Inspire

RICHARD PIERIS EXPORTS PLC
ANNUAL REPORT 2020/2021

CONTENTS

PREAMBLE

Vision & Mission	01
Our Journey	04
Financial Highlights	06
Non Financial Highlights	09

CHAIRMAN'S STATEMENT

Chairman's Statement	10

STEWARDSHIP

Board of Directors	12
Report of the Remuneration Committee	14
Report of the Audit Committee	15
Corporate Governance	16
Report of the Related Party Transactions Review Committee	18
Risk Management	19

REVIEW FOR THE YEAR

Our Operations	24
Latex Based Segment	25
Hard Rubber Segment	27
Mineral Segment	28
Our Products	29
Our Sustainability Philosophy	30
Our Management Team	36
Financial Review	37
Financial Calendar	42

FINANCIAL REPORTS

Annual Report of the Board of Directors	44
Statement of Directors' Responsibility	48
Independent Auditor's Report	49
Statements of Financial Position	52
Income Statements	53
Statements of Comprehensive Income	54
Statements of Changes in Equity	55
Statements of Cash Flows	56
Notes to the Financial Statements	57
Statements of Value Added	100

ANNEXES

Corporate Structure	101
Group Real Estate Portfolio	102
Ten Year Summary	104
Shareholder Information	106
Glossary of Financial Terms	110
Notes	112
Corporate Information	114

NAVIGATING THIS REPORT

https://www.cse.lk/home/company-info/REXP.N0000/financial

CORPORATE INFOMATION

Name of the Company

Richard Pieris Exports PLC

Legal Form

A quoted limited liability Public Company, incorporated in Sri Lanka under the Companies Act No. 17 of 1982 on 30th June, 1983.

Principal line of Business

Manufacture and Export of rubber based products and manufacture of fillers for the rubber industry.

Stock Exchange Listing

The Ordinary shares of the Company were listed in the Colombo Stock Exchange of Sri Lanka.

Board of Directors

Dr. Sena Yaddehige – Chairman
Mr. Shaminda Yaddehige
Mr. S S G Liyanage
Mr. Viville P Perera
Mr. W R Abeysirigunawardena
Dr. L.M.K.Tillekeratne
Mr. A.M. Patrick

Registered Office

No. 310, High Level Road,
Nawinna, Maharagama,
Sri Lanka.
Telephone. +94 114 310500
E-mail: rpe@arpico.com
Web: www.arpicorubber.com

Registration Number

Re-registration Number of Company
PQ 147

Stated Capital

Rs. 220,262,000. Represented by 11,163,745 shares

Parent Company

Richard Pieris and Company PLC (83.90%)

Secretaries

Richard Pieris Group Services (Private) Limited
No. 310,
High Level Road, Nawinna,
Maharagama,
Sri Lanka.
Telephone. +94 114 310500

Auditors

M/s Kreston MNS & Co.
Chartered Accountants
50/2, Sir James Pieris Mawatha,
Colombo 02.
Sri Lanka.

Bankers

Hongkong & Shanghai Banking Corporation

Hatton National Bank PLC

DFCC Bank PLC

Sampath Bank PLC

NDB Bank PLC

Bank of Ceylon

VISION

To become one of the leading Rubber/Polymer related Product Exporters in the global market.

&

MISSION

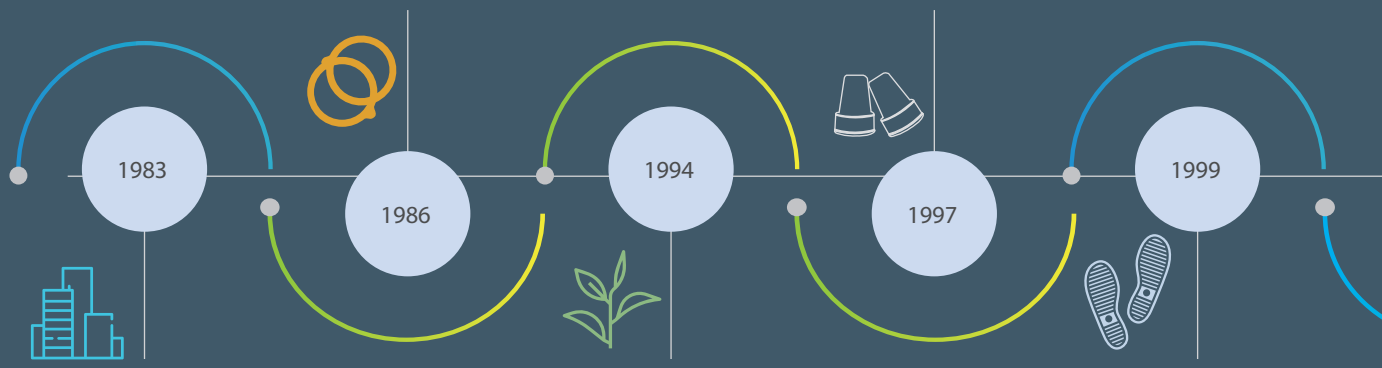
Our mission is to be a preferred supplier of Rubber/ Polymer products to the International markets by being close to our customers by assisting them to remain competitive in the global markets by our commitment to innovation, continuous improvement of our products, processes and services along with the development of human resources.

Inspire

2020/21

We believe that by surmounting challenges and working towards achieving goals, we inspire others to never give up in the face of adversity. By forging ahead, we believe we widen the horizon for every individual and organization in the country to dream big and work towards achieving it. Our pursuit of excellence and perfection is what inspires us. If our actions inspire others to dream more, so be it.

OUR JOURNEY



1983

Richard Pieris Exports PLC commenced operations with a modest share capital of Rs 75,000 in this year, succeeded in achieving remarkable growth and market stability to become a holding Company with two subsidiaries and one Associate company. The company has its roots in humble beginnings, operating from small factory in a leased building in Ratmalana. The presses were fabricated in Hong Kong by a roadside supplier whose quality matched our costs and requirements. The initial range included entrance mats, mats for work stations, gymnasiums, and food service sector. In time, company started exporting a few designs of large ring mats to Europe and USA in 1984. Today, it has become the pioneer in manufacturing numerous specialty fire retardant mats, electrical resistive mats and special soft mats for stables and dairy farms.

1986

The company achieved the pinnacle of excellence this year, adding food jar sealing rings for the European market in another pioneering effort this year. This product, made to food grade quality standards, is very popular in its export markets of Germany and France. In Germany, the most popular home canning system is the Weck brand for which company is the exclusive supplier of sealing rings for over 25 years, as the company conforms to the frequent product standard upgrades effected by German regulatory authorities.

1994

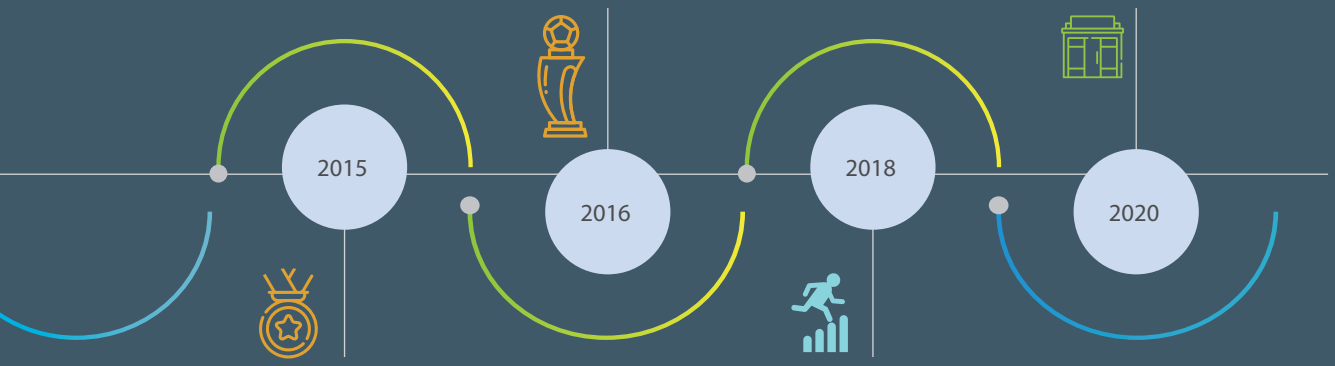
The introduction of the Latex foam products to the international markets from Sri Lanka too was carried out by the company's subsidiary Richard Pieris Natural Foams Ltd, in this watershed year. The company also reflected corporate stewardship by adopting recycling of waste generated at its factory, so as not to release waste materials into the environment. Company's concern for environment was highlighted when they installed a state-of-the-art, world-renowned Chronos Richardson computerized automated carbon black and other ingredient weighing and feeding system for the company's black compounding facility in 1995. This was again a first for Sri Lanka and improved the consistency and the quality of the compounds.

1997

The use of crutches to overcome difficulties in mobility dates back to prehistoric times, according to hieroglyphics from ancient Egypt. Company added to its pioneering tally when it started exporting crutch-tips in this year, which is a vital part of the product to provide comfort and anti-skid facility. Company went on to become the exclusive supplier of crutch tips to a world leading manufacturer, Kowsky, from Sweden.

1999

The introduction of resin shoe soling sheets by Arpitalian Compact Soles (Pvt) Ltd, for exclusive shoe-makers in international markets in this year propelled the end user to be at the forefront of the fashion conscious world.



A major milestone for the Group was achieved this year when Richard Pieris Natural Foams Limited commissioned the world's first natural latex continuous sheeting plant at Biyagama FTZ. This was considered a huge breakthrough for the Latex foam industry. During its journey, the Group has remained close to their customers achieving consistent growth, resulting from its ability to create successful strategies to satisfy the needs of discerning customers in international markets.

In the year 2015/2016, the group won several prestigious awards at the National Chamber of Exporters of Sri Lanka Annual Export Awards.

The Gold Award for Agricultural Value Added Exporter, in the large business category, was bestowed on Richard Pieris Natural Foams Limited for 2015/16.

Production capabilities at Latex segment were upgraded with a capital infusion of Rs. 350 mn to enhance technology and establish a continuous pillow line to cater to rising demand.

Companies in the Group won several prestigious awards at the National Chamber of Exporters of Sri Lanka' Annual Export Awards. Richard Pieris Natural Foams Ltd was awarded as "Most Outstanding Exporter of the Year 2016" at the NCE award ceremony. This is biggest achievement in the history of the company. It was also bestowed with "Most Outstanding Exporter - Agriculture Value Added Sector" & Gold Award - Rubber Product Sub Sector - Extra Large Category @ Export Award Ceremony.

The company went on to obtain both "ISO 9001 & ISO 14001" certificates.

Richard Pieris Natural Foams Limited was anointed with the Gold award for 'Most Outstanding Exporter – Runner Up of the year 2018' for the Rubber sector in the Extra-Large Business Category.

Meanwhile, Richard Pieris Exports PLC won the Gold Award for the Rubber sector - Large Business Category.

Construction on RPNF's new manufacturing plant commenced and commercial operation is scheduled for 2021/22.

Financial Highlights

Performace year ended 31st March		Group			Company		
		2020/21	2019/20	Varaince %	2020/21	2019/20	Varaince %
Turnover	Rs'000	5,362,310	5,211,556	3%	1,280,199	1,329,309	-4%
Foreign exchange earnings	US$'000	28,356	28,885	-2%	6,770	7,368	-8%
Profit / (Loss) before taxation	Rs'000	1,252,980	1,229,146	2%	624,405	531,375	18%
Tax on Profit	Rs'000	(212,717)	(188,806)	13%	(85,864)	(56,323)	52%
Profit after taxation	Rs'000	1,040,263	1,040,340	0%	538,541	475,052	13%
Profit attributable to the ordinary shareholders	Rs'000	637,139	643,782	-1%	538,541	475,052	13%
Financial Position As at 31.03.2021							
Non Current Assets	Rs'000	1,750,864	1,557,161	12%	566,562	554,181	2%
Current Assets	Rs'000	3,193,717	2,967,141	8%	1,814,991	1,294,826	40%
Total Assets	Rs'000	4,944,581	4,524,302	9%	2,381,553	1,849,007	29%
Non Current Liabilities	Rs'000	273,784	217,567	26%	69,674	62,923	11%
Current Liabilities	Rs'000	1,221,966	1,355,527	-10%	475,182	193,046	146%
Shareholders' funds	Rs'000	2,273,281	1,921,351	18%	1,836,697	1,593,038	15%
Key Indicators							
Earnings Per Share	Rs	57.07	57.67	-1%	48.24	42.55	13%
Net Assets Per Share	Rs	203.63	172.11	18%	164.52	142.70	15%
Dividend Per Share	Rs	25.00	24.75	1%	25.00	24.75	1%
Market Price Per Share	Rs				374.00	190.80	96%
Return On Capital Employed	%	39.55	43.41	-9%	36.52	26.95	36%
Market Capitalization	Rs Mn				4,175	2,130	96%
Value Addition	Rs'000	1,989,081	1,981,800	0%	817,113	745,046	10%
Man Power	nos.	545	559	-3%	151	158	-4%

LKR **4,945** mn
Total Assets
2019/20 - LKR 4,524 mn

LKR **2,273** mn
Net Assets
2019/20 - LKR 1,921 mn

US$ **28** mn
Foreign exchange earnings.
2019-20 - US$ 29

"Group recorded a Revenue of Rs.5,362 Million, and Gross Profit of Rs. 1,773 Million, while the Net Profit (After Tax) was Rs. 1,040 Million"

LKR **1,253**mn
Profit Before Tax
2019-20 - LKR 1,229 mn

LKR **213** mn
Tax on Profit
2019-20 - LKR 189 mn

LKR **1,040**mn
Profit After Tax.
2019-20 - LKR 1,040 mn

PERFORMANCE 2021

Foreign exchange earnings	-2%
Turnover	3%
Profit / (Loss) before taxation	2%
Profit after taxation	0%
Profit attributable to the OSH	-1%

Revenue

Rs. 5,362 Mn

5,212 Mn (2019/20)

FINANCIAL POSITION 2021

Non Current Liabilities	26%
Non Current Assets	12%
Total Assets	9%
Current Assets	8%
Shareholders' funds	18%

Shareholder's Funds

Rs. 2,273 Mn

1,921 Mn (2019/20)

KEY INDICATORS

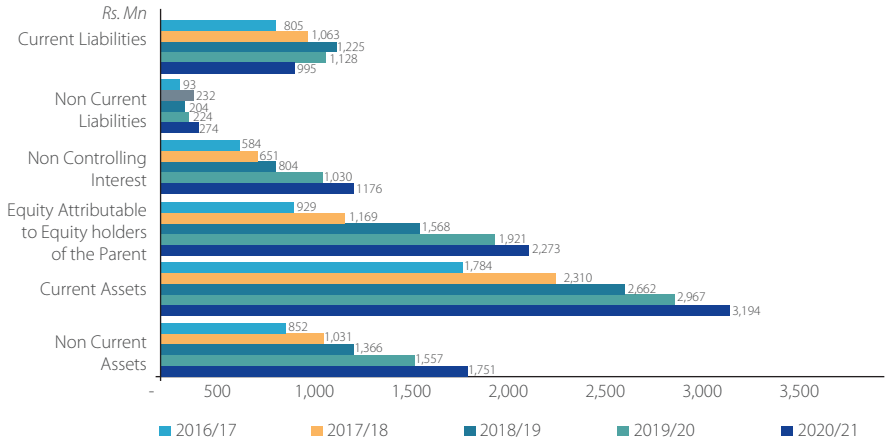
Return on Capital Employed	-9%
Value Addition	0%
Earnings Per Share	-1%
Net Assets Per Share	18%
Dividend Per Share	1%

Value Addition

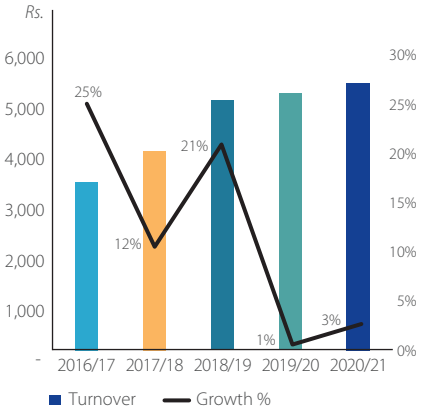
Rs. 1,989 Mn

1,982 Mn (2019/20)

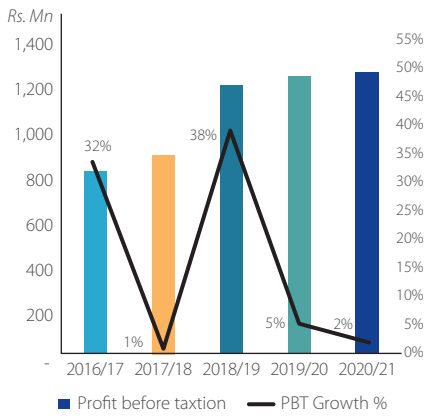
Financial Position Composition



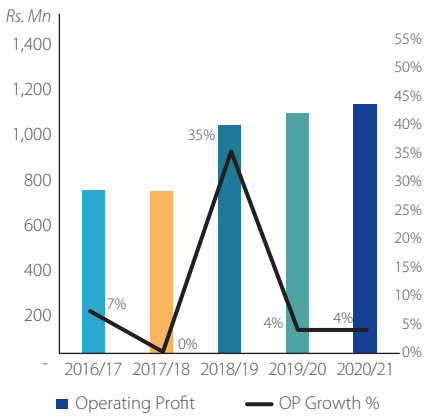
Turnover Vs Turnover Growth - %



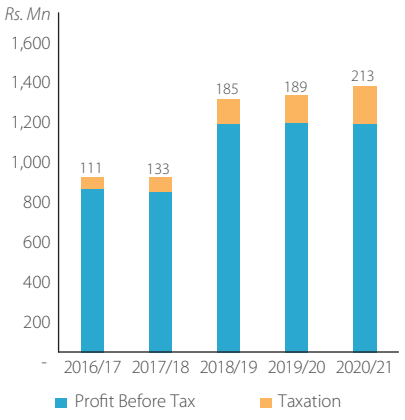
Profit Before Taxation Vs PBT Growth %



Operating Profit Vs OP Growth%

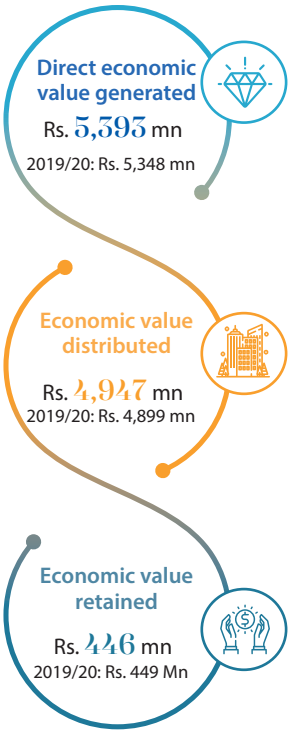


Tax on Profit



Financial Highlights

INVESTMENT OF ECONOMIC VALUE ADDED



REVENUE
Rs. 5,362 mn
2019/20: Rs. 5,212 mn

FINANCE & OTHER INCOME
Rs. 44 mn
2019/20: Rs. 40 mn

SHARE OF PROFIT/(LOSS) OF ASSOCIATE
Rs. (14) mn
2019/20: Rs. (2) mn

OPERATING COST
Rs. 3,403 mn
2019/20: Rs. 3,367 mn

EMPLOYEE REMUNERATION & WELFARE
Rs. 552 mn
2019/20: Rs. 530 mn

PAYMENTS TO GOVERNMENT
Rs. 298 mn
2019/20: Rs. 311 mn

SHAREHOLDERS AS DIVIDEND
Rs. 279 mn
2019/20: Rs. 276 mn

LENDERS OF CAPITAL
Rs. 415 mn
2019/20: Rs. 415 mn

DEPRECIATION
Rs. 106 mn
2019/20: Rs. 82 mn

DEFERRED TAX - CHARGE/ (REVERSAL)
Rs. (2) mn
2019/20: Rs. (3) mn

FOREIGN CURRENCY TRANSLATION - GAIN/(LOSS)
Rs. (11) mn
2019/20: Rs. (21) mn

PROFIT RETAINED
Rs. 352 mn
2019/20: Rs. 391 mn

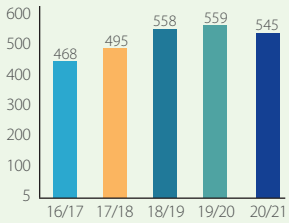
We believe that by surmounting challenges and working towards achieving goals, we inspire others to never give up in the face of adversity. By forging ahead, we believe we widen the horizon for every individual and organization in the country to dream big and work towards achieving it. Our pursuit of excellence and perfection is what inspires us. If our actions inspire others to dream more, so be it.

Non Financial Highlights

Human Capital

RETENTION RATE

98%



Female
46

Male
499

Manufactured Capital

INVESTMENTS

Rs. 265 mn

PPE AT START

Rs. 1,756 mn

PPE AT CLOSE

Rs. 2,021 mn

Social and Relationship Capital

COVERAGE

34

COUNTRIES

NUMBER OF SOCIAL AND CULTURAL EVENTS

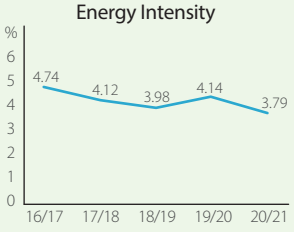
08

DONATED

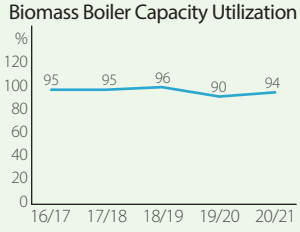
Stationary, Photocopy Machine, etc Am/Ambagahawatte Maha Vidyalaya with contribution of the employees

Natural Capital

Energy Intensity



Biomass Boiler Capacity Utilization



The Group's eneavour to switch from fossil fuel based to bio-mass generated steam has greatly reduced the carbon emission

Intellectual Capital

Quality accreditations

ISO 9001:2015
ISO 14001:2015

Awards

02

Chairman's Statement

The prospects for the RPE Group remain bright, especially with Richard Pieris Natural Foams' new state-of-the-art manufacturing plant expected to be commissioned by end year 2021, which will propel the company into a new league as the new plant will double production capacity

In 2020/21, Group Turnover rose by 3% from Rs.5.212 Bn in the previous year to Rs. 5.362Bn in the year under review. The Group posted an increase in top line while sustaining last year's profit in bottom-line to achieve Profit after Tax of Rs. 1.040 Mn, as the Group reinforced its achievement of surpassing the billion-rupee mark from the previous year into this year as well. In keeping with this exceptional performance, the theme of this year's annual report, 'Inspire', reflects the inspirational performance of the Group in the year under review.

I am pleased to welcome our valued shareholders to the 38th Annual General Meeting of Richard Pieris Exports PLC and to place before you the Annual Report and Audited Financial Statements for the financial year ended 31st March 2021.

It gives me great pride to share the financial and operational performance achieved in the financial year under review, because considering the unprecedented local and global macro-economic conditions triggered by the global pandemic, sustaining the previous year's profit levels and achieving growth in turnover is a commendable achievement and reflects the inherent expertise and skills of the Group companies in managing this feat.

GROUP PERFORMANCE

In 2020/21, Group Turnover rose by 3% from Rs.5.212 Bn in the previous year to Rs. 5.362Bn in the year under review. The Group posted an increase in top line while sustaining last year's profit in bottom-line to achieve Profit after Tax of Rs. 1.040 Mn, as the Group reinforced its achievement of surpassing the billion-rupee mark from the previous year into this year as well. In keeping with this exceptional performance, the theme of this year's annual report, 'Inspire', reflects the inspirational performance of the Group in the year under review.

The Group's export markets witnessed several waves of the COVID-19, thereby slowing demand, which necessitated focus on consolidating business and optimizing operations. Amidst these difficult operating conditions, the RPE Group managed to maintain the profit recorded in the preceding year which is testimony to the strong management and technical prowess held in the organisation.

We expect the state-of-the-art manufacturing plant under construction for the latex segment to exponentially enhance the production capacity and propel Richard Pieris Natural Foams Limited as one of the largest manufacturers of mattresses, pillows etc in the region. The augmented capacity will also enable to Company to penetrate new markets and cater to greater demand.

Richard Pieris Exports (RPE) PLC and Richard Pieris Natural Foams Limited contributed to the Group's profitability, overcoming delays in shipping and other logistical issues due to border closures and disruptions in global supply chains, to fulfil customer orders in a timely manner. Visits to leading global trade fairs are critical for securing orders and gaining new customers, however, considering the pandemic situation, the marketing teams were unable to attend the events where customers and manufacturers converge annually.

Group Company RPE posted 13% growth in its bottom-line and would have posted an even stronger performance if not for the increase in global raw material prices which increased cost of production. The investment in machinery improvements in the previous year served the company well in enhancing efficiency and productivity.

Richard Pieris Natural Foams Ltd., improved on its performance from the previous year, recording growth in turnover by 5% and improving profitability by 2%.

FUTURE OUTLOOK

The prospects for the RPE Group remain bright, especially with Richard Pieris Natural Foams' new state-of-the-art manufacturing plant expected to be commissioned by end year 2021, which will propel the company into a new league as the new plant will double production capacity. Considering that the global vaccination drive is boosting prospects for global economic recovery in developed markets, we expect the order book of the new plant to fill up quickly. The enhanced capacity will enable the company to improve substantially increase its financial contribution to Group profitability and its advanced technology will be a source of pride.

Our responsibility to serve our customers, our workforce and to deliver returns for the shareholders who have placed their confidence in us is of paramount importance. I believe the leadership that the Group provides the rest of the industry and the corporate sector is inspirational.

APPRECIATION

I would like express my gratitude to the directors on the Board for their unstinted support through the year. The senior management and the entire workforce of the Richard Pieris Exports PLC Group should feel proud of their achievement amidst a global pandemic. The dedication and loyalty shown during the year under review gives me great confidence for the future of the Group. I would also like to thank suppliers, partners, shareholders and customers for inspiring us to reach higher with each year and create wealth for all the stakeholders of the Group.

Dr. Sena Yaddehige
Chairman
25th August 2021

Board of Directors

Dr. Sena Yaddehige

Chairman

Non - Executive Director

The business legacy of Dr. Sena Yaddehige spans not only time, but also the depth of multiple industries and sectors. Renowned as a pioneer in the field of engineering and as a revered global business icon, Dr. Yaddehige is also a Swiss-based industrialist, with numerous ventures in multiple countries.

Under the leadership of Dr. Yaddehige, Richard Pieris Group has evolved into, one of the leading diversified business conglomerates in Sri Lanka with the footprint extending from manufacturing, to exports to retail, to plantations to Financial Services, creating value across the national economy in multiple sectors. Dr. Yaddehige also served as a Director on the Board of the National Development Bank PLC (NDB) from 2007 to 2010.

As a businessman and industrialist with wide global recognition, his companies are established in the USA, UK, Germany, and Singapore. In addition, Dr. Yaddehige is also the founding Managing Director of a European manufacturing firm, which develops and exports automotive components and systems, which are based on his innovations and conceptions.

His repertoire of innovations and developments includes contactless sensor technology and drive by wire systems. Furthermore, as a radiation specialist, Dr. Yaddehige is also the creator of several other technologies and components in radiation processing, for which he owns several patents from around the world. Locally, he holds the patent for slow release fertiliser, which provides relatively better results than quick release fertilisers while being a safer alternative for the environment. Dr. Yaddehige also pioneered the development unit for Lithium battery in Sri Lanka.

Apart from his professional and scientific accolades, he was awarded with three Doctorates, one of which is a Doctor of Science (D.Sc.), awarded as high commendation for his original findings and research in Radiation, Radiation processing, Electromechanical sensor technology, Non-contact sensor technology and Automotive pedal systems, and as recognition of his patents in these respective arenas.

Shaminda Yaddehige

Non Executive Director

Mr. Shaminda Yaddehige is an Executive Director and also the Chief Operating Officer of the Richard Pieris and Company PLC.

Mr. Yaddehige was educated at Charter House United Kingdom and graduated in Chemical Engineering from University College London. In addition he also possesses a Masters Degree in Business Administration from IE Business School which is ranked amongst the top 10 business schools in the world.

Mr. Yaddehige worked as a Management Consultant at Price Waterhouse Coopers - UK and also at world renowned international ultra high net worth banking gaint, Credit Suisse of Switzerland. He has an extensive experience in international marketing and has built a very strong marketing network in Europe.

Mr. Yaddehige has been in the Directorate of Richard Pieris & Company PLC, Richard Pieris Natural Foams Limited, Richard Pieris Distributors Limited and also in several other Companies within the Richard Pieris Group.

Sunil Liyanage

Non Executive Director

Mr. Sunil Liyanage is a Fellow of the Plastics and Rubber Institute of Sri Lanka (FPRI) and holds a Diploma in Polymer Technology (Singapore), the Diploma of the Plastics Institute (LOND.) and a Licentiate of the Institute of Rubber Industry (LOND.).

He has over 45 years of management experience in the field of Rubber and Plastics. He is a past Chairman of the Ceylon National Chamber of Industries (CNCI) and a past President of the Plastics and Rubber Institute of SriLanka (PRISL). Mr. Liyanage is also a visionary business leader, who has been instrumental in launching many innovative products in Polymer category and has the honour of being the first person to commercialize flexible Polyurethane Foam in this country in the form of Mattresses, Cushions and Sheets.

He is also a Director of Richard Pieris Distributors Limited, Richard Pieris & Company PLC, Arpico Interiors (Pvt) Limited and numerous other Companies in the Group.

Viville Perera

Non Executive Director

Mr. Viville Perera is a Science graduate from Kelaniya University with Second Class Honours and a Fellow Member of the Chartered Institute of Management Accountants and Associate Member of the Chartered Institute of Marketing in United Kingdom. Mr. Perera has over 32 years' experience in senior managerial capacity in leading business organizations such as Associated Newspapers of Ceylon Limited, Middleway Ltd (Ceylinco Group) and Amico Group of Companies and Alliance Finance Co. PLC.

He has served as Treasurer from 1992 to 1997 and Vice President from 1999 to 2002 of Sri Lanka Institute of Packaging. Mr.Perera represented Richard Pieris and company PLC as an Ex-Co member from 2011 to 2020 and was the Deputy Vice Chairman 2018/19 and 2019/20 of the Industrial Association of Sri Lanka, an affiliated trade association under the aegis of the Ceylon Chamber of Commerce. He is also the Chairman of Arpico Insurance PLC and on the Board of Directors of Several Companies of Richard Pieris Group.

Wasantha Abeysirigunawardena

Chief Executive Officer

Mr. Wasantha Abeysirigunawardena is a Rubber Technologist holding a Masters in Polymer Science & Technology with over 40 years' experience in the rubber products manufacturing industry. His long associations with Richard Pieris Group count over 31 years and his contributions to product development have been highly acclaimed, winning him a Merit Award from The Plastics and Rubber Institute for the significant contribution made towards the development and growth of the Polymer Industry of Sri Lanka.

He is currently the Chief Executive Officer at Richard Pieris Exports PLC and at Richard Pieris Natural Foams Limited, in addition to this he heads the Rubber Sector at the Research and Development Centre of Richard Pieris Group. He is an Associate Member of The Institute of Materials London & also a Member of The Institute of Incorporated Engineers Sri Lanka. He has been also conferred with a Graduateship in Mechanical Engineering from The City and Guilds institute London.

Dr. L.M.K Tillekeratne

Independent Non-Executive Director

Dr. L. M. K. Tillekeratne, passed out from the University of Colombo in 1970 as a BSc Chemistry Special graduate, and joined RRI Sri Lanka as a research assistant in 1971. In 1973 he obtained a MSc degree from the Aston University in Birmingham UK, and continued his research for a PhD in Polymer Chemistry and Technology in the same University. The PhD was completed in 1977 and continued to do research at the RRI Sri Lanka in the capacity of a Research Officer.

