

2022/23  
Annual Report



*“Impossible  
to unstoppable”*



**SAMSON INTERNATIONAL PLC**

Akuressa Road, Bogahagoda, Galle

**DSI** Samson  
group

## Financial Calendar

<b>Annual Report:</b>	<b>2022/23</b>	<b>2021/22</b>
Date of the Audit Report	25th May 2023	23rd May 2022
Date of Dividend Recommended	25th May 2023	23rd May 2022

<b>Interim Reports:</b>	<b>2022/23</b>	<b>2023/24</b>
Quarter ended 30th June	12th August 2022	Before 15th August 2023
Quarter ended 30th September	12th November 2022	Before 15th November 2023
Quarter ended 31st December	11th February 2023	Before 15th February 2024
Quarter ended 31st March	25th May 2023	Before 30th May 2024

*Interim Financial Statements have been published as per rule 7.4 of the Colombo Stock Exchange*

<b>Annual General Meeting:</b>	<b>2022/23</b>	<b>2021/22</b>
31st Annual General Meeting	30th June 2023	-
30th Annual General Meeting	-	30th June 2022



**“Impossible to unstoppable”**

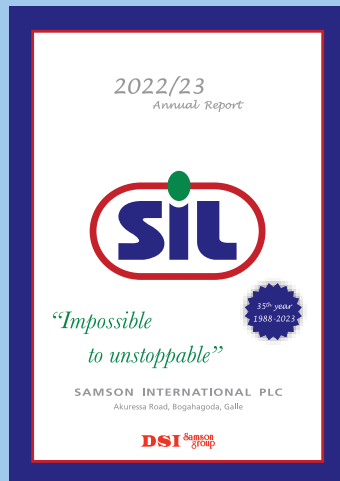
Having focused on the theme of “Reaching Gold” in the previous year, we are striving to reach more Golds in our unstoppable journey. While tackling the current adverse economic conditions and being in non-conducive business environment, we were able to win multiple Gold awards and we even recorded the highest turnover and profit this year. Our efforts this year were recognized with three Gold awards from NCE – the award for the Most Innovative Exporter, Best Performer in R & D Activities, and overall winner of the Rubber and Rubber Products Sector of Large category. We were also taking our award-winning work standards beyond local borders and received our first international award in Nepal from the South Asian Federation of Accountants for the 2021/22 Annual Report in the manufacturing sector. We also clinched a Bronze Award from the CA Sri Lanka for our Annual Report and a merit awards in the Presidential Environmental Award competition. We are moving this year from impossible environment to unstoppable achievements. We have gone beyond our scope and started supplying electricity to the national grid from our solar project investment. We have, this year, allocated the largest funds in our history on welfare activities for our invaluable employees. Our volleyball team won their first championship in the inter-company tournament this year. We remain dedicated our commitment towards sustaining and protecting all our stakeholders and the environment. We are striving to gain more Gold in having a pride of achievements in every aspect of the business.

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# About this Report



This report highlights our performances, business model, strategic directions, investments, governance, risk management, CSR activities, awards won, the progress which we have made in the financial year under review and also our future outlook.

We present this annual report for our 35th financial year covering the period from 1st of April 2022 to 31st of March 2023 with the theme of “Impossible to unstoppable”. We have disclosed all the information which are important for all stakeholders to be aware of. The Company has neither subsidiaries nor associate Companies but it has two business segments namely for Rubber and PVC products.

## Scope and Boundary

This Annual Report adopted the Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC). The report has been prepared in accordance with the Global Reporting Initiative G4 criteria: the core and aspects and indicators have been selected to best reflect the impacts of its diverse industry exposures. **All the write-ups, designs and formats in this Annual Report were prepared in-house without out sourcing to an external party or any advertising agency.** Therefore we made a genuine effort to meet the expectations of all our stakeholders by providing them with realistic, pragmatic and relevant information on our own value creation process.

## Guiding Principles

We subscribe to and report under several domestic and international regulations, standards and frameworks, the more significant of which are the following:

- Sri Lanka Accounting Standards,
- Integrated Reporting Framework issued by the IIRC,
- Global Reporting Initiative- G4 Standards,
- Companies Act No 7 of 2007,
- Listing Rules of the Colombo Stock Exchange,
- Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka, and
- Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka

## Assurance

The independent auditor's opinion by Messrs Edirisinghe & Co., Chartered Accountants on the Financial Statement is available on page 198 of this report.

A combined assurance model is used to ensure the credibility and integrity of our reporting. Internal Audit work is carried out by Messrs. T & D Associates quarterly in addition to the work carried out by our internal audit department. The Company's Audit Committee also monitors adequacy and effectiveness of the financial reporting and internal control systems.

## Extent of Recognition of Past Reports

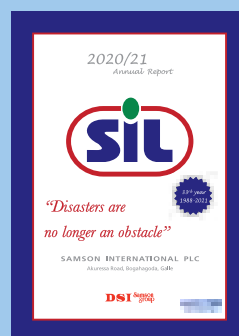
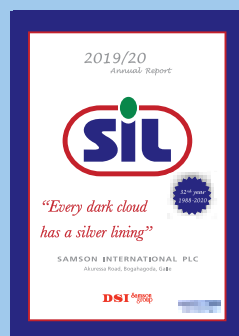
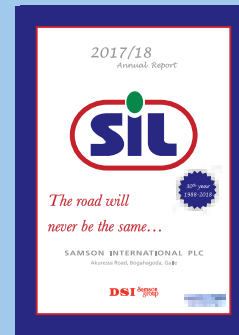
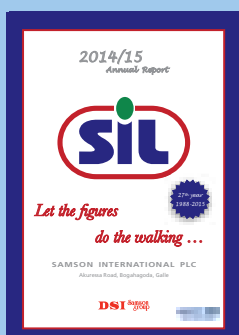
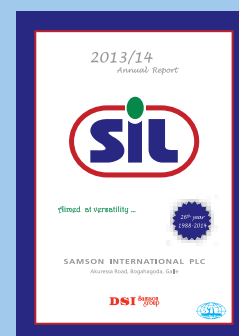
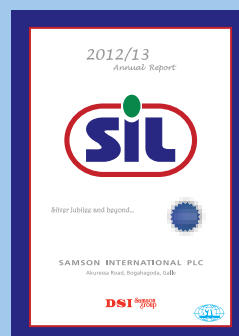
We received the first international award from the South Asian Federation of Accountants in Nepal for 2020/21 Annual Report (merit award) in the manufacturing sector and also received a Bronze Award for the Annual Report 2021/22 from CA Sri Lanka in the category of manufacturing turnover up to Rs. 10 Bn. We won Gold Award for the Annual Report in 2018/19 and 2020/21 in the category of manufacturing turnover up to Rs. 5 Bn.

## Feedback

We welcome your feedback, suggestions and other comments on our Annual Report. Please contact our Secretary, P W Corporate Secretarial (Pvt) Ltd by email at [registrars@pwcs.lk](mailto:registrars@pwcs.lk) or Mr. Sisira Abeywickrama, Finance Manager by email at [sisiraa@samsonint.com](mailto:sisiraa@samsonint.com).

## Theme of Previous Annual Reports

- 2012/13 – Silver Jubilee and beyond
- 2013/14 – Aimed at versatility
- 2014/15 – Let the figures do the walking
- 2015/16 – A wide product range sounds better
- 2016/17 – There is no end to our search for excellence
- 2017/18 – The road will never be the same
- 2018/19 – Bringing Excellence to the Surface
- 2019/20 – Every dark cloud has a silver lining
- 2020/21 – Disasters are no longer an obstacle
- 2021/22 – Reaching Gold



# ABOUT the Company



## Main plant in Galle

**S**amson International Plc has two business segments consisting of Rubber and PVC. We have at present three plants. Main plant is in Galle and another plant is in Kalutara which manufacture rubber products for export and local markets. PVC plant is in Baddegama which is 22kms away from the main plant in Galle. Samson Internatioanl Plc has 507 employees.

We started its business on 14th October 1988 at a time the open economic policies had got firmly established in the country with a great tendency among the business community to commence export-oriented projects. Accordingly, this Company was initially intended to produce rubber-based products largely for export markets. At the time of incorporating this Company, the land bought for this factory was abandoned and it was an overgrown jungle and away from human habitations. Now it developed into a popularized semi-urban area due to presence of our factory. This is the greatest deed of social responsibility Samson International Plc has delivered to the villagers in Bogahagoda. A similar programme is being carried out for the villagers in Baddegama surround PVC factory. Samson International Plc manufactures and exports moulded and extruded rubber products such as hot water bottles, jar sealing rings, rubber mats, rubber floorings, beadings and mud flaps mainly to international markets and also sells rubber and PVC-related products to the local market. PVC products include pressure pipes, irrigation pipes, solvent, taps, trunking and conduits.

## ABOUT the Company (Contd...)

The Company diversified in to PVC market nine years back with the intention of exploiting big & new markets and growth opportunities in the midst of the boom of the construction industry and positive economic outlook of the country. We were able to turnaround this segment in the previous year.



PVC Plant in Baddegama



Rubber Plant in Kalutara

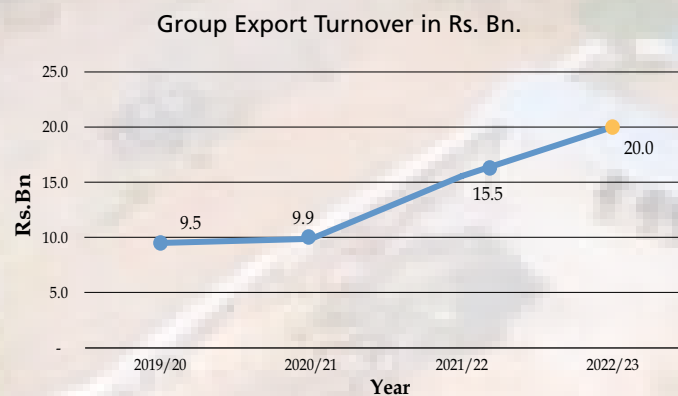


# ABOUT the Company (Contd...)



SIL Paddy field

Samson International PLC is a subsidiary of the DSI Samson Group (Pvt) Ltd which was founded in 1962. DSI Samson Group has an export turnover of more than Rs. 20 Bn (USD 55 Mn) and Samson International PLC has an export turnover of Rs. 1,540 Mn. It also has 28 subsidiary Companies in Sri Lanka and has a workforce more than 9,000 employees. The majority of their factories in the Group are located in remote rural areas. Samson International PLC is one of them. DSI Samson Group has received a rating of 'AA (Ika) – Stable Outlook' by Fitch Rating Lanka Limited. DSI Group has a turnover of Rs 49 Bn while Samson International PLC has a turnover of Rs. 2.9 Bn.



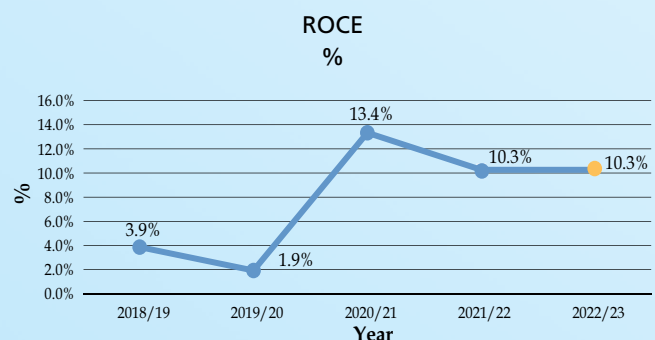
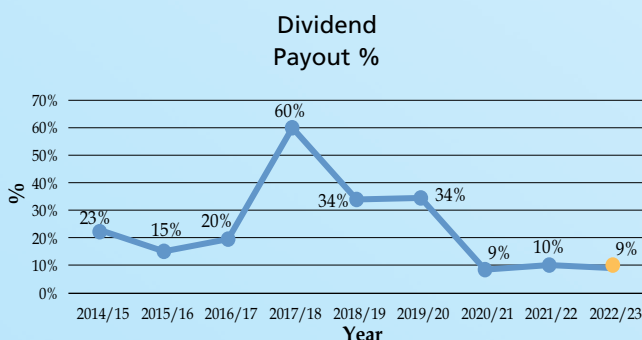
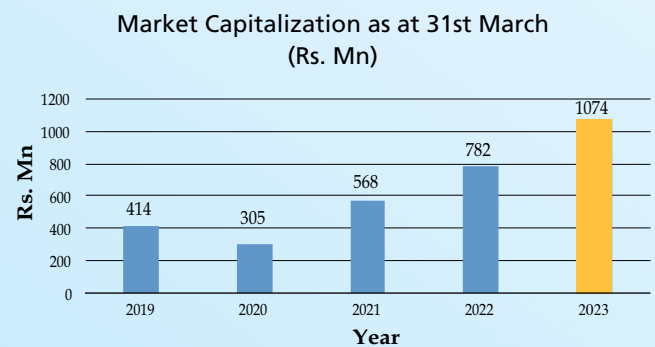
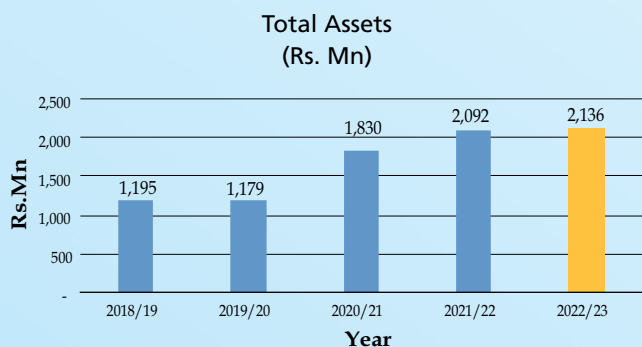
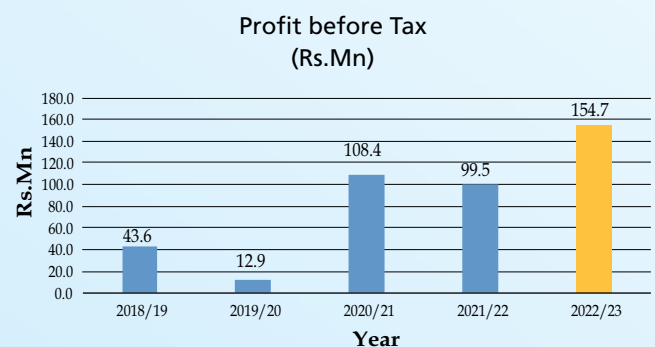
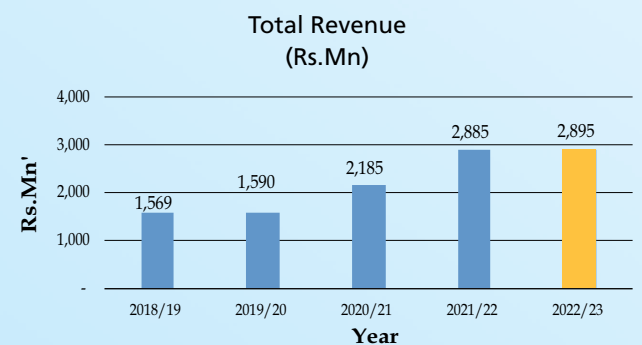
Our Group achieved a continuous export sales growth during the last four years and we will give the priority to enhance it from the current level in the future.

