (Pvt) Ltd., and Volanka (Pvt) Ltd are given above under details of related party transactions with affiliates.

34. 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	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Assets				
Equity instrument designated at fair value through OCI				
- Quoted equity shares	89	57	89	57
- Unquoted equity shares	390,920	390,920	390,920	390,920
	391,009	390,977	391,009	390,977
Loans and Receivables				
- Trade and other receivables	12,129,696	10,110,737	12,129,696	10,110,737
Cash and short term deposits	9,044,765	3,733,478	9,044,765	3,733,478
Total	21,174,461	13,844,215	21,174,461	13,844,215
Non-Financial Assets				
Freehold land	1,012,639	835,787	1,012,639	835,787
Investment property	-	392,622	-	392,622
Biological assets	599,064	530,543	599,064	530,543
Total	1,611,703	1,758,952	1,611,703	1,758,952
Financial Liabilities				
Interest-bearing loans and borrowings				
- Lease liabilities	1,210,698	1,170,469	1,210,698	1,170,469
- Long term loans	3,104,279	1,182,617	3,104,279	1,182,617
- Short term loans and bank overdraft	10,094,227	8,972,762	10,094,227	8,972,762
Trade and other payables (excluding unclaimed dividend)	7,885,885	8,419,596	7,885,885	8,419,596
Total	22,295,089	19,745,444	22,295,089	19,745,444

NOTES TO THE FINANCIAL STATEMENTS

34 FAIR VALUE MEASUREMENT CONTD.

Company	Carrying Amount		Fair Value	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Financial Assets				
Trade and other receivables	1,644,785	1,164,708	1,644,785	1,164,708
Amount due from subsidiaries	1,686,497	1,242,711	1,686,497	1,242,711
Cash and short term deposits	3,088,241	364,162	3,088,241	364,162
Total	6,419,523	2,771,581	6,419,523	2,771,581
Non-Financial Assets				
Freehold land	295,265	243,403	295,265	243,403
Investment property	-	188,280	-	188,280
Total	295,265	431,683	295,265	431,683
Financial Liabilities				
Interest-bearing loans and borrowings				
- Obligations under lease liabilities	30,035	51,418	30,035	51,418
- Short term loans and bank overdrafts	5,203,242	2,981,600	5,203,242	2,981,600
Amount due to subsidiaries	1,064,548	643,336	1,064,548	643,336
Trade and other payables (excluding unclaimed dividend)	880,841	725,275	880,841	725,275
Total	7,178,665	4,401,629	7,178,665	4,401,629

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 11.1, 13 and 14 respectively.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at March 31, 2022 the Group/Company held the following financial assets carried at fair value in the Statement of Financial Position.

	Group				Company			
	2022 Rs.'000	Level 1	Level 2	Level 3	2022 Rs.'000	Level 1	Level 2	Level 3
Assets Measured at Fair Value								
Financial assets at fair value through OCI								
Equity shares	391,009	89	-	390,920	-	-	-	-
Freehold land	1,012,639	-	-	1,012,639	295,265	-	-	295,265
Investment property	-	-	-	-	-	-	-	-
Biological asset	599,064	-	-	599,064	-	-	-	-

During the reporting period ended March 31, 2022 there were no transfers between Level 1 and Level 2 fair value measurements.

As at March 31, 2021, the Group/Company held the following financial instruments measured at fair value:

	Group				Company			
	2021 Rs.'000	Level 1	Level 2	Level 3	2021 Rs.'000	Level 1	Level 2	Level 3
Assets Measured at Fair Value								
Financial assets at fair value through OCI								
Equity shares	390,977	57	-	390,920	-	-	-	-
Freehold land	835,787	-	-	835,787	243,403	-	-	243,403
Investment property	392,622	-	-	392,622	188,280	-	-	188,280
Biological asset	530,543	-	-	530,543	-	-	-	-

During the reporting period ended March 31, 2021 there were no transfers between Level 1 and Level 2 fair value measurements.

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, 2022

	Fair Value as at 31-Mar Rs. '000	Valuation Technique	Significant Unobservable Inputs	Estimates for Unobservable		Fair value Measurement Sensitivity to Unobservable Inputs Measurement
				2022 Rs. '000	2021 Rs. '000	
Investment Property - Weliveriya	-	Direct Capital Comparison Method	Rate Per Perch	-	Rs.125-150	Significant increases (decreases) in estimated price per perch would result in a significantly higher (lower) fair value
Freehold land (Kottawa)	295,265	Direct Capital Comparison Method	Rate Per Perch	Rs.105-175	Rs.110-135	Significant increases (decreases) in estimated price per perch would result in a significantly higher (lower) fair value
Freehold land (Mabroc)	542,000	Direct Capital Comparison Method	Rate Per Perch	Rs. 1,500-2,500	-	Significant increases (decreases) in estimated price per perch would result in a significantly higher (lower) fair value
Freehold land (DPTL)	175,371	Market Comparable Approach	Value per Ngan	Rs.1,319	Rs.850	Significant increases (decreases) in estimated price per perch would result in a significantly higher (lower) fair value

NOTES TO THE FINANCIAL STATEMENTS

35. 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	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Rupees	3,389,726	385,308	531,697	372,796
Australian Dollar	-	36,196	-	-
United States Dollar	3,396,382	3,560,484	1,063,002	685,433
Euro	5,219,182	5,341,866	50,085	106,480
Thai Baht	124,406	13,899	-	-
Chinese Yuan	-	772,984	-	-
	12,129,696	10,110,737	1,644,784	1,164,709

Management has assessed the existing and anticipated effect of the current state of the national economy on recoverability of trade and other receivable and concluded that Company and its subsidiaries don't have significant doubt on recoverability of trade and other receivable. Therefore, no incremental impairment allowance has been recognised.

Investments

Credit risk from invested balances with the financial institutions are managed by the Hayleys Group Treasury Department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore, mitigate financial loss through potential counterparty's failure.

Cash and Cash Equivalents

The Group and Company held cash at bank and in hand of Rs. 9,045 million and Rs. 3,088 million respectively as at March 31, 2022 (Rs. 3,733 million and Rs. 364 million respectively in 2021) 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+

People's Bank- AA- (lka)

Commercial Bank of Ceylon PLC-AA-(lka)

National Development Bank PLC - A+(lka)

Liquidity Risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and finance leases. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

The liquidity requirements of business units and subsidiaries are met through short term loans to cover any short term fluctuations and longer term funding to address any structural liquidity requirements. The Group monitors the cash flows of its group companies and obtains adequate bank facilities to meet the funding requirements. The Group does not concentrate on a single financial institution, thereby minimising the expose to liquidity risk. The Group aims to fund investment activities of its group companies by funding the long term investment with long term financial sources. Short term investments are funded using short term loans.