In 1990, he became the Executive Director of the RRI until his retirement in 2006. While working as the Director RRI, he was appointed as the Commissioner of the Inventors Commission. He was awarded the Institute of Chemistry Gold Medal in 1985 and the first price of the Presidential Award for developing a Water-Soluble Bleaching Chemical for making latex crepe rubber. He has several publications in refereed international journals to his credit and six patents including a European patent.

He is a fellow of the Institute of Chemistry (Ceylon) and Plastics and Rubber Institute (London). After retiring from the RRI he joined the University of SJP as Professor of Polymer chemistry. Now he is working as an Expert in Rubber Processing and Testing to UNIDO.

Angelo M.Patrick

Independent Non-Executive Director

Mr. Angelo M. Patrick holds an MBA from the University of Colombo and is a Fellow Member of the Chartered Institute of Management Accountants (UK) and a Member of the Institute of Marketing (UK). He has held Directorates and Senior Management positions over the past 43 years in Sri Lanka, Indonesia and Canada.

He was the President of the Chartered Institute of Management Accountants, Sri Lanka Division in 1993-94 and represented Sri Lanka on the Global Council of CIMA in the United Kingdom for 3 years. He is a Lecturer and Examiner for the Postgraduate Diploma in Manufacturing Management at the University of Colombo. He was a Member of the Sri Lanka Accounting Standards Committee and the Corporate Governance Committee of The Institute of Chartered Accountants of Sri Lanka.

He is a Group Director of the Capital Maharaja Organisation Ltd.

Report of the Remuneration Committee

The Remuneration Committee of the parent company acted as the Remuneration Committee of Richard Pieris Exports PLC.

The Remuneration Committee, appointed by and responsible to the Board of Directors, consist of two Independent Non-Executive Directors of Richard Peiris and Company P.LC, Dr Jayatissa De Costa P.C. and Mr Prasanna Fernando. The Committee is chaired by Dr Jayatissa De Costa P.C. Committee met on several occasions during the financial year.

The Remuneration policy of the company is formulated to attract and retain high caliber personnel and motivate them to develop and implement the business strategy in order to optimize long term shareholder value. The Committee took into account, competition, market information and business performance in deciding the overall remuneration policy.

Dr Jayatissa De Costa P.C
Chairman
25th August 2021

Report of the Audit Committee

The Audit Committee Charter, approved by the Board of Directors defines the purpose, authority, composition, meeting, and responsibilities of the Committee.

The purpose of the Audit Committee is to:

- Assist the Board of Directors in fulfilling its overall responsibilities for the financial reporting process.
- Review the system of internal controls and risk management.
- Monitor and evaluate the effectiveness of the internal audit function.
- Review the Company's process for monitoring compliance with laws and regulations.
- Review the independence and performance of the external auditors.
- To make recommendations to the Board on the appointment of external auditors and recommend their remuneration and terms of engagement.
- The Audit Committee of the parent company acted as the Audit Committee of Richard Pieris Exports PLC.

The Committee consisted of three Independent Non-Executive Directors namely Dr Jayatissa De Costa P.C., Mr Prasanna Fernando and the Chairman of the Committee, Mr.J.F. Fernandopulle. Audit Committee Chairman is a Senior Chartered Accountant. The Company Secretary functions as Secretary to the Audit Committee.

The principal activities of the Committee are detailed below.

Meetings

The Audit Committee held three meetings during the year under review.

The Group Chief Financial Officer, Group Internal Audit Manager and functional heads of the Strategic Business Units (SBUs) were invited if deemed necessary for audit committee meetings.

Meetings were held with the external auditors regarding the scope and the conduct of the annual audits.

Internal Audit and Risk Management

The Internal Audit Programme was reviewed by the Committee to ensure that it covered the major business units of the Group.

The Group Internal Audit Manager was invited to be present at all Audit Committee deliberations. He presented a summary of the salient findings of all internal audits and details of the investigations carried out by his department for the period. The responses Heads of the SBUs to the internal audit findings were reviewed and where necessary corrective actions were recommended and implementation monitored.

Internal Controls

During its meetings, the Committee reviewed the adequacy and effectiveness of the internal control systems and the Group's approach to its exposure to the business and financial risks. Processes are in place to safeguard the assets of the organization and to ensure that the financial reporting system can be relied upon in the preparation and presentation of financial statements. A comprehensive Management Report and Accounts are produced at every month end highlighting all the key performance criteria pertaining to the Company's SBUs which is reviewed by the Senior Management on a monthly basis.

SBU Boards review performance on a quarterly basis.

Financial Statements

The Committee reviewed the Group's Quarterly Financial Statements, the Annual Report and Accounts for reliability, consistency and compliance with the Sri Lanka Accounting Standards and other statutory requirements, including the Companies Act, No 7 of 2007, prior to issuance. The committee also reviewed the adequacy of disclosure in the published Financial Statements.

External Auditors

The Audit Committee has reviewed the other services provided by the External Auditors to the group to ensure their independence as Auditors has not been compromised.

The external auditors kept the Audit Committee informed on an on - going basis of all matters of significance. The Committee met with the Auditors and discussed issues arising from the audit and corrective action taken when necessary.

The Audit Committee has recommended to the Board of Directors that Kreston MNS & Co be re-appointed as Auditors for the financial year ending 31st March 2022, subject to the approval of the shareholders at the next Annual General Meeting.

Conclusion

The Audit Committee is satisfied that the control environment prevailing in the organization provides reasonable assurance regarding the reliability of the financial reporting of the Group, the assets are safeguarded and that the Listing Rules of the Colombo Stock Exchange have been complied with.

J.F.Fernandopulle
Chairman of the Audit Committee
25th August 2021

Corporate Governance

"The Group is committed towards proper Corporate Governance..."

The Board of Directors of Richard Pieris Exports PLC is committed and takes responsibility to maintain the highest standards of Corporate Governance.

Richard Pieris' has designed its Corporate Governance policies and practices to ensure that the Company is focused on its responsibilities to its stakeholders and on creating long term shareholder value. The Company recognizes the interests of all its stakeholders including shareholders, employees, customers, suppliers, consumers and the other communities in which it operates. The Group complies with the rules on Corporate Governance, included in the Listing Rules of the Colombo Stock Exchange, and is guided by the principles included in the Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka. This statement sets out the Corporate Governance policies, practices and processes adopted by the Board.

The Board and its Operations

The Company is governed by its Board of Directors, who directs and supervises the business and affairs of the Company on behalf of the shareholders.

The Board comprises seven Directors, of which one is an Executive Director whilst six are Non-Executive Directors out of which two are Independent, ensuring an independent outlook to temper the expediency of the experts. Brief profiles of the Directors are set out on pages 12 and 13. The Board has assessed the independence of the Non-Executive Directors.

Board Papers are submitted in advance on Group performance, new investments, capital projects and other issues which require specific Board approval.

The Chairman, is responsible for matters relating to policy, maintaining regular contact with the other Directors, shareholders and external stakeholders of the Company. He is responsible for all aspects of the Group's overall commercial, operational and strategic development and assisted by the Executive Management Committee comprising Executive Directors and Heads of Companies of the Strategic Business Units (SBU). The Finance function evolves on the Group Chief Financial Officer, who is present by invitation at Board meetings when financial matters are discussed. The Board of Directors has access to independent professional advice as and when deemed necessary for decision making.

The main functions of the Board are to:

- Direct the business and affairs of the Company.
- Formulate short and long term strategies, as a basis for the operational plans of the Company and monitor implementation.
- Report on their stewardship to shareholders.
- Identify the principal risks of the business and ensure adequate risk management systems are in place.
- Ensure internal controls are adequate and effective.
- Approve the annual capital and operating budgets and review performance against budgets.
- Approve the interim and final Financial Statements of the Group.
- Determine and recommend interim and final dividends for the approval of shareholders.
- Ensure compliance with laws and regulations.
- Sanction all material contracts, acquisitions or disposal of assets and approve capital projects.

Two Non-Executive Directors are independent with no direct or indirect material relationship with the Company and have duly submitted the annual declaration as per the Colombo Stock Exchange Listing Rules. Their wide range of expertise and significant experience in commercial, corporate and financial activities bring an independent view and judgement to the Board.

Sub Committees of the Board

The Remunerations Committee, the Audit Committee, and the Related Party Transactions Review Committee of Richard Pieris & Company PLC , the parent Company functions as the Remunerations Committee, the Audit Committee , and the Related Party Transactions Review Committee of this Group.

Audit Committee

The Audit Committee is comprised of three Independent Non-Executive Directors namely Dr Jayatissa De Costa P.C., Mr Prasanna Fernando and Mr. J.F. Fernandopulle. Audit Commitee Chairman is a Senior Chartered Accountant. The Group Chief Financial Officer, Group Internal Audit Manager and functional heads of subsidiaries attend meetings by invitation.

The Audit Committee Report on page 15 describes the activities carried out by the Committee during the financial year.

Remuneration Committee

The Remuneration Committee is composed of two Independent Non-Executive Directors - its Chairman, Dr Jayatissa De Costa P.C., and Mr Prasanna Fernando.

The Report of the Remuneration Committee on page 14 highlights its main activities.

Related Party Transactions Review Committee

The Related Party Transactions Review Committee consists of three Independent Non-Executive Directors namely its Chairman Dr Jayatissa De Costa P.C., Mr Prasanna Fernando and Mr. J F Fernandopulle.

The Report of the Related Party Transactions Review Committee on page 18 highlights its main activities.

Relationship with Shareholders

The Board maintains healthy relationships with its shareholders. The Annual General Meetings are held to communicate with the shareholders and their participation is encouraged. Apart from this, its principal methods of communication include the corporate website, the annual report, quarterly Financial Statements.

Internal Controls

The Board is responsible for instituting an effective internal control system to safeguard the assets of the Company and ensure that accurate and complete records are maintained from which reliable information is generated. The system includes all controls including financial, operational and risk management. Strategies adopted by the Company to manage its risk are set out in its report on Risk Management on pages 19 to 22.

Apart from the strategic plans covering a three year time horizon, a comprehensive budgetary process is in place, where annual budgets, identifying the critical success factors and functional objectives, prepared by all subsidiaries are, approved by the Board, at the commencement of a financial year, and its achievement monitored monthly, through a comprehensive monthly management reporting system. Clear criteria and benchmarks have also been set out for the evaluation of capital projects and new investments.

The Group Internal Audit Division regularly evaluates the internal control system across the organization and its findings are reviewed first by the Audit Committee and significant issues are thereafter reported to the Board. The Board reviewed the internal control procedures in existence and are satisfied with its effectiveness.

Relationship with other Stakeholders

The Board identifies the importance of maintaining a healthy relationship with its key stakeholders and ensures the Group as a whole inculcates this practice. Internal communication is mainly conducted through e-mails, memos and circulars.

The Board also ensures that the Group policies and practices are in line with the Company's values and its social responsibilities. The Group promotes protection of the environment, health and safety standards of its employees and others within the organization. The relevant measures taken are given in detail in the Sustainability report on pages 30 to 34.

Compliance

The Board places significant emphasis on strong internal compliance procedures. The Financial Statements of the Group are prepared in strict compliance with the guidelines of the Sri Lanka Accounting Standards (LKAS and SLFRS) and other statutory regulations. Financial Statements are published quarterly in line with the Listing Rules of the Colombo Stock Exchange through which all significant developments are reported to shareholders quarterly. The Board of Directors, to the best of their knowledge and belief, are satisfied that all statutory payments have been made to date.

Going Concern

The Directors have continued to use the 'Going Concern' basis in the preparation of the Financial Statements, after careful review of the financial position and cash flow status of the Group. The Board of Directors believes that the Group has adequate resources to continue its operation for the foreseeable future.

Name of Director	Executive	Non- Executive	Independent
Dr. S. Yaddehige		X	
Mr. Shaminda Yaddehige		X	
Mr. S. S. G. Liyanage		X	
Mr. W. J. V. P. Perera		X	
Mr.W.R.Abeysirigunawardena	X		
Dr. L.M.K. Tillekerathne			X
Mr.A.M.Patrick			X

Corporate Governance Requirements under Section 7 of the Listing Rules issued by the Colombo Stock Exchange

Colombo Stock Exchange	Status of Richard Pieris Exports PLC
Non Executive Directors	In Compliance
Independent Directors	In Compliance
Disclosures relating to Directors	In Compliance
Remuneration Committee	In Compliance
Audit Committee	In Compliance
Related Party Transactions Review Committee	In Compliance

Report of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee of the parent Company acted as the Related Party Transactions Review Committee of Richard Pieris Exports PLC. The Committee consisted of three Independent Non-Executive Directors namely its' Chairman Dr Jayatissa De Costa P.C ., Mr Prasanna Fernando and Mr. J.F.Fernandopulle.

The Group Chief Financial Officer attended meetings by invitation. The Company Secretary functions as Secretary to the Related Party Transactions Review Committee.

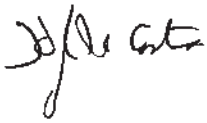
The Objectives of the Committee,

- To exercise oversight on behalf of the Board, that all Related Party Transactions ("RPTs", other than those exempted by the CSE listing rules on the Related Party Transactions) of Richard Pieris & Company PLC and all its listed subsidiaries are carried out and disclosed in a manner consistent with the CSE listing rules.
- To advise and update the Board of Directors on the related party transactions of each of the listed companies on a quarterly basis.
- To ensure compliance with the CSE listing rules on the Related Party Transactions.
- To review policies and procedures of Related Party Transactions of the Group.
- To ensure shareholder interests are protected and that fairness and transparency are maintained.

The Committee reviewed the policy framework for adoption on Related Party Transactions for Richard Pieris & Company PLC and all its listed subsidiaries. In such process the committee considered Related Party Transactions which require approval of the Board of Directors, various thresholds set out by the Colombo Stock Exchange listing rules and disclosure requirements, etc.

The Committee held three meetings during the period under review. The activities and views of the Committee have been communicated to the Board of Directors where appropriate.

Details of the related party transactions entered into by the Group/Company are disclosed on page 95.



Dr. Jayatissa De Costa
Chairman
Related Party Transactions Review Committee
25th August 2021

Risk Management

Managing business and financial risks are fundamentally important in maintaining sustainable growth and making steady progress towards the achievement of corporate goals and objectives. "Risk" being a factor which is not possible to "eliminate" completely, the Group ensures the "minimisation" of risks by adopting various strategies for continuous reviewing of the Group operations. Various strategies are developed and implemented to achieve this goal.

Risk management is the act of identifying and solving potential risks. A risk is defined as anything that has the potential to negatively affect a business or organization. Risk management is used by organizations and businesses to assess problems that either have or will occur. After the risks, the business or organization then takes steps to reduce the risk or eliminate it completely.

A number of standards have been developed worldwide to help organisations implement risk management systematically and effectively. These standards seek to establish a common view on frameworks, processes and practice, and are generally set by recognised international standards bodies or by industry groups. Risk management is a fast-moving discipline and standards are regularly supplemented and updated.

The different standards reflect the different motivations and technical focus of their developers, and are appropriate for different organisations and situations. Standards are normally voluntary, although adherence to a standard may be required by regulators or by contract.

Commonly used standards include:

ISO 31000 2009 – Risk Management Principles and Guidelines

A Risk Management Standard – IRM/Alarm/AIRMIC 2002 – developed in 2002 by the UK's 3 main risk organisations.

ISO/IEC 31010:2009 – Risk Management - Risk Assessment Techniques

COSO 2004 – Enterprise Risk Management - Integrated Framework

OCEG "Red Book" 2.0: 2009 – a Governance, Risk and Compliance Capability Model

Risk Management

	Risk Category	Group Objectives	Risk Minimisation Strategies
	Liquidity & Cash Management	◈ To ensure faster response to market opportunities by ensuring instant funding ability. ◈ To maintain a "sufficient" liquidity position at all times.	◈ Funding of long term assets through Equity and Long Term Loans. ◈ Availability of short term borrowing facilities to the Group at all times. ◈ Funding of Inventory by short term Creditors. ◈ Sourcing of funding requirements through many financial institutions.
	Interest Rate Risk	◈ To minimise adverse effects of interest rate volatility. ◈ To ensure cost of borrowing is at the minimum level.	◈ Structuring the loan portfolio to combine foreign currency and local currency denominated borrowings. ◈ Using of fixed and variable rate borrowings to strike a balance. ◈ Accessing the group treasury of Richard Pieris and Company PLC to shown funding requirement at more competitive rates.
	Currency Risk	◈ To minimise risk associated with the fluctuation in foreign currency rates in relation to export proceeds, import payments and foreign currency debt transactions.	◈ Export proceeds exceeding the import payments and foreign currency debt payments act as a natural hedge.
	Credit Risk	◈ To minimise risks associated with debtor defaults.	◈ Obtaining insurance covers for export debtors. ◈ Following stringent assessment procedures to ensure credit worthiness of the customers prior to the granting of credit. ◈ Closely monitoring the debtor balances, laying action plans and determining the same are under control.
	Asset Risk	◈ To minimise risk from fire, theft and machinery & equipment breakdown.	◈ Obtaining comprehensive insurance covers for all tangible assets. ◈ Adoption of stringent procedures with regards to the moving of assets from one location to another. ◈ Carrying out mandatory preventive maintenance programs. ◈ Carrying out frequent employee training programs in areas such as fire prevention.

Risk Management Systems are designed to do more than just identify the risk. The system must also be able to quantify the risk and predict the impact of the risk on the project. The outcome is therefore a risk that is either acceptable or unacceptable. The acceptance or non-acceptance of a risk is usually dependent on the project manager's tolerance level for risk.

	Risk Category	Group Objectives	Risk Minimisation Strategies
	Internal Controls	◈ To maintain a sound system of internal controls to safeguard shareholders' wealth and Group assets.	◈ Carrying out of system audits and other control mechanisms such as Inventory counts and cash counts throughout the Group by the Richard Pieris Group internal audit department. ◈ Having in place a budgetary process & a budgetary control mechanism on a monthly basis to ensure that the Group's performance is continuously in line with its targets.
	Information Systems Risk	◈ To minimise risk associated with Data Security, Hardware & Communication and Software.	◈ Maintaining of space servers. ◈ Mirroring of hard disk with critical data. ◈ Data back-ups stored in off site locations. ◈ Vendor agreements for support service and maintenance. ◈ Regular upgrading of Virus Scanners, Firewalls etc.
	Technological Risk	◈ To keep pace with the current technological developments and safe guard against obsolescence.	◈ The continuous investment in new machines. ◈ Investing in R&D activities throughout the year. ◈ Investing in hardware and developing software in house. educate the staff on the importance of customer service.
	Human Capital & Labour Risk	◈ To ensure a smooth flow of operations without any undue disruptions. ◈ To project ourself as a humane employer being successful in motivating, developing, retaining and attracting the best of human capital.	◈ `Maintaining relationships with trade unions through regular dialogue. ◈ Improving employee benefits by way of financial incentives and welfare activities. ◈ Improving the Human Resource function of the Group with regards to employee recruitment, performance appraisals and in house as well as external training programmes. ◈ Promoting Performance driven culture.
	Inventory	◈ To reduce stock obsolescence and manage stock holding costs. ◈ Reducing the risk associated with theft & shrinkage.	◈ Adopting a monthly declaration policy. ◈ Identifying slow-moving stock and effectively laying out a channel for these to be sold off. ◈ Ensure Raw Material and Finished Good stock are insured.

Risk Management

	Risk Category	Group Objectives	Risk Minimisation Strategies
	Procurement Risk	◈ To minimise risk associated with price and availability.	◈ Developing of new products to improve quality and manage costs. ◈ Sourcing all procurements through the central purchasing unit of Richard Pieris Group and gaining access to the large database of global and local suppliers to obtain competitive rates. ◈ Adoption of backward integration strategies. ◈ Expanding the centralised purchasing division which has enabled us to create a reliable network of global suppliers. ◈ Entering into forward contracts for raw material purchases.
	Risk of Competition	◈ To maximise our market share and maintain market leadership in the respective industries.	◈ Ensuring high standards of quality. ◈ Increasing productivity and efficiency in order to ensure our prices remain competitive despite increasing wage, energy and transportation costs. ◈ Carrying out R&D activities to identify needs.
	Reputation Risk	◈ To prevent the causes that damage our reputation	◈ Adopting stringent quality assurance policies with regard to goods bought out from third parties as well as the input, processes and output of own brand and in-house manufactured products. ◈ Ensuring effective communication with various stakeholders such as employees, bankers, media, regulators, customers, suppliers, shareholders and the community at large. ◈ Providing the front line managers and the sales staff with adequate training in order to improve the service standards as well as to educate the staff on the importance of customer service.
	Environmental, Political & Regulatory Risk	◈ To minimise the negative impact from the changes in the external environment which are beyond our control.	◈ Compliance with statutory requirements for environmental preservations. ◈ Compliance with statutory requirements for all Tax payment etc.

Inspire

We believe that by surmounting challenges and working towards achieving goals, we inspire others to never give up in the face of adversity.

Operational Review

We are currently catering to over forty countries in worldwide covering North and South American Regions, Asia Pacific Region, Europe Region and Australia Region

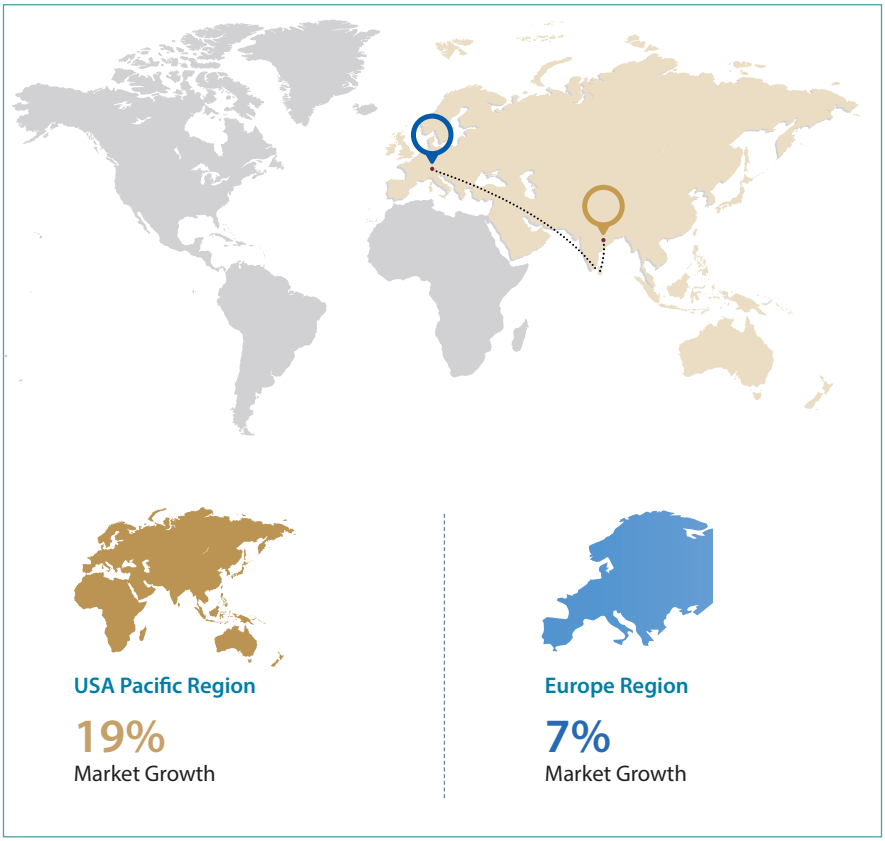
OVERVIEW OF GROUP PERFORMANCE

The theme for this year's annual report, 'Inspire', provides an insight into how Richard Pieris Exports (RPE) PLC's sustained a strong performance despite the various disruptions seen in 2019/20. Managing operations during a pandemic year was no easy task, but the Group was able to remain focused and drew inspiration from each other to deliver growth and stability to the business.

The outbreak of COVID-19 which impacted the world in the last quarter of the previous year, continued to ravage key export markets. Some of the major challenges in 2020/21 were managing logistics and shipments amidst global lockdowns. In addition, economic slowdown in export markets further fuelled uncertainty about performance during the year. Notwithstanding these challenges, the Group managed to record a satisfactory performance for the year by sustaining relationships with customers and securing orders amid low demand. Group Turnover rose from by 3% from Rs. 5.212 Bn in the previous year to Rs. 5.362 Bn in the year under review. During the period under consideration, Profit after Tax of the Group was recorded as Rs1,040 Mn - same as in the previous year, further consolidating the Rs.1 Bn profit milestone reached in 2019/20.

The Group performed strongly during the year, sustaining the bottom-line from the previous year despite various disruptions. Some of the challenges faced emanated from lockdown measures as the factory had to suspend operations for a period of time in the first quarter of the year under review. Moreover, rising freight rates and raw material prices, namely, increase in rubber prices contributed to pressure on margins. Although global rubber prices surged upwards, we were unable to pass on the price increase to customers who were just about recovering. A part of the cost was passed on as any more than that would have rendered our products uncompetitive in the market. On a positive note, the demand for natural rubber grew during the period due to the demand for surgical gloves needed by health workers combating the pandemic. The output from plantations also declined and demand was affected due to a significant decline in demand from the Chinese market. However, the Group managed to secure orders from the US and Middle East, which are on a turnaround path. As a result, the dip in demand from China was neutralized. During the period under consideration, the demand for the company's jar sealing products remained high as economic recovery in key export markets helped sustain demand. The lack of availability of vessels and containers for exports further hampered logistics.

RPE, the company performed well during the year, recording 13% growth in profitability compared to last year. Group Company Richard Pieris Natural Foams Ltd., improved on its performance from the previous year, recording growth in turnover by 5% and improving profitability by 2%. Micro Minerals (Pvt) Ltd, sustained its performance from the previous year.



Expenses Analysis %	2020/21	2019/20	2018/19	2017/18	2016/17
Cost of Sales	81%	83%	79%	80%	80%
Distribution Cost	10%	8%	11%	10%	9%
Administrative Expenses	5%	5%	6%	6%	7%
Finance Cost	0%	1%	1%	0%	0%
Taxation	4%	4%	4%	4%	4%
	100%	100%	100%	100%	100%

Growth in Turnover

3%

2019/20: 1%

Growth in Operational Profit

4%

2019/20: 4%

Growth in Profit Before Tax

2%

2019/20: 5%

Growth in Net Assets

18%

2019/20: 24%

Growth in Gross Profit

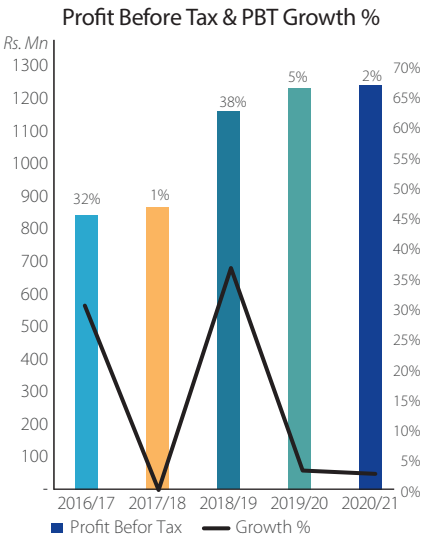
7%

2019/20: 4%

Growth in Dividend per share

1%

2019/20 38%



LATEX BASE SEGMENT

Richard Pieris Natural Foams (RPNF) Limited

During the year under review, construction commenced on the new plant at RPNF, a subsidiary of Richard Pieris Exports PLC, and a BOI-approved company manufacturing 100% natural latex bedding products, including latex mattresses cores, sheets and pillows since 1993. Once compete, the new enhanced capacity will see a capacity increase of 100%. The manufacturing plant will be state-of-the-art technology, with the latest sealing technology.

The company is one of the biggest players when it comes to manufacturing natural latex foam and its world-class line-up of latex foam products includes natural latex foam mattresses, toppers, pillows, etc., to their well-established export markets in North America, Europe, Middle East, Australia, South East Asia, China and India.

Growth in Operational Profit

4%

2019/20: 0.3%

Growth in Profit Before Tax

3%

2019/20: 3%

Growth in Net Assets

14%

2019/20: 28%

Growth in Gross Profit

8%

2019/20 29%

USA Region

31%

Market Growth

Europe Region

23%

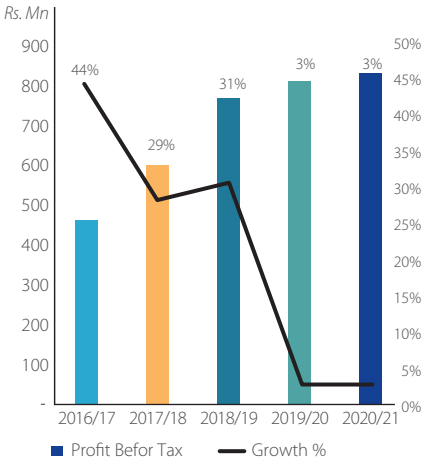
Market Growth

Performance in 2020/21

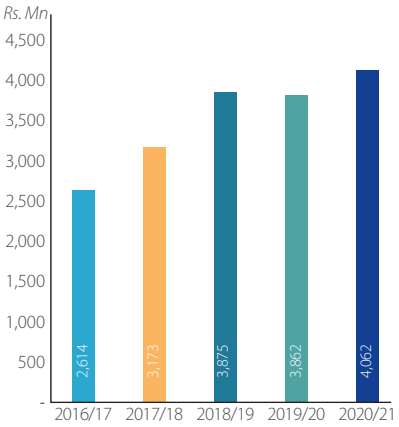
The new RPNF plant currently under construction is expected to operate to full capacity within three years, which makes the investment secure. This enhancement will also empower the team to be more aggressive in driving exports, secure in the knowledge that they can cater to higher demand. Coupled with new machinery for the pillow line in Q2 of 2021 we are looking at making a push into the European market. Turnover grew by 5% during 2020/21 and profits by 2% in the financial year under review. Investments made previously to increase productivity were visible during the year and a capacity increase of 25% was also achieved in the period under review. Considering the low demand from export markets, no new products were launched during the year. The mobility restrictions restricted visits to trade fairs and to meet customers.

Operational Review

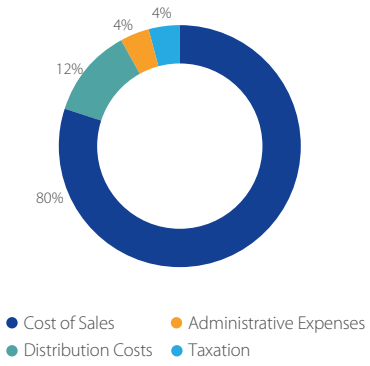
Profit Befor Tax & Growth %



Revenue Rs Mn



Expenses Analysis



Expenses Analysis %	2020/21	2019/20	2018/19	2017/18	2016/17
Cost of Sales	80%	82%	77%	79%	79%
Distribution Cost	12%	10%	13%	12%	11%
Administrative Expenses	4%	4%	6%	6%	7%
Finance Cost	0%	1%	1%	0%	0%
Taxation	4%	3%	3%	3%	3%
	100%	100%	100%	100%	100%

Looking Ahead

RPNF looks ahead strongly to the completion of the new factory which will significantly enhance capacity further and enable the company to cater to demand which is expected to rise as the global economy shows signs of recovery. Moreover, we are looking ahead to once again visiting trade fairs and making customer visits to commence marketing efforts to gain new business. We remain optimistic that once the pandemic situation eases, RPNF, with its enhanced capacity, will be well-poised to seize emerging opportunities.

> Richard Pieris Natural Foams looks ahead strongly to the completion of the new factory which will significantly enhance capacity further and enable the company to cater to demand which is expected to rise as the global economy shows signs of recovery.