# FINANCIAL and Operational Highlights

## Key Performance Indicators 2022/23



Company achieved the highest profit despite the current economic crisis.  
Company recorded the highest turnover during last five consecutive years.  
Rs. 105 Mn was invested in a solar project during the year.



# FINANCIAL and Operational Highlights (Contd...)

## Financial Highlights

		2022/23	2021/22	Variance	%
<b>Operating Results</b>					
Revenue	Rs. 000	2,894,860	2,885,189	9,671	0.3
Operating profit	Rs. 000	379,496	189,496	190,000	100
Exchange gain/(loss)	Rs. 000	(21,906)	(27,499)	5,593	20
Profit before tax	Rs. 000	154,648	99,519	55,129	55
Tax on profit (including deferred tax)	Rs. 000	(61,749)	(15,495)	(46,254)	(299)
Profit after tax	Rs. 000	92,899	84,024	8,875	11
Revenue growth	%	0.3	32.0	(31.7)	(99)
Exports earnings	in US \$ Mn	4.7	3.5	1.2	34
ROCE	%	10.3	10.3	0.0	0.1
Gross profit to sales	%	29.5	20.0	9.5	48
Interest cover	Times	1.83	2.92	(1.09)	(37)
<b>Financial Position</b>					
Dividend cover	Times	11.0	9.9	1.1	11
Current ratio	Times	1.35	1.25	0.10	8
Liquidity ratio	Times	0.62	0.64	(0.02)	(3)
Gearing	%	50	49	1.0	2
Interest cost	Rs. 000	(212,622)	(66,322)	(146,300)	(221)
Interest rate	%	24	10	14.0	140
Financial investments	Rs. 000	27,365	28,412	(1,047)	(4)
<b>Shareholder information</b>					
Group fitch rating		"AA (Ika) –stable Outlook'	"AA (Ika) –stable Outlook'	-	-
Dividend per share	Rs.	2.00	2.00	-	-
Market price per share	Rs.	253.75	184.75	69.00	37
Earnings per share	Rs.	21.95	19.85	2.10	11
Net assets per share	Rs.	212.95	192.75	20.20	10
Price Earnings Ratio	Times	11.56	9.31	2.25	24
Total assets	Rs. 000	2,135,653	2,092,113	43,540	2
Number of shareholders	Nos.	1,207	1,235	(28)	(2)
Market capitalization	Rs. 000	1,074,066	782,004	292,062	37
Float adjusted market capitalization	Rs. Mn.	465.9	339.3	126.6	37
Shareholders' funds	Rs. 000	901,379	815,860	85,519	10

## Operational Highlights

		2022/23	2021/22	
Manufactured Capital	No. of factories	Nos	3	3
	Rubber compound consumed	Kg 000	1765	2129
	Investment in PPE	Rs. 000	134,406	54,362
	Value additions	Rs. 000	938,231	662,095
	Number of products	Nos	57	44
Human Capital	No. of employees	Nos	507	525
	Retention rate	%	98.1	98.0
	Employee remuneration & rewards	Rs. 000	516,616	408,978
	Investment in training & development	Rs. 000	592	657
	Training hours		2867	1655
	Gender diversity ratio (Male : Female)		79:21	81:19
	Profit per employee (after tax)	Rs.	283,232	160,046
	Value additions per employee	Rs/ month	154,213	105,094
Social Relationship Capital	Donation in cash	Rs.	337,243	155,726
Capital	Number of exhibitions participated	Nos	2	1
	Total taxes (including differed tax)	Rs. 000	61,749	15,495
	Number of customer complaints	Nos	13	11
Natural Capital	Energy consumption	Kw	2,065,502	1,744,663
	Waste rubber reused/ recycled	Kg 000	53.0	63.9
	Investment in solar projects	Rs. Mn	52.5	-
Intellectual capital	Number of international awards	Nos	1	-
	Total number of awards	Nos	6	4
	No. of new rubber products	Nos	13	13
	Number of trees planted	Nos	1000	2600

# MONTHLY

## Operational Highlights - 2022/23

### 2022

- **April**

- Providing 751 Kw to the national grid from our Solar project in Galle factory. This is a joint investment with Sunpower Energy Systems (Pvt) Ltd.



Opening of Solar project in Galle factory

- **May**

- Received SLS 993;2013 and SLS 1206;2000 for “SAMSON POWERGUARD” conduits & Trunking respectively. There are a few companies in Sri Lanka with SLS status for trunking and conduits.



- **June**

- Held our 30th AGM by way of electronic means on 30th June, 2022.



- **July**

- Commenced advertising for rubber products in the local market with “Samson Rubber” brand in electronic media.

- **August**

- Opening our first distribution of trunking & conduits with SLS status to Dinuka Distributor, Radawana.



# MONTHLY Operational Highlights - 2022/23 (Contd...)



## • September

- Exported rubber products to Ghana for the first time
- Organized Annual get together for workers & staff with Udawalawe safari.



## • October

- Invested for two Injection Moulding Machinery in Baddegama PVC Plant.

## • November

- Introduced many new rubber products such as wheelbarrow tires and hammers by our R and D Dept.

## • December

- Received first international merit award for the Annual report (2020/21) from SAFA in Nepal.
- Received three Gold awards from NCE for Overall winner, Best Innovative Exporter and Best Performer in R & D activities.



- Received Bronze award for the annual report of 2021/22 from CA Sri Lanka in the category of turnover up to Rs, 10 Bn.



- Distribution of rice from company paddy field to Sarmurdhi beneficiaries.

## 2023

### • January

- Organized inter-Company Volleyball tournament at SIL Volleyball ground for sixth time. SIL Male Team became the champions for the first time in this tournament.



### • February

- Distribution of food bag and vouchers worth around Rs. 10,000 for all employees by considering the current economic situation.

### • March

- Recorded highest turnover and profit of Rs 155 Mn.
- Introduced rubber products such as tennis ball and eraser by R and D Dept.

# CORPORATE Information



Name of the Company	: <b>Samson International Plc</b>
Legal Form	: A public quoted Company with limited liability. It was incorporated on 14th October 1988 and re-registered under the Companies Act No. 7 of 2007 on 3rd September 2008.
Company Registration number	: PQ 192
Stock Exchange listing	: The ordinary shares of the Company were listed in the Colombo Stock Exchange of Sri Lanka on 24th July 1992 and the Company was converted to a public quoted Company.
Principal line of business	: Manufacture of rubber and PVC-based products for the international and local markets.
Registered Office	: No. 110, Kumaran Ratnam Road , Colombo 02. Te: (011) 4728 800, Fax (011) 2440 890 Email: info@samsonint.com
Directors	: Dr. D. K. Rajapaksa (Chairman / Jt. Managing Director) Mr. T. K. Bandaranayake Mr. D. G. P. S. Abeygunawardana (Director/ General Manager) Mr. D. D. A. Rajapaksa (Jt. Managing Director) Mr. D. C. J. Rajapaksa Ms. I. Malwatte Mr. D. N. S. Rajapaksa
Audit Committee	: Mr. T. K. Bandaranayake (Chairman) Ms. I. Malwatte

# CORPORATE Information (Contd...)


Remuneration Committee	:	Ms. I. Malwatte (Chairperson) Mr. T. K. Bandaranayake Mr. D. D. A. Rajapaksa
Related Party Transaction Review Committee	:	Mr. T. K. Bandaranayake (Chairman) Ms. I. Malwatte Mr. D. D. A. Rajapaksa
Secretaries	:	P W Corporate Secretarial (Pvt) Ltd. No. 3/17, Kynsey Road, Colombo 08. Te (011) 4640 360
Factories		
Galle Plant	:	Akuressa Road, Bogahagoda, Galle. Te (091) 3094 469-72, Fax (091) 2224 036, Email: info@samsonint.com
Kalutara Plant	:	No. 57/B, Fullerton Industrial Zone, Nagoda, Kalutara. Te (034) 5622 688, Email: info@samsonint.com
Baddegama Plant	:	Gilcroft Estate, Kiribathwila, Ampegama, Baddegama. Te (091) 3094 469-72, Fax (091) 2224 036, Email: info@samsonint.com
Auditors	:	Messrs Edirisinghe & Company, Chartered Accountants, No. 45, Braybrook Street, Colombo 02.
Bankers	:	Hatton National Bank      DFCC Bank      Nations Trust Bank Bank of Ceylon      Commercial Bank      Seylan Bank People's Bank
Tax Registrations	:	Value added Tax No/ Income Tax No:114049387-7000 Nation Building Tax No: 114049387-8000 Economic Service Charges Tax No:114049387-9000
Parent Company	:	DSI Samson Group (Pvt) Ltd.
Group Chairman	:	Mr. Uditha Egalahewa (w.e.f. April 2023)
Group Managing Director	:	Mr. Kasun Rajapaksa
Contact Details	:	Mr. Sisira Abeywickrama Finance Manager Samson International PLC, Akuressa Road, Bogahagoda, Galle. Tel (091) 3094469-72 Fax (091) 2224036 Email: info@samsonint.com



# CORPORATE

## Milestones

Samson International Plc has been on a journey in reaching and maintaining high standard and marked many milestones in the past 35 years. Company has come to the level now where we provide 507 direct employments, produce value-added products and export them to around 35 countries in the world. Please also refer our contribution to the economy under Review of Operating Environment on page 70.

Year	Milestone	Photograph
1988/89	<ul style="list-style-type: none"> <li>Incorporated as a private Company (35 years ago)</li> </ul>	
1992/93	<ul style="list-style-type: none"> <li>Converted into a public quoted Company (31 years ago)</li> <li>Commenced business in Bogahagoda and installed first HWB machinery</li> <li>Visited first European sealing customer to our factory</li> </ul>	
1994/95	<ul style="list-style-type: none"> <li>Received the first "ISO 9001: 1994 certificate" among the rubber-related product manufacturing companies in Sri Lanka</li> </ul>	
1995/96	<ul style="list-style-type: none"> <li>Produced hot water bottles with the British Standard (BS 1970:2006) and TUV Certification for the 1st time.</li> </ul>	
2007/08	<ul style="list-style-type: none"> <li>Stepped in to beading products and invested in a Microwave continuous line machinery.</li> </ul>	



# CORPORATE Milestones (Contd...)

Year	Milestone	Photograph
2009/10	<ul style="list-style-type: none"> <li>• Purchased all assets of Aksel (Pvt) Ltd., Kalutara to have a second factory to manufacture rubber products.</li> </ul>	
2014/15	<ul style="list-style-type: none"> <li>• Stepped in to the PVC pipe business and purchased assets of Okta PVC Lanka (Pvt) Ltd., Baddegama.</li> <li>• Received the" ISO 9001:2008 certificate for PVC pressure pipes for the 1st time.</li> <li>• First issue of bonus shares on 1: 10 to shareholders</li> </ul>	
2015/16	<ul style="list-style-type: none"> <li>• Recorded first Rs. 1 Bn turnover of the Company.</li> <li>• Produced products with FSC TM (FSC TM C134777) Certification for the 1st time.</li> </ul>	
2016/17	<ul style="list-style-type: none"> <li>• Received a certification for the Code of conduct in business Social Compliance initiatives (BSCI) on Social Responsibility for the 1st time.</li> </ul>	
2017/18	<ul style="list-style-type: none"> <li>• Received 14001 ISO cetification for Environmental Management and cetification for ISO 50001:2011 Energy Management for the 1st time.</li> </ul>	
2019/20	<ul style="list-style-type: none"> <li>• Acquisition of an exclusive dealership with a Malaysian manufacturer for PVC taps.</li> </ul>	

# CORPORATE Milestones (Contd...)

Year	Milestone	Photograph
2021/22	<ul style="list-style-type: none"> <li>● PVC segment recorded its first Rs.1Bn turnover</li> <li>● Stepped in to rubber mixing (backward integration)</li> </ul>	 
2022/23	<ul style="list-style-type: none"> <li>● Produced trunking &amp; conduits with SLS 1206:2000 &amp; 993:2013 under the brand name of POWERGUARD.</li> <li>● Received the 1st international award from South Asian Federation of Accountants for the best presented annual report (Merit award) and three Gold awards from NCE.</li> </ul>	 

# OUR Products and Markets



## Receiving a Gold Award for the Most Innovative Exporter

*“Our export products are available in 35 countries or 18% of the countries in the world”*

**S**amson International Plc produce perfect products with the right quality for which we look at all dimensions such as Performance, features, reliability, conformance, durability, serviceability, aesthetics, and perceived quality in the products we intend to produce. We know that a perfect product would be a win for everyone. Then product makers would become personally fulfilled and wealthy, while the users would be forever grateful because their lives would be so improved. Distributors would be ecstatic because of the demand for the product, and the media would seize on it because of its obvious positive impact. The government would love the perfect product because tax revenue would be improved,

and environmental group would respect it because it would not use limited resources or polite the eco-sphere. Workers would be happy due to more job opportunities and increase their remuneration. Therefore, we all target to produce perfect products. In this process, research and development department plays a key role. At present, we have produced more than 50 products under the rubber segment which have been listed below. We have all the machinery and expertise to manufacture rubber and PVC related products.

