GROUNDBREAKING SUSTAINABILITY

BPPL HOLDINGS PLC | ANNUAL REPORT 2020-21

CONTENTS

ABOUT US

In its quest to create a cleaner and greener world, BPPL Holdings PLC has been instrumental in the sustainable production of eco-friendly products. Through their subsidiaries Beira Brush (Private) Limited and Eco-Spindles (Private) Limited, the company has built a strong following in Sri Lanka as well as foreign markets, by creating value with a conscience in each of their ventures.

Beira Brush is one of South East Asia's largest brush manufacturers and is part of the largest plastic recycling network in the country. With over 35 years of experience, each product is created with responsibly sourced material and has found its place in the household, commercial and professional sectors.

Eco Spindles has revolutionised the possibilities of recycling with top of the line factories that transform PET bottles to high grade yarn and monofilaments. Possessing one of two plants in the world with the capability to create yarn directly from flakes, the resulting products are used in fabric as well as cleaning tools.

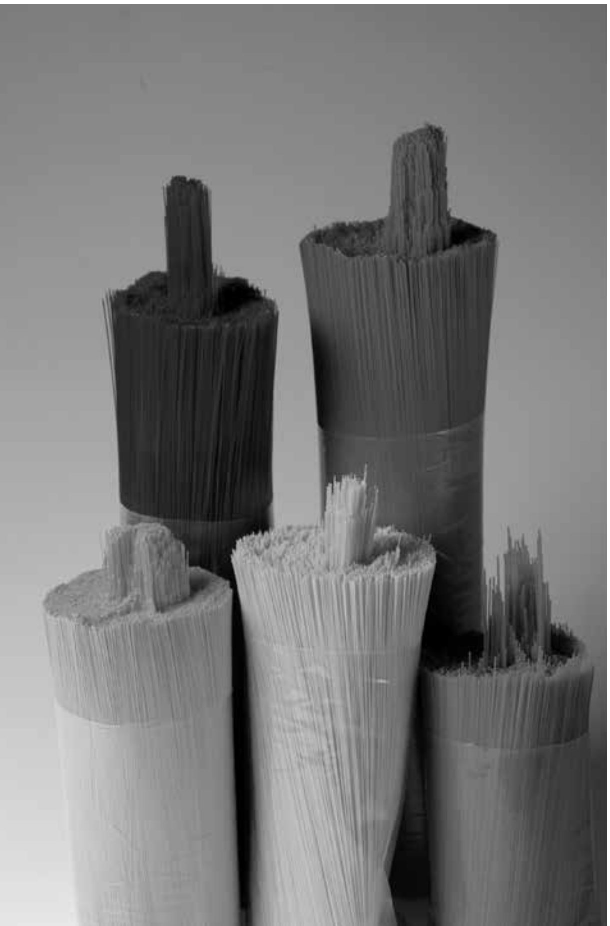
AWARDS AND ACCOLADES

Ranked among the top 10 at Recycling Heroes 2021

Eco Spindles was selected as one of the top 10 candidates for the International Recycling Heroes 2021 Awards, organized by the Global Recycling Foundation for Global Recycling Day 2021.

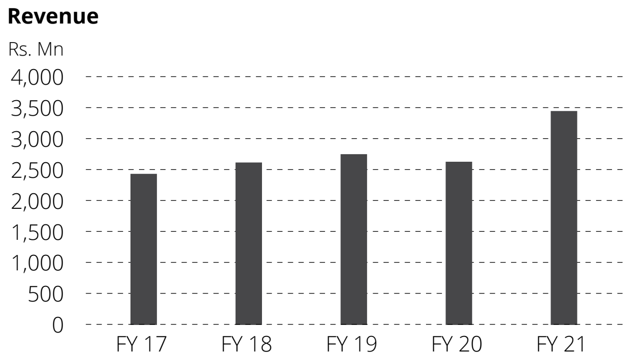
First, and only, plastic recycler to win the National Green Award

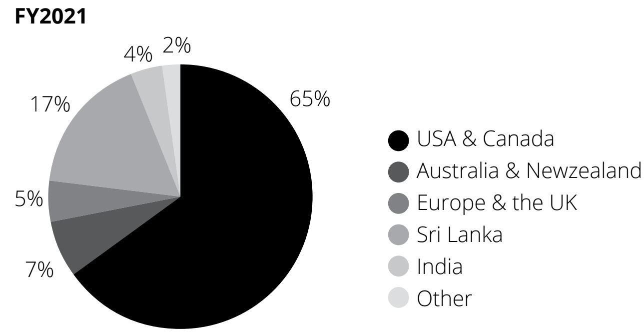
Eco Spindles was awarded the National Green Award at the Presidential Environmental Awards 2019 becoming the first, and only, plastic recycler honoured with the National Green Award.

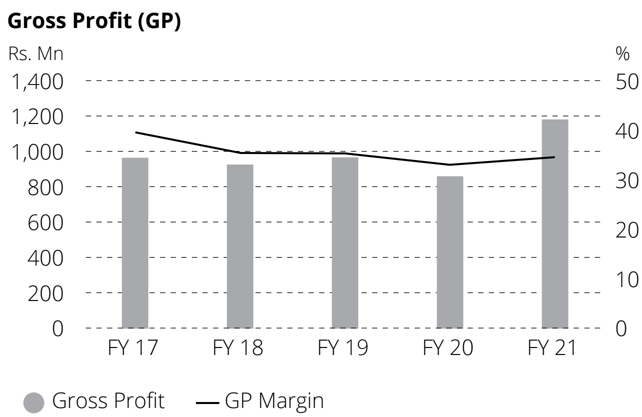


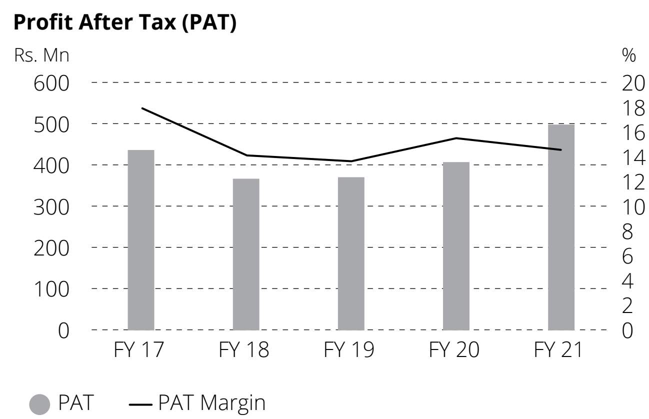

TipTop
FLAT BROOM

YEAR IN REVIEW









3.4Bn
Revenue for FY 2021

31%
Revenue Growth

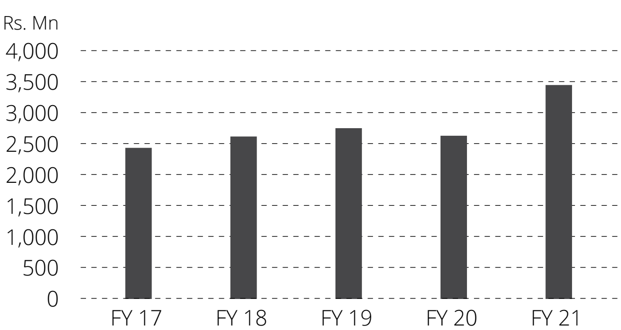
1.2Bn
of Gross Profits

497Mn
PAT Increased by 23%

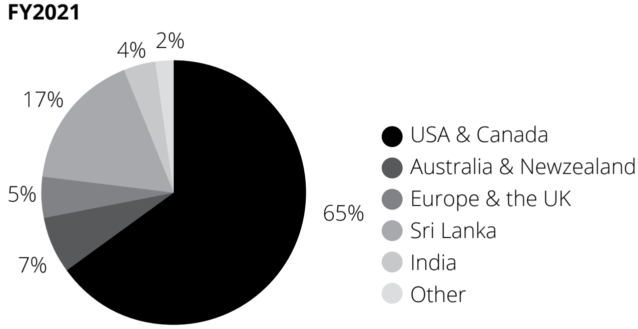
5.8Bn
Total Assets Grew by 16%

CEO'S MESSAGE

Revenue



FY2021



Dear Shareholder,
It gives me enormous pleasure once more to present the Annual Report and audited Financial Statements of BPPL Holdings PLC for the financial year 2020-21.

Like for many others, this past year was a difficult one for your Company as a series of events marred its financial and operational performance.

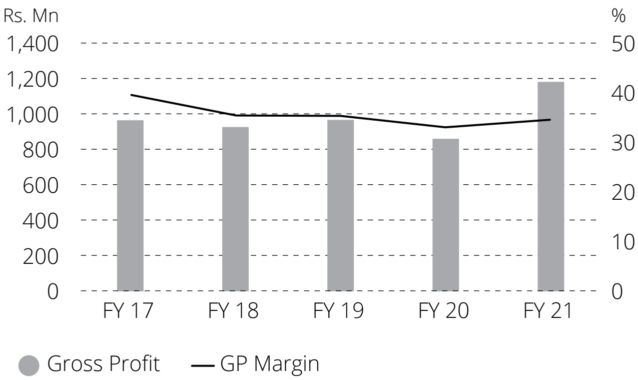
BPPL had to shut down all operations in March '20 due to the onset of the COVID-19 pandemic and recommenced scaled down operations in the second half of April. The Kalutara District, where all our plants are located was identified by the Government as a high risk zone. So, despite the Government permitting export companies to recommence operations early, we were only able to run at 30-40% of capacity until the middle of May. Normal operations only commenced in the second half that month.

The demand for brushware remained strong during the year as the cleaning sector was declared an essential service by most governments around the world. We also saw robust orders from the home improvement sector as most homeowners spent time working on their homes and gardens during the period. This demand helped off-set the slowdown from the food services sector due to the closure of restaurants during the lockdown.
Our polyester yarn operations, however, were severely impacted by the pandemic as most global sportswear brands that we primarily serve had to close down all their retail stores across the world. We lost deliveries for most of the Autumn/Winter '20 season. Orders were subsequently placed for deliveries from July'20 for the Spring/Summer '21 season.
COVID related activity slowdown in October also curtailed timber and waste PET bottle supplies. Washed bottle flakes had to be imported to full fill requirements during the period. Timber prices had to be increased as well to ensure adequate supply.

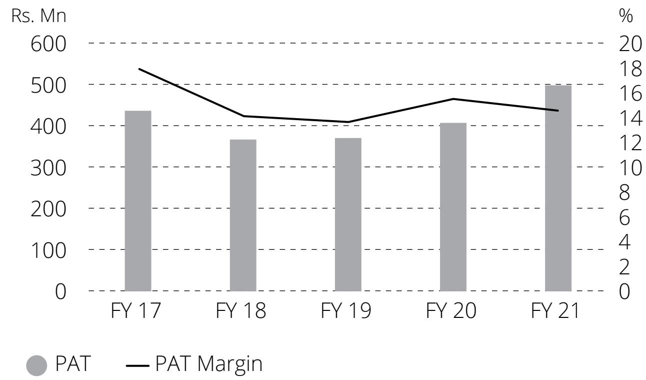
Distribution costs were up by a steep 18% due to higher freight costs during the year. There was a significant drop in the number of shipping lines that serviced Colombo due to COVID related worker absence at the port and lesser container availability.

Despite these difficulties, your Company continued to grow its net earnings. Full year net earnings were Rs. 497 million or Rs. 1.62

Gross Profit (GP)



Profit After Tax (PAT)



per share, up 23% compared to the Rs. 406 million recorded in the previous year.

FINANCIAL PERFORMANCE

Revenue

BPPL recorded a robust 31% increase in consolidated revenue for the financial year. Brushes and related sales increased by 9%, brush filament sales to external (non-BPPL) customers increased by 40%, our own branded (Tip Top) brush sales rose by 32% and recycled polyester yarn sales grew by 238% during the reported period, compared to the previous year. One must note though that production capacity was increased in our brush filament plant during the previous year and that the recycled polyester yarn plant only commenced commercial operations during the latter part of that year. The high growth numbers are also a result of a full year's contributions from those two plants.

The United States continued to account for a dominant 62% share of group revenue. Sri Lanka was next with a 17% share (up from 6%) followed by Australia 6% (down from 7%) and UK; 4% (down from 6%).

Profitability

The Group's gross profits improved by a stellar 38% year-on-year to Rs. 1.2 billion, fueled by the high revenue growth and a 1% improvement in gross margins.

Group full year Profit-Before-Tax was up 20% to Rs. 609 million from Rs. 507 million in the previous year.

Group Profit-After-Tax and profit attributable to our shareholders was up by a better 23% to Rs. 497 million from Rs. 406 million in the previous year.

Dividends

The total dividend for the financial year 2020/21 was lowered to 24 cents per ordinary share, as BPPL limited interim dividend payments to just one compared to the customary two due to the onset of the pandemic. We were unsure the impact this would have on our operations at the time and felt that this was the prudent thing to do in order to conserve cash. However, I'm happy to say that the policy of two interim dividend payments will be restored in the new financial year as operations are now back to near normal levels.

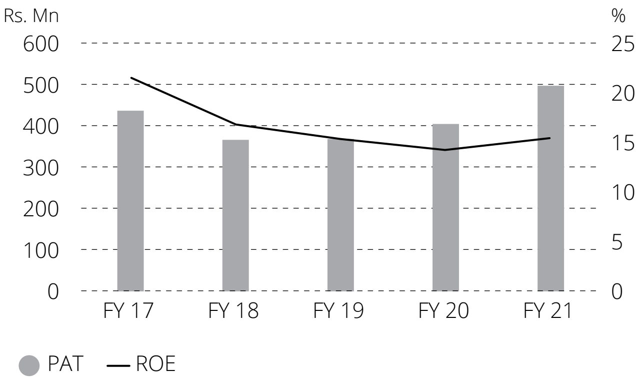
Cash and Capital

Operational cash flow prior to working capital changes was Rs. 853 million for the year. However, there was a spike in the level of debtor receivables at year end caused by Palmyra raw material supply delays in February '21 which resulted in an abnormally high level of invoicing in the month of March. Palmyra supplies, imported from India were severely impacted by the pandemic and shipments planned for February could only be completed in March. Operational cash flow after working capital changes as a result reduced to Rs. 135 million.

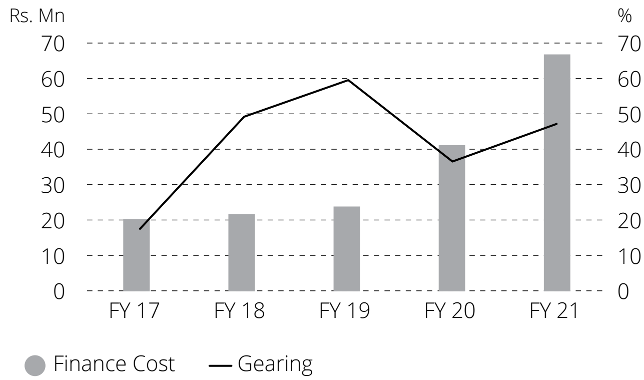
The debtor settlement period increased rapidly due to this to 123 days from 78 days at the end of the previous year.

CEO'S MESSAGE

PAT & ROE



Finance Cost & Gearing



The Group creditor settlement period improved in tandem though to 37 days compared with 29 days at the end of the previous financial year.

Inventory turnover days fell to 85 days compared with 91 days in 2019/20. The figure in the previous year though was also a result of lost inventory due to a fire that broke out in one of our Brush factories and warehouses at the time. Our target is usually to maintain inventory turnover around 75 days. We require this level in order to meet customer delivery commitments as some of our raw materials have to be imported from as far afield as Mexico and Canada. The figure for the year just ended, therefore, was only slightly above our target.

During the year, the Company borrowed Rs. 254 million of short- and long-term debt, invested Rs. 534 million in plant and equipment and used Rs. 74 million towards dividends. Cash balances at year-end were Rs. 54 million.

The investments in plant and equipment included funds spent on expanding our recycled yarn production facilities. We commenced the second phase of this expansion program in December '20 with plans to set-up a second plant with a capacity that's 20% more than the current plant. The demand for the additional capacity will come from our current client base, comprising primarily of global sports and leisure ware brands through their nominated fabric mills in Sri Lanka.

There will also be demand for thicker yarns (for making tapes, cords etc.) and hand gloves from the apparel and glove industries respectively.

The project is funded with a five year US Dollar term loan from HSBC. We expect this second phase to be completed and commissioned by April 2022.

Debt to Equity

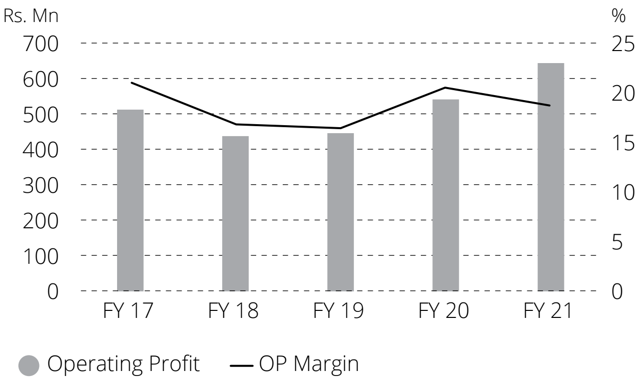
The Group debt to equity ratio at year-end was 47%, up from 36% at the end of financial year 2020/21 due to borrowings for phase 2 of the recycled yarn expansion program.

The net debt level at the end of the financial year was Rs. 1.5 billion, up from Rs. 1 billion at the end of the previous financial year.

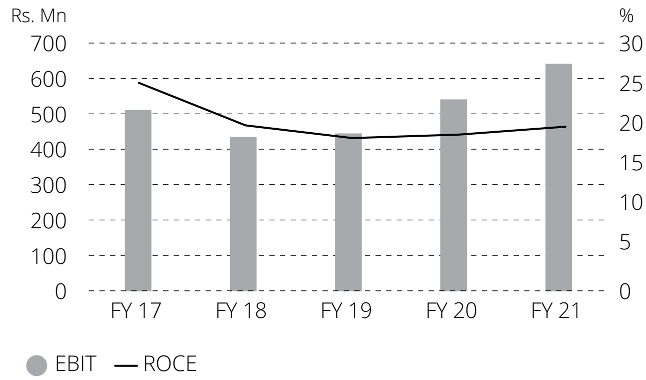
Managing Risk

The primary risks the Company is exposed to are foreign exchange fluctuations, over dependence on the US market and price volatility of raw materials. The impact of foreign exchange fluctuations are generally minimised due to gradual depreciation of the Sri Lankan Rupee vis-à-vis other major world currencies. The BPPL growth strategy has also attempted to address the second risk through the adoption of a diversification plan of capturing new geographic markets and product/ customer segments. Group exposure to the US market fell to 62% of group revenue in the year compared to 70% in the previous year. The latter threat is contained through the establishment of a dedicated sourcing team that monitors raw material prices, negotiates forward buying contracts and expands the supplier portfolio.

Operating Profit (OP)



EBIT & ROCE



In addition, during the financial year, we contracted an external consultancy firm to develop a risk management framework for the Group and to establish a dedicated risk management committee. This will pave the way for the Company to benefit from a more professional risk management system in the new financial year.

Outlook

The outlook for the new financial year remains strong with a healthy pipeline of brush orders. The brush filament extrusion lines are running at 90% of full capacity with a strong order pipeline from India. Deliveries though maybe affected in the immediate term due to COVID-19 related closures in India. The polyester yarn plant is also operating at 90% of capacity with a full order book for the next two quarters.

However, we are experiencing significant price pressures in recent weeks on certain raw material commodities such as Palmyra, timber, steel and plastic/polymer pellets. These will partially be off-set by a weaker Rupee and greater use of recycled plastic materials but brush margins are likely to be pressurized in the coming quarters.

