



BPPL
Building Quality. Improving Life.

CONSTRUCTING INNOVATION

BPPL HOLDINGS PLC | ANNUAL REPORT 2019-20

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Where does innovation end?
Our team at BPPL puts that theory to the test every day and our results have been amazing. Every day we recognise how the end of use doesn't necessarily mean the end of usability as we strive to create a more sustainable environment in which life cycles are extended beyond measure. Our work encapsulates this ethos as we deconstruct in order to reconstruct innovation.

CONSTRUCTING INNOVATION

ABOUT US

Under its diversification programme BPPL Holdings PLC has diversified its production into the two categories of brushes and filament extrusion, supported by the commissioning of a synthetic yarn spinning facility and expansion of the synthetic filament production facility. The Group has also entered new markets and currently caters to the apparel sectors in Sri Lanka, in addition to the North American region, which is the primary market for its brushware.

Due to the manufacture of recycled products, the filament extrusion business offers many new opportunities for the Group. The Company is already the leading plastic recycler in Sri Lanka.

**AWARDS AND ACCOLADES****Ranked among the top 100 at Recycling Heroes 2020**

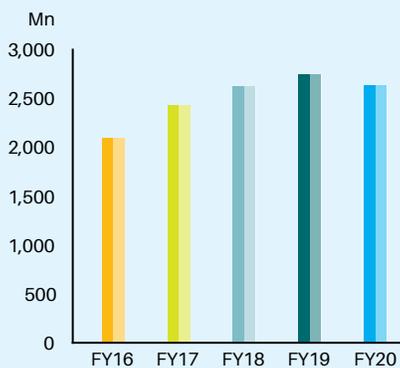
Eco Spindles was shortlisted among the top 100 from 700 global candidates for the international Recycling Heroes 2020 Award, organised by the Global Recycling Foundation for Global Recycling Day.

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

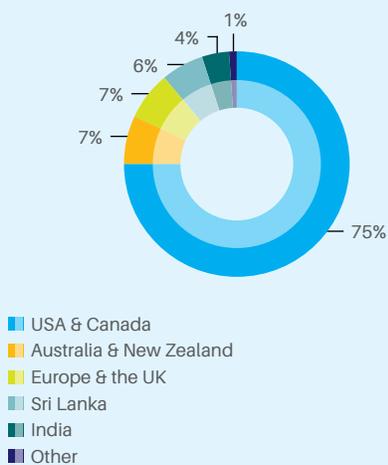
Eco Spindles was awarded the National Green Award at the Presidential Environmental Awards 2019 becoming the first, and only, plastic recycler honoured with the National Green Award.

YEAR IN REVIEW

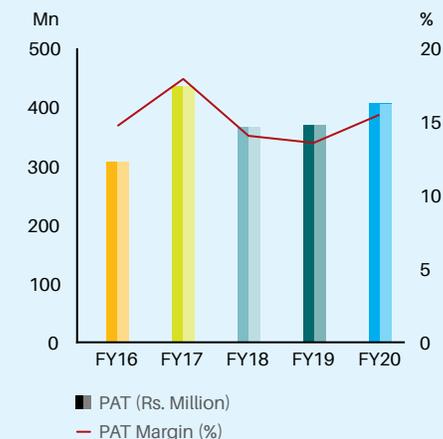
Revenue



FY 20



Profit After Tax (PAT)



5.9%

Compound Annual Growth Rate (FY16-FY20)

2.6 Bn

Revenue for FY 2020

540 Mn

EBIT for FY 2020 up by 21%

406 Mn

Profit After Tax increased by 10%

5 Bn

Total Assets grew by 16%

81 Mn

PET Bottles Recycled

SUMMARY OF OPERATIONS

BRUSHWARE

Products



Brushes and cleaning tools for janitorial activities



Brushes for the food services sector



Brushes for building activities



Brushes for industrial applications



Brushes and cleaning products for households



A range of raw material components for other brush manufacturers

MAIN MARKETS AND CUSTOMER TYPES

- Wholesalers and distributors of janitorial, food services, construction and industrial supplies.
- Distributors and retailers of household cleaning products.



SYNTHETIC FILAMENTS AND YARN

Products

- Recycled PET, polypropylene and nylon single filaments used in cleaning, industrial and painting brushes and brooms
- Polyester-based multiple spun filaments or yarn used as raw materials for fabric production

MAIN MARKETS AND CUSTOMER TYPES

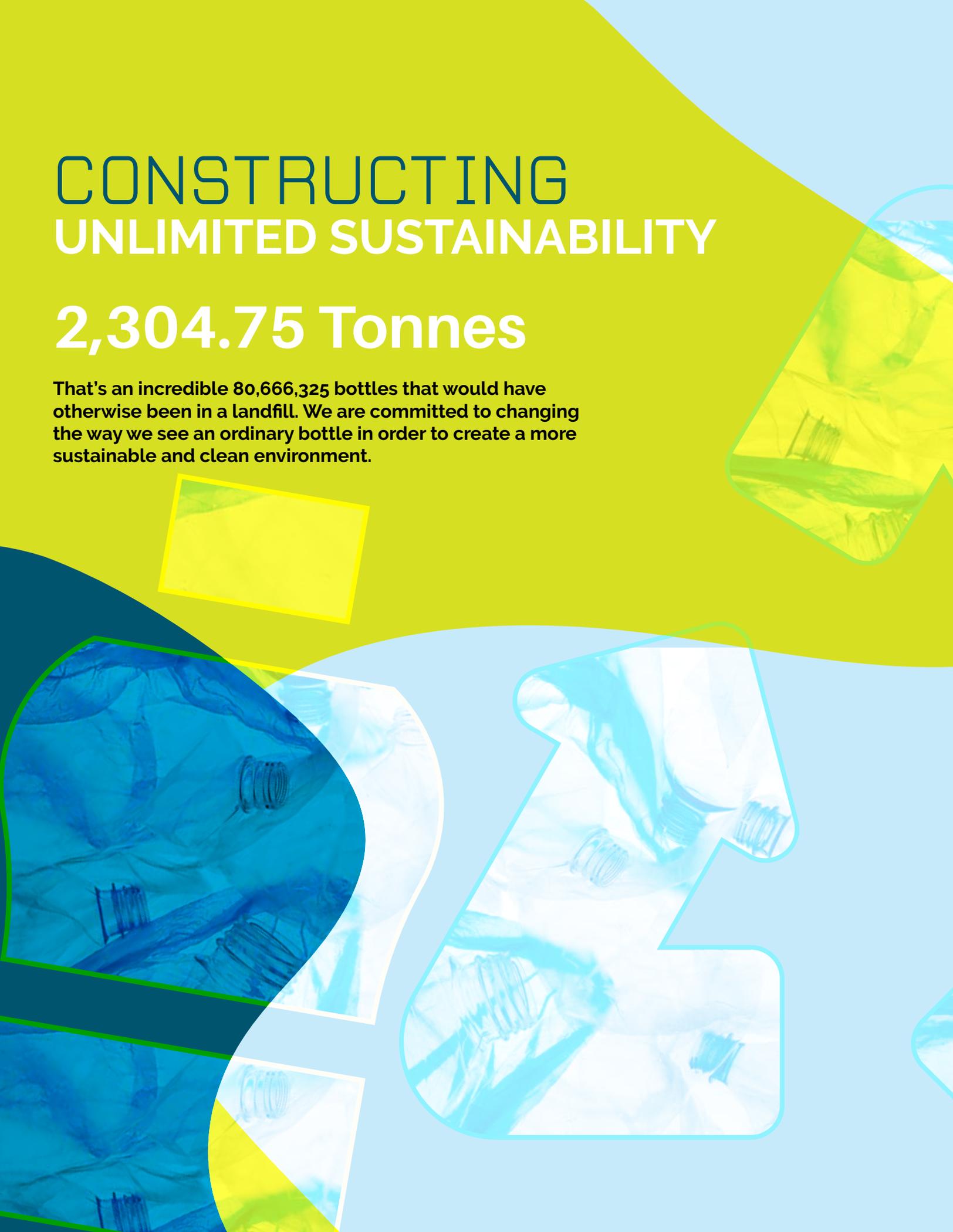
- Manufacturers of brushware
- Manufacturers of polyester fabrics

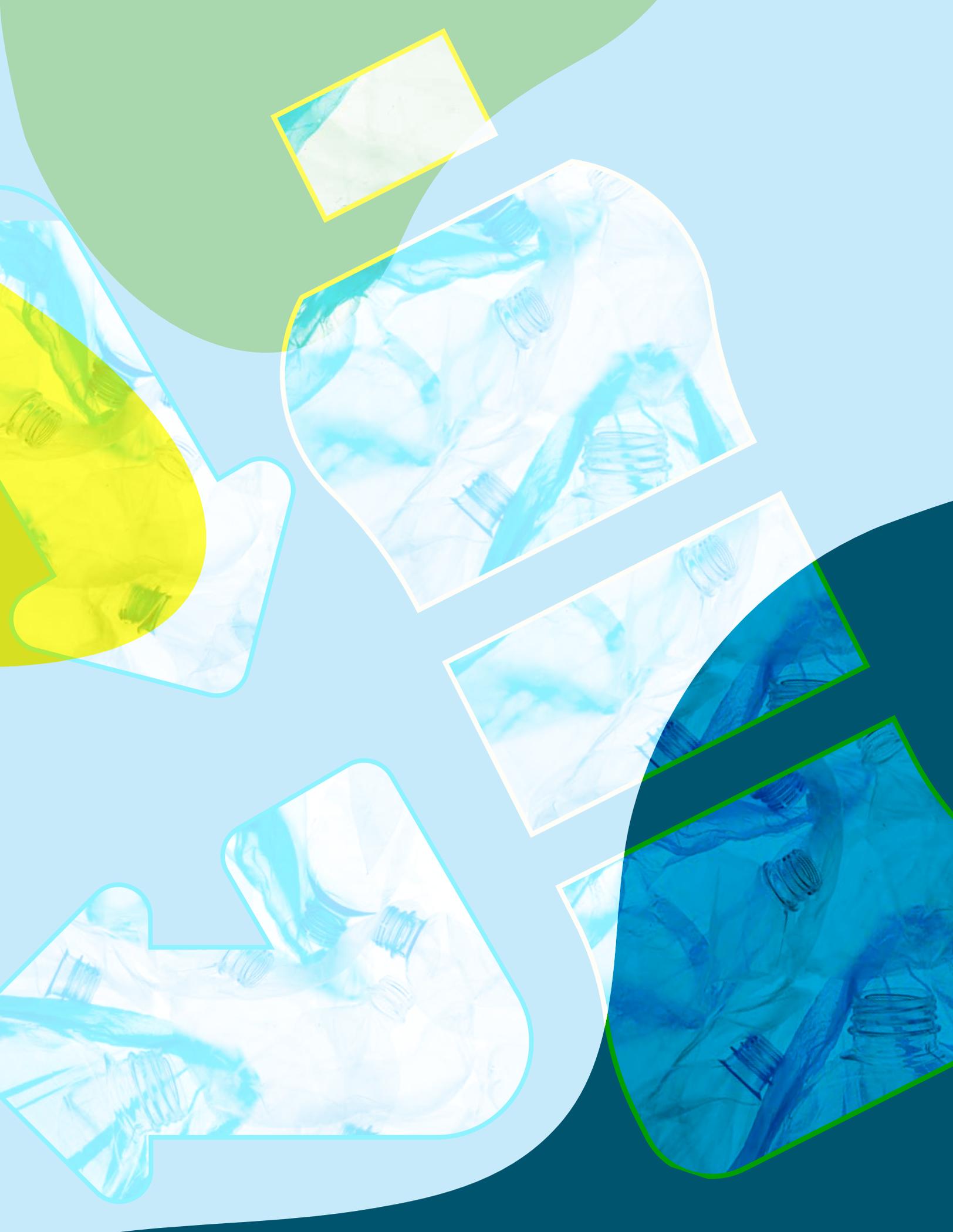


CONSTRUCTING UNLIMITED SUSTAINABILITY

2,304.75 Tonnes

That's an incredible 80,666,325 bottles that would have otherwise been in a landfill. We are committed to changing the way we see an ordinary bottle in order to create a more sustainable and clean environment.





CEO'S MESSAGE



Group Profit-After-Tax and profit attributable to our shareholders was up by a lower 10% to Rs. 406 million from Rs. 370 million due to higher taxes on the insurance settlement.

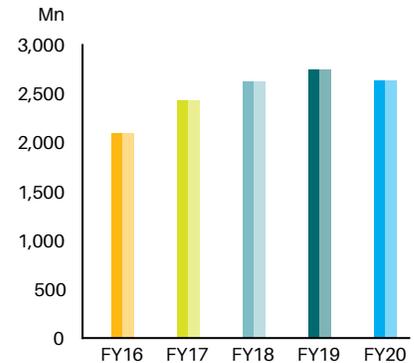
Dear Shareholder,

It gives me tremendous pleasure to present the Annual Report and audited Financial Statements of BPPL Holdings PLC for the financial year 2019-20.

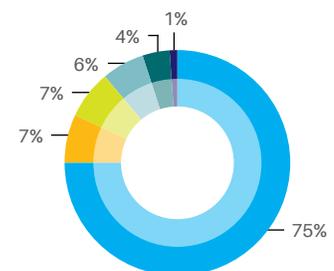
This past year was a turbulent one for your Company as a series of one-off events marred its financial and operational performance.

The year began with terrorist attacks on some of Sri Lanka's churches and hotels which then impacted tourist arrivals and thereby curtailed the availability of higher quality waste plastic bottles for recycling. Tourists are large users of water and other beverages packaged in such bottles. These waste PET bottles are the main raw material for most of our brush filaments and polyester yarns.

Revenue



FY 20



Some of our brush production facilities then caught fire in July '19. We completely lost two buildings due to the fire. The first was a warehouse that was used for storing timber planks. The second housed our mop and some brush making machinery. We also lost some injection molding machines used to produce plastic brush backs, a wire cutting machine and some wood working machinery.

Further, we lost significant quantities of timber and mop raw material inventory and partially completed brushes due to the fire. Fortunately, all these losses were fully covered by insurance.

The Company finalized the insurance claim arising from the fire during the Jan-March '20 quarter. Completion of restoration work caused by fire damages, however, was delayed due to the unexpected closure due to the pandemic,

although all machinery replacements were in place and commissioned at the time of the closure.

We also conducted a comprehensive audit of our fire monitoring and preventive equipment at all our production sites following the fire. All key recommendations following the audit have now been implemented. Although the cause of the fire is still not known, we have also replaced all electrical power cables with new cables at all buildings in the brush production facility as a further precautionary measure.

The Company was then impacted by the COVID-19 pandemic. We shut down factory operations in March '20 as per Government directives which severely affected contributions from all our regular business lines as customer orders could not be completed prior to the financial year-end. Revenue in March is unusually high for BPPL as most customers place orders and request delivery prior to the customary April New Year holiday closures in Sri Lanka.

The pandemic also impacted the Sri Lankan Rupee which took a nose dive in March '20 vs the US Dollar due to the inevitable appreciation of safe heaven currencies. Earnings were affected by unrealized exchange losses on US Dollar loans taken to fund our yarn and brush filament extrusion plants.

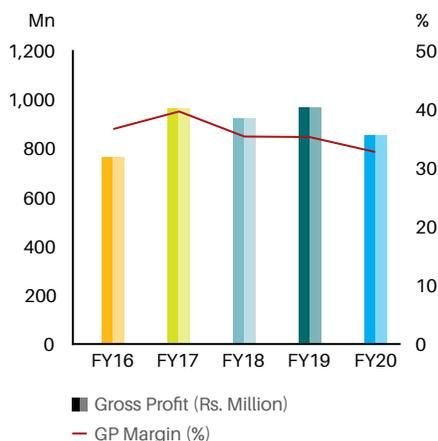
Despite these shocks, your Company recovered from the lower profitability recorded in the previous two financial years due to unprecedented floods in Sri Lanka in 2017/18 and unrealized exchange losses on US Dollar loans in 2018/19. Full year net earnings were Rs. 406 million or Rs.1.32 per share, up 10% compared to the Rs. 370 million recorded in the previous year.

FINANCIAL PERFORMANCE

Revenue

Consolidated revenue for the full 2019/20 financial year was down 4% to Rs. 2.6 billion mainly due to the revenue loss in March and an order slowdown in Q3 caused by uncertainties around the US China trade negotiations when most North American customers cut inventory levels. Brushes and related sales fell 4%, brush filament sales to external (non-BPPL) customers increased by 19% and our own branded brush sales rose by 7% during the reported period, compared to the same period in the previous year.

Gross Profit



Overall sales growth was also curtailed by an 80% drop in excess waste bottle/flake sales in the year as extra quantities were used in polyester yarn trials.

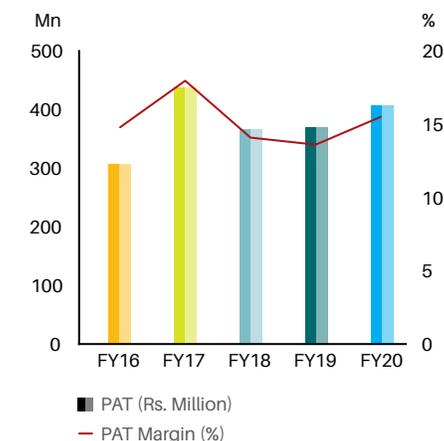
Revenue from our polyester yarn operations was recognized from Feb '20 following the commencement of full commercial operations from the beginning of that month. Although 70% of the yarn plant's capacity was booked from then, order deliveries could not be completed in March '20 due to the pandemic. Total revenue contribution for the two months, therefore, was limited to Rs. 30 million.

The United States continued to account for a dominant 73% share of Group revenue; same as in the previous year. Australia was next with a 7% share (up from 6%) followed by UK; 6% (up from 3%). India's share of sales fell in the year due to the absence of excess waste bottle/flake sales.

The Company also had limited success in its strategy of supplying own-branded cleaning tools to household markets in the South-East Asian region. Tip Top branded goods sold in Sri Lanka performed reasonably well with a 7% increase in revenue compared to the previous year. The growth would have been higher if not for pandemic related closures in March ahead of the traditional April New Year holiday buying season.

Our JAB branded goods in Indonesia, however, did not perform as expected due to heavy competition amongst established brands in that country. We, therefore, have taken a

Profit After Tax (PAT)



decision to cease these activities effective from 1st April '20 due to on-going losses.

Profitability

The Group's gross profit fell 11% year-on-year to Rs. 857 million, owing to the drop in sales and a 1% drop in gross margins due to the inability to complete production in March '20.

Group full year Profit Before Tax was up 20% to Rs. 507 million from Rs. 422 million in the previous year.

Group Profit After Tax and profit attributable to our shareholders was up by a lower 10% to Rs. 406 million from Rs. 370 million due to higher taxes on the insurance settlement.

The corporate tax rate was also 14% in 2019/20 compared to 12% in the previous year due to a Government rate increase.

Dividends

The total dividend for the financial year 2019/20 was 42 cents per ordinary share, comprising of a first interim dividend of 18 cents and a second interim dividend of 24 cents.

Total dividends for the year were the same as in the previous financial year.

Cash and Capital

Net insurance proceeds, Group-wide focus on inventory management and debtor collection resulted in an operational cash flow after working capital changes, interest and tax payments of Rs. 971 million for the year, up by

CEO's Message

BPPL's growth strategy has also attempted to address the third risk through the expansion of our brush filament and yarn spinning ventures, which not only reduce our dependency on a single (brush) product line, but also exposes the Group to other markets in the Indian sub-continent and the apparel export sectors in Sri Lanka respectively.