The monthly liquidity position is monitored by the Hayleys Group Treasury. All liquidity policies and procedures are subject to review and approval by the Hayleys Group Treasury.

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT CONTD.

Year ended March 31, 2022	On Demand Rs.'000	Less than 3 Months Rs.'000	3 to 12 Months Rs.'000	1 to 5 Years Rs.'000	>5 Years Rs.'000	Total Rs.'000
Group						
Interest-bearing loans and borrowings	3,497,800	7,041,279	1,334,555	1,732,935	802,634	14,409,203
Trade payables	-	6,031,226	605,485	476,633	123,142	7,236,486
	3,497,800	13,072,505	1,940,040	2,209,568	925,776	21,645,689
Company						
Interest-bearing loans and borrowings	1,478,242	3,725,000	29,684	351	-	5,233,277
Trade payables	-	470,494	90,793	24,384	-	585,671
Amount due to related parties	1,064,548	-	-	-	-	1,064,548
	2,542,790	4,195,494	120,477	24,735	-	6,883,496

Year ended March 31, 2021	On Demand Rs.'000	Less than 3 Months Rs.'000	3 to 12 Months Rs.'000	1 to 5 Years Rs.'000	>5 Years Rs.'000	Total Rs.'000
Group						
Interest-bearing loans and borrowings	4,888,941	4,217,102	399,839	1,107,353	712,613	11,325,848
Trade payables	-	7,894,541	105,955	20,946	-	8,021,443
	4,888,941	12,111,643	505,794	1,128,299	712,613	19,347,291
Company						
Interest-bearing loans and borrowings	766,600	2,215,000	7,421	22,263	21,734	3,033,018
Trade payables	-	496,742	2,731	-	-	499,473
Amount due to related parties	643,337	-	-	-	-	643,337
	1,409,937	2,711,742	10,152	22,263	21,734	4,175,828

Management has assessed the existing and anticipated effect of the current state of the national economy on liquidity of the Company and its subsidiaries to settle liabilities when it is due and management are satisfied that the Company and its subsidiaries don't have significant concerns relating to the Group's liquidity.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments and derivative financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group mainly borrows in the short term to fund its working capital requirement which are linked to floating interest rates. For other funding needs the Group maintains a proper mix of interest rate based on the basis of the predictability of future cashflows. The Hayleys Group Treasury closely monitors the interest rate fluctuations in the market and advices the sectors on a daily basis.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates. With all other variables held constant, the Group's and Company's profit before tax is affected through the impact on rate of borrowings as follows:

	Increase/ decrease in interest rate	Effect on profit before tax 2022 Group Rs.'000	Company Rs.'000
Originated from Sri Lanka			
Sensitivity only using borrowings			
Increase	10%	(1,029,888)	(523,328)
Decrease	-10%	1,029,888	523,328
Sensitivity using borrowings and deposits			
Increase	10%	(558,352)	(286,526)
Decrease	-10%	558,352	286,526
Originated from outside Sri Lanka			
Sensitivity only using borrowings	1%	(41,103)	-
Increase	-1%	41,103	-
Decrease			-
Sensitivity using borrowings and deposits	1%	(41,103)	-
Increase	-1%	41,103	-
Decrease			

	Increase/ decrease in interest rate	Effect on profit before tax 2021 Group Rs.'000	Company Rs.'000
Originated from Sri Lanka			
Sensitivity only using borrowings			
Increase	1%	(80,496)	(30,330)
Decrease	-1%	80,496	30,330
Sensitivity using borrowings and deposits			
Increase	1%	(60,706)	(27,932)
Decrease	-1%	60,706	27,932
Originated from outside Sri Lanka			
Sensitivity only using borrowings	1%	(32,762)	-
Increase	-1%	32,762	-
Decrease			
Sensitivity using borrowings and deposits			
Increase	1%	(32,762)	-
Decrease	-1%	32,762	-

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, Yen and Sterling Pounds exchange rate, with all other variables held constant.

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT CONTD.

The impact on the Group's and Company's profit before tax due to the change in exchange rate is as follows:

	2022							
	Group					Company		
	USD Rs.'000	EURO Rs.'000	THB Rs.'000	YEN Rs.'000	GBP Rs.'000	USD Rs.'000	EURO Rs.'000	GBP Rs.'000
Closing exchange rate (Rs.)	293.9	328.2	8.8	2.4	385.6	293.9	328.2	385.6
Increase in exchange rate by 30% (Rs.)	382.0	426.6	11.5	3.1	501.2	382.0	426.6	501.2
Impact to the Profit before tax	1,104,527	43,961	-	(197,185)	(6,756)	1,008,882	14,927	(1,374)
Impact to the Equity	-	1,154,513	1,386,645	-	-	-	-	-
Decrease in exchange rate by 30% (Rs.)	205.7	229.7	6.2	1.7	269.9	205.7	229.7	269.9
Impact to the Profit before tax	(1,104,527)	(43,961)	-	197,185	6,756	(1,008,882)	(14,927)	1,374
Impact to the Equity	-	(1,154,513)	(1,386,645)	-	-	-	-	-

	2021							
	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
Closing exchange rate (Rs.)	199.8	233.6	6.3	1.8	152.1	30.3	199.8	233.6
Increase in exchange rate by 5% (Rs.)	209.8	245.3	6.7	1.9	159.7	31.8	209.8	245.3
Impact to the Profit before tax	51,738	10,693	-	(40,686)	1,810	38,649	39,781	5,324
Impact to the Equity	-	157,108	138,963	-	-	-	-	-
Decrease in exchange rate by 5% (Rs.)	189.8	222.0	6.0	1.7	144.5	28.8	189.8	222.0
Impact to the Profit before tax	(51,738)	(10,693)	-	40,686	(1,810)	(38,649)	(39,781)	(5,324)
Impact to the Equity	-	(157,108)	(138,963)	-	-	-	-	-

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	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Interest-Bearing borrowing (non-current)	2,535,569	1,819,967	351	21,734
Current portion of long term interest-bearing borrowings	1,779,407	533,119	29,684	29,684
Short term interest-bearing borrowings	10,094,227	8,972,762	5,203,242	2,981,600
Total borrowings	14,409,203	11,325,848	5,233,277	3,033,018
Equity	26,359,243	19,141,538	6,652,495	5,351,525
Equity and debts	40,768,446	30,467,386	11,885,772	8,384,543
Gearing Ratio (%)	35%	37%	44%	36%

36. 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, 2021 to February 28, 2022 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, 2022 have been consolidated with Group Financial Statements.