Sporadic COVID related closures in Sri Lanka are also likely to curtail waste PET bottle supplies with washed bottle flakes having to be imported to full fill requirements. This again could impact brush filament and polyester yarn profit margins.

BPPL is evolving into its next phase of growth with a wider, more diversified set of markets to serve and a growing international presence through a diversified set of products. The steps taken during the current financial year has built the foundation to support this growth via capacity enhancements and more efficient systems and processes. Despite the intermittent volatilities in exchange rates and other risk factors, external market conditions are favourable in the short to mid-term in our areas of business, both in terms of expanding our new products and also our traditional markets. Therefore, I am confident that the Group is now positioned strongly to sustain growth in shareholder returns in time to come.

I would like to conclude my message by thanking the Board, management, and staff, for their collective efforts at driving the company towards its objectives. I also thank our customers and our business partners for their support and patronage and look forward to serving their needs better in the new financial year.

With best wishes,

Dr. Anush Amarasinghe
Managing Director/ Chief Executive Officer

BOARD OF DIRECTORS

1. Mr. Sarath Dayantha Amarasinghe
Chairman

Business Experience
Mr. Sarath Dayantha Amarasinghe is a Chartered Engineer by profession. A Member of the Institute of Mechanical Engineers, UK – M I Mech E, a Member of the Institute of Marine Engineers, UK - M I Mar E and a Member of the Institute of Engineers, Sri Lanka – MIE (S.L). He is also a Member of the Institute of Chartered Engineers, UK. He counts over 35 years of service at Colombo Commercial Company (Engineers) Limited., of which he served as its General Manager/ Managing Director for a period of 10 years. He also served as Chairman/ Managing Director at Alumex Group of Companies for a period of Seven years.

Other Directorships
Beira Brush (Pvt) Limited
Eco Spindles (Pvt) Limited
BPPL Enterprises (Pvt) Limited
Infinity Capital (Pvt) Limited

2. Dr. Anush Amarasinghe
Managing Director/Chief Executive Officer

Business Experience
Dr. Amarasinghe holds a Bachelor of Science and a Ph.D. degree in Electronics Engineering from the Loughborough University of Technology, UK, and is a highly experienced investor with many years of hands-on business management experience.

Dr. Amarasinghe began his career as a Research Engineer at Thorn EMI Central Research Laboratories, UK where he patented two inventions on low cost, low energy consuming electronic ballasts for lighting equipment. Between 1993 and 1998, Dr. Amarasinghe worked at SG Securities as an investment research analyst and subsequently as an investment banker. He was an early investor in Millennium Information Technologies (MillenniumIT) and in 1999 joined MillenniumIT as its Chief Financial Officer. He was elected to the Board in 2001 and was appointed as its Chief Operating Officer in 2004. In 2009, MillenniumIT was sold to the London Stock Exchange Group, UK, and Dr. Amarasinghe left the company in 2012, after serving a mandatory three-year post-sale agreement.

Whilst at MillenniumIT, Dr. Amarasinghe was also a founding partner and investor in E-Channelling. Dr. Amarasinghe was also a director and an early investor in Alumex Anodising and Machine Tools (Pvt) Limited. BPPL Holdings PLC (BPPL) is Dr. Amarasinghe's most recent investment. He acquired the company in 2012.

Other Directorships
Beira Brush (Pvt) Limited
Eco Spindles (Pvt) Limited
BPPL Enterprises (Pvt) Limited
Infinity Capital (Pvt) Limited

3. Mr. Vaithilingam Selvaraj
Executive Director/Chief Financial Officer

Business Experience
Mr. Selvaraj holds an MBA from the Australian Institute of Business, is an Associate Member of the Chartered Institute of Management Accountants, UK (ACMA) and a CGMA and Associate Member of the Institute of Data Processing Management (AIDPM). He is also a Graduate Member of the Sri Lanka Institute of Directors.

In terms of business management experience, Mr. Selvaraj counts over 36 years in the manufacturing sector, out of which 35 years were in senior managerial positions in the areas of finance, supply chain management, export sales, IT and general management. He served as the Chief Accountant of the Phoenix Group of Companies for nine years, and has been a Director of Moosajees (Pvt) Limited for 26 years.

Mr. Selvaraj is also on the boards of Beira Brush (Pvt) Limited, Eco Spindles (Pvt) Limited, BPPL Enterprises (Pvt) Limited and Moosajees (Pvt) Limited. He is also a Non- Executive Director of Moot Investments (Pvt) Limited.

Other Directorships
Beira Brush (Pvt) Limited
Eco Spindles (Pvt) Limited
BPPL Enterprises (Pvt) Limited
Moosajees (Pvt) Limited
Moot Investments (Pvt) Limited

4. Mr. B D Prasad Devapriya Perera
Executive Director

Business Experience
Mr. Perera, who is a science graduate with a second class from the University of Colombo and a certified Director of the Sri Lanka Institute of Directors, is the chief operating officer at Beira Brush (Pvt) Limited. Starting his career at BPPL as a Management Trainee in 1991, Mr. Perera has served the Company for 30 years in various capacities. His previous employment was at Brandix Lanka Limited, as a sectional head.

Mr. Perera also holds Director positions at Beira Brush (Pvt) Limited, Eco Spindles (Pvt) Limited and BPPL Enterprises (Pvt) Limited.

Other Directorships
Beira Brush (Pvt) Limited
Eco Spindles (Pvt) Limited
BPPL Enterprises (Pvt) Limited

BOARD OF DIRECTORS

5. Mr. Ranil Prasad Pathirana
Non-Executive Director

Business Experience
Mr. Ranil Pathirana has extensive experience in finance and management in financial, apparel and energy sectors and presently serves as a Director of Hirdaramani Apparel Holdings (Private) Limited, Hirdaramani Leisure Holdings (Private) Limited and Hirdaramani Investment Holdings (Private) Limited which are the holding companies of the Hirdaramani Group. He is also the Managing Director for Hirdaramani International Exports (Pvt) Limited.

Mr. Pathirana is the Chairman of Windforce PLC and a Non-Executive Director of Ambeon Capital PLC, Ceylon Hotels Corporation PLC, ODEL PLC & Alumex PLC. He is a Fellow Member of the Chartered Institute of Management Accountants, UK and holds a Bachelor of Commerce Degree from the University of Sri Jayewardenepura.

Other Directorships
Beira Brush (Pvt) Limited
Eco Spindles (Pvt) Limited
BPPL Enterprises (Pvt) Limited
Windforce PLC
Alumex PLC
Ceylon Hotels Corporation PLC
Ambeon Capital PLC
Odel PLC

6. Mr. Savantha De Saram
Independent Non-Executive Director

Business Experience
Mr. Savantha De Saram, is the Senior Partner of M/s D. L. & F. De Saram, Attorneys-at- Law, specialising in infrastructure, corporate restructuring, M&A, cross border financing (including project financing) and corporate and commercial law. He holds a LLB (Hons) from Holborn Law College London, and is a Barrister-of-Law (of Lincoln's Inn) and an Attorney-at- Law. He has been in practice for over 21 years. He currently serves as a Non- Executive director of Hunters & Co. PLC and Windforce PLC.

Other Directorships
Hunters and Co. PLC
Windforce PLC

7. Mr. Manjula Hiranya De Silva
Independent Non-Executive Director

Business Experience
Mr. Manjula De Silva holds a BA Hons (1st Class) degree in Economics from the University of Colombo and a MBA from London Business School, UK. He is also a FCMA (UK) and a CGMA. Mr. De Silva held the positions of CEO and Managing Director at HNB Assurance PLC and Chairman at the National Insurance Trust Fund (NITF). He is currently the Secretary General and CEO at the Ceylon Chamber of Commerce. He has formerly held positions at AIA Insurance, NDB Wealth Management and the Public Enterprises Reform Commission (PERC). He has also served as the Chairman of CIMA (Chartered Institute of Management Accountants) Sri Lanka Board. He was also a commission member of the Securities and Exchange Commission of Sri Lanka (SEC).

Other Directorships
Central Finance Company PLC
Tertiary and Vocational Education Commission of Sri Lanka (TVEC)

8. Ms. Sharmini Ratwatte
Independent Non-Executive Director

Business Experience
Ms. Sharmini Ratwatte is a Fellow member of the Chartered Institute of Management Accountants, UK and holds a Master of Business Administration from the University of Colombo.

Sharmini is a Non-Executive Director at Ceylon Cold Stores PLC. She is a Trustee of the Sunera Foundation which works in the field of arts for the differently abled children. She is also a Founder Trustee of the Federation of Environmental Organisations. Ms. Sharmini Ratwatte was recognised as the Zonta “Woman of Achievement - Management” in 2004.

Other Directorships
Ceylon Cold Stores
Trustee at Sunera Foundation

CORPORATE GOVERNANCE REVIEW

The Group's framework has its own set of internal benchmarks, processes and structures towards meeting accepted best practice, in addition to the 'triggers' which ensure compliance with mandatory regulatory requirements. This framework is regularly reviewed and updated to reflect global best practice, evolving regulations, and dynamic stakeholder needs, while maintaining its foundational principles of accountability, participation and transparency.

STEWARDSHIP

Corporate governance and risk management combine to define how we conduct business at BPPL Holdings PLC. Together they form our playbook, articulating our vision, values and philosophy, providing structure for decision making at appropriate levels. Finely balanced to drive efficiency and innovation while providing sufficient safeguards to preserve value, they facilitate careful stewardship of the Company.

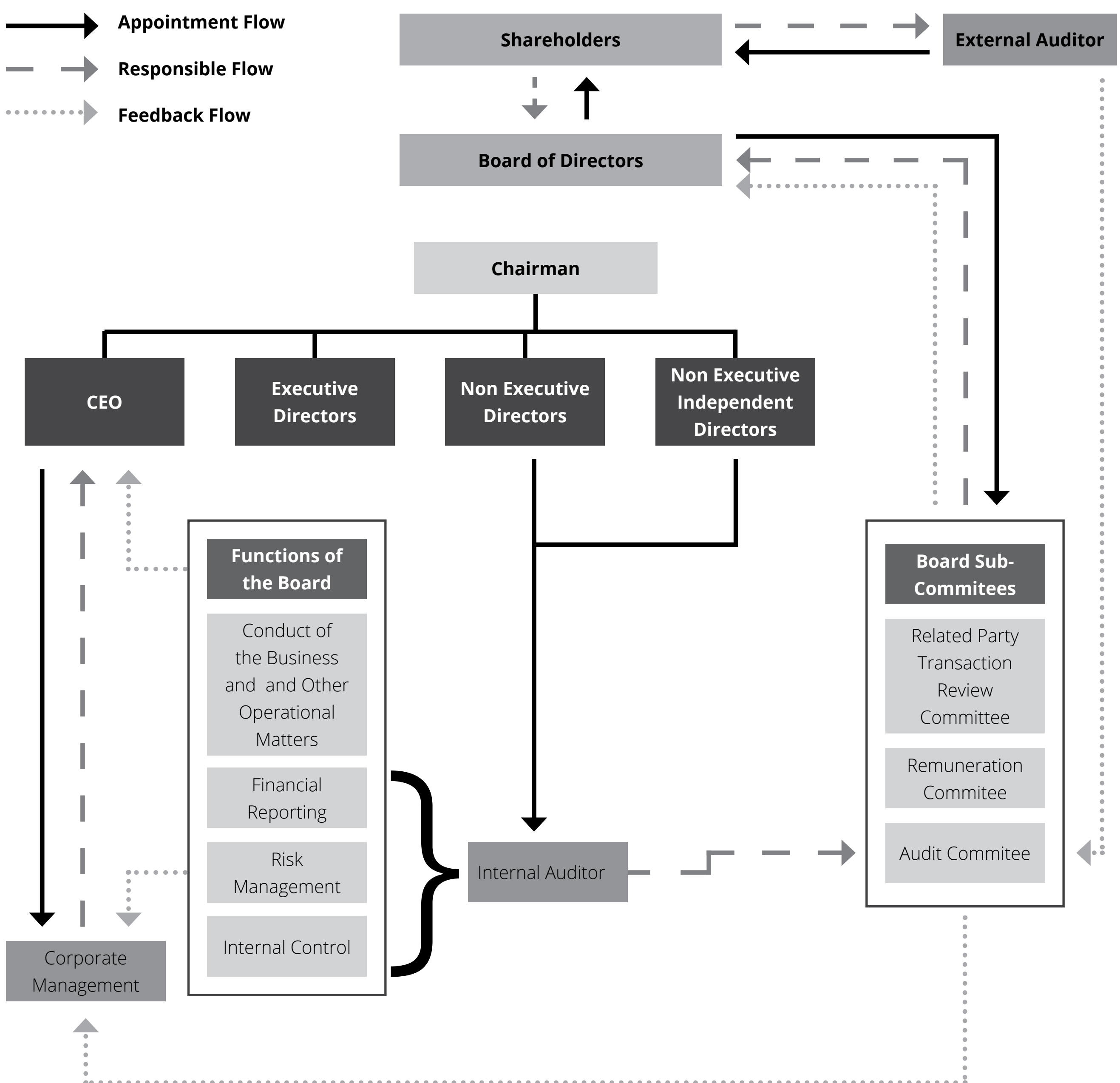
The Board is committed and takes responsibility to conduct the Company's business ethically and maintains the highest standards of Corporate Governance. The Board also ensures enhancement of stakeholders' value whilst ensuring that proper internal control systems are in place by complying with the generally accepted Corporate Governance practices such as,

- Listing Rules of the Colombo Stock Exchange (CSE)
- Companies Act No. 07 of 2007 and,
- Corporate Governance best practices stipulated by the Institute of Chartered Accountants of Sri Lanka (ICASL).

The Company's Corporate Governance framework is expected to ensure transparency and a good governance system leading towards enhancing profitability and long-term economic and environmental sustainability.

CORPORATE GOVERNANCE STRUCTURE

The Company's Governance Framework is depicted in the following diagram that indicates the appointment flow, responsibility flow and feedback flow.



CORPORATE GOVERNANCE REVIEW

COMPOSITION OF THE BOARD

The Board has the overall responsibility and accountability for the management of the affairs of the Company, maintenance of prudent risk management practices and safeguarding stakeholder rights. The Board is currently comprised of eight Directors consisting of three Executive Directors and five Non-Executive Directors. Out of the five Non-Executive Directors, three are independent and their independent outlook is to bring an independent view and judgment to the Board with their wide range of expertise and significant experience. There is significant balance of power, minimizing the tendency for one or few members of the board to dominate the board processes or decision making. Brief profiles of the Directors are set out on Pages 8 to 11.

Name of the Director	Executive	Non-Executive	Independent
Mr. Sarath Amarasinghe		√	
Dr. Anush Amarasinghe	√		
Mr. Ranil Pathirana		√	
Mr. Manjula De Silva		√	√
Ms. Sharmini Ratwatte		√	√
Mr. Savantha De Saram		√	√
Mr. Vaithilingam Selvaraj	√		
Mr. Prasad Perera	√		

OPERATION OF THE BOARD

Board meetings are held on a quarterly basis with the flexibility to arrange ad-hoc meetings to supplement these when required. Meetings are arranged well in advance with the agenda and information relating matters set before the board circulated at least one week in advance facilitating sufficient time for due consideration of the same. The board met 3 (three) times during the year under review. The attendance of the Directors for board meetings during the financial year ended 31st March 2021 are as follows,

Name of the Director	Role	Board Meetings
Mr. Sarath Amarasinghe	NED/Chairman	3/3
Dr. Anush Amarasinghe	ED/Managing Director/ CEO	3/3
Mr. Ranil Pathirana	NED	3/3
Mr. Manjula De Silva	INED	3/3
Ms. Sharmini Ratwatte	INED	3/3
Mr. Savantha De Saram	INED	3/3
Mr. Vaithilingam Selvaraj	ED/Director Finance/ CFO	3/3
Mr. Prasad Perera	ED/Director-Factory operations	3/3

SUB COMMITTEES TO THE BOARD

The Board has delegated some of the functions to three Board sub committees, Audit Committee, Remuneration Committee and Related Party Transactions Committee which operate within clearly defined terms of reference. Each Sub Committee consists of three Non-Executive Directors and is chaired by a Non-Executive Independent Director.

1. AUDIT COMMITTEE

The Audit Committee is required to help the Company achieve a balance between conformance and performance. It is responsible for reviewing the function and process of internal controls in the Company and ensuring the effectiveness of the controls. The committee also reviews the Financial Statements of the Company to monitor the integrity of same. Furthermore, all audit activities are monitored by the committee to ensure compliance and adherence to statutory and regulatory requirements and industry best practices.

The Audit Committee updates the Board at regular intervals of the outcome of its meetings and circulates the minutes of its meetings. The Audit Committee consists of the following three Non-Executive Directors, two of whom are Independent:

Mr. Manjula De Silva - *Chairman - Non-Executive independent Director*
Ms. Sharmini Ratwatte - *Member- Non-Executive Independent Director*
Mr. Ranil Pathirana - Member - *Non-Executive Director*

The Company Secretary serves as its Secretary. The Board has appointed an external professional firm to carry out the internal audit functions as directed by the Audit Committee and submit their findings. The Internal Auditors, Managing Director and the Chief Financial Officer (CFO) are invited to attend the meetings. Other Senior Executives are invited to attend where necessary.

The Audit Committee held three meetings for the financial year ended 31st March 2021. Audit Committee Report on Page 17 describes the activities carried out during the financial year ended 31st March 2021.

2. REMUNERATION COMMITTEE
Remuneration Committee ensures that the Company has well–established, formal and transparent procedures in place for developing an effective remuneration policy for both Executive and Non-Executive Directors. No Director is involved in deciding his/her own remuneration to avoid potential conflicts of Interest. The committee is also responsible for setting up the remuneration policy and providing guidelines to the Board on the overall remuneration framework (including setting performance incentives and targets) to ensure that remuneration levels are sufficient to attract and retain the caliber of professionals required for the successful management and operations of the Company. The Remuneration Committee consists of the following three Non-Executive Directors two of whom are Independent:

Mr. Savantha De Saram - *Chairman - Non-Executive Independent Director*
Ms. Sharmini Ratwatte - *Member- Non-Executive Independent Director*
Mr. Ranil Pathirana - *Member - Non-Executive Director*

The Remuneration Committee held one meeting for the financial year ended 31st March 2021. The report on the Remuneration Committee is on page 18 and highlights its main activities.

3. RELATED PARTY TRANSACTIONS REVIEW COMMITTEE
The Related Party Transactions Review Committee ensures that the interest of shareholders as a whole is taken into account when engaging in transactions with related parties. The Related Party Transactions Review Committee consists of the following three Non-Executive Directors two of whom are Independent:

Mr. Manjula De Silva - *Chairman - Non-Executive Independent Director*
Ms. Sharmini Ratwatte - *Member- Non-Executive Independent Director*
Mr. Ranil Pathirana - *Member - Non-Executive Director*

The Related Party Transaction Committee held three meetings for the financial year ended 31st March 2021. The report of the Related Party Transactions Review Committee is on Page 19 and highlights its main activities.

COMPLIANCE
Statement of Compliance
The Board places significant emphasis on strong internal compliance procedures. The Financial Statements of the Company are prepared in strict compliance with the guidelines of the Sri Lanka Accounting Standards and other statutory regulations. The Board of Directors, to the best of their knowledge and belief, are satisfied that all statutory payments have been made to date.

Each of the non-executive Directors have submitted a declaration of their independence /non-independence pursuant to Rule 7.10.2(b) of the Listing Rules of the Colombo Stock Exchange and the Board of Directors have made an annual determination as to the independence /non-independence of each non-executive Director based on their declarations pursuant to Rule 7.10.3(a) of the Listing Rules of the Colombo Stock Exchange. Accordingly, the following Directors are determined to be Independent Non-Executive Directors:

Mr. Manjula De Silva
Ms. Sharmini Ratwatte
Mr. Savantha De Saram

CORPORATE GOVERNANCE REVIEW

As a responsible organization, BPPL Holdings PLC adheres to the following regulations, code and best practices published by different Government bodies.