104% compared to the Rs. 475 million recorded in the previous financial year.

We wrote-off Rs. 5 million of long outstanding receivables during the year. Although considerably higher than in previous years, this figure is materially lower than our total revenue for the year.

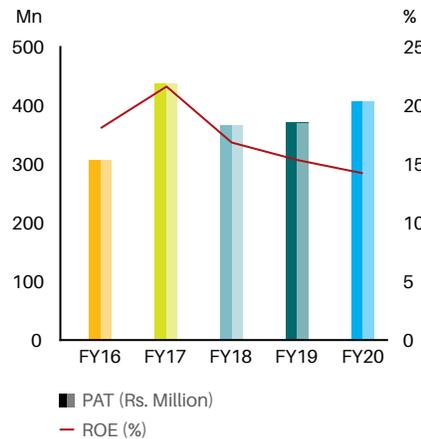
The debtor settlement period improved significantly to 78 days from 87 days at the end of the previous year.

The Group creditor settlement period increased to 29 days compared with 25 days at the end of the previous financial year.

Inventory days improved substantially to 91 days compared with 105 days in 2018/19. The lower figure was also a result of lost inventory due to the fire. Our target is usually to maintain inventory turnover at 60-75 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.

In addition to the cash generated from operational activities, the Company borrowed Rs. 49 million (net of repayments) in short- and long-term debt. Of these funds, Rs. 129 million was used towards dividends and a further Rs. 385 million for the acquisition of plant and equipment. Cash balances at year-end were Rs. 530 million.

PAT & ROE

**Debt to Equity**

The Group debt to equity ratio was 36% at the end of the financial year 2019/20, materially down from 60% at end 2018/19, primarily due to improved cash flow and insurance proceeds.

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

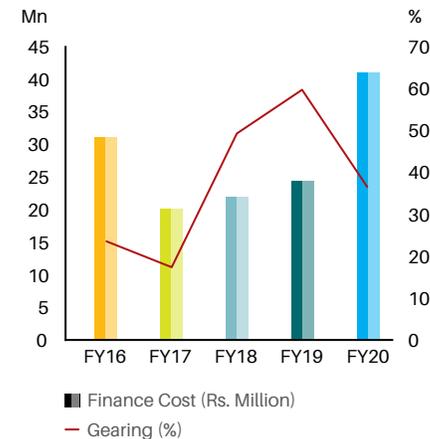
Managing Risk

The primary risks the Group faces remains a significant exposure to foreign exchange fluctuations, an over-dependence on the US market and price volatility of raw materials largely caused by fluctuating world petroleum prices or possible floods in Sri Lanka.

Sri Lankan Rupee depreciation has impacted earnings twice now, in two consecutive years, mainly due to our US Dollar denominated debt. This debt largely comprises of two parts. The first is the term debt taken by our Eco Spindles yarn subsidiary to build the polyester yarn plant. This component of our term debt was hedged in Feb '20 following the capitalization of project costs as per the Sri Lankan accounting standards where exchange losses were moved to a reserve on the Balance Sheet to be set-off against (future) dollar denominated revenue.

The second part comprises of short-term working capital loans taken to fund normal operations and the investment by Beira Brush in Eco Spindles. We will be converting

Finance Cost & Gearing



the investment part of these loans to a term loan where the aforementioned hedging mechanism can apply. The balance part of the short-term loans are then naturally hedged against other Dollar-based revenue thereby nullifying the impact of exchange losses.

Second, our expanded recycling efforts of waste plastic limits exposure to world crude oil price fluctuations as recycled plastic prices are generally more stable.

BPPL's growth strategy has also attempted to address the third risk through the expansion of our brush filament and yarn spinning ventures, which not only reduce our dependency on a single (brush) product line, but also exposes the Group to other markets in the Indian sub-continent and the apparel export sectors in Sri Lanka respectively.

Outlook

The 2020/21 financial year commenced with all our factories closed due to the COVID-19 pandemic. The Company shut down all operations in March '20 and was able to recommence scaled-down operations only 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.

Our yarn facility is the first fully-fledged polyester yarn spinning plant in Sri Lanka. The apparel industry worldwide is increasingly moving from supplying cotton-based apparels to polyester as it's more versatile and less expensive. We currently produce recycled polyester yarn, which is a niche segment within this sector, but one with substantial growth potential.

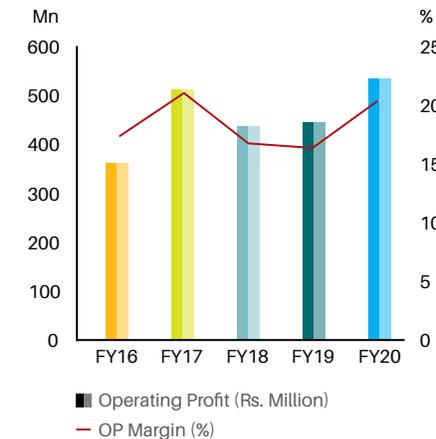
All our brush customer orders received during the Apr-June '20 quarter could not be completed and delivered by quarter-end as a result of this closure. We are only likely to complete delivery of the order backlog in the subsequent July to Sep '20 period.

The demand for brushware remained strong during the March to June period 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 that 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 retail stores of global sportswear brands that we primarily serve remained closed at the beginning of the financial year. Our yarn caters to two primary seasons in a calendar year, the Autumn/Winter season, where clothing generally is heavier, typically lasts for 5-6 months with yarn deliveries commencing from January. Yarn delivery for the second Spring/Summer season, where clothing is typically lighter, commences in July and ends in December.

In 2020, we lost deliveries for most of the Autumn/Winter '20 season due to these closures. Nevertheless, I'm happy to state that

Operating Profit



orders are now being placed for deliveries from July '20 for the Spring/Summer '21 season.

The above factors are very likely to limit the financial performance of your Company in 2020/21. However, we remain steadfast about our prospects for better results over the medium term due to the following reasons:

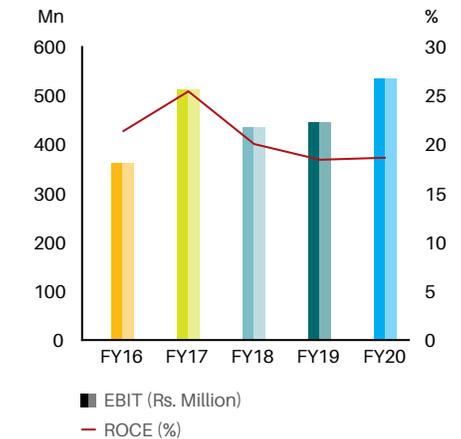
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Here are some key competitive advantages we possess in locating this yarn plant in Sri Lanka.

There is a tremendous movement the world over to reduce the use of single-use plastic and to recycle where possible. This, in turn, has pressurised several global fashion brands to commit to converting virgin polyester yarn based clothing to those based on recycled yarn made with used plastic bottles.

In doing so, global brands would insist on authenticity when declaring that their fabric is made with recycled plastic. This is vital for them to justify the premium they would have to pay for recycled yarn over virgin yarn. Recycled yarns are generally priced higher than their

EBIT & ROCE



virgin equivalents as production costs are higher in recycled due to a higher level of wastage.

We are one of a few parties in the world that can provide traceability to recycled plastic sources in large volumes as we collect the waste plastic bottles ourselves. Almost all other yarn manufacturers purchase waste plastic from recyclers once it's recycled and converted to flakes or pellets.

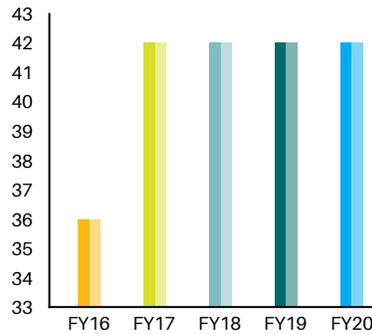
Fabric making plants in Sri Lanka currently import all their yarn requirements. By sourcing polyester yarn from Sri Lanka, fabric manufacturers can significantly reduce lead times and inventory costs.

Our brush manufacturing business will continue to focus on increasing market share in the New Year and to further diversify our product range. This is a business we understand well, having been in it for many years now and we possess the necessary products to cater to most professional segments of the market place.

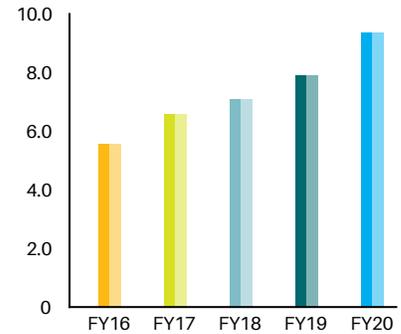
In order to supply raw materials to both the brush filament and yarn segments, we will further increase our waste PET bottle collections during the new financial year and also focus more on better quality plastic waste collections. We have tremendous challenges otherwise in washing and cleaning plastic waste from unseparated garbage, collected

BPPL currently has over 300 registered PET bottle collection agents and suppliers across the country and around 30 bailing sites.

Dividends Per Share (in Cents)



Net Assets Per Share



by some municipal councils. We, therefore, will work with officials from these councils to encourage the collection of separated garbage where possible.

BPPL currently has over 300 registered PET bottle collection agents and suppliers across the country and around 30 bailing sites. Each bailing site has machinery installed to compress/bail bottles for more efficient storage. Some degree of colour based bottle separation can also take place at these sites. It also lowers transport costs when bringing the bailed bottles to our recycling plant as it is more cost-efficient to transport bailed bottles compared with loose bottles.

In conclusion, I would like to thank our customers and business partners for their continued support and loyal patronage and we assure our stakeholders of heightened commitment and superior service in the new financial year. I would also like to express my gratitude to the Board of Directors, management and staff of BPPL for their steadfast efforts and dedication in propelling the Company to greater heights.

With best wishes,

Dr. Anush Amarasinghe
 Managing Director/Chief Executive Officer

CORPORATE SOCIAL RESPONSIBILITY

SUSTAINABLE DEVELOPMENT GOALS

Eco Spindles complies with the following Sustainable Development Goals, while conducting all its operations in an environmentally-friendly manner. The Company has achieved these Sustainable Development Goals directly or indirectly within its operations in the recycling industry effectively in the year under review.



BPPL maintains multiple layers of quality controls supported by international quality accreditations across the production process to ensure consistently high quality of all outputs.

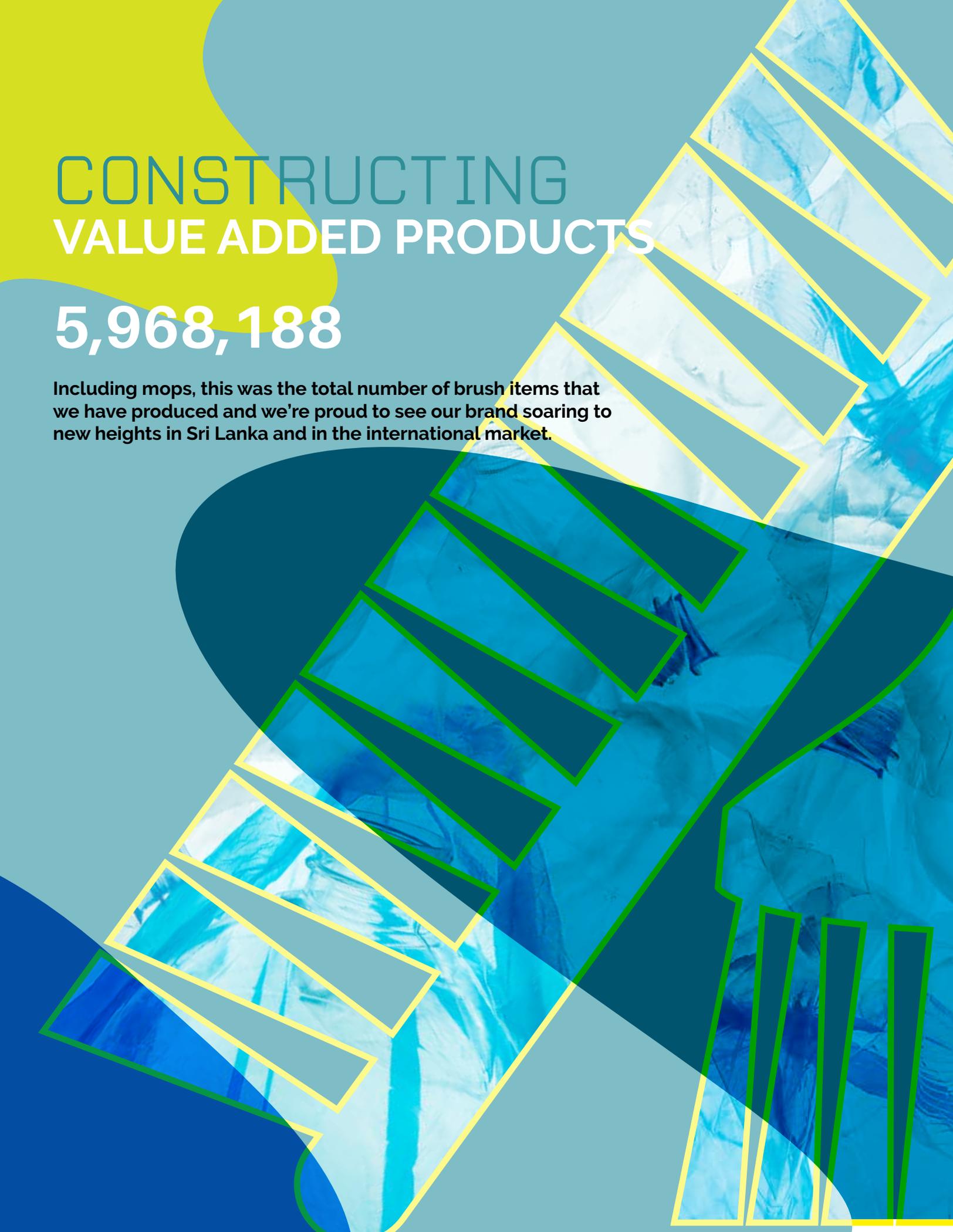


QUALITY, ENVIRONMENT, HEALTH AND SAFETY SYSTEMS

BPPL maintains multiple layers of quality controls supported by international quality accreditations across the production process to ensure consistently high quality of all outputs. International best practices in processes are continually adopted to meet customer expectations by manufacturing products to international specifications

The framework of existing quality standards were maintained and renewed during the year for optimum production efficiency and for consistent quality standards on par with international accreditations for exceptional product quality and customer value creation. Occupational health and safety is another area of priority for the Group to create a safe and healthy work environment for all employees. Therefore, we observe international health

and safety practices at all times. During the current financial year, we continued to align operations with the ISO 9001:2015 quality management system, the ISO 14000:2015 certification on environmental management and the ISO 45000:2018 standard on occupational health and safety. In addition to these standards we also maintain The Forest Stewardship Council (FSC) certification, the Global Recycle Standard (GRS), and the OekoTex 100 standard.



CONSTRUCTING VALUE ADDED PRODUCTS

5,968,188

Including mops, this was the total number of brush items that we have produced and we're proud to see our brand soaring to new heights in Sri Lanka and in the international market.



Corporate Social Responsibility

NEW CERTIFICATION

Quality standards are regularly reviewed against international best practices and upgraded and enhanced for optimum operational standards. During the current financial year we obtained HACCP certification for the canteen at the Ingiriya site, which has enhanced health and safety standards for food handling.

1) Oeko Tex 100 from Hohenstein, Germany

The accreditation was obtained for our yarn factory, of our subsidiary Eco Spindles (Pvt) Ltd (Formerly known as Beira Enviro Solutions (Pvt) Ltd), which is a pioneer in manufacturing monofilaments for cleaning tools and yarn for fabric manufacturers worldwide.

**2) GRS from Control Union**

GRS (the Global Recycle Standard), which was also obtained for Eco Spindles (Pvt) Ltd (Formerly known as Beira Enviro Solutions (Pvt) Ltd) is an international, voluntary, standard that sets requirements for third-party certification of recycled content, chain of custody, social and environmental practices and chemical restrictions

**OUR PEOPLE AND WORKPLACE SAFETY**

As a responsible corporate citizen we are highly conscious of the vital importance of full compliance with labour regulations applicable to our business activities. We are pleased to report that BPPL is fully compliant with all applicable labour laws and regulations and did not face any fines or penalties for noncompliance, or delays in compliance, with labour laws.

Compliance Status with Labour Laws

Applicable Regulation	Status of Compliance
Shop and Office Employees Act of 1954	Fully complied
Factories Ordinance of 1942	Fully complied
Employees Provident Fund Act of 1958 (and subsequent amendments)	Fully complied
Employees Trust Fund Act of 1980	Fully complied
Over time, and holiday payments	Fully complied

Employee Profile

The total workforce reduced during the current financial year to 848 from 871 in the previous year due to the reduction in factory floor workers.

Staff Grade	2018/19	2019/20
Senior management	8	8
Executives	68	84
Staff	91	85
Factory floor employees (skilled, unskilled and helpers)	701	666
Management trainees	3	5
Total	871	848

NEW RECRUITMENTS

The total number of new recruitments for the year came to 152 inclusive of 122 factory employees to support production expansion. We continued to enhance our human capital base by strengthening the technical skills by recruiting engineers, management graduates and other skilled personnel.

Staff Grade	2019/20
Senior management	0
Executives	14
Staff	13
Factory floor employees (skilled, unskilled and helpers)	122
Management trainees	3
Total	152

New Recruitments by Skill Category

Skill Category	2019/20
Engineers	2
Management graduates	15
Skilled personnel	44
Unskilled	91

Industrial Accidents

Strict occupational health and safety standards are observed at all times at all our premises, to minimise potential for work related accidents and injuries through neglect and lack of awareness. During the current year we experienced nine major accidents at work and 28 minor accidents.

Accidents	2019/20
Fatalities	0
Major accidents (more than 7 days of lost man days)	9
Minor accidents	28
Lost man days	216.5

Training and Development

Global and local competition continues to increase in our business, making it vital that we maintain highly-skilled and competent employees to drive the Company towards success. We invest regularly in training and development of our employees in line with corporate objectives. During the current year 44 training events were conducted, averaging 2.8 hours of training per employee, at a cost of Rs. 951 per employee.

Training Information	2019/20
No of employees subjected to training	848
% of employees subjected to training	100%
Training hours per employee	2.8 hours per employee
Training cost per employee	Rs. 951.70

Grievance Management

Professional grievance management is a core aspect of our human resource management and workplace welfare policy. To ensure a formal and unbiased process of grievance handling the Group has a common grievance committee comprising employee and management representation, to address any formal grievances. In addition a suggestion box system has been implemented to allow employees to raise concerns freely. Due to the active management involvement and ongoing communications with all employee grades, we do not experience many formal grievances.

Employee Events

Employee interaction and networking opportunities are created for our employees through various social events. During the current year, we organised a full day employee get together at the Kukulegama Laya resort, which provided the opportunity for staff to mingle, have fun and strengthen internal connections.

Donating for School Items

During the year under review, the Company contributed gifts in the range of Rs. 4,500 to Rs. 7,000, providing books, vouchers for shoes, stationery, etc. to all school-going children of our associate’s employees. Via this initiative, we prioritise education and encourage children to continue their school education to ensure a better future for themselves.

Annual Cricket Match

We encourage our employees to have fun, stay fit and display their sporting skills. Therefore, we bear all expenses of the Annual Employees’ Cricket Match, which is held in February, including the cost of t-shirts, caps, lunch, music etc...