## Business model

Samson International Plc makes value added products. Our value creation business model and process shows how we take in value, use our manufacturing facilities, people, systems and relationships to create additional value for our communities, customers, shareholders and suppliers. Our vision is to be

## OUR Products (Contd...)

the leading polymer product manufacturer in the region. We have been manufacturing products out of rubber and PVC material under polymer. We sell rubber-related products in both export and local markets. PVC products are sold in the local market. At present, we have about 50 products in the rubber sector covering different industries. The Group has the expertise in manufacturing polymer value added products. The Group export is more than USD 55 Mn. This is a public quoted Company having shareholders more than 1200. We maintain our gearing less than 50% and during the last 5 years we recorded continuous sales growth and profits. We strictly adhere to the Corporate governance and focus on sustainability. We need to maintain good rapport with villagers, employees, suppliers and government institutions.

### Strategic sales process

Our marketing team goes through strategic sales process to exploit new customers and repeat sales orders for our products every year. We received thirteen Gold awards from National Chamber of Exporters and CA Sri Lanka during the last decade. We follow each strategic sales Processes in depth which are Suspects, Prospects, Research, Approach, Sales presentation, Objection handling, Decision making, Close the sales contract, After sales service and Repeat sales. During the last five years, we recorded continuous sales growth and this year our turnover is Rs. 2.8 Bn.

### Product and Service Responsibility

Our quality policy is to meet or exceed customer satisfaction and it holds the utmost priority in our business values. Therefore, we are totally committed to ensure the highest standard of quality in our products and services. We recognize that all our employees have a vital role to play in making this policy a reality. Thus, the responsibility of continually improving our quality management system while ensuring total compliance in accordance with the legal and ISO standard requirements run right through the organization from top management to the bottom level. When products are sold, we understand the importance of the product and service responsibility. Our measures is to improve quality in compliance with international standards. We achieved significant international recognition in terms of product quality. Continuous in-house and overseas laboratory tests ensure a solid market share for our products. We do not use hazardous raw materials for our products and strictly follow REACH Standard. We also produce many products with FSCTM (FSCTM C134777) Certification (Forest Stewardship CouncilTM-Chain of Custody). We too obtained ISO 14001 Environment Management System, ISO 50001 Energy Management System and BSCI certification which is awarded based on social responsible practices. We give a warranty of minimum two years for our rubber products.

### Rubber - related product Segment

Sri Lanka rubber is considered as being among the best in the world. However, Sri Lanka's rubber is exported to many countries as raw material without making any value additions in the past. This is mainly due to lack of technical know-how and the latest technology or machinery. Many Companies in the developing countries are not strong enough to invest in such technologies and find it difficult to get people with expertise in this field. In the year under review, the rubber prices were very volatile and it went up to Rs. 1400 per kg and subsequently it came down. Please refer Rubber graph in review of the Rubber and PVC Industry on page 78 for the details.

At present, we have 57 rubber-related products for different industries. For export market, we sell them under the customers' brands as well as the SIL brand. For local market, we sell under product-related brand names. The rubber products we sell through distribution channel are branded as Samson Rubber. The product analysis in industry wise is given below.

Our marketing strategies are formulated based on the below market segmentations.

- 1) Material based segmentation:  
Rubber / PVC
- 2) Based on nature of the Market:  
Export / Local
- 3) Based on the relationship:  
Sister Companies / Non- sister companies
- 4) Based on Geographical distribution:  
Rubber : Europe/ Middle East/ South Africa/ USA & Canada/ Australia/ Asia  
  
PVC: Southern province/ Eastern/ western/ central/ North central/ north/ North Western
- 5) Based on order Volumes:  
Rubber : Largest rubber product customer / Others  
PVC : Water Board customer / Others
- 6) Based on the Application:  
Rubber: Pharmaceutical/ Food & packaging/ Bath ware/ Automotive / Matting & Flooring / Foot ware / construction / Irrigation & Agriculture / Others (Please see next page)  
  
PVC: Pressure/ Non-pressure / Irrigation / Electrical

## Rubber Products - Industry wise

1) Pharmaceutical Industry	2) Food and packaging Industry	3) Bath ware Industry
Hot water bottles	Food grade jar sealing rings	Bath mats
Power webs	Scrapers	Tub mats
Flex Bar - Molded	Bottle caps	Head rests
Pharmaceutical rubber bung	Mover bands	Soap container
Flex bars	Rubber bands	
Period cups	Pallet bands	
	Tube rings	
	Cosmetic container	

4) Automotive Industry	5) Matting and Flooring Industry	6) Foot ware Industry
Three-wheeler mats	Household mats	V straps
Truck mud flaps	Industry mats	Shoe soles
Bus mat	Continuous mat rolls	Heel grounders
Scooty mat	Gymnasium mats	
Battery clips	Pool mats	
High pressure moulded autoclave beading	Specialty mats (Fire retardant and Electrical resistant mats)	
Rubber wiser	Yoga Mat	
Boat fender		

7) Construction Industry	8) Irrigation and Agriculture Industry	9) Other Industries
Beadings and Profiles	Pipe joining rings	Rubber pencil eraser
Conveyor belts	Garden hose	Tennis ball
Rubber ramps	Soka hose	Rubber fish bite
Road humps	Fertilizer hose	Machine rubber roller
D-Bumpers	Flower pot	Natural rubber tube
Pylon	Septic tank washer	
Door stoppers		
Corner guards		
Rubber mallet		
Rubber bumper		
Neoprene profile		
Wheelbarrow tyre		

# OUR Products (Contd...)

## 1) Pharmaceutical Industry





# OUR Products (Contd...)

## 2) Food and packaging Industry



# OUR Products (Contd...)

## Global Presence

Last year, we had our presence in 33 countries in the globe. In the year under review, we have extended our market presence to 35 countries by adding Ghana and Scotland. Further we have expanded our market presence in Netherland, Maldives, Finland and Australia by adding more customers.

Our global presence for rubber-related products is shown below.

EUROPE (47 Countries)	ASIA (44 Countries)	AFRICA (54 Countries)	NORTH AMERICA (23 Countries)	OCENIA (14 Countries)	SOUTH AMERICA (12 Countries)
Austria Belarus Belgium Czech Republic Estonia Finland France Germany Lithuania Netherlands Norway Poland Romania Scotland Sweden Switzerland United Kingdom	Bangladesh China India Japan Maldives Pakistan Saudi Arabia South Korea Sri Lanka Turkey	Ghana Kenya South Africa	Canada United States	Australia New Zealand	Ecuador

**Our products are available in 35 countries which covers 18 % of countries in the world**



The Countries where our products are available are in red



# OUR Products (Contd...)

## Global presence analysis

Region	2022/23 (Rs.000')	2021/22 (Rs.000')
Europe	1,245,668	833,520
Australia and New Zealand	42,573	23,950
USA and Canada	54,899	30,127
South Africa and Middle East	84,624	57,812
Asia	1,467,097	1,939,780
<b>Total</b>	<b>2,894,860</b>	<b>2,885,189</b>

## Samson Rubber

We appointed new distributors to sell our rubber products throughout the country under the brand of Samson Rubber. In the first year itself, we recorded a turnover of Rs. 30 Mn in the midst of challenging business environment in the country. We initially appointed 24 distributors. We started investing in electronic media advertisements to promote our brand and will continue it continuously.

Our market presence for rubber products is shown below.

- Sri Lanka
- Rathnapura
- Embilipitiya
- Kandy
- Radawana
- Norochcholai
- Badulla
- Akkaraipattu
- Kattankudy
- Ambalangoda
- Kurunegala
- Mawathagama
- Morawaka
- Matara
- Kotagala
- Kadawatha
- Polgahawela
- Galle
- Anuradhapura
- Maravila
- Bingiriya
- Baddegama
- Ballapitiya
- Jaffna
- Dambulla
- Yakkalamulla
- Lunugamvehera
- Melsiripura
- Nikaweratiya
- Kegalle
- Piliyandala
- Bibile
- Moratuwa
- Thalangama
- Nugegoda
- Avissawella



## PVC - related product Segment

Year 2022 began with a lot of optimism. We were having continuous sales growth however, anticipated drop in sales volumes was inevitable due to the shortage of fertilizer and foreign currency crisis. As the year progressed, PVC industry faced numerous challenges.

We invested in PVC pressure pipes business on 14th July 2014 in order to move further forward in the direction of our Vision. In the current financial year, we expanded our production and stores capacity to meet the increased demand. We advertised in the electronic media throughout the year and brand was promoted. A few years back, we acquired an exclusive dealership for tap range products with a Malaysian manufacturer and this is growing. We have the following PVC product categories.

- 1) Pressure pipes
- 2) Agriculture & irrigation pipes
- 3) Conduits
- 4) Truncking
- 5) Fittings
- 6) PVC hose
- 7) Solvents
- 8) Taps
- 9) Gutters

We started recording profits from PVC segment for the second consecutive year in the midst of several challengers such as lack of fertilizer and cements, unfavorable whether condition, forex restrictions and Central bank new regulations, escalation of fuel cost, depreciation of LKR against USD, increase in raw material prices in the international markets and travel restrictions among the provinces during the Covid-19. PVC segment was able to record its first one Billion turnover in the previous year. We are going impossible to unstoppable journey in every business segment. While DSI Group have been firmly established in Sri Lanka for many generations in manufacturing polymer products for export markets, we now strive to enter the global markets such as Maldives, Middle east and South Asian counties to further expand our presence. We have been committed to bringing new PVC products to our customers, expanding our and ensuring that we make a comfortable impact in the lives of people across the globe as we have done for the rubber sector. We constantly, aim at maintaining the highest quality of our products while also focusing on research and development and service to cater to the evolving needs of our customers in the most efficient manner. We are now one of the leading

# OUR Products (Contd...)

manufacturer in the Sri Lankan PVC industry amongst industrial and consumer sectors and have made history by introducing its vast product range by our Research and development department. The Company, today, is a leader in the many product lines for different industries.

Our market presence for PVC products is shown below.

Sri Lanka

- Veyangoda
- Marawila
- Mahiyanganaya
- Kattankudy
- Bingiriya
- Trincomalee
- Polonnaruwa
- Kadawatha
- Akkaraipattu
- Sammanthurai
- Kotagala
- Nattandiya
- Matugama
- Galle
- Radawana
- 16-Ratnapura
- Bible
- Matara
- Polgahawela
- Vavuniya
- Baddegama
- Lunugamwehera
- Kurunegala
- Kandy
- Gampola
- Dambulla
- Jaffna
- Kaithady
- Embilipitiya
- Kelaniya
- Mawathagama
- Mullaitivu
- Ampara
- Nugegoda
- Anuradhapura
- Thalangama
- Kalpitiya



Samson POWERGUARD Trunking



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OUR Products (Contd...)



OUR Products (Contd...)





# AWARDS

## Won

Key Performance Indicators 2022/23



9

No of Gold Awards

01

International Award

10

No of Annual Report Awards

6

No of Special Awards

Receiving a Gold award in Rubber Products large category

*"We received the Gold award in Rubber & Rubber Products in Large Category from NCE and also the first International Award from SAFA for the Annual Report"*

**S**amson International Plc received many awards covering every sphere of business. We have been applying various

award competitions for the last twenty years. This enable us to improve the operational efficiency, minimization of risk, achievement of targets, enhancement of motivation among the employees, increase in reputation and image of the Company and the team work of the employees. We use these awards as a marketing tool and it helps us to attract foreign customers. The number of awards received by the Company during the last 35 years are as follows.

# AWARDS Won (Contd...)

Name of the Award	Number of awards received
1 NCE Export Award	22
2 Annual Report Award	10
3 National Business Excellence Award	05
4 CNCI Achiever Award	03
5 Sri Lanka National Quality Award	03
6 National Quality Circle Award	02
7 Social Dialogue and Workplace Cooperation Award	04
8 National Productivity Award	01
9 National Cleaner Production Award	01
10 Presidential Environment Award	02
11 Presidential Export Award	02
12 Social Media Campaign Award	01
13 Best Management Practices award	01
<b>Total</b>	<b>57</b>

## Details of the Awards Won in the Past:

### 1) NCE Export Awards:

Rubber & Rubber Products in Large Category from the National Chamber of Exporters of Sri Lanka:

- Export Awards 2022 - Gold Awards
- Special Award 2022 - The Most Innovative Exporter
- Special Award 2022 - The Best Performer in R & D Activities
- Export Awards 2021 - Silver Award
- Special Award 2021 - The Best Ethical Trading Exporter
- Export Awards 2020 - Gold Award
- Special award 2020 - Best Performer in Research and Development Activities
- Export Awards 2019 - Gold Award
- Export Awards 2018 - Gold Award
- Export Awards 2017 - Gold Award
- Export Awards 2016 - Gold Award
- Export Awards 2015 - Gold Award
- Export Awards 2013 - Silver Award
- Export Awards 2012 - Gold Award
- Export Awards 2011 - Gold Award
- Export Awards 2010 - Silver Award

**We have received 22 NCE awards of the 35 years of existence of our Company**



Three Gold Awards from NCE

- Export Awards 2007 - Silver Award
- Export Awards 2006 - Silver Award
- Export Awards 2005 - Bronze Award
- Export Awards 2004 - Silver Award
- Export Awards 2003 - Silver Award
- Export Awards 2002 - Silver Award

### 2) Annual Report Awards:

#### International Awards

South Asian Federation of Accountants in Manufacturing Category:

- 2021/22 - Merit Award in Nepal

#### Domestic Awards

Manufacturing Companies turnover up to Rs. 10 Bn from CA Sri Lanka:

- 2021/22 - Bronze Award

# AWARDS Won (Contd...)

Manufacturing Companies turnover up to Rs. 5 Bn from CA Sri Lanka:

- 2021 - Gold Award
- 2019 - Gold Award
- 2018 - Silver Award
- 2017 - Certificate of Compliance
- 2016 - Certificate of Compliance
- 2015 - Certificate of Compliance
- 2014 - Certificate of Compliance
- 2013 - Certificate of Compliance

### 3) National Business Excellence Award:

Medium Manufacturing Sector from the National Chamber of Commerce:

- National Business Excellence Merit Award in 2017
- National Business Excellence Merit Award in 2016
- Excellence in Global Reach Award in 2016
- National Business Excellence Merit Award in 2015
- National Business Excellence Award- Runners-up Award in 2014.