- Companies Act No. 7 of 2007.
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- Code of Best Practices on Corporate Governance jointly issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.
- Corporate Governance requirements listed under Section 7 & 9 of the listing Rules Issued by the Colombo Stock Exchange
- Listing Requirements of the Colombo Stock Exchange
- Inland Revenue Act No.24 of 2017
- Foreign Exchange Act No 12 of 2017
- Customs Ordinance
- Employees Provident Fund Act No 15 of 1958
- Employees Trust Fund Act No 46 of 1980
- Payment of Gratuity Act No 12 of 1983
- Factory Ordinance No 45 of 1942
- Shop and Office employees Act No 15 of 1954
- Workman Compensation Ordinance No 19 of 1934
- Maternity Benefits Ordinance No 32 of 1939

Corporate Governance requirements listed under Section 7 & 9 of the listing Rules Issued by the Colombo Stock Exchange (CSE)

CSE- Section Reference	Requirement	Compliance Status
7.10.1	Non-Executive Directors	In Compliance
7.10.2	Independent Directors	In Compliance
7.10.3	Disclosure relating to Directors	In Compliance
7.10.4	Criteria for 'Independence'	In Compliance
7.10.5	Remuneration Committee	In Compliance
7.10.6	Audit Committee	In Compliance
9	Related Party Transaction	In Compliance

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 Audit Committee is responsible for overseeing of the integrity of the financial statements of the Group, the review of filings and earnings releases, the group's compliance with legal and regulatory requirements, the independence and qualifications of the internal auditor and the performance of the Company's internal audit function and internal auditors.

The Audit Committee consists of three Non-Executive Directors out of which two are Independent. Mr. M. H. De Silva, Chairman, Ms. S. T. Ratwatte and Mr. R. P. Pathirana are members of the Committee. All members of the Audit Committee are Fellow members of the Chartered Institute of Management Accountants (CIMA). The Company Secretary functions as Secretary to the Audit Committee.

REVIEW OF FILINGS AND EARNINGS RELEASES

The Audit Committee has reviewed and discussed the Group's Quarterly and Annual Financial Statements with management prior to publication. The scope of the review included ascertaining compliance of the statements and disclosures with the Sri Lanka Accounting Standards, the appropriateness and changes in accounting policies and material judgmental matters.

INDEPENDENCE OF THE INTERNAL AUDITOR AND OVERSEEING OF INTERNAL AUDIT

The Board gave approval to assign a professional firm to perform specific internal audits in accordance with the internal audit plan suggested by the Audit Committee which ensures that it covers the major operational aspects of the Company.

KPMG, Chartered Accountants were selected as internal auditors and their final reports were reviewed by the Audit Committee after management response. The Audit Committee considers that the internal audit function is free from conditions that threaten the ability to carry out the internal audit activities in an unbiased manner. The Committee reviewed the process to assess the effectiveness of the Internal Financial Controls that have been designed to provide reasonable assurance to the Directors that assets are safeguarded and presentation of Financial Statements are accurate.

INDEPENDENCE OF THE EXTERNAL AUDITOR AND OVERSEEING OF EXTERNAL AUDIT

The Audit Committee has reviewed the other services provided by the External Auditors to the group to ensure that their independence as Auditors has not been compromised. The Audit Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest.

The Audit Committee has recommended to the Board of Directors that Messrs. Ernst & Young, continue as Auditors for the financial year ending 31st March 2022 after evaluating the scope, delivery of audit resources and the quality of the assurance initiatives taken during the year 2020/21 and approved their remuneration.

COMPLIANCE WITH LEGAL AND REGULATORY REQUIREMENTS

The Committee reviewed the financial reporting system adopted by the Group in the preparation of its quarterly and annual Financial Statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Accounting Standards.

OPERATION OF THE AUDIT COMMITTEE

The Audit Committee held three meetings during the year under review. The attendance of the Directors at the Audit Committee meetings for the financial year ended 31st March 2021 is as follows,

Mr. Manjula Hiranya De Silva	3/3
Ms. Sharmini Tamara Ratwatte	3/3
Mr. Ranil Prasad Pathirana	1/3

KPMG Internal auditors, Managing Director and Chief Financial Officer (CFO) are invited and attended the meetings. Other Senior Executives of the management personnel and consultants are invited and attended meetings when necessary.

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

The Audit Committee is satisfied that the control environment prevailing in the organisation provides reasonable assurance regarding the reliability of the financial reporting of the Group, that the assets are safeguarded and the Listing Rules of the CSE have been met.

Mr. Manjula De Silva
Chairman
Audit Committee

31st August 2021

REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee, appointed by and responsible to the Board of Directors, consists of the following two Non-Executive Independent Directors namely Mr. S. R. De Saram and Ms S. T. Ratwatte, and Non-executive Director namely Mr. R. P. Pathirana. The Committee is chaired by Mr S. De Saram.

Name of the Director	Role	Independent	Non-Executive
Mr. Savantha De Saram	Chairman	√	√
Ms Sharmini Tamara Ratwatte	Member	√	√
Mr. Ranil Prasad Pathirana	Member		√

The Committee met once during the financial year. The attendance of the Directors at Remuneration Committee meetings for the financial year ended 31st March 2021 is as follows,

Mr. Savantha De Saram	1/1
Ms. Sharmini Tamara Ratwatte	1/1
Mr. Ranil Prasad Pathirana	1/1

ROLE OF THE COMMITTEE

The Remuneration Committee has reviewed and recommended to the Board of Directors the policy of the remuneration for the executive staff. The aggregate remuneration received by the Directors during the financial year ended 31st March 2021 is given in note 31.3 of the financial statements.

REMUNERATION POLICY

In a highly competitive environment, attracting and retaining high caliber executives is a key challenge faced by the Company. In this context, the Committee took into account competition, market information and performance evaluation methodology in declaring the overall remuneration policy.

The annual performance appraisal scheme and the calculation of bonus were executed in accordance with the proposals approved by the Committee, based on discussions conducted between the Committee and the Management.

Mr. Savantha De Saram
Chairman
Remuneration Committee

31st August 2021

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Group complies with the relevant legislation by forming the Related Party Transactions Review Committee to ensure that the interests of shareholders as a whole are taken into account when engaging in transactions with related parties.

The Related Party Transactions Review Committee consists of two Independent Non-Executive Directors namely Mr. M. H. De Silva and Ms. S. T Ratwatte, and one Non–Executive Director namely Mr. R. P. Pathirana. The Committee is chaired by Mr. M. H. De Silva. The Committee held three meetings during the year under review. The Company Secretary functions as Secretary to the Committee. The attendance of the Directors at Related Party Transactions Review Committee meetings for the financial year ended 31st March 2021is as follows,

Mr. Manjula De Silva	3/3
Ms. Sharmini Tamara Ratwatte	3/3
Mr. Ranil Prasad Pathirana	1/3

THE POLICIES AND PROCEDURES

The Group has in place a Related Party Transactions Policy whereby the categories of persons who shall be considered as “related parties” have been identified. Accordingly, all Executive Directors and Non-Executive Directors have been identified as the Key Management personnel of the Company. In accordance with the Related Party Transactions Policy, self-declarations are obtained annually from each Key Management Person of the Company for the purpose of identifying parties related to them.

As per the existing practice, a detailed report on the related party transactions is submitted to the Board of Directors periodically and such transactions are also disclosed to the shareholders through the Company’s financial statements. The Related Party Transactions Review Committee reinforces its functions by revisiting the Terms of References of the Committee and Related Party Transactions Policy and re-aligning the internal procedures and policies with the requirements thereof.

The Company’s ERP system provides complete, timely, adequate and relevant information to the Board and senior management and thereby to the Related Party Transactions Review Committee. The Related Party Transactions Review Committee reviewed the related party transactions and their compliances and communicated the same to the Board.

The recurrent related party transactions entered into by the Company during the financial year ended 31st March 2021 are given in note 31.2 of the financial statements.

Mr. Manjula De Silva
Chairman
Related Party Transactions Review Committee

31st August 2021

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors have pleasure in presenting the Fifth Annual Report of the Company for the year ended 31st March 2021, after listing on the Colombo Stock Exchange.

PRINCIPAL ACTIVITIES
The principal activities of the Company and the Group are detailed in Note 1.2 of the financial statements.

FINANCIAL STATEMENTS
The financial statements of the Group and Company for the year ended 31st March 2021 which have been prepared in accordance with Sri Lanka Accounting Standards (SLRFS/LKAS) with the inclusion of signatures of the Chairman, Director - Finance /Chief Financial Officer and Senior Manager - Finance are set out on pages 28 to 83 which form a part of the Annual Report.

AUDITOR'S REPORT
The Auditor's Report is set out on pages 24 to 27 of the Annual Report.

FINANCIAL RESULTS AND APPROPRIATIONS
Revenue
Revenue generated by the Company amounted to Rs. 972 Mn (2020 – Rs. 724 Mn) whilst Group revenue amounted to Rs. 3,438 Mn (2020 – Rs. 2,626 Mn).

Profit and Appropriations
The profit after tax of the Company was Rs. 210 Mn (2020 – Rs. 238 Mn) whilst the Group profit attributable to the equity holders of the Company was Rs. 497 Mn (2020 – Rs. 406 million).
The Company's total comprehensive income net of tax was Rs. 208 Mn (2020 – Rs. 429 Mn) and total comprehensive income attributable to the Group was Rs. 439 Mn (2020 – Rs. 581 Mn).

DIVIDEND AND RESERVES
As required by Section 56(2) of the Companies Act No. 7 of 2007, the Board of Directors have confirmed that the Company satisfies the solvency test in accordance with Section 57 of the Companies Act No. 7 of 2007, and have obtained a certificate from the auditors, prior to declaring all dividends. The Company paid interim dividends of 24 cents per share on 18th February 2021 for the year ended 31st March 2021.

ACCOUNTING POLICIES
All the significant accounting policies adopted by the Company and the Group are mentioned in Note 2 to the financial statements.

DONATIONS
Total donations made by the Company and the Group during the year amounted to Rs. 740,003 (2020 – Rs. 887,876) and Rs. 2,398,754 (2020 – Rs. 2,942,262) respectively.

RELATED PARTY TRANSACTIONS
The Company's transactions with related parties given in Note 31 to the financial statements, have complied with Colombo Stock Exchange Listing Rule 9 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

CAPITAL EXPENDITURE
The Company's and Group's capital expenditure on property, plant and equipment amounted to Rs. 131 Mn (2020 – Rs. 255 Mn) and Rs. 534 Mn (2020 – Rs. 628 Mn) respectively and all other information and movements have been disclosed in Note 4 to the financial statements.

The Company did not acquire any intangible assets during the financial year and previous financial year. The Group's additions to intangible assets amounted to Rs. 4.4 Mn (2020 – Rs. 1 Mn) and all other information and movements have been disclosed in Note 6 to the financial statements.

VALUATION OF PROPERTY, PLANT & EQUIPMENT
All information relating to property, plant and equipment is given in Note 2.4.8 and 4 to the financial statements.

STATED CAPITAL
The stated capital of the Company as at 31st March 2021 was Rs. 100,371,584/- represented by 306,843,357 Shares.

SHARE INFORMATION
The distribution and composition of shareholders and the information relating to dividends, market value per share, and share trading are given in the Investor Information section of the Annual Report.

MAJOR SHAREHOLDERS

Details of the twenty five largest shareholders of the Company and the percentages held by each of them are disclosed in the Investor Information section of the Annual Report.

INVESTMENTS

A detailed description of the long term investments held as at the reporting date is given in Note 7 to the financial statements.

REVENUE RESERVES

Revenue reserves as at 31st March 2021 for the Company and the Group amounted to Rs. 425 Mn (2020 – Rs. 291 Mn) and Rs. 2,742 Mn (2020 – Rs. 2,329 Mn) respectively. The movement and composition of the reserves are disclosed in the Statement of Changes in Equity.

THE BOARD OF DIRECTORS

The Directors of the Company as at 31st March 2021 were as follows and their brief profiles are given in the Board of Directors section of the Annual Report:
Mr. S D Amarasinghe (Alternate: Ms. K M Amarasinghe)
Dr. K A Amarasinghe
Mr. R P Pathirana
Mr. V Selvaraj
Mr. B D P D Perera
Mr. M H De Silva
Mrs. S T Ratwatte
Mr. S R Sproule De Saram

RETIREMENT AND RE-ELECTION OF DIRECTORS

As per Article 81 of the Articles of Association of the Company, Mr. V Selvaraj and Mr. R P Pathirana retire by rotation, and being eligible, offer themselves for re-election.

A resolution for the re-appointment of Mr. S D Amarasinghe who is over the age of 70 years will be proposed at the Annual General Meeting of the Company.

INTERESTS REGISTER AND INTERESTS IN CONTRACTS

The Company has maintained an Interests Register as required by the Companies Act No. 7 of 2007.

All the Directors have made a general disclosure relating to share dealings and other Directorships to the Board of Directors as required by Section 192(2) of the Companies Act No. 7 of 2007 and no additional interests have been disclosed by any Director. The Interests Register is available at the office of the Company Secretaries of the Company, in keeping with the requirements of Section 119(1)(d) of the Companies Act No. 7 of 2007.

DIRECTORS REMUNERATION

Details of the remuneration and other benefits received by the Directors are set out in Note 31.3 to the financial statements.

CORPORATE GOVERNANCE

The Board of Directors are committed towards maintaining an effective Corporate Governance Framework and implementing systems and structures required to ensure best practices in Corporate Governance and their effective implementation. The Corporate Governance Framework is given in the Corporate Governance Review section of the Annual Report.

EMPLOYMENT

The Group has an equal opportunity policy and these principles are practiced in specific selection, training, development and promotion policies, ensuring that all decisions are based on merit. The Group practices equality of opportunity for all employees irrespective of ethnicity, religion, political opinion, gender, marital status or different physical attributes.

The number of persons employed by the Company and Group as at 31st March 2021 was 201 (2020 - 220) and 825 (2020 - 848) respectively.

ENVIRONMENTAL PROTECTION

The Group complies with the relevant environmental laws and regulations and endeavors to comply with best practices applicable.

STATUTORY PAYMENTS

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its subsidiaries, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its subsidiaries, and all other known statutory dues as were due and payable by the Company and its subsidiaries as at the statement of financial position date have been paid or where relevant provided for.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

RISK MANAGEMENT

The Board confirms that there is an ongoing process of identifying, evaluating and managing any significant risks faced by the Group.

EVENTS AFTER THE REPORTING PERIOD

There have been no material events subsequent to the reporting date which require disclosure or adjustments to the financial statements.

GOING CONCERN

The Directors are satisfied that the Company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future, to justify adopting the going concern basis in preparing these financial statements.

AMOUNTS PAYABLE TO THE FIRM HOLDING OFFICE AS AN AUDITOR

Details of audit fees paid to the Auditors for the period under review are set out in Note 22 to the financial statements.

AUDITOR'S RELATIONSHIP OR ANY INTEREST WITH THE COMPANY

The Directors are satisfied that the auditors did not have any relationship or any interest with the Company that would impair their independence.

APPOINTMENT OF AUDITORS

A resolution to re-appoint the auditors, M/s. Ernst & Young, Chartered Accountants, who have expressed their willingness to continue, will be proposed at the Annual General Meeting of the Company.

COMPLIANCE WITH LAWS AND REGULATIONS

To the best of knowledge and belief of the Directors, the Company or Group has not engaged in any activity which contravenes laws and regulations of the Country.

ANNUAL REPORT

The Board of Directors approved the financial statements on 17th August 2021. The appropriate number of copies of this report will be submitted to the Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board on or before 10th September 2021.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at the Board Room of the Company at Level 17, Access Towers, No. 278/4, Union Place, Colombo 02 on Thursday 30th of September 2021 at 11.00 am. The Notice of Meeting appears on page 90 of this Annual Report. This Annual Report of the Directors has been signed on behalf of the Board by:

Mr. Sarath Amarasinghe
Director

Mr. Vaithilingam Selvaraj
Director

Secretarius (Private) Limited
Secretaries

Colombo

31st August 2021

FINANCIAL REPORTS

INDEPENDENT AUDITOR'S REPORT

Building a better working world

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

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

TO THE SHAREHOLDERS OF BPPL HOLDINGS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BPPL Holdings PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2021 and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

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

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Key Audit Matter

Key audit matter	How our audit addressed the key audit matter
Measurement of carrying value of land	
Property, Plant and Equipment include Land carried at fair value. The fair value of land was determined by an external valuer engaged by the Group. Valuation of Land was a key audit matter due to: ➤ Materiality of the reported Land balances which amounted to Rs. 739 Mn and collectively account for 13 % of Total Assets as at 31 March 2021. ➤ The degree of assumptions, judgements and estimation uncertainties associated with valuation of Land amplified by the impact of COVID-19 resulting in lesser number of comparable market transactions to be used as inputs for valuation. Key assumptions included estimate of per perch value of the land as disclosed in notes 2.4.8 and 4 to the financial statements.	Our audit procedures included the following; ➤ We evaluated the competence, capabilities and objectivity of the external valuer engaged by the Group; ➤ We read the report of the external valuer and understood the key estimates made and the approach taken by the valuer in determining the valuation of land; ➤ We engaged our internal specialized resources to assist us in assessing appropriateness of the valuation technique used and the reasonableness of the significant judgements and assumptions such as per perch price used by the valuer; and ➤ We have also assessed the adequacy of the disclosures made in Notes 2.4.8 and 4 to the financial statements.

Other Information Included in the 2021 Annual Report

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

Our opinion on the financial statements does not cover 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 other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, 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.

INDEPENDENT AUDITOR'S REPORT

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls 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.

The Institute of Chartered Accountant of Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1864.

Ernst & Young

17 August 2021
Colombo

STATEMENT OF FINANCIAL POSITION

		Group		Company	
	Note	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	4	**3,493,861,869**	3,157,931,391	**1,098,202,354**	996,024,678
Right of Use Assets	5	**45,335,339**	55,761,714	**2,780,344**	11,121,376
Intangible Asset	6	**10,700,746**	8,554,723	**1,629,312**	1,977,332
Investment in Subsidiaries	7	**-**	-	**9,102,240**	9,102,240
		3,549,897,954	3,222,247,828	**1,111,714,250**	1,018,225,626
Current Assets					
Inventories	8	**622,104,990**	576,057,794	**75,501,673**	86,589,283
Trade and Other Receivables	9	**1,325,767,012**	699,587,449	**203,866,495**	121,410,502
Other Financial Investments	10	**275,808,326**	-	**-**	-
Income Tax Receivables		**137,329**	1,317,533	**-**	-
Cash and Bank Balances	17	**55,498,469**	533,267,039	**2,732,168**	1,840,403
		2,279,316,126	1,810,229,815	**282,100,336**	209,840,188
Total Assets		**5,829,214,080**	5,032,477,643	**1,393,814,586**	1,228,065,814
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	11	**100,371,584**	100,371,584	**100,371,584**	100,371,584
Revaluation Reserve		**462,141,930**	462,141,930	**451,171,280**	451,171,280
Hedge Reserve		**(63,237,620)**	(16,104,400)	**-**	-
Retained Earnings		**2,741,832,707**	2,328,866,790	**425,108,939**	290,879,526
		3,241,108,601	2,875,275,904	**976,651,803**	842,422,390
Total Equity		**3,241,108,601**	2,875,275,904	**976,651,803**	842,422,390
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	12	**825,943,002**	360,037,939	**5,000,000**	-
Deferred Tax Liabilities	14	**210,935,077**	178,145,262	**116,759,865**	115,065,984
Lease Liability	5	**36,009,829**	37,223,128	**-**	1,085,234
Retirement Benefit Obligations	15	**109,458,215**	82,391,054	**28,563,908**	22,429,881
		1,182,346,123	657,797,383	**150,323,773**	138,581,099

	Note	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Current Liabilities					
Trade and Other Payables	16	**314,710,083**	215,493,083	**230,082,621**	214,831,628
Income Tax Payable		**52,231,793**	51,728,221	**15,889,149**	20,209,374
Lease Liability	5	**1,737,629**	11,122,914	**867,240**	9,607,408
Interest Bearing Loans and Borrowings	12	**1,037,079,851**	1,221,060,138	**20,000,000**	2,413,915
		1,405,759,356	1,499,404,356	**266,839,010**	247,062,325
Total Equity and Liabilities		**5,829,214,080**	5,032,477,643	**1,393,814,586**	1,228,065,814
Net Asset per Share		**10.6**	9.4	**3.2**	2.7

These Financial Statements are in compliance with the requirements of the Companies Act No :07 of 2007.