37. 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	2022 %	2021 %
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	2022 %	2021 %
Kelani Valley Plantations PLC	1,673,797	1,212,654
Hayleys Plantation Services (Pvt) Ltd	2,380,813	2,011,230
Accumulated Material Non - Controlling Interest	4,054,610	3,223,884

Profit Allocated to Material Non - Controlling Interest

Company Name	2022 %	2021 %
Kelani Valley Plantations PLC	495,793	226,299
Hayleys Plantation Services (Pvt) Ltd	410,873	353,259
Accumulated Material Non - Controlling Interest	906,666	579,558

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

NOTES TO THE FINANCIAL STATEMENTS

37. MATERIAL PARTLY-OWNED SUBSIDIARIES CONTD.

Summarised statements of profit or loss for the year ended March 31

	Kelani Valley Plantations PLC (Group)		Hayleys Plantation Services (Pvt) Ltd (Group)	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue from contracts with customers	12,925,850	11,760,469	4,739,853	4,488,728
Cost of sales	(10,661,213)	(10,003,835)	(3,802,669)	(3,637,211)
Other Income	347,846	149,122	107,183	-
Administrative & distribution expenses	(936,966)	(733,324)	(255,361)	(207,582)
Finance costs and income	289,655	(224,913)	47,331	48,136
Profit / (loss) before tax	1,965,172	947,521	836,337	772,073
Tax expense	(187,706)	(145,336)	(29,045)	(76,830)
Profit for the year	1,777,466	802,185	807,292	695,243
Total comprehensive income	108,979	920,963	849,057	837,636
Attributable to non-controlling interests	7,903	7,099	223,222	218,261
Dividends paid to non-controlling interests	-	(7,800)	(45,500)	(53,542)

Summarised statement of financial position as at March 31

	Kelani Valley Plantations PLC (Group)		Hayleys Plantation Services (Pvt) Ltd (Group)	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Current Assets	5,282,805	3,611,819	2,868,704	2,459,135
Non-Current Assets	7,226,749	7,140,577	3,863,268	3,630,552
Current Liabilities	3,691,086	3,395,861	658,015	679,105
Non-Current Liabilities	2,876,389	3,066,298	1,443,678	1,533,611
Total equity	5,942,079	4,290,237	4,630,277	3,876,970
Attributable to:				
Equity holders of parent	5,892,994	4,249,055	3,374,277	2,798,692
Non-controlling interest	49,085	41,182	1,256,000	1,078,278

38. EVENTS AFTER THE REPORTING PERIOD

Dividend

At the Board Meeting held on May 19, 2022, the Directors have recommended the Final Dividend of Rs. 0.15 per share subject to the approval by the shareholders at the Annual General Meeting to be held on June 28, 2022 to be paid to the shareholders on July 08, 2022.

Surcharge Tax

The Government of Sri Lanka in its Budget for 2022 proposed a one-time tax, referred to as a surcharge tax, at the rate of 25% to be imposed on any companies that have earned a taxable income in excess of LK Rs. 2,000 million for the year of assessment 2020/2021. The tax is imposed by the Surcharge Tax Act No. 14 of 2022 which was passed by the Parliament of Sri Lanka on April 7, 2022. As the law imposing the surcharge tax was enacted after the reporting period end, the financial statements for the year ended March 31, 2022 do not reflect the tax liability that would arise in consequence, the amount of which is best estimated at Rs. 321,663,665.

No other circumstances have arisen since the reporting period end which would require adjustments to, or disclosure in the Financial Statements.

CARING CAPABILITIES

We

as a team takes on the future with confidence, and proceeds confidently towards their goals and aspirations.

DECADE AT A GLANCE

	2022 Rs.'000	2021 Rs.'000	2020 Rs.'000	2019 Rs.'000	2018 Rs.'000
Trading Results					
Revenue	55,293,983	46,386,667	30,562,982	30,089,318	28,484,874
Profit before tax	7,596,775	7,191,273	1,160,426	1,642,546	1,240,494
Taxation	(1,185,975)	(1,357,946)	(310,133)	(418,720)	(439,644)
Profit after tax	6,410,800	5,833,327	850,293	1,223,826	800,850
Non-controlling interest	(1,028,149)	(669,293)	(102,196)	(355,402)	(305,382)
Profit attributable to equity holders of the Company	5,382,651	5,164,034	748,097	868,424	495,468
Non-Current Assets					
Property, plant & equipment	16,344,832	13,075,168	12,316,577	12,217,758	12,408,303
Investments	391,009	390,977	390,932	390,933	23
Other non-current assets	2,867,933	3,182,863	2,862,418	1,616,164	1,446,534
	19,603,774	16,649,008	15,569,927	14,224,855	13,854,860
Current Assets	34,445,826	27,656,383	11,709,180	11,976,799	10,775,220
Total Assets	54,049,600	44,305,391	27,279,107	26,201,654	24,630,080
Capital & Reserves					
Stated capital	598,615	598,615	598,615	598,615	598,615
Capital reserves	645,549	585,174	585,142	573,686	447,227
Revenue reserves	20,662,636	14,462,463	9,953,105	9,249,276	8,693,473
Shareholders' funds	21,906,800	15,646,252	11,136,862	10,421,577	9,739,315
Non-controlling interest	4,452,443	3,495,286	2,894,169	2,791,075	2,566,261
Total Equity	26,359,243	19,141,538	14,031,031	13,212,652	12,305,576
Non-Current Liabilities					
Deferred tax liability	775,949	747,639	717,332	761,058	713,849
Interest bearing borrowings	2,535,569	1,819,967	1,377,134	883,102	1,397,541
Other non-current liabilities	3,806,846	3,688,072	3,921,075	3,540,753	3,090,164
	7,118,364	6,255,678	6,015,541	5,184,913	5,201,554
Current Liabilities					
Current portion of interest bearing borrowings	1,779,406	533,119	261,082	435,988	874,758
Short term loans and bank overdrafts	10,094,227	8,972,762	3,124,003	3,951,213	2,767,380
Other current liabilities	8,698,360	9,402,294	3,847,450	3,416,888	3,480,812
	20,571,993	18,908,175	7,232,535	7,804,089	7,122,950
Total Equity and Liabilities	54,049,600	44,305,391	27,279,107	26,201,654	24,630,080
Ratios & Other Information					
Earnings per share (Rs.)*	8.99	8.63	1.25	1.45	0.83
Return on equity (%)	24.57	33.00	6.72	8.33	6.50
Market price per share (Rs.)	32.50	46.40	57.00	78.00	85.50
Price earnings ratio (times)*	3.61	5.38	4.56	5.38	10.33
Dividend per share (Rs.)	2.50	2.30	0.40	0.45	0.30
Net assets per share (Rs.)*	36.60	26.14	18.60	17.41	16.27
Dividend yield (%)	7.69	4.96	7.02	5.77	3.50
Dividend cover (times)	3.60	3.75	3.12	3.22	2.76
Debt to equity ratio (times)	0.55	0.59	0.34	0.40	0.41
Current ratio	1.67	1.46	1.62	1.53	1.51

Figures in brackets indicate deductions.