TOTAL ASSETS

LKR. 2,969 mn

2019/20: LKR 3,000 mn

FOREIGN EXCHANGE EARNINGS

US$ 22 mn

2019/20: US$ 21mn

PROFIT BEFORE TAX

LKR. 836 mn

2019/20: LKR 810 mn

NET ASSETS

LKR. 2,044 mn

2019/20: LKR1,789 mn

TAX ON PROFIT

LKR. 129 mn

2019/20: LKR 114 mn

PROFIT AFTER TAX

LKR. 707 mn

2019/20: LKR 696 mn

HARD RUBBER SEGMENT

Richard Pieris Exports PLC (RPE)

Growth in Net Assets

15%

2019/20: 11%

Growth in Gross Profit

5%

2019/20: 7%

Growth in Turnover

4%

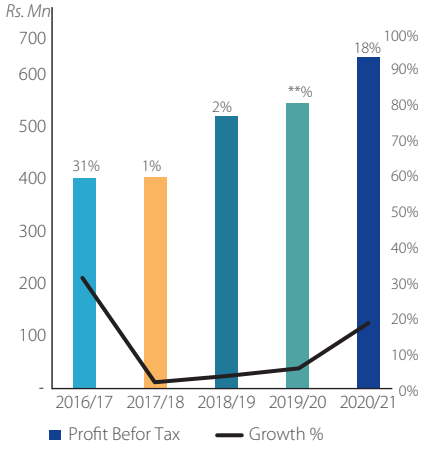
2019/20: 4%

Growth in Profit Before Tax

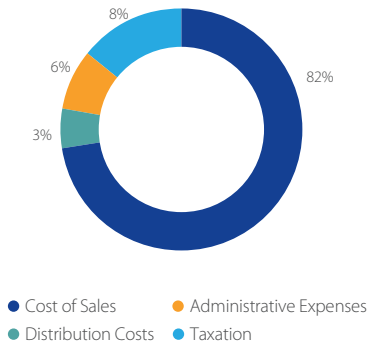
18%

2019/20: 2%

Profit Befor Tax & Growth %



Expenses Analysis



The strength of a company is reflected in its performance in times of adversity and RPE's ability to record a 13% increase in profitability despite the challenges faced by the country in a year when the pandemic caused extensive economic destruction is commendable. RPE is an industry leader in manufacturing and exporting rubber mats for a wide variety of applications of the highest quality, while manufacturing a range of rubber products including food grade jar sealing rings, crutch tips and specialised rubber products for the US, European and the Asia Pacific markets since its inception in 1983. The highlight for the company was the substantive investment made by the company in improving its machinery which is expected to reap rewards by way of higher volumes. This enhancement will help optimize production capability while also generating greater revenue for the company.

Export markets of the company remained under pressure due to the COVID-19 outbreak, nonetheless green shoots of economic recovery were seen. However, competition was further heightened during the period under review as all players had to compete for a smaller share of the market since demand remained subdued. In addition, raw material rose in 2020/21 thereby putting a further squeeze on margins. The company's jar sealing rings witnessed strong demand as in the previous year while matting product demand dropped as many industries in its export markets were closed or operating at low capacity.

Asia Pacific Region

24%

Market Growth

The company has two subsidiaries: Richard Pieris Natural Foams Ltd and Micro Minerals (Pvt) Ltd. and one associate company - Arpitalian Compact Soles (Pvt) Ltd. Richard Pieris Exports PLC is a subsidiary of the Richard Pieris & Company PLC, the Group's first fully export-oriented company.

TOTAL ASSETS

LKR. 2,382 mn

2019/20: LKR 1,849 mn

FOREIGN EXCHANGE EARNINGS

US$. 6.7 mn

2019/20: US$ 7.3 mn

PROFIT BEFORE TAX

LKR. 624 mn

2019/20: LKR 531 mn

NET ASSETS

LKR. 1,837 mn

2019/20: LKR 1,593 mn

TAX ON PROFIT

LKR. 86 mn

2019/20: LKR 56 mn

PROFIT AFTER TAX

LKR. 539 mn

2019/20: LKR 475 mn

Operational Review

ARPITALIAN COMPACT SOLES (PVT) LTD

A joint venture with Davos SPA, the company is a globally reputed Italian manufacturer of shoe soles and soling sheets supplying customers in India and Italy. In 2020/21, the company made a modest cash profit and has shifted focus to the domestic market until such time global demand improves. Arpitalian Compact Soles (Pvt) Ltd., is a long-term investment that will be re-engineered to pre-empt market trends and penetrate high value export markets. In order to achieve this vision, the company continues to explore the possibility of entering into a joint venture in the future.

Expenses Analysis %	2020/21	2019/20	2018/19	2017/18	2016/17
Cost of Sales	91%	86%	85%	85%	85%
Distribution Cost	3%	2%	4%	4%	4%
Administrative Expenses	7%	6%	6%	6%	6%
Finance Cost	1%	0%	0%	1%	1%
Taxation	(2%)	6%	5%	4%	4%
	100%	100%	100%	100%	100%

MINERALS SEGMENT

MICRO MINERAL PVT LTD.,

The Group continues to maintain this subsidiary which processes mineral products needed for production in the polymer industry. The member companies of the Richard Pieris Group are its main customers and the entity is a strategic investment for the Group as it supplies essential raw materials and fulfils the requirements to ensure production without disruption being a Group Company.

Our Products

Richard Pieris Exports PLC was established as the first fully export oriented subsidiary of the diversified blue-chip corporate Richard Pieris & Company PLC in 1983 and is considered the pioneer Sri Lankan exporter of industrial rubber mats, jar sealing rings and crutch tips to the international markets in natural and synthetic rubber. Richard Pieris Exports major markets are in Europe, US and Asia Pacific Regions and the Company conforms to ISO standards.

Richard Pieris Natural Foams Ltd is a fully owned subsidiary of Richard Pieris Group and produces latex foam products like mattresses, sheets, cushions which are extensively used in the high end international bedding and furnishing industry, using state of the art manufacturing facilities. The high quality raw material-natural rubber latex is obtained from Richard Pieris Groups own plantations. Their products are certified by globally recognized certifying bodies for ISO 9001:2015, ISO 14001:2015, ECO LGA, Oeko Tex, GOLS, STROKE, ABC and SATRA. RPNF product line also complies with GOLS (Global Organic Latex Standards) by the Control Union.

The Associate Company **Arpitalian Compact Soles (Pvt) Limited,** a joint venture between the Richard Pieris Group, pioneers in rubber industry in Sri Lanka and DAVOS Spa, reputed shoe sole manufacturer from Italy. DAVOS has provided the technical expertise to set up Arpitalian's manufacturing facility, which is one of the most modern soling sheet manufacturing and varnishing plants in South Asia.

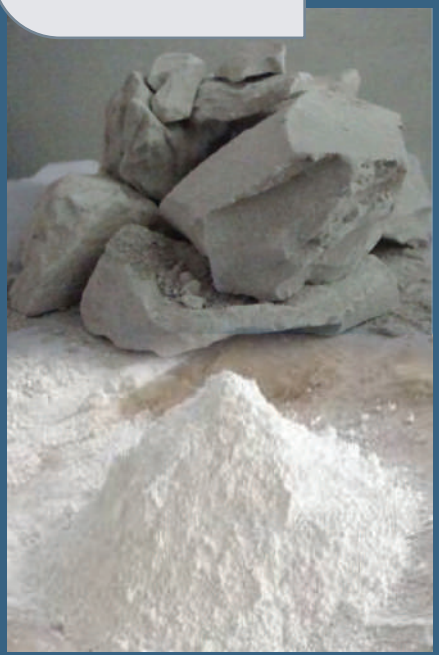
The subsidiary company, **Micro Minerals (Pvt) Ltd** was established as a backward integration arm of the Group to produce powdered mineral fillers which are considered as essential raw materials in the Rubber industry. The processing plant is located at Bandaragama.

RICHARD PIERIS EXPORTS PLC

ARPITALIAN COMPACT SOLES (PVT) LTD

RICHARD PIERIS NATURAL FOAMS LTD

MICRO MINERALS (PVT) LTD



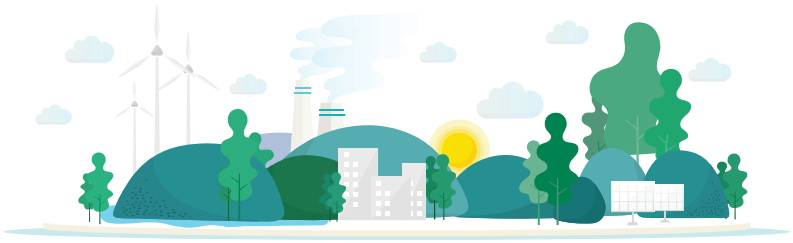
Brand is just a perception, and perception will match reality over time. Some times it will be ahead, other times it will be behind. But brand is simply a collective impression some have about a product.

-Elon Musk-

Sustainability Report

Our operations at the Richard Pieris Export Group reflect the connected nature of People, Planet and Profits. All our decisions are underscored keeping long-term sustainability in mind.

The external operating environment continues to present risks as we are currently experiencing with the global pandemic, but we remain focused on generating value for our shareholders by leveraging on opportunities while maintaining a sustainability mindset that will see our business thrive into the future.



Management Approach

Our management approach has helped us to respond nimbly to developing challenges while paying close attention to developing and nurturing close relationships with all our stakeholder groups including customers, employees, suppliers, community and the environment. Our approach to engaging with all these stakeholders is based on inclusivity and this strategy enables us to create long-term value for shareholders while fulfilling wider social and environmental responsibilities.

Talent Management

Our dedicated employees underpin our success and in turn the company invests in upgrading their skills and in ensuring they are well looked after when it comes to their welfare, work-life balance and health and safety. The COVID-19 pandemic required the organisation to focus on ensuring the health and safety of employees by adhering to the highest safety and hygiene protocols on our premises. Testing was accelerated in the office and on the factory floor to pre-empt any spread of infections and any employees who tested positive were looked after by the company as costs for accommodation and treatment were borne by the company. Better ventilation and social distancing were implemented at all factories and office. Our employees play a critical role in our overall performance and the manner in which we develop, engage and lead and manage our people contributes significantly to our success.

Valuing diversity

The Group celebrates the diversity of its human capital and strives to create a workplace free from discrimination and harassment as an equal opportunity employer, ensuring no discrimination on gender, race, colour or ethnicity is practiced in any form. This workplace culture where every employee feels valued then becomes a key driver that enhances our competitiveness and sustainability. The Group companies comply with all applicable labour laws and regulations.

Enhancing skills

Training and development and talent management is central to the professional growth of employees. As we have many employees on the factory floor, it is important that they have the necessary skills to operate machinery and are familiar with all the safety precautions to ensure zero injury. The HR department conducts an extensive needs analysis to determine the training programmes required for each employee. Employees are expected to avail of professional development training opportunities both in-house and at the Rubber Research Institute or the Institute of Technology to strengthen their knowledge of the business, so that they can enhance their contribution in their job roles. Certificate courses in technical skills and on-the-job

training add value and enhance career progression. The organization has put in place a smooth onboarding process for new hires to make them feel a part of the team.

Recognising contributions

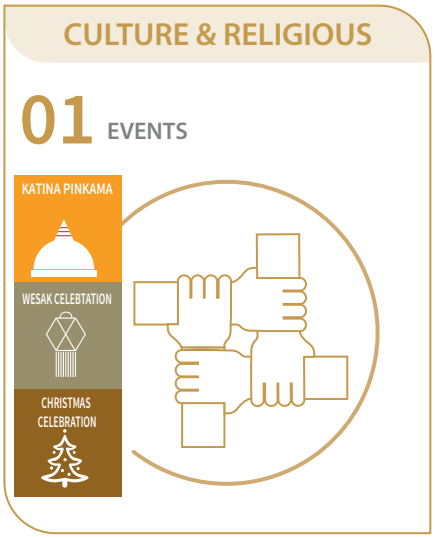
Rewarding employees for outstanding contributions boosts morale and triggers higher productivity. A performance-linked reward and recognition scheme has been put in place after comprehensive evaluation to enhance performance, productivity, quality and innovation. Employees have to achieve a predetermined set of goals, objectives and targets agreed between the team leaders and the members at the beginning of each financial year. This is followed up by subsequent periodical evaluations, resulting in industry best rewards and benefits at the end of the financial year, which helps to retain talent within the Group. The Group is committed to cultivating an inclusive leadership culture and supports employees to grow to their full potential in the belief that strong leadership helps build teams that drive value and innovation.

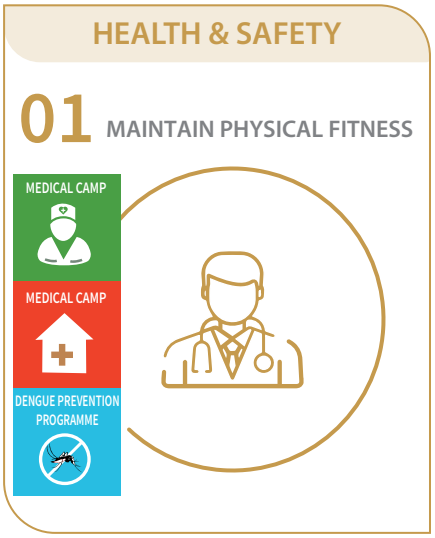
Prioritizing employee health and safety

The safety of our people and those who work with us is paramount. The Group abides by all standards and certifications when it comes to the occupational health and safety of employees. Employees at the manufacturing operation or in the head office are equipped with safety training and necessary training. Apart from preventing, and protecting workers from occupational risks, it disseminates knowledge of occupational hazards and a commitment to ensure that management processes promote safety and health at work. All employees undergo first aid and fire-fighting courses to ensure appropriate response in case of emergency. A Medical Officer visits the factories regularly to provide consultations and treatment as needed.

Encouraging fellowship

The RPE Group has infused a highly collaborative and cooperative work culture where employees engage with each other in meaningful ways that advance organizational goals while also engendering a happy workforce. Cognizant of the growing expectations of its workforce, targeted measures to promote a work-life balance were





Sustainability is the capacity to endure in a relatively ongoing way across various domains of life. In the 21st century, it refers generally to the capacity for Earth's biosphere and human civilization to co-exist.

-Wikipedia-

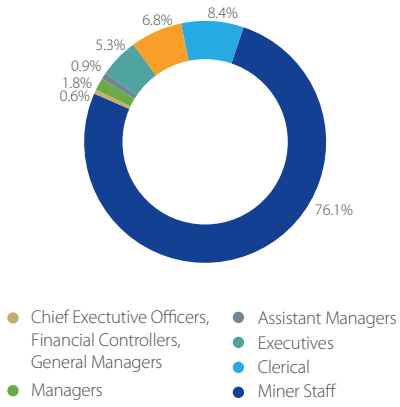
Sustainability Report

initiated. Not only does an optimum work-life balance render employees more productive, but also happier and more balanced. The organization provides ample opportunities for fellowship and recreation amongst staff. The Group organizes a host of social, sporting and recreational events that facilitate employee bonding and break down hierarchical barriers, but in the 2020/21 year, due to COVID-19, these activities could not be held.

a) Cadre - wise Analysis of Employees

	Company		Group	
	Female	Male	Female	Male
Chief Exectutive Officers /Financial Controllers/ General Managers	1	1	1	2
Managers	-	4	1	9
Assistant Managers	-	2	-	5
Executives	5	1	12	17
Clerical	8	18	12	34
Miner Staff	9	89	16	399
Contact / Casual	-	13	4	33
Total	23	128	46	499

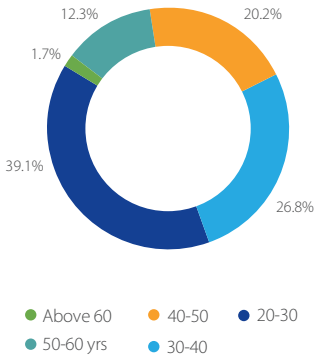
Cadre - Wise Analysis of Employees



b) Agewise Analysis of Employees

Age	Company		Group	
	Female	Male	Female	Male
Above 60	-	1	1	8
50-60 yrs	4	30	6	61
40-50	6	35	6	104
30-40	5	37	15	131
20-30	8	25	18	195
Total	23	128	46	499

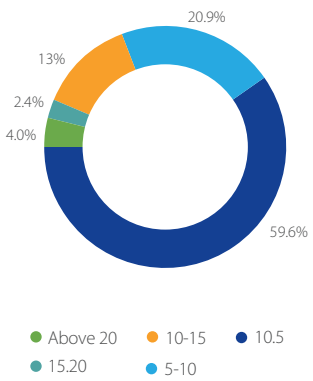
Age Wise Analysis of Employees



c) Year of service of Employees

Age	Company		Group	
	Female	Male	Female	Male
Above 20	4	11	4	18
15-20 yrs	-	4	-	13
10-15	5	45	6	65
5-10	3	22	10	104
0-5	11	46	26	299
Total	23	128	46	499

Year of service of Employees



CUSTOMERS

The Group adopts a partnership approach with customers, a key stakeholder group, developing long-term relationships with global local customers. Customer preferences are constantly changing and the RPE Group has remained a step ahead of the curve by responding to market trends and insights by buyers in its overseas markets. The Group ensures it solicits feedback from customers at every customer touch point and even at the after-sales stage, so that our factories manufacture products that meet customer requirements.

Achieving greater efficiency at every stage of our supply chain is an ongoing endeavour and appreciated by customers. Process improvements were undertaken by the Group during the year. The organization respects and provides customers with unique quality products and a quick service, placing strong emphasis on customer relationship management through specifically designated teams to handle key export markets.

During the year under review, customer response was strengthened by engaging closely with customers. Furthermore, the Group's internationally quality certified products offer customers a sense of security and trust. The Group exercises a high standard of product responsibility and will continue to engage with customers through both online and offline channels.

SUPPLIERS

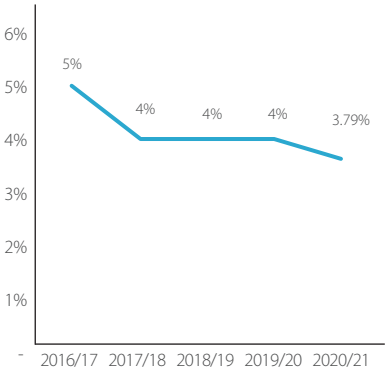
Our suppliers are partners in our success and we collaborate closely with them to ensure they adhere to stringent quality standards. The Group is committed to establishing mutually respectful relationships with our suppliers and encouraging them to join our commitment to economic, social and environmental responsibility. By being aligned with our suppliers and treating them as partners, both businesses experience higher success rates, decreased risks and enhanced collaboration and innovation.

As an organization that depends on raw materials from trusted suppliers, we have a responsibility to engage closely with valued suppliers, ensuring fair play. Our strong relationships with suppliers over the years have helped us optimize efficiency in our supply chain and to obtain the required raw material inputs and services at optimal prices. Earning our suppliers' trust with honest communication, listening to their concerns and involving them in our processes, makes them a vested partner in our business.

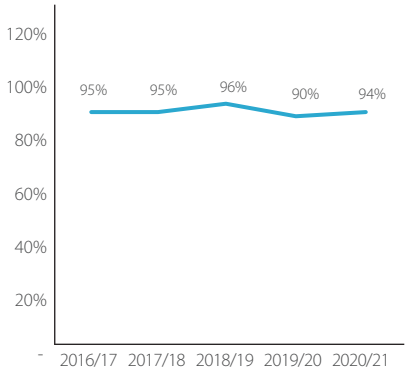
COMMUNITY

Every organisation exists within a social milieu and as a responsible corporate citizen we engage closely with local communities to mutual benefit. By leveraging on the strong network of support and mutual respect within the communities we are able to support them in times of need. Besides recruiting locally from amongst the immediate community and creating many jobs, the organization supports deserving projects through cash donations and employee volunteerism.

Energy Intensity



Biomass Boiler Capacity Utilization



Sustainability Report

Corporate Social Responsibility (CSR) projects in 2020/21

Event	Date	Venue	Participant/ Users	Objective
School Book Distribution	2021.01.01	RPNF	Employer and employees' Children	Helping Children in Learning
New year gift distribution	2021.01.01	RPNF	All Employees	Employee Motivation
Rubber Mat and Pillow Distribution	2021.01.01	RPNF	All Employees	
Dry foods given to quarantine employees	2020.10.18	RPNF	For 108 Quarantine employees	Facility for quarantine Employees
Donated Photocopy machine, Mattress, Pillows, Mats and school items to Am/ Ambagahawatte Maha Vidyalaya	2021.03.31	Ambagahawatte Maha Vidyalaya	Covid 19 Quarantine Persons	Facility for quarantine persons
Donate rubber mats to Big city resident members welfare association in Pannipitiya	2020.10.24	BRESWA office - Pannipitiya	Big city Resident Members	CSR Project
School Book Distribution	2021.12.28	RPE	Employer and employees' Children	Helping Children in Learning
New year gift distribution	2021.01.01	RPE	All Employees	Employees motivation
Rubber mats & Pillows distribution	2021.01.01	RPE	All Employees	Employees motivation
Donate rubber mats to Department of Electronic and Telecommunication Engineering of University of Moratuwa to make a scaled road	2021.02.25	University of Moratuwa	University students	CSR Project
New year gift distribution	2021.01.01	ACSL	All Employees	Employees' motivation
School Book Distribution	2021.01.01	ACSL	Employees and employees' Children	Helping Children in Learning
Dry foods given to quarantine employees	2021.02.25	ACSL	14 employees	Employees' motivation

NURTURING THE ENVIRONMENT

The Group is highly conscious of resource scarcity and the need for optimizing natural resources, which is why none of its locations are near any high bio-diversity zones. The Group's sustainability approach provides for mitigation of any impact of our manufacturing operations on the environment. Sustainable manufacturing is at the core of our manufacturing expertise to ensure that we are resource efficient and that we reduce costs and trim waste. Using Earth's resources in a sustainable and responsible way is important to us.

Through the year under review, we sustained our focus on reducing our carbon footprint and toxic emissions, in addition to saving energy, increasing transport efficiency and reduction of waste in any form and recycling of waste.

The Group's endeavour to switch from fossil fuel based to bio-mass generated steam has greatly reduced the carbon emissions as well as saving valuable foreign exchange expenditure on imports of petroleum based products. Operations from the boiler powered by biomass had made a significant contribution to reducing energy usage. We aim to manage energy better to lead to a reduction in carbon emissions and enhanced cost efficiencies. Environmental impact is reduced by the amount of energy, and also by the type of energy consumed. Going ahead, we will fuel greater efforts to ensure we reduce our carbon footprint through sustainable manufacturing practices.

Inspire

Our pursuit of excellence and perfection is what inspires us. If our actions inspire others to dream more, so be it.

Our Management Team

Wasantha Abeysirigunawardena
Director/Chief Executive Officer
Richard Pieris Exports PLC &
Richard Pieris Natural Foams Limited,

Director -Arpitalian Compact Soles (Pvt) Limited.

Director -Micro Minerals (Pvt) Limited

Fabio Piccolo
Director / Chief Executive Officer
Arpitalian Compact Soles (Pvt) Limited

Palika Chandrajeewa
Sector Financial Controller

Richard Pieris Exports PLC

Alaka Ubayasena
Factory Manager

Prabath Priyankara
Exports Manager

Thushan Jayasekera
Production Manager

Sandaruwan Pushpakumara
Accountant

Punya Ranaweera
Quality Assurance Executive

Palika Dias
Production Executive

Asela Jayaratne
Exports Executive

Nimali Kaushalya
Accounts Executive

Hashini Rajapaksha
Accounts Executive

Indira Dissanayake
Administrative Executive

Richard Pieris Natural Foams Limited

Adrian Bogahawatte
General Manager- Sales & Marketing

Thushara Samaraweera
Factory Manager

Tissa Seram
Senior Manager Engineering

Nuwan Weerasinghe
Operations Manager

Dilantha Kumara
Quality Assurance Manager

Nawarathna Bandara
Manager Shipping

Shanika Karunadasa
Senior Accountant

Binesh Ellangakoon
Assistant Manager IT

Isuru Yaddehige
Assistant Manager Marketing

Bhasura Katugampola
Assistant Manager Marketing

Prabath Ratnayake
Senior Purchasing Executive

Manoj Priyankara
Senior Marketing Executive

Anuradha Kumara
Senior Production Executive

Ravindra Jayatissa
Senior Production Executive

Lakshman Samarakoon
Senior Production Executive

Parami Udugama
Administrative Executive /
Personal Assistant - CEO

Samitha Dharshana
Senior Accounts Executive

Chathurika Sanjeewani
Senior Marketing Executive

Chinthaka Danthanarayana
Accounts Executive

Samindu Basnayaka
Accounts Executive

Shantha Balasooriya
Production Executive

Dharshana Malraj
Production Executive

Gayathri Kosala
HR Executive

Piyadasa Ranaweerage
Fire & Safety Executive

Nimmi Wijesinghe
R&D Executive

Subath Perera
Shipping Executive

Erangi Priyamali
Marketing Executive

Chandi Rathnayaka
Marketing Executive

Prasad Deshapriya
Engineering Executive

Shemira Perera
Engineering Executive

Vidura Kumara
Engineering Executive

Rashmi Weerasinghe
Marketing Executive (Trainee)

Arpitalian Compact Soles (Pvt) Limited

Ranjith Wittachchi
Factory Manager

Duminda Sandaruwan
Accounts Executive

Ruwan Nanayakkara
Engineering Executive

Ramesh Rupasinghe
Marketing & Shipping Executive

Micro Minerals (Pvt) Limited

Nilantha Jayathilaka
Marketing Executive

Financial Review

Overall Export Group Performance

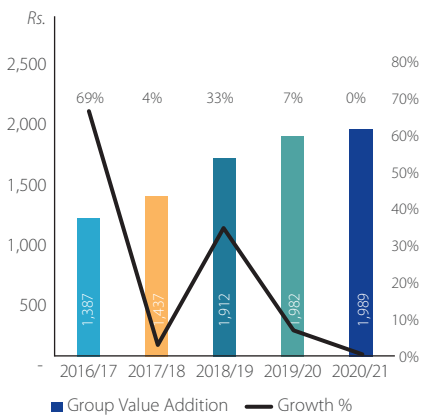
The theme for this year's annual report, 'Inspire', provides an insight into how strongly the Group performed during the year, sustaining the bottom-line from the previous year despite various disruptions. The Group succeeded in delivering the best possible financial results under the circumstances. During the year under review, the Group recorded an increase in turnover to strengthen the financial position. We are proud of our strong financial position and eager to report on a financial year that was nothing short of exceptional for the Group.

In the year 2020/2021, the Group was able to sustain the profit levels from the previous year, achieving growth in turnover despite the global pandemic. The Group posted a Turnover of Rs. 5,362 mn, which reflects a growth of 3% and Profit before tax of Rs. 1,253mn, its highest-ever recorded profit, marking a 2% growth. Further, Operational profit rose by 4% from Rs. 1,113 mn in 2019/20 to Rs 1,156 mn during the period under consideration.

Despite sharp increases in raw material prices and shipping cost, measures taken to increase productivity, such as enhanced efficiencies in the production line, and a 5% appreciation in exchange rates all served to boost the Gross profit margin from 32% in the previous year to 33% in the year 2020/21. Group finance cost decreased from Rs. 22 mn to Rs. 13 mn and finance income decreased from Rs 25mn to Rs 21mn in the year under review.

Meanwhile, Group Profit after tax totaled Rs. 1,040 mn in the year under review which is sustaining the previous year's profit level as the Group reinforced its achievement of surpassing the billion-rupee mark from the previous year into this year as well.

Group Value Addtion



	In Rs Mn		
	2020/21	2019/20	%
Turnover Rs	5,362	5,212	1%
Gross Profit	1,773	1,651	7%
Profit Before Tax	1,253	1,229	2%

	2020/21	2019/20	Increase
Gross Profit Margin	33%	32%	1%

VALUE ADDITION

Group ↑ Rs. 1.99 bn
2019/20: Rs.1.98bn

Company ↑ Rs. 817 mn
2019/20: Rs.745 mn

TURNOVER INCREASE

Group ↑ By 3%

Company ↓ By 4%

GROSS PROFIT MARGIN

Group ↑ 33%

Company ↑ 34%

INCOME TAX

Group ↑ Rs. 213 bn

Company ↑ Rs. 86 mn

Rs. '000

Income Tax	Group		Company	
	2020/21	2019/20	2020/21	2019/20
Income tax on current year profits	215,075	174,010	86,846	58,832
(Over) / Under Provision in respect of previous year	(27)	(27)	(345)	(1,227)
Deferred Taxation charge / (Reversal)	(2,240)	(3,087)	(584)	(1,282)
Dividend Tax paid by subsidiaries	-	18,058	-	-
Charge of Income Tax and Deferred Tax of the Associate Company	(1,876)	(148)	-	-
	212,717	188,806	85,364	56,323

Rs. '000

	Group		Company	
	2020/21	2019/20	2020/21	2019/20
Finance Income	20,815	24,605	18,421	24,069

FINANCE INCOME

Group ↓ Rs. 21 mn

Company ↓ Rs. 18 mn

EXCHANGE RATE US$

(31st March 2021) ↑ Rs. 199.50

Financial Review

Turnover

Despite various challenges posed by the business environment, the Group recorded an upsurge in turnover for the year under review by as much as 3%, thereby growing its turnover from Rs 5,212 mn in 2019/20 to Rs. 5,362 mn in the year under review. The Group's Latex arm continued to be the dominant contributor by posting high profitability with a turnover of Rs. 4,062 mn, which accounts for 75% of the Group's total turnover, recording 5% growth in turnover from Rs 3,862mn. Meanwhile, the Group's Hard Rubber segment experienced a decrease in turnover by 4% from Rs. 1,329mn in 2019/20 to Rs. 1,280mn in the year under review.

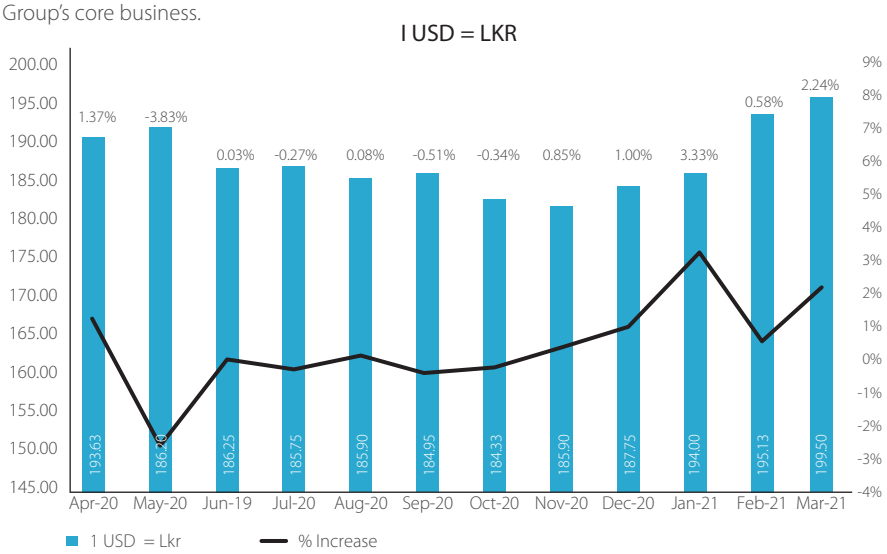
Cost of sales and Operating Expenses

The outbreak of COVID-19 which impacted the world in the last quarter of the previous year, continued to ravage key export markets. Some of the major challenges in 2020/21 were managing logistics and shipments amidst global lockdowns. In addition, economic slowdown in export markets further fuelled uncertainty about performance during the year. Notwithstanding these challenges due to measures taken to increase productivity, enhanced efficiencies in the production line and a favourable impact from a 5% appreciation in exchange rates resulted in 1% decrease in cost of sales margin of 67% in the year under review as compared to 68% achieved in 2019/2020. Cost of sales rose to Rs 3,590mn, which is an increase of 1% compared to the previous financial year.