Book Donation



Employee Cricket Match



Employee Annual Trip

Corporate Social Responsibility

ENVIRONMENTAL RESPONSIBILITY

We are conscious of our environmental responsibility and accountability and we are pleased to report that we are fully compliant with all applicable environmental regulations. Our factories in Ingiriya, Mawgama and Boralugoda did not face any fines or penalties for non-compliance with any applicable environmental regulations. Environmental protection licences were renewed from the Central Environmental Authority for the factories during the year.

Emissions

We monitor our emission levels as a component of our sustainable business model, with the objective of containing our carbon footprint. During the current year our total carbon dioxide emissions increased to 1,589.79 MTS from 1,520.04 MTs in the previous year. This increase is primarily due to production expansion due to the Yarn factory coming in to operation in 2018.

Type of Emission	Emission Volume 2018/19	Emission Volume 2019/20
Scope 1 and 2 greenhouse gas emission at Eco Spindles	1520.04 t CO2-e/Year	1,589.79 tCO2e/Year (Recycling Plant)
Greenhouse gas emissions per Yarn Kg at Eco Spindles	0.014562 t CO2-e /yarn Kg	Not Calculated

Water

Water conservation has been a priority for the Group as we expand our operations to ensure sustainable business expansion. Many initiatives have been put into action to prevent water wastage in our daily business activities and employees have also been subjected to conservation concepts through training programmes aimed at preventing waste. We are pleased to report that our efforts have resulted in the reduction in water consumption during the year by 12,566 m3 as listed below.

Location	Volume 2019/20
Canteen (hand wash)	371
Near canteen (drinking water)	1,743
Guest house	138
Main office (behind)	108
IT	14
Training centre	60
Water tank	582
Saw mill (drinking water)	226
Wash room (saw mill)	3,935
Plastic	1,596
Palmyra	36
Near the boiler	3,511
Engineering dep.	246
Total	12,566 m3

Manufacturing Waste

Various mechanisms have been implemented to manage the disposal of our primary waste types of garbage and manufacturing waste such as saw dust, rejected wooden blocks, cartons, polythene and saw dust, to minimise harmful environmental impacts and potential health hazards. Maintaining our focus on waste management has contributed towards reducing most categories of our waste products over the last two years.

Manufacturing Waste

Type of Waste	Volume 2017/18	Volume 2018/19	Volume 2019/20
Polythene	30,310 kg	28,260kg	21,240 kg
Cartons	344,254 kg	333,144 kg	128,985 kg
Rejected wooden blocks	656,849 kg	646,944 kg	473,590 kg
Wood mix plastic dust	27,734 kg	25,824 kg	25,700 kg
Saw dust	691,479 kg	681,360 kg	580,360 kg
Garbage	208,740 kg	177,804 kg	101,535 kg

Food Waste

We have also successfully reduced our food waste through better management of food production.

	Volume 2017/18	Volume 2018/19	Volume 2019/20
Food waste	910 kg	840 kg	734 Kg

Paper Waste

Continuous digitisation towards making the administration process less dependent on paper has had the positive outcome of reducing paper waste across the business operation.

	Volume 2017/18	Volume 2018/19	Volume 2019/20
Paper waste	4.2 kg	3.8 kg	3.4 kg

Electronic Waste

The primary electronic waste of the Group comprises computer and electronic components such as toners, UPS batteries, USBs, keyboards, mouse, laptop chargers, RAM drives, motherboards and telephones. Systems have been put in place for the safe disposal of electronic waste to prevent environmental pollution. Tonners are returned to the supplier at the time of new purchases, while other electronic waste products are segregated and delivered to a third party for recycling.

Environmentally-Friendly Products

We manufacture a range of environmentally-friendly products, using bristles manufactured from recycled pet bottles, and LEEDS and FSC certified wooden brushes, that are gaining popularity as more consumers opt for environmentally-friendly products. Our range of wooden brushes are LEEDS and FSC certified, ensuring sustainable commercial cultivations, while our synthetic brushes with recycled bristles have contributed directly towards reducing environmental pollution.

In line with our environmentally-friendly production approach, during the current financial year, we acquired an injection moulding machine to produce co-injected (virgin outer recycle material inner) plastic brush backs. We are in the process of gradually converting some of our products to this technology, which means we can utilise waste plastic to the extent of 30%-40% in our beige and solid plastic backs. This will significantly add to our environmental contribution due to the increased utilisation of recycled material.

ENVIRONMENTAL CONSERVATION ACTIVITIES

Plastic Waste Recycling in Sri Lanka

In 2019, Eco Spindles recycled 2,439,598 kg of PET waste by transforming it into value-added products, while preventing environmental pollution. If the PET waste is not recycled it would end up in a landfill or be burned cause air, water and land pollution. By producing value-added recycled products we have eliminated the need for virgin plastic materials and accumulation in the environment. We are using a traceability app for the first time in Sri Lanka, to track the location of PET waste that has been collected. It will be a value addition to the process of designing recycled products.

Establishing Baling Sites

Eco Spindles initiated the creation of baling sites by selecting a local supplier as a centre for a specific area. We provide infrastructure, required PPE and baling machines, while sharing good practices on recycling with the supplier. We audit the supplier to comply with environmental and occupational health and safety. Through this model, fuel consumption for the collection of PET waste was significantly reduced. Previously, in bottles form, a lorry could transport only 900 kgs of PET bottles, but by delivering in bales the capacity has been expanded to 7000 kgs per trip.

Responsible Production

We use environmentally-friendly strategies for the production process. The wood chips wasted from brush production at Beira Brush Private Ltd. is re-used as a biomass fuel by the Eco Spindles' biomass boiler. This is not only renewable but also practicing 3R concepts. During the recycled yarn manufacturing process, we directly convert recycled PET flakes into yarn, by evading the polymerisation process which reduces energy consumption. We also use the dope dyeing technique to colour the yarn which is a zero water consumption and effluents.

The synthetic filament factory of Eco Spindles is a LEED certified green building and generates solar energy during production. By applying green concepts, we try to make a change in Sri Lanka's recycling convention.

Kataragama Waste Management Project

In 2019, we recycled 4,275 kgs of PET waste at our Kataragama Waste Management Project in partnership with the Kataragama Soba Mithuru Youth Club, Kataragama Divisional Council, CEA and Coca Cola Beverages. Kataragama is located within an environmentally vital ecosystem. The Menik river, the Yala national park and the Lunugamvehera national park, are part of the valuable bionetwork within the vicinity of Kataragama. Thousands of pilgrims travel to Kataragama for pilgrimage generating thousands of kilos of PET waste.

Sri Pada/Adam's Peak Waste Management Project

Sri Pada, located within the peak wilderness sanctuary, is a sacred and popular destination among Sri Lankans and tourists. The wilderness sanctuary protects a large amount of endemic biodiversity and is the starting point of major rivers in Sri Lanka. This project, which recycled 5,381 kgs of PET waste in 2019, is conducted in partnership with Link Natural Products Private Ltd., the Maskeliya Divisional Council and the Nallathanniya Wildlife Department.

Expressway Project

This concept was successfully initiated in 2018 by Eco Spindles, with the support of the Expressway Operation Maintenance and Management Division, under the Road Development Authority, to get into national level sustainable solid waste management projects. By 2019, the project was extended to new parts of the expressway.

- Southern Expressway-Partnered with the John Keells Group and approximately 1,500 kgs of PET waste was recycled during 2019.
- Katunayaka Expressway-Partnered with Coca Cola Beverages. and approximately 500 kgs of PET waste was recycled during 2019.

Thalawila Waste Management Project

This project, which is conducted in collaboration with the Puttalam Medical Health Office and Coca Cola Beverages Private Ltd, recycled 3,702 kgs of PET waste 2019, making a significant environmental conservation impact. Thalawila St. Anne's Church is a pilgrimage destination for Christians and is located in the Kalpitiya coastal area, which is an attractive beach tourist destination, in proximity to the Puttalam lagoon and The Dutch Bay. The region is also home to ocean mammals, mangroves, coral reefs, sea grasses and resident and migrant bird species, etc..

Munneswaram Waste Management Project

Started in 2019 by Eco Spindles, in partnership with the Halawatha Medical Health Officer and Coca Cola Beverages Private Ltd, this project recycled 903 kgs of PET waste during the main ceremony of the Munneswaram temple.

Ocean Plastic Recycling Project

Plastic waste collection from fisheries harbours was initiated in the Beruwala harbour. The project is vital to safeguard the ocean from pollution. During 2019, Eco Spindles extended the project to all the fisheries harbours in Sri Lanka. Trincomalee (Cod-Bay), Negombo, Galle, Kudawella, Mirissa, Tangalle, Nilawella, Suduwella, Kirinda, Dikkowita, Dondra, Chilaw and Kalpitiya fisheries harbours now come within the project. During 2019 Eco Spindles

Corporate Social Responsibility

recycled approximately 20,000 kgs of PET waste collected from fisheries harbours. This project operates in partnership with the Ceylon Fishery Harbours Corporation, People in fisheries harbours and Coca Cola Beverages Private Ltd.

We are also working with Sri Lanka Navy and Sri Lanka Coast Guard for coastal and ocean conservation.

The Sri Lanka Navy and the Sri Lanka Coast Guard are the pioneers in preventing ocean pollution and coastal conservation.

- Sri Lanka Navy-22,343 Kgs of PET waste recycled
- Sri Lanka Coast Guard - 5,636 Kgs of PET waste recycled

This is a 120% growth rate when compared to 2018.

The first Global Recycling Day in Sri Lanka

Recycling is the base of a circular economy and a vital concept due to ecological overshoot and waste management problems facing societies. For the first time in Sri Lanka, Eco Spindles initiated a Global Recycling Day in Sri Lanka and produced a documentary under the theme "Recycling heroes of Sri Lanka," to set an example for the Sri Lankan community on waste management. A beach cleaning programme was also planned for the Global Recycling Day, but was not held due to COVID-19 safety concerns.

Promoting Environmental Education and Environmental Literacy

Eco Spindles believes that recycling and other green concepts should be learned in school and universities. Hence, we have started



Kataragama Waste Management Project



Sri Pada/Adam's Peak Waste Management Project



Expressway Project

environmental awareness projects, plastic collection bin placements and providing site visits to enhance environmental literacy among the public. Schools, universities and foreign students were requested to participate this year. We also joined the EDEX Expo this year, for this objective.

Sharing Knowledge for Sustainable Solid Waste Management

Eco Spindles has been involved with the Central Environmental Authority, the Western Provincial Waste Management Authority, Biodiversity Sri Lanka and local authorities to share knowledge and work on sustainable solid waste management. Eco Spindles shared its knowledge with responsible organisations by publishing a handbook titled "Design to Recycle - First Step towards the Circular Economy." The handbook provides simple guidelines to design recycling projects, together with practical specimens. Upon our request, the Central Environmental Authority took the first step towards the Design-to-Recycle concept, by issuing a directive to the PET water bottling sector, effective from 1st of August 2019, to manufacture colourless water bottles and to avoid using PVC material to label the bottles. Now, they are working on making this directive a law.

Eco Spindles has also shared sustainable solid waste management knowledge with other industries and organisations to build their own sustainable projects.

COMMUNITY ENGAGEMENT

PET Waste Collector Convention

Eco Spindles organised this convention for the third time to encourage waste collectors in Sri Lanka. We gathered solid waste management government institutions, organisations, industries and waste collectors onto a single platform, to facilitate a dialogue towards sustainability. This programme is the first of its kind in Sri Lanka, towards a recycling-based circular economy.

Local Community Involvement

In our projects in Kataragama, Sri Pada, Thalawila, Munneswaram, fisheries harbours and expressways, we enjoy a high level of local community involvement and support. Eco Spindles always encourages engagement with local communities to strengthen the sustainability of projects.

Educational Awareness for Students

Students from schools, universities and foreign universities, request site visits, information, interviews and awareness programmes on sustainable solid waste management. Eco Spindles has engaged with students to fulfil their educational purposes, while raising awareness among the public.

Income Generation for Local Community

Eco Spindles has implemented a system which creates income for the local community by collecting recyclable plastics. More than 200 waste collectors earn a direct income, while over 2,000 subcollectors benefit from indirect incomes. Eco Spindles has covered each district of Sri Lanka and we encourage people to collect recyclables. This is a network interconnected with Eco Spindles' Level 1 supplier and Level 2 suppliers. We provide the highest market rate for PET waste material, to encourage plastic collection all over the island.

BEIRA BRUSH CSR AND WELFARE PROJECTS

Poson Dansala

This annual event in June is one of our biggest CSR events, costing around Rs. 300,000 with around 400 factory workers from Ingiriya participating, in addition to the locals in the area. With 50% of the budget for this event coming from the Welfare Society and 50% from the Company, we provide food for all participants, decorate the premises, and meet any other requirements.

Donation for Medical Support

In November 2019, we donated Rs. 75,000 to a 54-year old factory employee suffering from leukaemia. She has worked for the Company for 14 years and as she is due to retire the financial gift was organised to show our appreciation of her contribution to the Company.

Donating to the Jana Suwa Bala Lunch Programme

We support the Jana Suwa Bala programme, which is a daily lunch supply programme to clinical patients in a separate premises near the Apeksha Hospital in Maharagama. We donate Rs. 30,000 per month to this project, to prepare lunch for 200-250 patients per day.

Contributing to Cultural Events

We regularly support cultural activities within our local communities and this year we donated Rs. 30,000 to the Sarathchandra Sambhavana programme to grant prizes to the participants.



Thalawila Waste Management Project



Munneswaram Waste Management Project



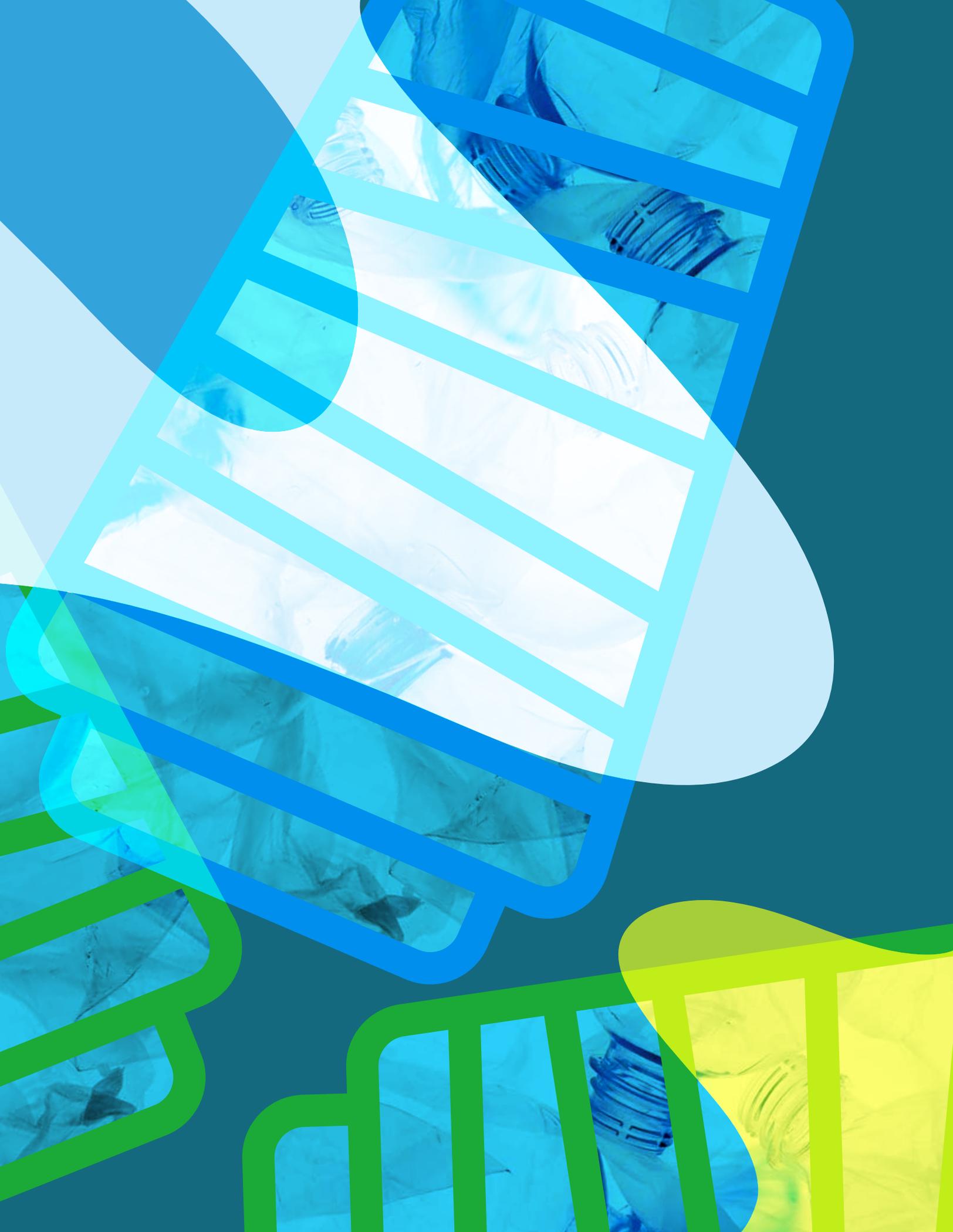
Ocean Plastic Recycling Project

CONSTRUCTING PRODUCTIVITY

1,319,573 kg

This was our total filament production quantity in the year under review and we hope to expand our limits in the future as the demand for eco-friendly products remains on the rise.





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/ Chief Operating Officer

Mr. Ranil Prasad Pathirana
Non-Executive Director

Mr. Manjula Hiranya De Silva
Independent Non-Executive Director

Mr. Savantha Rishad Sproule De Saram
Independent Non-Executive Director

Ms. Sharmini Ratwatte
Independent Non-Executive Director

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 (Formerly known as Beira Enviro Solutions (Pvt) Limited)
BPPL Enterprises (Pvt) Limited
Infinity Capital (Pvt) Limited

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

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 35 years in the manufacturing sector, out of which 34 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 (Formerly known as Beira Enviro Solutions (Pvt) Limited), BPPL Enterprises (Pvt) Limited and Moosajees (Pvt) Limited. He is also a Non-Executive Director Moot Investments (Pvt) Limited and Gold Coins Feed Mills (Lanka) Limited.

Other Directorships

Beira Brush (Pvt) Limited
Eco Spindles (Pvt) Limited (Formerly known as Beira Enviro Solutions (Pvt) Limited)
BPPL Enterprises (Pvt) Limited
Moosajees (Pvt) Limited
Moot Investments (Pvt) Limited
Gold Coins Feed Mills (Lanka) Limited

Mr. B D Prasad Devapriya Perera
Executive Director/ Chief Operating Officer

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 29 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 (Formerly known as Beira Enviro Solutions (Pvt) Limited) and BPPL Enterprises (Pvt) Limited.

Other Directorships

Beira Brush (Pvt) Limited
Eco Spindles (Pvt) Limited (Formerly known as Beira Enviro Solutions (Pvt) Limited)
BPPL Enterprises (Pvt) Limited

Board of Directors

Mr. Ranil Prasad Pathirana
Non-Executive Director

Business Experience

Mr. Ranil Pathirana has extensive experience in finance and management in financial, apparel/ manufacturing and energy sectors. He is a Fellow member of the Chartered Institute of Management Accountants, UK (FCMA) and holds a Bachelor of Commerce degree from the University of Sri Jayewardenepura.