### 4) CNCI Achiever Award:

Extra-large manufacturing sector from the Ceylon National Chamber of Industries:

- CNCI Browns Provincial Award and Merit National Award in 2017
- CNCI Top Ten Award and Browns Provincial Award in 2016
- CNCI Merit Award in 2015

### 5) Sri Lanka National Quality Award:

Large manufacturing sector from the Sri Lanka Standards Institution:

- Merit Award in 2019
- Merit Award in 2016
- Certificate of Commendation in 2015

### 6) National Quality Circle Awards:

Sri Lanka Association for the Advancement of Quality and Productivity – SLAAQP:

- SIL Sinha and Silent teams Participated National Quality Circle Convention on 12th August 2018 and won two Silver Awards.

- Further, SIL Sinha Team Participated National Quality Circle Convention on 14th June 2017 and won a Bronze Medal while by participating Inter-Company Quality Circle Competition on 16th June 2017 and received a Merit Award.

### 7) Social Dialogue and Workplace Cooperation Award:

Medium manufacturing sector from the Ministry of labour:

- Merit Award in 2019
- Merit Award in 2017
- Merit Award in 2016
- Merit Award in 2015

### 8) National Productivity Award:

Manufacturing sector- Large Scale:

- Certificate of Commendation - 2019

### 9) National Cleaner Production Awards:

Manufacturing Large-Rubber Industry:

- Bronze Award - 2019

### 10) Presidential Environment Awards:

Rubber Based Products Industries:

- Merit Award – 2022/23
- Certification of Commendation-2019

### 11) Presidential Export Award:

Received in 1996 and 1997

### 12) Social Media Campaign Award:

Automotive & other Industries from Sri Lanka Institute of Marketing:

- Bronze SLIM DIGIS Award – 2018

### 13) The Best Management Practices being back to business in the new normal from the Institute of Chartered Professional Managers of Sri Lanka:

- Special recognition Award - 2021

### 14) Awards received by the Managing Director:

- Dr. Kulathunga Rajapaksa was awarded with an honorary doctorate from university of Sri Jayewardenepura in December 2019 on his

## AWARDS Won (Contd...)

contribution to the growth of DSI Samson Group and to the Sri Lankan Business community.

- Managing Director Dr. Kulathunga Rajapaksa received “Sri Lanka Entrepreneur of the Year (hall of Fame) Award” from the Federation of chamber of Commerce and Industry Sri Lanka, on 11th December, 2017.

The details of six special awards received by the Company are as follows.



Past Awards

### Special Awards Received by the Company :

Special Award	Area	Awarded by	Year
1. The Most Innovative Exporter	Marketing	National Chamber of Exporters	2022
2. Best Performer in Research and Development Activities	Research and Development	National Chamber of Exporters	2022
3. The Best Ethical Trading Exporter.	Management	National Chamber of Exporters	2021
4. Best Performer in Research and Development Activities	Research and Development	National Chamber of Exporters	2020
5. Excellence in Global Reach Award	Marketing	National Chamber of Commerce	2016
6. CNCI Top Ten Award	Management	Ceylon National Chamber of Industries	2016

### Summary of Gold / International Awards :

Year	Segment	Awarded by	Category	Award
2022/23	Exports	NCE	Rubber Products	Overall Award
	Exports	NCE	Rubber Products	Best Innovative Exporter
	Exports	NCE	Rubber Products	Best Performer in R & D Activities
	Annual Report	SAFA	Manufacturing	International Award (Merit)
2021/22	Exports	NCE	Rubber Products	Best Ethical Trading Exporter
	Annual Report	CA Sri Lanka	Manufacturing	Overall Award
2020/21	Exports	NCE	Rubber Products	Best Performer in R & D Activities
2019/20	Exports	NCE	Rubber Products	Overall Award
	Annual Report	CA Sri Lanka	Manufacturing	Overall Award
2018/19	Exports	NCE	Rubber Products	Overall Award
2017/18	Exports	NCE	Rubber Products	Overall Award
2016/17	Exports	NCE	Rubber Products	Overall Award
	Manufacturing	CNCI	Rubber Products	CNCI Top Ten Award
2015/16	Exports	NCE	Rubber Products	Overall Award
	Manufacturing	CNCI	Rubber Products	Global Reach Award
2011/12	Exports	NCE	Rubber Products	Overall Award
<b>Total</b>				<b>9 Overall Awards + 6 special Awards + 1 International Award</b>



# CHAIRMAN'S Review



*“Samson International Plc continues to focus on serving customers, sustaining the growth and development of operation, wellbeing of its workforce and expanding the company’s global footprint. ...”*

**I**t is my pleasure to present the Annual Report of Samson International Plc for the year ended 31st March 2023, which is our 35th financial year.

## Economy

Sri Lanka is looking out diversified export markets as a pending global recession may trigger a drop in sales in Europe and Western countries. We have observed a significant decline in the order volumes in all the exporting sectors in the economy. The reason for the decline in exports due to the impact of a pending global recession, overstocking of goods in customer warehouses and the fallout of the war in Ukraine. With the increase in interest rates, the purchasing ability of customers in these markets have gone down, resulting a drop in demand which affects exports. The UK is heading for a recession next year and it is one of our key markets. We should therefore make attempts to explore markets such as China, India, and Thailand.

## Performance

Our Company was incorporated in 1988 and during last 35 years we have been earning enormous foreign exchange from exports for the country and provided many job opportunities through value additions with local raw materials such as rubber from our plantations. This year we earned Rs 1,536 mn from exports as against Rs 1,023 mn in the previous year. The value addition for the year is Rs 938 mn as against Rs Mn 662 in the previous year.

The Company achieved the highest turnover for the 5th consecutive times. The Company recorded a turnover of

# CHAIRMAN'S Review (Contd...)

Rs. 2.9 Bn in the current financial year as against the previous year turnover of Rs. 2.8 Bn despite facing many challenges in the current business environment. Our performance in all functions improved and achieved the operational excellence and received many awards this year. I am pleased to inform you that we recorded the highest profitability of RS 156 Mn this year as against Rs 99 mn in the previous year resulting an increase of 55%. The profit after tax for the year was Rs 93 mn as against Rs 84 mn in the previous year. We continue to move **Impossible to unstoppable** journey.

The export in the Rubber sector performed well this year. The Company attempts to exploit all opportunities arising in the control or resistance of imported products in the local market which resulted from the recent exchange control restrictions. Further, we would fully utilize assistance given by the government to local manufacturers to promote our products. However, the PVC segment could not perform as expected this year due to the severe economic crisis in the country. During this crisis period, construction projects in the country declined enormously and related material cost such as cements went up dramatically.

In the recent past, Sri Lanka faced many challenging situations, with the Covid 19 and then the nation spiraling into an economic crisis. This led to uncertain operating environment for many manufacturing companies. The export sector was facing fears of uncertainty, leaving organizations to think fast and make agile decisions to secure their operations. Despite the expended power cuts and fuel shortages, we were able to maintain its operations, implementing the necessary precautionary safety measures without having to close down any factories in the Group or let go of any staff. The Company was able to continue on its growth trajectory and successfully contribute to the foreign currency earnings at a time Sri Lanka is in much need of increasing its foreign exchange reserves.

During the 2nd quarter, rubber price went up in unprecedented level. Further due to the depreciation in Rupee, imported raw materials cost went up. This had an adverse impact for rubber products sales and we had to increase prices even for export

customers. This resulted a decline in sales quantity in some products. Similarly, the price of resin which is the major import material for PVC products, also went up unprecedented level in 3rd quarter. Therefore, we had to increase the price of PVC products too which resulted decline in sales quantity in the mix of economic crisis. However, I am happy to say that we could record the highest turnover and profit despite facing several challenges in the current business environment.

Our main plant in Galle is now installed with rooftop solar systems to business green energy. In fact, SIL adheres to sustainable business practices in all companies because care for the environment and preserving natural resources are a part of our company's culture.

## Awards

This financial year, it is indeed a great honor to mention that our Company received first international award for our Annual Report of 2020/21 from South Asian Federation of Accountants in Nepal in December 2022. We received this result for the commitment we make in reporting on transparency, accountability, governance and sustainability to our stakeholders. Further we received three Gold awards from National Chamber of Exports of Sri Lanka this year which consist of the overall winner in the category of Rubber – Large, two more special Gold awards for the best Innovative Exporter and the Best Performer in Research and Development Activities. Further we received a Bronze award from the Institute of Chartered Accountants of Sri Lanka for the annual report of 2021/22 under the category of manufacturing sector of turnover up to Rs. 10 Bn and a merit award in the presidential environmental award competition. Therefore, I am happy to inform you that our staff has excelled in the function of Finance, Marketing, Manufacturing and Research & Development.

## Dividends

The Board of Directors decided to recommend a dividend of Rs. 2.00 per share in the year under review. (Last year - Rs. 2.00 per share)

# CHAIRMAN'S Review (Contd...)



Awards received in 2022/23

## Future

Considering the current economic crisis, Sri Lanka should emphasize the need for developing potential export industries with a particular focus on local value added sectors. Rubber products, textiles, agriculture, dairy, livestock and fisheries would have a greater socioeconomic impact to Sri Lanka. We continuously focus on these export market with value added products.

However, Low interest rates will stimulate economic growth and encourage people to borrow and launch businesses. At present, construction industry has especially declined and purchasing power has come down.

In the future, Samson International Plc continue to focus on serving customers, sustaining the growth and development of operation, wellbeing of its workforce and expanding the company's global footprint.

## Appreciation

I would like to especially thank our invaluable and loyal customers and the Board of Directors for their visionary guidance, the management and every employee of the Company for the dedication and commitment extended to the Company.

We at Samson International Plc sincerely thank all shareholders, employees and other stakeholders as this could not have been achieved without your continuous support. I would also like to thank our bankers and all our suppliers for the support given in difficult time. We deeply appreciate the faith of our shareholders in our Company and we assure them of a bright and better future.

A handwritten signature in blue ink, appearing to be 'D.K. Rajapaksa', written over a light blue background.

**Dr. D. K. Rajapaksa**

Chairman

Colombo

25th May 2023

# JOINT MANAGING

## Directors' Operational Review

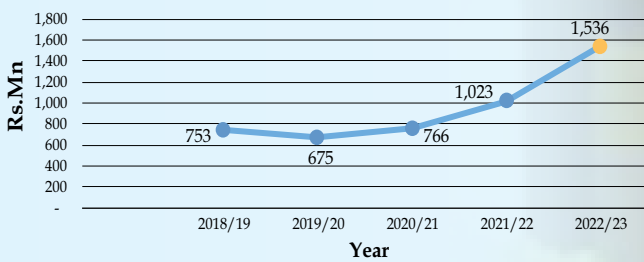
*"We recorded the highest profit and turnover this year and the Company was able to win the first International award for the Annual report and three more Gold awards from NCE ..."*

It is a pleasure to inform you that the Company recorded the highest profit of Rs. 155 Mn in the current financial year as mentioned in the Chairman's Review. We also recorded the highest turnover of Rs. 2.9 Bn as against the previous year's turnover of Rs. 2.8 Bn. We could achieve this turnover growth in the midst of economic crisis in the country. We are happy to mention our current year's theme of **"impossible to unstoppable"**. The main turnover growth came from rubber sector which increased its turnover by Rs. 574 Mn from Rs. 1,522 Mn in the previous year to Rs. 2,096 Mn in the current financial year. However, PVC sector did not perform as expected due to the prevailing economic crisis in the country and this sector operate resiliently. PVC sales were adversely affected from depreciation of Rupee, increase cement prices, decrease in private & water Board construction projects in the country, shortage of fertilizer, increase in interest rates, increase in income tax rates, introduction of social security tax, and decrease in purchasing power.

However, we had a remarkable growth in exports in the rubber sector and could earn substantial foreign exchange for the country. In fact, the export sales growth for the year was 50%. In the year under review, we have extended our global market presence from 33 to 35 countries (out of 195 countries in the world) by adding Ghana and Scotland. Further we have expanded our market presence in Netherland, Maldives, Finland, and Australia by adding more customers. During the last four years, we have a tremendous growth in export sales and it has increased from Rs.675 Mn in 2019/20 to Rs.1,425 Mn in 2022/23. The graph of the export sales trend in the Company for last 5 years is given below.

# JOINT MANAGING Directors' Operational Review (Contd...)

Export Turnover in Rs. Mn.



Customer satisfaction is a key facet in our company's strategic plan. We are geared to cater to all industries with our products and add value to their lives. As a customer focused business, we are committed to meeting their evolving needs and preferences. We aim to promote a culture where our employees place customers first in terms of meeting their financial needs and helping them succeed, while simultaneously improving our service proposition and providing outstanding performances. Our flexibility and dynamism have been instrumental in serving customers well despite the prevailing challenges. Our products are tested to the most stringent international and local standards. We also use aggressive promotions through electronic media especially for PVC-related products in the local market. We could expect a greater turnover from the PVC segment in the near future. The Company couldn't participate much in local and foreign exhibitions this year. We participated one overseas exhibition in Europe for rubber products and another exhibition in Jaffna for Rubber and PVC products. We also did several customer visits in Europe this year. We would take every possible steps to exploit all opportunities with the assistance given by the governments in the difficult circumstances and through our research and development capabilities.