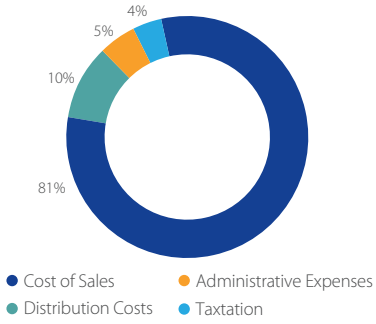
Additional premium on freight charges due to lack of availability of vessels and containers , coupled with increase in sales to the US region - which in C&F basis resulted in higher logistics cost than anticipated - was mitigated by a decline in marketing and promotional cost due to the inability to participate in trade fairs and customer visit due to global travel restrictions. Increase in distribution cost and administrative expenses for the year was recorded as 28% and 1% respectively. Cost of Administration and Distribution along with the Cost of Sales constituted 79% of Group turnover during the current financial year which remained at the same levels in the previous year.

Operating Profit

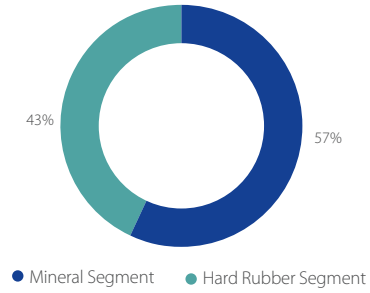
The Group's Operating profit rose to Rs. 1,156 mn, marking a growth of 4% from Rs. 1,113 mn as a result of the performance of hard rubber and latex segments. The Latex segment recorded a growth in Operating Profit from Rs. 781mn in the previous year to Rs. 809mn in the year under review. The Hard Rubber segment recorded 22% increase in Operating Profit of Rs 544mn against last year's profit of Rs. 445mn.The Latex segment of the business generated the maximum profit to sustain its position as the biggest contributor to the Group's Operating profit. Increases in raw material prices, unfavourable market conditions adversely affected the Operating profit, but favourable exchange rates, strong working capital management, cost controls, improvement in product quality and increase in yield contributed to the strong growth in these segments of the Group's core business.



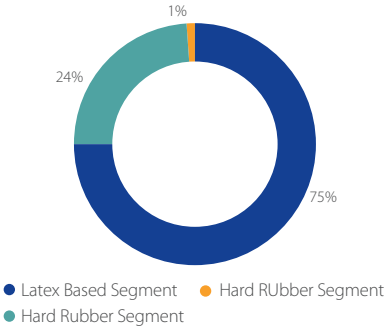
Expenses Analysis 2020/21



Segmental Contribution to the PBT 2020/21



Segmental Contribution to the turnover for the year 2020/21



CONTRIBUTION FOR TURNOVER

Latex ↑ 75%

Hard Rubber ↓ 24%

CONTRIBUTION FOR PBT

Latex ↓ 57%

Hard Rubber ↑ 43%

CONTRIBUTION FOR COST OF SALES

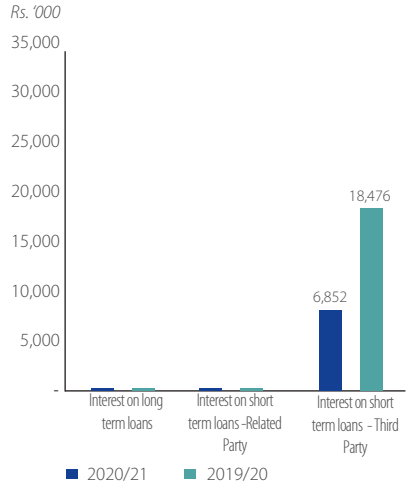
67% ↓

Of Group Turnover

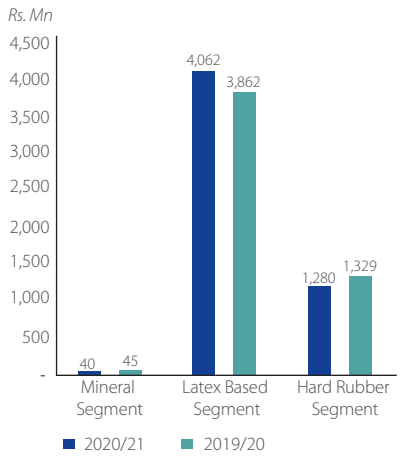
Finance Cost

Finance cost decreased by 40% during the year under review from Rs. 22 mn to Rs. 13 mn. Interest cover ratio of the Group improved significantly from 56.18 times to 95.40 times. Finance income of the Group was recorded at Rs. 21 mn for the year. Net positive bank and cash balances, including fixed deposits balances increased to Rs. 1,025mn in the year under review compared to Rs. 179 mn in the preceding year.

Interest Cost on Term Loan



Segmental Turnover Composition



INTEREST COVER RATIO

Group

95.41 Times

Company

333.48 Times

	In Times			
	Group		Company	
	2020/21	2019/20	2020/21	2019/20
Interest Cover	95.41	56.18	333.48	201.06

	Group		Company	
	2020/21	2019/20	2020/21	2019/20
Current Assets Ratio (times)	3.21	3.82	3.82	6.71
Quick Assets Ratio (times)	2.58	3.41	3.41	5.90
Working Capital (Rs Mn)	1,548	577	577	410
Assets turnover (times)	1.08	0.54	0.54	0.72
Capital Employed (Rs Mn)	2,273	1,837	1,837	1,593
Total Debt (Rs Mn)	20	0	0	0
Net debt/(cash) (Rs Mn)	(1029)	(875)	(875)	(617)
Debt/equity ratio (%)	1%	0%	0%	0%
Net debt/(cash)to equity ratio (%)	0%	0%	0%	0%
Long-term debt to total debt (%)	14%	0%	0%	0%
Debt/total Assets (%)	0%	0%	0%	0%
Current Assets / Total Assets -%	65%	76%	76%	70%
Current Liabilities /Total Assets	20%	20%	20%	10%

Share of Associate

The share of loss of associate for the Group stood at Rs 14 mn during the year under review, compared to Rs 2.0mn profit in previous year.

Working Capital

The Group witnessed remarkable Asset growth during the period under consideration. Current Assets of the Group increased by 8% from Rs. 2,967 mn to Rs. 3,194 mn, and current liabilities witnessed a decrease by 12% from Rs. 1,128 to Rs. 995mn. Accordingly, the Total current assets of the Group accounted for 65% of its total assets, while Total current liabilities accounted for 20% of total assets based on year-end financials.

Cash Flows

Operational Cash Profit during the year under review was recorded at Rs.1,797Mn, with cash and cash equivalents rising by Rs. 677 mn. Cash outflows in investing activities stood at Rs. 244mn. Dividend was paid amounting to Rs. 279 mn by the company whereas dividend paid by subsidiary company, Richard Pieris Natural Foams Limited to outside shareholders, was Rs. 256mn.

CAPITAL STRUCTURE

Equity

The Company's stated capital is Rs. 220 mn consisting of 11,163,745 ordinary shares. Total shareholders' funds amounted to Rs 2,273 mn compared to the preceding year's figure of Rs. 1,921mn.

Financial Review

Borrowings

The Group was able to enhance its positive cash balances further during the year under review. The net positive balance including cash balances was stationary at Rs. 1,025mn during the year compared to net positive balance of Rs 179mn in the previous year, indicating an improvement of Rs. 846mn.

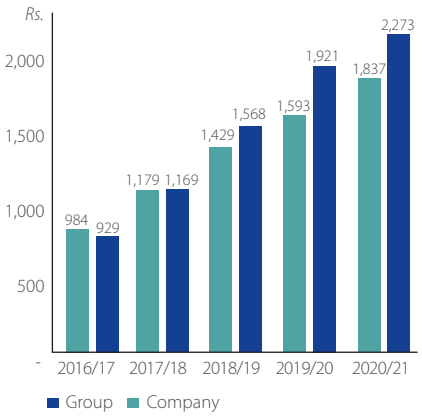
Returns to Shareholders

Creating tremendous value for shareholders during the year, the total dividend payout for the company is Rs 279m. Dividend paid by Subsidiary companies to outsider shareholders is Rs 256mn. In line with this upsurge in shareholder profits, Earnings per share was Rs 57.07 compared to Rs. 57.67 in 2019/20. The earnings yield for the year recorded 15%. The dividend yield for the year was 7% compared to 13% recorded in the previous year. The increase in share price from Rs. 190.80 to Rs. 374.00 as at 31st March 2021resulted in decreased dividend yield.

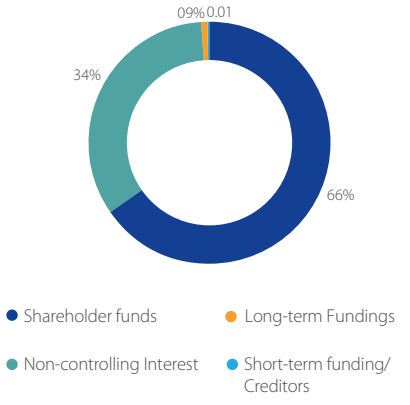
Rs. Mn

	Group		Company	
	2020/21	2019/20	2020/21	2019/20
Cash Generated from Operations	1,632	241	362	24
Cash Flows from Investing Activities	(244)	(4)	176	321
Cash Flows from Financing Activities	(711)	(412)	(279)	(276)
Net Increase / (Decrease) in Cash and Cash Equivalents	677	(175)	258	69
Cash and Cash Equivalents at the beginning of the year	365	540	617	548
Cash and Cash Equivalents at the end of the year	1,042	365	875	617

Shareholders Fund



Funding Channels as at 31/3/2021



Rs. Mn

	Group		Company	
	2020/21	2019/20	2020/21	2019/20
Short Term Investment	6	6	-	-
Cash and Bank Balances	1,043	694	875	617
Interest Bearing Loans and Borrowings -Long term	(3)	-	-	-
Interest Bearing Loans and Borrowings-Short term	(17)	(515)	-	-
	1,029	185	875	617

	2020/21	2019/20	Change %
Dividend Paid by the Company -In Rs Mn	279	276	1%
Dividend Paid by Subsidiary Companies to Outside Share-holders - In Rs Mn	256	171	50%
Dividend Paid by the Company -Per Share	25	24.75	1%
Earnings per Share -Company	48.24	42.55	13%
Earnings per Share -Group	57.07	57.67	-1%
Net Assets Per Share - Company	164.52	142.7	15%
Net Assets Per Share - Group	203.63	172.11	18%
Market Price Per Share	374	190.8	96%
Dividend Yield	7%	13%	6%
Earning Yield	15%	30%	15%

Market Capitalization

The Group maintained its market capitalization position during the 2020/21 year, ending the financial year as at 31st March 2021, at Rs. 4,175 mn in comparison to Rs. 2,130 mn in the previous. Correspondingly, company share price at the end of the financial year stood at Rs. 374.00 as compared to Rs 190.80 in the preceding year. The highest price and the lowest price for the year under review were Rs. 474.50 and Rs. 150 respectively.

Financial Risks

The Group's activities expose it to a wide range of risks and therefore it has evaluated all existing and potential risks in detail and put mitigation strategies in place to combat those risks. The Risk Management Report, on page 19 of this Annual Report, details the Group's Risk Management Framework, which helps identify potential threats and defines the strategy for eliminating or minimising the impact of these risks, as well as the mechanisms to effectively monitor and evaluate this strategy.

THE TOTAL DIVIDEND PAYOUT 2019/20

Group Rs. 535 mn

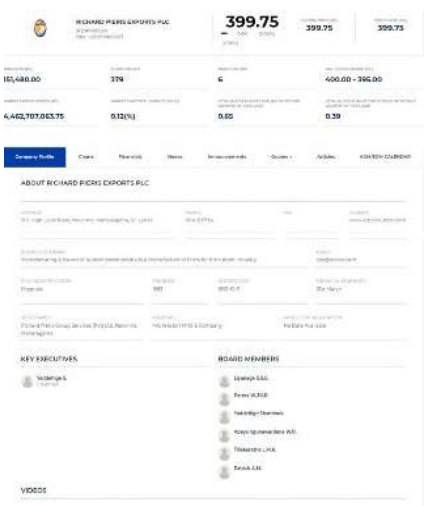
Company Rs. 279 mn

Total Shareholder Return (TSR) factors in capital gains and dividends when measuring the total return generated by a stock to an investor.

TOTAL MARKET CAPITALIZATION

as at 31.03.2021

Rs. 4.2 bn



The earnings yield for the year recorded was 15%. The dividend yield for the year was 7% compared to 8.5% recorded in the previous year. The increase in share price from Rs. 190.8 to Rs. 374 as at 31st March 2021 resulted in decrease of dividend yield.

FINANCIAL CALENDAR

Financial year ended	31st March 2021	31st March 2020
Quarter ended 30th June	13th August 2020	12th August 2019
Quarter ended 30th September	12th November 2020	8th November 2019
Quarter ended 31st December	10th Feb 2021	11th February 2020
Annual Report	25th August 2021	28th September 2020
Meetings		
37th Annual General Meeting		12th February 2021
38th Annual General Meeting		Will be notified later

FINANCIAL INFORMATION

Annual Report of the Board of Directors - 44

Statement of Directors' Responsibility - 48

Independent Auditor's Report - 49

Statements of Financial Position - 52

Income Statements - 53

Statements of Comprehensive Income - 54

Statements of Changes in Equity - 55

Statements of Cash Flows - 56

Notes to the Financial Statements - 57

Statements of Value Added - 100

Annual Report of the Board of Directors

The Directors of Richard Pieris Exports PLC have pleasure in presenting their report together with the audited Financial Statements for the year ended 31st March 2021, which was approved by the directors on 12th August 2021. The details set out herein provide pertinent information required by the Companies Act, No. 7 of 2007, the Colombo Stock Exchange Listing rules and are guided by recommended best accounting practices.

The Principal Activities and Operational Review

The main activities of the Group are the manufacture and export of rubber-based products and the supplying of fillers to the rubber industry. The details of the Group Structure are set out on page 101. There was no significant change in the nature of the activities of the Group during the year. The Chairman's Statement and Financial Review, Group Operation Review, together with the Financial Statements highlight the Group's performance for the period under review and the state of affairs as at 31st March 2021.

Future Development

The Group will focus on improving production efficiencies, enhancing quality and improving yield while exploring possibilities of introducing new products. It will continue carry out aggressive international Marketing.

Financial Statements

The Financial Statements of the Group and the company which are duly certified by the sector financial Controller and approved by the two directors in complying with the requirements of the Companies Act No 07 of 2007 are given on pages 52 to 99 of this annual report.

Auditor's Report

The Company Auditors, Messers Kreston MNS & Co preformed the Audit on the financial Statement of the Company and the Consolidated Financial Statements for the year ended 31st March 2021 and the Auditors Report issued thereon is given on page 49 to 51 of this annual report as required by the Companies act no 07 of 2007.

Accounting Policies

The accounting policies adopted in the preparation of Financial Statements of the Group and the Company are given on pages 57 to 99 of the Annual Report as required by the Companies Act .There were no material changes in the Accounting Policies during the year under review and are consistent with those adopted in the previous Financial year.

Turnover

The Group's turnover, excluding Inter Company sales, was Rs 5,362 million compared to Rs. 5,212 million in the previous year. Further information on Group turnover is detailed in Note 23 to the Financial Statements.

	2020/2021 Rs. 000's	2019/2020 Rs. 000's
Turnover by Segment :		
Hard Rubber	1,280,199	1,329,309
Latex-Based	4,061,855	3,862,393
Minerals	39,687	43,796
	5,381,741	5,235,498
Less : Inter-Company Sales	(19,431)	(23,942)
	5,362,310	5,211,556
Group Profit		
Group profit for the year,after payment of all expenses, making provision for all known liabilities and depreciation on Property, Plant & Equipment	1,252,980	1,229,146
Tax on Group Profits	(212,717)	(188,806)
Profit/(Loss) for the year from discontinued operations (after tax)	(57)	(60)
Group Profit after Taxation	1,040,206	1,040,280
Share of Non Controlling interest	403,067	396,498
Profit attributable to Shareholders of Richard Pieris Exports PLC	637,139	643,782
Other Comprehensive income attributable to Shareholders of Richard Pieris Exports PLC	(16,825)	(35,353)
Accumulated Profit / (Loss) brought forward	1,578,391	1,246,265
Profit before Appropriations	2,198,705	1,854,694
Appropriations :		
Interim Dividend paid	(279,094)	(276,303)
Accumulated Profit carried forward	1,919,611	1,578,391

Taxation

The provision for Income tax of the company is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provision of the Inland Revenue Act in the following manner:

The exports profits at the rate of 14% , local profit at the rate of 18%, rent income and interest income at the rate of 24% under the Inland Revenue Act No. 24 of 2017 from Year of Assessments 2020/21.

Deferred taxation is provided on the liability method on temporary differences at the Statement of Financial Position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets are realized or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively at the Statement of Financial Position date.

The Group's exposure to tax, along with policies adopted by the Company, is disclosed in Note 2.3.8 to the Financial Statements.

Stated Capital

The Stated Capital of the Company as at 31st March 2021 was Rs. 220,262,000/-. consisting of 11,163,745 ordinary shares .The details of the stated capital are given in note 14. to the Financial Statements on page 81 of this annual report.

Reserves

Total Reserves of the Company as at 31st March 2021 were amounted to Rs.1,616mn/- (2019/2020 -Rs. 1,373mn). And the Group reserve as at 31st March 2021 were amounted to Rs 1920 mn (2019/2020- Rs 1,578 mn). The movement of reserves is shown in the Statement of Changes in Equity on page 55.

Dividend

The Directors recommended and paid a cash dividend amounting Rs 279mn to all shareholders at the rate of Rs 25.00 per ordinary share as interim dividend for 2020/21 on 27th April 2020.

Share Information

Information pertaining to earnings, dividends, net assets and market value per share is given in the Financial Summary for the last decade on page 106 to 109.

Substantial shareholdings

The list of top twenty shareholders and the percentage held by each one and public holding percentage are given in the share information of the page 108 of this Annual Report.

Property Plant & Equipment

Capital expenditure on property, plant , equipment incurred year under review is Rs 320 Mn (Rs 211Mn in 2019/2020) Information related to this is given under note No 4 to the Financial Statement of the page No 71 to 72 of this Annual Report. Directors are of the opinion that the value of Property stated in the Financial Statements is not in excess of the current Market Value.

Investment Property -Leasehold

The investment property interest held under a lease and classified as an investment property is initially recognised at the lower of the fair value of the property and the present value of the minimum lease payments. After initial recognition, the investment property is measured at fair value. Gain or loss arising from a charge in the fair value of Investment Property is recognised in profit or loss. The details of investment property leasehold are given in note 6.

Freehold Property

A detail description of the Property owned by the Group is shown under the Group Real Estate portfolio on page 102 to this Annual Report.

Directorate

The names of the Directors who served during the year are given under Corporate information appearing on page 12 and 13 Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following Ordinary Resolution has been received by the Company, from Mr. Sunil Liyanage of No.40, Bellantara Road, Nedimala, Dehiwala, a shareholder of the Company.

"That Dr. Sena Yaddehige of Le Neuf , Chemin,St. Saviours, Guernsey, United Kingdom who is 75 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said Dr. Sena Yaddehige".

Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following Ordinary Resolution has been received by the Company, from Richard Pieirs & Company PLC of No.310, High Level Road, Nawinna, Maharagama, a shareholder of the Company. "That Dr. L M K Tillekeratne of 8/7, Green Path, Kohuwela who is 74 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said "Dr. L M K Tillekeratne".

Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following Ordinary Resolution has been received by the Company, from Richard Pieirs & Company PLC of No.310, High Level Road, Nawinna, Maharagama, a shareholder of the Company. "That Mr.Viville Perera of 33,C 1 King's Gate , Keells Holdings Scheme, Buthgamuwa Road , Kalapaluwawa , Rajagiriya who is 73 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said "Mr. Viville Perera".

Annual Report of the Board of Directors

Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following Ordinary Resolution has been received by the Company, from Richard Pieirs & Company PLC of No.310, High Level Road, Nawinna, Maharagama, a shareholder of the Company. "That Mr. Anjelo Patrick 84/2 , Templers Road , Mount Lavinia who is 72 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said "Mr. Anjelo Patrick".

Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following Ordinary Resolution has been received by the Company, from Mr. Viville P Perera of 33, C 1, King's Gate, Keells Housing Scheme, Buthgamuwa Road, Kalapaluwawa, Rajagiriya a shareholder of the Company.

"That Mr. Sunil Liyanage of No.40, Bellantara Road, Nedimala, Dehiwala, who is 72 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said "Mr. Sunil Liyanage ".

Mr Shaminda Yaddehige, shall retire by rotation at the Annual General Meeting in terms of Article 48 of Articles of Association of the Company and be eligible for re-election.

The Directors interest in shares is given in the page 109 under share information of this Annual Report.

Directors' Interests in Contracts

The director's interest in contracts with the Company are disclosed on note 39 on page 93 to 96 in the Financial Statement. The Directors have no other direct or indirect interests in any other contracts or proposed contracts with the Company.

Interest Register

The Company maintains an interest register as required by the companies act No. 07 of 2007. The information pertaining to director's interest in contract, their remuneration and their share ownership are disclosed in the interest register.

Directors' Remuneration and Other Benefits

Directors' Remuneration in respect of the Company for the financial year ended 31st March 2021 is given in Note 39.1.2 to the Financial Statements.

Corporate Donations

There were no donations made to charitable organizations during the year. (2019/ 2020- Nil).

Social and Environmental Responsibility

As a reasonable corporate body, the Group has taken all necessary steps and precautions to minimize any adverse impact of the Group's activities on the environment. When introducing new businesses, products, methods, and machines, care is taken to ensure that these conform with accepted environmental and safety regulations and standards.

Statutory Payments

The Directors to the best of their knowledge and belief are satisfied that all statutory payments due to the government and in relation to employees have been made to date.

Corporate Governance

The practices adopted by the Company in relation to corporate Governance and Internal Controls are set out in page 16 and 17 of the Annual Report .

The Board Committee

The Audit Committee, Remuneration Committee and Related Party Transactions Review Committee of the parent company function as the Audit committee, Remuneration Committee and Related Party Transactions Review Committee of the company . Their compositions and their respective reports are given on page15,14 and 18 of this Annual Report.

Related Party Transactions

There are no related party transaction (non -recurrent) which exceed 10 percent of the Equity or 5 percent of the total assets whichever is lower and the Company has complied with the requirements of the Listing Rules of the Colombo Stock Exchange on Related Party Transactions.

Going Concern

The Board of Directors is satisfied that the Company has adequate resources to continue its operations into the foreseeable future. Accordingly the Financial Statements are prepared based on the concept of Going Concern.

Events after the Reporting Date

In the opinion of the Directors, no item, transaction or event of an unusual nature has taken place between the financial year end and the date of this report that would materially affect the results of the Company or Group for the financial year in respect of which this Report is made.

Contingent Liabilities

The Contingent Liabilities as at 31st March 2021 are set out in Note 35 of the Financial Statements.

The Directors Responsibility for Financial Statements

The statement of Directors responsibility for financial reporting of the company and the group is set out in Page 48 of the report.

Annual General Meeting

Will be notified later.

Auditors

The Financial Statements for the year ended 31st March 2021 have been audited by Messrs. Kreston MNS & Co., Chartered Accountants, who express their willingness to continue in office. In accordance with the Companies Act No. 7 of 2007, a resolution relating to their re- appointment and authorizing the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

The Auditors Messrs Kreston MNS & Co, were paid Rs. 2,193,980/- (2019/20 Rs. 2,095,000/-) as audit fees by the Group Companies. In addition they were paid Rs. 54,400/- (2019/2020- Rs. 162,000/-) by the Group Companies for non-audit related work.

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an Auditor) with the Company other than those disclosed above. The Auditors also do not have any interest in the Company. By order of the Board.

Mrs. R.J. Siriweera
Company Secretary
Richard Pieris Group Services (Pvt) Ltd.
25th August 2021

W R Abeysirigunawardena
Director

W.J.Viville P Perera
Director

Statement of Directors' Responsibility

In keeping with the provisions under the Companies Act No. 7 of 2007, the Directors of Richard Pieris Exports PLC, acknowledge their responsibility in relation to financial reporting of both, the Company and that of its Group. These responsibilities differ from those of its Auditors, M/s. Kreston MNS & Co. Chartered Accountants, which are set out in their report, appearing on page 49 to 51 of this report.

The financial statements of the Company and its subsidiaries for the year ended 31st March 2021 included in this report, have been prepared and presented in accordance with the new Sri Lanka Accounting Standards (LKAS and SLFRS), and they provide the information as required by the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards and the Listing Rules of the Colombo Stock Exchange. The Directors confirm that suitable accounting policies have been used and applied consistently, and that all applicable accounting standards have been followed in the preparation of the financial statements exhibited on pages from 57 to 99 inclusive. All material deviations from these standards if any have been disclosed and explained. The judgments and estimates made in the preparation of these financial statements are reasonable and prudent.

The Directors confirm their responsibility for ensuring that all companies within the Group maintain accounting records, which are sufficient to prepare financial statements that disclose with reasonable accuracy, the financial position of the Company and its Group. They also confirm their responsibility towards ensuring that the financial statements presented in the Annual Report give a true and fair view of the state of affairs of the Company and its Group as at 31st March 2021, and that of the profit for the year then ended.

The overall responsibility for the Company's internal control systems lies with the Directors. Whilst recognizing the fact that there is no single system of internal control that could provide absolute assurance against material misstatements and fraud, the Directors confirm that the prevalent internal control systems instituted by them and which comprise internal checks, internal audit and financial and other controls are so designed that, there is reasonable assurance that all assets are safeguarded and transactions properly authorized and recorded, so that material misstatements and irregularities are either prevented or detected within a reasonable period of time.

The Directors' are of the view that the Company and its Group have adequate resources to continue operations in the foreseeable future and have continued to use the going - concern basis in the preparation of these financial statements.

The Directors' have provided the Auditors M/s Kreston MNS & Co, Chartered Accountants with every opportunity to carry out reviews and tests that they consider appropriate and necessary for the performance of their responsibilities. The Auditors have examined the financial statements together with all financial records and related data and express their opinion which appears as reported by them on page 49 to 51 of this report.

By Order of the Board,

Richard Pieris Group Services (Pvt) Limited
Secretaries
310, High Level Road, Nawinna, Maharagama
25th August 2021

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF RICHARD PIERIS EXPORTS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Richard Pieris Exports 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 31st March 2021, and the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory notes, exhibited on pages 52 to 99.

In our opinion, the accompanying Financial Statements of the Company and the Group give a true and fair view of the Financial Position of the Company and the Group as at 31st March 2021, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Compensation on termination of Company Employees. Potential liability on termination of 160 employees where legal action has been filed against the Company disclosed in Note 35, Contingent Liabilities, has not been ascertained and provided. This was a key audit matter because it - 1. could be a significant amount to the Financial Statements as a whole. 2. may lead to under Statement of liabilities and overstatement of equity.	◈ Made appropriate inquiries from the Management and the legal advisor. ◈ Obtained a confirmation from the Management stating the status of the case. ◈ Reviewed the minutes of meetings of those Charged with Governance. ◈ Ascertained the adequacy of the disclosures made in note 35 as required by Sri Lanka Accounting Standard (LKAS 37).

Kreston MNS & Co
Chartered Accountants
Head Office at 1st & 2nd Floor, Advantage Building, 74A, Dharmapala Mawatha, Colombo 07.
T +94 (0) 11 2323571-3, 011 2301396-7 ı F +94 (0)11 2433388 ı E audit@kreston.lk ı www.kreston.lk
Branches in Anuradhapura, Badulla, Batticaloa, Hatton, Jaffna, Kandy, Negombo, Nuwara Eliya, Trincomalee
Member of Kreston International Limited UK
Correspondent firm within Grant Thornton International Ltd (Grant Thornton International).
Grant Thornton International and the member and correspondent firms are not a worldwide partnership.
Partners
S Rajanathan FCA, FCMA (UK) ı N K Atukorala FCA, ACMA ı Ms. H D S C A Tillekeratne FCA, ACMA ı K I Skandadasan B.Sc. (Madras), FCA, ACMA
R L R Balasingham FCA, ACMA ı N K G V Bandara B.Sc.(Acc) Sp, ACA, ACMA

Independent Auditor's Report Contd.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 31st March 2021, but does not include the Financial Statements and our auditor's report thereon.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards 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 Company and the Group's Internal Control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2205.

Kreston MNS & Co

CHARTERED ACCOUNTANTS
COLOMBO
25th August 2021

Statements of Financial Position

As at	Note	Group 31.03.2021 Rs.'000	Group 31.03.2020 Rs.'000	Company 31.03.2021 Rs.'000	Company 31.03.2020 Rs.'000
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	4	**1,008,548**	834,487	**101,935**	74,033
Long Term Investments	5	**223,811**	241,570	**463,023**	479,084
Advance Payment for Investment	5.4	**57,363**	57,363	**-**	-
Investment Property - Right of use Asset	6	**322,520**	323,602	**-**	-
Right of use Assets	7	**137,018**	99,075	**-**	-
Leasehold Land Prepayment	7.1	**-**	-	**-**	-
Deferred Tax Asset	18	**1,604**	1,064	**1,604**	1,064
		1,750,864	1,557,161	**566,562**	554,181
Assets of Arpico Natural Latex Foams (Pvt) Ltd.	8	**-**	50	**-**	-
Current Assets					
Inventories	9	**623,804**	552,293	**194,638**	156,532
Trade and Other Receivables	10	**1,468,299**	1,657,432	**550,409**	410,072
Short Term Investment	11	**6,208**	5,782	**-**	-
Amounts Due from Related Parties	12	**52,757**	57,408	**194,927**	111,266
Leasehold Land Prepayment	7.1	**-**	-	**-**	-
Cash and Bank Balances	13	**1,042,649**	694,176	**875,017**	616,956
		3,193,717	2,967,091	**1,814,991**	1,294,826
Total Assets		**4,944,581**	4,524,302	**2,381,553**	1,849,007
EQUITY AND LIABILITIES					
Equity attributable to Equity Holders of the Parent					
Stated Capital	14	**220,262**	220,262	**220,262**	220,262
Revenue Reserves	15	**1,919,611**	1,578,391	**1,616,436**	1,372,776
Foreign Currency Translation	16	**133,408**	122,698	**-**	-
		2,273,281	1,921,351	**1,836,698**	1,593,038
Non Controlling Interest	5.1(c)	**1,175,550**	1,029,857	**-**	-
Total Equity		**3,448,831**	2,951,208	**1,836,698**	1,593,038
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	17	**2,778**	-	**-**	-
Deferred Tax Liability	18	**66,705**	68,641	**-**	-
Retirement Benefit Obligation	19	**105,904**	91,419	**69,674**	62,923
Lease Instalments Payable After One Year	7.2	**98,397**	57,507	**-**	-
		273,784	217,567	**69,674**	62,923
Liabilities of Arpico Natural Latex Foams (Pvt) Ltd.	8	**226,905**	226,898	**-**	-
Current Liabilities					
Trade and Other Payables	20	**544,375**	501,936	**167,767**	156,199
Income Tax Payable	21	**96,554**	34,356	**46,245**	10,536
Amounts Due to Related Parties	22	**327,548**	68,254	**261,169**	26,080
Lease Instalments Payable In the Ensuing Year	7.2	**9,329**	8,876	**-**	-
Interest Bearing Loans and Borrowings	17	**17,255**	515,207	**-**	231
		995,061	1,128,629	**475,181**	193,046
Total Equity and Liabilities		**4,944,581**	4,524,302	**2,381,553**	1,849,007

I certify that the above Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

Palika Chandrajeewa
Sector Financial Controller

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Approved and Signed for and on behalf of the Board on 25th August 2021 in Colombo.