Mr. Pathirana is a Director of the Hirdaramani Group Holding Companies, and the Managing Director of Hirdaramani International Exports (Pvt) Limited.

Non-Executive Directorships

Beira Brush (Pvt) Limited
Eco Spindles (Pvt) Limited (Formerly known as Beira Enviro Solutions (Pvt) Limited)
BPPL Enterprises (Pvt) Limited
Sampath Bank PLC
Alumex PLC
Ceylon Hotels Corporation PLC
Ambeon Capital PLC
Odel PLC

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

Mr. Savantha Rishad Sproule De Saram
Independent Non-Executive Director

Business Experience

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 20 years. He currently serves as a Non-Executive Director of Hunters & Co. PLC.

Other Directorships

Hunters and Co. PLC

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.

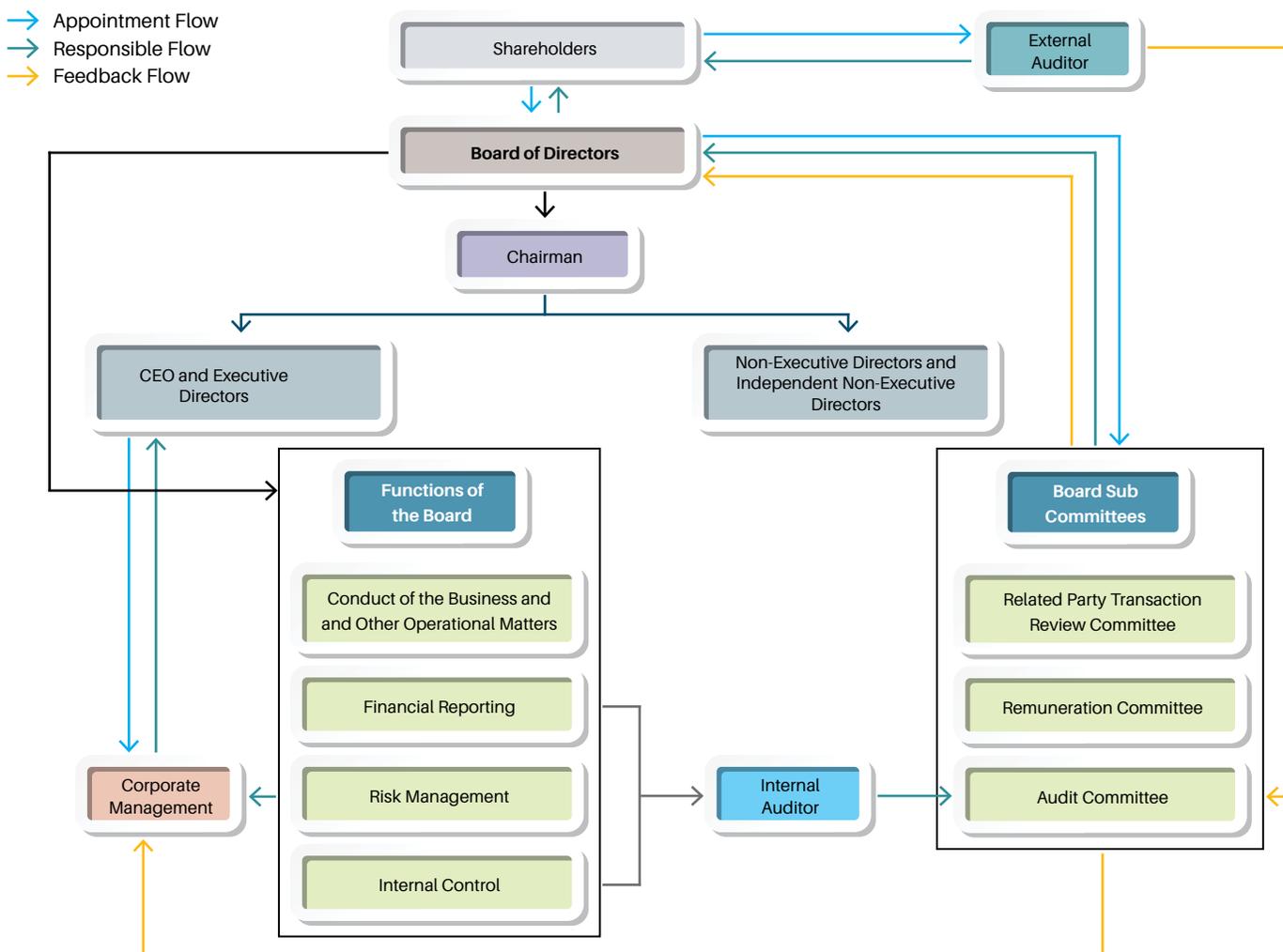
The Board is committed and takes responsibility to conduct the Company’s business ethically and maintains the highest standards of Corporate Governance. The Board also ensures enhancement of stakeholders’ value whilst ensuring that proper internal control systems are in place by complying with the generally 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 jointly by the Securities & Exchange Commission (SEC) and the Institute of Chartered Accountants of Sri Lanka (ICSAL).

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 currently comprises 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, minimising 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 25 to 26.

Name of the Director	Executive	Non-Executive	Independent
Dr. Anush Amarasinghe	√		
Mr. Sarath 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 4 (four) times during the year under review. The attendance of the Directors for Board meetings during the financial year ended 31st March 2020 is as follows,

Name of the Director	Role	Board Meetings
Dr. Anush Amarasinghe	ED/Managing Director/ CEO	4/4
Mr. Sarath Amarasinghe	NED/Chairman	4/4
Mr. Ranil Pathirana	NED	3/4
Mr. Manjula De Silva	INED	4/4
Ms. Sharmini Ratwatte	INED	3/4
Mr. Savantha De Saram	INED	4/4
Mr. Vaithilingam Selvaraj	ED/Director Finance/CFO	4/4
Mr. Prasad Perera	ED/Director-Factory operations	4/4

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 and the Chief Financial Officer (CFO) are invited to attend the meetings. Other Senior Executives and Consultants are invited to attend where necessary.

The Audit Committee held five meetings for the financial year ended 31st March 2020. Audit Committee Report on Page 35 describes the activities carried out during the financial year ended 31st March 2020.

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 calibre 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 2020. The report on the Remuneration Committee is on page 36 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 five meetings for the financial year ended 31st March 2020. The report of the Related Party Transactions Review Committee is on Page 37 and highlights its main activities.

COMPLIANCE

Statement of Compliance

The Board places significant emphasis on strong internal compliance procedures. The Financial Statements of the Group are prepared in strict compliance with the guidelines of the Sri Lanka Accounting Standards 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

As a responsible organisation, 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



CONSTRUCTING A BROADER VISION

221,659 kg

The sheer quantity of polyester yarn that we have produced presents us with endless possibilities and as a company that thinks outside the box while we steadily evolve, we will continue to widen our horizons in establishing more products and processes with long term benefits.



RISK MANAGEMENT

ENTERPRISE RISK MANAGEMENT FRAMEWORK

BPPL Holdings PLC and its subsidiaries have a robust risk management framework through which they carry out their risk management strategy and ensure a culture of proactive identification and mitigation of key risks relevant to their business operations.

Risk Management is the identification, assessment prioritisation and elimination/mitigation of the identified risks. BPPL Holdings PLC recognises the importance of Risk Management within the organisation and its operational environment.

The Board of Directors has decided to compile a Business Continuity Plan to ensure corporate continuity in the face of a disaster or occurrence of an event that seriously affects the normal functioning of BPPL Holdings and its subsidiaries. A Business Continuity Plan comprises the following,

- Risk identification, evaluation and treatment
- Emergency response plan
- Products and services availability plan
- Site recovery plan
- Computer recovery plan

The Board of Directors assumes overall responsibility for formulating policy and implementing effective systems of control in financial and operational objectives of the Group and in complying with legal regulations enforced by statutory bodies.

Risk	Risk Assessment	BPPL Risk Mitigating Strategies	Risk Profile Impact	Probability of occurrence
Business Risk	The group is engaged in manufacturing brushes, mono filaments, yarn and related products. Therefore it's exposed to all risks associated with growth.	<ul style="list-style-type: none"> ➤ Explore new market segments with new product development. ➤ Diversified customer portfolio. ➤ High level of customer engagement. 	Moderate	Low
	Over- dependence on the US market and brush related products.	<ul style="list-style-type: none"> ➤ Expanding in brush filament market where, the group exposes into other markets in the Indian sub-continent. ➤ The yarn spinning venture allows the Group to enter the apparel export sector in Sri Lanka. 	Moderate	Low
	Price volatility of raw materials largely caused by fluctuating world petroleum prices.	<ul style="list-style-type: none"> ➤ Recycling of waste plastic limits the exposure to world crude oil price fluctuations as recycled plastic prices are generally more stable. 	Low	Moderate
Operational Risk	The extensive quantities of plastics and wood give rise to a fire risk that could result in damages.	<ul style="list-style-type: none"> ➤ Implement mitigatory measures such as adequate fire protection and fighting measures. Separate the materials within operational efficiencies to minimise fire spread. ➤ Ensuring adequacy of insurance cover. 	Moderate	Low
	Internal control weaknesses, human errors, machine breakdowns, obsolete systems and practices.	<ul style="list-style-type: none"> ➤ Conducting periodic internal control audits and implementing standardised procedures. ➤ Reduce human error by providing adequate training. ➤ Conduct periodic machinery maintenance. 	Moderate	Low
	Occurrence of a disaster or an event that seriously affects the normal production and other operations.	<ul style="list-style-type: none"> ➤ A Business Continuity Plan is to be compiled to ensure the corporate continuity in the face of such an event. A detailed action plan will be compiled for each pre-incident activities, activities on occurrence and post occurrence activities which will be managed and executed by gold, silver and bronze teams. 	Moderate	Low

Risk	Risk Assessment	BPPL Risk Mitigating Strategies	Risk Profile Impact	Probability of occurrence
Operational Risk	Pandemic-related risks which can cause significant, widespread of diseases, increases in morbidity and mortality of work force.	<ul style="list-style-type: none"> ▶ Health and safety measures are imposed on employees who enter BPPL premises. ▶ Special training is provided to the employees on health and safety procedures and initiatives. ▶ Closely working with the health and safety authorities to reduce the widespread of disease. ▶ Factory work floors and cafeterias are re-arranged to reduced interaction between employees. 	Moderate	Low
Environmental Risks	The Group uses virgin plastic, recycled plastic and wood based raw materials to its products. Excess use of plastic and washing process can negatively impact the environment. Sourcing wood from unsustainable sources can lead to deforestation.	<ul style="list-style-type: none"> ▶ Obtain annual licence from Central Environmental Authority. ▶ Use recycled plastic materials together with modern technology to improve efficiency. ▶ Use approved chemicals with allowed dose, have proper disposal and recycling system in the water treatment process. ▶ Sourcing wood from Forest Stewardship Council (FSC) certified sources. 	Low	Low
Human Resources	Reduction in productivity and quality due to employee turnover and poor employee retention.	<ul style="list-style-type: none"> ▶ Periodic salary survey and ensure market rate remuneration is paid. ▶ Structured talent management process through productivity-based incentives. ▶ Effective staff training and developments programs. ▶ Improve employee engagement through attractive welfare activities. 	Low	Low
Product Quality Risk	Inconsistency in product quality and its negative impacts on prices and market share.	<ul style="list-style-type: none"> ▶ Retain international and local quality standard certifications and improve 5S system among all departments. 	Moderate	Low
Information Technology Risk	IT software and hardware are exposed to failure risk, disaster risk, spam, viruses and malicious attacks.	<ul style="list-style-type: none"> ▶ Securing data through daily back up, firewall, antivirus and spam filters. ▶ Use only licensed soft wares. ▶ Protect hardware using adequate warranty and insurance cover. 	Moderate	Low
Interest Rate Risk	Risk of increasing interest rates and its impact on Group profits.	<ul style="list-style-type: none"> ▶ 100% US Dollar-based borrowing at competitive interest rates. 	Moderate	Low
Foreign Exchange Rate Risk	Risk of adverse foreign exchange rate fluctuations and its impact on Group profits.	<ul style="list-style-type: none"> ▶ Loan repayments are hedged against the dollar-based sales receipts according to the Sri Lankan Accounting Standards. ▶ Make foreign currency cash outflows using export proceeds and reach natural hedge. ▶ Source more raw material from Sri Lanka. 	High	Moderate

Risk Management

Risk	Risk Assessment	BPPL Risk Mitigating Strategies	Risk Profile Impact	Probability of occurrence
Inventory and Fixed Asset Risk	Risk of excess stock and higher inventory holding cost. Risk of inventory shortages and higher ordering costs. Risk of holding obsolete and slow moving inventory items.	<ul style="list-style-type: none"> ➤ Maintaining inventories within the entitlement level minimise both inventory ordering and holding cost. ➤ Conducting periodic inventory meetings and closely monitoring inventory levels to minimise slow moving inventories and avoid obsolete inventory items. 	Moderate	Low
	Risk of damages from fire, flood and other natural disasters to inventories and fixed assets.	<ul style="list-style-type: none"> ➤ Inventories and fixed assets are fully insured to its replacement costs. 	Moderate	Low
Credit Risk	Inability to recover credit from customers.	<ul style="list-style-type: none"> ➤ Efficient follow up on cash collection at SBU level. ➤ Obtaining collaterals for local customers. 	Moderate	Low
Reputation Risk	The potential for negative publicity, public perception or uncontrollable events to have an adverse impact on the Group's reputation thereby affecting the Group's revenue and performance.	<ul style="list-style-type: none"> ➤ Managing and improving the Group's reputation through effective CSR programmes. 	Moderate	Low

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 oversight 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 consisted of three Non-Executive directors out of which two are Independent. Mr. Manjula De Silva, Chairman, Ms. Sharmini Tamara Ratwatte and Mr. Ranil Prasad 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 the 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 OVERSIGHT 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 the 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.

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 five meetings during the year under review. The attendance of the Directors at the Audit Committee meetings for the financial year ended 31st March 2020,

Mr. Manjula De Silva	5/5
Ms. Sharmini Tamara Ratwatte	5/5
Mr. Ranil Prasad Pathirana	2/5

KPMG, Internal Auditors, and the Chief Financial Officer (CFO) are invited and attend the meetings. Other senior executives of the management personnel and consultants are invited and attend 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, the assets are safeguarded and the Listing Rules of the CSE have been met.



Manjula De Silva
Chairman
Audit Committee

24th August 2020

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. Savantha Rishad Sprould De Saram, Ms Sharmini Tamara Ratwatte and Non-Executive Director, namely, Mr. Ranil Prasad Pathirana. The committee is chaired by Mr Savantha Rishad Sprould De Saram.

Name of the Director	Role	Independent	Non-Executive
Mr. Savantha Rishad Sprould 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 and Remuneration Committee meetings for the financial year ended 31st March 2020,

Mr. Savantha Rishad Sprould 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 remuneration for the executive staff. The aggregate remuneration received by the Directors during the financial year ended 31st March 2020 are given in Note 31 of the Financial Statements.

REMUNERATION POLICY

In a highly-competitive environment, attracting and retaining high calibre 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.



Savantha Rishad Sprould De Saram
Chairman

Remuneration Committee
Colombo

24th August 2020

REPORT OF THE RELATED PARTY TRANSACTION REVIEW COMMITTEE

The Group complies with the relevant legislation by forming the Related Party Transaction 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. Manjula De Silva, Ms. Sharmini Tamara Ratwatte and one Non-Executive Director, namely, Mr. Ranil Prasad Pathirana.

The Committee is chaired by Mr. Manjula De Silva. The committee held five meetings during the year under review. The Company Secretary functions as Secretary to the Committee. The attendance of the Directors and related party transaction review committee meetings for the financial year ended 31st March 2020,

Mr. Manjula De Silva	5/5
Ms. Sharmini Tamara Ratwatte	4/5
Mr. Ranil Prasad Pathirana	2/5

THE POLICIES AND PROCEDURES

The Group has in place a Related Party Transaction 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 Transaction 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 Transaction 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 Transaction Review Committee.

The Related Party Transaction Review Committee reviewed the related party transactions and their compliances and communicated the same to the Board.

The recurrent and non-recurrent related party transactions entered into by the Company during the financial year ended 31st March 2020 are given in Note 30 of the Financial Statements.



Manjula De Silva
Chairman

Related Party Transaction Review Committee

24th August 2020

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors has pleasure in presenting the Fourth Annual Report of the Company for the year ended 31st March 2020, after listing in 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 2020 which have been prepared in accordance with Sri Lanka Accounting Standards (SLRFS/LKAS) with the inclusion of signatures of the Managing Director/CEO, Director - Finance/Chief Financial Officer and Senior Manager - Finance are set out on pages 44 to 83 which form a part of the Annual Report.

AUDITORS' REPORT

The Auditors' Report is set out on pages 40 to 43 of the Annual Report.

FINANCIAL RESULTS AND APPROPRIATIONS

Revenue

Revenue generated by the Company amounted to Rs. 724 Mn (2019 - Rs. 643 Mn) whilst Group revenue amounted to Rs. 2,626 Mn (2019 - Rs. 2,741 Mn).

Profit and Appropriations

The profit after tax of the Company was Rs. 238 Mn (2019 - Rs. -1 Mn) whilst the Group profit attributable to the equity holders of the Company was Rs. 406 Mn (2019 - Rs. 370 Mn).

The Company's total comprehensive income net of tax was Rs. 429 Mn (2019 - Rs. -0.7 Mn) and the Group total comprehensive income attributable was Rs. 581 Mn (2019 - Rs. 372 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 has obtained a certificate from the auditors, prior to declaring all dividends. The Company paid interim dividends of 18 cents per share and 24 cents per share on 19th August 2019 and 17th

February 2020 respectively for the year ended 31st March 2020.

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. 887,876 (2019 - Rs. 671,033) and Rs. 2,939,762 (2019 - Rs. 1,917,472) respectively.

RELATED PARTY TRANSACTIONS

The Company's transactions with related parties given in Note 30 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. 255 Mn (2019 - Rs. 130 Mn) and Rs. 628 Mn (2019 - Rs. 727 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 (2019 - Rs. 1.6 Mn). The Group's additions to intangible assets amounted to Rs. 1 Mn (2019 - Rs. 3.7 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 2.5.7 to the Financial Statements.

STATED CAPITAL

The stated capital of the Company as at 31st March 2020 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 20 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

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 2020 for the Company and the Group amounted to Rs. 291 Mn (2019 - Rs. 184 Mn) and Rs. 2,329 Mn (2019 - Rs. 2,063 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 2020 were as follows and their brief profiles are given in the Board of Directors section of the Annual Report:

Mr. S D Amarasinghe
Dr. Anush 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

The Board of Directors of the Company approved the appointment of Ms. Keshya Melana Amarasinghe as an Alternate Director to Mr. Sarath Dayantha Amarasinghe with effect from 23rd July 2020.

RETIREMENT AND RE-ELECTION OF DIRECTORS

As per Article 81 of the Articles of Association of the Company, Mrs. S T Ratwatte and Mr. S R Sproule De Saram 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 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 2020 was 220 (2019 - 252) and 848 (2019 - 871) respectively.

ENVIRONMENTAL PROTECTION

The Group complies with the relevant environmental laws and regulations, and

endeavours to comply with best practices applicable. Details of activities in the above area are contained in the report on sustainability included in this Annual Report.

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.

RISK MANAGEMENT

The Board confirms that there is an ongoing process of identifying, evaluating and managing any significant risks faced by the Group. The significant risks faced by the group and the Group's risk mitigating strategies are given in the Enterprise Risk Management Framework section of the Annual Report.