*Computed based on 598,615,120 shares on issue as at March 31, 2022.Earning per share, Dividend per share and Net asset per share in all reporting periods were adjusted based on post sub-division of ten shares for every one ordinary share held.

	2017 Rs.'000	2016 Rs.'000	2015 Rs.'000	2014 Rs.'000	2013 Rs.'000
Trading Results					
Revenue	24,334,423	21,931,303	27,738,672	23,092,215	23,657,743
Profit before tax	1,057,260	690,608	1,946,819	1,519,246	2,153,775
Taxation	(139,526)	(214,653)	(385,449)	(362,189)	(387,203)
Profit after tax	917,734	475,955	1,561,370	1,157,057	1,766,572
Non-controlling interest	(164,533)	(127,826)	(285,953)	(361,979)	(358,324)
Profit attributable to equity holders of the Company	753,201	348,129	1,275,417	795,078	1,408,248
Non-Current Assets					
Property, plant & equipment	12,414,457	12,188,554	12,058,013	10,414,861	10,119,322
Investments	26	22	24	17	22
Other non-current assets	1,692,470	1,788,001	1,422,904	1,078,443	846,822
	14,106,953	13,976,577	13,480,941	11,493,321	10,966,166
Current Assets	9,063,244	7,381,572	8,546,008	8,551,704	8,542,389
Total Assets	23,170,197	21,358,149	22,026,949	20,045,025	19,508,555
Capital & Reserves					
Stated capital	598,615	598,615	598,615	598,615	598,615
Capital reserves	478,788	450,178	444,347	457,262	452,892
Revenue reserves	8,044,601	7,115,483	7,225,571	6,271,286	5,793,215
Shareholders' funds	9,122,004	8,164,276	8,268,533	7,327,163	6,844,722
Non-controlling interest	2,312,205	2,406,025	2,513,282	2,322,191	2,068,640
Total Equity	11,434,209	10,570,301	10,781,815	9,649,354	8,913,362
Non-Current Liabilities					
Deferred tax liability	686,093	565,781	494,555	458,093	370,723
Interest bearing borrowings	2,114,650	2,136,957	1,372,989	1,405,877	1,642,681
Other non-current liabilities	2,859,687	3,359,121	3,157,461	3,071,331	3,076,310
	5,660,430	6,061,859	5,025,005	4,935,301	5,089,714
Current Liabilities					
Current portion of interest bearing borrowings	801,486	321,495	306,521	406,609	336,539
Short term loans and bank overdrafts	2,201,582	1,891,333	2,813,367	2,104,466	2,350,402
Other current liabilities	3,072,490	2,513,161	3,100,241	2,949,295	2,818,538
	6,075,558	4,725,989	6,220,129	5,460,370	5,505,479
Total Equity and Liabilities	23,170,197	21,358,149	22,026,949	20,045,025	19,508,555
Ratios & Other Information					
Earnings per share (Rs.)*	1.26	0.58	2.13	1.33	2.35
Return on equity (%)	8.26	4.26	15.42	10.85	20.57
Market price per share (Rs.)	76.00	73.00	138.00	87.10	111.00
Price earnings ratio (times)*	6.00	12.60	6.50	6.60	4.70
Dividend per share (Rs.)	0.25	0.20	0.70	0.55	0.70
Net assets per share (Rs.)*	15.24	13.64	13.81	12.24	11.43
Dividend yield (%)	3.30	2.70	5.10	6.30	6.30
Dividend cover (times)	5.00	2.90	3.00	2.40	3.40
Debt to equity ratio (times)	0.45	0.41	0.42	0.41	0.49
Current ratio	1.49	1.56	1.37	1.58	1.55

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, 2022 have been submitted to the Colombo Stock Exchange as required by the Listing Rules.

2. ORDINARY SHAREHOLDERS

Number of shareholders as at March 31,2022 - 14,991 (as at March 31,2021 - 9,903).

Number of Shares held	Resident			Non-Resident			Total		
	No. of Share-holders	No. of Shares	%	No. of Share-holders	No. of Shares	%	No. of Share-holders	No. of Shares	%
1 - 1,000	6,779	2,525,723	0.42	10	5,354	0.00	6,789	2,531,077	0.42
1,001 - 10,000	5,573	21,927,489	3.66	22	104,875	0.02	5,595	22,032,364	3.68
10,001 - 100,000	2,252	65,467,583	10.94	21	731,100	0.12	2,273	66,198,683	11.06
100,001 - 1,000,000	292	75,143,911	12.55	12	3,025,760	0.51	304	78,169,671	13.06
Over 1000,000	30	429,683,325	71.78	-	-	0.00	30	429,683,325	71.78
Total	14,926	594,748,031	99.35	65	3,867,089	0.65	14,991	598,615,120	100.00

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

Number of Shares held	Resident			Non-Resident			Total		
	No. of Share-holders	No. of Shares	%	No. of Share-holders	No. of Shares	%	No. of Share-holders	No. of Shares	%
CATEGORY									
Individuals	14,195	146,593,035	24.48	57	3,063,879	0.52	14,252	149,656,914	25.00
Institutions	731	448,154,996	74.87	8	803,210	0.13	739	448,958,206	75.00
	14,926	594,748,031	99.35	65	3,867,089	0.65	14,991	598,615,120	100.00

3. SHARE VALUATION

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

	2021/22	2020/21
Highest	Rs. 79.50 (August 31, 2021)	Rs. 765.00 (January 27, 2021)
Lowest	Rs. 30.60 (March 31, 2022)	Rs. 39.00 (March 5, 2021)
Year end	Rs. 32.50	Rs.46.40

4 SHARE TRADING

	2022	2021
Number of transactions	254,065	132,039
Number of shares traded	464,000,636	132,645,505
Value of shares traded (Rs.)	26,010,352,199	23,889,207,382