W.R. Abeysirigunawardena
Director

W J Viville P Perera
Director

Income Statements

For the year ended 31st March	Note	Group 2021 Rs.'000	Group 2020 Rs.'000	Company 2021 Rs.'000	Company 2020 Rs.'000
Continuing Operations					
Revenue from Contracts with Customers	23	**5,362,310**	5,211,556	**1,280,199**	1,329,309
Cost of Sales		**(3,589,512)**	(3,560,671)	**(839,570)**	(909,483)
Gross Profit		**1,772,798**	1,650,885	**440,629**	419,826
Other Operating Income	24	**23,460**	15,892	**194,108**	111,439
Distribution Costs		**(436,240)**	(340,220)	**(28,586)**	(22,826)
Administrative Expenses		**(203,708)**	(200,919)	**(62,605)**	(60,805)
Other Operating Expenses		**(14)**	(12,968)	**-**	(2,757)
Profit from Operations	25	**1,156,296**	1,112,670	**543,546**	444,877
Finance Income	26	**20,815**	24,605	**18,421**	24,069
Finance Cost	27	**(13,272)**	(22,273)	**(1,878)**	(2,656)
Other Financial Items	28	**103,147**	116,091	**64,316**	65,085
Share of Profit / (Loss) of Associate	29	**(14,006)**	(1,947)	**-**	-
Profit before Tax		**1,252,980**	1,229,146	**624,405**	531,375
Taxation	30	**(212,717)**	(188,806)	**(85,864)**	(56,323)
Profit for the year from continuing operations		**1,040,263**	1,040,340	**538,541**	475,052
Discontinued Operations					
Profit / (Loss) after Tax for the year from discontinued operations	31	**(57)**	(60)	**-**	-
Profit for the year		**1,040,206**	1,040,280	**538,541**	475,052
Attributable to					
Equity Holder of the Parent Company		**637,139**	643,782	**538,541**	475,052
Non Controlling Interest		**403,067**	396,498	**-**	-
Profit for the year		**1,040,206**	1,040,280	**538,541**	475,052
Earnings Per Share	32	**57.07**	57.67	**48.24**	42.55
Earnings Per Share from Continuing Operations	32	**57.07**	57.67	**48.24**	42.55
Dividend Per Share	33	**25.00**	24.75	**25.00**	24.75

The Accounting Policies and Notes on pages 57 to 99 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statements of Comprehensive Income

For the year ended 31st March	Note	Group 2021 Rs.'000	Group 2020 Rs.'000	Company 2021 Rs.'000	Company 2020 Rs.'000
Profit for the year		**1,040,206**	1,040,280	**538,541**	475,052
Other Comprehensive Income / (Expenses) not to be reclassified to profit or loss in subsequent periods					
Actuarial gains / (losses) on defined benefit plans	19	**(1,690)**	3,794	**318**	3,675
Deferred Tax effect on actuarial gains / (losses) on defined benefit plans	18	**236**	(524)	**(44)**	(515)
Change in fair value on other investment at fair value through other comprehensive income	5.3	**(16,061)**	(38,152)	**(16,061)**	(38,152)
Other Comprehensive Income / (Expenses) to be reclassified to profit or loss in subsequent periods					
Share of Other Comprehensive Income of Associate					
Actuarial gains / (losses) on defined benefit plans - Net of Tax effect		**(298)**	(398)	**-**	-
Translation of Associate using foreign functional currency	16	**10,710**	20,970	**-**	-
Other Comprehensive Income for the year		**(7,103)**	(14,310)	**(15,787)**	(34,992)
Total Comprehensive Income for the year		**1,033,103**	1,025,970	**522,754**	440,060
Attributable to					
Equity Holder of the Parent Company		**631,024**	629,399	**522,754**	440,060
Non Controlling Interest	5.1 (c)	**402,079**	396,571	**-**	-
		1,033,103	1,025,970	**522,754**	440,060

The Accounting Policies and Notes on pages 57 to 99 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statements of Changes in Equity

Group	Note	Stated Capital Rs.'000	Revenue Reserves: General Reserve Rs.'000	Revenue Reserves: Accumulated Profit Rs.'000	Foreign Currency Translation Rs.'000	Non Controlling Interest Rs.'000	Total Rs.'000
Balance as at 31st March 2019		220,262	219,250	1,027,015	101,728	804,210	2,372,465
Profit for the year		-	-	643,782	-	396,498	1,040,280
Other Comprehensive Income		-	-	(35,353)	20,970	73	(14,310)
Total Comprehensive Income		-	-	608,429	20,970	396,571	1,025,970
Interim dividend	33	-	-	(276,303)	-	-	(276,303)
Dividend paid by Subsidiary companies to outside shareholders		-	-	-	-	(170,924)	(170,924)
Balance as at 31st March 2020		220,262	219,250	1,359,141	122,698	1,029,857	2,951,208
Profit for the year		-	-	637,139	-	403,067	1,040,206
Other Comprehensive Income		-	-	(16,825)	10,710	(988)	(7,103)
Total Comprehensive Income		-	-	620,314	10,710	402,079	1,033,103
Interim dividend	33	-	-	(279,094)	-	-	(279,094)
Dividend paid by Subsidiary companies to outside shareholders		-	-	-	-	(256,386)	(256,386)
Balance as at 31st March 2021		220,262	219,250	1,700,361	133,408	1,175,550	3,448,831

Company	Note	Stated Capital Rs.'000	Revenue Reserves: General Reserve Rs.'000	Revenue Reserves: Accumulated Profit Rs.'000	Total Rs.'000
Balance as at 31st March 2019		220,262	219,250	989,769	1,429,281
Profit for the year		-	-	475,052	475,052
Other Comprehensive Income		-	-	(34,992)	(34,992)
Total Comprehensive Income		-	-	440,060	440,060
Interim dividend	33	-	-	(276,303)	(276,303)
Balance as at 31st March 2020		220,262	219,250	1,153,526	1,593,038
Profit for the year		-	-	538,541	538,541
Other Comprehensive Income		-	-	(15,787)	(15,787)
Total Comprehensive Income		-	-	522,754	522,754
Interim dividend	33	-	-	(279,094)	(279,094)
Balance as at 31st March 2021		220,262	219,250	1,397,186	1,836,698

The Accounting Policies and Notes on pages 57 to 99 form an integral part of these Financial Statements.

Statements of Cash Flows

For the year ended 31st March	Note	Group 2021 Rs.'000	Group 2020 Rs.'000	Company 2021 Rs.'000	Company 2020 Rs.'000
Cash Flows from Operating Activities					
Group Profit before Tax and Non Controlling Interest					
from Continuing Operations		**1,252,980**	1,229,146	**624,405**	531,375
Profit / (Loss) from discontinued operations	31	**(57)**	(60)	**-**	-
Adjustments for :					
Share of (Profit) / Loss of Associate Company	29	**14,006**	1,947	**-**	-
Exchange Loss on Loan	17.2	**-**	12,247	**-**	-
Provision for Slow Moving Stocks / (Reversal)	9.1	**(49)**	12,932	**(49)**	2,757
Loss on Property, Plant and Equipment written off	4.1	**75**	-	**-**	-
Amortisation of Right of use asset	25	**2,617**	1,564	**-**	-
Depreciation	4.1 / 4.3	**90,295**	82,434	**8,193**	7,629
Provision for Retiring Gratuity	25	**15,973**	15,779	**9,732**	9,867
Finance Cost	27	**13,272**	22,273	**1,878**	2,656
Finance Income	26	**(20,815)**	(24,605)	**(18,421)**	(24,069)
Dividend Income	24	**-**	-	**(193,471)**	(110,923)
Provision for impairment - Trade Debtors	25	**11,688**	10,626	**-**	-
Reversal of Trade Debtors Impairment over provision	24	**(105)**	(72)	**-**	-
Fair Value adjustment of Investment Property - Leasehold	6	**1,082**	-	**-**	-
Exchange Gain on Liabilities to make lease payment	7.2	**3,109**	(1,963)	**-**	-
Loss on Disposal of Property, Plant and Equipment		**14**	-	**-**	-
Operating Profit before Working Capital Changes		**1,384,085**	1,362,248	**432,267**	419,292
(Increase)/ Decrease in Inventories	9	**(71,462)**	(56,231)	**(38,057)**	(4,668)
(Increase) / Decrease in Trade and Other Receivables	10	**177,550**	(537,419)	**(140,337)**	(81,213)
(Increase) / Decrease in Amounts due from Related Parties	12	**4,651**	37,634	**(83,661)**	(92,578)
Increase / (Decrease) in Trade and Other Payables	8.2 / 20	**38,535**	53,584	**11,568**	19,695
Increase / (Decrease) in Amounts due to Related Parties	8.3 / 22	**263,150**	(360,258)	**235,089**	(163,490)
Cash Generated from Operations		**1,796,509**	499,558	**416,869**	97,038
Interest Paid	27	**(6,852)**	(18,476)	**(1,878)**	(2,656)
Income Tax Paid	21/30	**(153,739)**	(206,943)	**(50,739)**	(58,876)
WHTax Paid	21	**(916)**	(2,310)	**-**	(1,480)
Gratuity Paid	19	**(3,178)**	(9,791)	**(2,663)**	(4,272)
ESC Paid	21	**-**	(21,150)	**-**	(5,489)
Net Cash Flows from Operating Activities		**1,631,824**	240,888	**361,589**	24,265
Cash Flows from Investing Activities					
Acquisition of Property, Plant and Equipment	4.1 / 4.3	**(264,515)**	(110,539)	**(36,095)**	(1,892)
Acquisition of Investment Property - Right of use Asset	6	**-**	(36,279)	**-**	-
Acquisition of Right of use asset	7 / 7.2	**-**	(11,273)	**-**	-
Short Term Investment - Fixed Deposit (Net)	11	**(504)**	174,472	**-**	175,000
Advance Payment for Investment	5.4	**-**	(57,363)	**-**	-
Dividend Income	24	**-**	-	**193,471**	110,923
Finance Income	11 / 26	**20,893**	37,367	**18,421**	36,810
Sales Proceeds from Disposal of Property, Plant and Equipment		**70**	-	**-**	-
Net Cash Flows from / (used in) Investing Activities		**(244,056)**	(3,615)	**175,797**	320,841
Cash Flows from Financing Activities					
Dividend Paid	33	**(279,094)**	(276,303)	**(279,094)**	(276,303)
Dividend Paid by subsidiary Companies to Outside Shareholders	5.1(c)	**(256,386)**	(170,924)	**-**	-
Proceeds from Interest Bearing Borrowings	17.2	**19,444**	181,327	**-**	-
Repayment of Interest Bearing Borrowings	17.2	**(185,892)**	(133,500)	**-**	-
Payment of Lease Instalments	7.2	**(8,746)**	(13,002)	**-**	-
Net Cash used in Financing Activities		**(710,674)**	(412,402)	**(279,094)**	(276,303)
Net Increase / (Decrease) in Cash and Cash Equivalents		**677,094**	(175,129)	**258,292**	68,803
Cash and Cash Equivalents at the beginning of the year	13	**364,911**	540,040	**616,725**	547,922
Cash and Cash Equivalents at the end of the year	13	**1,042,005**	364,911	**875,017**	616,725

The Accounting Policies and Notes on pages 57 to 99 form an integral part of these Financial Statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

Richard Pieris Exports PLC ('Company') is a Public Quoted Limited Liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at 310, Highlevel Road, Nawinna, Maharagama and the principal place of business is situated at No. 10, Raja Mawatha, Ekala, Ja-Ela. The Company was incorporated on 30th June 1983.

1.2 Principal Activities and Nature of Operations

Company	Activities
Richard Pieris Exports PLC	Manufacture and export of moulded and extruded rubber based products.
Richard Pieris Natural Foams Ltd.	Manufacture and export of foam rubber products.
Micro Minerals (Pvt) Ltd.	Manufacture of minerals for the Rubber Industry.
Arpitalian Compact Soles (Pvt) Ltd.	Manufacture and export of resin rubber shoe soling sheets.
Discontinued Operation Activities	
Arpico Natural Latexfoams (Pvt) Ltd.	Manufacture of latex foam rubber mattress and pillows for export. The operation of the Company ceased from 16th October 2006.

1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's parent undertaking and ultimate parent enterprise is Richard Pieris & Company PLC, a quoted Company incorporated in Sri Lanka. The holding of Richard Pieris & Co. PLC in Richard Pieris Exports PLC as at 31.3.2021 is 83.90% (31.3.2020 - 83.90%)

1.4 Directors Responsibility

The Board of Directors is responsible for these consolidated Financial Statements as per the provisions of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting Standards.

1.5 Date of Authorisation for issue

The consolidated financial statements of Richard Pieris Exports PLC and its subsidiaries (collectively, "Group") for the year ended 31st March 2021 were authorised for issue in accordance with a resolution of the directors on 25th August 2021.

1.6 Number of Employees

The number of employees in the Company at the end of the year was 151 (2020 - 158). Group 545 (2020 - 559).

2. STATEMENT OF COMPLIANCE

The consolidated financial statements of the Group have been prepared in accordance with Sri Lanka Accounting Standards as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and in compliance with the Companies Act No. 07 of 2007.

2.1 Basis of preparation

The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention except for fair value through OCI financial assets and investment property-Right of use Asset that have been measured at fair value.

The consolidated financial statements are presented in Sri Lankan Rupees (Rs.) and all values are rounded to the nearest thousand (Rs.000), except where otherwise indicated.

2.2 Basis of Consolidation

The consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiaries as at 31st March 2021.

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

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns 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 power over an investee, including:
- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive

income (OCI) are attributed to the 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.

The Financial Statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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 the income statement. Any investment retained is recognised at fair value. The total profits and losses for the year of the Company and of its subsidiaries included in consolidation are shown in the consolidated income statement and consolidated statement of comprehensive income and all assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the Consolidated Statement of Financial Position. Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the Consolidated income statement and statement of comprehensive income and as a component of equity in the Consolidated statement of financial position, separately from equity attributable to the shareholders of the parent .The Consolidated statement of cash flows includes the cash flows of the Company and its subsidiaries.

A list of subsidiaries within the Group together with contingent liabilities of subsidiaries is set out in Note 5.1(a), 5.1(b) and 35.1(a) to the financial statements. Although the direct shareholdings in some of these Group Companies are below 50% of the equity, the accounts of such Companies are consolidated in recognition of the effective management control exercised by the Parent Company.

The details of non-controlling interests are given in Note 5.1(c) to the financial statements.

2.3 Summary of Significant Accounting Policies Applied

2.3.1 Comparative Information

The accounting policies adopted in the preparation of the Financial Statements are consistent with those followed in the previous financial year.

The Group has not early adopted any standards, interpretations or amendments that have been issued but not yet effective.

The presentation and classification of the financial statements of the previous year has been amended, where relevant for better presentation and have to be comparable with those of the current year.

The following are the significant accounting policies applied by the Group in preparing its Consolidated Financial Statements:

2.3.2 Business combinations 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 the 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 acquiree at fair value or at the proportionate share of the acquiree at the fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest 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 gain is recognized in 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 transferred; the gain is recognised in profit or loss.

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

2.3.3 Investment in Associates

The Group investment in associates is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of associate since acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Income Statement reflects the Group's share of results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of the profit or loss of an associate is shown on the face of the Income Statement and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The Financial Statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in 'share of losses of an associate in the Income Statement.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

A listing of the Group's Associates together with their fair values and the Group's share of contingent liabilities of such Associates are set out in Note 5.2 and 35.1(b) to the Financial Statements.

Summarised financial information of the Associate Company together with the Company's interests is given in Note 5.2 & 29 to the Financial Statements.

In the Company Level, investments in subsidiaries and associates are recognised at cost.

2.3.4 Foreign currencies

The Group's consolidated financial statements are presented in Sri Lankan Rupees, which is also the parent Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate 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 ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in 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 re-translation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item.

Group Companies

The assets and liabilities of foreign operations are translated into Sri Lankan Rupees at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

The original Financial Statements of Arpitalian Compact Soles (Pvt) Ltd were prepared in U.S.Dollars, that being the functional currency of the Company were translated in to Sri Lankan Rupees for consolidation purpose in accordance with LKAS 21 recognised in the Other Comprehensive Income.

2.3.5 Revenue recognition

2.3.5.1 Revenue from Contracts with customers

Revenue from contracts with customers is recognized 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.

Goods transferred at a point in time

Under SLFRS 15, revenue is recognized upon satisfaction of performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Services transferred over time

Under SLFRS 15, the Group determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied overtime, the Group recognizes the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

Disaggregation of revenue

The Group presented disaggregated revenue with Group's reportable segments based on geographical region in the operating segment information section.

Notes to the Financial Statements

Reconciliation of revenue

Reconciliation between Revenue from contracts with customers and revenue information that is disclosed for each reportable segment has been provided in the operating segment information section of Note 23.2 to the Financial Statements.

2.3.5.1.1 Contract balances

Contract assets

Contract assets are Group's right to consideration in exchange for goods or services that the Group has transferred to a customer, with rights that are conditioned on some criteria other than the passage of time, upon satisfaction of the conditions.

Contract liabilities

Contract liabilities are Group's obligation to transfer goods or services to a customer for which the group has received consideration (or the amount is due) from the customer.

2.3.5.1.2 Performance Obligations and significant judgements

The Group's performance obligations and significant judgements are summarised below:

Sale of Rubber based Products

The Group is in the business of selling rubber based articles. 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 of those goods or services.

Right to return

Certain contracts provide the customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned. Based on the assessment performed, the Group concluded that refund liabilities do not have a material impact on the Group's financial statements that need an adjustment in Financial Statements.

Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in SLFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception since the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

2.3.5.2 Interest Income

For all financial instruments measured at amortised cost, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the Profit or Loss.

2.3.5.3 Other Revenue

Dividends

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend

Rental Income

Rental income arising on investment properties is accounted for on a straight-line basis over the lease term and is included in revenue due to its operating nature.

Gains and losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non-current assets, including investments, are accounted for in the Statement of Profit or Loss, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions which are not material, are presented in aggregate basis (reported and presented on a net basis).

2.3.6 Expenditure Recognition

Operating Expenses

All expenditure incurred in running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year. For the purpose of presentation of Income Statement, the Directors are of the opinion that function of expense method present fairly the elements of the enterprise's performance, hence such presentation method is adopted.

Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Repairs and renewals are charged to revenue in the year in which the expenditure is incurred.

Finance Cost

Finance cost comprise interest expense on borrowings.

Other Financial Items

Foreign currency gains and losses are reported on a net basis under other financial items.

2.3.7 Grants & Subsidies

Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be

complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments.

When loans or similar assistance are provided with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a grant.

2.3.8 Taxes

Income Tax

The provision for Income Tax of the Company is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act in the following manner:

The Business Income of Richard Pieris Exports PLC, Richard Pieris Natural Foams Ltd, Micro Minerals (Pvt) Limited and Arpitalian Compact Soles (Pvt) Ltd are liable to Income Tax at 14% &18% under the Inland Revenue Act No. 24 of 2017 from Year of Assessment 2020/21.

Investment Income is liable at 24%.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, 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.

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 (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised 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 income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

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

- Where 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 are stated with the amount of sales tax included.

  The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.3.9 Non-current assets held for sale and discontinued operation

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Non-current assets and disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement.

2.3.10 Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and

depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the useful life of assets or components as follows.

Building on Leasehold Land	Over the period of lease
Building on Freehold Land	Over 25-35 years
Plant & Machinery, Electrical Equipment	Over 10-20 years
Furniture and Fittings	Over 04-05 years
Tools & Office Equipment	Over 04-05 years
Motor Vehicles	Over 04-05 years
Computers	Over 03-05 years
Roads and Other Infrastructure	Over 20 years
Tube Well	Over 10 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

2.3.11 Investment Property – Right of use assets

Property that is held (by the owner or by the lessee as a right of use asset) for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value, based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset, determined annually. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property replaced, the carrying amount of the replaced part is derecognized.

Changes in fair values are recognised in the Statement of comprehensive income. Investment properties are derecognized when they have been disposed. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in the Statement of Comprehensive income.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes. Investment property that is being redeveloped for continued future use as investment property continues to be measured at fair value and is not reclassified as property, plant and equipment during the redevelopment.

The fair value of investment property is determined by using valuation techniques.

The fair value was determined principally using discounted cash flow projections based on estimates of future cash flows, supported by the terms of any existing lease and other contracts and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows. The future rental rates were estimated depending on the actual location of the properties, and taking into account market data and projections at the valuation date.

Investment properties do not include the investment properties under construction or development and no such estimations were made.

2.3.12 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right of use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right of use the underlying assets.

Right-of-use-assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, 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 its estimated useful life or the lease term.

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 the incremental borrowing rate at the lease commencement date if 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 substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group's lease liabilities are included in Note 7.2 to the Financial Statements.

Group as a lessor for operating leases

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

2.3.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.3.14 Financial Instruments

2.3.14.1 Financial Assets

Initial recognition and measurement

Financial assets within the scope of SLFRS 9 are classified as amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow, characteristics and the Group's business model for managing them. This assessment is referred to as the SPPI test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of 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.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

The Group's financial assets are disclosed in Note 3.

Subsequent measurement

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

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

Financial Assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. 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 amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial Assets designated at fair value through OCI

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. 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.

Financial Assets-de-recognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets

The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. Based on the assessment performed, the Group concluded that SLFRS 9 does not have a material impact on the Group's Financial Statements.

2.3.14.2 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 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 are disclosed in Note 3.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships 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.

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 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 as finance costs in the statement of profit or loss.

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.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the Consolidated Statement of Financial Position only if there is a current enforceable legal right to offset the recognised amounts and intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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 to the Financial Statements.

2.3.15 Inventories

Inventories are valued at the lower of cost and net realizable value after making due allowances for obsolete and slow moving items. Net realizable value is the estimated selling price less estimated costs of completion and estimated costs necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition, are accounted for as follows;

a) Raw materials

At actual cost on weighted average cost.

b) Finished Goods & Work-in-progress

At the cost of direct materials, direct labour and an appropriate proportion of production overheads based on normal operating capacity.

c) Consumables and Spares

At actual cost on weighted average cost.

2.3.16 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 makes an estimate of the asset's recoverable amount. An asset's recoverable amount is higher of asset's or cash generating unit's fair value less costs to sell and its value in use and 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That the increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

2.3.17 Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

2.3.18 Dividend Distributions

The Group recognises a liability to make cash or non-cash distributions to owners of equity when the distribution is authorised and is no longer at the discretion of the Group. A corresponding amount is recognised directly in equity.

2.3.19 Provisions

General

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. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer.

Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

2.3.20 Contingent Assets and Contingent Liabilities

Provisions are made for all obligations existing as at the Reporting date when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote. Contingent assets are disclosed, where inflow of economic benefit is probable.

Notes to the Financial Statements

2.3.21 Post Employment Benefits

Defined Benefit Plan - Gratuity

Provision is made in the accounts for retirement gratuities payable under the Payment of Gratuity Act No. 12 of 1983 for employees from the time of employment by the Group. The method of providing for retiring gratuity was changed to an actuarial basis, using the Projected Unit Credit (PUC) method from 1st April 1998. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 19 to the Financial Statements. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

This item is grouped under Retirement Benefit Obligations. No separate fund is being maintained for this purpose.

The Group recognises the total actuarial gains and losses that arises in calculating the Group's obligation with respect to the Defined Benefit Plan – Gratuity in Other Comprehensive Income during the period in which it occurs.

Commencing from 1st April 1998 the basis of payment of retiring gratuity was revised as follows:

Length of Service (Years)	No. of months salary for each completed year of service
0 – 4	0
5 – 10	½
11 – 20	¾
21 – 30	1
31 & above	1 ¼

The basis of payment of retiring Gratuity was revised for employees recruited on or after 1st August 2011 to be in line with the provisions of the Gratuity Act No.12 of 1983.

Defined Contribution Plans:

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions, in line with respective statute and regulations. The Group contributes 12% and 3% of gross emoluments of employees to the Employees' Provident Fund and Employees Trust Fund respectively.

2.3.22 Segment Information

2.3.22.1 Reporting Segments

The activities of the segments are described in the segmental Review of operations. Segmentation has been determined based on primary format and secondary format. Primary format represents the business segments, identified based on the differences in the products and services produced which has a similar nature of process, risk and return while the secondary format is on the basis of geographical areas in which the products or services are sold. The operating results of the segments are described in Note 23.2 to the Financial Statements. The geographical analysis is by the location of the customer. Since the manufacturing and marketing service as well as the assets and liabilities are located in Sri Lanka, only the revenue has been analysed into the geographical location.

2.3.22.2Segment Information

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the Consolidated Financial Statements of the Group.

2.4 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Group consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty exists at the date of preparation, about these assumptions and estimates and hence, may result in outcomes that require a material adjustment to the recorded carrying amount of the asset or liability as at the reporting date or in future periods.

2.4.1 Judgements

In the process of applying the Group's accounting policies, management has made following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

Going Concern

When preparing Consolidated Financial Statements, management has made assessment of the ability of the constituents of the Group to continue as a going concern, taking into account all available information about the future, including intentions of curtailment of businesses, as decided by the Board, as disclosed in Note 8 & 31 to the Consolidated Financial Statements.

The Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future.

The assessment includes the existing and anticipated effects of the COVID-19 pandemic on the significant assumptions that are sensitive or susceptible to change or are inconsistent with historical trends. As the economic effects of COVID-19 continue to evolve, management considered a range of scenarios to determine the potential impact on underlying performance and future funding requirements. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

Tax on Financial Statements

The Group is subject to income taxes and other taxes. Significant judgement was required to determine the total provision for current, deferred and other taxes and the taxable profit for the purpose of imposition of taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws and timing of future taxable income, including but not limited to those that can arise due to treatment of effect of adoption of Sri Lanka Accounting Standards and Transfer Pricing, at the time of the preparation of these Financial Statements.

Deferred Tax Assets

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

Impairment of Receivables

The Group reviews at each reporting date all receivables to assess whether an allowance should be recorded in the Income Statement. The management uses judgement in estimating such amounts in the light of the duration of, outstanding and any other factors management is aware of that indicates uncertainty in recovery.

Transfer pricing regulation

The Group is subject to income taxes and other taxes including transfer pricing regulations. Prevailing uncertainties with respect to the interpretation of respective transfer pricing regulations, necessitated using management judgment to determine the impact of transfer pricing regulations. Accordingly critical judgments and estimates were used in applying the regulations in aspects including but not limited to identifying associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism. The current tax charge is subject to such judgments. Differences between estimated income tax charge and actual payable may arise as a result of management's interpretation and application of transfer pricing regulation.

Determination of Performance Obligations

Significant judgments relating to determination of performance obligations in relation to Group's material revenue lines are given in note 2.3.5.1.2

2.4.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates, on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Defined Benefit Plans - Gratuity

The cost of gratuity is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, staff withdrawals, and mortality rates. Due to the complexity of the valuation; the underlying assumptions and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair Value of Financial Instruments

Where the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements

include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Incremental Borrowing rate (IBR)

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

2.5 Standards Issued but not yet Effective

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

SLFRS 17 - Insurance Contracts

SLFRS 17 - Insurance Contracts, is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosures. Once effective, SLFRS 17 replaces existing SLFRS 4 Insurance contracts.

The amendments are applied prospectively for the annual periods beginning on or after 01 January 2023 with early application permitted.

3. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

31st March 2021	Note	Equity Instruments at FVTOCI Rs.'000	Debt Instruments at amortised cost Rs.'000	Total Rs.'000
3.1 Group				
Financial Assets				
Long Term Investment	5.3	-	-	-
Trade & Other Receivables	8.1 / 10	-	1,295,088	1,295,088
Short Term Investment	11	-	6,208	6,208
Amounts due from Related Parties	12	-	52,757	52,757
Cash and Bank Balances	13	-	1,042,649	1,042,649
		-	2,396,702	2,396,702

		Financial Liabilities at amortised cost Rs.'000	Total Rs.'000
Financial Liabilities			
Trade & Other Payables	8.2 / 20	562,234	562,234
Amounts due to Related Parties	8.3 / 22	533,865	533,865
Interest Bearing Loans and Borrowings	8 / 17.1	20,088	20,088
		1,116,187	1,116,187

31st March 2020	Note	Equity Instruments at FVTOCI Rs.'000	Debt Instruments at amortised cost Rs.'000	Total Rs.'000
Financial Assets				
Long Term Investment	5.3	16,061	-	16,061
Trade & Other Receivables	8.1 / 10	-	1,489,881	1,489,881
Short Term Investment	11	-	5,782	5,782
Amounts due from Related Parties	12	-	57,408	57,408
Cash and Bank Balances	13	-	694,226	694,226
		16,061	2,247,297	2,263,358

		Financial Liabilities at amortised cost Rs.'000	Total Rs.'000
Financial Liabilities			
Trade & Other Payables	8.2 / 20	523,693	523,693
Amounts due to Related Parties	8.3 / 22	270,715	270,715
Interest Bearing Loans and Borrowings	17.1	515,207	515,207
		1,309,615	1,309,615

A description of the Group's Financial Instrument risks, including risk management objectives and policies is given in Note 40.

Notes to the Financial Statements

3. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS (Contd.)

31st March 2021	Note	Equity Instruments at FVTOCI Rs.'000	Debt Instruments at amortised cost Rs.'000	Total Rs.'000
3.2 Company				
Financial Assets				
Trade & Other Receivables	10	-	399,418	399,418
Amounts due from Related Parties	12	-	194,927	194,927
Cash and Bank Balances	13	-	875,017	875,017
		-	1,469,362	1,469,362

		Financial Liabilities at amortised cost Rs.'000	Total Rs.'000
Financial Liabilities			
Trade & Other Payables	20	167,072	167,072
Amounts due to Related Parties	22	261,169	261,169
		428,241	428,241

31st March 2020	Note	Equity Instruments at FVTOCI Rs.'000	Debt Instruments at amortised cost Rs.'000	Total Rs.'000
Financial Assets				
Long Term Investment	5.3	16,061	-	16,061
Trade & Other Receivables	10	-	266,687	266,687
Amounts due from Related Parties	12	-	111,266	111,266
Cash and Bank Balances	13	-	616,956	616,956
		16,061	994,909	1,010,970

		Financial Liabilities at amortised cost Rs.'000	Total Rs.'000
Financial Liabilities			
Trade & Other Payables	20	155,246	155,246
Amounts due to Related Parties	22	26,080	26,080
Interest Bearing Loans and Borrowings	17.3	231	231
		181,557	181,557

	Freehold Land and Buildings	Building on Leasehold Land	Plant and Machinery	Tools and Office Equipment	Furniture and Fittings	Motor Vehicles	Computers	Roads and Other Infrastructure	Tube Well	Capital Work in Progress	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
4 PROPERTY, PLANT & EQUIPMENT											
4.1 Group											
Gross carrying amount - at cost											
As at 1st April 2020	67,125	312,560	1,278,504	32,199	10,439	10,168	23,306	10,703	179	11,521	1,756,704
Additions during the year	-	16,903	72,900	-	1,296	-	239	-	-	228,365	319,703
Disposals during the year	-	-	-	(110)	-	-	-	-	-	-	(110)
Assets written off	-	-	(379)	-	-	-	-	-	-	-	(379)
Capitalized during the year	-	-	-	-	-	-	-	-	-	(55,188)	(55,188)
As at 31st March 2021	67,125	329,463	1,351,025	32,089	11,735	10,168	23,545	10,703	179	184,698	2,020,730
Depreciation											
As at 1st April 2020	29,887	59,192	755,239	31,045	9,288	10,168	19,790	7,429	179	-	922,217
Charge for the year	1,526	12,711	73,498	538	521	-	1,216	285	-	-	90,295
Depreciation on Assets written off	-	-	(304)	-	-	-	-	-	-	-	(304)
Removal on disposals during the year	-	-	-	(26)	-	-	-	-	-	-	(26)
As at 31st March 2021	31,413	71,903	828,433	31,557	9,809	10,168	21,006	7,714	179	-	1,012,182
Net Book Value											
As at 31st March 2020	37,238	253,368	523,265	1,154	1,151	-	3,516	3,274	-	11,521	834,487
As at 31st March 2021	35,712	257,560	522,592	532	1,926	-	2,539	2,989	-	184,698	1,008,548

4.2 Property, Plant & Equipment includes fully depreciated assets, the cost of which amounts to Rs. 580,980,000/- (2019/20 - Rs. 566,036,000/-).