We are happy to see that the company has achieved tremendous sales growth in Certification for Forest Stewardship Council TM(FSCTMC134777)-Chain of custody products by introducing several new products to the European market this year too. Further, we could expect a greater sales growth in the next financial year after normalcy is reached in the country. The major sales growth from the rubber sector came from hot water bottles. We increased the turnover of hot water bottles





# JOINT MANAGING Directors' Operational Review (Contd...)

by 165% compared to the previous year. Sales from V-straps and shoe soles went up by 20% and rubber mats and rubber bands sales increased by more than 150%.

The operation of the Company in the previous year was adversely affected from the Covid-19. Since we could deliver all export orders without any delay with the commitment of all our employees, we did not lose any customer in the current year. PCR tests were carried out by the health authority for all employees of the Company. We adhered the guidelines given by health authorities strictly and monitored it successfully.

## Investments

We had been sanguine about the economy eventually rebounding when the spread of Covid-19 is controlled. However, we are now facing the economic crisis. Nevertheless, our vision and investment plan have not really changed, although there could be temporary setbacks to some ongoing projects. The capacity of both rubber and PVC factories was expanded. One and a half years back, we invested Rs 40 Mn in a warehouse building and another Rs 65 Mn in a mixing plant. This was a right decision we took. If we are going to invest the same in the current financial year, we may have to incur treble of this amount in the current economic conditions. The capacity of the main rubber factory in Galle was further increased by investing in machinery such as another Kneader, mills and lab equipment. Similarly, in Baddegama PVC plant, we invested in two injection moulding machinery and the expansion of the factory building. We have invested more than Rs.134 Mn in the current financial year from which we expect a return in the future. As European market exerts pressure on lower prices, we should look for alternatives in Asian, Middle-East and African markets.

Our R & D has helped us to keep business afloat and we will continuously invest in it. We are driven by a philosophy of continuous innovations. We constantly strive to deliver new and improved products by seamlessly integrating inventive technology. Expertise and best practices in order to achieve operational excellence is used and we strive to provide maximum value customers. We have strengthened our research and development and continue to obtain professional services from universities and related government institutions. New product development is an ongoing process and is a result of the collective effort of the R&D and marketing teams. During the year we developed seventeen (previous year thirteen) new products in the overseas and local markets (Please see page 141). We invest more than Rs. 25 Mn per annum on Research

and Development (R&D) activities, which is around 2% of our turnover. Despite extremely challenging industry conditions, both globally and locally, the Company adopt a long-term view of value creation, investing in innovation, automation, people and its infrastructure.

## Our employees

The one of our main aims is to enhance the knowhow and skills of our people through training, which has greatly helped us for the retention of talent to combat the scarcity of labour in our sector. Further this results to provide a greater productivity and a reduction wastage. The Company is also focused on providing attractive remuneration and benefits to drive employee loyalty and build our employer brand. This year we provided food bags and gift vouchers to all employees by considering the current economic condition. Further we took all employees of the company to Udawalawa Safari as the annual trip. Last year we invested more than Rs 1 Mn for the Gym equipment for the workers. Our labour turnover of the Company is around 1.9%.

## Our Neighbours

We maintain excellent rapport with our neighbours and villagers which seems to be constructive and improving continuously. We have not received any single complaint from the villagers. Further, our main focus is on contributing to the welfare of rural communities by offering them many more employment opportunities and uplifting their living standards. Every year we donate rice from the harvest of the Company paddy field to Samurdhi beneficiaries in Bogahagoda.

As a socially responsible manufacturing establishment; we invested in Solar and the Galle factory was equipped with a 751 kw Solar PV roof top system which is capable of generating nearly 86,000 kwh of renewable energy per month. We look at not only financial ROI but also Social ROI for investments and we aim to support the government in pursuing its vision.

## Awards & Certifications

During the year, the Company received our first international award for the Annual Report from South Asian Federation Accountants and three more Gold awards from the National Chamber of Exporters as explained in the Chairman's review. We were granted ISO 50001 on Energy Management and ISO 14001 on Environmental Management this year too. We have enjoyed ISO status for rubber since 1994 and we are the first rubber-related product manufacturing Company to receive the ISO 9001:1994 Quality Management Certificate. We also

# JOINT MANAGING Directors' Operational Review (Contd...)

received the British Standard (BS 1970:2006), TUV Certification and FSC Certification for our products. All raw materials used to manufacture our products conform to the "REACH" regulations of Europe. The Company was awarded the BSCI International Certificate following an evaluation of social responsibility and adherence to international and local laws.

## Future

We strive to record the highest turnover and profit next financial too and maintain it continuously. Our effort is to further strengthen our operation, export market, financial management, achieving optimal cost structure and effective risk management lead to achieve our strategic goals. We will regain our PVC customers and record a greater profitability next year. We will continue to expand our production capacity to meet the emerging demand for our products. We will also strengthen our research and development functions and introduce new products both from rubber and PVC. We will provide all training requirements including overseas as done

in the past after the country reaches the normalcy. We will also promote a knowledge based economy by equipping the workforce with necessary sot skills and expertise to ensure sustainable development. We will also use aggressive promotion activities to exploit all potential opportunities in the local and export markets.

I would like to thank all the members of management and every employee of the Company for their dedication and commitment to the Company during the year.



**D. K. Rajapaksa**  
Chairman/ Jt. Managing Director



**D. D. A. Rajapaksa**  
Jt. Managing Director

Colombo  
25th May 2023

# PROFILES

## of the Directors

The Profiles of the Board of Directors of Samson International Plc as at 31st March 2023 are as follows.

### 01. Dr. D. Kulatunga Rajapaksa

*PhD (H.C.) University of Sri Jayawardenapura*

*D. Litt University of Westminster*

*B. Sc (Hons) University of Peradeniya*

**Chairman/ Jt. Managing Director**

*Appointed to the Board on 14th October 1988 (since the inception)*

#### **Skills & Experience**

Dr. Kulatunga Rajapaksa was the former Chairman and the Group Managing Director of DSI Samson Group (Pvt) Ltd. He has over 60 years of experience in the manufacture of footwear and rubber products.

#### **Other Appointments**

He has served as a Council Member of several universities and is a past president of the National Chamber of Exporters of Sri Lanka and also of the Sri Lanka Association of Manufacturers and Exporters of Rubber Products, Sri Lanka Footwear & Leather Products Manufacturers Association and a Director of the Mawbima Lanka Foundation.

Jayawardenepura in December 2019 on his contribution to the growth of DSI Samson Group and to the Sri Lankan business community.

#### **Number of shares held in the Company**

11,159 shares

### 02. Mr. Tissa K. Bandaranayake

*B.Sc. (Cey), FCA*

**Independent, Non – Executive Director**

*Appointed to the Board on 31st March 2009*

#### **Skills & Experience**

Mr. Tissa Bandaranayake has many years of commercial and professional experience and was a Senior Partner of Ernst & Young from where he retired after 27 years, having serviced a large portfolio of clients, both local and multinational in various industries. Mr. Tissa Bandaranayake is a past Chairman of the Audit Faculty of the Institute of Chartered Accountants of Sri Lanka. He was the Founder Chairman of the Quality Assurance Board established by the Institute of Chartered Accountants of Sri Lanka and served in that capacity for several years.

In recognition of his contribution to the accountancy profession, the commercial sector and the community over the years, Mr Bandaranayake was admitted to the Hall of Fame of the Institute of Chartered Accountants of Sri Lanka.

#### **Other Appointments**

He currently serves as a Director in Overseas Realty (Ceylon) Plc , Havelock City (Pvt.) Ltd, Renuka Holdings Plc, Micro Holdings (Pvt) Ltd., Harischandra Mills Plc, Brown & Company Plc and Nawaloka Hospitals Plc. He also serves as a Consultant to the Board Audit Committee of Noritake Lanka Porcelain (Pvt) Ltd.

#### **Board committees**

Audit Committee

Related Party Transactions Review Committee

Remuneration Committee

#### **Number of shares held in the Company**

Nil



# PROFILES of the Directors (Contd...)

## 03. Mr. D. G. Priyantha S. Abeygunawardana

*MBA, LLM, LLB, FCA, FCMA, FCCA, MCIM, Attorney-at-Law*

**Director / General Manager**

*Appointed to the Board on 08th August 2013*

### Skills & Experience

Mr. Priyantha Abeygunawardana is a triple-qualified Accountant holding the fellowship of CA, CIMA, ACCA and also an Attorney-at-Law. He obtained his LLB degree from the Open University of Sri Lanka and took his oaths as an Attorney-at-Law in 2004, having passed the requisite examinations held by the Sri Lanka Law College.

He also holds two Master's degrees in two different fields, namely, MBA from the University of Sri Jayewardenepura specializing in Finance, and LLM from University of Colombo specializing in Company Law, Labour Law and Banking Law.

He is also member of Chartered Institute of Marketing, UK.

Previously he was at Ford, Rhodes, Thornton & Company, Hayley's, Abans and lastly at Richard Piers Exports PLC, where he worked as General Manager for six years. With regard to his sports carrier, he toured Malaysia and Thailand with the Mercantile Hockey Association team (Combined Companies) as vice-captain in 1992. He also toured India with the Sri Lanka Schools' Hockey team as vice-captain in 1979. He played in the CR & FC Hockey team from 1978 to 1988 and captained the CR & FC in 1986. He played Hockey and Football for Nalanda College for several years. Under his captaincy in 1979, Nalanda College Hockey team emerged champions in the under 19 All-Island inter school tournament.

### Other Appointments

No other appointments.

### Number of shares held in the Company

110 shares



## 04. Mr. D. Dilshan A. Rajapaksa

*M.Sc. (Australia), B.Sc.Hons (UK), MCIM(UK)*

**Jt. Managing Director**

*Appointed to the Board on 01st June 2015 and as Jt. Managing Director on 11th February 2021*

### Skills & Experience

He Joined DSI Group in 2006 and has been working as the Marketing Director many DSI Clusters spanning across Footwear, Rubber products, Coir products, Clay products bring the local/export revenue to the Group.

He is the creator and the brain behind the concept of "Waves" flip flops, the market leader in flip flops in Sri Lanka and has a global footprint of over 10 countries. He has also initiated many successful brands spanning across various product sectors launched in to the market in the local and international arena.

He has more than 16 years Marketing, Management & Information Technology experience in both local and overseas Companies.

He is a Chartered Marketer and holds M.Sc. in Business Systems from the University of Monash, Australia and B.Sc. (Hons) in Information Systems from the University of Manchester Metropolitan, UK and is a Member of the Chartered Institute of Marketing – UK (MCIM).

### Other Appointments

He serves as a Director of DSI Samson Group (Pvt) Ltd., D. Samson Industries (Pvt) Ltd., Samson Compounds (Pvt) Ltd., Samtessi Brush Manufacturers (Pvt) Ltd, Samson Rajarata Tiles (Pvt) Ltd., Samson Insurance Brokers (Pvt)Ltd and. Samson Investments (Pvt) Ltd.

### Board committees

Related Party Transactions Review Committee

### Number of shares held in the Company

Nil



# PROFILES of the Directors (Contd...)

## 05. Mr. D. Chandula J. Rajapaksa

*M.Sc. (Australia), B.Sc. (UK)*

**Non-Executive Director**

*Appointed to the Board on 10th August 2018*

### **Skills & Experience**

Mr. Chandula Rajapaksa has more than 9 years Management experience in both local and overseas Companies. Previously he worked at Price Water House Coopers, Sri Lanka.

He holds M.Sc. in International Business from the University of Monash, Australia and B.Sc. in Business with Information Technology from the University of Staffordshire University, UK. He is also passed finalist of Chartered Management Accountants of UK.

### **Other Appointments**

He serves as a Managing Director of Samson Exports (Pvt) Ltd., Hydro Trust Lanka (Pvt) Ltd., Werapitiya Hydro Power (Pvt) Ltd., Loggaloya Hydro Power (Pvt) Ltd. and a Director of Samson Rajarata Tiles (Pvt) Ltd., Samson Trading Company (Pvt) Ltd., Samson Manufacturers (Pvt) Ltd., Samson Group Corporate Services (Pvt) Ltd., Samson Compounds (Pvt) Ltd., Samson Apparel Makers (Pvt) Ltd., Samson Bikes (Pvt) Ltd. and Samson Engineers (Pvt) Ltd..

### **Number of shares held in the Company**

Nil



## 06. Ms. Indira Malwatte

*B. A. (Economics and Geography) University of Peradeniya*

**Independent, Non - Executive Director**

*Appointed to the Board on 14th August 2020*

### **Skills & Experiences**

Ms. Indira Malwatte holds a Combined Degree in Economics and Geography from the University of Peradeniya Sri Lanka and was the first woman Chairperson of the EDB.

She has over 40 years of experience in serving the Government both internationally and locally as a Top Export Promotion Professional. Her in-depth knowledge of multi sectors ranging from Industrial, Agricultural, Services, Supply Chain Management, and International Marketing has led to her serving as a Director in several Companies and Government Institutes in a variety of industries. She was the focal point on a number of World Bank, ITC, GIZ, CBI and JETRO export development projects.

In July 2016 she was internationally recognized for her long years of service in Business & Commerce with The Wifths Foundation Lifetime Achievement Award 2016-Business in London, UK. She was the first Sri Lankan to be bestowed with this honor. She was also recognized by Zonta Sri Lanka with the "Woman of Achievement" Award on Management in September 2017 and Women in Management Top 50 Professional & Career Woman Gold 2018 State & Government Sector in 2018. She was featured on "The 2018 A – List of Sri Lanka Business People" by the LMD Magazine.



# PROFILES of the Directors (Contd...)

## Other Appointments

Currently, she is an Independent Non-Executive Director of Cargills (Ceylon) PLC., an Independent Non- Executive Director of Lanka Shipping & Logistics (Pvt) Ltd and engaged in Consultancies on International Trade and Developing the SME Sector and Women Entrepreneurship.