5. FIRST TWENTY SHAREHOLDERS AS AT MARCH 31, 2022

	Name of the Shareholder	No.of Shares as at 31/03/2022	%	No.of Shares as at 31/03/2021	%
1	HAYLEYS PLC	252,109,380	42.12	252,109,380	42.12
2	VOLANKA (PRIVATE) LIMITED	48,736,400	8.14	48,736,400	8.14
3	HAYCARB PLC	40,687,460	6.80	40,687,460	6.80
4	EMPLOYEES PROVIDENT FUND	27,551,107	4.60	29,264,651	4.89
5	RAVI INDUSTRIES LIMITED	5,670,000	0.95	5,670,000	0.95
6	EMPLOYEES TRUST FUND BOARD	5,211,729	0.87	-	-
7	SEYLAN BANK PLC / JANASHAKTHI CAPITAL LIMITED	4,877,053	0.81	1,028,440	0.17
8	DR.D.JAYANNTHA	4,150,000	0.69	4,150,000	0.69
9	COMMERCIAL BANK OF CEYLON PLC/ CAPITAL TRUST HOLDINGS LIMITED	3,940,011	0.66	50,620	0.01
10	MR.HS.R.KARIYAWASAN & MRS. K.H.S. KARIYAWASAN	3,325,850	0.56	3,325,850	0.56
11	MR.N.SAMARASURIYA	3,175,860	0.53	3,175,860	0.53
12	MR.H.A.R.PIERIS	3,015,000	0.50	3,000,000	0.50
13	AMANA BANK PLC / MR.M.N.DEEN	2,961,994	0.49	1,661,759	0.28
14	CAPITAL TRUST HOLDINGS LTD	2,399,238	0.40	480,718	0.08
15	MRS.S.H.SARDAKHAN	1,875,000	0.31	-	-
16	MR.N.P.DE ALWIS SAMARANAYAKE	1,800,000	0.30	1,920,000	0.32
17	PEOPLE'S LEASING & FINANCE PLC/MR.D.M.P.DISANAYAKE	1,731,554	0.29	-	-
18	RENUKA PROPERTIES LIMITED	1,660,000	0.28	2,000,000	0.33
19	MRS.L.SIVAGURUNATHAN (DECEASED)	1,630,440	0.27	1,630,440	0.27
20	MERCHANT BANK OF SRI LANKA & FINANCE PLC / U.D.PREMAKUMARA	1,581,579	0.26	-	-
	TOTAL	418,089,655	69.84	398,891,578	66.64

6. SHARES HELD BY THE PUBLIC

Public Holding as at 31.03.2022	
Percentage of Public Holding	41.20
Total number of shareholders representing the public holding	14,979
Float - Adjusted Market Capitalization (Rs.)	8,017,401,955.94

The Company complies with option 2 of the Listing Rules 7.13.1 (a) which requires 5% minimum Public Holding.

THE SHARE

7. HISTORY OF DIVIDEND AND SCRIP ISSUES (LAST 32 YEARS)

The number of shareholders represent in public holding 14,979

Year ended March 31	Issue	Basis	No. of shares '000	Cumulative No. of shares '000	Dividend per Share Rs.	Dividend paid Rs'000
1991	Bonus	1:05	1,000	6,000	3.30	19,800
1992				6,000	2.60	15,600
1993				6,000	2.60	15,600
1994	Share Trust (at Rs. 41.00)		600	6,600	3.00	19,800
1995				6,600	3.50	23,100
1996	Bonus	1:05	1,320	7,920	1.75	13,860
	Rights (at Rs. 60.00)	1:05	1,584	9,504	17.50	16,632
1997	Bonus	1:05	1,901	11,405	3.50	39,917
1998	Bonus	1:05	2,281	13,686	4.00	54,743
1999	Bonus	1:05	2,737	16,423	3.50	57,480
2000	Bonus	1:08	2,053	18,476	3.00	55,427
2001				18,476	4.00	73,903
2002				18,476	3.50	64,665
2003	Bonus	1:08	2,309	20,785	3.50	72,748
2004	Bonus	1:05	4,157	24,942	4.00	99,769
2005	Bonus	1:05	4,988	29,931	–	–
	Bonus	1:01	29,931	59,861	4.00	239,446
2006				59,861	3.00	179,585
2007				59,861	4.50	269,377
2008				59,861	3.00	179,585
2009				59,861	3.00	179,585
2010				59,861	3.75	224,480
2011				59,861	3.00	179,585
2012				59,861	6.00	359,169
2013				59,861	7.00	419,031
2014				59,861	5.50	329,238
2015				59,861	7.00	419,031
2016				59,861	2.00	119,723
2017				59,861	2.50	149,653
2018				59,861	3.00	179,585
2019				59,861	4.50	269,374
2020				59,861	4.00	239,444
2021	Share Split	1:10		598,615	2.30	1,376,815
2022				598,615	2.50	1,496,538

Market Capitalisation (Last 32 years)

Year ended March 31	Market capitalisation Rs. million	Net assets Rs. million
1991	690	178
1992	618	210
1993	537	223
1994	574	284
1995	574	340
1996	893	492
1997	984	611
1998	1,505	794
1999	854	961
2000	905	1,032
2001	859	1,179
2002	1,109	1,312
2003	1,143	1,498
2004	2,120	1,782
2005	5,507	2,148
2006	4,909	2,179
2007	6,540	2,646
2008	4,759	2,810
2009	3,307	3,079
2010	6,211	3,310
2011	6,950	5,142
2012	5,992	5,801
2013	6,645	6,845
2014	5,214	7,327
2015	8,261	8,044
2016	4,370	7,896
2017	4,550	9,122
2018	5,118	9,739
2019	4,669	10,422
2020	3,412	11,136
2021	27,776	15,646
2022	19,455	21,907

GROUP STRUCTURE

DPL Handling you with care

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

DIPPED PRODUCTS PLC

Incorporated in 1976 in Sri Lanka

Stated capital - Rs 598,615,120

DIRECTORS:

A M Pandithage - Chairman

H S R Kariyawasan - Deputy Chairman

Ng Soon Huat - Managing Director

R H P Janadheera - Deputy Managing Director

K D D Perera

F Mohideen

S C Ganegoda

S Rajapakse

N A R R S Nanayakkara

S P Peiris

K D G Gunaratne

K M D I Prasad

B.K.C.R.Ratnasiri (Appointed April 1,2022)

G.Molinari (Appointed April 1,2022)

Ms. Y Baskaran (Alt to Mr. K D D Perera)

HAND PROTECTION

Manufacture and export of household and industrial gloves

HANWELLA RUBBER PRODUCTS LTD

Incorporated in 1987 in Sri Lanka

Stated capital - Rs 250,000,000

Group interest - 72.6%

DIRECTORS:

A M Pandithage - Chairman

Ng Soon Huat

R H P Janadheera

K M D I Prasad

B A D H C Mahipala

Manufacture and export of household and industrial gloves

D P L PREMIER GLOVES LTD

Incorporated in 2014 in Sri Lanka

Stated capital - Rs. 1,450,000,000

Group interest - 100%

DIRECTORS:

A M Pandithage - Chairman

Ng Soon Huat

R H P Janadheera

R.M.U.N. Rathnayake

Manufacture and export of fabric supported and industrial gloves

D P L UNIVERSAL GLOVES LTD

Incorporated in 2014 in Sri Lanka

Stated capital - Rs. 2,000,000,000

Group interest - 100%

DIRECTORS:

