

MIRA INFORM REPORT

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|---------------|------------|
| Report No. : | 520827 |
| Report Date : | 19.07.2018 |

IDENTIFICATION DETAILS

| | |
|-------------------------|--|
| Name : | RICHARD PIERIS NATURAL FOAMS LIMITED |
| Registered Office : | # 310, High Level Road, Navinna, Maharagama, |
| Country : | Sri Lanka |
| Date of Incorporation : | 10.05.1993 |
| Com. Reg. No.: | PB 606 |
| Legal Form : | Limited Liability Company |
| Line of Business : | Manufacturer, Distributor & Exporter of Latex Products |
| No. of Employees : | 200+ Approximately |

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

| | |
|-----------------|---|
| MIRA's Rating : | A |
|-----------------|---|

| Credit Rating | Explanation | Rating Comments |
|---------------|-----------------|---|
| A | Acceptable Risk | Business dealings permissible with moderate risk of default |

| | |
|---------------------|---------------|
| Status : | Good |
| Payment Behaviour : | No Complaints |
| Litigation : | Clear |

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

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ECGC Country Risk Classification List

| Country Name | Previous Rating (31.12.2017) | Current Rating (01.04.2018) |
|--------------|---------------------------------|--------------------------------|
| Sri Lanka | A2 | A2 |

| Risk Category | ECGC Classification |
|----------------------|---------------------|
| Insignificant | A1 |
| Low Risk | A2 |
| Moderately Low Risk | B1 |
| Moderate Risk | B2 |
| Moderately High Risk | C1 |
| High Risk | C2 |
| Very High Risk | D |

SRI LANKA - ECONOMIC OVERVIEW

Sri Lanka is attempting to sustain economic growth while maintaining macroeconomic stability under its IMF program that it began in 2016. The government's high debt payments and bloated civil service cadre, which have contributed to historically high budget deficits and low tax revenues, remain a concern. Government debt is about 75% of GDP and remains among the highest of the emerging markets. Sri Lanka will need to balance its elevated debt repayment schedule with its requirement to maintain adequate foreign exchange reserve levels in the coming years.

In May 2016, Sri Lanka regained its preferential trade preferences under the European Union's Generalized System of Preferences Plus (GSP+), enabling many of its firms to export products, including its top export garments, tax free to the EU. Also in 2016, the government reformed elements of the country's tax regime to increase some tax rates and broaden the tax net in response to recommendations made under its IMF program. Tourism has experienced strong growth during recent years following the resolution of the government's 26-year conflict with the Liberation Tigers of Tamil Eelam. The government has been pursuing large-scale reconstruction and development projects in its efforts to spur growth.

Source : CIA

COMPANY PROFILE

| | |
|------------------------------------|---|
| Name of Subject of Inquiry | RICHARD PIERIS NATURAL FOAMS LIMITED |
| Legal Form & Status | Limited Liability Company (In Operation) |
| Chairman | Dr Sena Yaddehige |
| Primary Line of Business | Manufacturer, Distributor & Exporter of Latex Products |
| Principal Place of Business | Head Office : # 310, High Level Road, Navinna, Maharagama Factory : Phase 1, EPZ, Malawana, Biyagama Sri Lanka. Tel. No: (00 94 11) 4819 001 / 4819002 / 4819004 Fax. No: (00 94 11) 4819005 E-Mail: arpicolatexfoam@arpico.com Web Site: http://www.arpicolatexfoam.com/ |
| Employees | 200+ Approximately |

COMPANY DETAILS

| | | |
|--------------------------------|--|----------|
| Registration No | N (PVS) / PBS 10975 | |
| Date of Registration | 10 th May 1993 | |
| Re-registration No | PB 606 | |
| Date of Re-registration | 16 th September 2008 | |
| Registered Office | # 310, High Level Road, Navinna, Maharagama, Sri Lanka Dr Sena Yaddehige | Director |
| | Shaminda Yaddehige | Director |
| | Sunil Samindranath Pohaliyadde | Director |
| | Wasantha Rukmal Abeyesirigunawardena | Director |
| Sated Share Capital | LKR 632,622,600.00 | |
| No. of Shares | 64,082,260 | |
| Preferential Shares | NA | |
| Nominal Value of Share | NA | |
| Auditors | Messrs Kreston MNS & Com. Chartered Accountants # 50/2, Sir James Peiris Mawatah, Colombo 02, Sri Lanka | |
| Company Secretaries | Richard Pieris Group Services (Pvt) Ltd # 310, Highlevel Road, Navinna, Maharagama, Sri Lanka | |
| Main Bank/s | Bank of Ceylon, Hatton National Bank PLC, Commercial Bank of Ceylon PLC, HSBC, NDB Bank PLC, Standard Chartered Bank, Deutsche Bank, DFCC Bank PLC, Peoples Bank, Sampath Bank PLC | |

SHAREHOLDERS

| NO. | NAME | NUMBER OF SHARES |
|-----|-------------------------------------|------------------|
| 1. | Richard Pieris Exports PLC | 27,560,001 |
| 2. | Richard Pieris & Company PLC | 14,022,254 |
| 3. | Kegalle Plantations PLC | 22,500,000 |
| 4. | Richard Pieris Distributors Ltd | 01 |
| 5. | Plastishells Ltd | 01 |
| 6. | Richard Pieris Rubber Compounds Ltd | 01 |
| 7. | Richard Pieris Rubber products Ltd | 01 |
| 8. | Mr Gamini Nihal Thomas | 01 |

FINANCIAL DETAILS

Most recent available Financial Information (Group Financials Attached herewith)

CURRENT INVESTIGATION

Company Logo

- History.