## Board committees

Remuneration Committee – Chairperson  
Audit Committee  
Related Party Transactions Review Committee

## Number of shares held in the Company

Nil

## 07. Mr. D. Nishan S. Rajapaksa

*B.Eng. Hons (UK), M.Sc. (UK), MBA (Australia)*

**Non-Executive Director**

*Appointed to the Board on 11th February 2021*

## Skills & Experience

Mr. Nishan Rajapaksa has over 22 years' experience in the Telecommunications & IT sectors, holding Engineering and Management positions in blue chip companies in the UK and Australia.

He holds a B.Eng. (First Class Hons) in Electronic & Electrical Engineering from the University College London, an M.Sc. in Telecommunications from the University College London and an MBA from the Melbourne Business School.

## Other Appointments

He serves as an Executive Director at DSI Samson Group (Pvt) Ltd. with effect from 1st January 2020 and Chapter Lead Principal - Managed Services & Security at Telstra Corporation Australia.

## Number of shares held in the Company

8,297



**The right people with the  
diversified skills ...**

# PROFILES of the Directors (Contd...)

## Diversity in Board

Board consists of members with diversified professional background. They have experience of companies quite versatile in terms of nature and working environment. The experience includes Financial Management, Science, Engineering, Management, Marketing, Audit, Law, Information Technology and Economics & Geography. The Board collectively has the responsibility for ensuring that the affairs of the Company are governed competently and with integrity.

### Analysis of Directors' Professional Background:

	Professionally qualified area	No. of Directors on the Board
1	Science	2
2	Engineering	1
3	Finance	2
4	Management	1
5	Marketing	2
6	Law	1
7	Information Technology	2
8	Economics and Geography	1

### Service Analysis of Directors as 31st March, 2023:

	Service Category	No. of Directors on the Board
1	0 – 5 Years	3
2	6 – 10 Years	2
3	11– 15 Years	1
4	16– 20 Years	-
5	21– 25 Years	-
6	26 – 30 Years	-
7	31 – 35 Years	1
8	36 – 40 Years	-



# PROFILES

## of the Executive Management

### Executive Directors



**Dr. Kulatunga Rajapaksa**  
*PhD (H.C.) University of Sri Jayawardenapura*  
*D. Litt University of Westminster*  
*B. Sc (Hons) University of Peradeniya*  
**Chairman/ Jt. Managing Director**  
*Please refer page No. 46 for the profile*



**Mr. D. Dilshan A. Rajapaksa**  
*M. Sc. (Australia), B.Sc. Hons (UK), MCIM (UK)*  
**Jt. Managing Director**  
*Please refer page No. 47 for the profile*



**Mr. Priyantha Abeygunawardana**  
*MBA, LLM, LLB, FCA, FCMA, FCCA, MCIM, Attorney-at-Law*  
**Director/ General Manager**  
*Please refer page No. 47 for the profile*

# PROFILES of the Executive Management (Contd...)

## Marketing - Rubber Sector



**Mr. Sanjeewa Weerakkodi**

*MBM, BA (Hons) (Economics), MCIM*

**Assistant General Manager - Marketing**

Mr Weerakkodi, is the AGM- Marketing for the rubber segment and joined Samson International Plc in 2004. He holds a Master of Business Management from University of Colombo and a BA Honors degree in Economics from the University of Peradeniya. He is also a member of the Chartered Institute of Marketing, UK. Previously he worked in a rubber products manufacturing Company registered under BOI for two years.



**Mr. Chanuka Jayasinghe**

*MPA (Australia), MBA (USJP), BBM (India), Adv.Dip.Acc (Australia)*

**Marketing Manager**

Mr. Chanuka Jayasinghe possesses a Master's degrees in Professional Accounting from the University of Ballarat, Australia and in Business Management from University of Jayawardanapura. He also has a Bachelor's degree in Business Management from the University of Bangalore, India.

He is the Marketing Manager for rubber sector. He is responsible for searching new international markets and developing local distribution network for Samson Rubber branded products. He has previously worked for Microcells (Pvt) Ltd as a Senior Executive - International Marketing. Chanuka has over ten years' experience in marketing of rubber products and another four years' experience in the hospitality industry in Australia.



**Mr. Saminda Madushanka**

*Dip. in Sales Management – SILM*

**Marketing Executive**

Mr. Saminda Madhusanka joined Samson international Plc on 1st of January 2019. He is holding a National Diploma in Sales Management from Sri Lanka Institute of Marketing. He has one year experience as a senior business development officer at Nations Trust Bank and over 6 years' experience as a Marketing Executive in the field of Construction at Geed Technologies (Pvt) Ltd.. He oversees the local marketing activities in the Western province.



**Mr. Asith Withanawasam**

*B.Com (Sp), Dip. in Business Statistics*

**Marketing Executive**

Mr. Asith Withanawasam holds Bachelor of Commerce (Special) Degree & a Post Graduate Diploma in Business Statistics from the University of Ruhuna, Sri Lanka. He studied at St. Aloysius College Galle. He joined Samson International Plc on 1st of March 2005 and was promoted as a Marketing Executive on 01st January 2021. He handles rubber-related products for the European market.



# PROFILES of the Executive Management (Contd...)

## Marketing - PVC Sector



**Mr. Nishantha Abeygunawardana**  
Marketing Manager

Mr. Abeygunawardana joined Samson International Plc in July 2014 when the Company stepped into the PVC business. At present, he is the Head of Marketing for the PVC segment and played a key role to turnaround this segment. Previously, he worked at Associated Motorways Ltd., Central Industries Plc and Okta PVC Lanka (Pvt) Ltd., for eighteen years. He studied at Weeraketiya Central Colloge, Weeraketiya.



**Mr. P. Weerarathna**  
Field Sales Manager

At present he is overseeing in the Southern, Sabaragamuwa and Eastern Provinces. He joined Samson International Plc on 15th September 2015 as Regional Sales Manager. He has worked 11 years at Kamal PVC Industries (Pvt) Ltd and 2 years at Janashakthi Insurance PLC. He studied at Embilipitiya Maha Vidyalaya. All sales managers and supervisors in this region report to him.



**Mr. M.M.P. Kithulwatta**  
Field Sales Manager

At present he is overseeing in the Western, Central, North Central and Wayaba Provinces. He has worked 5 years at Kamal PVC Industries (Pvt) Ltd., 4 years at Central Industries (Pvt) Ltd. and 2 years at St. Anthony's Group (Pvt) Ltd. He studied at Mitigahathanna Vidyalaya, Badulla. All sales managers and supervisors in this region report to him.



**Mr. Janaka Sapukotana**  
Institutional Sales Manager

Mr. Sapukotana joined Samson International in October 2016 to handle the PVC projects. Previously he worked at Arpitech (Pvt) Ltd. as Sales Executive for 15 years from 2000 to 2016. He studied at Prince of Wales College, Moratuwa. At present, he oversees Water Board and government tenders.

# PROFILES of the Executive Management (Contd...)



**Mr. Pradeep Indika Somapala**  
Regional Manager

He has worked 14 years at Kamal PVC Industries (Pvt) Ltd and 2 years at Apex Combine (Pvt) Ltd. He works as the Regional Manager for the Western South. He studied at Vidyadarshi Maha Vidyalaya, Anuradhapura. He has experience working in many provinces in the Island. He joined Samson International Plc in December 2015.



**Mr. M. Z. Ziyad**  
Regional Manager

He has worked 2 years at Kamal PVC Industries (Pvt) Ltd., 1 year at Central Industries (Pvt) Ltd. and 3 years at Almarai Company in Saudi Arabia. He works as the Regional Manager for the Eastern Province. He studied at Central College, Ampara. He joined Samson International Plc in December 2015.

## Finance



**Mr. Sisira Abeywickrama**  
*B.Sc.(B.Ad.)Sp, ACA*  
Finance Manager

Mr. Sisira Abeywickrama is a Chartered Accountant and holds a B.Sc. Business Administration (Special) degree from the University of Sri Jayewardenepura. He studied at Asoka Vidyalaya, Colombo. He joined Samson International Plc on 01st of March 2018 and he is the Head of Finance. He did his articles at Jayasinghe & Company. Prior to joining Samson International Plc, he worked at Asoka Glass & Company and Maga Naguma Road Construction and Equipment Company. He has nine years post qualifying experience as a Chartered Accountant.

## Commercial



**Mr Naveendra Kumara**  
*MBA, MAAT, Dip in Business Mgt.*  
Manager - Commercial

Mr. Navindra Kumara has over 30 years' experience at Samson International Plc and has served the Company since 1990. He has worked in different key positions during his career at Samson International Plc and now he is the Head of the Commercial Department. He holds an MBA from Manipal University of India and a Diploma in Business Management from NIBM. He studied at Richmond College, Galle.

# PROFILES of the Executive Management (Contd...)

## Research & Development



**Mr. Wimal Siriwardana**

*Dip. in Rubber Technology; Certificate in Hydraulic Technology*

**Executive, Research and Development, Galle and Kalutara Rubber Factories**

Mr. Siriwardana has over 28 years' experience in research and development including at Samson International Plc and Samson Compounds Ltd.. He holds the Diploma in Rubber Technology and Certificate in Hydraulic Technology and is a member of the Plastic and Rubber Institute of Sri Lanka. He is the Head of Research and Development department. He studied at Telijjawila Central College.



**Mr. D.K. Dilan Madhushanka**

*Dip. in Rubber Technology*

**Executive, Research and Development**

Mr. Madhushanka joined as R & D Executive on 1st May 2018. He obtained his National Diploma in Technology from the University of Moratuwa in 2015. He previously worked at Samson Rubber Industries (Pvt) Ltd. as Executive in R & D Department for four years from February 2015 to January 2018. He studied at Christ Church Boys' College, Baddegama.

## Production



**Mr. Namal Nishantha**

*B.Sc., Dip. in Rubber Technology*

**Assistant General Manager - Production**

He is the Assistant General Manager – Production for the rubber sector. He holds a B.Sc degree from the University of Kelaniya and also a Diploma in Rubber Technology. He Joined Samson International Plc in 1998 and has 23 years of experience working in the quality assurance department of the Company. Mr. Namal previously worked as Quality Assurance Manager and served as the management representative of the Company for various quality-related audits for several years.



**Mr. Asanka Dimuth Edirisinghe**

*Dip. in Engineering Science*

**Executive, Production, Galle Plant**

Mr Asanka Edirisinghe is the Production Executive in the Galle rubber factory. He holds a National Diploma in Engineering Sciences. He joined Samson International Plc on 1st of July 2013 and previously worked at Johnson Controls, Qatar, for three years as Service Engineer and at D. Samson Industries (Pvt) Ltd. for two years as Research & Development Engineering Assistant.

# PROFILES of the Executive Management (Contd...)



**Mr. M. A. P. Janakantha**

*Dip. in Engineering Science; Dip. in Rubber Technology*

**Executive, Production, Baddegama and Kalutara Plants**

Mr. Janakantha holds a National Diploma in Engineering Sciences from the Institute of Engineering Technology and a Diploma in Rubber Technology from the Rubber & Plastic Institute. He has more than 24 years' technical experience, of which 22 years has been at Samson International Plc. At present, he is the Production Executive at the Baddegama and Kalutara factories. He studied at St. Johns College, Nugegoda.



**Mr. Himal Jayaranga**

*MBA, B.Sc. Engineering (Hons), AMIE*

**Production Manager, Baddegama Plant**

Mr. Jayaranga joined Samson International Plc on 01st September 2015 and works as Production Manager at Baddegama PVC factory. He holds an MBA from Cardiff Metropolitan University and a B.Sc. Eng (Hons) degree from the University of Moratuwa. He is an associate member of institute of Engineers and he studied at Telijjawila Central College.

He is responsible for all research and development activities at the PVC plant. Previously, he worked as Production Engineer at St. Anthony's Industries, Ekala. He was awarded a Lean Six Sigma Black Belt from Six Sigma Academy, Amsterdam.

## Quality Assurance



**Mr. Kasun Ranasinghe**

*M.Sc. (Polymer Science & Technology), MBA (UK), B.Sc.*

**Executive - Quality Assurance**

Mr. Kasun is the Head of Quality Assurance department and holds an M.Sc. Degree from the University of Sri Jayewardenapura, MBA from the University of Wolverhampton and a B.Sc. from the University of Colombo. He has joined Samson International Plc in 2019.

Previously, he worked as Product-Process Development Executive at ACL Plastics PLC, Ekala for nearly two years and as Assistant Manager Research and Development at Kamal PVC Industries Pvt. Ltd., Ratmalana for one and half years. He studied in Taxila Central collage, Horana and Kalawana National School.

## Engineering



**Mr. Nilantha Jayalal Gamage**

*National Dip. in Technology; PgDMM (Colombo), MMM (Colombo)*

**Manager - Engineering**

Mr. Nilantha Jayalal joined Samson International Plc in 2012. He holds a National Diploma in Technology from the University of Moratuwa and has completed his Postgraduate Diploma in Manufacturing Management from the University of Colombo. He also hold Master's degree in Manufacturing Management from the University of Colombo.

He worked at Brollo Pipes and Profile Ltd, Nigeria, as a Mechanical Engineer for two years prior to joining Samson International Plc. He is the Head of the engineering department and overseeing the engineering functions of all three factories. He studied at Godapitiya National School, Akuessa.

# PROFILES of the Executive Management (Contd...)



## Mr. Sudeshpriya Gamage

*Dip. in Technology*

**Executive, Engineering**

Mr. Sudeshpriya Gamage joined as an Engineer on 15th January 2017. He obtained his National Diploma in Technology from the University of Moratuwa in 2012. He previously worked at Rodrogo & Sons (Pvt) Ltd. for five years from February 2012 to January 2017. He is responsible for all moulds/ die designing and improvements in all three plants. He studied at Christ Church Boys' College, Baddegama.

## Human Resources



## Ms. Nishanthi Padmakumari

*Dip. in Human Resources Management*

**Assistant Manager - Human Resources**

Mrs. Padmakumari joined Samson International Plc in 1993 and is the Head of the Human Resources Department at present and has 30 years' experience in Human Resource Management. She holds a Diploma in Human Resource Management from NIBM. She studied at Dorape Maha Vidyalaya, Galle.