A M Pandithage - Chairman

Ng Soon Huat

R H P Janadheera

N A R R S Nanayakkara

B K C R Ratnasiri

M U A Fonseka

Manufacture and export of examination gloves

DIPPED PRODUCTS (THAILAND) LTD

Incorporated in 2002 in Thailand

Share capital - THB 375,000,000

Group interest – 99.26%

DIRECTORS:

A M Pandithage - Chairman

Ng Soon Huat

R H P Janadheera

N A R R S Nanayakkara

S C Ganegoda

T G Thoradeniya

D P P Mendis

Marketing and distribution of household, industrial and medical gloves and personal protective wear

ICOGUANTI S.p.A

Registered in Milan and successors to ICO Srl

Incorporated in 1968 in Genoa

Share capital - Euro 3,500,000

Group interest - 100%

DIRECTORS:

A M Pandithage - Chairman

G Molinari - Joint Managing Director

Ng Soon Huat - Joint Managing Director

M Orlando

H S R Kariyawasan

R H P Janadheera

N A R R S Nanayakkara

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 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

In the process of liquidation

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

In the process of liquidation

TEXNIL (PVT) LTD

Incorporated in 2001 in Sri Lanka

Stated capital - Rs. 290,000,000

Group interest - 100%

DIRECTORS:

A M Pandithage - Chairman

Ng Soon Huat

S C Ganegoda

Export trading

D P L International Ltd

Incorporated in 2016 in Sri Lanka

Group interest - 100%

Directors:

A M Pandithage - Chairman

Ng Soon Huat

R H P Janadheera

N A R R S Nanayakkara

PLANTATIONS

Plantation management

DPL PLANTATIONS (PVT) LTD

Incorporated in 1992 in Sri Lanka

Stated capital - Rs. 550,000,000

Group interest - 100%

DIRECTORS:

A M Pandithage - Chairman

Ng Soon Huat

W G R Rajadurai

S C Ganegoda

A Weerakoon

Tea and rubber plantations

KELANI VALLEY PLANTATIONS PLC

Incorporated in 1992 in Sri Lanka

Stated capital - Rs. 340,000,010

Group interest - 72.43%

DIRECTORS:

A M Pandithage - Chairman

Dr. R Rajadurai - Managing Director

A Weerakoon - Chief Executive Officer

F Mohideen

S C Ganegoda

C V Cabraal

L N De S Wijeyeratne

Plantation management

HAYLEYS PLANTATION SERVICES (PVT) LTD

Incorporated in 1992 in Sri Lanka

Stated capital - Rs. 408,030,000

Group interest – 66.67%

DIRECTORS:

A M Pandithage – Chairman

Dr. W G R Rajadurai

Merrill J Fernando

Malik J Fernando

N R Ranatunga

S C Ganegoda
(Alternate to Mr. A M Pandithage)

D C Fernando
(Alternate to Mr. Merrill J Fernando)

Ms. M Perera
(Alternate to Mr. Malik J Fernando)

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

INDEPENDENT ASSURANCE REPORT

Building a better working world

Ernst & Young
Chartered Accountants
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INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF DIPPED PRODUCTS PLC IN THE INTEGRATED ANNUAL REPORT- 2021/22

Scope

We have been engaged by the management of Dipped Products PLC ("the Company") to perform an independent assurance engagement, as defined by the Sri Lankan Standard on Assurance Engagements, on the following elements of its Integrated Annual Report for the year ended 31 March 2022 (the "Integrated Report").

- Reasonable assurance engagement on the information on financial capital management as specified on pages 66 - 69 of the Integrated Report.
- Limited assurance engagement on other information on management of the capitals (other than financial capital), stakeholder engagement, business model, strategy, organizational overview & external environment and outlook presented in the Integrated Report.

Criteria applied by Dipped Products PLC

The Integrated Report is prepared based on the Guiding Principles and Content Elements of the International Integrated Reporting Council (IIRC)'s Integrated Reporting Framework (<IR> Framework) (the "criteria") publicly available at IIRC's website at "www.integratedreporting.org"

Dipped Products PLC's responsibilities

Dipped Products PLC's management is responsible for selecting the criteria, and for presenting the Integrated Report in accordance with the said criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Integrated Report, such that it is free from material misstatement, whether due to fraud or error.

Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Integrated Report in accordance with the Guiding Principles and Content Elements of the International Integrated Reporting Council (IIRC)'s Integrated Reporting Framework (<IR> Framework) based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard on Assurance Engagements SLSAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information (SLSAE 3000) issued by the Institute of Chartered Accountants of Sri Lanka and the terms of reference for this engagement as agreed with Dipped Products PLC in the engagement letter dated 27 May 2022.

The standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Integrated Report in order for it to be in accordance with the criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our independent assurance conclusion.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka and have the required competencies and experience to conduct this assurance engagement.

EY also applies Sri Lanka Standard on Quality Control (SLSQC 1), Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

We performed our procedures to provide reasonable and limited assurance engagement in accordance with SLSAE 3000.

Procedures performed in the reasonable assurance engagement depend on our judgement, including the assessment of the risks of material misstatement whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the preparation and presentation of the reasonable assurance indicators in order to design the assurance procedures that are appropriate in the circumstances. Our procedures also included assessing the appropriateness of the reasonable assurance indicators, the suitability of the criteria in preparing

INDEPENDENT ASSURANCE REPORT

and presenting the reasonable assurance indicators within the Integrated Report and obtaining an understanding of the compilation of the financial information to the sources from which it was obtained.

Procedures performed in the limited assurance engagement consisted of making inquiries, primarily of persons responsible for preparing the Integrated Report and related information and applying analytical and other appropriate procedures. These procedures vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

We also performed the below procedures as we considered necessary in the circumstances:

- Perform a comparison of the content of the Integrated Annual Report against the Guiding Principles and Content Elements given in the International Integrated Reporting Council (IIRC)'s Integrated Reporting Framework (<IR> Framework).
- Perusing the Integrated Annual Report – Financial Capital element information to understand whether the information contained are properly derived from the audited financial statements.
- Interviewing the selected key management personnel and relevant staff to understand the internal controls, governance structure and reporting process relevant to the Integrated Report.
- Obtaining an understanding of the relevant internal policies and procedures developed by the Company, including those relevant to determining what matters most to the stakeholders, how the Company creates value, the external environment, strategy, approaches to putting members first, governance and reporting.
- Obtaining an understanding of the description of the Company's strategy and how the Company creates value, what matters most to the stakeholders and enquiring the management as to whether the description in the Integrated Report accurately reflects their understanding.
- Perusing the Board of Directors meeting minutes during the financial year to ensure consistency with the content of the Integrated Report.
- Perusing the relevant supporting evidence related to qualitative & quantitative disclosures within the Integrated Report against identified material aspects.
- Perusing the Integrated Report in its entirety to ensure it is consistent with our overall knowledge obtained during the assurance engagement.