Senior Manager - Finance

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the board by:

Director

Director

The accounting policies and notes on pages 36 through 83 form an integral part of the financial statements.

17 August 2021
Colombo

STATEMENT OF PROFIT OR LOSS

		Group		Company	
	Note	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Revenue	3	**3,437,997,243**	2,626,193,275	**971,861,480**	723,657,371
Cost of Sales		**(2,258,889,705)**	(1,768,827,138)	**(642,702,526)**	(485,744,022)
Gross Profit		**1,179,107,538**	857,366,137	**329,158,954**	237,913,350
Other Operating Income	18	**13,874,798**	9,073,328	**9,320,733**	59,577,164
Selling and Distribution Expenses		**(265,691,244)**	(225,522,326)	**(33,779,495)**	(18,171,600)
Administrative Expenses		**(285,360,395)**	(368,120,421)	**(58,960,601)**	(69,433,726)
Operating Profit		**641,930,698**	272,796,719	**245,739,591**	209,885,187
Gain Due to Fire		**-**	267,615,655	**-**	58,404,008
Finance Cost	21	**(66,659,937)**	(41,002,734)	**(1,373,295)**	(3,443,517)
Finance Income	19	**34,044,865**	7,337,518	**52,578**	3,635
Profit Before Tax	22	**609,315,626**	506,747,158	**244,418,874**	264,849,313
Income Tax Expense	13	**(112,414,567)**	(101,192,265)	**(34,205,625)**	(26,696,770)
Profit for the Year		**496,901,059**	405,554,893	**210,213,249**	238,152,543
Number of Ordinary Shares		**306,843,357**	306,843,357	**306,843,357**	306,843,357
Earnings Per Share		**1.62**	1.32	**0.69**	0.78
Dividend		**73,642,406**	128,874,051	**73,642,405.68**	128,874,050.51
Dividend Per Share		**0.24**	0.42	**0.24**	0.42
Attributable to :					
Equity Holders of the Parent		**496,901,059**	405,554,893		

The accounting policies and notes on pages 36 through 83 form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Company

	Note	2021 Rs.	2020 Rs.
Profit for the Year		**210,213,249**	238,152,543
Other Comprehensive Income			
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Year (Net of tax)			
Retirement Benefit Obligation Actuarial Gain/(Loss)	15.2	**(2,722,593)**	(2,495,908)
Deferred Tax Attributable to Actuarial (Gain)/Loss	14	**381,163**	349,427
Revaluation Surplus of Freehold Land		**-**	224,818,000
Deferred Tax Attributable to Land Revaluation		**-**	(31,474,520)
Net Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Year (Net of tax)		**(2,341,430)**	191,196,999
Total Comprehensive Income for the Year (Net of Tax)		**207,871,819**	429,349,542

Group

	Note	2021 Rs.	2020 Rs.
Profit for the Year		**496,901,059**	405,554,893
Other Comprehensive Income			
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Year (Net of tax)			
Hedge adjustment	25	**(47,133,220)**	(16,104,400)
		(47,133,220)	(16,104,400)
Other Comprehensive Income for the Year			
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Year (Net of tax)			
Retirement Benefit Obligation Actuarial Gain/(Loss)	15.2	**(12,018,162)**	(12,819,690)
Deferred Tax Attributable to Actuarial (Gain)/Loss	14	**1,725,426**	1,834,169
Revaluation Surplus of Freehold Land		**-**	235,247,000
Deferred Tax Attributable to Land Revaluation		**-**	(33,038,870)
		(10,292,736)	191,222,609
Total Comprehensive Income for the Year, after Tax		**439,475,103**	580,673,102
Attributable to :			
Equity Holders of the Parent		**439,475,103**	580,673,102

The accounting policies and notes on pages 36 through 83 form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

Group	Stated Capital Rs.	Revaluation Reserve Rs.	Hedge Reserve Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 1 April 2019	100,371,584	259,933,800	-	2,063,171,469	2,423,476,853
Profit for the Year	-	-	-	405,554,893	405,554,893
Land Revaluation	-	235,247,000	-	-	235,247,000
Tax on Land revaluation	-	(33,038,870)	-	-	(33,038,870)
Other Comprehensive Income	-	-	(16,104,400)	(12,819,690)	(28,924,090)
Tax on Other Comprehensive Income	-	-	-	1,834,169	1,834,169
Total Comprehensive Income	-	202,208,130	(16,104,400)	394,569,372	580,673,102
Dividend Paid	-	-	-	(128,874,051)	(128,874,051)
Balance as at 31 March 2020	100,371,584	462,141,930	(16,104,400)	2,328,866,790	2,875,275,904
Profit for the Year	-	-	-	496,901,059	496,901,059
Other Comprehensive Income	-	-	(47,133,220)	(12,018,162)	(59,151,382)
Tax on Other Comprehensive Income	-	-	-	1,725,426	1,725,426
Total Comprehensive Income	-	-	(47,133,220)	486,608,323	439,475,103
Dividend Paid	-	-	-	(73,642,406)	(73,642,406)
Balance as at 31 March 2021	**100,371,584**	**462,141,930**	**(63,237,620)**	**2,741,832,707**	**3,241,108,601**

Company	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 01 April 2019	100,371,584	257,827,800	183,747,515	541,946,899
Profit for the Year	-	-	238,152,543	238,152,543
Revaluation Surplus	-	224,818,000	-	224,818,000
Tax on Land revaluation	-	(31,474,520)	-	(31,474,520)
Other Comprehensive Income	-	-	(2,495,908)	(2,495,908)
Tax on Other Comprehensive Income	-	-	349,427	349,427
Total Comprehensive Income	-	193,343,480	236,006,062	429,349,542
Dividend Paid	-	-	(128,874,051)	(128,874,051)
Balance as at 31 March 2020	100,371,584	451,171,280	290,879,526	842,422,390
Profit for the Year	-	-	210,213,249	210,213,249
Other Comprehensive Income	-	-	(2,722,593)	(2,722,593)
Tax on Other Comprehensive Income	-	-	381,163	381,163
Total Comprehensive Income	-	-	207,871,819	207,871,819
Dividend Paid	-	-	(73,642,406)	(73,642,406)
Balance as at 31 March 2021	**100,371,584**	**451,171,280**	**425,108,939**	**976,651,803**

The accounting policies and notes on pages 36 through 83 form an integral part of the financial statements.

CASH FLOW STATEMENT

		Group		Company	
Year ended 31 March 2021	**Note**	**2021 Rs.**	**2020 Rs.**	**2021 Rs.**	**2020 Rs.**
Cash Flows From / (Used in) Operating Activities					
Cash Flow from Operating Activities					
Profit before tax		**609,315,626**	506,747,158	**244,418,874**	264,849,313
Adjustments for					
Depreciation	4	**189,979,388**	112,580,664	**28,405,114**	26,079,398
Amortization	6	**2,233,066**	3,161,740	**348,020**	396,861
Right of use asset Amortization	5	**10,426,375**	10,426,500	**8,341,032**	8,341,032
Provision for Retirement Benefit Obligations	15	**22,132,059**	16,156,873	**5,125,629**	4,507,722
Interest Income	19	**(34,044,865)**	(7,337,518)	**(52,578)**	(3,635)
Dividend Income		**-**	-	**-**	(55,484,146)
Finance Cost	21	**66,659,937**	41,002,734	**1,373,295**	3,443,517
Profit/(Loss) from disposal of fixed assets		**3,134,339**	29,614,456	**(1,781,448)**	10,381,831
Impairment of fixed assets		**-**	145,658,625	**-**	48,343,495
Unrealized Exchange Loss		**(17,031,637)**	45,954,390	**-**	3,223,250
Provision for Slow Moving Stocks		**(217,364)**	(4,540,630)	**3,379**	(515,752)
Operating Profit Loss Before Working Capital Changes		**852,586,924**	899,424,992	**286,181,318**	313,562,885
(Increase)/Decrease in Inventories		**(45,829,832)**	130,802,624	**11,084,225**	91,895,261
(Increase)/Decrease in Trade and Other Receivables		**(626,179,578)**	19,134,902	**(82,455,993)**	(28,751,064)
Increase/(Decrease) in Trade and Other Payables		**99,217,000**	28,022,913	**15,251,016**	(459,572,465)
Cash Generated from Operations		**279,794,514**	1,077,385,430	**230,060,567**	(82,865,383)
Income Tax Paid		**(76,215,534)**	(34,791,671)	**(36,450,822)**	(448,800)
ESC Paid		**-**	(13,260,507)	**-**	(2,840,580)
Retirement Benefit Obligations Costs paid	15	**(7,083,060)**	(8,312,251)	**(1,714,195)**	(2,668,743)
Interest Paid		**(61,653,022)**	(34,862,335)	**(791,817)**	(3,443,517)
Cash Flow from Operating Activities		**134,842,898**	986,158,666	**191,103,733**	(92,267,022)

		Group		Company	
Year ended 31 March 2021	**Note**	**2021 Rs.**	**2020 Rs.**	**2021 Rs.**	**2020 Rs.**
Cash Flow from Investing Activities					
Acquisition of Property, Plant and Equipment	4	**(219,567,236)**	(385,183,016)	**(127,944,391)**	(23,357,226)
Acquisition of Intangible Assets	6	**(4,379,089)**	(957,809)	**-**	-
Proceeds from Disposal of Fixed Assets		**4,495,172**	2,432,543	**1,800,000**	-
Proceeds from Sale of Investment		**-**	-	**-**	358,524,434
Investment in Financial Assets		**(905,700,000)**	-	**-**	-
Proceeds from Financial Assets		**649,000,000**	-	**-**	-
Interest Received		**14,936,539**	7,337,518	**52,578**	3,635
Dividend Received		**-**	-	**-**	55,484,146
Capital Work In Progress	4	**(313,972,142)**	-	**(2,656,954)**	-
Net Cash Flows used in Investing Activities		**(775,186,756)**	(376,370,764)	**(128,748,767)**	390,654,989
Cash Flow from Financing Activities					
Repayment of Interest Bearing Loans and Borrowings	12	**(2,372,619,439)**	(4,119,972,038)	**-**	(189,816,350)
Proceeds from Interest Bearing Loans and Borrowings	12	**2,626,549,638**	4,168,828,896	**25,000,000**	30,753,450
Lease rental paid	5	**(15,605,500)**	(15,630,915)	**(10,406,880)**	(8,772,767)
Dividends Paid		**(73,642,406)**	(128,874,051)	**(73,642,406)**	(128,866,381)
Net Cash Flows from/(used in) Financing Activities		**164,682,294**	(95,648,108)	**(59,049,286)**	(296,702,048)
Net Increase/ (Decrease) in Cash and Cash Equivalents		**(475,661,564)**	514,139,794	**3,305,680**	1,681,248
Cash and Cash Equivalent at the beginning of the year	17	**529,514,174**	15,374,380	**(573,512)**	(2,254,760)
Cash and Cash Equivalent at the end of the year	17	**53,852,610**	529,514,174	**2,732,168**	(573,512)

The accounting policies and notes on pages 36 through 83 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General

BPPL Holdings PLC ("Company") is a limited liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company and principle place of business is located at level 17, Access Towers, No. 278/4, Union Place, Colombo 02.

1.2 Principal Activities and Nature of Operations

Company

During the year, the principal activities of the Company were manufacturing and exporting of wooden handles for brooms and brushes.

Group

During the year, the principal activities of the Group were manufacturing and exporting of wooden handles, brooms, brushes, mops, synthetic filament and polyester yarn.

1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's parent undertaking is Infinity Capital (Private) Limited, which is incorporated in Sri Lanka.

1.4 Date of Authorization for Issue

The consolidated financial statements of BPPL Holdings PLC for the year ended 31 March 2021 were authorized for issue in accordance with a resolution of the board of directors on 17 August 2021.

2. GENERAL POLICIES

2.1 Basis of Preparation

The consolidated financial statements of the Group have been on an accrual basis under the historical cost convention unless otherwise stated. The consolidated financial statements are presented in Sri Lankan Rupees which is the Groups functional and presentation currency.

2.1.1 Statement of Compliance

The financial statements which comprise the statement of profit and loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows for the year then ended and notes (to the "financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Charted Accountants of Sri Lanka (CA Sri Lanka) and the requirements of the Companies Act No. 7 of 2007.

2.1.2 Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Group. Therefore, the Financial Statements continue to be prepared on the going concern basis.

The outbreak of the COVID-19 pandemic and the measures adopted by the government in Sri Lanka to mitigate its spread have impacted the Group. These measures required the Group to take appropriate measures including, engaging high quality medical and public health advice, social distancing, provision of protective equipment and working from home to safeguard the health of all employees and ensure compliance.

As COVID 19 pandemic situation is still evolving, the Company has taken all recommended measure to ensure the safety and well-being of its employees and all its other stakeholders as per the guidelines issued by the Government health authorities.

During the year under review, demand for brush ware remained strong during the year as the cleaning sector was declared as an essential service by most governments around the world. This process helped to minimise the adverse effect of the pandemic on the Groups performance.

The Group has adequate resources comprising cash and cash equivalents and sufficient headroom on unused credit lines at the date of authorisation of these financial statements.

Future Outlook

The continued impact of the pandemic on Sri Lanka's economy, global demand and supply cannot be accurately predicted at this time. The recovery period of key industries most likely to take at least several months. Hence, the overall future impact on the operations of the Group is not immediately predictable. Multiple risks that have persisted including increased exchange rate volatility, foreign currency availability and import restrictions.

The Group's businesses focus primarily on the foreign consumer. As such, The Group anticipates that demand for its products and services will continue to recover. It is not possible to predict the exact timing or extent of recovery, at this time.

2.2 Significant Accounting Judgements, Estimates and Assumptions

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the financial statements.

Deferred Tax Assets:

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

Capitalization of borrowing cost on the foreign currency loan obtained to finance the capital work in progress:

Maximum amount of borrowing costs capitalised on the foreign loan obtained to finance the capital work in progress is the amount of borrowing costs on the functional currency equivalent borrowing. The maximum amount of currency exchange differences attributed to interest rates that are capitalised is limited to the difference between the interest costs on the foreign currency loan and the local currency loan.

Revaluation of Freehold Lands

The Lands of the Group are reflected at fair value. Freehold Lands are valued by reference to market based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of Freehold Lands, with the assistance of an independent professional valuer.

In determining the fair value of the lands as at reporting date in the wake of COVID-19 pandemic, the group obtained advice of independent external valuer. Given the unprecedented and evolving set of circumstances arising due to COVID-19 pandemic, the external independent valuer has valued the lands having regarded all the relevant factors and reported the values as reflected on the basis of material valuation uncertainty.

In determining the regularity of revaluation, the Group refers to general market prices of lands in districts where the Group's operations are based, in consultation with an independent professional valuer. Further information including key inputs used to determine the fair value of the freehold lands and sensitivity analysis are provided in Note 4.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The respective carrying amounts of assets and liabilities are given in related notes to the financial statements.

Defined Benefit Plans

The Defined Benefit Obligation and the related charge for the year are determined using actuarial valuations. The actuarial valuations involve making assumptions about discount rates, future salary increases, mortality rates etc. Due to the long term nature of such obligations these estimates are subject to significant uncertainty. Further information is given in Note 15.

Incremental Borrowing rate

The Group recognised its lease liabilities in relation to leases and liabilities that were measured at the present value of the future lease payments, after discounting based on the lessee's incremental borrowing rate as of commencement date of the lease. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 31/03/2021 was 12%.

2.3 Consolidation Policy

2.3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2021. Control 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:

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

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

i. The contractual arrangement(s) with the other vote holders of the investee
ii. Rights arising from other contractual arrangements
iii. 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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3.2 Transactions Eliminated on Consolidation

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.4 Summary of Significant Accounting Policies

2.4.1 Foreign Currency Translation

The financial statements are presented in Sri Lankan Rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to 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 was determined.

2.4.2 Taxation

a) Current Taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted on the reporting date in the country where the Company operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit or Loss.

The provision for income tax 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 No 24 of 2017 and the amendments thereto.

Management has used its judgment on the application of tax laws including transfer pricing regulations involving identification of associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism.

As per the Inland Act No. 24 of 2017 and amendments thereto, BPPL Holdings PLC, Beira Brush (Pvt) Ltd and BPPL Enterprises

(Pvt) Ltd Companies are liable to Income Tax at 14% on qualified export profits, 18% on manufacturing profits and liable to income tax at 24% on other taxable profits during the year 2020/2021.

Pursuant to the agreement dated 17 September 2009 entered into with the Board of Investment of Sri Lanka under section 17 of the Board of Investment Law No. 4 of 1978, Eco Spindles (Pvt) Ltd was exempt from income taxes on profit the business of manufacturing of plastic resins and monofilament yarn, for a period of 07 years, reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than two years reckoned from the date of commencement of commercial operation which ever year is earlier as may be specified in a certificate issued by the Board. Thereafter it will be 10% for a period of 02 years immediately succeeding the last date of the tax exemption period and thereafter profit and income of the enterprise shall be charged for any year of assessment at the rate of 15%. The Company is liable to pay tax on other income. Accordingly, Eco Spindles (Pvt) Ltd will be taxed at 10% on qualified profit, 14% on qualified export profits, 18% on manufacturing profits and liable to income tax at 24% on other taxable profits during the Year 2020/2021.

b) Deferred Taxation

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

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets 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 assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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 income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to 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 income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss and other comprehensive income.

The Ministry of Finance has instructed on January 31, 2020 and March 05, 2020, that the revised income tax rates proposed to the Inland Revenue Act, No. 24 of 2017 by Circular No. PN/IT/2020-03 (Revised), be implemented with effect from January 01, 2020. The Bill introducing the change was placed on the Order Paper of the Parliament for the First Reading on March 26, 2021. Subsequently, the Bill along with amendments proposed at Committee stage was passed in Parliament and is awaiting certification by the Hon. Speaker.

On April 23, 2021 the institute of Chartered Accountants of Sri Lanka issued a guideline to provide an interpretation on the application of tax rates which is “substantively enacted” in the measurement of current tax and deferred tax for the financial reporting period ended after March 26, 2021 by replacing the guideline issued in 2015 on Application of Tax Rates in Measurement of Deferred Tax.

According to the said guidance ‘Substantively enacted’ means the Bill introducing the change being taken up at the Parliament for the First Reading. Accordingly, Financial Statements having a period ended after March 26, 2021, should use such proposed tax rules and rates in the Bill for determination of current tax and deferred tax.

NOTES TO THE FINANCIAL STATEMENTS

2.4.3 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 assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.4.4 Intangible Assets

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

The useful lives of intangible assets are assessed to be either finite or indefinite. The rates of amortizations estimated as follows.