4 - PROPERTY, PLANT & EQUIPMENT (Contd.)

	Freehold Land and Buildings	Plant and Machinery	Tools and Office Equipment	Furniture and Fittings	Motor Vehicles	Computers	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
4.3 Company							
Gross carrying amount - at cost							
As at 1st April 2020	57,269	385,319	22,497	3,862	4,378	10,876	484,201
Additions during the year	-	36,095	-	-	-	-	36,095
As at 31st March 2021	57,269	421,414	22,497	3,862	4,378	10,876	520,296
Depreciation							
As at 1st April 2020	26,102	343,742	21,741	3,593	4,378	10,612	410,168
Charge for the year	1,346	6,207	400	89	-	151	8,193
As at 31st March 2021	27,448	349,949	22,141	3,682	4,378	10,763	418,361
Net Book Value							
As at 31st March 2020	31,167	41,577	756	269	-	264	74,033
As at 31st March 2021	29,821	71,465	356	180	-	113	101,935

4.4 Property, Plant & Equipment includes fully depreciated assets, the cost of which amounts to Rs. 351,532,000/- (2019/20 - Rs. 348,837,000/-).

	Group		Company	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
5. LONG TERM INVESTMENTS				
Summary :				
Investments in Subsidiaries (5.1(a) & 5.1(b))	**-**	-	**291,094**	291,094
Investment in Associate (5.2)	**223,811**	225,509	**171,929**	171,929
Other Investment (5.3)	**-**	16,061	**-**	16,061
Total Investments	**223,811**	241,570	**463,023**	479,084

	Holding		Number of Shares as at		Value of Shares as at	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	%	%			Rs.'000	Rs.'000
5.1(a) Company Investment in Subsidiaries						
Richard Pieris Natural Foams Ltd.	**43.00**	43.00	**27,560,001**	27,560,001	**284,820**	284,820
Micro Minerals (Pvt) Ltd.	**68.75**	68.75	**627,400**	627,400	**6,274**	6,274
Arpico Natural Latexfoams (Pvt) Ltd.	**44.44**	44.44	**3,999,999**	3,999,999	**40,000**	40,000
					331,094	331,094
Provision for Impairment					**(40,000)**	(40,000)
					291,094	291,094

Arpico Natural Latexfoams (Pvt) Ltd, had ceased its operations during the financial year 2006/2007. Full provision has been made for the impairment of this investment since recoverability is doubtful.

	% Holding		No. of Shares as at		Value of Shares as at	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
					Rs.'000	Rs.'000
5.1(b) Group Investment in Subsidiaries						
Investor						
Richard Pieris Natural Foams Ltd.						
Investee						
Arpico Natural Latexfoams (Pvt) Ltd.	**55.55**	55.55	**5,000,000**	5,000,000	**50,000**	50,000
					50,000	50,000
Provision for impairment					**(50,000)**	(50,000)
					-	-

5. LONG TERM INVESTMENTS (Contd.)

	Subsidiary	Percentage of Ownership Interest held by NCI	Percentage of Voting Rights held by NCI	Share of Total Comprehensive Income of NCI for the year ended 31st March 2021 Rs.'000	Share of Total Comprehensive Income of NCI for the year ended 31st March 2020 Rs.'000	NCI as at 31st March 2021 Rs.'000	NCI as at 31st March 2020 Rs.'000	Dividends Paid to NCI 2020/2021 Rs.'000	Dividends Paid to NCI 2019/2020 Rs.'000
5.1(c)	**Non Controlling Interests (NCI) in Subsidiaries**								
	Richard Pieris Natural Foams Ltd	57%	57%	**402,057**	396,480	**1,165,093**	1,019,423	(256,386)	170,924
	Micro Minerals (Pvt) Ltd	31.25%	31.25%	**40**	110	**10,615**	10,574	-	-
	Arpico Natural Latex Foams (Pvt) Ltd	32%	32%	**(18)**	(19)	**(158)**	(140)	-	-
				402,079	396,571	**1,175,550**	1,029,857	(256,386)	170,924

	As at	Richard Pieris Natural Foams Ltd 31stMarch 2021 Rs.'000	Richard Pieris Natural Foams Ltd 31st March 2020 Rs.'000	Micro Minerals (Pvt) Ltd 31st March 2021 Rs.'000	Micro Minerals (Pvt) Ltd 31st March 2020 Rs.'000	Arpico Natural Latex Foams (Pvt) Ltd 31st March 2021 Rs.'000	Arpico Natural Latex Foams (Pvt) Ltd 31st March 2020 Rs.'000
5.1(d)	**Summarised Financial Information of Subsidiaries**						
	Assets	**2,968,878**	3,000,095	**55,061**	52,553	**-**	50
	Liabilities	**924,596**	1,211,407	**21,021**	18,717	**226,905**	226,898
	Equity	**2,044,281**	1,788,688	**34,040**	33,836	**(226,905)**	(226,848)

	For the year ended 31st March	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
	Revenue	**4,061,855**	3,862,393	**39,687**	43,796	**-**	-
	Profit after tax	**707,197**	695,679	**186**	389	**(57)**	(60)
	Total Comprehensive income	**705,451**	695,827	**204**	350	**(57)**	(60)
	Principal Place of Business		Sri Lanka		Sri Lanka		Sri Lanka

5. LONG TERM INVESTMENTS (Contd.)

	Holding % 31.03.2021	Holding % 31.03.2020	As at 01.04.2020 Rs.'000	Share of Loss Rs.'000	Taxation Rs.'000	Share of Other Comprehensive Income Rs.'000	As at 31.03.2021 Rs.'000
5.2 Investment in Associate							
Group							
Non-Quoted							
Arpitalian Compact							
Soles (Pvt) Limited	**48.93**	48.93	225,509	(14,006)	1,896	10,412	**223,811**
			225,509	(14,006)	1,896	10,412	**223,811**

	Holding % 31.03.2021	Holding % 31.03.2020	No. of Shares as at 31.03.2021	As at 01.04.2020 Rs.'000	Value of Shares Additions / (Disposals) Rs.'000	As at 31.03.2021 Rs.'000
Company						
Arpitalian Compact						
Soles (Pvt) Limited	**48.93**	48.93	**29,587,667**	171,929	-	**171,929**
			-	171,929	-	**171,929**

The carrying value at year end is stated after the deduction of a sum of Rs. 55, 976,000/- from the cost of Rs. 227,905,000/- being the provision for impairment determined by the management.

Group / Company	Holding % 31.03.2021	Holding % 31.03.2020	As at 01.04.2020 Rs.'000	Fair value adjustment Rs.'000	As at 31.03.2021 Rs.'000
5.3 Other Investment					
Asia Auto Parts LLP, Japan	**19.95%**	19.95%	16,061	(16,061)	-
			16,061	(16,061)	-

Management's estimation of fair value.

Due to uncertainty of recoverability of investment , management has decided to fully provide for the investment during 2020/2021.

	Group 2021 Rs.'000	Group 2020 Rs.'000	Company 2021 Rs.'000	Company 2020 Rs.'000
5.4 Advance Payment for Investment				
Arpico Desh Ltd - Bangladesh	**57,363**	57,363	**-**	-

Subsidiary Company Richard Pieris Natural Foams Ltd has made an advance payment of Rs. 57,363,000/- for Investment in Arpico Desh Ltd - Bangladesh.

Notes to the Financial Statements

	Group		Company	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
6. INVESTMENT PROPERTY - RIGHT OF USE ASSET				
At the beginning of the year	**323,602**	287,323	-	-
Additions during the year	**-**	36,279	-	-
Fair value adjustment	**(1,082)**	-	-	-
At the end of the Year	**322,520**	323,602	-	-
Rental Income earned	**21,109**	12,291	-	-
Direct Operating expenses incurred	**-**	-	-	-

The Subsidiary Company ,Richard Pieris Natural Foams Ltd, has obtained the above property from its Related Company RPC Properties (Pvt) Ltd on a 99 years lease and sub leased to Related Companies Richard Pieris Distributors Ltd, RPC Polymers (Pvt) Ltd, Arpitech (Pvt) Ltd and Richard Pieris Rubber Products Ltd.

Valuation method underlying management's estimation of fair value
For the investment property in the location with a total carrying value of Rs. 322,520,347 (2019/20 - Rs.323,602,081), the valuation was determined using discounted cash flow ("DCF") projections based on significant unobservable inputs.

Information about fair value measurements using significant unobservable inputs (Level 3) for 2021 are as follows:-

Valuation Technique	Income Approach
Rate / Sq Foot	Rs.22
Discount rate	11%
Leased Property	Land and Building
Location	Mattegoda
Extent	528.5 Perches

	Group		Company	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Cost	Rs.'000	Rs.'000	Rs.'000	Rs.'000
7. RIGHT OF USE ASSETS - LEASEHOLD				
Balance at the beginning of the year	**100,639**	-	**-**	-
Transfer from Leasehold Land Prepayment (SLFRS 16 Initial Recognition)	**-**	11,815	**-**	-
Effect of Adoption of SLFRS 16	**-**	58,121	**-**	-
Lease Asset reassessment	**40,560**	-	**-**	-
	141,199	69,936	**-**	-
Additions during the year	**-**	30,703	**-**	-
Balance at the end of the year	**141,199**	100,639	**-**	-
Amortisation				
Balance at the beginning of the year	**1,564**	-	**-**	-
Charge for the year	**2,617**	1,564	**-**	-
Balance at the end of the year	**4,181**	1,564	**-**	-
Net Book Value	**137,018**	99,075	**-**	-
7.1 LEASEHOLD LAND PREPAYMENT				
At the beginning of the year	**-**	11,815		-
Transfer to Right of use assets (SLFRS 16 Initial Recognition)	**-**	(11,815)		-
At the end of the year	**-**	-	**-**	-
Amount chargeable to Income Statement within one year	**-**	-	**-**	-
Amount chargeable to Income Statement after one year	**-**	-	**-**	-
	-	-	**-**	-

7.2. Liabilities for lease Payments

	Group		Company	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the beginning of the year	**66,383**	-	**-**	-
Effect of Adoption of SLFRS 16	**-**	58,121	**-**	-
	66,383	58,121	**-**	-
Lease liability re-assessment	**40,560**	-	**-**	-
Lease obtained during the year	**-**	19,430	**-**	-
Interest for the year	**6,420**	3,797	**-**	-
Payments	**(8,746)**	(13,002)	**-**	-
Effect of foreign exchange translation	**3,109**	(1,963)	**-**	-
Balance at the end of the year	**107,726**	66,383	**-**	-
Lease instalments payable in the ensuing year	**9,329**	8,876	**-**	-
Lease instalments payable after one year	**98,397**	57,507	**-**	-
Total Lease Liability	**107,726**	66,383	**-**	-
Following are the amounts recognised in profit or loss for the year ended 31st March 2021				
Amortization of right-of-use assets	**2,617**	1,564	**-**	-
Interest expense on lease liabilities	**6,420**	3,797	**-**	-
Total amount recognised in profit or loss	**9,037**	5,361	**-**	-

Expenses relating to short term leases and leases of low value assets amounting to Rs. 12,146,000/- have been recognised in profit or loss.

7.3 Details of Right of Use Assets and Lease Liabilities

Description of Asset	BOI-Land 749.47 Perches	BOI-Land 35.97 Perches	BOI-Land 196.1 Perches	BOI-Land 73.26 Perches	BOI-Land 38.1 Perches	BOI-Land 408.7 Perches	Total
Plan No	590	2014-34	2014-53A	2014-53B	13172A	16016	
Year of Purchase	1993	2014	2015	2016	2018	2020	
Lease Term	99 Years	50 Years	50 Years	50 Years	50 Years	50 Years	
Net Book Value as at 31.03.2021 (in Rs 000)	71,649	4,284	17,143	9,424	5,356	29,163	137,018
No. of Instalment remaining (in years) as at 31.03.2021	72	43	25	44	47	25	
Total Lease outstanding as at 31.03.2021 (In RS 000)	59,565	2,679	12,968	5,471	2,865	24,178	107,726

Notes to the Financial Statements

	Group		Company	
	31.03.2021 Rs.'000	31.03.2020 Rs.'000	31.03.2021 Rs.'000	31.03.2020 Rs.'000
8. ASSETS / LIABILITIES OF SUBSIDIARY WHICH IS NOT CONSIDERED AS GOING CONCERN (DISCONTINUED OPERATIONS)				
Arpico Natural Latex Foams (Pvt) Ltd.				
Assets				
Trade & Other Receivables (8.1)	-	-	-	-
Cash and Bank Balances	-	50	-	-
	-	50	-	-
Liabilities				
Trade & Other Payables (8.2)	20,532	24,437	-	-
Amounts due to Related Parties (8.3)	206,316	202,461	-	-
Bank Overdraft	57	-	-	-
	226,905	226,898	-	-

Subsidiary - Arpico Natural Latex Foams (Pvt) Ltd is not considered as going concern. Hence, assets and liabilities are stated separately.

	Group		Company	
	31.03.2021 Rs.'000	31.03.2020 Rs.'000	31.03.2021 Rs.'000	31.03.2020 Rs.'000
8.1 Trade & Other Receivables				
Trade Debtors	25,645	25,645	-	-
Other Receivables	5,304	5,304	-	-
Less : Provision for Impairment	(30,949)	(30,949)	-	-
	-	-	-	-
8.2 Trade & Other Payables				
Trade Creditors - Related Party - RPC Logistics Ltd.	-	3,856	-	-
- Others	188	188	-	-
Sundry Creditors including Accrued Expenses	20,344	20,393	-	-
	20,532	24,437	-	-
8.3 Amounts due to Related Parties				
Richard Pieris & Co. PLC	170,183	170,184	-	-
Richard Pieris Rubber Compounds Ltd.	156	156	-	-
Kegalle Plantations PLC	32,055	32,055	-	-
Arpitalian Compact Soles (Pvt) Ltd.	66	66	-	-
RPC Logistics Ltd.	3,856	-		
	206,316	202,461	-	-
9 INVENTORIES				
Raw Materials	301,516	322,807	86,196	77,465
Work in Progress	30,291	20,443	29,575	19,013
Finished Goods	245,423	188,202	49,574	39,487
Consumables and Spares	65,989	40,305	38,141	29,464
Provision for Slow moving Stocks / Stock Loss (9.1)	(19,415)	(19,464)	(8,848)	(8,897)
	623,804	552,293	194,638	156,532
9.1 Provision for Slow Moving Stocks / Stock Loss				
At the beginning of the year	19,464	6,532	8,897	6,140
Provision made during the year/ (Reversal)	(49)	12,932	(49)	2,757
At the end of the year	19,415	19,464	8,848	8,897

		Group		Company	
		31.03.2021	31.03.2020	31.03.2021	31.03.2020
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
10. TRADE AND OTHER RECEIVABLES					
10.1 Summary					
Financial Assets					
Trade Debtors - Related Parties (10.2)		**39,416**	44,305	**11,773**	9,143
- Others		**1,270,359**	1,428,670	**383,773**	253,644
		1,309,775	1,472,975	**395,546**	262,787
Less : Provision for Impairment (10.3)		**(40,820)**	(30,406)	**(1,524)**	(1,524)
		1,268,955	1,442,569	**394,022**	261,263
Other Debtors		**40,521**	61,705	**21,685**	21,718
Less : Provision for Impairment		**(18,559)**	(18,559)	**(18,559)**	(18,559)
		21,962	43,146	**3,126**	3,159
Refundable Deposits		**4,246**	4,241	**2,345**	2,340
Less : Provision for Impairment		**(75)**	(75)	**(75)**	(75)
		4,171	4,166	**2,270**	2,265
Total Financial Assets		**1,295,088**	1,489,881	**399,418**	266,687
Non Financial Assets					
Advances & Prepayments		**191,852**	186,192	**169,537**	161,931
Less : Provision for Impairment		**(18,641)**	(18,641)	**(18,546)**	(18,546)
Total Non Financial Assets		**173,211**	167,551	**150,991**	143,385
		1,468,299	1,657,432	**550,409**	410,072
10.2 Trade Dues Receivables from Related Parties	Relationship				
Richard Pieris & Co PLC	Parent Company	**28**	28	**28**	28
Richard Pieris Distributors Ltd	Related Company	**25,918**	28,488	**5,623**	6,447
Richard Pieris Rubber Products Ltd	Related Company	**4,239**	1,138	**3,890**	168
Richard Pieris Natural Foams Ltd	Subsidiary Company	**-**	-	**145**	39
Arpitalian Compact Soles (Pvt) Ltd	Associate Company	**272**	785	**-**	-
Richard Pieris Rubber Compounds Ltd	Related Company	**358**	351	**124**	124
Arpico Interiors (Pvt) Ltd	Related Company	**1,404**	2,335	**1,404**	2,335
Arpitech (Pvt) Ltd	Related Company	**6,638**	11,180	**-**	2
BGN Industrial Tyre (Pvt) Ltd	Related Company	**53**	-	**53**	-
Richard Pieris Tyre Company Ltd	Related Company	**506**	-	**506**	-
		39,416	44,305	**11,773**	9,143
10.3 Provision for Impairment					
Balance at the beginning of the year		**30,406**	18,478	**1,524**	1,524
Provision made during the year		**11,688**	10,626	**-**	-
		42,094	29,104	**1,524**	1,524
Reversal of over provision		**(106)**	(72)	**-**	-
Effect of foreign exchange translation		**(1,168)**	1,374	**-**	-
Balance at the end of the year		**40,820**	30,406	**1,524**	1,524

	Total	Current	30 – 60 days	61 – 90 days	91 – 120 days	> 120 days
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
10.4 As at 31st March, the ageing analysis of trade debtors is as follows.						
2021	1,309,775	1,049,345	126,887	17,567	1,456	114,520
2020	1,472,975	886,490	230,218	147,242	49,513	159,512

Notes to the Financial Statements

		Group		Company	
		31.03.2021	31.03.2020	31.03.2021	31.03.2020
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
11	**SHORT TERM INVESTMENT**				
	Fixed Deposits				
	Balance at the beginning of the year	**5,584**	180,056	**-**	175,000
	Investment made during the year	**504**	50,853	**-**	50,325
	Withdrawals made during the year	**-**	(225,325)	**-**	(225,325)
		6,088	5,584	**-**	-
	Interest receivable at the end of the year	**120**	198	**-**	-
	Balance at the end of the year	**6,208**	5,782	**-**	-
	Represented by :-				
	Short Term Investment in Other Financial Institutions	**6,208**	5,782	**-**	-
		6,208	5,782	**-**	-

12	**AMOUNTS DUE FROM RELATED PARTIES**					
		Relationship				
	Richard Pieris Natural Foams Ltd.	Subsidiary Company	**-**	-	**194,432**	111,005
	Arpitalian Compact Soles (Pvt) Ltd	Associate Company	**72**	-	**-**	261
	Richard Pieris Distributors Ltd.	Related Company	**24,884**	23,112	**-**	-
	Arpitech (Pvt) Ltd	Related Company	**14,804**	19,073	**-**	-
	Maskeliya Tea Gardens (Ceylon) (Pvt) Ltd.	Related Company	**11,121**	11,121	**-**	-
	RPC Polymers (Pvt) Ltd	Related Company	**1,766**	3,246	**-**	-
	Richard Pieris Rubber Products Ltd	Related Company	**110**	856	**-**	-
	Micro Minerals (Pvt) Ltd.	Subsidiary Company	**-**	-	**495**	-
			52,757	57,408	**194,927**	111,266

13	**CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENTS**				
13.1	**Favourable Cash and Cash Equivalents Balances**				
	Cash & Bank Balances - Continuing Operations	**1,042,649**	694,176	**875,017**	616,956
	Cash & Bank Balances - Discontinued Operations - Note 8	**-**	50	**-**	-
		1,042,649	694,226	**875,017**	616,956
13.2	**Unfavourable Cash and Cash Equivalents Balances**				
	Bank Overdrafts - Note 17.1 / 17.3 / 8	**(644)**	(329,315)	**-**	(231)
	Total Cash and Cash Equivalents for the purpose of Cash Flow Statements	**1,042,005**	364,911	**875,017**	616,725

	At the beginning of the year 01.04.2020 Number '000	Issued for Cash during the year Number '000	At the end of the year 31.03.2021 Number '000
14 STATED CAPITAL			
Issued and Fully Paid Number of Shares (Ordinary Shares)	11,164	-	**11,164**
	11,164	-	**11,164**

	Rs.'000	Rs.'000	Rs.'000
Stated Capital	220,262	-	220,262
	220,262	-	220,262

14.1 Rights, Preference Restrictions of Classes of Capital

The holders of ordinary shares confer their right to receive dividends as declared from time to time and are entitled to one vote per share at a meeting of the Company.

All shares rank equally with regard to the Company's residual assets.

	Group		Company	
	31.03.2021 Rs.'000	31.03.2020 Rs.'000	31.03.2021 Rs.'000	31.03.2020 Rs.'000
15 REVENUE RESERVES				
15.1 General Reserve				
At the beginning of the year	**219,250**	219,250	**219,250**	219,250
Transfer from Income Statement	**-**	-	**-**	-
At the end of the year	**219,250**	219,250	**219,250**	219,250
15.2 Accumulated Profit				
At the beginning of the year	**1,359,141**	1,027,015	**1,153,526**	989,769
Profit for the year attributable to				
Equity Holder of the Parent Company	**637,139**	643,782	**538,541**	475,052
Other comprehensive income attributable				
to Equity Holder of the Parent Company	**(16,825)**	(35,353)	**(15,787)**	(34,992)
Interim dividend	**(279,094)**	(276,303)	**(279,094)**	(276,303)
At the end of the year	**1,700,361**	1,359,141	**1,397,186**	1,153,526
Total Revenue Reserves	**1,919,611**	1,578,391	**1,616,436**	1,372,776
16 FOREIGN CURRENCY TRANSLATION				
At the beginning of the year	**122,698**	101,728	**-**	-
Exchange translation difference for the year	**10,710**	20,970	**-**	-
At the end of the year	**133,408**	122,698	**-**	-

Foreign Currency translation relates to the resulting exchange difference on translation of Arpitalian Compact Soles (Pvt) Ltd's accounts maintained in US dollars, into Sri Lankan rupees.

Notes to the Financial Statements

		31.03.2021 Amount Repayable Within 1 Year Rs.'000	31.03.2021 Amount Repayable After 1 Year Rs.'000	31.03.2021 Total Rs.'000	31.03.2020 Amount Repayable Within 1 Year Rs.'000	31.03.2020 Amount Repayable After 1 Year Rs.'000	31.03.2020 Total Rs.'000
17	**INTEREST BEARING LIABILITIES**						
17.1	**Interest Bearing Liabilities - Group**						
	Packing Credit Loan	-	-	-	138,142	-	138,142
	Term Loan	**16,667**	**2,778**	**19,445**	47,750	-	47,750
		16,667	**2,778**	**19,445**	185,892	-	185,892
	Bank Overdraft (13.2)	**588**	-	**588**	329,315	-	329,315
		17,255	**2,778**	**20,033**	515,207	-	515,207

		As at 01.04.2020 Rs.'000	Obtained during the year Rs.'000	Payment during the year Rs.'000	Exchange Loss Rs.'000	As at 31.03.2021 Rs.'000
17.2	**Term Loan and Packing Credit Loan - Movements**					
	Packing Credit Loan	138,142	-	138,142	-	-
	Term Loan	47,750	19,445	47,750	-	**19,445**
		185,892	19,445	185,892	-	**19,445**

		31.03.2021 Amount Repayable Within 1 Year Rs.'000	31.03.2021 Amount Repayable After 1 Year Rs.'000	31.03.2021 Total Rs.'000	31.03.2020 Amount Repayable Within 1 Year Rs.'000	31.03.2020 Amount Repayable After 1 Year Rs.'000	31.03.2020 Total Rs.'000
17.3	**Interest Bearing Liabilities - Company**						
	Bank Overdraft (13.2)	-	-	-	231	-	231
		-	-	-	231	-	231

		Group		Company	
		31.03.2021	31.03.2020	31.03.2021	31.03.2020
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
18	**DEFERRED TAX LIABILITY / (ASSET)**				
	Balance at the beginning of the year	**67,577**	70,140	**(1,064)**	(297)
	Deferred Tax Charged / (Reversed) to the Income Statement	**(2,240)**	(3,087)	**(584)**	(1,282)
	Deferred Tax Charged / (Reversed) to the Statement of Other Comprehensive Income	**(236)**	524	**44**	515
	Balance at the end of the year	**65,101**	67,577	**(1,604)**	(1,064)
	Deferred Tax Asset	**(1,604)**	(1,064)	**(1,604)**	(1,064)
	Deferred Tax Liability	**66,705**	68,641	**-**	-
	Deferred tax asset, liability relates to the following				
	Deferred tax liability				
	Accelerated depreciation for tax purposes	**75,674**	79,540	**8,151**	7,745
	Right of use asset	**1,020**	975	**-**	-
	Unrealized Exchange gain/(Loss)	**3,279**	-	**-**	-
	Deferred tax assets				
	Retirement benefit obligations	**(14,872)**	(12,938)	**(9,755)**	(8,809)
	Net deferred tax liability / (asset)	**65,101**	67,577	**(1,604)**	(1,064)
19	**RETIREMENT BENEFIT OBLIGATION**				
	Movements in the present value of the Retirement Benefit Obligation are as follows.				
	Balance at the beginning of the year	**91,419**	89,225	**62,923**	61,003
	Current Service Cost	**6,831**	5,964	**3,440**	3,157
	Interest Cost	**9,142**	9,815	**6,292**	6,710
	(Gain) / Loss due to changes in assumptions	**1,690**	(3,794)	**(318)**	(3,675)
	Benefits paid	**(3,178)**	(9,791)	**(2,663)**	(4,272)
	Balance at the end of the year	**105,904**	91,419	**69,674**	62,923
19.1	**Net Benefit Expenses Categorized Under Staff Cost**				
	Current Service Cost	**6,831**	5,964	**3,440**	3,157
	Interest Cost	**9,142**	9,815	**6,292**	6,710
		15,973	15,779	**9,732**	9,867

Notes to the Financial Statements

19 RETIREMENT BENEFIT OBLIGATION (Contd.)

19.2 Actuarial & Management Consultants (Pvt) Limited, Actuaries, carried out an actuarial valuation of the defined benefit plan on 31.03.2021 and 31.03.2020. Appropriate and compatible assumptions were used in determining the cost of retirement benefits.

The principle assumptions used were as follows.

Staff Turnover Rates

Age Group	20	25	30	35	40	45	50
Executives	0.31	0.28	0.25	0.18	0.15	0.10	-
Non Executives	0.69	0.56	0.43	0.29	0.21	0.21	-

	2020 / 2021	2019 / 2020
Demographic assumptions		
Retiring age	**55 or 60**	55 or 60
Mortality in Service	**A 1967/70 mortality table issued by the Institute of Actuaries, London.**	A 1967/70 mortality table issued by the Institute of Actuaries, London.
Financial assumptions		
Rate of Salary Increment	**4% in 2022, 6% in 2023 and thereafter 8% p.a from 2024**	4% in 2021, 6% in 2022 and thereafter 8% p.a
Rate of Discount	**8%**	10%

19.3 Sensitivity Analysis

Values appearing in the Financial Statements are very sensitive to the changes in financial and non financial assumptions used. The sensitivity was carried for both the salary escalation rate and discount rate. Simulations made for retirement benefit obligation show that an increase or decrease by 1% of salary escalation rate and discount rate has the following effect on the retirement benefit obligation.

		Revised Defined Benefit Obligation	
		Group	Company
Salary escalation Rate	Discount Rate	Rs. '000	Rs. '000
One point increase	As given in Note 19.2	102,310	67,667
One point decrease	As given in Note 19.2	109,828	71,858
As given in Note 19.2	One point increase	109,289	71,533
As given in Note 19.2	One point decrease	102,747	67,937

19.4 Maturity Profile

Maturity profile of the defined benefit obligation as at 31st March 2021 is as follows.