Emphasis of matter

Social, natural and intellectual capital management data/information are subjected to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Integrated Report.

Restricted use

This report is intended solely for the information and use of Dipped Products PLC and is not intended to be and should not be used by anyone other than the specified party.

Conclusion

Based on our procedures and the evidence obtained, we conclude that:

- The information on financial capital management as specified on pages 66 - 69 of the Integrated Report are properly derived from the audited financial statements of the (Company) for the year ended 31 March 2022.
- Nothing has come to our attention that causes us to believe that other information presented in the Integrated Report are not fairly presented, in all material respects, in accordance with the Guiding Principles and Content Elements of the International Integrated Reporting Council (IIRC)'s Integrated Reporting Framework (<IR> Framework).

Ernst & Young

Chartered Accountant

19 May, 2022
Colombo

Partners: H M A Jayesinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA, D K Hulangamuwa FCA FCMA LLB (London), Ms. A A Ludowyke FCA FCMA, Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: G B Goudian ACMA, Ms. P S Paranavitane ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

GRI CONTEXT INDEX

Statement of use	Dipped Products PLC has reported in accordance with the GRI Standards for the period 1st April 2021 to 31st March 2022
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	N/A

Gri Standard/ Other Source	Disclosure	Location	Omission			Gri Sector Standard Ref. No.
			Requirement(S) Omitted	Explanation	Explanation	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	6				
	2-2 Entities included in the organization's sustainability reporting	6				
	2-3 Reporting period, frequency and contact point	6				
	2-4 Restatements of information	6				
	2-5 External assurance	7				
	2-6 Activities, value chain and other business relationships	30				
	2-7 Employees	78				
	2-8 Workers who are not employees	-		Not applicable	We do not have customers have	
	2-9 Governance structure and composition	114				
	2-10 Nomination and selection of the highest governance body	130				
	2-11 Chair of the highest governance body	118				
	2-12 Role of the highest governance body in overseeing the management of impacts	119				
	2-13 Delegation of responsibility for managing impacts	124				
	2-14 Role of the highest governance body in sustainability reporting	124				
	2-15 Conflicts of interest	139				
	2-16 Communication of critical concerns	87				
	2-17 Collective knowledge of the highest governance body	118				
	2-18 Evaluation of the performance of the highest governance body	131				
	2-19 Remuneration policies	132				
	2-20 Process to determine remuneration	132				
	2-21 Annual total compensation ratio	-	a,b,c	Confidentiality	Compensation is not disclosed due to confidentiality concerns	

GRI CONTEXT INDEX

Gri Standard/ Other Source	Disclosure	Location	Omission			Gri Sector Standard Ref. No.
			Requirement(S) Omitted	Explanation	Explanation	
	2-22 Statement on sustainable development strategy	69				
	2-23 Policy commitments	69				
	2-24 Embedding policy commitments	69				
	2-25 Processes to remediate negative impacts	87				
	2-26 Mechanisms for seeking advice and raising concerns	-	a	Not applicable	Such a process has not yet been formulated	
	2-27 Compliance with laws and regulations	108				
	2-28 Membership associations	98				
	2-29 Approach to stakeholder engagement	47				
	2-30 Collective bargaining agreements	89				
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	8	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	3-2 List of material topics	8				
Economic performance						
GRI 3: Material Topics 2021	201-1 Direct economic value generated and distributed	34				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	34				
	201-2 Financial implications and other risks and opportunities due to climate change	103				
	201-3 Defined benefit plan obligations and other retirement plans	175				
	201-4 Financial assistance received from government	-	N/A	Not applicable	We have not received financial assistance from the government	
Indirect economic impacts						
GRI 3: Material Topics 2021	3-3 Management of material topics	98				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	88				
	203-2 Significant indirect economic impacts	88				

Gri Standard/ Other Source	Disclosure	Location	Omission			Gri Sector Standard Ref. No.
			Requirement(S) Omitted	Explanation	Explanation	
Procurement practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	88				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	87				
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics	98				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	98				
	301-2 Recycled input materials used	-	a	Information unavailable	This information is currently not measured	
	301-3 Reclaimed products and their packaging materials		a,b	Not relevant	The Company does not reclaim products	
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	101				
	302-1 Energy consumption within the organization	101				
	302-2 Energy consumption outside of the organization	101				
	302-3 Energy intensity	101				
	302-4 Reduction of energy consumption	101				
	302-5 Reductions in energy requirements of products and services	-	a,b,c	Not applicable	The Group does not sell products that consume energy	
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	99				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	99				
	303-2 Management of water discharge-related impacts	99				
	303-3 Water withdrawal	99				
	303-4 Water discharge	99				
	303-5 Water consumption	99				
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	102				

GRI CONTEXT INDEX

Gri Standard/ Other Source	Disclosure	Location	Omission			Gri Sector Standard Ref. No.
			Requirement(S) Omitted	Explanation	Explanation	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	102				
	305-2 Energy indirect (Scope 2) GHG emissions	102				
	305-3 Other indirect (Scope 3) GHG emissions	102				
	305-4 GHG emissions intensity	102				
	305-5 Reduction of GHG emissions	102				
	305-6 Emissions of ozone-depleting substances (ODS)	-	a,b,c,d	Information unavailable	We do not track this at this point.	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-	a,b,c,d	Information unavailable	We do not track this at this point.	
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	104				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	104				
	306-2 Management of significant waste-related impacts	104				
	306-3 Waste generated	104				
	306-4 Waste diverted from disposal	104				
	306-5 Waste directed to disposal	104				
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	78				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	78				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	78				
	401-3 Parental leave	-			Information unavailable	We do not track this at this point.
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	80				
	403-2 Hazard identification, risk assessment, and incident investigation	80				
	403-3 Occupational health services	80				
	403-4 Worker participation, consultation, and communication on occupational health and safety	80				
	403-5 Worker training on occupational health and safety	80				
	403-6 Promotion of worker health	80				

Gri Standard/ Other Source	Disclosure	Location	Omission			Gri Sector Standard Ref. No.
			Requirement(S) Omitted	Explanation	Explanation	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships					
	403-8 Workers covered by an occupational health and safety management system					
	403-9 Work-related injuries					
	403-10 Work-related ill health					
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	81				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	81				
	404-2 Programs for upgrading employee skills and transition assistance programs	81				
	404-3 Percentage of employees receiving regular performance and career development reviews	81				
Child labor						
GRI 3: Material Topics 2021	3-3 Management of material topics	88				
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	88				
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	89				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	89				
	413-2 Operations with significant actual and potential negative impacts on local communities	89				
Customer health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	87				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	87				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	87				

NOTES

NOTICE OF ANNUAL GENERAL MEETING

DIPPED PRODUCTS PLC

(Company Registration Number - PQ 60)

NOTICE IS HEREBY GIVEN THAT THE FORTY SIXTH ANNUAL GENERAL MEETING OF DIPPED PRODUCTS PLC WILL BE HELD ON TUESDAY, 28TH JUNE 2022 AT 1.00 P.M. VIA ONLINE MEETING PLATFORM FOR THE FOLLOWING PURPOSES:

1. To consider and adopt the Annual Report of the Board of Directors and the Statements of Accounts for the year ended March 31, 2022 with the Report of the Auditors thereon.