Assets Category	Group		Company	
	2021	2020	2021	2020
Enterprise Resource Planning System	8 Years	8 Years	8 Years	8 Years

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in statement of profit and loss and other comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

2.4.5 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition are accounted using the following cost formulae: -

Raw Materials	At actual cost on weighted average cost basis
Finished Goods & Work-in-progress	At the cost of direct materials, direct labour and an appropriate proportion of manufacturing overheads based on normal operating capacity, but excluding borrowing Costs.
Consumables & Spares	At purchase cost on weighted average basis.
Good in Transit	At Purchase cost

2.4.6 Trade and Other Receivables

Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortized cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately in profit or loss.

2.4.7 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.4.8 Property, Plant and Equipment

Property, Plant and Equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component 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 derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. 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 Statement of Profit or Loss as incurred.

Capital expenditure incurred in relation to fixed assets which are not completed as at the reporting date are shown as capital work-in-progress and is stated at cost. On completion, the related assets are transferred to property, plant and equipment. Depreciation on such assets commences when the assets are ready for their intended use.

When items of Property, Plant and Equipment are subsequently revalued, the entire class of such assets is revalued. Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Profit or Loss, in which case the increase is recognised in the Statement of Profit or Loss. A revaluation deficit is recognised in the Statement of Profit or Loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Lands are measured at fair value at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on straight line basis over the estimated useful lives of all Property, Plant and Equipment.

Depreciation is calculated on straight line basis over the estimated useful lives of the assets as follows;

Assets Category	Group		Company	
	2021	2020	2021	2020
Building	40 Years	40 Years	40 Years	40 Years
Plant and Machinery	20 Years	10 - 20 Years	10 - 20 Years	10 - 20 Years
Furniture and Fittings	08 Years	08 Years	08 Years	08 Years
Factory Equipment	08 Years	08 Years	08 Years	08 Years
Tools	03 Years	03 Years	03 Years	03 Years
Motor Vehicles	06 Years	06 Years	06 Years	06 Years
Office Equipment	08 Years	08 Years	08 Years	08 Years

An item of Property, Plant and Equipment and any significant part initially recognised 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 Statement of Profit or Loss when the asset is derecognised.

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2.4.9 Investments

a. Initial Recognition:

Cost of investment includes purchase cost and acquisition charges such as brokerages, fees, duties and bank regulatory fees. The Group distinguishes and presents current and non current investments in the date of statement of financial position.

b. Measurement

Current Investments

Current Investments are stated at the Cost or if the investment is traded at the market then at Market Value.

Long Term Investments

Long term investments are stated at cost. Carrying amounts are reduced to recognize a decline other than temporary, determined for each investment individually. These reductions for other than temporary declines in carrying amounts are charged to profit or loss.

2.4.10 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, where 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. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

2.4.11 Retirement Benefit Obligations

(a) Defined Contribution Plans –Employees' Provident Fund and Employees' Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed determinable contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Employees are eligible to Employees' Provident Fund (EPF) contributions and Employees' Trust Fund (ETF) contributions as per the respective statutes. These obligations come within the scope of a defined contribution plan as per LKAS -19 on 'Employee Benefits'.

The Group contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively. The contributions made are expensed to Profit or Loss as and when the contributions are made.

(b) Defined Benefit Plan – Gratuity

In accordance with the Gratuity Act No. 12 of 1983, a liability arises for a defined benefit obligation to employees. Such defined benefit obligation is a post-employment benefit obligation falling within the scope of Sri Lanka Accounting Standard LKAS -19 on 'Employee Benefits'.

The liability recognised in the Statement of financial position is the present value of the defined benefit obligation at the reporting date. The calculations performed annually by a qualified actuary using the projected unit credit method (PUC). Any actuarial gains and losses arising are recognised immediately in other comprehensive income. The discount rate has been derived considering the yield of government bonds.

However, as per the payment of Gratuity Act No. 12 of 1983 this liability only arises upon completion of 5 years of continued service.

The gratuity liability is not externally funded.

2.4.12 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration as per SLFRS 16 and recognise right of use assets and lease liabilities.

Group as a lessee

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

Right-of-use assets

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

The right-of-use assets are presented within Note 5 and are subject to impairment in line with the Group's policy for Impairment of non-financial assets.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

Determination of the lease term for lease contracts with renewal and termination options (Group as a lessee)
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

Estimating the incremental borrowing rate
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 assets 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 or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments.

2.4.13 Impairment of Non Financial Assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such 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 the higher of an 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognized in the statement of profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognized in equity up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have

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decreased. If such indication exists, the Group makes an estimate of recoverable amount.

A previously recognized 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 recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot "exceed' the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior periods. Such reversal is recognized in the Statement of Profit and loss and other Comprehensive Income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses recognized in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

2.4.14 Financial Instruments

i. Financial Assets

Initial recognition and measurement

Financial assets within the scope of SLFRS 9, are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

Subsequent measurement

The Group classifies all of these financial assets in the measurement category of financial assets at amortised cost, financial assets at fair value through profit or loss and financial assets at fair value through OCI. Categories of financial assets as per SLFRS 9 are limited only for the followings.

I. Financial assets at amortised cost

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

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables, short term deposits and cash and bank.

II. 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 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

III. Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
- The Group has transferred substantially all the risks and rewards of the asset, or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

ii. Financial Liabilities

Initial recognition and measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings and. Accordingly Group financial liabilities have been classified as and loans and borrowings.

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Subsequent measurement
The measurement of financial liabilities depends on their classification as described below:
- Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Profit or Loss.

The accounting for financial liabilities under SLFRS 9 remains largely the same as it was under LKAS 39.

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 and the net amount reported in the Statement of Financial Position if, and only if:
- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

Fair value of financial instruments
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:
- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 26.

iii. Hedge Accounting
Initial Recognition and Subsequent Measurement
At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:
- There is an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged.

The item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash Flow Hedges
When a financial instrument is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the financial instrument is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the financial instrument that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the financial instrument is recognised immediately in profit or loss.

The Group has established a hedge ratio of 0.89 between the quantity of the hedging instrument and the quantity of the hedged item in terms of their relative weighting. Moreover, the hedge effectiveness is set at 89% as per the contractual terms where the fair value change in the hedge item is 89% efficient in offsetting the fair value change of the liability. The fair value is calculated as the present value of the estimated future cash flows.

Cash Flow Hedge Reserve
The Group designates its identified foreign currency loans as a hedging instrument in order to hedge the variation in highly probable specifically identified future foreign currency revenue attributable to changes in foreign exchange rates.

The effective portion of the gain or loss on the hedging instrument is recognised in the Cash Flow Hedge Reserve, through Other Comprehensive Income while any ineffective portion is recognised immediately in the Statement of Profit or Loss.

2.4.15 Statement of profit and loss and other comprehensive income

Revenue Recognition
The Group is in the business of manufacturing and exporting of wooden handles, brooms, brushes, mops and synthetic fibre. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group, and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts, driver incentives and customer incentives.

The following specific criteria are used for recognition of revenue:

a) Sale of Goods
Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, considering relevant terms of delivery. The normal credit term is 30 to 120 days upon Bill of Lading date.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points and claims). In determining the transaction price for the sale of products, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

b) Significant Financing Component
Occasionally, 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, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

c) Rent Income
Rental income arising from operating leases on right of use assets is accounted for on a straight line basis over the lease terms.

d) Interest
For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, 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 Statement of Profit or Loss of Profit or Loss.

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e) Dividends

Revenue is recognised when the Group's right to receive the payment is established.

f) Others

Other income is recognised on an accrual basis.

2.4.16 Expenditure Recognition

Expenses are recognised in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the statement of comprehensive income. For the purpose of presentation of the statement of comprehensive income, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Group's performance.

2.4.17 Finance Cost

Finance costs comprise interest expense on borrowings that is recognized in the statement of comprehensive income.

2.4.18 Operating Segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments operating results are reviewed regularly by the Group's Chief Executive Officer (CEO) to make decisions about resources to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

2.5 EFFECTS OF SRI LANKA ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE:

The following new accounting standards and amendments/ improvements to existing standards which have been issued by the Institute of Chartered Accountants of Sri Lanka (CASL) are not effective as at 31st March 2021.

Amendment to SLFRS 16- Covid-19 related rent concession

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic.

As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payment resulting from Covid-19 related rent concession the same way it would account for a change under SLFRS 16, if the change was not a lease modification. The amendments are applicable to annual reporting periods beginning on or after 01 June 2020.

Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 - Interest rate benchmark reform (Phase 1 & 2)

The amendments to SLFRS 9 & LKAS 39 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. IBOR reforms Phase 2 include number of reliefs and additional disclosures.

Amendments support companies in applying SLFRS when changes are made to contractual cash flows or hedging relationships because of the reform.

The above mentioned amendments are effective for the annual reporting periods beginning on or after 1st January 2021.

The above amendments are not expected to have an impact on the Group's Separate financial statements.

3. REVENUE

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Export Sales	**2,856,491,734**	2,451,756,000	**268,953,937**	231,733,479
Inter Company Sales	**-**	-	**693,849,362**	484,706,173
Local Sales	**573,718,981**	168,478,286	**1,505,912**	1,258,730
Scrap Sales	**234,259**	-	**-**	-
Rejected Log Sales	**7,552,269**	5,958,989	**7,552,269**	5,958,989
	3,437,997,243	2,626,193,275	**971,861,480**	723,657,371

4. PROPERTY, PLANT AND EQUIPMENT

4.1 At Cost

Group	Balance as at 01.04.2020 Rs.	Additions Rs.	Disposals Rs.	Balance as at 31.03.2021 Rs.
Buildings	377,959,573	91,413,204	-	**469,372,777**
Plant and Machinery	2,165,604,595	17,463,570	(10,059,910)	**2,173,008,255**
Motor Vehicles	71,952,348	3,100,000	(1,688,857)	**73,363,491**
Furniture and Fittings	28,492,732	3,254,469	-	**31,747,201**
Factory Equipment	397,851,263	84,683,853	(3,057,980)	**479,477,136**
Tools	30,266,804	11,773,689	-	**42,040,493**
Office Equipment	67,464,618	7,878,452	(881,158)	**74,461,913**
	3,139,591,933	219,567,236	(15,687,905)	**3,343,471,265**
At Valuation				
Freehold Lands	739,007,001	-	-	**739,007,001**
	739,007,001	-	-	**739,007,001**
Capital Work-In-Progress				
Plant and Machinery Work in Progress	1,866,481	313,972,141	-	**315,838,623**
	1,866,481	313,972,141	-	**315,838,623**
Total Value of Assets	3,880,465,415	533,539,377	(15,687,905)	**4,398,316,888**

4. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

4.2 Depreciation

At Cost	Balance as at 01.04.2020 Rs.	Charge for the Year Rs.	Disposals Rs.	Balance as at 31.03.2021 Rs.
Buildings	70,349,637	9,032,407	-	**79,382,043**
Plant and Machinery	433,384,295	101,415,699	(3,532,803)	**531,267,191**
Motor Vehicles	51,844,551	7,426,487	(1,649,223)	**57,621,814**
Furniture and Fittings	12,148,928	3,266,477	-	**15,415,405**
Factory Equipment	111,835,786	50,889,702	(2,168,345)	**160,557,143**
Tools	11,549,260	10,710,672	-	**22,259,933**
Office Equipment	31,421,569	7,237,944	(708,023)	**37,951,491**
Total Depreciation	722,534,025	189,979,388	(8,058,394)	**904,455,020**

4.3 Net Book Values

At Cost	31.03.2021 Rs.	31.03.2020 Rs.
Buildings	**389,990,734**	307,609,937
Plant and Machinery	**1,641,741,063**	1,732,220,301
Motor Vehicles	**15,741,677**	20,107,797
Furniture and Fittings	**16,331,796**	16,343,805
Factory Equipment	**318,919,993**	286,015,477
Tools	**19,780,560**	18,717,544
Office Equipment	**36,510,422**	36,043,049
	2,439,016,245	2,417,057,909
At Valuation		
Freehold Lands	**739,007,001**	739,007,001
	739,007,001	739,007,001
Capital Work-In-Progress		
Plant and Machinery Work in Progress	**315,838,623**	1,866,481
	315,838,623	1,866,481
	3,493,861,869	3,157,931,391

4.4 During the financial year 2015/16 and 2019/20 the company has stated their properties at revalued amounts by expert independent valuer De Silva DPLC. The surplus arising from the revaluation was transferred to revaluation reserve.

Property	No of Buildings	Extent	Method of Valuation and Significant unobservable inputs	Range of Estimate for unobservable	Valuation
BPPL Holdings PLC					
Land - Ingriya	16	9A-1R-30.80P	Market Comparable Method	Per Perch Value Rs. 444,375	671,361,000
Land - Padukka	5	0A -3R-21P	Market Comparable Method	Per Perch Value Rs.197,496	27,847,000
Eco Spindles (Pvt) Ltd					
Land - Mawgama	7	01A-2R-27P	Market Comparable Method	Per Perch value Rs. 149,060	39,799,000

4.5 Increase or decrease in estimated price per perch in isolation would result in a higher or lower fair value measurement. Accordingly, a change of 10% in the estimated price per perch of the Group and Company will cause a Rs. 73,900,768/- and Rs. 69,920,869/- change respectively in the fair value of freehold land, directionally.

4.6 The carrying amount of revalued land that would have been included in the financial statements of the Group and Company had the asset been carried at cost Rs. 49,794,331/- and Rs. 22,530,333/- respectively.

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

4.7 Company

At Cost	Balance as at 01.04.2020 Rs.	Additions Rs.	Disposals Rs.	Balance as at 31.03.2021 Rs.
Buildings	156,767,442	85,815,983	-	**242,583,425**
Plant and Machinery	173,938,416	-	-	**173,938,416**
Motor Vehicles	8,149,089	-	-	**8,149,089**
Furniture and Fittings	11,012,690	612,067	-	**11,624,756**
Factory Equipment	118,345,802	40,952,351	(2,000,000)	**157,298,153**
Office Equipment	6,946,783	563,990	(166,402)	**7,344,371**
Total Value of Assets	475,160,222	127,944,391	(2,166,402)	**600,938,210**
At Valuation				
Freehold Lands	699,208,001	-	-	**699,208,001**
	699,208,001	-	-	**699,208,001**
Capital Work-In-Progress				
Building Work in Progress	-	2,656,954	-	**2,656,954**
	-	2,656,954	-	**2,656,954**
	1,174,368,223	130,601,345	(2,166,402)	**1,302,803,165**

4.8 Depreciation

At Cost	as at 01.04.2020 Rs.	Charge during the year Rs.	Disposals Rs.	as at 31.03.2021 Rs.
Buildings	46,219,955	3,589,690	-	**49,809,645**
Plant and Machinery	69,768,635	7,268,185	-	**77,036,821**
Motor Vehicles	5,092,882	970,626	-	**6,063,508**
Furniture and Fittings	6,068,089	1,215,117	-	**7,283,206**
Factory Equipment	45,917,857	14,862,023	(2,000,000)	**58,779,881**
Office Equipment	5,276,128	499,473	(147,850)	**5,627,750**
Total Depreciation	178,343,546	28,405,114	(2,147,850)	**204,600,810**

4.9 Net Book Values

At Cost	31.03.2021 Rs.	31.03.2020 Rs.
Buildings	**192,773,780**	110,547,487
Plant and Machinery	**96,901,595**	104,169,781
Motor Vehicles	**2,085,581**	3,056,207
Furniture and Fittings	**4,341,550**	4,944,601
Factory Equipment	**98,518,272**	72,427,946
Office Equipment	**1,716,621**	1,670,656
	396,337,399	296,816,677
At Valuation		
Freehold Lands	**699,208,001**	699,208,001
	699,208,001	699,208,001
Capital Work-In-Progress		
Building Work in Progress	**2,656,954**	-
	2,656,954	-
	1,098,202,354	996,024,678

4.10 The rates of depreciation is estimated as follows.

	Group		Company	
	2021	**2020**	**2021**	**2020**
Building	**40 Years**	40 Years	**40 Years**	40 Years
Plant and Machinery	**20 Years**	20 Years	**20 Years**	20 Years
Furniture and Fittings	**08 Years**	08 Years	**08 Years**	08 Years
Factory Equipment	**08 Years**	08 Years	**08 Years**	08 Years
Tools	**03 Years**	03 Years	**03 Years**	03 Years
Motor Vehicles	**06 Years**	06 Years	**06 Years**	06 Years
Office Equipment	**08 Years**	08 Years	**08 Years**	08 Years

4. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

4.11 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs.127,944,391/- (2020 - Rs. 255,442,919/-). Cash payments amounting to Rs.127,944,391/- (2020 - Rs.30,624,919/-) were made during the year for purchase of Property, Plant and Equipment.

During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs.219,567,236/- (2020 - Rs. 1,923,508,201/-). Cash payments amounting to Rs. 219,567,236/- (2020 - Rs.390,584,224/-) were made during the year for purchase of Property, Plant and Equipment.

During the financial year, the Group incurred Rs.313,972,141 for plant & machinery construction. Construction of the plant is financed through bank loan and borrowing cost amounting to Rs. 1,883,277 capitalized during the year.

4.12 Property, Plant and Equipment of Company includes fully depreciated assets having a gross carrying amounts of Rs.59,998,771/- (2020 - Rs.41,880,761/-)

Property, Plant and Equipment of Group includes fully depreciated assets having a gross carrying amounts of Rs. 195,898,412/- (2020 - Rs.156,895,008/-)

5. RIGHT OF USE ASSETS

5.1 Right of Use Asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability (present value of future lease payments discounted using the Company's incremental borrowing rate) adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The movement of right of use lease assets of the company is as follows;

Group

5.1.1 At Gross Value

At Gross Value	Balance As at 01.04.2020 Rs.	Additions Rs.	Advance Payment for Leases Rs.	Balance As at 31.03.2021 Rs.
Building - Office Premises	19,462,408	-	-	**19,462,408**
Land - Factory Premises	47,671,560	-	-	**47,671,560**
	67,133,968	-	-	**67,133,968**

5.1.2 Depreciation

	Balance As at 01.04.2020 Rs.	Charge during the year Rs.	De-Recognition Rs.	Balance As at 31.03.2021 Rs.
Building - Office Premises	8,341,032	8,341,032	-	**16,682,064**
Land - Factory Premises	3,031,222	2,085,342	-	**5,116,565**
	11,372,254	10,426,375	-	**21,798,629**

5.1.3 Net book values

	2021 Rs.	2020 Rs.
Building - Office Premises	**2,780,344**	11,121,376
Land - Factory Premises	**42,554,995**	44,640,338
	45,335,339	55,761,714

5.1.4 At Gross Value

	Balance As at 01.04.2020 Rs.	Additions Rs.	Advance Payment for Leases Rs.	Balance As at 31.03.2021 Rs.
Buildings - Office Premises	19,462,408	-	-	**19,462,408**
	19,462,408	-	-	**19,462,408**

5.1.5 Depreciation

	Balance As at 01.04.2020 Rs.	Charge during the year Rs.	De-Recognition Rs.	Balance As at 31.03.2021 Rs.
Buildings - Office Premises	8,341,032	8,341,032	-	**16,682,064**
	8,341,032	8,341,032	-	**16,682,064**

5. RIGHT OF USE ASSETS (CONTD.)

5.1.6 Net book values

	2021 Rs.	2020 Rs.
Buildings - Office Premises	**2,780,344**	11,121,376
	2,780,344	11,121,376

5.1.7 The Rates of Amortization is Estimated as follows; (Straight line basis)

	2021	2020
Group		
Land - Factory Premises	**43 Years**	44 Years
Building - Office Premises	**11 Years**	12 Years

Prepaid lease rentals paid in advance to acquire land use rights amounting to Rs. 9,297,411 have been classified as right of use assets and amortized over the lease term (50 years).