The subject company was initially formed on 10th May 1993 under N (PVS) / PBS 10975 under the companies Act of Sri Lanka. The subject company was subsequently Re-registered on 16th September 2008 under PB 606 under the Companies Act No 7, of 2007 as per the mandatory regulations of Sri Lanka.

Caption

- Operational Details.

General

The subject company, Richard Pieris natural Foams Limited is part of the Richard Pieris Group of companies, a business conglomerate into many diversified interests in Sri Lanka and Overseas. The main company is also a public listed entity and is a well-recognized entity globally. The company manufactures 100% Natural Latex products that have been secured the best test results in the industry from globally accepted testing bodies such as ECO Institute, LGA Quality Test Germany, Oeko-Tex Switzerland, ABC, STROKE- USA, SATRA UK and GOLS-Netherlands.

Products

Latex cores Mattresses Latex Toppers Latex Pillows

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Latex Located in the Industrial Processing Zone in Biyagama, Sri Lanka, the company shares the ownership Fire among Richard Pieris Exports Plc, Kegalle Plantations Plc and Richard Pieris & Co Plc. This ownership has enabled a unique and a vital supply chain integration for Richard Pieris Natural Foams Limited to manufacture the best latex foam products in the world including natural latex foam mattresses, toppers and pillows.

Since the production of our first mattress in 1952, RPNF's has taken vast strides through continuous research and development in the natural foam rubber technology. High quality 100% natural latex manufactured by Arpico under Kegalle Plantations Plc is our strength which is exhausted in manufacturing the purest all natural latex mattresses certified by globally recognized certifying bodies for ECO LGA, Oeko Tex, GOLDS, STROKE, ABC and SATRA. We now supply the Arpico Organic Latex product line complying with GOLDS (Global Organic Latex Standards) by the Control Union.

The production prowess of RPNF has created a world market for our natural latex, enabling RPNF to emerge the global leader in 100% pure natural latex manufacturing. Today the versatile production capabilities of RPNF meet the demands of over 22 countries world wide.

Retardant
Latex Medical Range of products Baby Crib Mattresses
Accessories - Quilts, Bags, special orders, furniture,

Employees

200+ Approximately

Export Countries / Regions

USA, Europe (Germany, Spain, Belgium, Sweden, Slovenia, Switzerland Italy, France), Middle East (Kuwait, Saudi Arabia, Greece), Asia Pacific - Australia, New Zealand,

Import Countries / Regions

China, India, Israel, Pakistan, Thailand, Malaysia

Associate / Subsidiary Companies

Richard Pieris & Company PLC
Richard Pieris Exports Limited

PERSONAL DETAILS OF KEY PERSONS

Director 1

| | |
|---------------|------------------------------|
| Name | Dr Sena Yaddehige |
| ID Number | 050199019 |
| Nationality | British |
| Gender | Male |
| Date of Birth | NA |
| Age | NA |
| Address | Le Neuf Chemin, Guernsey, UK |

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Director 2

| | |
|---------------|-----------------------------|
| Name | Shaminda Yaddehige |
| ID Number | 050199016 |
| Nationality | British |
| Gender | Male |
| Date of Birth | NA |
| Age | NA |
| Address | Le Neuf Chemin, Guerney, UK |

Director 3

| | |
|---------------|--|
| Name | Sunil Samindranath Pohaliyadde |
| ID Number | 561540063V |
| Nationality | Sri Lankan |
| Gender | Male |
| Date of Birth | 02 nd June 1956 |
| Age | 61 Years |
| Address | # 23B, MenerigamaPlace, Mount Lavinia, Sri Lanka |

Director 4

| | |
|---------------|---|
| Name | Wasantha Rukmal Abeysirigunawardena |
| ID Number | 591961489V |
| Nationality | Sri Lankan |
| Gender | Male |
| Date of Birth | 14 th July 1959 |
| Age | 58 Years |
| Address | # 54/51, Aniyakanda, Nagoda, Kandana, Sri Lanka |

INFORMATION DENIED

Management Non Co-Operative [Tel No.: (00 94 11) 4819 001 / 4819002]

FOREIGN EXCHANGE RATES

| Currency | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1 | INR 68.57 |
| UK Pound | 1 | INR 89.73 |
| Euro | 1 | INR 79.74 |
| LKR | 1 | INR 0.43 |

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

| | |
|----------------------------------|-----|
| Information Gathered by : | SUP |
| Analysis Done by : | PRI |
| Report Prepared by : | TPT |

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RATING EXPLANATIONS

| Credit Rating | Explanation | Rating Comments |
|---------------|------------------|--|
| A++ | Minimum Risk | Business dealings permissible with minimum risk of default |
| A+ | Low Risk | Business dealings permissible with low risk of default |
| A | Acceptable Risk | Business dealings permissible with moderate risk of default |
| B | Medium Risk | Business dealings permissible on a regular monitoring basis |
| C | Medium High Risk | Business dealings permissible preferably on secured basis |
| D | High Risk | Business dealing not recommended or on secured terms only |
| NB | New Business | No recommendation can be done due to business in infancy stage |
| NT | No Trace | No recommendation can be done as the business is not traceable |

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)