## Logistics



## Ms. Piumangani Seneviratne

*BMS (Sp) (OUSL), Dip. in Mgt (OUSL)*

**Manager - Logistics**

Ms. Senevirathne holds Bachelor of Management Studies (Special) Degree and a Diploma in Management from the Open University of Sri Lanka. She studied at Mahamaya Girls' School, Kandy.

She handles the logistic operations of the rubber sector. She joined Samson International Plc in 1995 and has held several managerial positions in the shipping, export and supply departments. She was in the export department from 1995 to 2010.

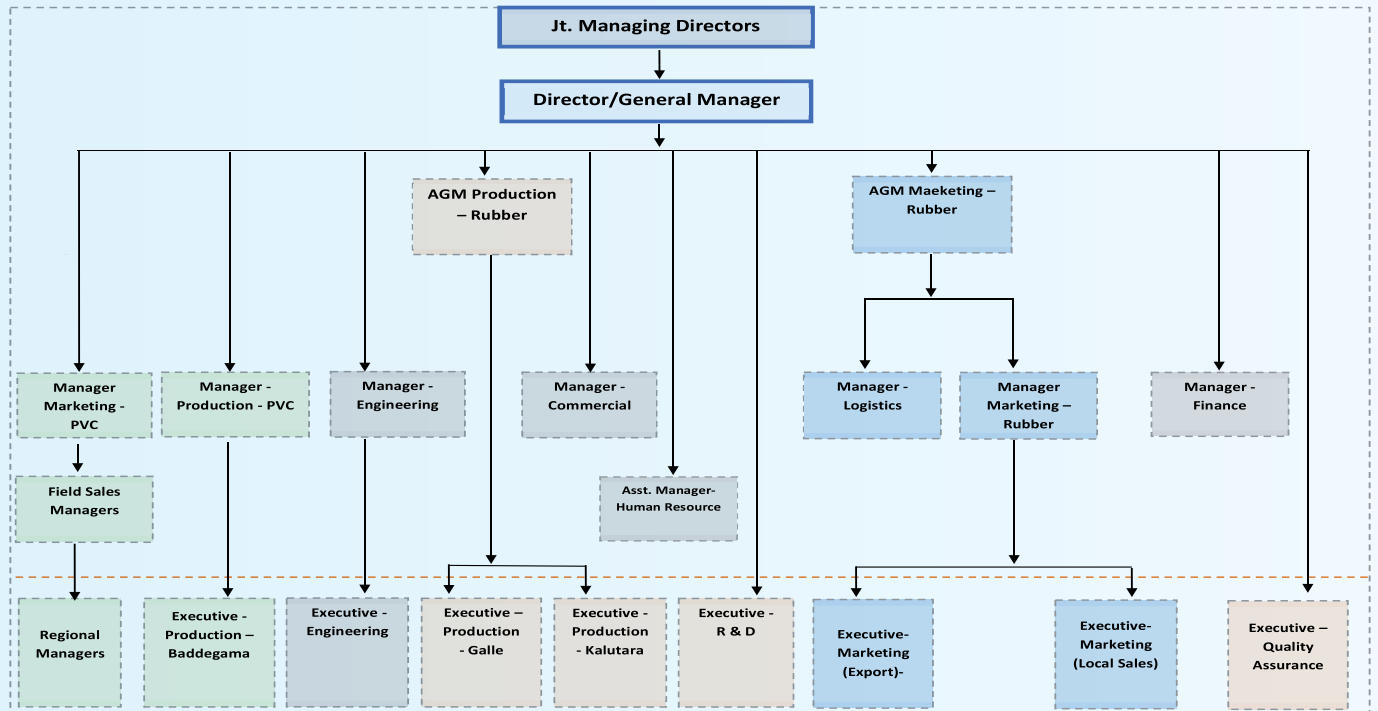
### Analysis of Educational and Professional qualifications of the Executive Management as at 31st March, 2023

Category	Number of executives with academic qualifications	Number of executives with professional qualifications
Doctorate	1	
Master's Degrees	8	
Bachelor's Degrees	10	
Diplomas (Engineering, Production and HR)	13	
Professionally qualified in Accountancy		2
Professionally qualified in Law		1
Professionally qualified in Marketing		3
<b>Total</b>	<b>32</b>	<b>6</b>

# PROFILES of the Executive Management (Contd...)

The organization chart of the Company up to the executive level is shown on next page. We have arranged this structure after considering the carrier succession plan of each position, capabilities & competencies of executives and Company's goals and objectives. We have a horizontal organizational structure.

## Organization Structure



Executive Management Team



# REVIEW

## of the External Environment



IMF Board of Governors meeting

*“Sri Lanka is currently facing its worst economic crisis since achieving independence in 1948 however current inflation rate and exchange rates have been on the decrease...”*

**T**his Review of the External Environment mainly covers Sri Lankan economy and the Global economy. We also discuss how these areas would impact on our Company.

### Sri Lankan economy

A continuous rise in COVID-19 cases was observed till the end of April 2022 following the detection of the Omicron variant at the end of 2021. The spread of COVID-19 within the country has been greatly curtailed as at end October 2022. Accordingly, several COVID-19 related restrictions and guidelines were eased during the second quarter of the year 2022. The Ministry of Health relaxed the mandatory requirement of wearing face

masks on 10 June 2022, as COVID-19 cases sharply declined. As of mid-October 2022, Sri Lanka reported a total of 670,918 confirmed cases and 16,769 deaths due to the virus and, national vaccine coverage stood at 97.0% of the population over the age of 12 having received at least one dose.

In March 2022, Sri Lanka depreciated LKR against USD enormously and country faced a severe economic crisis. Sri Lanka worked out with an IMF program in order to negotiate to restructure loans held by China, India, Japan and commercial lenders. Sri Lankans in dire need of food and fuel aid because they have no foreign reserves to purchase these items.

### Economic growth

Sri Lanka is currently facing its worst economic crisis since achieving independence in 1948. The performance of the external sector remained subdued in 2021. Earnings from merchandise exports reached \$12.50 billion in 2021 compared

## REVIEW of the External Environment (Contd...)

to \$10.05 billion recorded in 2020. Despite achieving an export growth of over 20%, a higher increase in merchandise imports outpaced the growth in exports & served to widen the trade deficit from \$6 billion in 2020 to \$8.1 billion in 2021.

Earnings from merchandise exports declined by 9.7% in December 2022 to USD 1,044 Mn. Drop in export earnings primarily due to a decrease in earnings from major product such as tea, apparel and textiles, fisheries, spices and essential oils, rubber and coconut. Reportedly global inflation and the war in Ukraine have influenced the fall in export earnings. However, cumulative export earnings during January-December 2022 increased by 4.6% over the same period in the last year to USD 13,071 Mn.

Due to severely low foreign exchange reserve levels, the country experienced critical shortages of fuel, gas, medicine, fertilizer & imported food items. India provided over \$3 billion in financial assistance to Sri Lanka to support imports of Fuel & essentials in the past. Importers to Sri Lanka face high import duties & other taxes. The 2022 interim budget aims to nearly double the tax- to GDP ratio to 15% by 2025, & to make compulsory tax registration for all person over 18 years, regardless of annual income & tax- free thresholds. Another new tax calling Social Security Contribution Levy (SSCL) is imposed with effect from October 1st 2022, Act no 25 of 2022. In term of the provision of the Act, SSCL should be charged from every person who imports any articles. The rate of 2.5% on the value of the article ascertained for the purpose of the Value added Tax.

The general price level, which increased substantially in the first half of the year moderated during July to September 2022, yet remained elevated. The significant increase observed in the general price level in 2022, was largely attributed to the removal of administered prices, which were maintained at constant levels over a considerable period of time as a relief to the general public. In addition, foreign exchange shortages, higher transportation costs due to frequent upward fuel price revisions, and notable electricity and water tariff revisions made a significant impact on prices. Further, issues relating to the shortage of fertilizer caused the limited availability of food commodities elevating their price levels. Meanwhile, the depreciation of the exchange rate, rising prices of global commodities and higher freight charges also resulted in substantial price increases of imported items. Nevertheless,

the Yala harvest reaching markets, the stabilization of the exchange rate, and the deceleration of prices observed in the global market, led to the moderation of price pressures to some extent in recent months. Despite the easing of price pressures, headline inflation has followed an increasing trend up to September 2022. In the midst of rising inflation, a real wage erosion was observed in terms of both public and private sector wages during the eight months ending August 2022 compared to the corresponding period of 2021. Headline inflation rates from September 2022 to March 2023 are given below.

Month	Year	Headline Inflation %	
		CCPI	NCPI
September	2022	69.8	73.7
October	2022	66.0	70.6
November	2022	61.0	65.0
December	2022	57.2	59.2
January	2023	51.7	53.2
February	2023	50.6	53.6
March	2023	50.3	49.2

Sri Lanka Exporters now need to look for diversified markets ahead of global recession. The global recession may trigger a drop in sales in Europe and Western countries. It is found that a significant decline in the order volumes in all the exporting sectors were in all sectors, mainly, apparels, and coconuts. With interest rates increasing, the purchasing ability of customers in these markets have gone down, resulting a drop in demand which affects exports. The UK is heading for a recession next year and it is one of our key markets. Therefore, we should make attempts to explore markets such as China, India, and Thailand in the near future.

In the third quarter of 2022, the economy of Sri Lanka shrank by -11.8% compared to the previous year. The overall Agriculture, Industry and Services activities shrank -4.6%, -16.0% and -2.0% respectively. According to CBSL, Sri Lanka's economy is projected to register a real contraction of around -8% in 2022. According to the real GDP estimates by International Monetary Fund (IMF), the economy is expected to contract by -3.0% in 2023. However, as per the World Bank projections, Sri Lanka's economy is estimated to contract -9.2 percent in 2022 and another -4.2 percent in 2023. According to Asian Development Bank (ADB) Sri Lanka's GDP is expected

# REVIEW of the External Environment (Contd...)

to contract by -8.8% in 2022 and -3.3% in 2023. Rising cost of debt & the increase in fuel & food prices is not showing the reduce sign of growing economic crisis.

## Exports

Export earnings from Rubber-based finished products decreased by -4.95% to USD 1,258.81 Mn in Jan-Dec 2022 compared with the same period of 2021. Earnings from exports of Pneumatic & Retreated Rubber Tyres & Tubes increased by 0.35%. Apparel and Textile exports increased by 9.56% to USD 5,934 Mn during the period of Jan-Dec 2022 compared to the same period of 2021. Export earnings from Tea decreased by -4.95% to USD 1,258.81 Mn during the period of Jan-Dec 2022 compared with the corresponding period of 2021. Sub categories of tea sector exports such as Tea packets (-5.57 %), Bulk Tea (-4.52 %), Instant Tea (-6.78%) and Green Tea (-23.8 %) decreased. Coconut-based export earnings decreased by -2.27% to USD 817.09 Mn during the period of Jan-Dec 2022.

## Tourism Sector

The most vulnerable foreign exchange earner is tourism. From time to time, external hits have set back tourism. In January 2023, tourist earnings are estimated to have been more than US \$ 400 Mn. The tourist industry expected a further boost to tourism at the end of the year and the year's earnings would be more than US \$ 5 billion.

The total number of international tourist arrivals to Sri Lanka in the month of January to February 2023 was 210,184 indicating an increase of 15% (Y-o-Y). As of 31 December 2022, 719,978 international tourists had visited Sri Lanka. Sri Lanka is promoting Meetings, Incentive travel, Conventions and Exhibitions (MICE) in the tourism industry, and expecting to fill 10%-12% of the 1.55 Mn tourists targeted in 2023. Europe became the largest source of tourist traffic to Sri Lanka with 66.1% of the total traffic received in January 2023. Demand from countries such as the Russian Federation, UK, Germany, and France contributed to this increase in tourism. Germany accounted for 7.4% of the tourists amounting to 7,930 in February 2023.

## Foreign Exchange

As at 24 March 2023, the Sri Lankan rupee appreciated against the US dollar by 14.0%. Sri Lankan rupee depreciated against the Euro by 11.8%, the pound sterling by 12.2%. As of 28

February 2023, Official Reserve Assets (USD Mn) amounted to USD 2,217 Mn. This includes proceeds from the People's Bank of China (PBOC) swap equivalent to around USD 1.4 Bn, which is subject to conditionality's on usability.

In 2022 remittances increased to US \$ 4 billion from US\$ 2.5 billion in 2021. This increase reflected mostly the lesser differential in the official and informal exchange rates and incentives offered by banks.

The Sri Lanka rupee has appreciated against the US Dollar at the beginning of March 2023. The buying rate of the US Dollar has dropped to Rs. 343.97, while the selling rate has also reduced to Rs. 356.73. At the time, the Central Bank reported that this was the lowest rupee value against the US Dollar since 04 May 2022.

The Sri Lanka rupee depreciated substantially from February 2022 to February 2023 in the following manner.

Type of Currency	February 2023	February 2022	Depreciated by %
	Sri Lankan Rupees	Sri Lankan Rupees	
US Dollar	361.63	201.05	80
Euro	383.07	224.50	71
Japanese Yen	2.65	1.74	52

During the year up to 24 March 2023, the Sri Lankan rupee appreciated against the US dollar by 14.0%. In the month of March USD selling rate is around Rs. 330. When LKR depreciate against foreign currency, we have a favorable impact on our exports. However, imports will be more expensive. At present, our imports are 40% of the total revenue.

## Inflation

Headline inflation as measured by the y-o-y change in the CCPI accelerated during the nine months ending September 2022. Accordingly, CCPI-based headline inflation which stood at 14.2% in January, followed an increasing pace recording 69.8% in September 2022. Meanwhile, CCPI-based Food and Non-Food inflation also followed an overall increasing trend throughout the period and recorded 94.9% and 57.6%, respectively, in September 2022. Headline inflation, as measured by the year on-year change in the Colombo

# REVIEW of the External Environment (Contd...)

Consumer Price Index (CCPI) decreased to 50.3% in March 2023 from 69.8% in September 2022 as previously discussed in Economic growth.