	2021	2020
Company		
Building - Office Premises	**1 Years**	2 Years

5.2 Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate can not be readily determined, the company's incremental borrowing rate. The movement of Lease creditor for the year is as follows;

5.2.1 Group

	Balance As at 01.04.2020 Rs.	Interest Expense Recognized in Profit or Loss Rs.	Realization of Liability Rs.	Balance As at 31.03.2021 Rs.
Building - Office Premises	10,692,642	581,478	(10,406,880)	**867,240**
Land and Buildings - Factory Premises	37,653,400	4,425,438	(5,198,620)	**36,880,218**
	48,346,042	5,006,916	(15,605,500)	**37,747,458**

	Amount repayable within 1 year Rs.	Amount repayable after 1 year Rs.	Total Rs.
Building - Office Premises	867,240	-	867,240
Land and Buildings - Factory Premises	870,389	36,009,829	36,880,218
	1,737,629	36,009,829	37,747,458

5.2.2 Company

	Balance As at 01.04.2020 Rs.	Interest Expense Recognized in Profit or Loss Rs.	Realization of Liability Rs.	Balance As at 31.03.2021 Rs.
Building - Office Premises	10,692,642	581,478	(10,406,880)	**867,240**
	10,692,642	581,478	(10,406,880)	**867,240**

	Amount repayable within 1 year Rs.	Amount repayable after 1 year Rs.	Total Rs.
Building - Office Premises	867,240	-	867,240
	867,240	-	867,240

NOTES TO THE FINANCIAL STATEMENTS

6 INTANGIBLE ASSETS

6.1 Group

	2021 Rs.	2020 Rs.
As at 1 April	**36,013,825**	43,437,334
Acquired during the year	**4,379,089**	957,809
Disposed	**-**	(8,381,317)
As at 31 March	**40,392,914**	36,013,825
As at 1 April	**27,459,102**	27,152,222
Amortization for the year	**2,233,066**	3,161,740
Disposed	**-**	(2,854,860)
As at 31 March	**29,692,168**	27,459,102
Net book value		
As at 1 April	**8,554,723**	16,285,112
As at 31 March	**10,700,746**	8,554,723

Intangible assets consists of ERP System.

6.2 Company

	2021 Rs.	2020 Rs.
As at 1 April	**4,938,768**	4,938,768
Acquired during the year	**-**	-
As at 31 March	**4,938,768**	4,938,768
As at 1 April	**2,961,436**	2,564,575
Amortization for the year	**348,020**	396,861
As at 31 March	**3,309,456**	2,961,436
Net book value		
As at 1 April	**1,977,332**	2,374,192
As at 31 March	**1,629,312**	1,977,332

7. INVESTMENT

7.1 Company

	Direct Holdings		Direct Investments	
	2021	**2020**	**2021**	**2020**
Beira Brush (Pvt) Ltd	**100%**	100%	**9,102,230**	9,102,230
BPPL Enterprises (Pvt) Ltd	**100%**	100%	**10**	10
Total			**9,102,240**	9,102,240

7.2 Group companies

	Principle Place of Business	Relationship	Principle activities
Beira Brush (Pvt) Ltd	Level 17 Access Tower, 278/4 Union Place, Colombo 2	Subsidiary	Manufacturing and exporting of brooms, brushes and mops
BPPL Enterprises (Pvt) Ltd	Level 17 Access Tower, 278/4 Union Place, Colombo 2	Subsidiary	Buying and exporting brush, mob and cleaning material

8. INVENTORIES

	Group		Company	
	2021 Rs.	**2020 Rs.**	**2021 Rs.**	**2020 Rs.**
Raw Materials	**412,178,040**	347,423,266	**30,910,267**	33,875,201
Work in Progress	**14,202,893**	10,608,454	**13,838,805**	10,874,402
Finished Goods	**99,405,780**	85,096,504	**12,696,716**	14,059,744
Goods In Transit	**39,876,119**	74,993,367	**1,770,932**	814,192
Consumables and Spares	**56,263,888**	57,975,298	**16,288,446**	26,965,858
Allowance/(Reversal) of Slow Moving Inventory	**178,270**	(39,095)	**(3,493)**	(114)
	622,104,990	576,057,794	**75,501,673**	86,589,283

NOTES TO THE FINANCIAL STATEMENTS

9. TRADE AND OTHER RECEIVABLES

9.1 Summary

	Group		Company	
	2021	**2020**	**2021**	**2020**
	Rs.	**Rs.**	**Rs.**	**Rs.**
Trade Receivables- Other	**1,159,868,133**	560,371,205	**91,982,876**	37,118,139
- Related Parties (9.2)	**-**	-	**28,825,858**	14,520,471
Other Debtors - Other	**31,344,994**	28,896,602	**6,204,068**	6,100,399
Loans to Company Officers (9.3)	**2,287,876**	120,667	**2,287,876**	120,667
Advances and Prepayments	**123,898,201**	106,931,900	**65,460,623**	59,546,365
Other Receivables	**10,108,489**	4,004,461	**10,108,489**	4,004,461
Less : Provision for Bad debts	**(1,740,681)**	(737,386)	**(1,003,295)**	-
	1,325,767,012	699,587,449	**203,866,495**	121,410,502

9.2 Trade Receivables - Related Party

		Company	
	Relationship	**2021**	**2020**
		Rs.	**Rs.**
Eco Spindles (Pvt) Ltd	Sub-Subsidiary	**-**	14,520,471
Beira Brush (Pvt) Ltd	Subsidiary	**28,825,858**	-
		28,825,858	14,520,471

9.3 Loans to Company Officers

	Balance as at 01.04.2020	**Loans Granted During the year**	**Repayments During the year**	**Balance as at 31.03.2021**
	Rs.	**Rs.**	**Rs.**	**Rs.**
Loans to Company Officers	120,667	2,260,000	(92,791)	**2,287,876**
	120,667	2,260,000	(92,791)	**2,287,876**

9.4 Trade Debtors Age Analysis

Group	Total	Neither past due nor impaired	Past due but not impaired 30-90 days	91-120 days	>120 days
2021	**1,158,127,452**	**867,460,742**	**290,258,578**	**408,132**	**-**
2020	559,633,819	178,272,632	334,539,367	44,284,324	2,537,496

Company	Total	Neither past due nor impaired	Past due but not impaired 30-90 days	91-120 days	>120 days
2021	**90,979,581**	**76,760,539**	**14,219,042**	**-**	**-**
2020	37,118,139	10,249,707	26,291,865	576,567	-

10.OTHER FINANCIAL INVESTMENTS

Financial Instrument - Amortized Cost	Group 2021 Rs.	Group 2020 Rs.
Investments in Commercial Paper (10.1)	**275,808,326**	-
	275,808,326	-

10.1 Terms and Conditions

Commercial papers are invested for a interest rate of 11% at LOLC Holdings PLC

11. STATED CAPITAL

	Group 2021 Number	Group 2020 Number	Company 2021 Number	Company 2020 Number
Ordinary Shares	**306,843,357**	306,843,357	**306,843,357**	306,843,357

	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Ordinary Shares	**100,371,584**	100,371,584	**100,371,584**	100,371,584

NOTES TO THE FINANCIAL STATEMENTS

12. INTEREST BEARING LOANS AND BORROWINGS

12.1 Group

	2021			2020		
	Amount Payable within One Year Rs.	Amount Payable After One Year Rs.	Total Rs.	Amount Payable within One Year Rs.	Amount Payable After One Year Rs.	Total Rs.
Bank Loan (12.1.1)	**1,035,433,992**	**825,943,002**	**1,861,376,994**	1,217,307,273	360,037,939	1,577,345,212
Bank Overdraft (17.2)	**1,645,859**	**-**	**1,645,859**	3,752,865	-	3,752,865
	1,037,079,851	**825,943,002**	**1,863,022,854**	1,221,060,138	360,037,939	1,581,098,077

21.1.1 Bank Loan

	Balance as at 01.04.2020 Rs.	New Loans Obtained Rs.	Loan Repayment Rs.	Exchange Gain / (loss) Rs.	Balance as at 31.03.2021 Rs.
Term Loan - Hongkong and Shanghai Banking Corporation Limited	373,885,542	368,537,790	(97,200,824)	27,272,303	**672,494,811**
Money market - National Development Bank PLC	918,594,670	1,191,325,848	(1,639,425,428)	(27,871,640)	**442,623,450**
Term Loan - National Development Bank PLC	-	552,900,000	(77,406,000)	40,067,400	**515,561,400**
Money market - Sampath Bank PLC	284,865,000	279,720,000	(554,420,520)	(10,164,480)	**-**
Money market - Standard Chartered Bank Ltd	-	159,066,000	-	798,000	**159,864,000**
Saubagya Loan - Hongkong and Shanghai Banking Corporation Limited	-	75,000,000	(4,166,667)	-	**70,833,333**
	1,577,345,212	2,626,549,638	(2,372,619,439)	30,101,583	**1,861,376,994**

12.2 Company

	2021			2020		
	Amount Payable within One Year Rs.	**Amount Payable After One Year Rs.**	**Total Rs.**	**Amount Payable within One Year Rs.**	**Amount Payable After One Year Rs.**	**Total Rs.**
Bank Loan (12.2.1)	**20,000,000**	**5,000,000**	**25,000,000**	-	-	-
Bank Overdraft (17.2)	**-**	**-**	**-**	2,413,915	-	2,413,915
	20,000,000	**5,000,000**	**25,000,000**	2,413,915	-	2,413,915

12.2.1 Bank Loan

	Balance as at 01.04.2020 Rs.	**New Loans Obtained Rs.**	**Loan Repayment Rs.**	**Exchange Gain / (loss) Rs.**	**Balance as at 31.03.2021 Rs.**
Saubagya Loan - National Development Bank PLC	-	25,000,000	-	-	**25,000,000**
	-	25,000,000	-	-	**25,000,000**

12.3 Terms and conditions

Beira Brush (Pvt) Ltd

1) Short Term Loan -National Development Bank
   Security - Secured
   Repayment - To be repaid within 90 days
   Interest - 5.25%

2) Short Term Loan - Sampath Bank PLC
   Security - Secured
   Repayment - To be repaid within 90 days
   Interest - 3M LIBOR + 3%

3) Short Term Loan - Standard Chartered Bank Ltd.
   Security - Secured
   Repayment - To be repaid within 90 days
   Interest - 3M LIBOR + 3%

Eco Spindles (Pvt) Ltd

1) Term Loan - HSBC
   Security - Secured
   Repayment - To be repaid within 48 months
   Interest - 1M LIBOR+3.15%

NOTES TO THE FINANCIAL STATEMENTS

13 INCOME TAX

The major components of income tax expense for the years ended 31 March are as follows :

	Group		Company	
	2021	**2020**	**2021**	**2020**
	Rs.	**Rs.**	**Rs.**	**Rs.**
Income Statement				
Current Income Tax				
Current Income Tax Charge	**77,415,814**	84,391,108	**32,453,181**	29,685,426
Under/(Over) provision of current taxes in respect of prior years	**(290,608)**	(15,017,540)	**(322,600)**	-
Write off of ESC Receivable	**774,104**	-	**-**	-
Dividend Tax	**-**	9,032,303	**-**	-
Deferred Income Tax				
Deferred Taxation Charge/(Reversal) (14)	**34,515,257**	22,786,394	**2,075,044**	(2,988,656)
Income tax expense reported in the Statement of Profit or Loss	**112,414,567**	101,192,265	**34,205,625**	26,696,770

13.1 A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows :

	Group		Company	
	2021	**2020**	**2021**	**2020**
	Rs.	**Rs.**	**Rs.**	**Rs.**
Accounting Profit before Income Tax	**609,315,626**	506,747,158	**244,418,874**	264,849,313
Allowed Expenses	**(432,908,869)**	(991,380,668)	**(58,809,888)**	(251,078,789)
Disallowed expenses	**247,493,688**	843,874,894	**46,584,964**	195,710,677
Investment Income	**(33,939,709)**	(7,331,156)	**52,578**	2,726
Non Taxable Items	**(19,304,334)**	(27,288,850)	**2,563,489**	2,293,545
Taxable Profit	**389,960,736**	351,910,228	**232,246,528**	211,777,472
Other sources of income	**8,419,882**	-	**-**	-
Less - Business loss	**(888,888)**	-	**-**	-
Taxable Income	**7,530,994**	-	**-**	-
Income tax expense reported in the income statement				
Income tax at 14%	**65,631,580**	83,895,912	**31,543,578**	29,581,628
Income tax at 18%	**1,534,759**	83,944	**378,508**	55,149
Income tax at 24%	**2,338,534**	-	**531,095**	-
Income tax at 28%	**7,910,941**	411,253	**-**	48,649
	77,415,814	84,391,109	**32,453,181**	29,685,426

13.2 Deferred Tax Expenses / (Income)

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Deferred tax expense / (income) arising due to origination and reversal of timing differences	**34,515,257**	22,786,394	**2,075,044**	(2,988,656)

14. DEFERRED TAX

Deferred Income taxes are calculated on all temporary differences under the liability method using the principal tax rate of 15% for Eco Spindles (Pvt) Ltd and 14% for all other companies.

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Deferred Tax Liability /(Assets)				
Balance as at Beginning of the Year	**178,145,246**	124,154,167	**115,065,984**	86,929,547
Provision / (Reversal) Made During the Year	**34,515,257**	22,786,394	**2,075,044**	(2,988,656)
Tax on Land revaluation	**-**	30,883,331	**-**	31,474,520
Impact on Other Comprehensive Income	**(1,725,426)**	321,370	**(381,163)**	(349,427)
Balance as at the end of the Year	**210,935,077**	178,145,262	**116,759,865**	115,065,984

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Deferred Tax Liability/(Asset)				
Property Plant and Equipment	**129,870,343**	93,247,816	**26,023,714**	23,471,309
Retirement Benefit obligation	**(13,809,604)**	(9,868,146)	**(3,617,556)**	(2,790,772)
Actuarial gain	**(1,725,426)**	(1,834,169)	**(381,163)**	(349,427)
Deferred tax attributable to land revaluation	**96,615,124**	96,615,124	**94,734,874**	94,734,874
Allowance for slow moving	**(15,357)**	(15,357)	**-**	-
	210,935,079	178,145,268	**116,759,869**	115,065,984

The tax losses on Eco Spindles (Pvt) Ltd as at the reporting date was Rs.324,541,871 which gave rise to deferred tax asset of Rs.33,633,488. However, deferred tax asset has not been recognized due to the uncertainty regarding the availability of future taxable profits against which the deferred tax asset would be utilized. Accordingly, the unrecognized deferred tax asset as at the reporting date was Rs.33,633,488.

15. EXPENSE ON RETIREMENT BENEFIT OBLIGATION - GRATUITY

15.1 Expense on Defined Benefit Plan

	Group		Company	
	2021 Rs.	**2020 Rs.**	**2021 Rs.**	**2020 Rs.**
Current Service Cost	**13,934,150**	9,058,299	**2,893,856**	2,426,798
Interest Cost on Benefit Obligation	**8,197,909**	7,098,574	**2,231,773**	2,080,924
	22,132,059	16,156,873	**5,125,629**	4,507,722
Actuarial (Gain)/Loss on Obligation	**12,018,162**	12,819,690	**2,722,593**	2,495,908
	12,018,162	12,819,690	**2,722,593**	2,495,908
	34,150,221	28,976,563	**7,848,222**	7,003,630

15.2 Defined Benefit Obligation

Changes in the Present Value of the Defined Benefit Obligation are as follows:

	Group		Company	
	2021 Rs.	**2020 Rs.**	**2021 Rs.**	**2020 Rs.**
Defined Benefit Obligation as at the Beginning of the Year	**82,391,054**	61,726,742	**22,429,881**	18,094,994
Interest Cost	**8,197,909**	7,098,574	**2,231,773**	2,080,924
Current Service Cost	**13,934,150**	9,058,299	**2,893,856**	2,426,798
Benefits Paid	**(7,083,060)**	(8,312,251)	**(1,714,195)**	(2,668,743)
	97,440,053	69,571,364	**25,841,315**	19,933,973
Actuarial (Gain)/Loss on Obligation	**12,018,162**	12,819,690	**2,722,593**	2,495,908
Defined Benefit Obligation as at the End of the Year	**109,458,215**	82,391,054	**28,563,908**	22,429,881

15.3 An Actuarial valuation of the employee retirement benefit liability scheme was carried out by Piyal S Goonetilake and Associates as at 31st March 2020 and 2021. The principle assumptions used are follows

	Group		Company	
	2021	**2020**	**2021**	**2020**
Rate of Interest	**8.33%**	9.95%	**8.33%**	9.95%
Rate of Salary Increase	**10%**	10%	**10%**	10%
Retirement Age : Male	**55 years**	55 years	**55 years**	55 years
: Female	**50 years**	50 years	**50 years**	50 years

15.4 Sensitivity of Assumptions Used in the Actuarial Valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions used with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the Statement of Profit or Loss and Statement of Financial Position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

	Group		Company	
	Effect on Profit or Loss 2021 Rs.	**Performa Post Employment Benefit liability 2021 Rs.**	**Effect on Profit or Loss 2021 Rs.**	**Performa Post Employment Benefit liability 2021 Rs.**
Assumed Change in Financial Assumptions				
If Discount Rate Increased By 1%	**9,899,413**	**(9,899,413)**	**2,254,200**	**(2,254,200)**
If Discount Rate Decreased By 1%	**(11,715,854)**	**11,715,854**	**(2,612,698)**	**2,612,698**
If Salary Increment Rate Increased By 1%	**(10,997,848)**	**10,997,848**	**(2,392,244)**	**2,392,244**
If Salary Increment Rate Decreased By 1%	**9,505,594**	**(9,505,594)**	**2,111,059**	**(2,111,059)**

15.5 Following payments are expected weighted average life span obligation on the future years:

	Group		**Company**	
	2021 Rs.	**2020 Rs.**	**2021 Rs.**	**2020 Rs.**
Years from the Current Period				
1st Following Year	**7,939,089**	4,804,531	**3,961,217**	1,246,365
2nd Following Year	**7,370,727**	8,473,541	**3,437,390**	4,409,685
3rd Following Year	**10,597,452**	7,429,773	**1,688,917**	3,477,476
4th Following Year	**14,043,140**	10,856,859	**5,520,434**	1,720,652
5th Following Year	**10,646,969**	14,243,269	**2,428,274**	5,521,577
Beyond 5 Years	**88,753,009**	72,744,984	**26,631,660**	24,506,699

NOTES TO THE FINANCIAL STATEMENTS

16 TRADE AND OTHER PAYABLES

	Group		Company	
	2021 **Rs.**	**2020** **Rs.**	**2021** **Rs.**	**2020** **Rs.**
Trade Payable - Related Parties (16.1)	**-**	-	**201,981,094**	181,505,755
- Others	**226,369,152**	141,705,371	**18,382,608**	25,781,284
Other Payables - Others	**68,673,228**	57,788,056	**9,188,943**	7,049,589
Sundry Creditors including Accrued Expenses	**19,667,703**	15,999,656	**530,000**	495,000
	314,710,083	215,493,083	**230,082,645**	214,831,628

16.1 Other Payables - Related Parties

	Relationship	Group		Company	
		2021 **Rs.**	**2020** **Rs.**	**2021** **Rs.**	**2020** **Rs.**
BPPL Enterprises (Pvt) Ltd	Subsidiary	**-**	-	**57**	1,804,470
Beira Brush (Pvt) Ltd	Subsidiary	**-**	-	**201,981,037**	179,701,285
		-	-	**201,981,094**	181,505,755