	Defined Benefit Obligation	
	Group	Company
Future Working Life Time	Rs. '000	Rs. '000
Within the next 12 Months	39,962	31,443
Between 1-5 years	41,388	26,619
Beyond 5 years	24,554	11,612
	105,904	69,674

		Group		Company	
		31.03.2021	31.03.2020	31.03.2021	31.03.2020
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
20	**TRADE AND OTHER PAYABLES**				
	Financial Liabilities				
	Trade Creditors - Related Parties (20.1)	**293,211**	304,754	**53,962**	64,613
	- Others	**108,320**	90,634	**25,068**	28,068
	Other Payables (20.2)	**140,171**	103,868	**88,042**	62,565
	Total Financial Liabilities	**541,702**	499,256	**167,072**	155,246
	Non Financial Liabilities				
	Other Payables (20.3)	**2,673**	2,680	**695**	953
	Total Non Financial Liabilities	**2,673**	2,680	**695**	953
	Balance at the end of the year	**544,375**	501,936	**167,767**	156,199

20.1 Trade dues Payable to Related Parties

	Relationship				
Kegalle Plantations PLC.	Related Company	**246,594**	233,284	**30,871**	30,652
Richard Pieris Rubber Products Ltd	Related Company	**-**	541	**-**	413
Richard Pieris Distributors Ltd	Related Company	**4,460**	4,190	**2,995**	1,479
Richard Pieris Rubber Compounds Ltd	Related Company	**8,095**	12,218	**8,095**	12,218
Richard Pieris Tyre Company Ltd.	Related Company	**3,334**	2,517	**-**	-
RPC Logistics Ltd.	Related Company	**21,388**	36,260	**3,960**	4,879
Arpitech (Pvt) Ltd.	Related Company	**5,384**	5,850	**268**	170
Micro Minerals (Pvt) Ltd	Subsidiary Company	**-**	-	**1,666**	1,419
Arpico Interiors (Pvt) Ltd	Related Company	**16**	284	**16**	284
Maskeliya Tea Gardens (Ceylon) (Pvt) Ltd	Related Company	**123**	516	**101**	470
Richard Pieris Natural Foams Ltd	Subsidiary Company	**-**	-	**2,174**	3,535
RPC Polymers (Pvt) Ltd	Related Company	**10**	-	**10**	-
Namunukula Plantation PLC	Related Company	**3,807**	9,094	**3,806**	9,094
		293,211	304,754	**53,962**	64,613

20.2 Other Payables (Financial Liabilities)

Dividend Payable	**50,982**	29,003	**50,982**	29,001
Unclaimed Gratuity Payment	**14,707**	14,707	**14,707**	14,707
Bonus Payable	**11,190**	10,760	**3,730**	4,545
Sales Commission	**13,955**	10,730	**-**	-
Others	**49,337**	38,668	**18,623**	14,312
	140,171	103,868	**88,042**	62,565

20.3 Other Payables (Non Financial Liabilities)

Others	**2,673**	2,680	**695**	953
	2,673	2,680	**695**	953

Notes to the Financial Statements

		Group		Company	
		31.03.2021	31.03.2020	31.03.2021	31.03.2020
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
21	**INCOME TAX PAYABLE**				
	Balance at the beginning of the year	**34,356**	72,718	**10,536**	18,776
	Provision for the year	**215,075**	174,010	**86,846**	58,832
	(Over) / under provision in respect of previous year	**1,778**	(27)	**(398)**	(1,227)
		251,209	246,701	**96,984**	76,381
	Payments made during the year	**(153,739)**	(188,885)	**(50,739)**	(58,876)
	WHTax Paid	**(916)**	(2,310)	**-**	(1,480)
	Economic Service Charge Paid	**-**	(21,150)	**-**	(5,489)
	Balance at the end of the year	**96,554**	34,356	**46,245**	10,536

			Group		Company	
			31.03.2021	31.03.2020	31.03.2021	31.03.2020
		Relationship	Rs.'000	Rs.'000	Rs.'000	Rs.'000
22	**AMOUNTS DUE TO RELATED PARTIES**					
	Richard Pieris & Co. PLC.	Parent Company	**327,176**	59,426	**237,597**	2,450
	Micro Minerals (Pvt) Ltd	Subsidiary Company	**-**	-	**23,200**	23,484
	Richard Pieris Distributors Ltd	Related Company	**372**	-	**372**	146
	Arpitalian Compact Soles (Pvt) Ltd	Associate Company	**-**	8,828	**-**	-
			327,548	68,254	**261,169**	26,080

		Group		Company	
		2021	2020	2021	2020
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
23	**REVENUE FROM CONTRACTS WITH CUSTOMERS**				
23.1	**Summary**				
	Export Sales	**4,374,234**	4,458,241	**1,220,344**	1,290,548
	Indirect Exports (Gross)	**829,842**	507,484	**-**	-
	Local Sales (Gross)	**255,090**	366,551	**64,643**	43,565
		5,459,166	5,332,276	**1,284,987**	1,334,113
	VAT	**(77,426)**	(96,778)	**(4,788)**	(4,804)
		5,381,740	5,235,498	**1,280,199**	1,329,309
	Less : Inter Group Sales	**(19,430)**	(23,942)	**-**	-
		5,362,310	5,211,556	**1,280,199**	1,329,309

23.2 Group Segmental Information

Business Segmental Information	Turnover		Profit / (Loss) before Tax		Total Assets		Total Liabilities	
	2021	2020	2021	2020	2021	2020	2021	2020
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Mineral Segment	**39,687**	43,796	**(355)**	499	**55,060**	52,553	**21,020**	18,717
Latex Based Segment	**4,061,854**	3,862,393	**836,485**	810,142	**2,968,878**	3,000,145	**1,151,502**	1,438,305
Hard Rubber Segment	**1,280,199**	1,329,309	**624,405**	531,375	**2,381,553**	1,849,007	**544,856**	255,969
	5,381,740	5,235,498	**1,460,536**	1,342,016	**5,405,491**	4,901,705	**1,717,378**	1,712,991
Adjustment for Inter Group Transactions	**(19,430)**	(23,942)	**(207,556)**	(112,870)	**(460,910)**	(377,403)	**(221,628)**	(139,897)
	5,362,310	5,211,556	**1,252,980**	1,229,146	**4,944,581**	4,524,302	**1,495,750**	1,573,094

Geographic Information - Revenue	Group		Company	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Sri Lanka	264,831	286,814	59,854	38,761
USA	1,160,848	973,627	66,881	139,823
Europe	1,818,012	1,692,243	1,111,626	1,117,658
Asia Pacific	2,137,263	2,282,814	41,052	33,067
Africa	786	-	786	-
Total Segments	5,381,740	5,235,498	1,280,199	1,329,309
Less : Inter Group Sales	(19,430)	(23,942)	-	-
	5,362,310	5,211,556	1,280,199	1,329,309

	Group		Company	
	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
24 OTHER OPERATING INCOME				
Scrap Sales (24.1)	**2,197**	3,493	**588**	516
Rental Income (24.2)	**21,109**	12,291	**-**	-
Reversal of provision for slow moving stocks	**49**	36	**49**	-
Dividend Income	**-**	-	**193,471**	110,923
Reversal of Trade Debtors Impairment over provision	**105**	72	**-**	-
	23,460	15,892	**194,108**	111,439
24.1 Summary				
Scrap Sales (Gross)	**2,373**	3,983	**635**	585
VAT	**(176)**	(490)	**(47)**	(69)
	2,197	3,493	**588**	516
24.2 Summary				
Rental Income (Gross)	**22,798**	13,642	**-**	-
VAT	**(1,689)**	(1,351)	**-**	-
	21,109	12,291	**-**	-

Notes to the Financial Statements

		Group		Company	
		2021	2020	2021	2020
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
25	**PROFIT FROM OPERATIONS**				
	is stated after Charging				
	Depreciation	**90,295**	82,434	**8,193**	7,629
	Directors' Fees	**600**	800	**600**	800
	Auditors' Remuneration - Audit Fees	**2,115**	2,095	**1,112**	1,112
	- Non-Audit Fees	**111**	162	**111**	142
	Personnel Costs includes				
	Defined Benefit Plan Costs - Gratuity	**15,973**	15,779	**9,732**	9,867
	Other Staff Costs including EPF & ETF	**517,803**	517,083	**165,400**	174,041
	Provision for Impairment - Trade Debtors	**11,688**	10,626	**-**	-
	Corporate Restructuring Expenses	**60,000**	60,000	**-**	-
	Amortisation of Right of Use Asset	**2,617**	1,564	**-**	-
26	**FINANCE INCOME**				
	Interest Income	**20,815**	24,605	**18,421**	24,069
		20,815	24,605	**18,421**	24,069
27	**FINANCE COSTS**				
	Interest expense on borrowings - Related Parties	**-**	-	**1,878**	2,656
	- Others	**6,852**	18,476	**-**	-
	Finance Charges on Lease Liabilities	**6,420**	3,797	**-**	-
		13,272	22,273	**1,878**	2,656
		13,272	22,273	**1,878**	2,656
28	**OTHER FINANCIAL ITEMS**				
	Net foreign exchange transaction gain	**103,147**	116,091	**64,316**	65,085

29 SHARE OF PROFIT / (LOSS) OF ASSOCIATE

The Group's share of income and expenses of the entity for the years ended 31st March 2021 and 2020, and assets & liabilities as at 31st March 2021 and 2020.

	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Revenue	**143,019**	259,906		
Profit / (Loss) before tax	**(28,624)**	(3,980)		
Group's share of Profit / (Loss) before tax	**(14,006)**	(1,947)		
(-) Tax on associate results	**1,896**	148		
Group's share of Profit / (Loss) after tax	**(12,110)**	(1,799)		
Total Other Comprehensive Income	**21,277**	42,041		
Group's share of total Other Comprehensive Income	**10,411**	20,572		
Associate's Statement of Financial Position				
Current assets	**287,750**	288,045		
Non-current assets	**335,235**	344,907		
	622,985	632,952		
Current liabilities	**30,975**	42,934		
Non-current liabilities	**70,555**	65,092		
	101,530	108,026		

30 TAXATION

Income tax on current year profits - Note 30.1	**215,075**	174,010	**86,846**	58,832
(Over) / Under Provision in respect of previous year	**1,778**	(27)	**(398)**	(1,227)
Deferred Taxation charge / (Reversal) - Note 30.2	**(2,240)**	(3,087)	**(584)**	(1,282)
Dividend Tax paid by subsidiaries	**-**	18,058	**-**	-
Charge / (Reversal) of Income Tax and Deferred Tax of the Associate Company	**(1,896)**	(148)	**-**	-
	212,717	188,806	**85,864**	56,323

30.1 Taxation on Current Year Profits

Profit / (Loss) before Tax from continuing operations	**1,252,980**	1,229,146	**624,405**	531,375
Add: Profit / (Loss) before Tax from discontinued operations	**(57)**	(60)	**-**	-
Less: (Profit) / Loss from Associate Company	**14,006**	1,947	**-**	-
	1, 266,929	1,231,033	**624,405**	531,375
Expenses Disallowed for tax purposes	**208,127**	164,560	**30,460**	30,817
Expenses allowable for tax purposes	**(144,047)**	(152,935)	**(19,019)**	(31,037)
Allowable Income	**169,879**	-	**(23,728)**	(110,923)
Taxable Income	**1,500,888**	1,242,658	**612,118**	420,232
Income tax 28%	**-**	285	**-**	-
Income tax 24%	**981**	82	**878**	-
Income tax 18%	**3,525**	-	**3,525**	-
Income tax 14%	**210,569**	173,643	**82,443**	58,832
	215,075	174,010	**86,846**	58,832

30.2 Deferred Taxation Charge / (Reversal)

Accelerated depreciation for tax purpose	**(543)**	(3,204)	**407**	(498)
Right of use Asset	**-**	975	**-**	-
Retirement benefit obligations	**(1,697)**	(858)	**(991)**	(784)
	(2,240)	(3,087)	**(584)**	(1,282)

Notes to the Financial Statements

31 DISCONTINUED OPERATIONS

Arpico Natural Latex Foams (Pvt) Ltd had ceased its operations during the financial year 2006/2007. Therefore, this company has not been considered as going concern. Further, the results of this company has been presented separately in these Financial Statements in accordance with SLFRS 05 "Non Current Assets held for sale and Discontinued Operations".

The results of discontinued operation is given below :

	Group	
	2021 Rs.'000	2020 Rs.'000
Revenue	-	-
Cost of Sales	-	-
Gross Profit	-	-
Other Operating Income	-	-
Expenses - Note 31.1	(57)	(60)
Loss from discontinued operations	(57)	(60)
Finance Cost	-	-
Loss before Tax from discontinued operations	(57)	(60)
Taxation	-	-
Loss for the year from discontinued operations	(57)	(60)
Attributable to		
Equity Holders of the Parent Company	(39)	(41)
Non Controlling Interest	(18)	(19)
	(57)	(60)

31.1 EXPENSES INCLUDES

Auditors' Remuneration	57	60

Operating, Investing and Financing Cash Flows for the year are presented below :

	2021 Rs. 000	2020 Rs. 000
Net Cash used in Operating Activities	(106)	(57)
Net Cash Flows from Investing Activities	-	-
Net Cash Flows from Financing Activities	-	-

32 EARNINGS PER SHARE

32.1 Basic Earnings per Share is calculated by dividing the Profit / (Loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding.

32.2 The following reflects the income and shares data used in the basic Earnings per Share computation.

	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Amount Used as the Numerator				
Profit Attributable to Equityholders of the Parent from continuing Operations	637,178	643,823	(538,541)	475,052
Profit / (Loss) Attributable to Equityholders of the Parent from discontinuing Operations	(39)	(41)	-	-
Profit Attributable to Equityholders of the Parent	637,139	643,782	(538,541)	475,052
	'000	'000	'000	'000
Number of Ordinary Shares used as Denominator				
Weighted Average number of Ordinary Shares in issue applicable to basic Earnings Per Share	11,164	11,164	11,164	11,164
	Rs.	Rs.	Rs.	Rs.
Earnings Per Share	57.07	57.67	48.24	42.55
Earnings per Share from continuing operations	57.07	57.67	48.24	42.55

		2021	2020
		Rs.'000	Rs.'000
33	**DIVIDEND PER SHARE**		
	Interim dividend	**279,094**	276,303
	No. of Shares in issue in '000	**11,164**	11,164
	Dividend per Share (Rs.)	**25.00**	24.75

2020 / 2021

The interim dividend of Rs. 25.00 per share was declared on 24th March 2021 and paid on 7th April 2021.

2019 / 2020

The interim dividend of Rs. 24.75 per share was declared on 18th December 2019 and was paid on 6th January 2020.

34 FAIR VALUE MEASUREMENT HIERARCHY - GROUP

The Group held the following financial instruments carried at fair value in the Statement of Financial Position.

		Level 1		Level 2		Level 3		Total	
		2021	2020	2021	2020	2021	2020	2021	2020
As at 31st March	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Assets									
Other Investment	5.3	-	-	-	-	-	16,061	-	16,061
	-	-	-	-	-	-	16,061	-	16,061
Non Financial Assets									
Assets measured at fair value									
Investment Property - Right of use asset	6	-	-	-	-	**322,520**	323,602	**322,520**	323,602
		-	-	-	-	**322,520**	323,602	**322,520**	323,602

		Level 3	
		2021	2020
As at 31st March	Note	Rs.'000	Rs.'000
34.1 Fair Value Measurement Hierarchy - Company			
Financial Assets			
Other Investment	5.3	-	16,061
		-	16,061

FAIR VALUE HIERARCHY

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 market prices in active markets for identical assets or liabilities.

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Notes to the Financial Statements

35 CONTINGENT LIABILITIES

There are no contingent liabilities as at 31st March 2021 except for the following :

The company has two individual matters following the termination of services of 160 employees in 2007. One matter which had been filed by a single employee against the Company was before the Court of Appeal whilst the other matter filed by 159 employees was in the Arbitration upto June 2020 and February 2020 respectively.

The Order of the Application which had been heard by the Court of Appeal was delivered on 23rd June 2020 and the Award of Arbitration was published in the Government Gazette on 10th August 2020 and both were against the Company. The initial amount demanded by the Union on behalf of the workers is Rs. 136 Million, which is still being denied by the Company because the Company is of the view that the strike is unjustifiable.

The Company has already taken steps to make an Appeal against the Order given by the Court of Appeal to the Supreme Court and also to make an appeal against the Award of Arbitration before the Court of Appeal. The Company is rigorously contesting both matters.

Therefore, no provision has been made in the accounts.

35.1 Contingent Liabilities of Subsidiaries and Associates

35.1 (a) Contingent Liabilities of Subsidiaries

The subsidiaries of the Group do not have any contingent liabilities as at the Reporting date.

35.1 (b) Contingent Liabilities of Associates

The Associate of the Group does not have any contingent liabilities as at the Reporting date.

36 CAPITAL COMMITMENTS

The Capital Commitments for Property, Plant and Equipment incidental to the ordinary course of business as at 31.03.2021, approved by the board are as follows,

	Group		Company	
	2021	2020	2021	2020
As at 31st March	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Contracted but not provided for	-	-	-	-
Approved but not contracted for	-	-	-	-
	-	-	-	-

37 EVENTS OCCURRING AFTER THE REPORTING DATE

Subsequent to the reporting date, no circumstances have arisen which would require adjustments to or disclosure in these Financial Statements.

38 SECURITIES GIVEN FOR BANKING FACILITIES

	Name of the Company	Lender	Facility	Nature of Security
38.1	Richard Pieris Exports PLC.	Hatton National Bank PLC	Packing Credit Loan	Hypothecation of Stocks procured and receipt / confirmed export orders.
38.2	Richard Pieris Natural Foams Ltd	HSBC	Overdraft Export Bill Discount	Letter of Awareness from Richard Pieris & Company PLC dated 26 April 1996 confirming that Richard Pieris Group maintains Majority of shareholding in the company until the public issue takes place. Letter of undertaking from Richard Pieris & Company PLC to support the Company's indebtedness to the Bank for USD 475,000/-. Corporate Guarantee dated 29th January 2013 for USD 450,000/- from Kegalle Plantations PLC together with supporting Board Resolution. Letter of Awareness dated 24 Sep 2013 from Richard Pieris & Company PLC together with supporting Board Resolution. Letter of Negative pledge over stocks and Book Debts dated 18th November 2015
		Commercial Bank of Ceylon PLC	Overdraft Export Bill Purchase	Negative pledge dated 19.03.1996 executed over the company's Stocks and Book Debts. Lien over the documents of title to goods under Export. Bills purchase indemnity to be executed. General Terms and Conditions relating to Overdrafts for US $ 750,000/- signed by the company. General Terms and Conditions relating to Pre-shipment Loans for US $ 1,500,000/- signed by the company.

39 RELATED PARTY TRANSACTIONS

39.1 Transactions with Key Managerial Persons

39.1.1 Key Managerial Persons include members of the Board of Directors of the Company and its Subsidiary Companies.

39.1.2 Transactions with Key Managerial Persons and their close family members are given below.

		Group		Company	
		2021	2020	2021	2020
	For the year ended 31st March	Rs. Mn.	Rs. Mn.	Rs. Mn.	Rs. Mn.
	Remuneration to Key Managerial Persons	**0.6**	0.8	**0.6**	0.8

39.1.3 Fees amounting to Rs. 32.9 Mn was paid in 2020/2021 (Rs. 27.1 Mn. for 2019/2020) by the group to a related party of a key management personnel.

Notes to the Financial Statements

39. RELATED PARTY TRANSACTIONS (Contd.)

39.2 Transactions with Related Parties by the Company

Name of the Related Party	2020/2021 Sales	Purchases	Services	Interest Paid
Arpico Interiors (Pvt) Ltd	**326**	-	-	-
Arpitalian Compact Soles (Pvt) Ltd	**10**	**631**	-	-
Arpitech (Pvt) Ltd	-	**97**	-	-
BGN Industrial Tyres (Pvt) Ltd	-	-	**79**	-
Kegalle Plantations PLC - Note 39.4.1	-	**180,783**	-	-
Makeliya Tea Gardens Ceylon Ltd	-	**586**	-	-
Micro Minerals (Pvt) Limited	-	**12,375**	-	**1,878**
Namunukula Plantations PLC	-	**45,320**	-	-
Richard Pieris & Company PLC	-	-	**21,524**	-
Richard Pieris Distributors Ltd	**21,288**	**4,631**	-	-
Richard Pieris Natural Foams Ltd	**106**	**6,949**	-	-
Richard Pieris Rubber Compound Ltd	-	**6,423**	-	-
Richard Pieris Rubber Product Ltd	**6,982**	**921**	-	-
Richard Pieris Tyre Co. Ltd	**506**	-	-	-
RPC Logistics Ltd	-	-	**18,441**	-

Name of the Related Party	2019/2020 Sales	Purchases	Services	Interest Paid
Richard Pieris & Co. PLC	15	-	25,597	-
Richard Pieris Natural Foams Ltd	39	8,009	-	-
Arpitalian Compact Soles (Pvt) Ltd	18	35	-	-
Micro Minerals (Pvt) Ltd	-	15,895	-	2,656
Richard Pieris Distributors Ltd	23,572	5,016	-	-
Richard Pieris Rubber Products Ltd	2,049	481	-	-
Richard Pieris Rubber Compounds Ltd	61	13,399	-	-
Arpico Interiors (Pvt) Ltd	2,477	284	-	-
Kegalle Plantations PLC - Note 39.4.1	-	152,019	-	-
RPC Logistics Ltd	-	-	15,838	-
Arpitech (Pvt) Ltd	2	126	-	-
Maskeliya Tea Gardens (Ceylon) Ltd	-	815	-	-
Namunukula Plantations PLC	-	9,094	-	-
BGN Industrial Tyre (Pvt) Ltd.	-	-	48	-

39.3 Transactions with Related Parties by the subsidiaries of the Group

Name of the Related Party	2020/2021 Sales	Purchases	Services	Rental Income
Arpico Interiors (Pvt) Ltd	**326**	**-**	**-**	**-**
Arpitalian Compact Soles (Pvt) Ltd	**639**	**631**	**-**	**-**
Arpitech (Pvt) Ltd	**7,351**	**9,341**	**-**	**8,953**
BGN Industrial Tyres (Pvt) Ltd	**-**	**-**	**79**	**-**
Kegalle Plantations PLC - Note 39.4.1	**-**	**1,432,791**	**-**	**-**
Makeliya Tea Gardens Ceylon (Pvt) Ltd	**-**	**735**	**-**	**-**
Namunukula Plantations PLC	**-**	**45,320**	**-**	**-**
Richard Pieris & Company PLC	**-**	**-**	**88,027**	**-**
Richard Pieris Distributors Ltd	**118,993**	**6,865**	**-**	**10,158**
Richard Pieris Rubber Compound Ltd	**290**	**6,423**	**-**	**-**
Richard Pieris Rubber Products Ltd.	**9,090**	**921**	**-**	**406**
Richard Pieris Tyre Company Ltd	**506**	**6,244**	**-**	**-**
RPC Logistics Ltd	**-**	**124,762**	**18,441**	**-**
RPC Polymers (Pvt) Ltd	**-**	**-**	**-**	**1,592**

Name of the Related Party	2019/2020 Sales	Purchases	Services	Rental Income
Richard Pieris & Co. PLC	-	-	168,346	-
Arpitalian Compact Soles (Pvt) Ltd	4,068	-	-	-
Richard Pieris Distributors Ltd	111,180	1,184	-	5,921
Richard Pieris Rubber Products Ltd	2,228	521	-	229
Kegalle Plantations PLC - Note 39.4.1	-	622,223	-	-
RPC Logistics Ltd	-	-	92,692	-
Arpitech (Pvt) Ltd	12,535	8,038	-	5,198
Richard Pieris Tyre Company Ltd	-	7,272	-	-
Richard Pieris Rubber Compounds Ltd	243	-	-	-
Maskeliya Tea Gardens (Ceylon) Ltd	-	71	-	-
RPC Polymers (Pvt) Ltd	-	-	-	943

39.4 Terms and Conditions

Transactions with related parties are carried out in the ordinary course of business on an arms length basis. Outstanding balances at the year end are unsecured and net settlement occurs in cash.

The amounts due from / due to related Companies are disclosed in Notes 10, 12, 20 & 22 to the Financial Statements.

	Group		Company	
	2021	2020	2021	2020
39.4.1 Transactions with Kegalle Plantations PLC				
a) Relationship-Related Company				
b) Nature of transaction-Purchase of Rubber				
c) Aggregate value of related party transactions entered into during the financial year	**1,432,791**	622,223	**180,783**	152,019
d) Revenue as per latest audited Financial Statements	**5,362,310**	5,211,556	**1,280,199**	1,329,309
e) Aggregate value of related party transactions as a % of net revenue/income	**3.74**	11.94	**7.08**	11.44
f) Terms and conditions of the related party transactions; Transactions with related parties are carried out in the ordinary course of business on an arm's length basis.				

39 RELATED PARTY TRANSACTIONS (Contd.)

39.5 Some of the Directors of the Company are also Directors of the following Companies

Name of the Directors	Richard Pieris & Co PLC	Richard Pieris Natural Foams Ltd	Arpitalian Compact Soles (Pvt) Ltd	Micro Minerals (Pvt) Ltd	Richard Pieris Distributors Ltd	Richard Pieris Rubber Products Ltd	Richard Pieris Rubber Compounds Ltd	Arpico Interiors (Pvt) Ltd	Kegalle Plantations PLC	RPC Logistics Ltd	Richard Pieris Tyre Co. Ltd
Dr. Sena Yaddehige	x	x	x	x	x	x	x	-	x	x	x
Shaminda Yaddehige	x	x	-	-	x	x	-	x	x	-	x
Sunil S G Liyanage	x	-	-	-	x	x	-	x	x	-	-
W.R.Abeysirigunawardena	-	x	x	x	-	x	x	-	-	-	x
W.J.V.P. Perera	x	x	-	-	x	-	-	-	-	x	-

x - Indicates director of the relevant Company.

Name of the Directors	Richard Pieris Group Services (Pvt) Ltd	Arpico Natural Latex Foams (Pvt) Ltd	Arpitech (Pvt) Ltd	Maskeliya Plantations PLC	Maskeliya Tea Gardens (Ceylon) Ltd	Arpico Insurance PLC	Namunukula Plantations PLC	RPC Properties (Pvt) Ltd.	BGN Industrial Tyre (Pvt) Ltd.	RPC Ploymers (Pvt) Ltd.
Dr. Sena Yaddehige	x	x	x	x	x	-	x	-	-	x
Shaminda Yaddehige	-	x	x	x	-	-	x	-	x	-
Sunil S G Liyanage	-	-	x	x	-	-	x	x	-	x
W.R.Abeysirigunawardena	-	x	-	-	-	-	-	-	x	-
W.J.V.P. Perera	-	-	-	-	-	x	-	x	-	-

x - Indicates director of the relevant Company.

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise loans & borrowings and trade & other payables. The main purpose of these financial liabilities is to finance the Group's operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Board of Directors guide the Group Treasury which is centralized to provide assistance to the Group's senior management that the Group's financial risk taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and group risk appetite. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Board of Directors reviews and agree policies for managing each of these risks, which are summarized below.

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
- Equity price risk

Financial instruments affected by market risk include loans and borrowings, deposits, Equity instruments at FVTOCI and derivative financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk

Interest rate risk is the risk that the company is exposed due to change in absolute level of market interest rates. Country's yield curve reflecting public borrowings in the domestic market, monetary policy & the policy rates, market liquidity, reforms in fiscal policies, imposition of possible credit ceilings on lending, average deposit rates, cost of utilizing funds etc are considered to be main determining factors on the quoted interest rates for short term & long term lending facilities. These external factors stresses on the market lending rates inserting pressure on the finance cost of the group in turn having a down beating affect on the profit attributable to shareholders.

Following measures and actions will be taken in order to manage interest rate risk of the group.

- Based on the studies & research on interest rate risk, the treasury division advises and takes appropriate measures to capitalize on the interest rate movements to be beneficial to the group profitability. I.e. the facilities will be fixed for longer tenors when the market lending rates are in lower bound and take short term positioning when the market lending rates are in the higher bound.
- Structuring the loan portfolio to combine foreign currency and local currency denominated borrowings to the mix of export and local turnover of the group.
- Using fixed and variable rate borrowings to strike a balance.
- Centralized Treasury that coordinates Group funding requirements thus ensuring more effective borrowing terms.
- Practicing effective hedging techniques as and when required.
- Centralized Treasury function to get the advantage of the total pooling of funds.

Foreign currency risk

The Group is exposed to currency risk on sales, purchases and borrowings of the Group, primarily in US Dollars (USD), and also in EURO currency, Singapore Dollars (SGD) and Pound Sterling (GBP) especially with regard to trade related transactions.

The Group hedges its exposure to fluctuations on the translation of its foreign operations by holding net borrowings in foreign currencies and by using forwards contracts & options when it is deemed necessary.

Foreign currency sensitivity

It is anticipated rupee to depreciate by 3% to 5% per annum on average. The imported materials are mainly billed in USD, EURO, SGD, GBP & other main currencies. Group treasury division continuously traces the exchange rate movement of the above currencies.

Following measures and actions will be taken in order to manage exchange rate risk of the group.

- Export proceeds exceeding the import payments and foreign currency debt payments act as a natural hedge.
- Ensuring effective Treasury operations through various hedging techniques such as forward bookings, forward sales, swap and options contracts etc as and when the market rates are on favorable terms.

Commodity price risk

The Group is affected by the volatility of certain commodities. The volatility in prices of rubber etc in the auctions would trigger greater uncertainty in the contribution towards group turnover. Due to the significantly increased volatility of the price of the underlying, the Group's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

Notes to the Financial Statements

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading towards negative effect towards group profitability. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Group has continuously monitored the receivables through segregating the duty of controlling the receivables through SBU credit controllers. It is the responsibility of the person to continuously monitor the receivables and the receipts & recoveries are done promptly according to the credit period. Furthermore age analysis is carried out along with monthly provisioning to smooth out the irrecoverable debtor balances across the period.

The following table shows the credit quality of the financial instruments by class of financial assets.

As at 31st March 2021	Neither past due nor Impaired Rs. '000	Past due but not Impaired Rs. '000	Impaired Rs. '000	Total Rs. '000
Assets				
Trade & Other Receivables	1,071,312	223,776	59,454	1,354,542
Short Term Investment	6,208	-	-	6,208
Amounts due from Related Parties	52,757	-	-	52,757
Cash and Bank Balances	1,042,649	-	-	1,042,649
	2,172,926	223,776	59,454	2,456,156

Liquidity Risk

Liquidity risk is the risk that the Group will encounter 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 maintain sufficient leeway's in the short term facilities and structuring new credit lines for short and long term tenors to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

The maturity analysis of the Group's Financial Liabilities are given below.