EVENTS AFTER THE REPORTING DATE

Except for the event disclosed in Note 29 to the Financial Statements, there have been no other 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 21 to the financial statements.

AUDITORS' 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 24th of August 2020. 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 2nd September 2020.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at the Board Room of the Company on Level 17, Access Towers, No. 278/4, Union Place, Colombo 02 on Thursday 24th of September 2020 at 11.00 am. The Notice of Meeting appears on page 91 of this Annual Report.

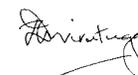
This Annual Report of the Directors has been signed on behalf of the Board by:



Dr. Anush Amarasinghe
Director



Mr. Vaithilingam Selvaraj
Director



Secretarius (Private) Limited
Secretaries

Colombo

2nd September 2020

INDEPENDENT AUDITOR'S REPORT



Ernst & Young
Chartered Accountants
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NDeS/ADK/DM

**INDEPENDENT AUDITOR'S REPORT
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 2020 and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2020, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

Partners: W R H Fernando FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H De Silva ACA ACMA W K B S P Fernando FCA FCMA
Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA Ms. P V K N Sajewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA
Principals: G B Goudian ACMA A A J R Perera ACA ACMA T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited



Key Audit Matters Common to Both Group and the Company

Key Audit Matter	How Our Audit Addressed the Key Audit matter
<p>Free-Hold Land Revaluation</p> <p>As of 31 March 2020, the Group carried free-hold land at fair value amounting to Rs. 739Mn, which represents 15% of the total assets of the Group, as further disclosed in Note 4 to the financial statements.</p> <p>Fair value was determined by an external valuer engaged by the Group. The valuation is subjective to the assumptions such as price range per perch and judgements used by the valuer. Due to the significant proportion which free-hold land represents in relation to the total assets and given the significance of assumptions associated with the valuation, we have considered the revaluation of free-hold land as a key audit matter.</p> <p>The nature of the significant judgements and assumptions involved, and their sensitivities are disclosed in Notes 2.5.7 and 4 to the Group financial statements.</p>	<p>Our audit procedures focused on the valuation performed by the external valuer, which included among others, the following procedures.</p> <ul style="list-style-type: none"> ▶ We evaluated the competence, capabilities and objectivity of the external valuer engaged by the management. ▶ We read the valuation report signed by the valuer to obtain an understanding of the work of the valuer and evaluated its appropriateness as audit evidence for the recorded valuation of free-hold land in the financial statements. ▶ We engaged our internal specialised resources to assist us in assessing appropriateness of the valuation techniques used and the reasonableness of the significant judgements and assumptions such as per perch price used by the valuer. <p>In addition, we evaluated the overall adequacy of the financial statement disclosure in Notes 2.5.7 and 4 related to the significant judgements and estimates used by the external valuer and their sensitivities.</p>
<p>Impairment of Property Plant of Equipment Due to Fire</p> <p>As a result of the fire that occurred in July 2019 the management recognised an impairment loss of LKR 145 Mn in financial statements.</p> <p>Management involved an expert in the assessment of the resulting impairment, which required judgment to be applied to determine items affected. In addition, management also used significant estimates in arriving at the amount of the write of related property plant and equipment. This matter is further explained in Note 4 and 19 in the financial statements.</p> <p>The Significance of the balance coupled with the compliance with management estimate and judgment has resulted in Impairment of Property Plant of equipment due to fire as a Key Audit Matter.</p>	<p>We performed the following procedures amongst others.</p> <ul style="list-style-type: none"> ▶ We obtained an understanding of management assessment on impairment of Property, Plant and equipment. ▶ We considered the objectivity and competency of the expert involved by management and obtained an understanding of the work of the expert and evaluated its appropriateness as audit evidence for the recorded impairment assessment in the financial statements. ▶ We assessed the completeness of the impairment by corroborating the management assessment on impairment of Property, Plant and equipment with underlying supporting documents. ▶ In addition, we assessed the adequacy of the related financial statement disclosures in Note 4 and 19 to the financial statements.

Independent Auditor's Report



Other Information included in the 2019/20 Annual Report

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

Our opinion on the financial statements does not cover 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 control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



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

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

Report on Other Legal and Regulatory Requirements

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

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

A handwritten signature in cursive script that reads 'Ernst & Young'.

24th August 2020
Colombo

STATEMENT OF FINANCIAL POSITION

As at 31 March 2020	Note	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	4	3,157,931,391	2,822,260,956	996,024,678	832,654,175
Lease Hold Right	4.13	-	8,351,903	-	-
Right of Use Assets	5.1	55,761,714	-	11,121,376	-
Intangible Asset	6	8,554,723	16,285,112	1,977,332	2,374,193
Investment in Subsidiaries	7	-	-	9,102,240	367,626,688
Deferred Tax Assets	13.2	-	1,292,655	-	-
Total Non-Current Assets		3,222,247,828	2,848,190,626	1,018,225,626	1,202,655,056
Current Assets					
Inventories	8	576,057,794	702,319,787	86,589,283	177,968,793
Trade and Other Receivables	9	699,587,449	736,429,981	121,410,502	96,848,366
Income Tax Receivables		1,317,533	2,135,057	-	1,997,728
Cash and Bank Balances	16	533,267,039	31,382,261	1,840,403	3,255,894
Total Current Assets		1,810,229,815	1,472,267,086	209,840,188	280,070,781
Total Assets		5,032,477,643	4,320,457,712	1,228,065,814	1,482,725,837
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	10	100,371,584	100,371,584	100,371,584	100,371,584
Revaluation Reserve		462,141,930	259,933,800	451,171,280	257,827,800
Hedging Reserve		(16,104,400)	-	-	-
Retained Earnings		2,328,866,790	2,063,171,469	290,879,526	183,747,515
Total Equity		2,875,275,904	2,423,476,853	842,422,390	541,946,899
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	11	360,037,939	459,775,200	-	-
Deferred Tax Liabilities	13.1	178,145,262	125,446,809	115,065,984	86,929,547
Lease Liability	5.2	37,223,128	-	1,085,234	-
Retirement Benefit Obligations	14.2	82,391,054	61,726,743	22,429,881	18,094,994
Total Non-Current Liabilities		657,797,383	646,948,752	138,581,099	105,024,541
Current Liabilities					
Trade and Other Payables	15	215,493,083	187,470,170	214,831,628	674,404,093
Income Tax Payable		51,728,221	39,899,693	20,209,374	-
Lease Liability	5.2	11,122,914	-	9,607,408	-
Interest Bearing Loans and Borrowings	11	1,221,060,138	1,022,662,244	2,413,915	161,350,304
Total Current Liabilities		1,499,404,356	1,250,032,107	247,062,325	835,754,397
Total Equity and Liabilities		5,032,477,643	4,320,457,712	1,228,065,814	1,482,725,837

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 50 through 83 form an integral part of the financial statements.

24th August 2020
Colombo

STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2020		Group		Company	
	Note	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Revenue	3	2,626,193,275	2,741,355,255	723,657,371	643,003,161
Cost of Sales		(1,768,827,138)	(1,777,549,947)	(485,744,022)	(541,734,407)
Gross Profit		857,366,137	963,805,308	237,913,350	101,268,754
Other Operating Income	17	9,073,328	10,330,778	59,577,164	3,463,548
Distribution Costs		(225,522,326)	(212,423,774)	(18,171,600)	(29,459,800)
Administrative Expenses		(368,120,421)	(316,453,620)	(69,433,726)	(67,126,394)
Operating Profit		272,796,718	445,258,692	209,885,187	8,146,108
Gain/(loss) due to Fire	19	267,615,655	-	58,404,008	-
Finance Cost	20	(41,002,734)	(23,859,262)	(3,443,517)	(5,898,284)
Finance Income	18	7,337,518	388,173	3,635	2,928
Profit Before Tax	21	506,747,158	421,787,603	264,849,313	2,250,752
Income Tax Expense	12	(101,192,265)	(52,296,862)	(26,696,770)	(3,646,947)
Profit for the Year		405,554,893	369,490,741	238,152,543	(1,396,195)
Number of Ordinary Shares	22	306,843,357	306,843,357	306,843,357	306,843,357
Earnings Per Share	22	1.32	1.20	0.78	(0.00)
Dividend	23	128,874,051	128,866,381	128,874,051	128,866,381
Dividend Per Share	23	0.42	0.42	0.42	0.42
Attributable to :					
Equity Holders of the Parent		405,554,893	369,490,741		
		405,554,893	369,490,741		

The accounting policies and notes on pages 50 through 83 form an integral part of the financial statements.

STATEMENT OF OTHER COMPREHENSIVE INCOME

Year ended 31 March 2020	Note	2020 Rs.	2019 Rs.
Company			
Profit for the Year		238,152,543	(1,396,195)
Other Comprehensive Income			
<i>Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Year (Net of tax)</i>			
Retirement Benefit Obligation Actuarial Gain/(Loss)	14	(2,495,908)	783,838
Deferred Tax Attributable to Actuarial (Gain)/Loss		349,427	(109,737)
Revaluation Surplus of Freehold Land		224,818,000	-
Deferred Tax Attributable to Land Revaluation		(31,474,520)	-
<i>Net Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Year (Net of tax)</i>		191,196,999	674,101
Other Comprehensive Income for the year (Net of tax)		191,196,999	674,101
Total Comprehensive Income for the Year (Net of Tax)		429,349,542	(722,094)
Year ended 31 March 2020			
	Note	2020 Rs.	2019 Rs.
Group			
Profit for the Year		405,554,893	369,490,741
Other Comprehensive Income			
<i>Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Year (Net of tax)</i>			
Hedge adjustment		(16,104,400)	-
<i>Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Year</i>			
Retirement Benefit Obligation Actuarial Gain/(Loss)	14	(12,819,690)	3,126,903
Deferred Tax Attributable to Actuarial (Gain)/Loss		1,834,169	(440,344)
Revaluation Surplus of Freehold Land		235,247,333	-
Deferred Tax Attributable to Land Revaluation		(33,038,870)	-
Total Comprehensive Income for the Year (Net of Tax)		580,673,102	372,177,300
Attributable to:			
Equity Holders of the Parent		580,673,102	372,177,300
		580,673,102	372,177,300

The accounting policies and notes on pages 50 through 83 form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2020 Group	Stated Capital Rs.	Revaluation Reserve Rs.	Hedging Reserve Rs.	Retained Earnings Rs.	Total Rs.	Total Equity Rs.
Balance as at 1 April 2018	100,371,584	259,933,800	-	1,819,860,551	2,180,165,935	2,180,165,935
Profit for the Year	-	-	-	369,490,741	369,490,741	369,490,741
Other Comprehensive Income	-	-	-	3,126,903	3,126,903	3,126,903
Tax on Other Comprehensive Income	-	-	-	(440,344)	(440,344)	(440,344)
Total Comprehensive Income	-	-	-	372,177,300	372,177,300	372,177,300
Dividend Paid	-	-	-	(128,866,381)	(128,866,381)	(128,866,381)
Balance as at 31 March 2019	100,371,584	259,933,800	-	2,063,171,469	2,423,476,853	2,423,476,853
Profit for the Year	-	-	-	405,554,893	405,554,893	405,554,893
Land Revaluation	-	235,247,000	-	-	235,247,000	235,247,000
Tax on Land revaluation	-	(33,038,870)	-	-	(33,038,870)	(33,038,870)
Other Comprehensive Income	-	-	(16,104,400)	(12,819,690)	(28,924,090)	(28,924,090)
Tax on Other Comprehensive Income	-	-	-	1,834,169	1,834,169	1,834,169
Total Comprehensive Income	-	202,208,130	(16,104,400)	394,569,372	580,673,102	580,673,102
Dividend Paid	-	-	-	(128,874,051)	(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	2,875,275,904

The accounting policies and notes on pages 50 through 83 form an integral part of the financial statements.

Statement of Changes in Equity

Year ended 31 March 2020 Company	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.	Total Equity Rs.
Balance as at 31 March 2018	100,371,584	257,827,800	313,335,990	671,535,374	671,535,374
Profit for the Year	-	-	(1,396,195)	(1,396,195)	(1,396,195)
Other Comprehensive Income	-	-	783,838	783,838	783,838
Tax on Other Comprehensive Income	-	-	(109,737)	(109,737)	(109,737)
Total Comprehensive Income	-	257,827,800	(722,094)	(722,094)	(722,094)
Dividend Paid	-	-	(128,866,381)	(128,866,381)	(128,866,381)
Balance as at 31 March 2019	100,371,584	257,827,800	183,747,515	541,946,899	541,946,899
Profit for the Year	-	-	238,152,543	238,152,543	238,152,543
Land Revaluation	-	224,818,000	-	224,818,000	224,818,000
Tax on Land revaluation	-	(31,474,520)	-	(31,474,520)	(31,474,520)
Other Comprehensive Income	-	-	(2,495,908)	(2,495,908)	(2,495,908)
Tax on Other Comprehensive Income	-	-	349,427	349,427	349,427
Total Comprehensive Income	-	193,343,480	236,006,062	429,349,542	429,349,542
Dividend Paid	-	-	(128,874,051)	(128,874,051)	(128,874,051)
Balance as at 31 March 2020	100,371,584	451,171,280	290,879,526	842,422,390	842,422,390

The accounting policies and notes on pages 50 through 83 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

Year ended 31 March 2020		Group		Company	
	Note	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Cash Flows From / (Used in) Operating Activities					
Profit Before Tax		506,747,158	421,787,603	264,849,313	2,250,752
Adjustments for					
Depreciation	4	112,580,664	85,333,913	26,079,398	18,999,538
Amortisation	6	3,161,740	3,382,424	396,860	395,903
Provision for Retirement Benefit Obligations	14	16,156,873	14,857,121	4,507,722	3,893,557
Interest Income	18	(7,337,518)	(388,173)	(3,635)	(2,928)
Dividend Income	17	-	-	(55,484,146)	-
Right of Use Asset - Amortisation	5.1	10,426,500	-	8,341,031	-
Finance Cost	20	41,002,734	23,859,262	3,443,517	5,898,284
Profit from Disposal of Fixed Assets		29,614,456	(726,128)	10,381,831	609,342
Impairment of Property Plant and Equipment		145,658,625	-	48,343,495	-
Unrealised Exchange Loss		45,954,390	74,167,539	3,223,250	9,533,987
Provision for Slow Moving Stocks		(4,540,630)	(1,075,939)	(515,752)	161,862
Operating Cash Flow Before Working Capital Changes		899,424,992	621,197,622	313,562,884	41,740,297
Working Capital Adjustments					
(Increase)/Decrease in Inventories		130,802,623	(81,826,666)	91,895,261	(48,694,673)
(Increase)/Decrease in Trade and Other Receivables		19,134,902	(10,782,314)	(28,751,064)	24,948,892
Increase/(Decrease) in Trade and Other Payables		28,022,913	(8,968,015)	(459,572,465)	79,317,066
Cash Generated from Operations		1,077,385,430	519,620,627	(82,865,384)	97,311,582
Income Tax Paid		(34,791,671)	(9,006,697)	(448,800)	-
ESC Paid		(13,260,507)	-	(2,840,580)	-
Retirement Benefit Obligations Costs Paid		(8,312,251)	(11,554,391)	(2,668,743)	(1,916,340)
Lease Rental Paid		(15,630,915)	-	(10,397,095)	-
Interest Paid		(34,862,335)	(23,859,262)	(1,816,188)	(5,898,284)
Cash Flow from Operating Activities		970,527,751	475,200,277	(101,036,790)	89,496,958
Cash Flow from Investing Activities					
Acquisition of Property, Plant and Equipment	4	(385,183,016)	(120,405,754)	(23,357,226)	(42,107,657)
Acquisition of Intangible Assets	6	(957,809)	(3,659,052)	-	(1,556,058)
Proceeds from Disposal of PP&E		2,432,543	2,114,528	-	33,504
Proceeds from Sale of Investment		-	-	358,524,434	-
Interest Received		7,337,518	388,173	3,635	2,928
Dividend Received	17	-	-	55,484,146	-
Capital Work in Progress		-	(526,455,902)	-	(7,267,690)
Net Cash Flows/(Used in) Investing Activities		(376,370,764)	(648,018,007)	390,654,989	(50,894,973)
Cash Flow from Financing Activities					
Repayment of Interest Bearing Loans and Borrowings		(4,119,972,038)	(3,513,192,148)	(189,816,350)	(799,983,738)
Proceeds from Interest Bearing Loans and Borrowings		4,168,828,896	3,831,024,795	30,753,450	896,497,400
Dividends Paid		(128,874,051)	(128,866,381)	(128,874,051)	(128,866,381)
Net Cash Flows from/(Used in) Financing Activities		(80,017,193)	188,966,266	(287,936,951)	(32,352,719)
Net Increase/ (Decrease) in Cash and Cash Equivalents		514,139,794	16,148,536	1,681,248	6,249,266
Cash and Cash Equivalent at the Beginning of the Year	16	15,374,380	(774,156)	(2,254,760)	(8,504,026)
Cash and Cash Equivalent at the end of the Year	16	529,514,174	15,374,380	(573,512)	(2,254,760)

The accounting policies and notes on pages 50 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 Authorisation for Issue

The consolidated financial statements of BPPL Holdings PLC for the year ended 31 March 2020 were authorised for issue in accordance with a resolution of the board of directors on 24th August 2020.

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 or 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 Chartered 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 Company'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 Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Company. Therefore, the Financial Statements continue to be prepared on the going concern basis.

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. We shut down all operations during the end of March 2020 and recommenced a scaled down level at around 30-40% of full capacity around the middle of April. Normal operations commenced in the second half of May 2020. As a result of this closure orders could not be completed on time. However, we completed the order backlog during the subsequent period.

The demand for brushware remained strong during the April to June period as the cleaning sector was declared as an essential service by most governments around the world. Conversely, our polyester yarn operations were critically impacted by the pandemic as most retail sportswear stores were closed due to the pandemic. However, sales orders for yarn are now being placed from July 2020. Therefore, the Board is confident that the Company will continue as a going concern for the foreseeable future.

2.1.3 Comparative Information

Presentation and classification of the Financial Statements of the previous year have been amended, where relevant for better presentation and to be comparable with those of current year. These have not resulted any change in results of the Company.

SLFRS 16 - Leases SLFRS 16 replaces LKAS 17 for annual periods on or after 1 January 2019. The Company has not restated comparative information for 2019 for Leases in the scope of SLFRS 16. Therefore, the comparative information for 2019 is reported under LKAS 17 and is not comparable to the information presented for 2020.

2.2 Changes in Accounting Policies and Disclosures

Summary of new accounting policies resulting from amended standards and interpretations

The following are the new significant accounting policies applied by the Group in preparing its Financial Statements. Several other amendments and interpretations apply for the first time in financial year 2019/20, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

a. SLFRS 16: Leases

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases - Incentives and SIC 27 Evaluating the Substance of Transactions involving the legal form of a lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. The Group has adopted SLFRS 16 using modified retrospective method from 1st April 2019, without restating comparatives for the 2018/19 reporting period, as permitted under the specific transitional provisions in the standard.

Right of Use Assets

The Group recognises right of use assets when 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. Unless the Group is

reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-Term Leases and Leases of Low-Value Assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. Further Information Regarding the impact of SLFRS 16: Leases is given in Note 5.

b. IFRIC Interpretation 23:

Uncertainty over Income Tax Treatments Upon adoption of the interpretation, the group considered whether it has any significant uncertain tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The interpretation did not have an impact on the consolidated Financial Statements.