17. CASH AND CASH EQUIVALENTS

17.1 Favorable Cash and Cash Equivalents Balance

	Group		Company	
	2021 **Rs.**	**2020** **Rs.**	**2021** **Rs.**	**2020** **Rs.**
Cash and Bank Balances	**55,498,469**	533,267,039	**2,732,168**	1,840,403
	55,498,469	533,267,039	**2,732,168**	1,840,403
17.2 Unfavorable Cash and Cash Equivalents Balance				
Bank Overdraft	**1,645,859**	3,752,865	**-**	2,413,915
Cash and cash equivalents for the purpose of Cash Flow Statement	**53,852,610**	529,514,174	**2,732,168**	(573,512)

18 OTHER OPERATING INCOME

	Group		Company	
	2021	**2020**	**2021**	**2020**
	Rs.	**Rs.**	**Rs.**	**Rs.**
Bad Debt Recovery	**150,878**	-	**150,878**	-
Dividend Income	**-**	-	**-**	55,484,146
Rent Income	**-**	-	**2,640,000**	2,640,000
Sundry Income	**13,723,921**	9,073,328	**5,107,711**	49,018
Drying Charges	**-**	-	**1,422,144**	1,404,000
	13,874,798	9,073,328	**9,320,733**	59,577,164

19 FINANCE INCOME

	Group		Company	
	2021	**2020**	**2021**	**2020**
	Rs.	**Rs.**	**Rs.**	**Rs.**
Interest Income on Fixed Deposit	**32,986,415**	6,043,397	**49,122**	-
Interest Income	**1,058,450**	1,294,121	**3,456**	3,635
	34,044,865	7,337,518	**52,578**	3,635

20 GAIN/LOSS DUE TO FIRE

	Group		Company	
	2021	**2020**	**2021**	**2020**
	Rs.	**Rs.**	**Rs.**	**Rs.**
Insurance Income	**-**	601,837,621	**-**	150,611,608
Impairment of assets	**-**	(145,658,624)	**-**	(48,343,495)
Inventory Write Off	**-**	(188,563,341)	**-**	(43,864,106)
	-	267,615,655	**-**	58,404,008

NOTES TO THE FINANCIAL STATEMENTS

21. FINANCE COST

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Interest Expense on Overdrafts	**204,444**	389,349	**119,483**	227,334
Lease interest	**5,006,916**	6,140,400	**581,478**	1,627,329
Interest Expense on Bank Loans	**61,448,577**	34,472,985	**672,334**	1,588,854
	66,659,937	41,002,734	**1,373,295**	3,443,517

22. PROFIT/(LOSS) BEFORE TAX

Stated after Charging/(Crediting)

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Including in Cost of Sales				
Depreciation	**177,869,565**	99,835,929	**26,635,981**	24,224,863
Personnel Costs including the following;				
- Defined Benefit Plan Costs -Gratuity	**18,368,604**	13,464,858	**5,043,169**	4,435,202
- Defined Contribution Plan Costs - EPF & ETF	**9,900,153**	7,845,845	**956,031**	871,972
Including in Administration Expenses				
Personnel Costs including the following;				
- Defined Benefit Plan Costs -Gratuity	**3,763,455**	2,693,019	**82,460**	72,520
- Defined Contribution Plan Costs - EPF & ETF	**20,436,021**	16,921,754	**1,885,556**	1,844,140
Directors' Fees and Emoluments	**23,426,140**	28,126,667	**15,507,803**	12,718,048
Auditors' Remuneration - Fees and Expenses	**289,760**	1,199,963	**543,280**	495,000
Depreciation	**22,048,192**	12,930,897	**10,110,165**	1,854,535
Amortization	**348,020**	396,860	**348,020**	396,860
Right of use Asset Amortization	**10,426,375**	10,426,499	**8,341,032**	8,341,032
Exchange (Gain) / Loss	**(50,269,949)**	33,214,568	**(7,828,976)**	(2,919,223)
Including in Selling and Distribution Costs				
Advertising Costs	**5,943,308**	8,309,326	**1,214,285**	1,113,957

23. EARNINGS PER SHARE

23.1 Basic Earnings Per Share is calculated by dividing the net profit 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, without a corresponding change in the resources such as a bonus issue.

23.2 The following reflects the income and share data used in the basic earnings per share computations.

	Group		Company	
Amount Used as the Numerator:	**Year ended 2021 Rs.**	**Year ended 2020 Rs.**	**Year ended 2021 Rs.**	**Year ended 2020 Rs.**
Net Profit/(Loss) Attributable to Ordinary				
Shareholders for basic Earnings/(Loss) Per Share	**496,901,059**	405,554,893	**210,213,249**	238,152,543
Number of Ordinary Shares Used as Denominator:	**As at 2021 Number**	**As at 2020 Number**	**As at 2021 Number**	**As at 2020 Number**
Weighted Average number of Ordinary Shares in issue	**306,843,357**	306,843,357	**306,843,357**	306,843,357
Earnings Per Share - Basic/Diluted	**1.62**	1.32	**0.69**	0.78

24. DIVIDEND PER SHARE

	Group		Company	
	2021	**2020**	**2021**	**2020**
Declared and Paid During the Year				
Dividend on ordinary shares	**73,642,406**	128,874,051	**73,642,406**	128,874,051
Dividend per share	**0.24**	0.42	**0.24**	0.42

25. OTHER COMPONENT OF EQUITY

Revaluation Reserve

The Revaluation Reserve relates to the net surplus on revaluation of Property, Plant and Equipment.

Hedging Reserve

Cash Flow Hedge

The Group designates its identified foreign currency loans as a hedging instrument in order to hedge the variation in highly probable specifically identified future foreign currency revenue attributable to changes in foreign exchange rates.

The effective portion of the gain or loss on the hedging instrument is recognized in the Cash Flow Hedge Reserve, through Other Comprehensive Income while any ineffective portion is recognized immediately in the Statement of Profit and Loss.

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance at the Beginning of the Year	**(16,104,400)**	-	**-**	-
Net Movement	**(47,133,220)**	(16,104,400)	**-**	-
Balance at the End of the Year	**(63,237,620)**	(16,104,400)	**-**	-
Hedge ineffectiveness recognized in statement of profit or loss	**514,605**	-	**-**	-

26. FAIR VALUE

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Cash and short-term deposits, trade receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long-term floating-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 March 2021, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.

Fair value hierarchy - Company and Group

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques.

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Company	**31-Mar-2021**	**Level 1**	**Level 2**	**Level 3**
Non-Financial Assets Measured at Fair Value				
Land	**699,208,001**	-	-	699,208,001

Group	**31-Mar-2021**	**Level 1**	**Level 2**	**Level 3**
Non-Financial Assets Measured at Fair Value				
Land	**739,007,001**	-	-	739,007,001

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company has loan and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The Company's senior management is supported by the Board of Directors (BOD) that advises on financial risks and the appropriate financial risk governance framework for the Company. BOD provides assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and risk appetite. It is the Company's policy that all derivative activities for risk management purposes are required to be approved by Board of Directors of Beira Group.

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

The Board of Directors reviews and agrees 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 and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings and deposits.

The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the entity's financial performance.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rates sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax (through the impact on floating rate borrowings).

	Increase/ (Decrease) in basis points	Effect on Profit Before Tax	
		Group Rs.'000'	Company Rs.'000'
2021	**+ 100 basis points**	**(18,630)**	**(250)**
	- 100 basis points	**18,630**	**(250)**
2020	+ 100 basis points	(15,811)	(24)
	- 100 basis points	15,811	24

The assumed spread of basis points for the interest rate sensitivity analysis is based on the currently observable market environment changes to base rates such as LIBOR.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

Foreign currency sensitivity

The following table demonstrates the sensitivity of net operating cash flows before taxation and derivative financial instruments existing as at 31 March in GBP,CAD and USD to a reasonably possible change of such underlining foreign currencies (GBP,CAD and USD) exchange rate against LKR, with all other variables held constant. The company's exposure to foreign currency changes for all other currencies is not material.

	Foreign Currency	Change in exchange rate	Effect on Profit Before Tax	
			Group Rs '000'	Company Rs '000'
2021	**GBP**	**1%**	**195**	**83**
	CAD	**1%**	**366**	**78**
	USD	**1%**	**(8,183)**	**492**
	AUD	**1%**	**146**	**-**
	NZD	**1%**	**37**	**37**
2020	GBP	1%	184	86
	CAD	1%	218	-
	USD	1%	(11,351)	298
	AUD	1%	88	-

Equity Price Risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's Board of Directors reviews and approves all equity investment decisions.

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities which includes deposits with banks.

Capital Management

The Company monitors the adequacy of capital structure of the company. In determining the capital structure, the Board of Directors is concerned about the controlling interest of the Parent, BPPL Holdings PLC. The objective of the Company is to maintain a balance between access to funds and flexibility through borrowed funds (Long term /Project loans, short term loans and bank overdrafts) rather than using equity funding. Access to source of funds is sufficiently available and financing for operational purposes has already been secured.

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

Trade Receivables

Customer credit risk is managed by each company subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on the credit risk evaluation model and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are regularly monitored and contracts are signed and agreed with all credit customers.

Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for Impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 9. The Company does not hold collateral as security.

Financial Instruments and Cash Deposits

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties as per the Treasury Policy and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Treasury Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. The Company's maximum exposure to credit risk for the components of the statement of financial position is the carrying amounts as illustrated in Note 9 except for financial guarantees and derivative financial instruments.

Liquidity Risk

The Company monitors its risk to a shortage of funds by setting up a minimum liquidity level. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual payments.

Group

As at 31 March 2021	On Demand Rs.	Less Than 3 Months Rs.	3 to 12 Months Rs.	1 to 5 Years Rs.	> 5 Years Rs.	Total Rs.
Interest-Bearing Loans and Borrowings	1,645,859	-	1,035,433,992	825,943,002	-	1,863,022,854
Trade and Other Payable	190,710,180	-	35,658,972	-	-	226,369,152
	192,356,040	-	1,071,092,964	825,943,002	-	2,089,392,006

As at 31 March 2020	On Demand Rs.	Less Than 3 Months Rs.	3 to 12 Months Rs.	1 to 5 Years Rs.	> 5 Years Rs.	Total Rs.
Interest-Bearing Loans and Borrowings	3,752,865	-	1,217,307,273	360,037,939	-	1,581,098,077
Trade and Other Payable	100,642,203	33,049,413	8,013,963	-	-	141,705,579
	104,395,068	33,049,413	1,225,321,236	360,037,939	-	1,722,803,656

Company

As at 31 March 2021	On Demand Rs.	Less Than 3 Months Rs.	3 to 12 Months Rs.	1 to 5 Years Rs.	> 5 Years Rs.	Total Rs.
Interest-Bearing Loans and Borrowings	**-**	**-**	**5,000,000**	**20,000,000**	**-**	**25,000,000**
Trade and Other Payable	**8,550,600**	**-**	**9,832,009**	**-**	**-**	**18,382,608**
	8,550,600	**-**	**14,832,009**	**20,000,000**	**-**	**43,382,608**

As at 31 March 2020	On Demand Rs.	Less Than 3 Months Rs.	3 to 12 Months Rs.	1 to 5 Years Rs.	> 5 Years Rs.	Total Rs.
Interest-Bearing Loans and Borrowings	-	-	2,413,915	-	-	2,413,915
Trade and Other Payable	6,793,721	12,665,172	6,322,598	-	-	25,781,491
	6,793,721	12,665,172	8,736,513	-	-	28,195,406

28. COMMITMENTS AND CONTINGENCIES

28.1 Capital Expenditure Commitments

Company does not have significant capital commitments and contingencies as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

29. ASSETS PLEDGED

Company	Nature of Assets	Nature of Liability	Carrying Amount Pledged 2021 Rs.	Carrying Amount Pledged 2020 Rs.
BPPL Holdings PLC	Inventory, Trade Receivable, Land & Building	Money market Loan - NDB	**USD 5,500,000**	USD 5,500,000
Eco Spindles (Pvt) Ltd	Yarn Plant & Machinery	Term Loan - HSBC	**USD 9,873,000**	USD 3,500,000
Beira Brush (Pvt) Ltd	Inventory, Trade Receivable, Land & Building	Short term loan - SCB, NDB & Sampath	**USD 5,500,000 NDB USD 1,500,000 Sampath USD 2,000,000 SCB**	USD 5,500,000 NDB USD 1,500,000 Sampath

- Inventory valued at Rs.622,104,990/- (2020 - Rs.576,057,794/-) is pledged as security for money market loan and short-term loan.
- Trade receivables valued at Rs.1,159,868,133/- (2020- Rs.560,371,205/-) is pledged as security for money market loan and short-term loan.
- Land and Building valued at Rs.1,128,997,734/- (2020- Rs.1,046,616,937/-) is pledged as security for money market loan and short-term loan.
- Yarn Plant and Machinery valued at Rs.237,012,373/- (2020- Rs.236,861,575/-) is pledged as security for money market loan and short-term loan.

30. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the Reporting date that require adjustments to or disclosure in the financial statements.

31. RELATED PARTY DISCLOSURES

During the year the Company entered into transactions with the following Related Parties.

31.1 Transaction with Group Companies

Company

Terms and Conditions

The sales to and purchases from related parties are made at terms equivalent to those that in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free.

Nature of Transactions	Subsidiaries Rs.	Total 2021 Rs.	Total 2020 Rs.
Balance as at 1st of April	(166,985,285)	**(166,985,285)**	(636,228,231)
Sale of Goods	693,849,951	**693,849,951**	484,706,173
Purchase of Goods	(49,182,534)	**(49,182,534)**	(37,355,126)
Fund transfer	(742,615,938)	**(742,615,938)**	(84,553,039)
Settlement of Liabilities on by the Company on Behalf of theirs	91,778,568	**91,778,568**	106,444,938
Balance as at 31st March	(173,155,237)	**(173,155,237)**	(166,985,285)

Included in: Trade and Other Receivables and Trade and Other Payables

Subsidiaries Included*
Beira Brush (Pvt) Ltd
BPPL Enterprises (Pvt) Ltd

31. RELATED PARTY DISCLOSURES (CONTD.)

31.2 Recurrent related party transactions

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate value of Related Party Transactions entered into during the financial year	Aggregate value of Related Party Transactions as a % of Net Revenue	Terms and Conditions of the Related Party Transactions
Beira Brush (Pvt) Ltd	Subsidiary	Sales	553,968,620	57%	The transactions from related parties are made at terms equivalent to those that in arm's length transactions.
		Purchased	(49,182,534)	-5%	
		Settlement of sales/fund transfers	(615,301,768)	-63%	
		Expenses paid	88,235,930	9%	
Eco Spindles (Pvt) Ltd	Sub-Subsidiary	Sales	139,881,332	14%	
		Purchased	(129,074,170)	-13%	
		Expenses paid	3,498,225	0%	
LOLC General Insurance Ltd	Relevant Interest	Insurance Premium	3,228,353	0%	

31.3 Transactions with Directors/ Key Management Personnel

	2021 Rs.	2020 Rs.
Group		
Short term employment benefit	**21,059,980**	26,824,931
Post employment benefit	**3,158,997**	4,023,740
	24,218,977	30,848,671
Company		
Short term employment benefit	**14,174,470**	11,904,353
Post employment benefit	**2,126,171**	1,785,653
	16,300,641	13,690,006

31.4 Directors Shareholdings

Name of the Director	Role	No of Shares 2021	No of Shares 2020
Mr. Sarath Amarasinghe	Chairman	-	-
Dr. Anush Amarasinghe	Managing Director/CEO	-	-
Mr. Vaithilingam Selvaraj	Director-Finance/ CFO	-	-
Mr. B D P D Perera	Director-Factory Operations	-	-
Mr. Ranil Pathirana	NED	-	-
Mr. Manjula De Silva	INED	-	-
Mrs. Sharmini Ratwatte	INED	-	-
Mr. Savantha S De Saram	INED	-	-
Ms. Keshya Amarasinghe	Alternate Director to Mr. S. Amarasinghe	-	-

NOTES TO THE FINANCIAL STATEMENTS

32. SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services and has two reportable segments as follows:

Operating Segments	Brush ware	
For the Year Ended 31 March	**2021**	**2020**
	Rs.	**Rs.**
Revenue	**3,515,261,262**	2,940,707,677
Cost of Sales	**(2,545,740,096)**	(2,222,295,768)
Gross Profit	**969,521,166**	718,411,909
Other Operating Income	**9,341,665**	40,364,226
Gain/(Loss) Due to Fire	**-**	267,615,655
Selling and Distribution Expenses	**(246,001,326)**	(208,446,031)
Administrative Expenses	**(194,120,273)**	(293,004,248)
Net Finance (Cost)/ Income	**(17,667,187)**	(24,923,307)
Profit Before Tax	**521,074,045**	500,018,204
Income Tax Expense	**(75,617,769)**	(65,572,950)
Profit for the Year	**445,456,276**	434,445,254
Assets & Liabilities Balance as at,		
Total Non-Current Assets	**2,763,517,637**	2,670,564,556
Total Current Assets	**2,003,750,358**	1,700,502,739
Total Assets	**4,767,267,995**	4,371,067,295
Total Equity	**2,861,089,280**	2,535,205,059
Total Non-Current Liabilities	**563,145,448**	223,452,073
Total Current Liabilities	**1,343,033,267**	1,612,410,163
Total Liabilities	**4,767,267,995**	4,371,067,295

Inter-segment revenues are eliminated upon consolidation; and operation results, assets and liabilities of segments are reflected in the eliminations and adjustments column.

Filament and Yarn		Eliminations and Adjustments		Consolidated	
2021	**2020**	**2021**	**2020**	**2021**	**2020**
Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
999,636,365	513,200,322	**(1,076,900,384)**	(827,714,724)	**3,437,997,243**	2,626,193,275
(792,910,262)	(378,989,102)	**1,079,760,653**	832,457,732	**(2,258,889,705)**	(1,768,827,138)
206,726,103	134,211,220	**2,860,269**	4,743,007	**1,179,107,538**	857,366,137
8,595,279	9,004,622	**(4,062,145)**	(40,295,520)	**13,874,799**	9,073,328
-	-	**-**	-	**-**	267,615,655
(19,689,918)	(17,076,294)	**-**	-	**(265,691,244)**	(225,522,326)
(91,240,122)	(55,883,547)	**-**	(19,232,626)	**(285,360,395)**	(368,120,421)
(14,947,885)	(6,773,180)	**-**	(1,968,729)	**(32,615,072)**	(33,665,216)
89,443,457	63,482,821	**(1,201,876)**	(56,753,867)	**609,315,626**	506,747,158
(36,796,798)	(26,587,012)	**-**	(9,032,303)	**(112,414,567)**	(101,192,265)
52,646,659	36,895,809	**(1,201,876)**	(65,786,170)	**496,901,059**	405,554,893
2,110,673,686	1,875,976,944	**(1,324,293,369)**	(1,324,293,672)	**3,549,897,954**	3,222,247,828
548,818,457	349,484,007	**(273,252,689)**	(239,756,931)	**2,279,316,126**	1,810,229,815
2,659,492,143	2,225,460,951	**(1,597,546,058)**	(1,564,050,603)	**5,829,214,080**	5,032,477,643
1,720,748,522	1,680,117,598	**(1,340,729,201)**	(1,340,046,753)	**3,241,108,601**	2,875,275,904
619,200,675	434,345,277	**-**	17	**1,182,346,123**	657,797,367
319,542,946	110,998,076	**(256,816,857)**	(224,003,867)	**1,405,759,356**	1,499,404,372
2,659,492,143	2,225,460,951	**(1,597,546,058)**	(1,564,050,603)	**5,829,214,080**	5,032,477,643

INVESTOR INFORMATION

ANALYSIS OF SHAREHOLDERS ACCORDING TO THE NUMBER OF SHARES AS AT 31-MAR-2021

	RESIDENT			NON RESIDENT			TOTAL		
Shareholdings	**Number of Shareholders**	**No of Shares**	**Percentage (%)**	**Number of Shareholders**	**No of Shares**	**Percentage (%)**	**Number of Shareholders**	**No of Shares**	**Percentage (%)**
1 to 1000 Shares	725	257,998	0.08	1	1,000	0	726	258,998	0.08
1001 to 10,000 Shares	523	2,386,821	0.78	4	16,195	0.01	527	2,403,016	0.79
10,001 to 100,000 Shares	249	7,939,458	2.59	1	12,500	0	250	7,951,958	2.59
100,001 to 1000,000 Shares	54	16,762,927	5.46	3	802,468	0.26	57	17,565,395	5.72
Over 1,000,000 Shares	4	277,163,990	90.33	1	1,500,000	0.49	5	278,663,990	90.82
Total	**1,555**	**304,511,194**	**99.24**	**10**	**2,332,163**	**0.76**	**1,565**	**306,843,357**	**100**

Categories of Shareholders	**No of Shareholders**	**No of Shares**
Individual	1,459	101,840,434
Institutional	106	205,002,923
Total	**1,565**	**306,843,357**

SHARE TRADING INFORMATION

	Year Ended	
	31-Mar-21	**30-Mar-20**
Share Information		
Highest Price (Rs.)	**17.50**	13.70
Lowest Price (Rs.)	**6.80**	7.40
Closing Price (Rs.)	**13.50**	7.60

PUBLIC HOLDING AS AT 31ST MARCH 2021

The Company is in compliance with the Minimum Public Holding requirements for Companies listed in the Diri Savi Board as per Rule 7.13.1 (b) of the Listing Rules of the Colombo Stock Exchange, under Option 2, i.e. Float-Adjusted Market Capitalization is less than Rs.1 Billion with more than 200 Public Shareholders and a Public Holding percentage of 10%.