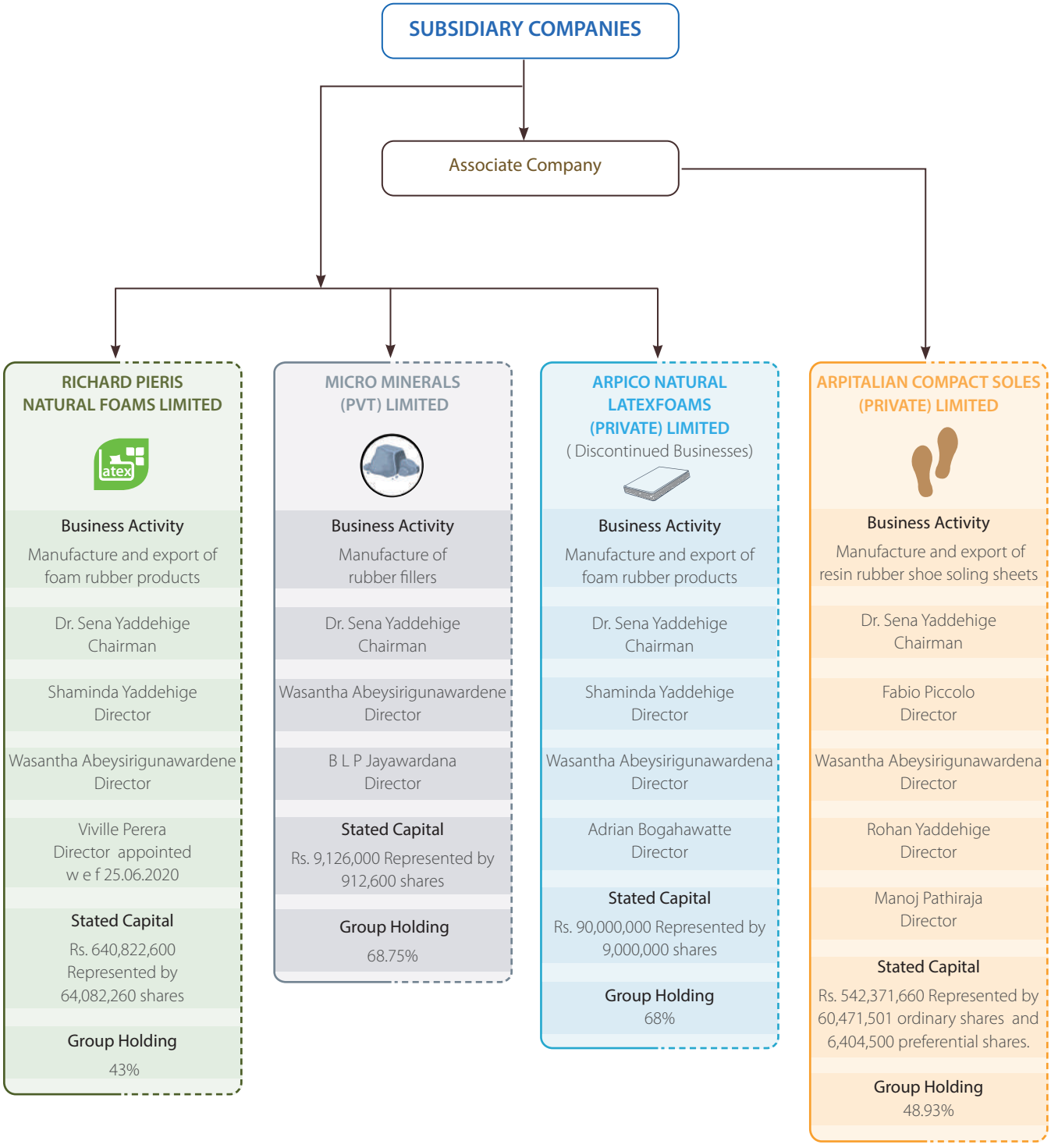
As at 31st March 2021	Note	On demand Rs.'000	Less than 3 Months Rs.'000	3 to 12 Months Rs.'000	1 to 5 Years Rs.'000	Total Rs.'000
Interest bearing Loans and Borrowings	**8 / 17.1**	**644**	**16,666**	**-**	**2,778**	**20,088**
Trade and Other Payables	**8.2 / 20**	**313,743**	**248,491**	**-**	**-**	**562,234**
Amounts due to Related Parties	**8.3 / 22**	**533,864**	**-**	**-**	**-**	**533,864**
		848,251	**265,157**	**-**	**2,778**	**1,116,186**

As at 31st March 2020	Note	On demand Rs.'000	Less than 3 Months Rs.'000	3 to 12 Months Rs.'000	1 to 5 Years Rs.'000	Total Rs.'000
Interest bearing Loans and Borrowings	17.1	329,315	154,059	31,833	-	515,207
Trade and Other Payables	8.2 / 20	308,610	215,075	-	-	523,685
Amounts due to Related Parties	8.3 / 22	270,715	-	-	-	270,715
		908,640	369,134	31,833	-	1,309,607

Statements of Value Added

	2020/2021 Rs.000	2019/2020 Rs.000
Group		
Value Added :		
GrossTurnover	**5,381,740**	5,332,276
Less: Inter Group Sales	**(19,430)**	(23,942)
	5,362,310	5,308,334
Cost of Material and Service Purchased	**(3,403,498)**	(3,366,925)
	1,958,812	1,941,409
Other Income	**23,460**	17,733
Finance Income	**20,815**	24,605
Share of Profit /(Loss) of Associate	**(14,006)**	(1,947)
Total Value Added	**1,989,081**	1,981,800
Distribution of Value Added :		
To Employees as remuneration and Welfare	**551,784**	530,266
To the Government as Taxation	**226,156**	310,861
- as expenses	**71,595**	
To Shareholders as Dividend	**279,094**	276,303
To Lenders of Capital		
- As Interest on Borrowing	**13,272**	18,476
- To Minority Interest	**402,079**	396,571
Retained within the Business		
- As Depreciation and Impairment	**106,356**	82,434
- As Deferred Tax	**(2,476)**	(3,389)
- As Foreign Currency Translation	**(10,710)**	(20,970)
- As Profits Retained	**351,930**	391,248
	1,989,081	1,981,800
Company		
Value Added :		
Turnover	**1,280,199**	1,334,113
Cost of Material and Service Purchased	**(675,615)**	(724,644)
	604,584	609,469
Other Income	**194,108**	111,508
Finance Income	**18,421**	24,069
Total Value Added	**817,113**	745,046
Distribution of Value Added :		
To Employees as remuneration and Welfare	**175,285**	181,033
To the Government as Taxation	**91,648**	76,283
- as expenses	**1,879**	
To Shareholders as Dividend	**279,094**	276,303
To Lenders of Capital		
- As Interest on Borrowing	**1,878**	2,656
- To Minority Interest	**-**	-
Retained within the Business		
- As Depreciation and Impairment	**24,254**	7,629
- As Deferred Tax	**(584)**	(767)
- As Profits Retained	**243,659**	201,909
	817,113	745,046

Corporate Structure



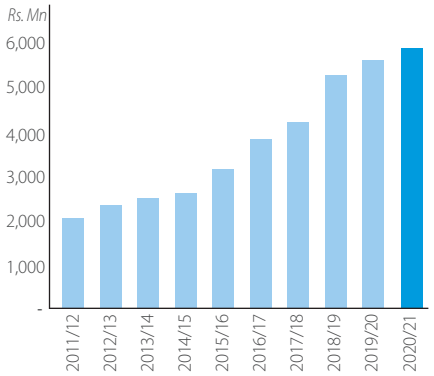
Group Real Estate Portfolio

Freehold Land and Buildings	Richard Pieris Exports PLC	Ja- Ela Location	640 Land Perches	73,190 Building in Sq.Ft.	05 No of Buildings	279 Market Value in Rs. mn
	Micro Minerals (Pvt) Ltd	Bandaragama Location	320 Land Perches	16,800 Building in Sq.Ft.	01 No of Buildings	42 Market Value in Rs. mn
Leasehold Land and Building	Richard Pieris Natural Foams Ltd	Biyagama Location	1,501.6 Land Perches	126,508 Building in Sq.Ft.	05 No of Buildings	317 Market Value in Rs. mn
		Mattegoda Location	528.50 Land Perches	80,000 Building in Sq.Ft.	03 No of Buildings	323 Market Value in Rs. mn
	Arpitalian Compact Soles (Pvt) Ltd	Biyagama Location	246.2 Land Perches	30,003 Building in Sq.Ft.	01 No of Buildings	17 Market Value in Rs. mn

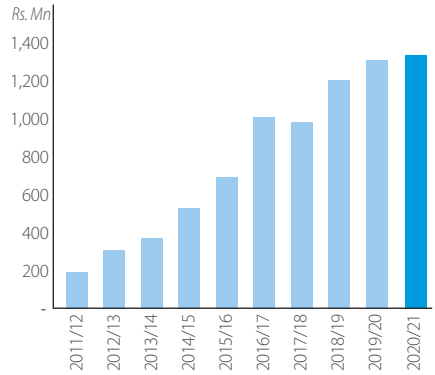
Inspire

Ten Year Summary

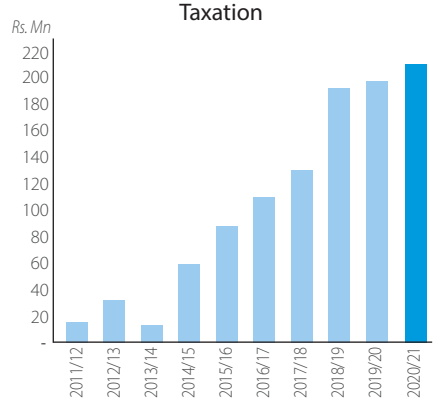
Turnover



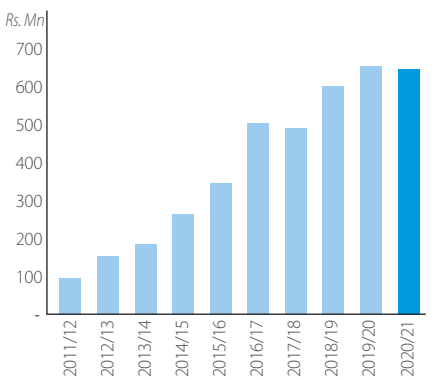
Profit before taxtion



Taxation



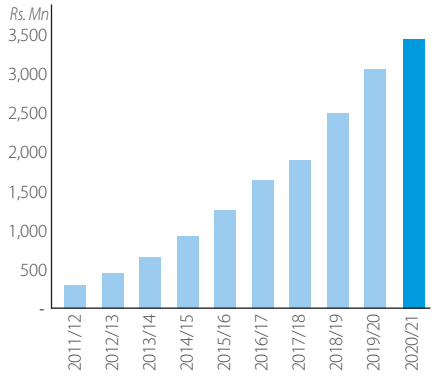
Profit attributable to shareholders



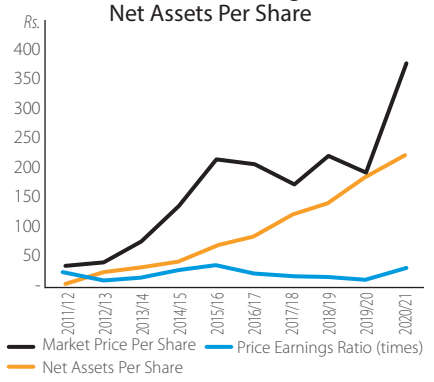
	2020/2021	2019/2020	2018/2019	2017/2018
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Income Statement				
Turnover	5,362,310	5,211,556	5,182,356	4,271,727
Profit before taxtion	1,252,980	1,229,146	1,165,105	846,347
Taxation	(212,717)	(188,806)	(184,743)	(133,240)
Profit after taxation (Rs Mn)	1,040,263	1,040,340	980,362	713,107
Minority Interest	(403,067)	(396,498)	(387,271)	(297,343)
Profit attributable to shareholders	637,196	643,782	593,034	415,710
Balance Sheets:				
Capital and Reserves				
Stated Capital	220,262	220,262	220,262	220,262
Revenue Reserve	1,919,611	1,578,391	1,246,265	837,386
Shareholders' Funds	2,273,281	1,921,351	1,568,255	1,169,253
Minority Interest	1,175,550	1,029,857	804,210	650,977
Capital Employed	3,448,831	2,951,208	2,372,465	1,820,230
Assets Employed				
Assets of Discontinued operations	-	50	108	108
Current Assets	3,193,717	2,967,091	2,661,770	2,310,451
Liabilities of Discontinued operations	(226,905)	(226,898)	(226,896)	(226,839)
Current Liabilities	(995,061)	(1,128,629)	(1,225,475)	(1,062,924)
Working Capital	1,971,751	1,707,788	1,191,205	1,159,127
Intangible Assets				
Leasehold Land Prepayments	-	-	11,544	11,817
Investment Property-Leasedhold	322,520	323,602	287,323	0
Property, Plant & Equipment	1,008,548	834,487	806,382	773,932
Long Term Loans	2,778	-	(43,875)	(90,814)
Deferred Liabilities	105,904	91,419	(203,537)	(231,905)
Investments	223,811	241,570	260,949	245,590
Total Assets less Liabilities	3,448,831	2,951,208	2,372,465	1,820,230
Financial Ratios				
Profitability				
Earning per Share (Rs.)	57.07	57.66	53.12	37.24
Net profit/(Loss) before Minority				
Net profit/(Loss) before Minority Int. to sales(%)	19.40	19.96	18.92	16.69
Dividends				
Dividend (Rs.)	279,094	276,303	200,947	178,620
Dividend per share (Rs.)	25.00	24.75	18	16
Others				
Market Price Per Share (Rs.)	374	191	212	168
Price Earnings Ratio (times)	6.55	3.31	3.99	4.51
Net Assets Per Share (Rs.)	203.63	172.11	140.48	104.74
Annual sales growth (%)	3.00	1.00	21.32	11.88
Current Assets Ratio (times)	3.21	2.63	2.17	2.17
Fixed Asset Turnover Ratio (times)	5.32	6.25	6.43	5.52
Average Exchange Rate (per US$)	189.11	180.43	169.73	153.67
Turnover (US$ '0 00)	28,356	28,884	30,534	27,798

2016/2017	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012
Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
3,818,441	3,047,568	2,498,140	2,393,765	2,303,135	1,967,145
838,707	636,512	446,601	312,104	273,457	69,091
(111,462)	(88,011)	(58,350)	3,836	(29,398)	(11,235)
727,245	548,501	388,344	315,911	244,059	57,856
(265,225)	(184,335)	(120,667)	(123,160)	(103,296)	(10,147)
461,983	364,056	267,677	192,751	140,722	47,567
220,262	220,262	220,262	220,262	220,262	220,262
637,557	352,459	169,563	22,342	(74,032)	(211,201)
928,584	635,501	435,522	285,036	146,230	9,061
583,546	467,224	382,298	276,507	153,288	49,697
1,512,130	1,102,725	817,820	561,543	299,518	58,758
162	210	315	3,487	3,527	3,610
1,783,860	1,606,196	1,267,571	1,043,601	793,684	819,992
(226,839)	(226,850)	(226,845)	(230,119)	(230,119)	(230,160)
(804,704)	(921,856)	(742,886)	(556,231)	(501,002)	(865,766)
729,504	690,102	544,034	486,768	389,755	531,342
-	-	-	-	-	-
12,090	12,363	6,007	4,633	4,692	4,751
589,765	472,628	474,162	282,054	287,395	309,624
-	(15,836)	(57,979)	(97,379)	(133,870)	-
(92,705)	(60,151)	(61,258)	(51,194)	(43,411)	(36,044)
250,501	235,784	135,213	125,065	118,622	52,751
1,512,130	1,102,725	817,820	561,543	299,518	58,758
41.38	32.61	23.98	17.27	12.61	4.27
19.05	17.99	15.55	13.19	10.59	2.93
178,620	139,547	116,103	57,493	-	-
16	12.50	10.40	5.15	-	-
209	211	130	55	30	22
5.05	6.48	5.43	3.19	2.43	5.16
83.18	56.93	39.01	25.53	13.10	0.81
25	22	4.36	3.93	0.17	0.12
2.22	1.74	1.71	1.88	1.59	0.95
6.47	6.45	5.27	5.33	8.01	6.35
148.39	139.81	131.21	130.51	129.95	110.39
25,733	21,799	19,039	18,342	17,723	17,820

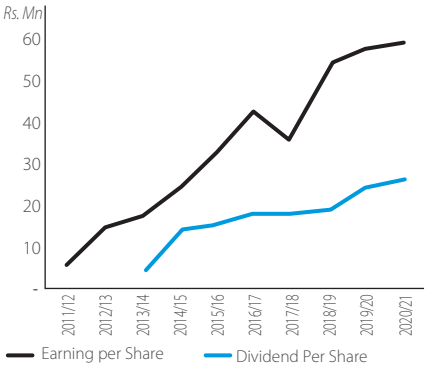
Capital Employed



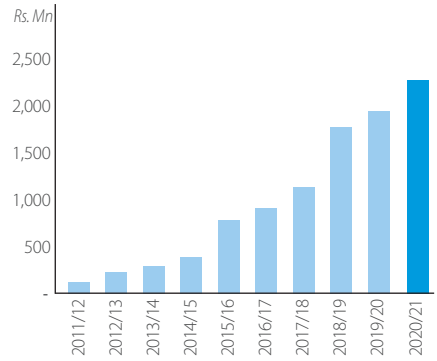
Market Price,Price Earning Ratio & Net Assets Per Share



Earning Per Share Vs Dividend Per Share



Capital Employed



Shareholder Information

General

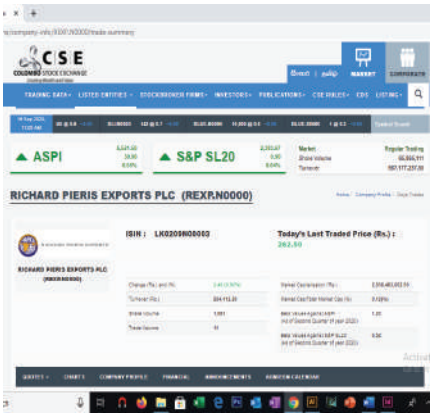
Stated Capital	Rs. 220,262,000
No of Shares Issued as at 31.03.2021	Nos 11,163,745

Stock Exchange listing

The issued ordinary shares of Richard Pieris Exports PLC are listed on the Colombo stock Exchange. The audited income statement for the year ended 31st March 2021 and the audited Financial Position of the company and the group as at that date have been submitted to Colombo Stock Exchange within two months of the statement of Financial Position date.

Date of Listing

The Company was listed on 11th October 1993.



Share Trading

	2020/21	2019/20	Increased by	%
No of transactions	8,847	6,678	2,169	32%
No of shares traded	1,027,235	1,190,482	(163,247)	-14%
Share turnover (Rs.)	305,674,554	284,965,839	20,708,715	7%

Market Capitalization

The Market capitlization of the Company which is the number of Ordinary Shares issued multiplied by the market value of a share was Rs 4,175,240,630 (11,163,745 x Rs. 374) at 31st March 2021 (As at 31st March 2020:Rs 2,130mn).

	As at 31.03.2021	As at 31.03.2020
Market Capitalization (Rs '000")	4,175,241	2,130,043
Float adjusted Market Capitalization (Rs '000')	672,214	342,937
Price Earnings Ratio (times)	6.55	3.31

SHARE TRADING

Rs. 306 bn

(2019 Rs. 285 bn)

MARKET CAPITALIZATION

Rs. 4.2 bn

(31st March 2020 Rs. 2.1 bn)

PRICE EARNINGS RATIO

6.55 times

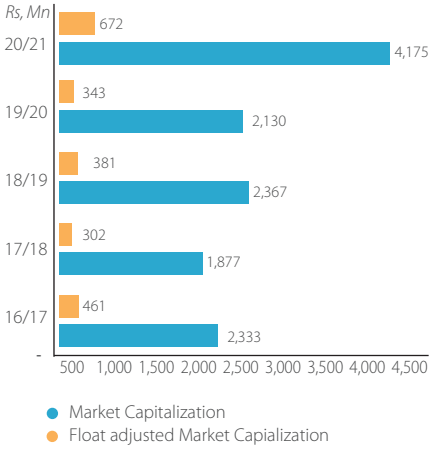
(31st March 2020 3.31)

	2020/21	2019/20	2018/19	2017/18	2016/17
Market Capitalization Rs Mn	4,175	2,130	1,877	1,877	2,333
Enterprise Value Rs Mn	3,135	1,436	1,550	1,550	2,137
Dividend Yield	7%	13%	10%	10%	8%
Price Earnings Ratio	6.55	3.31	4.51	4.51	5.05
Dividend Payout Ratio	44%	43%	43%	43%	39%
Net Assets Per Share	203.63	172.11	140.48	104.74	83.18
Earnings Per Share	57.07	57.67	53.12	37.24	41.38

Market capitalization increased from 2.3 bn to 4.2 bn by as much as 178% from Year 2016/17 to 2020/21

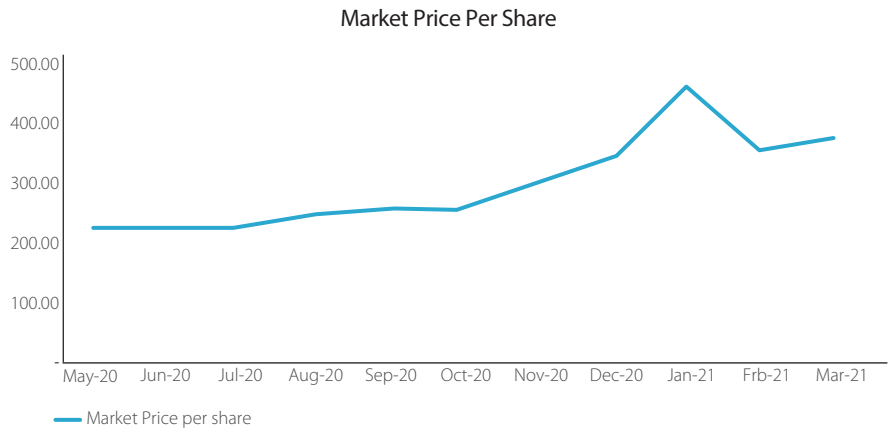
Float adjusted Market Capitalization as at 31st March 2021 is Rs. 672 Mn

Market Capitalization Vs Float Adjusted MC



Market Value of shares

	2020/21	Date	2019/20	Date
Highest Price (Rs.)	474.50	29.01.2021	294.40	27.12.2019
Lowest Price (Rs.)	150.00	12.05.2020	180.00	20.03.2020
Year end Price (Rs.)	374.00	31.03.2021	190..80	31.03.2020



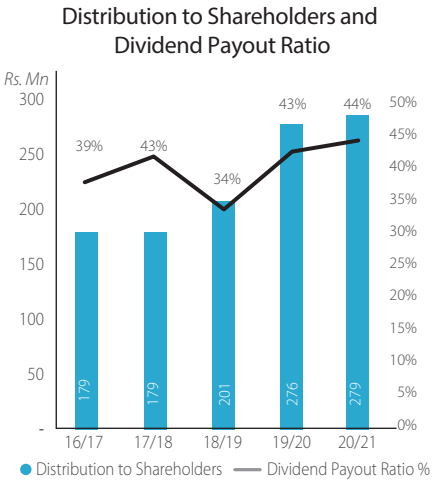
Dividend Payout Ratio

Dividend payout ratio for the year 2020/21 is 44% (2019/20 43%)

Ordinary Shareholders

Range of shareholding	As at 31/03/2021			As at 31/03/2020		
	No of Shareholders	No of Shares	% of Shareholding	No of Shareholders	No of Shares	% of Shareholding
1 - 1,000	**1850**	**282,776**	**2.53%**	1512	241,877	2.17%
1001 - 10,000	**183**	**509,788**	**4.57%**	177	589,349	5.28%
10001 - 100,000	**27**	**882,097**	**7.90%**	30	966,492	8.66%
100001 - 1,000,000	**1**	**123,057**	**1.10%**			
1000001 & above	**1**	**,366,027**	**83.90%**	1	9,366,027	83.90%
Total	**2062**	**11,163,745**	**100.00%**	1720	11,163,745	100.00%

Composition of Shareholding



Total shareholder return (TSR) is a measure of financial performance, indicating the total amount an investor reaps from an investment—specifically, equities or shares of stock

Shareholder return for the year is 13%. The Increasing share price from Rs. 190.80 to Rs. 374 as at 31st March 2021 contributed to decrease the shareholder return.

Creating tremendous value for shareholders during the year. Distribution to shareholders in year 2020/21 increased to Rs. 279mn by 1% compared to last year. Dividend pay out ratio for the year is 44%.

DIVIDEND PAYOUT RATIO

44%

Last Year 43%

Highest Market price recorded for the year is Rs. 474.50 on 29th January 2021. Lowest Share Price recorded for the year is Rs. 150 in 12th May 2020.

DIVIDEND YIELD

7%

Last Year 13%

EARNINGS PER SHARE (COMPANY)

Rs. 48.24

2020: Rs. 42.55

EARNINGS PER SHARE (GROUP)

Rs. 57.07

2020: Rs. 57.67

31st March 2021 Market Price per Share

Rs. 374

31st March 2020 Rs. 190.80

Dividend per Share

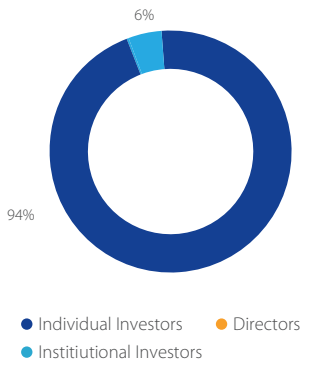
Gross Dividend divided by the number of ordinary shares in issued at the year end.

Shareholder Information

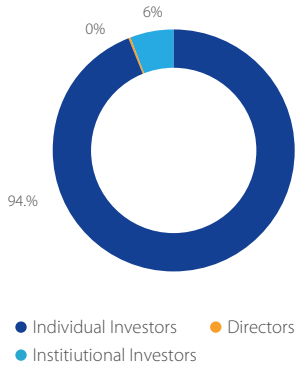
Category	2021			2020		
	No of Shareholders	No of Shares	% of Shareholding	No of Shareholders	No of Shares	% of Shareholding
Instiitiutional Investors	93	9,850,023	88.23%	100	9,862,407	88.34%
Individual Investors	1967	1,313,419	11.77%	1618	1,301,035	11.65%
Directors	2	303	0.00%	2	303	0.00%
Total	2062	11,163,745	100.00%	1720	11,163,745	100.00%

Institutional Investors composition in 2021 is 88.23% compared to 88.34% in year 2020. Individual Investors composition of shareholding in year 2021is 11.77% compared to 11.65% in year 2020.

Composition of Shareholding % - 2021



Composition of Shareholding % - 2020



A shareholder, also referred to as a stockholder, is a person, company, or institution that owns at least one share of a company's stock, which is known as equity. Because shareholders are essentially owners in a company, they reap the benefits of a business' success.

-investopedia-

Major Shareholders

	As at 31st March 2021	2021		2020		Change
		No of Shares	Holding %	No of Shares	Holding %	
1	Richard Pieris & Company Plc.	9,366,027	83.90%	9,366,027	83.90%	-
2	Mr T.T.T.Al-Nakib	120,572	1.08%		0.00%	120,572
3	Mrs.V.Saraswathi	96,594	0.87%	82,122	0.74%	14,472
4	Mr Anura Bandara	63,549	0.57%		0.00%	63,549
5	Mr. P.Vijendran	60,000	0.54%	60,000	0.54%	-
6	Kalday Private Limited	53,399	0.48%	53,399	0.48%	-
7	Mr.K.A.S.R.Nissanka	50,000	0.45%	50,000	0.45%	-
8	Mr. A.A.A.Noorudin	48,864	0.44%	50,000	0.45%	(1,136)
9	Ransiri Enterprises (Pvt) Ltd	42,100	0.38%	42,100	0.38%	-
10	Mr.S.Abishek	41,000	0.37%	41,000	0.37%	-
11	Union Investments (Pvt) ltd	40,600	0.36%	40,600	0.36%	-
12	Mr. A.S.Ratnayake	39,711	0.36%	45,736	0.41%	(6,025)
13	Mr.H.A.R.Pieris	36,000	0.32%		0.00%	36,000
14	Mr. Subramaniam	33,160	0.30%		0.00%	33,160
15	Corporate Holdings (Pvt) Ltd	30,000	0.27%	30,000	0.27%	-
16	Mr. N.A.Withana	25,000	0.22%	25,000	0.22%	-
17	Mr Ravindra Erle	23,800	0.21%		0.00%	23,800
18	Mr R.C.Wijesena	23,000	0.21%		0.00%	23,000
19	Mr.M.Naizer	22,851	0.20%	29,100	0.26%	(6,249)
20	Motor Service Station (Pvt) Ltd	22,764	0.20%	30,335	0.27%	(7,571)
21	Mrs M.Y.Amerasinghe	21,998	0.20%	21,998	0.20%	-
22	Mr. W.P.Gunasena	17,240	0.15%	17,240	0.15%	-
23	Miss L.A.Pieris	15,465	0.14%	25,931	0.23%	(10,466)
24	Mr. Murtaza Ali	15,000	0.13%	15,000	0.13%	-
25	Mr.S.Malalasekera	14,664	0.13%			14,664
	Total	10,323,358	92.47%	10,025,588	89.80%	297,770

Public & Parent Shareholding

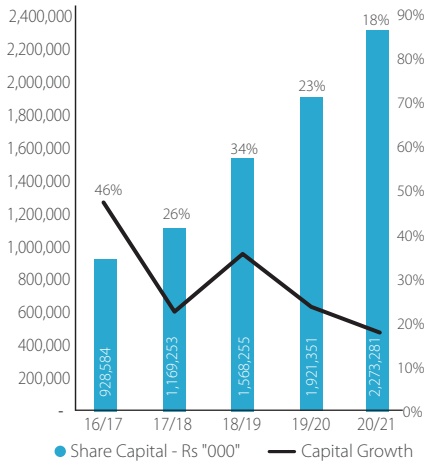
As at 31st March 2021, the public held 16.10% (2020: 16.10%) of the share capital of the company. The shareholding of the parent company, Richard Pieris & company PLC, was 83.90%. (2020-83.90%)

The Ordinary Voting Shares of Richard Pieris Exports PLC have been transferred from Main Board to Diri Savi Board of the CSE, with effect from 07th July 2017.

Directors Shareholding

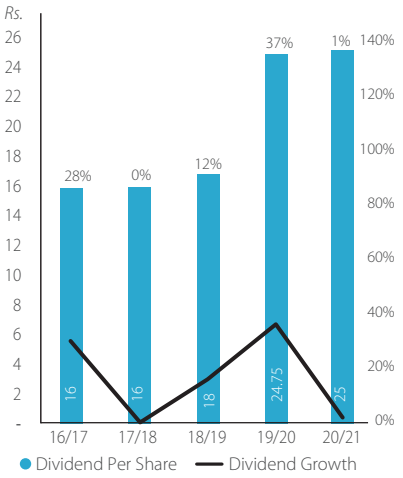
Name Of the Director	As at 31st March 2021 No of Shares	As at 31st March 2020 No of Shares
Dr. Sena Yaddehige	-	-
Mr. Saminda Yaddehige	-	-
Mr. Sunil Liyanage	203	203
Mr. Viville Perera	100	100
Mr. Wasantha Abeysirigunawardena	-	-
Dr.Keerthi Tillekeratne	-	-
Mr. Angelo Patrick		

Share Capital



Shareholders capital was increase to Rs. 2.3Bn by 21% compared to Rs. 1.9 Bn in last year. Company was able to record a stable growth year on year improving value of the shareholders.

Dividend per Share / Dividend growth



Dividend per share for the year 2019/20 is Rs. 24.75 this is 1% increased compared to last dividend per share of Rs. 25.

DIVIDEND PAID BY THE COMPANY

52%

Last Year 38%

DIVIDEND PAID BY SUBSIDIARY COMPANIES TO OUT SIDE SHAREHOLDERS

50%

Last Year 15%

EARNINGS PER SHARE - COMPANY

13%

Last Year 1%

EARNINGS PER SHARE - GROUP

-1%

Last Year 9%

NET ASSET PER SHARE - COMPANY

15%

Last Year 11%

NET ASSET PER SHARE - GROUP

18%

Last Year 23%

DIVIDEND YIELD

7%

Last Year 5%

EARNINGS YIELD

9%

Last Year 5%

Glossary of Financial Terms

A

Associate Company
A company other than a subsidiary in which a holding company has a participating interest and exercises significant influence over its operating and financial policies.

Annual Sales Growth
Percentage change over previous year's gross turnover.

Average Capital Employed
Mean of two consecutive year's capital employed.

C

Capital Employed
Shareholders' funds plus minority interest plus long term interest bearing loans & borrowings.

Capital Reserves
Reserves identified for specific purposes and considered not available for distribution.

Current Ratio
Current assets divided by current liabilities. A measure of short term liquidity.

Corporate Governance
A system by which companies are directed and controlled by the management in the best interest of the stakeholders ensuring greater transparency through better and timely financial reporting.

D

Deferred Taxation
Sum set aside for tax in the Financial Statement that will become payable in a financial year other than the current financial year.

Debt to Equity Ratio
Total interest bearing borrowings as a percentage of net assets.

Dividend Cover
Profit attributable to ordinary shareholders over gross dividend. Measures the number of times dividend is covered by distributable profit.

Dividend per Share
Gross Dividend divided by the number of ordinary shares in issued at the year end.

Dividend Rate
Gross Dividend declared as a percentage of issued Share Capital.

Dividend Yield
Gross Dividend per share as a percentage of the year end market price per share. A measure of return on shareholders' investment.

E

Earnings per Share (EPS)
Profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.

Earnings Yield
Earnings per share as a percentage of the year end market price per share. A measure of return on shareholders' investment.

EBITDA
Earnings before interest, tax, depreciation and amortisation.

Effective Tax Rate
Income tax expenses divided by profit before tax.

G

Gearing Ratio
Proportion of net interest bearing liabilities to total capital employed net of cash and cash equivalents.

Gross Dividend
Portion of Profits inclusive of tax withheld, distributed to shareholders during the year.

I

Interest Cover
Profit before finance cost and tax (PBIT) over net finance cost. Measure of entity's debt service ability.

M

Market Capitalization
Number of shares in issue multiplied by the market value per share at the reported date.

N

Net Assets
Total assets after deducting current liabilities, long term liabilities and non-controlling interest.

Net Asset per share
Total shareholders' fund divided by total number of ordinary shares outstanding for the period. A basis of relative share valuation.

Non-Controlling Interest
An outside ownership interest in a subsidiary that is consolidated with the parent for financial reporting purposes.

P

PBIT
Profit before interest & tax inclusive of other operating income.

Price Earnings Ratio
Market price of a share divided by Earning per share as reported at that date. A key multiple for relative share valuation.

Public Shareholding
Shares of a listed entity held by any person other than those directly or indirectly held by;

a. Its parent, subsidiary or associate companies or any subsidiaries or associates of its parent company; and

b. Its directors who are holding office as directors of the entity, their spouses and children under 18 years of age; and

c. Chief Executive Officer, his/her spouse and children under 18 years of age; and

d. Any single shareholder who holds 10% or more of the shares.

R

Return on Total Capital Employed
Profit before finance cost & tax (PBIT) divided by average total capital employed for the period.

Revenue Reserves
Reserves considered as being available for the distribution and investments.

Related parties
Parties who could control or significantly influence the financial and operating policies of the business.

Return on Equity
Profit after tax expressed as a percentage of average ordinary shareholders' fund for the period.

S

Segment
Constituent business units grouped in terms of the nature and similarity of operations.

Shareholders' Funds
Stated capital plus revenue reserves.

Stated Capital
The total of all amounts received by the entity or due and payable to the entity by shareholders in respect of the issue of shares and calls on shares.

Subsidiary Company
A company is a subsidiary of another company if the parent company holds more than 50% of the voting rights or controls the composition of its Board of Directors.

T

Total Capital Employed
Total equity plus net interest bearing borrowings.

V

Value Addition
The quantum of wealth generated by the activities of the group measured as the differences between net revenue (including other income) and the cost of materials and services bought in.

W

Working Capital Investment
Capital required for financing the day-to-day operations computed as the excess of current assets over current liabilities.

Notes

Notes