2.3 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 recognised 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.

Capitalisation 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 Land

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

In determining the fair value of the land 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 land 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 14.

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 31/03/2019 was 12%.

2.4 Consolidation Policy

2.4.1 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2020. 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

Notes to the Financial Statements

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.

2.5 Summary of Significant Accounting Policies

2.5.1 Foreign Currency Translation

The financial statements are presented in Sri Lankan Rupees, which is the Company'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 reporting 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.

2.5.2 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 and liable to Income Tax at 28% on other Taxable Profits during the year 2019/2020.

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 (Formally known as Beira Enviro Solutions (Pvt) Ltd) was exempt from income taxes on profit the business of manufacturing of synthetic filament 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 (Formally known as Beira Enviro Solutions (Pvt) Ltd) will be taxed at 10% during the Financial Year 2019/2020.

b) Deferred Taxation

Deferred income tax is provided, using the liability method, on temporary differences at the reporting 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 reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred 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 or loss and other comprehensive income.

C) Tax on Dividend Income

Tax on dividend income from subsidiaries is recognised as an expense in the consolidated statement of profit or loss and other comprehensive income.

2.5.3 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.

2.5.4 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 or loss and other comprehensive income in the year in which the expenditure is incurred.

Assets Category	Group		Company	
	2020	2019	2020	2019
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 or 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.

2.5.5 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

2.5.6 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.

Notes to the Financial Statements

2.5.7 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 Company 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	
	2020	2019	2020	2019
Buildings on Freehold Land	40 Years	40 Years	40 Years	40 Years
Plant and Machinery	10 - 20 Years			
Motor Vehicles	6 Years	6 Years	6 Years	6 Years
Furniture and Fittings	08 Years	08 Years	08 Years	08 Years
Factory Equipment	08 Years	08 Years	08 Years	08 Years
Air Conditioner and Generator	08 Years	08 Years	08 Years	08 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.

2.5.8 Provisions

Provisions are recognised when the Company 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 recognised as an interest expense.

2.5.9 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 Company 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.

2.5.10 Leases (Applicable from 1 April 2019)

With effect from 1 April 2019, the Group applies this standard to contracts that were previously identified as leases applying LKAS 17 and IFRIC 4, without reassessing whether a contract contains a lease at the date of initial application as a practical expedient. For the contracts entered on or after the effective date of transition, the Group assesses at the inception of a contract, whether a contract is, or contains, a lease 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 the guidelines of SLFRS 16. This assessment considers whether, throughout the period of use, the lessee has both the right to obtain all of the economic benefits from the use of the identified asset and the right to direct how and for what purpose the identified asset is used. After the assessment of whether a contract is, or contains, a lease, the Group determines whether it contains additional lease or non-lease (service) components based on the detailed guidance provided in SLFRS 16. Accordingly, the right to use of an identifying asset is a separate lease component if the lessee can benefit from the use of underlying

asset either on its own or together with other resources readily available to the lessee and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract.

The Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Group as a Lessee

As per SLFRS 16, when the Group has determined that a contract contains a lease component and one or more additional lease components or non-lease components, the consideration in the contract is allocated to each lease component on the basis of relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. At the commencement date, the Group recognises right-of-use of an asset and a lease liability which is measured at the present value of the lease payments that are payable on that date. Lease payments are discounted using the IBR. After initial recognition, the Group applies cost model for the right-of-use of an asset and depreciate the asset from commencement date to the end of the useful life of the underlying asset. Where the right does not transfer the ownership of the asset, the Group depreciates it from commencement date to the earlier of the end of the useful life of the right-of-use asset or end of the lease term. In addition, interest expense on the lease liability is recognised in the profit or loss.

Leases (Applicable Until 31st March 2019)

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception

date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a Lessee

Finance leases that transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit or Loss. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases, where the lessor effectively retains substantially all of the risk and benefits of ownership over the term of the lease are classified as operating leases. Operating lease payments are recognised as an operating expense in the Statement of Profit or Loss on a straight-line basis over the lease term.

2.5.11 Impairment of Non Financial Assets

The company 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 company 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

Notes to the Financial Statements

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 recognised 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 recognised 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 recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company makes an estimate of recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot "exceed" the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the Statement of Profit or 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 recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

2.5.12 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 Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company 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.

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 25.

2.5.13 Statement of Profit or 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. SLFRS 15 "Revenue from Contracts with Customers" supersedes LKAS 11 Construction Contracts, LKAS 18 Revenue and related interpretations and it applies, with limited exceptions, to

Notes to the Financial Statements

all revenue arising from contracts with its customers. SLFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer.

SLFRS 15 requires the Group to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

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 calims). 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 investment properties 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.

e) Dividends

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

f) Others

Other income is recognised on an accrual basis.

2.5.14 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.

2.6 Effects of Sri Lanka Accounting Standards Issued but not yet Effective:

The following Sri Lanka Accounting Standards and interpretations have been issued by the Institute of Chartered Accountants of Sri Lanka which are not yet effective as at 31st March 2020.

- ▶ SLFRS 17 Insurance Contracts
- ▶ Amendments to LKAS 1 and LKAS 8: Definition of Material
- ▶ Amendments to SLFRS 3: Definition of a Business Amendments to references to the conceptual framework in SLFRS standards

Since the amendments are effective for annual periods beginning on or after 1st January 2020, the group will not be affected by these amendments as at the reporting date. Further, the amended standards and interpretations are not expected to have a significant impact on the group's Financial Statements.

3. REVENUE

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Export Sales	2,451,756,000	2,606,315,063	231,733,479	279,828,693
Inter Company Sales	-	-	484,706,173	353,012,450
Local Sales	168,478,286	127,300,056	1,258,730	2,423,132
Scrap Sales	-	1,250	-	-
Rejected Log Sales	5,958,989	7,738,886	5,958,989	7,738,886
	2,626,193,275	2,741,355,255	723,657,371	643,003,161

4. PROPERTY, PLANT AND EQUIPMENT

Group

4.1 At Cost

	Balance as at 01.04.2019 Rs.	Additions Rs.	Transfers Rs.	Impaired Rs.	Disposals Rs.	Balance as at 31.03.2020 Rs.
Buildings on Freehold Land	336,262,859	11,026,021	99,563,376	(67,139,202)	(1,753,481)	377,959,574
Plant and Machinery	1,016,633,651	98,483,177	1,233,044,676	(131,363,588)	(51,193,321)	2,165,604,595
Motor Vehicles	73,760,445	1,765,760	-	-	(3,573,857)	71,952,348
Furniture and Fittings	21,574,262	2,399,848	6,105,652	(1,576,630)	(10,400)	28,492,732
Factory Equipment	196,619,310	74,182,877	141,839,976	(5,949,219)	(8,841,681)	397,851,263
Tools	20,080,911	10,185,893	-	-	-	30,266,804
Office Equipment	51,042,311	18,125,601	1,967,344	(1,494,939)	(2,175,699)	67,464,618
	1,715,973,750	216,169,178	1,482,521,023	(207,523,579)	(67,548,439)	3,139,591,933
At Valuation						
Freehold Lands	503,760,001	235,247,000	-	-	-	739,007,001
	503,760,001	235,247,000	-	-	-	739,007,001
Capital Work-In-Progress						
Yarn Project	1,049,275,535	117,450,389	(1,166,725,924)	-	-	-
Other Projects	266,097,932	58,831,138	(315,795,099)	-	(7,267,693)	1,866,278
	1,315,373,467	176,281,527	(1,482,521,023)	-	(7,267,693)	1,866,278
Total Value of Assets	3,535,107,218	627,697,705	-	(207,523,579)	(74,816,132)	3,880,465,213

4.2 Depreciation

At Cost

	Balance as at 01.04.2019 Rs.	Charge for the Year Rs.	Impaired Rs.	Disposals Rs.	Balance as at 31.03.2020 Rs.
Buildings on Freehold Land	86,260,427	7,343,936	(22,961,614)	(293,112)	70,349,636
Plant and Machinery	446,669,910	51,437,442	(34,375,759)	(30,347,298)	433,384,294
Motor Vehicles	46,995,851	8,403,430	-	(3,554,730)	51,844,551
Furniture and Fittings	10,006,681	2,518,824	(366,178)	(10,400)	12,148,927
Factory Equipment	87,794,787	32,403,111	(3,258,892)	(5,103,220)	111,835,786
Tools	6,575,099	4,974,161	-	-	11,549,260
Office Equipment	28,543,507	5,499,760	(902,511)	(1,719,187)	31,421,570
Total Depreciation	712,846,262	112,580,664	(61,864,954)	(41,027,946)	722,534,025

Notes to the Financial Statements

4. PROPERTY, PLANT AND EQUIPMENT CONTD.**4.3 Net Book Values**

At Cost	31.03.2020	31.03.2019
	Rs.	Rs.
Buildings on Freehold Land	307,609,938	250,002,432
Plant and Machinery	1,732,220,301	569,963,740
Motor Vehicles	20,107,796	26,764,594
Furniture and Fittings	16,343,805	11,567,581
Factory Equipment	286,015,477	108,824,522
Tools	18,717,544	13,505,813
Office Equipment	36,043,048	22,498,804
	2,417,057,909	1,003,127,488
At Valuation		
Freehold Lands	739,007,001	503,760,001
	739,007,001	503,760,001
Capital Work-In-Progress		
Yarn Project	-	1,049,275,535
Other Projects	1,866,481	266,097,932
	1,866,481	1,315,373,467
Total Value of Assets	3,157,931,391	2,822,260,956

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

Property	Extent	Method of Valuation and Significant Unobservable Inputs	Range of Estimate for Unobservable	Valuation	Date of Valuation
BPPL Holdings PLC					
Land - Ingriya	9A-1R-30.80P	Market Comparable Method	Per Perch Value Rs. 444,375	671,361,000	31/03/2020
Land - Padukka	0A-3R-21P	Market Comparable Method	Per Perch Value Rs. 197,496	27,847,000	31/03/2020
Eco Spindles (Pvt) Ltd (Formally known as Beira Enviro Solutions (Pvt) Ltd)					
Land - Mawgama	01A-2R-27P	Market Comparable Method	per Perch value Rs. 149,059.92	39,799,000	31/03/2020

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.

4.7 At Cost

Company	Balance as at 01.04.2019 Rs.	Additions Rs.	Impaired Rs.	Disposals Rs.	Balance as at 31.03.2020 Rs.
Buildings on Freehold Land	221,838,398	3,821,726	(67,139,202)	(1,753,481)	156,767,442
Plant and Machinery	194,171,855	96,382	(8,051,243)	(12,278,577)	173,938,416
Motor Vehicles	8,149,089	-	-	-	8,149,089
Furniture and Fittings	10,890,281	122,409	-	-	11,012,690
Factory Equipment	95,190,003	26,584,402	(378,406)	(3,050,197)	118,345,802
Office Equipment	7,788,994	-	(89,074)	(753,136)	6,946,783
Total Value of Assets	538,028,620	30,624,919	(75,657,925)	(17,835,391)	475,160,222
At Valuation					
Freehold Lands	474,390,001	224,818,000	-	-	699,208,001
	474,390,001	224,818,000	-	-	699,208,001
Capital Work-In-Progress					
Building Work-In-Progress	7,267,693	-	-	(7,267,693)	-
	7,267,693	-	-	(7,267,693)	-
Total Value of Assets	1,019,686,314	255,442,919	(75,657,925)	(25,103,084)	1,174,368,223

4.8 Depreciation

At Cost	Balance as at 01.04.2019 Rs.	Charge for the Year Rs.	Impaired Rs.	Disposals Rs.	Balance as at 31.03.2020 Rs.
Buildings on Freehold Land	65,426,724	4,047,957	(22,961,614)	(293,112)	46,219,955
Plant and Machinery	72,163,991	7,903,153	(4,156,948)	(6,141,561)	69,768,635
Motor Vehicles	4,088,085	1,004,797	-	-	5,092,882
Furniture and Fittings	4,852,956	1,215,133	-	-	6,068,089
Factory Equipment	35,161,115	11,362,086	(106,794)	(498,549)	45,917,857
Office Equipment	5,339,268	546,272	(89,074)	(520,339)	5,276,128
Total Depreciation	187,032,139	26,079,398	(27,314,430)	(7,453,560)	178,343,546

Notes to the Financial Statements

4. PROPERTY, PLANT AND EQUIPMENT CONTD.**4.9 Net Book Values**

At Cost	31.03.2020	31.03.2019
	Rs.	Rs.
Buildings on Freehold Land	110,547,487	156,411,674
Plant and Machinery	104,169,781	122,007,864
Motor Vehicles	3,056,207	4,061,004
Furniture and Fittings	4,944,601	6,037,325
Factory Equipment	72,427,946	60,028,889
Office Equipment	1,670,656	2,449,726
	296,816,677	350,996,481
At Valuation		
Freehold Lands	699,208,001	474,390,001
	699,208,001	474,390,001
Capital Work-In Progress		
Building Work in Progress	-	7,267,693
	-	7,267,693
	996,024,678	832,654,175

4.10 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs.255,442,919/- (2019 Rs.129,590,206/-). Cash payments amounting to Rs.30,624,919/- (2019 - Rs.129,590,206/-) 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.1,923,508,201 /- (2019 - Rs. 727,430,240/-). Cash payments amounting to Rs.390,584,224/- (2019 - Rs.727,076,515 /-) were made during the year for purchase of Property, Plant and Equipment.

4.11 Property, Plant and Equipment of Company includes fully depreciated assets having a gross carrying amounts of Rs.41,880,761 /- (2019 - Rs.13,179,273/-)

Property, Plant and Equipment of Group includes fully depreciated assets having a gross carrying amounts of Rs.156,895,008/- (2019 - Rs.101,239,462/-)

4.12 During the year, bank loan interest expense amounting to Rs. 59,544,044/- (2019 - Rs.125,092,255/-) that was incurred in connection with the borrowing of funds for the construction of yarn project which has been capitalised as a part of the Property Plant and Equipment.

4.13 Lease Hold Right

Group	2020	2019
	Rs.	Rs.
As at 1 April	9,297,411	9,297,411
Trasfered to Right of Use	(9,297,411)	-
As at 31 March	-	9,297,411
As at 1 April	(945,756)	(759,556)
Trasfered to Right of Use	945,756	-
Amortisation for the year	-	(185,952)
As at 31 March	-	(945,756)
Net Book Value	-	8,351,903

Lease hold land represents the lease rental paid to acquire lease hold land rights of land situated in Horana obtained from the Board of Investment in Sri Lanka by the agreement dated 09 May 2013. The amount paid upfront has been amortised over the lease period of 50 years

5. INITIAL APPLICATION OF SLFRS 16 - LEASES

The Company as a lessee has applied SLFRS 16 as initial application with effect from 01st January 2019 using the modified retrospective approach (Cumulative Catchup - Transition Method) and therefore the comparative information has not been restated and continues to be reported under LKAS 17. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether:

- ▶ the contract involves the use of an identified asset
- ▶ the company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- ▶ the company has the right to direct the use of the asset

The right of use assets of the company consist of factory land and building on rent which were previously recognised as operating leases under LKAS 17.

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 At Gross Value	Balance As at 01.04.2019 Rs.	Transfers from Lease Prepayment Rs.	Additions Rs.	Advance Payment for Leases Rs.	Balance As at 31.03.2020 Rs.
Buildings - Office Premises	-	-	19,462,408	-	19,462,408
Land - Factory Premises	-	9,297,411	38,374,149	-	47,671,560
	-	9,297,411	57,836,557	-	67,133,968

Amotisation	Balance As at 01.04.2019 Rs.	Transfers from Lease Prepayment Rs.	Charge During the Year Rs.	De-Recognition Rs.	Balance As at 31.03.2020 Rs.
Buildings - Office Premises	-	-	8,341,032	-	8,341,032
Land - Factory Premises	-	945,756	2,085,466	-	3,031,222
	-	945,756	10,426,499	-	11,372,255

Net Book Values	2020 Rs.	2019 Rs.
Land - Factory Premises	11,121,376	-
Land - Factory Premises	44,640,338	-
	55,761,714	-

Notes to the Financial Statements

5. INITIAL APPLICATION OF SLFRS 16 - LEASES CONTD.**5.1 Right of Use Asset Contd.****Company****At Gross Value**

	Balance As at 01.04.2019 Rs.	Transfers from Lease Prepayment Rs.	Additions Rs.	Advance Payment for Leases Rs.	Balance As at 31.03.2020 Rs.
Buildings - Office Premises	-	-	19,462,408	-	19,462,408
	-	-	19,462,408	-	19,462,408

Amotisation

	Balance As at 01.04.2019 Rs.	Transfers from Lease Prepayment Rs.	Charge During the Year Rs.	De-Recognition Rs.	Balance As at 31.03.2020 Rs.
Buildings - Office Premises	-	-	8,341,032	-	8,341,032
	-	-	8,341,032	-	8,341,032

Net Book Values

	2020 Rs.	2019 Rs.
Buildings - Office Premises	11,121,376	-
	11,121,376	-

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

	2020	2019
Group		
Land - Factory Premises	44 Years	-
Buildings - Office Premises	2 Years	-
Company		
Buildings - Office Premises	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 period is as follows;

Group	Balance As at 01.04.2019 Rs.	Additions Rs.	Interest Expense Recognised in Profit or Loss Rs.	Realisation of Liability Rs.	Exchange Gain/Loss Rs.	Balance As at 31.03.2020 Rs.
Buildings - Office Premises	-	19,462,408	1,627,329	(10,397,095)	-	10,692,642
Land - Factory Premises	-	38,374,149	4,513,070	(5,233,820)	-	37,653,400
	-	57,836,557	6,140,399	(15,630,915)	-	48,346,042

	Amount Repayable within 1 Year Rs.	Amount Repayable after 1 Year Rs.	Total Rs.
Buildings - Office Premises	9,607,408	1,085,234	10,692,642
Land - Factory Premises	1,515,506	36,137,894	37,653,400
	11,122,914	37,223,128	48,346,042

5.2 Lease Liability

Company	Balance As at 01.04.2019 Rs.	Additions Rs.	Interest Expense Recognised in Profit or Loss Rs.	Realisation of Liability Rs.	Exchange Gain/Loss Rs.	Balance As at 31.03.2020 Rs.
Buildings - Office Premises	-	19,462,408	1,627,329	(10,397,095)	-	10,692,642
	-	19,462,408	1,627,329	(10,397,095)	-	10,692,642

	Amount Repayable within 1 Year Rs.	Amount Repayable after 1 Year Rs.	Total Rs.
Buildings - Office Premises	9,607,408	1,085,234	10,692,642
	9,607,408	1,085,234	10,692,642

6. INTANGIBLE ASSETS

Group	2020 Rs.	2019 Rs.
Summary at Cost		
As at 1 April	43,437,334	39,778,282
Acquired / Incurred during the Year	957,809	3,659,052.00
Disposed	(8,381,317)	-
As at 31 March	36,013,825	43,437,334
Amortisation		
As at 1 April	27,152,222	23,955,626
Amortisation for the Year	3,161,740	3,196,596
Disposed	(2,854,860)	-
As at 31 March	27,459,102	27,152,222
Net Book Value		
As at 1 April	16,285,112	15,822,656
As at 31 March	8,554,723	16,285,112

Intangible assets consists of ERP System.