2. To declare the final dividend of Rs. 0.15 as recommended by the Directors.

3. To re-elect as a Director Mr. B. K. C. R. Ratnasiri, who has been appointed to the Board since the last Annual General Meeting, in terms of Article 27(2) of the Articles of Association of the Company.

4. To re-elect as a Director Mr. G. Molinari, who has been appointed to the Board since the last Annual General Meeting, in terms of Article 27(2) of the Articles of Association of the Company.

5. To re-elect as a Director Mr. K. M. D. I. Prasad, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company.

6. To re-elect as a Director Mr. H. S. R. Kariyawasan, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company.

7. To re-elect as a Director Mr. S. Rajapakse, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company.

8. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. A. M. Pandithage, in terms of Section 211 of the Companies Act No. 07 of 2007, who retires having attained the age of seventy one years.

   Ordinary Resolution
   'That Mr. Abeyakumar Mohan Pandithage, who has attained the age of seventy one years be and is hereby re-appointed a Director for a further period of one year and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the appointment of the said Director'.

9. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. F. Mohideen, in terms of Section 211 of the Companies Act No. 07 of 2007, who retires having attained the age of seventy Five years.

   Ordinary Resolution
   'That Mr. Faiz Mohideen, who has attained the age of seventy Five 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'.

10. To authorise the directors to determine donations and contributions to charities for the ensuing year.

11. To re-appoint Messrs. Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2022/23 and to authorise the Directors to determine their remuneration.

12. To consider any other business of which due notice has been given.

By Order of the Board
DIPPED PRODUCTS PLC

HAYLEYS GROUP SERVICES (PRIVATE) LIMITED
Secretaries

Colombo
June 2, 2022

NOTE :

1. The Annual Report of the Company for 2021/22 is available on the corporate website https://www.dplgroup.com/investor-relation and on the Colombo Stock Exchange website - https://www.cse.lk

2. In the interest of protecting public health the Annual General Meeting of the Company will be held as a virtual meeting via an online meeting platform. Details are given in the circular to shareholders.

3. A Shareholder is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Shareholder of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at No. 400, Deans Road, Colombo 10, Sri Lanka or must be emailed to dplagm@secretarial.hayleys.com not less than forty eight (48) hours before the time fixed for the Meeting.

4. In relation to the final dividend, the X'D date will be 29th June 2022.

FORM OF PROXY

DIPPED PRODUCTS PLC

(Company Registration 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 Sixth Annual General Meeting of the Company to be held on Tuesday, 28th of June 2022 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

		For	Against
1.	To consider and adopt the Annual Report of the Board of Directors and the Statements of Accounts for the year ended March 31, 2022 with the Report of the Auditors thereon.		
2.	To declare the final dividend of Rs. 0.15 as recommended by the Directors.		
3.	To re-elect as a Director Mr. B. K. C. R. Ratnasiri, who has been appointed to the Board since the last Annual General Meeting, in terms of Article 27(2) of the Articles of Association of the Company.		
4.	To re-elect as a Director Mr. G. Molinari, who has been appointed to the Board since the last Annual General Meeting, in terms of Article 27(2) of the Articles of Association of the Company.		
5.	To re-elect as a Director Mr. K. M. D. I. Prasad, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company.		
6.	To re-elect as a Director Mr. H. S. R. Kariyawasan, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company.		
7.	To re-elect as a Director Mr. S. Rajapakse, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company.		
8.	To propose the Ordinary Resolution as set out in the Notice for the re-appointment of Mr. A.M. Pandithage, in terms of Section 211 of the Companies Act No.07 of 2007,who retires having attained the age of seventy years.		
9.	To propose the Ordinary Resolution as set out in the Notice for the re-appointment of Mr. F.Mohideen, in terms of Section 211 of the Companies Act No.07 of 2007,who retires having attained the age of seventy Five years.		
10.	To authorise the directors to determine donations and contributions to charities for the ensuing year.		
11.	To re-appoint Messrs. Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2022/23 and to authorise the Directors to determine their remuneration.		

(**) The proxy may vote as he thinks fit on any other resolution brought before the Meeting of which due notice has been given As witness my/our* hands this .... day of .... 2022.

Witnesses: Signature : ....
Name : ....
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
H S R Kariyawasan - Deputy Chairman
Ng Soon Huat - Managing Director
R H P Janadheera -Deputy Managing Director
K D D Perera
F Mohideen
S C Ganegoda
S Rajapakse
N A R R S Nanayakkara
S P Peiris
K D G Gunaratne
K M D I Prasad
B K C R Ratnasiri
(Appointed on April 1, 2022)
G Molinari
(Appointed on April 1, 2022)
Ms. Y Bhaskaran
(Alternate Director to
Mr. K D D Perera)

AUDIT COMMITTEE
S Rajapakse - Chairman
F Mohideen
S P Peiris

SECRETARIES
Hayleys Group Services (Pvt) Ltd.
400, Deans Road,
Colombo 10

BANKERS
Citibank, N.A.
Standard Chartered Bank
Hongkong and Shanghai Banking Corporation Ltd.
Sampath Bank PLC
Hatton National Bank PLC
Bank of Ceylon
Deutsche Bank AG
NDB Bank PLC
Commercial Bank of Ceylon PLC

AUDITORS
Ernst & Young
Chartered Accountants
201, De Saram Place,
Colombo 10

REGISTERED OFFICE
400, Deans Road,
Colombo 10
Sri Lanka
Tel: +94-11-2683964
Fax:+94-11-2699018
E-mail: postmast@dplgroup.com
Website: www.dplgroup.com

Designed & produced by
emagewise
Digital plates and printing by Gunaratne Offset (Pvt) Ltd
Photography by Dimitri Crusz
Danush de costa

The World Of Hayleys®
Since 1878

DPL
Handling you with care