Ordinary shares of the Company held by the public as at 31st March 2021;

Float-Adjusted Market Capitalization (Rs.)	414,238,532
Percentage of Ordinary Shares Held by the Public	10%
Number of Public Shareholders	1,562

There were no non-voting shares as at 31st March 2021.
The Stock Exchange code for BPPL Holding PLC shares is “BPPL”.

TWENTY FIVE MAJOR SHAREHOLDERS

No	Name of the Shareholder	No. of Shares as at 31st March 2021	%
1	Infinity Capital (Pvt) Ltd	**154,382,777**	50.31%
2	Mrs. Amarasinghe Kalsha Upeka	**80,546,372**	26.25%
3	Hirdaramani Investment Holdings Private Limited	**41,229,208**	13.44%
4	Hallsville Trading Group Inc.	**1,500,000**	0.49%
5	Mr. Weerasinghe Amarakoon Mudiyanselage	**1,005,633**	0.33%
6	Mrs. Jayasekara Dadallage Ganga Ushani Pavithra	**999,219**	0.33%
7	People'S Leasing & Finance PLC/ L.P. Hapangama	**916,002**	0.30%
8	Jafferjee Brothers (Exports) Limited	**772,800**	0.25%
9	Mr. Fernando Merrill Joseph	**750,000**	0.24%
10	Mr. Hirdaramani Akshay Anil	**732,100**	0.24%
11	Mr. Hirdaramani Mahesh Lalchand	**713,137**	0.23%
12	Alpex Marine (Pvt) Ltd	**600,000**	0.20%
13	Mr. Samarasuriya Nihal	**528,865**	0.17%
14	Mr. Fawsan Mohamed Heebathulla Muhammath	**508,990**	0.17%
15	Hatton National Bank PLC/ Mr. Gerad Shamil Niranjan Peris	**500,000**	0.16%
16	Hatton National Bank PLC/ Rosairo Nigel Machado	**500,000**	0.16%
17	Dr. Banda Senavirathna Mudiyanselage Dhammika Narendra Premarathna	**495,471**	0.16%
18	GF Capital Global Limited	**476,600**	0.16%
19	Ambeon Holdings PLC	**461,281**	0.15%
20	Mr. Bandarigodage Iranjan Duminda	**420,000**	0.14%
21	Katunayake Garments Limited	**419,200**	0.14%
22	Mr. Hirdaramani Siddharth Janak	**412,700**	0.13%
23	Mr. Hirdaramani Kishore Shashi Nikhil	**412,300**	0.13%
24	Mr. Bandaranayake Jayampathi Divale (Joint Account)	**338,370**	0.11%
25	Mr. Bandaranayake Jayampathi Divale (Joint Account)	**325,775**	0.11%
		289,946,800	94.49%

DIRECTOR'S SHAREHOLDINGS

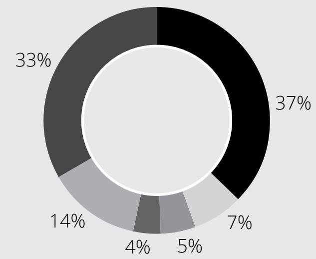
		No. of Shares	
Name of the Director	**Role**	**31-Mar-21**	**30-Mar-20**
Mr. Sarath Amarasinghe	Chairman	**-**	-
Dr. Anush Amarasinghe	Managing Director/CEO	**-**	-
Mr. Vaithilingam Selvaraj	Director-Finance/ CFO	**-**	-
Mr. B D P D Perera	Director-Factory Operations	**-**	-
Mr. Ranil Pathirana	NED	**-**	-
Mr. Manjula De Silva	INED	**-**	-
Mrs. Sharmini Ratwatte	INED	**-**	-
Mr. Savantha S De Saram	INED	**-**	-
Ms. Keshya Amarasinghe	Alternate Director to Mr. S. Amarasinghe	**-**	-

STATEMENT OF VALUE ADDED

	Group		Company	
For the year ended 31 March	**2021 Rs.**	**2020 Rs.**	**2021 Rs.**	**2020 Rs.**
Turnover	**3,437,997,243**	2,626,193,275	**971,861,480**	723,657,371
Other Operating Income/(Loss)	**13,874,798**	9,073,328	**9,320,733**	59,577,164
Finance Income	**34,044,865**	7,337,518	**52,578**	3,635
Cost of Material & Services	**(1,970,839,940)**	(1,328,893,357)	**(500,688,994)**	(225,515,760)
Value added	**1,515,076,967**	1,313,710,765	**480,545,797**	557,722,410

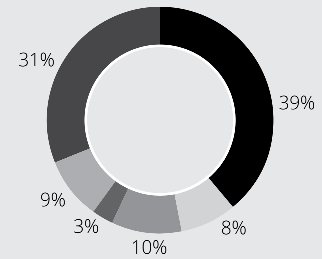
	Group				Company			
	2021	**%**	**2020**	**%**	**2021**	**%**	**2020**	**%**
Distributed as follows:								
To Employess								
as remuneration and other employee costs	**562,820,158**	**37%**	512,817,225	39%	**124,017,056**	**26%**	125,738,240	22%
To Government								
as income tax	**112,414,567**	**7%**	101,192,265	8%	**34,205,625**	**7%**	26,696,770	5%
To Providers of Capital								
as dividends to shareholders	**73,642,406**	**5%**	128,874,051	10%	**73,642,406**	**15%**	128,874,051	23%
as interest to finance providers	**66,659,937**	**4%**	41,002,734	3%	**1,373,295**	**0%**	3,443,517	1%
Retained in Business								
as depreciation and amortisation	**202,638,840**	**14%**	124,269,597	9%	**37,094,166**	**8%**	34,817,289	6%
as profit/(loss) for the year	**496,901,059**	**33%**	405,554,893	31%	**210,213,249**	**44%**	238,152,543	43%

Group 2021



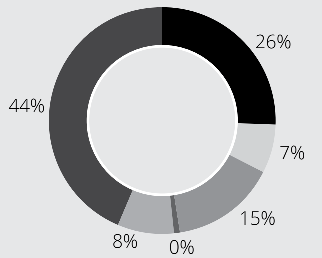
- As remuneration and other employee costs
- As income tax
- As dividends to shareholders
- As interest to finance providers
- As depreciation and amortisation
- As profit/(loss) for the year

Group 2020



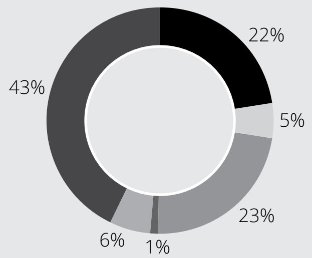
- As remuneration and other employee costs
- As income tax
- As dividends to shareholders
- As interest to finance providers
- As depreciation and amortisation
- As profit/(loss) for the year

Company 2021



- As remuneration and other employee costs
- As income tax
- As dividends to shareholders
- As interest to finance providers
- As depreciation and amortisation
- As profit/(loss) for the year

Company 2020



- As remuneration and other employee costs
- As income tax
- As dividends to shareholders
- As interest to finance providers
- As depreciation and amortisation
- As profit/(loss) for the year

FIVE YEAR SUMMARY

	2021 Rs.	2020 Rs.	2019 Rs.	2018 Rs.	2017 Rs.
Revenue	**3,437,997,243**	2,626,193,275	2,741,355,255	2,616,348,715	2,422,402,089
Profit Before Tax	**609,315,626**	506,747,158	421,787,603	414,124,665	491,095,800
Taxation	**(112,414,567)**	(101,192,265)	(52,296,862)	(48,510,393)	(55,090,849)
Profit for the Year	**496,901,059**	405,554,893	369,490,742	365,614,272	436,004,951
Equity Funds Employed					
Stated Capital	**100,371,584**	100,371,584	100,371,584	100,371,584	100,371,584
Reserves	**398,904,310**	446,037,530	259,933,800	259,933,800	259,933,800
Retained Earnings	**2,741,832,707**	2,328,866,790	2,063,171,470	1,819,860,551	1,654,940,657
Assets Employed					
Non-Current Assets	**3,549,897,954**	3,222,247,828	2,846,897,970	2,288,452,436	1,441,138,594
Current Assets	**2,279,316,126**	1,810,229,815	1,472,267,086	1,371,683,861	1,195,950,683
Current Liability	**1,405,759,356**	1,499,404,356	1,250,032,281	713,614,837	448,795,304
Capital Employed (Net Debt Basis)	**4,772,824,660**	3,923,106,773	3,874,532,037	3,255,369,669	2,358,934,222
Cash Flow					
Net Cash Inflow/(Outflow) from Operating Activities	**134,842,898**	986,158,666	475,199,862	327,313,645	407,357,216
Net Cash Inflow/(Outflow) from Investing Activities	**(775,186,756)**	(376,370,764)	(648,018,007)	(924,209,936)	(218,336,325)
Net Cash Inflow/(Outflow) from Financing Activities	**164,682,294**	(95,648,108)	188,966,682	606,671,582	(169,050,976)
Net Increase/(Decrease) in Cash and Cash Equivalents	**(475,661,564)**	514,139,794	16,148,536	9,775,291	19,969,914
Key Indicators					
Current Ratio	**1.62**	1.21	1.18	1.92	2.66
Gearing Ratio	**47%**	36%	60%	49%	17%
Asset Turnover Ratio	**0.59**	0.52	0.63	0.71	0.92
Earnings per Share (Rs)	**1.62**	1.32	1.20	1.19	1.42
Dividends per Share (Rs)	**0.24**	0.42	0.42	0.42	0.42
Net assets per Share (Rs)	**10.56**	9.37	7.90	7.11	6.57
Return on Equity	**15%**	14%	21%	17%	22%
Return on Capital Employed	**13%**	14%	11%	13%	22%
Interest Cover (Times)	**19.68**	16.05	18.97	20.40	25.53
Dividend Payout Ratio	**15%**	32%	35%	35%	30%

OFFICE ADDRESS

Head Office
Level 17,
Access Towers,
No. 278/4, Union Place,
Colombo 02

Wood, Brush and Mop Factory
No 88,
Ratnapura Road,
Ingiriya

Synthetic Filament Factory
Batuvita,
Mawgama,
Horana.

Recycling and Yarn Plant
Lot 7,
Horana Export Processing Zone,
Boralugoda,
Poruwadonda,
Horana.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of B P P L Holdings PLC will be held on 30th September 2021 at 11:00 a.m. at the Board Room of the Company at Level 17, Access Towers, 278/4, Union Place, Colombo 2, on a Virtual Platform, for the following purposes:

1. To read the Notice convening the Meeting.

2. To receive and consider the Annual Report and the Financial Statements for the Financial Year ended 31st March 2021 with the Report of the Auditors thereon.

3. To re-elect as Director, Mr. V Selvaraj who retires by rotation in terms of Article 81 of the Articles of Association of the Company.

4. To re-elect as Director, Mr. R P Pathirana who retires by rotation in terms of Article 81 of the Articles of Association of the Company.

5. To re-appoint as Director, Mr. S D Amarasinghe who retires, in terms of Section 211 of the Companies Act No. 7 of 2007 and for which notice of the following resolution is given:

   "**THAT** the age limit stipulated in terms of Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. S D Amarasinghe who is 84 years and that he be re-appointed a Director of the Company in terms of Section 211 of the Companies Act No. 7 of 2007."

6. To re-appoint Messrs. Ernst & Young, Chartered Accountants, as Auditors and to authorize the Directors to determine their remuneration.

7. Any Other Business of which due notice has been given in terms of the relevant laws and regulations.

By Order of the Board
B P P L HOLDINGS PLC

Secretarius (Private) Limited
Secretaries

Colombo
31st August 2021

Notes:

- A member unable to attend is entitled to appoint a Proxy to attend and vote at the Virtual Meeting in his/her place.
- A form of proxy is enclosed for this purpose.
- A proxy need not be a member of the Company.
- Given the prevailing situation in the country in relation to Covid 19, it is recommended that the Shareholders appoint any one of the Directors as their Proxy.
- In order to be valid, the completed Proxy Form must be lodged at the Registered Office of the Company not less than forty eight hours before the time fixed for the Virtual Meeting.

FORM OF PROXY

I/We...

of ....
being a member/members of B P P L HOLDINGS PLC hereby appoint:

Mr./Mrs./Miss...

of...
or failing him/her,

MR. S D AMARASINGHE	of Colombo, or failing him
DR. K A AMARASINGHE	of Colombo, or failing him
MR. V SELVARAJ	of Colombo, or failing him
MR. B D P D PERERA	of Negombo, or failing him
MR. R P PATHIRANA	of Rajagiriya, or failing him
MR. M H DE SILVA	of Nugegoda, or failing him
MRS. S T RATWATTE	of Dehiwela, or failing her
MR. S R SPROULE DE SARAM	of Colombo

as my/our proxy to represent me/us and vote on my/our behalf at the Annual General Meeting of the Company to be held on 30th September 2021 at 11:00 a.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof.

I/We, the undersigned, hereby direct my/our proxy to vote for me/us and on my/our behalf on the specified Resolution as indicated by the letter "X" in the appropriate cage:

	FOR	AGAINST
To re-elect as Director, Mr. V Selvaraj who retires by rotation in terms of Article 81 of the Articles of Association of the Company.		
To re-elect as Director, Mr. R P Pathirana who retires by rotation in terms of Article 81 of the Articles of Association of the Company.		
To re-appoint as Director, Mr. S D Amarasinghe who retires in terms of Section 211 of the Companies Act No. 7 of 2007 and for which notice of the following resolution is given: "**THAT** the age limit stipulated in terms of Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. S D Amarasinghe who is 84 years and that he be re-appointed a Director of the Company in terms of Section 211 of the Companies Act No. 7 of 2007."		
To re-appoint Messrs. Ernst & Young, Chartered Accountants, as Auditors and to authorize the Directors to determine their remuneration.		

As witness my/our hands on this .... day of .... Two Thousand & Twenty One.

....
Signature/s

Instructions as to Completion of the Form of Proxy are Set Out on the Reverse.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION OF THE FORM OF PROXY

1. Kindly perfect the Form of Proxy by filling in legibly your full name and address and signing in the space provided. Please fill in the date of signature.

2. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.

3. If the appointer is a Company/Corporation, the Form of Proxy should be executed under its Common Seal or by a duly authorised officer of the company or Corporation in accordance with its Articles of Association.

4. The completed Form of Proxy should be deposited at the Registered office of the Company at Level 17, Access Towers, No. 278/4, Union Place, Colombo 2 not later than forty eight hours before the time appointed for the holding of the meeting.

Please fill in the following details:

Name	: ....
	....
Address	: ....
	....
	....
Jointly with	: ....
Share Folio No.	: ....

CORPORATE INFORMATION

COMPANY NAME
B P P L Holdings PLC

DATE OF INCORPORATION
26th August 1991

LEGAL FORM
Incorporated in Sri Lanka on 26th August 1991 as a public company under the Companies Act No. 17 of 1982 [N (PBS) 291)], re-registered under the Companies Act No. 07 of 2007 on 21st January 2009 (PB 859), converted to a private limited liability on 20th July 2012 (PB 859 PV),converted to a public company on 29th July 2016 (PB 859 PV) and subsequently converted to Public Quoted Company (PB 859 PQ) on 29th June 2017 . Authority of Incorporation: Registrar of Companies (ROC), Colombo.

COMPANY REGISTRATION NUMBER
PB 859 PQ

REGISTERED OFFICE AND CURRENT PLACE OF BUSINESS
B P P L Holdings PLC,
Level 17, Access Towers,
No. 278/4, Union Place,
Colombo 02.
Tel : +94 11 2307168
Fax: +94 11 2307169

BOARD OF DIRECTORS
Mr. Sarath Dayantha Amarasinghe – *Chairman*
Dr. Anush Amarasinghe – *Managing Director / Chief Executive Officer*
Mr. Vaithilingam Selvaraj - *Executive Director / Chief Financial Officer*
Mr. B. D. Prasad Devapriya Perera - *Executive Director*
Mr. Ranil Pathirana – *Non-Executive Director*
Mr. Manjula De Silva - *Independent Non- Executive Director*
Ms. Sharmini Ratwatte - *Independent Non- Executive Director*
Mr. Savantha De Saram – *Independent Non-Executive Director*
Ms. Keshya Amarasinghe - Alternate Director to Mr. Sarath Dayantha Amarasinghe

COMPANY SECRETARY
Secretarius (Pvt) Ltd.
3rd Floor, 40, Galle Face Court,
Colombo 03.
Tel : +94 11 2333431
Fax: +94 11 2381907

COMPANY REGISTRAR
S S P Corporate Services (Private) Limited,
101, Inner Flower Road, Colombo 03.
Tel : +94 11 2573894
Fax : +94 11 2573609
Email : sspsec@sltnet.lk

AUDITORS TO THE COMPANY
Messrs. Ernst & Young (Chartered Accountants)
201, De Saram Place,
Colombo 10.
Tel : +94 11 2204444
Fax: +94 11 2697369

LAWYERS TO THE COMPANY
AIM LAW
Attorneys-at-Law and Notaries Public
No. 514C, R A De Mel Mawatha
Colombo 03.
Tel: +94 11 2503426/ +94 712 228 044
Email: aimlaw@sltnet.lk

COMPANY WEBSITE
www.bpplholdings.com

COMPANY E-MAIL
info@bpplholdings.com

BANKERS TO THE COMPANY AND GROUP

Bank of Ceylon
04, Bank of Ceylon Mawatha,
Colombo 01.

National Development Bank
42, DHPL Building,
Nawam Mawatha,
Colombo 02.

Sampath Bank
110, Sir James Pieris Mawatha,
Colombo 02.

Hongkong and Shanghai Banking Corporation Limited
24, Sir Baron Jayathilake Mawatha,
Colombo 01.

Hatton National Bank
HNB Towers,
479, T.B. Jayah Mawatha,
Colombo 10.

Standard Chartered Bank
37, York Street,
Colombo 01.

optima
Designing Your Year!
Designed & Produced by
Optima Designs (Pvt) Ltd.
A full service design and print company.
www.optimadesigns.lk

B P P L Holdings PLC,
Level 17, Access Towers, No. 278/4, Union Place, Colombo 02.
Tel : +94 11 2307168 | Fax: +94 11 2307169