Notes to the Financial Statements

6. INTANGIBLE ASSETS CONTD.

Company	2020 Rs.	2019 Rs.
Summary at Cost		
As at 1 April	4,938,768	3,382,710
Acquired / Incurred during the Year	-	1,556,058
As at 31 March	4,938,768	4,938,768
Amortisation		
As at 1 April	2,564,575	2,168,672
Amortisation for the Year	396,861	395,903
As at 31 March	2,961,436	2,564,575
Net Book Value		
As at 1 April	2,374,192	1,214,038
As at 31 March	1,977,332	2,374,193

7. INVESTMENT IN SUBSIDIARIES**7.1 Company**

	Direct Holdings		Direct Investments	
	2020	2019	2020 Rs.	2019 Rs.
Beira Brush (Pvt) Ltd	100%	100%	9,102,230	9,102,230
Eco Spindles (Pvt) Ltd (Formally known as Beira Enviro Solutions (Pvt) Ltd)	-	100%	-	358,524,458
BPPL Enterprises (Pvt) Ltd	100%	100%	10	10
Total			9,102,240	367,626,688

7.2 Group of Companies

Company	Principle Place of Business	Relationship	Principle Activities
Beira Brush (Pvt) Ltd		Subsidiary	Manufacturing and exporting of brooms and brushes
Eco Spindles (Pvt) Ltd (Formally known as Beira Enviro Solutions (Pvt) Ltd)	Level 17 Access Towers, 278/4, Union Place, Colomb 2.	Subsidiary	Manufacturing of Monofilament and yarn for direct and indirect export
BPPL Enterprises (Pvt) Ltd		Subsidiary	Buying and exporting

8. INVENTORIES

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Raw Materials	347,423,266	434,172,103	33,875,201	113,047,172
Work in Progress	10,608,454	17,527,346	10,874,402	17,353,941
Finished Goods	85,096,504	65,006,520	14,059,744	16,351,680
Goods In Transit	74,993,367	60,463,730	814,192	-
Consumables and Spares	57,975,298	129,729,812	26,965,858	31,731,866
Less: Allowance for Slow Moving Inventory (8.1)	(39,095)	(4,579,724)	(114)	(515,866)
	576,057,794	702,319,787	86,589,283	177,968,793

8.1 Allowance for Slow Moving Inventory

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Balance as at the Beginning of the Year	4,579,724	5,655,663	515,866	354,004
Provision/ (Reversals) Made during the Year	(4,540,630)	(1,075,939)	(515,752)	161,862
Balance as at the End of the Year	39,095	4,579,724	114	515,866

9. TRADE AND OTHER RECEIVABLES**9.1 Summary**

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Trade Receivables- Other	559,633,819	656,485,811	37,118,139	57,563,541
- Related Parties (9.2)	-	-	14,520,471	11,242,854
Other Debtors - Other	28,896,602	33,143,305	6,100,399	10,323,035
Loans to Company Officers (9.3)	120,667	2,995,000	120,667	2,995,000
Advances and Prepayments	106,931,900	41,607,095	59,546,365	12,525,166
Other Receivables	4,004,461	2,198,769	4,004,461	2,198,769
	699,587,449	736,429,981	121,410,502	96,848,366

9.2 Trade Receivables - Related Party

	Relationship	Company	
		2020 Rs.	2019 Rs.
Eco Spindles (Pvt) Ltd (Formally known as Beira Enviro Solutions (Pvt) Ltd)	Subsidiary	14,520,471	11,242,854
		14,520,471	11,242,854

9.3 Loans to Company Officers

	Balance as at 01.04.2019 Rs.	Granted During the year Rs.	Repayments During the year Rs.	Balance as at 31.03.2020 Rs.
Loans to Company Officers	2,995,000	-	(2,874,333)	120,667
	2,995,000	-	(2,874,333)	120,667

Notes to the Financial Statements

9. TRADE AND OTHER RECEIVABLES CONTD.**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
2020	559,633,819	178,272,632	334,539,367	44,284,324	2,537,496
2019	656,485,811	375,984,398	259,615,597	17,722,155	3,163,661

Company	Total	Neither Past Due Nor Impaired	Past Due but not Impaired		
			30-90 Days	91-120 Days	> 120 Days
2020	37,118,139	10,249,707	26,291,865	576,567	-
2019	68,806,395	40,405,911	26,257,821	2,142,663	-

10. STATED CAPITAL

	Group		Company	
	2020 Number	2019 Number	2020 Number	2019 Number
Ordinary Shares	306,843,357	306,843,357	306,843,357	306,843,357

	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Ordinary Shares	100,371,584	100,371,584	100,371,584	100,371,584

11. INTEREST BEARING LOANS AND BORROWINGS**11.1 Group**

	2020			2019		
	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 (11.1.1)	1,217,307,273	360,037,939	1,577,345,212	1,006,654,363	459,775,200	1,466,429,563
Bank Overdraft (16.2)	3,752,865	-	3,752,865	16,007,881	-	16,007,881
	1,221,060,138	360,037,939	1,581,098,077	1,022,662,244	459,775,200	1,482,437,444

11.1.1 Bank Loan

	Balance as at 01.04.2019 Rs.	New Loans Obtained Rs.	Loan Repayment Rs.	Exchange Gain / (Loss) Rs.	Balance as at 31.03.2020 Rs.
HSBC - Term Loan	500,756,137	30,791,266	(157,661,861)	-	373,885,543
Money Market Loan - NDB	596,945,199	3,477,497,130	(3,204,138,750)	48,291,190	918,594,769
Money Market and Term Loan - HNB	262,193,877	8,804,500	(272,582,377)	1,584,000	-
Money Market Loan - Sampath	106,534,350	651,736,000	(485,589,050)	12,183,600	284,864,900
	1,466,429,563	4,168,828,896	(4,119,972,038)	62,058,790	1,577,345,212

11.2 Company

	Amount Payable within One Year Rs.	2020 Amount Payable After One Year Rs.	Total Rs.	Amount Payable within One Year Rs.	2019 Amount Payable After One Year Rs.	Total Rs.
Bank Loan (Note 11.2.1)	-	-	-	155,839,650	-	155,839,650
Bank Overdraft (Note 16.2)	2,413,915	-	2,413,915	5,510,654	-	5,510,654
	2,413,915	-	2,413,915	161,350,304	-	161,350,304

11.2.1 Bank Loan

	Balance as at 01.04.2019 Rs.	New Loans Obtained Rs.	Exchange Gain / (Loss) Rs.	Loan Repayment Rs.	Balance as at 31.03.2020 Rs.
Money Market Loan - NDB	155,839,650	30,753,450	3,223,250	(189,816,350)	-
	155,839,650	30,753,450	3,223,250	(189,816,350)	-

11.3 Terms and Conditions

1) Beira Brush (Pvt) Ltd.

Money Market Loan - National Development Bank
Security - Secured
Repayment - To be repaid within 90 days
Interest - 5.25%

2) Beira Brush (Pvt) Ltd.

Money Market Loan - Hatton National Bank
Security - Secured
Repayment - To be repaid within 90 days
Interest - 3M LIBOR + 3.5%

3) Eco Spindles (Pvt) Ltd.

Term Loan - Hatton National Bank
Security - Secured
Repayment - To be repaid within 60 Months
Interest - 3M LIBOR + 3.5%

4) Beira Brush (Pvt) Ltd.

Money Market Loan - Sampath Bank
Security - Secured
Repayment - To be repaid within 90 days
Interest - 3M LIBOR + 3%

5) Eco Spindles (Pvt) Ltd.

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

Notes to the Financial Statements

12. INCOME TAX EXPENSE

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

Statement of Profit or Loss	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Current Income Tax				
Current Income Tax Charge	84,391,108	46,811,147	29,685,426	-
Under/(Over) Provision of Current Taxes in Respect of Prior Years	(15,017,540)	(1,227,922)	-	-
Dividend Tax	9,032,303	-	-	-
Deferred Income Tax				
Deferred Taxation Charge/(Reversal) (Note 12.2)	22,786,394	6,713,636	(2,988,656)	3,646,947
Income Tax Expense Reported in the Statement of Profit or Loss	101,192,265	52,296,862	26,696,770	3,646,947

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

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Accounting Profit Before Income Tax	506,747,158	421,787,603	264,849,313	2,250,753
Allowable Expenses	(1,028,296,945)	(225,800,901)	(251,078,789)	(51,276,616)
Disallowable Expenses	846,168,439	160,266,624	198,004,222	23,696,325
Investment Income	6,864,856	385,245	2,726	-
Business Profit/(Loss)	331,489,508	356,638,156	211,777,472	(25,329,538)
Qualifying Payment	-	-	-	-
Taxable Income/(Loss)	331,489,508	356,638,156	211,777,472	(25,329,538)
Income Tax Expense Reported in the Statement of Profit or Loss				
Income Tax at 10%	-	15,372,787	-	-
Income Tax at 14%	83,895,912	31,438,360	29,581,628	-
Income Tax at 18%	83,944	-	55,149	-
Income Tax at 28%	411,252	-	48,649	-
	84,391,108	46,811,147	29,685,426	-

12.2 Deferred Tax Expenses/(Income)

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Deferred Tax Expens /(income) Arising Due to Origination and Reversal of Timing Differences	22,786,394	6,713,636	(2,988,656)	3,646,947

13. 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.

13.1 Deferred Tax Liability

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Balance as at Beginning of the Year	124,154,167	118,970,611	86,929,547	83,172,862
Provision / (Reversal) Made During the Year	22,786,394	6,074,519	(2,988,656)	3,646,947
Tax on Land Revaluation	30,883,331	-	31,474,520	-
Impact on Other Comprehensive Income	321,370	401,679	(349,427)	109,737
Balance as at the end of the Year	178,145,262	125,446,809	115,065,984	86,929,547
Deferred Tax Liabilities				
Property Plant and Equipment	93,247,816	70,426,349	23,471,309	26,274,712
Retirement Benefit Obligation	(9,868,146)	(7,429,870)	(2,790,772)	(2,366,226)
Actuarial (Gain)/Loss on Defined Benefit Obligations	(1,834,169)	334,146	(349,427)	(167,073)
Defferd Tax Attributable to Land Revaluation	96,615,124	63,260,354	94,734,874	63,260,354
Allowance for Slow Moving	(15,362)	(475,878)	-	(72,221)
	178,145,262	125,446,809	115,065,984	86,929,547

13.2 Deferred Tax Asset

	Group	
	2020 Rs.	2019 Rs.
Balance as at Beginning of the Year	-	1,970,438
Provision / (Reversal) Made During the Year	-	(639,118)
Impact on Other Comprehensive Income	-	(38,665)
Balance as at the end of the Year	-	1,292,655
Deferred Tax Asset		
Property, Plant and Equipments	-	489,360
Retirement Benefit Obligation	-	979,088
Actuarial (Gain)/ Loss on Defined Benefit Obligation	-	(38,665)
Allowances for Slow Moving Stock	-	178,772
Deferred Tax Attributable to Land Revaluation	-	(315,900)
	-	1,292,655

Notes to the Financial Statements

14. EXPENSE ON RETIREMENT BENEFIT OBLIGATION - GRAUITY**14.1 Expense on Defined Benefit Plan**

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Current Service Cost	9,058,299	8,394,276	2,426,798	2,118,888
Interest Cost on Benefit Obligation	7,098,574	6,462,845	2,080,924	1,774,669
	16,156,873	14,857,121	4,507,722	3,893,557
Actuarial (Gain)/Loss on Obligation	12,819,690	(3,126,903)	2,495,908	(783,838)
	12,819,690	(3,126,903)	2,495,908	(783,838)
	28,976,563	11,730,218	7,003,630	3,109,719

14.2 Retirement Benefit Obligation

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

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Defined Benefit Obligation as at the Beginning of the Year	61,726,742	61,550,915	18,094,994	16,901,615
Interest Cost	7,098,574	6,462,845	2,080,924	1,774,669
Current Service Cost	9,058,299	8,394,276	2,426,798	2,118,888
Benefits Paid	(8,312,251)	(11,554,391)	(2,668,743)	(1,916,340)
	69,571,364	64,853,645	19,933,973	18,878,832
Actuarial (Gain)/Loss on Obligation	12,819,690	(3,126,903)	2,495,908	(783,838)
Defined Benefit Obligation as at the End of the Year	82,391,054	61,726,743	22,429,881	18,094,994

14.3 An Actuarial valuation of the employee retirement benefit liability scheme was carried out by Piyal S Goonetilake and Associates as at 31st March 2019 and 2020. The principle assumptions used are follows

	Group		Company	
	2020	2019	2020	2019
Rate of Interest	9.95% p.a.	11.50% p.a.	9.95% p.a.	11.50% p.a.
Rate of Salary Increase	10.00% p.a.	10.00% p.a.	10.00% p.a.	10.00% p.a.
Retirement Age : Male	55 years	55 years	55 years	55 years
: Female	50 years	50 years	50 years	50 years

14.4 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 2020	Performa Post Employment Benefit Liability 2020	Effect on Profit or Loss 2020	Performa Post Employment Benefit Liability 2020
	Rs.	Rs.	Rs.	Rs.
Assumed Change in Financial Assumptions				
If Discount Rate Increased By 1%	6,554,821	(6,554,821)	1,663,239	(1,663,239)
If Discount Rate Decreased By 1%	(7,678,845)	7,678,845	(1,910,904)	1,910,904
If Salary Increment Rate Increased By 1%	(7,308,748)	7,308,748	(1,774,762)	1,774,762
If Salary Increment Rate Decreased By 1%	6,365,548	(6,365,548)	1,576,701	(1,576,701)

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

	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Years from the Current Period				
1st Following Year	4,804,531	12,106,022	1,246,365	1,048,424
2nd Following Year	8,473,541	4,911,798	4,409,685	1,271,783
3rd Following Year	7,429,773	9,003,595	3,477,476	4,525,610
4th Following Year	10,856,859	8,161,589	1,720,652	3,684,727
5th Following Year	14,243,269	12,266,706	5,521,577	2,208,709
Beyond 5 Years	72,744,984	73,756,555	24,506,699	29,139,395

15 TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Trade Payable - Related Parties (15.1)	-	-	181,505,755	288,946,636
- Others	141,705,371	120,429,002	25,781,284	16,384,871
Other Payables - Related Parties (15.2)	-	-	-	358,524,448
- Others	57,788,056	49,198,111	7,049,589	10,008,289
Sundry Creditors Including Accrued Expenses	15,999,656	17,843,057	495,000	539,849
	215,493,083	187,470,170	214,831,628	674,404,093

Notes to the Financial Statements

15 TRADE AND OTHER PAYABLES CONTD.**15.1 Trade Payables - Related Parties**

	Relationship	Company	
		2020 Rs.	2019 Rs.
BPPL Enterprises (Pvt) Ltd	Subsidiary	1,804,470	1,868,059
Beira Brush (Pvt) Ltd	Subsidiary	179,701,285	287,078,577
		181,505,755	288,946,636

15.2 Other Payables - Related Parties

	Relationship	Company	
		2020 Rs.	2019 Rs.
Beira Brush (Pvt) Ltd	Subsidiary	-	358,524,448
		-	358,524,448

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
16.1 Favourable Cash and Cash Equivalents Balance				
Cash and Bank Balances	533,267,039	31,382,261	1,840,403	3,255,894
16.2 Unfavourable Cash and Cash Equivalents Balance				
Bank Overdraft	(3,752,865)	(16,007,881)	(2,413,915)	(5,510,654)
Cash and Cash Equivalents for the Purpose of Cash Flow Statement	529,514,174	15,374,380	(573,512)	(2,254,760)

17. OTHER OPERATING INCOME

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Bad Debt Recovery	-	913,905	-	-
Dividend Income	-	-	55,484,146	-
Profit on Disposal of PPE	-	726,129	-	(609,342)
Rent Income	-	-	2,640,000	2,640,000
Drying Charges	-	-	1,404,000	1,404,000
Sundry Income	9,073,328	8,690,744	49,018	28,890
	9,073,328	10,330,778	59,577,164	3,463,548

18 FINANCE INCOME

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Interest Income on Fixed Deposit	6,056,232	-	-	-
Interest Income	1,281,286	388,173	3,635	2,928
	7,337,518	388,173	3,635	2,928

19 GAIN/LOSS DUE TO FIRE

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 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	-

19.1 Impairment of Property Plant of Equipment Due to Fire

The Group has written off its Property Plant & Equipment amounting to Rs. 145,658,624/- and Rs. 188,563,341/- respectively. Final claims on insurance was submitted for the damages caused to the Group's Property Plant and Equipment and Inventory. Against this claim during 2019/20 an amount of Rs. 601,837,621/- was received.

The Company has written off its Property Plant & Equipment and Inventory amounting to Rs. 48,343,495/- and Rs. 43,864,106/- respectively. Final claims on insurance was submitted for the damages caused to the Company's Property Plant and Equipment and Inventory. Against this claim during 2019/20 an amount of Rs. 150,611,608/- was received.

20. FINANCE COST

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Interest Expense on Overdrafts	389,349	463,177	227,334	276,713
Interest Expense on Bank Loans	34,472,985	23,396,084	1,588,854	5,621,571
Lease Interest	6,140,400	-	1,627,329	-
	41,002,734	23,859,262	3,443,517	5,898,284

Notes to the Financial Statements

21. PROFIT/(LOSS) BEFORE TAX

Stated after Charging/(Crediting)

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Including in Cost of Sales				
Depreciation	99,835,929	72,538,732	24,224,863	17,142,546
Personnel Costs including the following:				
- Defined Benefit Plan Costs - Gratuity	13,426,607	8,558,897	4,435,202	3,830,918
- Defined Contribution Plan Costs - EPF & ETF	7,845,845	6,044,188	871,972	786,690
Including in Administration Expenses				
Personnel Costs including the following:				
- Defined Benefit Plan Costs - Gratuity	2,693,019	6,298,224	72,520	62,639
- Defined Contribution Plan Costs - EPF & ETF	16,921,754	14,394,022	1,844,140	1,401,014
Directors' Fees and Emoluments	28,126,667	29,637,713	12,718,048	1,266,667
Auditors' Remuneration - Fees and Expenses	1,199,963	1,318,236	495,000	539,849
Depreciation	12,930,897	12,981,207	1,854,535	1,856,969
Amortisation	396,860	395,730	396,860	395,730
Right of use Asset Amortisation	10,426,499	-	8,341,032	-
Exchange (Gain)/Loss	33,214,568	40,942,095	(2,919,223)	9,451,225
Including in Selling and Distribution Costs				
Advertising Costs	8,309,326	6,502,434	1,113,957	3,594,381

22. EARNINGS PER SHARE

22.1 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.

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

Amount Used as the Numerator:

	Group		Company	
	Year ended 2020 Rs.	Year ended 2019 Rs.	Year ended 2020 Rs.	Year ended 2019 Rs.
Net Profit/(Loss) Attributable to Ordinary Shareholders for Basic Earnings/(Loss) Per Share	405,554,893	369,490,741	238,152,543	(1,396,195)

Number of Ordinary Shares Used as Denominator:

	Group		Company	
	As at 2020 Number	As at 2019 Number	As at 2020 Number	As at 2019 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 (Original)	1.32	1.20	0.78	(0.00)
Earnings Per Share - Diluted (Original)	1.32	1.20	0.78	(0.00)

23 DIVIDEND PER SHARE

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Declared and Paid During the Year				
Dividend on Ordinary Shares	128,874,051	128,866,381	128,874,051	128,866,381
Dividend Per Share	0.42	0.42	0.42	0.42

24 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 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.

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Balance at the Beginning of the Year	-	-	-	-
Net Movement	(16,104,400)	-	-	-
Balance at the End of the Year	(16,104,400)	-	-	-

25. 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 2020, 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

Notes to the Financial Statements

25. FAIR VALUE CONTD.**Company**

Non-Financial Assets Measured at Fair Value	31-Mar-2020	Level 1	Level 2	Level 3
Land	699,208,001	-	-	699,208,001

Group

Non-Financial Assets Measured at Fair Value	31-Mar-2020	Level 1	Level 2	Level 3
Land	739,007,001	-	-	739,007,001

26. 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.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised 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 minimise 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
2020	+ 100 basis points	(15,811)	(24)
	- 100 basis points	15,811	24
2019	+ 100 basis points	(14,824)	(1,613)
	- 100 basis points	14,824	1,613

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, USD and AUD to a reasonably possible change of such underlining foreign currencies (GBP, CAD, USD and AUD) 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
2020	GBP	1%	184	86
	CAD	1%	218	-
	USD	1%	(11,351)	298
	AUD	1%	88	-
2019	GBP	1%	28	27
	CAD	1%	55	-
	USD	1%	(8,483)	(1,038)
	AUD	1%	49	-

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.

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.

Notes to the Financial Statements

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTD.**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 minimise 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 summarises the maturity profile of the Company's financial liabilities based on contractual payments.

Group 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	-	-	1,581,098,077	-	-	1,581,098,077
Trade and Other Payable	100,642,203	33,049,413	8,013,963	-	-	141,705,579
	100,642,203	33,049,413	1,589,112,040	-	-	1,722,803,656

As at 31 March 2019	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	1,006,654,363	4,001,970	12,005,911	459,775,200	-	1,482,437,444
Trade and Other Payable	-	120,429,002	67,041,168	-	-	187,470,170
	1,006,654,363	124,430,972	79,047,079	459,775,200	-	1,669,907,614

Company 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

As at 31 March 2019	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	155,839,650	1,377,664	4,132,991	-	-	161,350,304
Trade and Other Payable	-	374,909,319	299,494,774	-	-	674,404,093
	155,839,650	376,286,983	303,627,765	-	-	835,754,397

27. COMMITMENTS AND CONTINGENCIES**27.1 Capital Expenditure Commitments**

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

28. ASSETS PLEDGED

Company	Nature of Assets	Nature of Liability	Carrying Amount Pledged	
			2020 Rs.	2019 Rs.
BPPL Holdings PLC	Inventory, Trade Receivable, Land & Building	Money Market loan - NDB	USD 5,500,000	USD 4,000,000
Eco Spindles (Pvt) Ltd (Formally known as Beira Enviro Solutions (Pvt) Ltd)	Yarn Plant & Term Machinery	Term Loan - HSBC	USD 3,500,000	USD 3,500,000
Beira Brush (Pvt) Ltd	Inventory, Trade Receivable, Land & Building	Money Market loan - NDB & Sampath	USD 5,500,000 NDB USD 1,500,000 Sampath	USD 5,500,000 NDB USD 1,500,000 Sampath

29. 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.

Subsequent to the outbreak of the Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of measures to control the COVID-19 outbreak have been taken and continues to be implemented by the Government of Sri Lanka. The Company will continue to pay close attention to the development of COVID-19 outbreak and its related impact on the Company's businesses and financials. The Government interventions including the lockdown has resulted in contraction in our revenue as we could not complete sales orders. As at the date of the financial statements, there is a drop in sales for the financial year ended 31 March 2020 and had an adverse effect on the financial statements as well.

30. RELATED PARTY DISCLOSURES

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

30.1 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*	Total	Total
	Rs.	2020 Rs.	2019 Rs.
Balance as at 1st of April	(636,228,231)	(636,228,231)	(555,009,795)
Sale of Goods	484,706,173	484,706,173	353,012,450
Purchase of Goods	(37,355,126)	(37,355,126)	(39,602,330)
Fund transfer	(84,553,039)	(84,553,039)	(497,949,850)
Settlement of Liabilities on by the Company on Behalf of theirs	106,444,938	106,444,938	103,321,294
Balance as at 31st March	(166,985,284)	(166,985,284)	(636,228,231)

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

*Subsidiaries Included**

Beira Brush (Pvt) Ltd
Eco Spindles (Pvt) Ltd (Formally known as Beira Enviro Solutions (Pvt) Ltd)
BPPL Enterprises (Pvt) Ltd

Notes to the Financial Statements

30. RELATED PARTY DISCLOSURES CONTD.**30.2 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 Percentage of Revenue	Terms and Conditions of the Related Party Transactions
Beira Brush (pvt) Ltd	Subsidiary	Sales	484,706,173	75%	The transactions from related parties are made at terms equivalent to those that in arm's length transactions.
		Purchases	(37,355,126)	-6%	
		Settlement of Sales/ Fund Transfers	(84,553,039)	-13%	
		Expenses Paid	106,444,938	17%	
Eco Spindles (Pvt) Ltd (Formally known as Beira Enviro Solutions (Pvt) Ltd)	Subsidiary	Sales	-	0%	
		Fund Transfers	(2,815,475)	0%	
		Expenses Paid	6,093,093	1%	
LOLC General Insurance Ltd	Affiliate	Insurance Premium	2,281,400	0%	

30.3 Non-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 Percentage of Revenue	Terms and Conditions of the Related Party Transactions
LOLC General Insurance Ltd	Affiliate	Insurance claims	601,837,621	23%	The transactions from related parties are made at terms equivalent to those that in arm's length transactions.

31. TRANSACTIONS WITH DIRECTORS/ KEY MANAGEMENT PERSONNEL

	2020 Rs.	2019 Rs.
Key Management Personnel Compensation - Group		
Short Term Employment Benefit (Cash and Non-Cash)	26,824,931	23,676,497
Post Employment Benefit	2,238,087	2,009,820
	29,063,018	25,686,317
Key Management Personnel Compensation - Company		
Short Term Employment Benefit (Cash and Non-Cash)	11,904,353	10,277,698
	11,904,353	10,277,698

32. SEGMENT INFORMATION

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

Operating Segments For the Year Ended 31 March	Brushware		Filament and Yarn		Eliminations and Adjustments		Consolidated	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Revenue	2,940,707,677	2,904,802,962	513,200,322	532,442,473	(827,714,724)	(695,890,180)	2,626,193,275	2,741,355,255
Cost of Sales	(2,222,295,768)	(2,169,358,424)	(378,989,102)	(312,081,394)	832,457,732	703,889,875	(1,768,827,138)	(1,777,549,947)
Gross Profit	718,411,909	735,444,538	134,211,220	220,361,079	4,743,007	7,999,695	857,366,137	963,805,308
Other Operating Income	40,364,226	5,741,027	9,004,622	8,633,750	(40,295,520)	(4,044,000)	9,073,328	10,330,778
Gain/(Loss) Due to File	267,615,655	-	-	-	-	-	267,615,655	-
Distribution Costs	(208,446,031)	(199,724,038)	(17,076,294)	(12,699,736)	-	-	(225,522,326)	(212,423,774)
Administrative Expenses	(293,004,248)	(221,166,398)	(55,883,547)	(95,287,223)	(19,232,626)	-	(368,120,421)	(316,453,620)
Net Finance (Cost)/ Income	(24,923,307)	(23,413,182)	(6,773,180)	(57,907)	(1,968,729)	-	(33,665,216)	(23,471,089)
Profit Before Tax	500,018,204	296,881,944	63,482,821	120,949,963	(56,753,867)	3,955,695	506,747,158	421,787,603
Income Tax Expense	(65,572,950)	(36,479,708)	(26,587,012)	(15,817,150)	(9,032,303)	-	(101,192,265)	(52,296,862)
Profit for the Year	434,445,254	260,402,232	36,895,809	105,132,814	(65,786,170)	3,955,695	405,554,893	369,490,741
Assets & Liabilities <i>Balance as at,</i>								
Total Non-Current Assets	2,670,564,556	1,551,840,185	1,875,976,944	1,663,977,537	(1,324,293,672)	(367,627,096)	3,222,247,828	2,848,190,626
Total Current Assets	1,700,502,739	2,358,775,472	349,484,007	226,907,877	(239,756,931)	(1,113,416,263)	1,810,229,815	1,472,267,086
Total Assets	4,371,067,295	3,910,615,657	2,225,460,951	1,890,885,414	(1,564,050,603)	(1,481,043,359)	5,032,477,643	4,320,457,712
Total Equity	2,535,205,059	2,092,384,517	1,680,117,598	714,651,916	(1,340,046,753)	(383,559,580)	2,875,275,904	2,423,476,853
Total Non-Current Liabilities	223,452,073	180,904,066	434,345,277	653,000,100	17	(186,955,414)	657,797,367	646,948,752
Total Current Liabilities	1,612,410,163	1,637,327,074	110,998,076	523,233,398	(224,003,867)	(910,528,365)	1,499,404,372	1,250,032,107
Total Liabilities	4,371,067,295	3,910,615,657	2,225,460,951	1,890,885,414	(1,564,050,603)	(1,481,043,359)	5,032,477,643	4,320,457,712

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

INVESTOR INFORMATION

ORDINARY SHAREHOLDING AS AT 31ST MARCH 2020

Shareholdings	Resident			Non Resident			Total		
	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	476	159,457	0.05	1	1,000	0	477	160,457	0.05
1001 to 10,000 Shares	292	1,423,960	0.46	4	19,691	0.01	296	1,443,651	0.47
10,001 to 100,000 Shares	203	7,038,284	2.29	2	56,500	0.02	205	7,094,784	2.31
100,001 to 1000,000 Shares	55	16,833,508	5.49	3	1,412,660	0.46	58	18,246,168	5.95
Over 1,000,000 Shares	5	278,398,297	90.73	1	1,500,000	0.49	6	279,898,297	91.22
Total	1,031	303,853,506	99.02	11	2,989,851	0.98	1,042	306,843,357	100.00

Categories of Shareholders

	No of Shareholders	No of Shares
Individual	947	18,926,048
Institutional	95	287,917,309
Total	1,042	306,843,357

SHARE TRADING INFORMATION

Share Information	Year Ended	
	31-Mar-20	31-Mar-19
Highest Price (Rs.)	13.70	13.50
Lowest Price (Rs.)	7.40	9.80
Closing Price (Rs.)	7.60	9.90

PUBLIC HOLDING AS AT 31ST MARCH 2020

The Company is in compliance with the Minimum Public Holding requirements for Companies listed in the Diru 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 Capitalisation 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 2020;

Float-Adjusted Market Capitalisation	Rs. 233.2 Mn
Percentage of Ordinary Shares Held by the Public	10%
Number of Public Shareholders	1,039

There were no non-voting shares as at 31st March 2020.

The Stock Exchange code for BPPL Holding PLC shares is "BPPL".

TWENTY MAJOR SHAREHOLDERS

No	Name of the Shareholder	No. of Shares as at 31st March 2020	%
1	Infinity Capital (Pvt) Ltd	154,382,777	50.31%
2	LOLC Investments Ltd	80,546,372	26.25%
3	Hirdaramani Investment Holdings (Pvt) Ltd	41,229,208	13.44%
4	Hallsville Trading Group Inc	1,500,000	0.49%
5	Seylan Bank PLC/Karagoda Loku Gamage Udayananda	1,207,840	0.39%
6	Mr. Hirdaramani Mahesh Lalchand	1,032,100	0.34%
7	Mr. Samaranayake Nihal Parakrama De Alwis	1,000,000	0.33%
8	Mrs. Melluish Sarah Elisabeth	815,860	0.27%
9	Alpex Marine (Pvt) Ltd	800,000	0.26%
10	Jafferjee Brothers (Exports) Ltd	772,800	0.25%
11	Mr. Fernando Merrill Joseph	750,000	0.24%
12	Mr. Hirdaramani Akshay Anil	732,100	0.24%
13	Mr. Vasudevan Subramaniam	700,000	0.23%
14	Ambeon Holdings PLC	645,100	0.21%
15	People'S Leasing & Finance PLC/Mr.D.M.P.Disanayake	561,400	0.18%
16	Mr. Ramanayake Gihan Chandana Sumithalal	537,490	0.18%
17	People'S Leasing & Finance PLC/K.L.Udayananda	476,609	0.16%
18	GF Capital Global Ltd	476,600	0.16%
19	Katunayake Garments Ltd	419,200	0.14%
20	Mr. Hirdaramani Siddharth Janak	412,700	0.13%
20	Mr. Hirdaramani Aroon Janak	412,700	0.13%
		289,410,856	94.32%

STATEMENT OF VALUE ADDED

For the year ended 31 March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Turnover	2,626,193,275	2,741,355,255	723,657,371	643,003,161
Other Operating Income/(Loss)	(20,541,128)	10,330,778	49,195,333	3,463,548
Finance Income	7,337,518	388,173	3,635	2,928
Cost of Material & Services	(1,313,760,332)	(1,611,970,014)	(225,102,291)	(359,135,446)
Value added	1,299,229,333	1,140,104,192	547,754,049	287,334,191

	Group		Company	
	2020	%	2019	%

Distributed as follows:

To Employees

as remuneration and other employee costs	512,817,225	39%	476,874,896	42%	125,738,240	23%	130,923,528	46%
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To Government

as income tax	101,192,265	8%	52,296,862	5%	26,696,770	5%	3,646,947	1%
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To Providers of Capital

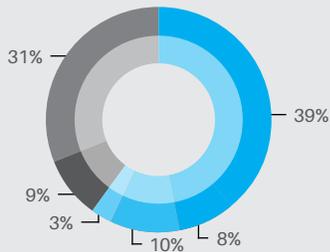
as dividends to shareholders	128,874,051	10%	128,866,381	11%	128,874,051	23%	128,866,381	45%
as interest to finance providers	34,862,335	3%	23,859,262	2%	1,816,188	0%	5,898,284	2%

Retained in Business

as depreciation and amortisation	115,928,565	9%	88,716,461	8%	26,476,257	5%	19,395,245	7%
as profit/(loss) for the year	405,554,893	31%	369,490,330	32%	238,152,543	43%	(1,396,195)	0%

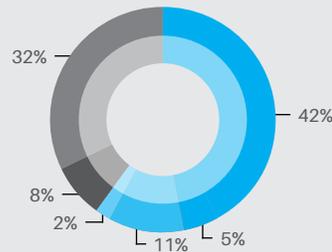
	Group		Company	
	2020	2019	2020	2019
As remuneration and other employee costs	39%	42%	23%	46%
As income tax	8%	5%	5%	1%
As dividends to shareholders	10%	11%	23%	44%
As interest to finance providers	3%	2%	0%	2%
As depreciation and amortisation	9%	8%	5%	7%
As profit/(loss) for the year	31%	32%	44%	0%

Group 2020



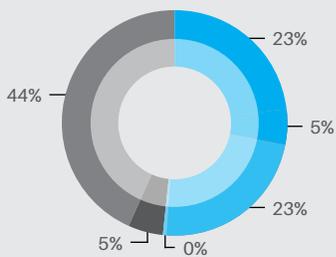
- As remuneration and other employee costs
- As income tax
- As dividends to shareholders
- As interest to finance providers
- As depreciation and amortisation
- As profit/(loss) for the year

Group 2019



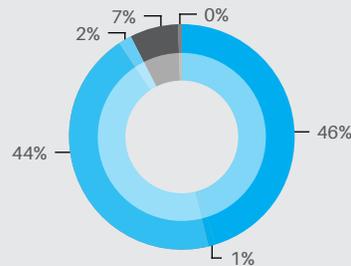
- As remuneration and other employee costs
- As income tax
- As dividends to shareholders
- As interest to finance providers
- As depreciation and amortisation
- As profit/(loss) for the year

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

Company 2019



- 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

	2020 Rs.	2019 Rs.	2018 Rs.	2017 Rs.	2016 Rs.
Revenue	2,626,193,275	2,741,355,255	2,616,348,715	2,422,402,089	2,087,533,093
Profit Before Tax	506,747,158	421,787,603	414,124,665	491,095,800	330,573,657
Taxation	(101,192,265)	(52,296,862)	(48,510,393)	(55,090,849)	(23,695,879)
Profit for the Year	405,554,893	369,490,742	365,614,272	436,004,951	306,877,778
Equity Funds Employed					
Stated Capital	100,371,584	100,371,584	100,371,584	100,371,584	81,193,880
Reserves	495,180,800	259,933,800	259,933,800	259,933,800	259,933,800
Retained Earnings	2,279,723,351	2,063,171,470	1,819,860,551	1,654,940,657	1,359,127,817
Assets Employed					
Non-Current Assets	3,222,247,828	2,846,897,970	2,288,452,436	1,441,138,594	1,290,380,064
Current Assets	1,810,229,815	1,472,267,086	1,371,683,861	1,195,950,683	1,015,197,900
Current Liability	1,499,404,542	1,250,032,281	713,614,837	448,795,304	428,315,153
Capital Employed (Net Debt Basis)	3,923,106,773	3,874,532,037	3,255,369,669	2,358,934,222	2,096,381,295
Cash Flow					
Net Cash Inflow/(Outflow) from Operating Activities	970,527,751	475,200,277	327,313,645	407,357,216	459,070,532
Net Cash Inflow/(Outflow) from Investing Activities	(376,370,764)	(648,018,007)	(924,209,936)	(218,336,325)	(52,047,418)
Net Cash Inflow/(Outflow) from Financing Activities	(80,017,193)	188,966,266	606,671,582	(169,050,976)	(426,027,554)
Net Increase/(Decrease) in Cash and Cash Equivalents	514,139,794	16,148,536	9,775,291	19,969,914	(19,004,440)
Key Indicators					
Current Ratio	1.21	1.18	1.92	2.66	2.37
Gearing Ratio	36%	60%	49%	17%	23%
Asset Turnover Ratio	0.52	0.63	0.71	0.92	0.91
Earnings per Share (Rs)	1.32	1.20	1.19	1.42	1.00
Dividends per Share (Rs)	0.42	0.42	0.42	0.42	0.36
Net assets per Share (Rs)	9.37	7.90	7.11	6.57	5.57
Return on Equity	14%	17%	17%	22%	18%
Return on Capital Employed	14%	11%	13%	22%	17%
Interest Cover (Times)	16.05	18.97	20.40	25.53	11.77
Dividend Payout Ratio	32%	35%	35%	30%	36%

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,
Maugama,
Horana.

RECYCLING AND YARN PLANT

Lot 7,
Horana Export Processing Zone,
Boralugoda,
Poruwadanda,
Horana.

CORPORATE INFORMATION

COMPANY NAME

B 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 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
Mrs. Sharmini Ratwatte - Independent Non-Executive Director
Mr. Savantha De Saram - Independent Non-Executive Director"

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@stlnet.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@stlnet.lk

COMPANY WEBSITE

www.bpplholdings.com

COMPANY E-MAIL

info@bpplholdings.com

BANKERS TO THE COMPANY

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.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of B P P L Holdings PLC will be held on 24th September 2020 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 2020 with the Report of the Auditors thereon.
3. To re-elect as Director, Mrs. S T Ratwatte who retires by rotation in terms of Article 81 of the Articles of Association of the Company.
4. To re-elect as Director, Mr. S R Sproule De Saram 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 83 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 authorise 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

2nd September 2020

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.

Notes



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 24th September 2020 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, Mrs. S T Ratwatte who retires by rotation in terms of Article 81 of the Articles of Association of the Company.		
To re-elect as Director, Mr. S R Sproule De Saram 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 83 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 authorise the Directors to determine their remuneration.		

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

.....
Signature/s

INSTRUCTIONS AS TO COMPLETION OF THE FORM OF PROXY ARE SET OUT ON THE REVERSE.

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.	:



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