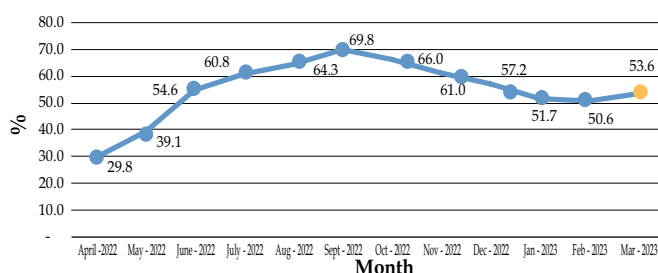
The movement of National Consumer Price index (NCPI)-based headline inflation remained above CCPI-based headline inflation during the nine months ending September 2022. Consequently, NCPI-based headline inflation which stood at 16.8% in January 2022, followed an increasing pace recording 73.7% in September 2022. NCPI-based Food and Non-Food inflation also followed an overall increasing trend throughout the period, and recorded 85.8% and 62.8%, respectively, in September 2022 and in November 2022. Inflation based on the National Consumer Price Index (NCPI) decreased to 49.2% in March 2023 from 73.7% in September 2022.

As per the updated official poverty line that was devised by the Department of Census and Statistics based on the Household Income and Expenditure Surveys 2012/13 data, the share of the population living below the poverty line in 2019 stood at 14.3%. Accordingly, as per the updated poverty line, approximately 3.04 million individuals live below the poverty line; this is almost 4.4 times more than the number of people that were previously estimated to be living below the 2002 poverty line.

Inflation Rates for 12 months:

Month	Inflation Rate (%)
April 2022	29.8
May 2022	39.1
June 2022	54.6
July 2022	60.8
August 2022	64.3
September 2022	69.8
October 2022	66.0
November 2022	61.0
December 2022	57.2
January 2023	51.7
February 2023	50.6
March 2023	53.6

Inflation rates in 2022/23



When there is a high inflation, the purchasing power of the customers and consumers declines and they give priority to by only the essential items such as food. Our PVC sector was badly affected during the economic crisis period.

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## Trade balance

This year's trade performance is likely to be adversely affected by the current global economic conditions and exogenous factors over which we have no control. This year's trade deficit is likely to widen mainly owing to a decline in exports. Manufactured exports are expected to decline owing to recessionary conditions in our market abroad. There are however, signs of an improvement in global conditions that would lead to a resurgence in international demand.

However, the current conditions in the country are not at all conducive to the economy's functioning. The steep increase in electricity charges and interest cost has gone up costs of manufactured exports and reduced our international competitiveness. A lowering of the electricity tariff for industry should be implemented speedily. When the trade balance widens, the exchange rates go up which result us to import raw material at a higher cost.

## Relaxation of Import Restriction

According to Imports Control Regulations on Payment Terms No. 25 of 2022, published on 21 December 2022, importation of fertilizer will be allowed on open account terms without having to open a letter of credit. The list of fertilizer comprises of nitrogen fertilizer including urea, ammonia, sodium fertilizer, super phosphate, potassium chloride, potassium sulphate and mixtures of fertilizer. Availability of fertilizer would have

# REVIEW of the External Environment (Contd...)

favourable impact on sales from irrigation pipes in the PVC sector.

According to gazette 2312/67, Sri Lanka has exempted importers from the 10% Ports and Airport Development Levy (PAL) on static converters and inverters effective from 01 January 2023 in order to promote renewable energy. This would have a favourable impact on our Solar investments for other two factories.

## Policy rates

The Monetary Board of the Central Bank of Sri Lanka, at its meeting held on 24 January 2023 decided to maintain the policy rates unchanged. However, in the meeting held on 03 March 2023, Monetary Board decided to raise the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) of the Central Bank by 100 basis points to 15.50 per cent and 16.50 per cent, respectively, effective from the close of business on 03 March 2023. Further, the Monetary Board of the Central Bank of Sri Lanka, at its meeting held on 04 April 2023, decided to maintain the same.

Policy interest rates and SRR (effective from the close of business on 03 March 2023)	
Standing Deposit Facility Rate (SDFR)	15.50%
Standing Lending Facility Rate (SLFR)	16.50%
Statutory Reserve Ration (SRR)	4.00%

## Interest Rate

Reflecting tight monetary and liquidity conditions, market interest rates are expected to remain elevated in the near term, before moderating as economic conditions improve reflecting the impact of stabilization measures. Competitive high deposit interest rates are expected to attract currency in circulation back into the banking system, while higher market lending interest rates are expected to reduce the appetite for credit leading to a contraction in the overall stock of credit extended to the private sector. Meanwhile, the envisaged fiscal reforms as well as reforms to the loss making state-owned business enterprises, along with the introduction of cost-reflective pricing formulae, are expected to gradually reduce the burden on the Government's budget.

When interest rate is high, our business expansions have to be restricted due to the long payback period. During the year, our interest cost went up fourfold.

## Crude Oil and Petroleum Products

The price of prices of Crude Oil and Petroleum Products would have a great impact on the inflation rate and cost of production of our products. The prices of Crude Oil and Petroleum Products has a direct impact on PVC raw material such as Resin. Further the price of imported raw material in the rubber sector too is affected when there is a movement in crude oil & petroleum price.

Global crude oil prices were at elevated levels during the period from January till October 2022 when compared to the corresponding period of 2021. The higher level of prices during 2022, thus far, was primarily driven by the geopolitical upheaval in Eastern Europe and the resultant tightening of global oil supply conditions. Crude oil prices were on a rising trend during the first half of 2022 with daily prices briefly reaching USD 140 per barrel in March 2022 for the first time since July 2008, driven by sanctions imposed on Russia, one of the world's leading exporters of oil and petroleum products. However, from the beginning of the second half of 2022, prices were on a downward trend to about USD 85 per barrel by late September 2022 on account of the resurgences of COVID-19. Nevertheless, prices climbed upwards again during October 2022 with the announcement of a production cut by OPEC+. While the average Brent crude oil price stood at USD 105.12 per barrel during the first half of 2022, reflecting a 61.7% increase over the corresponding period of 2021, prices recorded a lower average of around USD 96 per barrel during July – October 2022. Amidst the dearth of foreign exchange liquidity, the CPC imported crude oil only during the months of January (at USD 84.09 per barrel), February (at USD 76.41 per barrel), May (at USD 109.94 per barrel), August (at USD 114.71 per barrel) and September (at USD 119.71 per barrel) in 2022. Following the overall trend in global energy prices, the average global LPG prices remained at high levels during January - September 2022, despite a marked deceleration since May 2022. The average price of LPG in the global markets, which peaked to USD 954 per MT in April 2022, declined by around 33% to USD 636 per MT in September 2022, reflecting the moderation of global consumption demand. The supply of LPG in the domestic market was severely disrupted by the dearth of foreign exchange liquidity, particularly during the first half of 2022, largely affecting urban and semi-urban communities.



# REVIEW of the External Environment (Contd...)

During power cut period, we used diesel generator to produce our products for the export market. Further, we have PVC distributors throughout the country. Fuel prices were reduced on 29th March 2023. Petrol reduced by Rs 60 to Rs 340, Diesel reduced by Rs 80 to Rs 325, Petrol 95 reduced by Rs 135 to Rs 375, Super Diesel reduced by Rs 45 to Rs 465 and Kerosine reduced by Rs 10 to Rs 295. Therefore, there would be impact on the transport cost for delivering the PVC products.

## Electricity

During the period from January till August 2022, total electricity generation registered a y-o-y contraction of 3.3% to 10,744 GWh, particularly reflecting the impact of disrupted fuel and coal supply for thermal power generation. The contribution of hydro, fuel, coal, and NCRE to total power generation stood at 29%, 20%, 35%, and 17%, respectively, during the period under review. With the limited supply of fuel and coal for power generation, amidst the domestic foreign exchange crisis coupled with soaring global energy commodity prices, the CEB undertook daily scheduled power cuts commencing from February 2022 as a demand management strategy. The length of power outages increased to over 10 hours per day towards the end of March 2022 due to the combined impact of the dire status of fuel availability and low reservoir levels, thereby leading to a severe power and energy crisis. However, torrential rainfalls during the months of May, June, and August 2022, followed by the regular monsoon rains during October 2022, helped shift reliance towards hydropower generation amidst the frequent closures of several fuel based power plants due to fuel shortages and Norochcholai coal power plant units for scheduled maintenance and repairs. In turn, the duration of daily power cuts were shortened to around one to three hours by mid-October 2022. However, electricity provisioning remains vulnerable in the period ahead due to continuing difficulties in fuel procurement and highly volatile energy prices in the global market amidst excessive reliance on hydropower generation. The electricity charges were increased at average of 67% in February 2023 and we would have some impact to the bottom line. However, we invested on a solar project at the right time and provide 751 Kwt to the national grid and earn some income.

## Sri Lanka Government Debts

In April 2022, the Government announced a temporary suspension of external debt servicing which led to a 'pre-

emptive default', following which Sri Lanka initiated negotiations with the IMF for an economic adjustment programme in April 2022 while initiating a debt restructuring process. By early September 2022, a staff level agreement was reached with the IMF for the economic adjustment programme pertaining to the Extended Fund Facility, which is expected to support the transition of the economy to a sustainable recovery path in the medium term. There has also been significant progress in the debt restructuring process, and negotiations to obtain financing assurances from the official creditors are underway.

In financing the budget deficit, the Government relied entirely on domestic sources on a net basis as a result of the limited access to global financial markets amidst Sri Lanka's sovereign credit rating downgrades and the debt standstill. During the period from January to June 2022, net domestic financing amounted to Rs. 947.1 Bn, compared to Rs. 759.0 Bn during the corresponding period of 2021, while net foreign financing amounted to a repayment of Rs. 44.4 Bn, compared to a net foreign financing of Rs. 21.2 Bn recorded in the corresponding period of 2021. Despite the decrease in borrowings from the banking system to finance the budget deficit resulting from repayments to commercial banks, net financing from the Central Bank increased markedly to Rs.1,000.0 Bn in the first half of 2022, compared to Rs. 310.0 Bn recorded in the same period of 2021.

## Restructuring of bilateral loans

Sri Lanka gained assurance from bilateral creditors for their debt restructuring to obtain Internationally Monetary Fund (IMF) board approval towards unlocking the US \$ 2.9 Billion bailout package in the IMF/World bank spring meeting in Washington in mid- April. The IMF Board approved a 48-month extended arrangement under the Extended Fund Facility (EFF) of about USD 3 Bn to support economic policies and reforms in Sri Lanka. Among the various tax reforms to be implemented by the Sri Lankan government within the framework of the IMF facility (2022-2025), a nationwide real property tax, gift and inheritance tax with a tax-free allowance and minimal exemptions will be introduced in 2025.

According to the IMF, objectives of the EFF supported program are to restore macroeconomic stability and debt sustainability,



# REVIEW of the External Environment (Contd...)

safeguarding financial stability, and stepping up structural reforms to unlock Sri Lanka's growth potential.

Although the total government external debt amounts to \$ 35,052 billion as at end of September 2022, only bilateral debt is considered for the debt restructuring process to release to IMF Extended Funded Facility. Multilateral debt \$ 9,499 billion and commercial debt of \$ 24,239 billion will be dealt separately following different debt treatment procedures and this matter has no relevance for ongoing debt restructuring process. The sovereign bond (ISB) issuance was categorized as commercial debt and most of ISB's maturity periods will fall on 2024, 2025, 2026, 2027, 2028 and 2029.

Meanwhile, the IMF Executive Board approved a 48-month extended arrangement under the Extended Fund Facility (EFF) of SDR 2.286 billion (about US\$3 billion) to support Sri Lanka's economic policies and reforms on 21st March 2023.

## Foreign investment

Foreign investment would be deterred by this climate of political upheavals, unrest and uncertainty. In fact, foreign investors in the country are relocating their enterprise in other countries. Nevertheless, government sponsored large foreign investments in ports, energy and infrastructure are being implemented.

Activities pertaining to the Colombo Port City Project continued during the first half of 2022. Accordingly, development control regulations for the entire project were gazetted in April 2022, and the downtown Duty-Free Mall infrastructure was completed. Despite the worsening economic crisis, proactive efforts to promote the Colombo Port City as an attractive financial centre and 'world class city' remain crucial to luring in much needed FDIs. Further, the Colombo Lotus Tower was opened for public viewing since mid-September 2022, while negotiations are underway with several private investors to undertake a myriad of activities within the premises. As several infrastructure projects of the Government have come to a standstill amidst limited fiscal leeway, the Government will need to proactively undertake efforts towards initiating new infrastructure projects and recommencing ongoing

infrastructure projects through public private partnerships to ensure that the country's infrastructure base continues to expand in an effective and efficient manner, thereby creating a conducive investment climate.

## Global Knowledge Index 2022

The Global Knowledge Index serves as a tool to monitor the knowledge status of countries in key areas including education, innovation and information and communications technology. Sri Lanka ranked 79th out of 132 countries in the Global Knowledge Index 2022 and 16th out of the 28 countries with high human development. Strengths included poverty headcount ratio (% population), net enrolment rate in lower secondary education, labour force participation rate with short-cycle tertiary education, and labour force participation rate with advanced education.

## Business registration

One of the most essential and potentially impactful solutions would be drastically simplifying our business registration process. According to Advocata Institute, 97 percent and 85 percent of micro and small business respectively are registered as sole proprietorship. Meanwhile, three percent of business surveyed are registered as partnerships and two percent as private limited companies. The main reason is that the registration process is long, tedious and convoluted. Through digitization, we could streamline this. Further we need to improve access to credit, infrastructure and other essentials while strengthening the tax base. Need to improve regularity and legal bottlenecks to encourage foreign direct investments.

## Global economy

After the covid-19 pandemic, the world still has to deal with much political instability, raging wars & economic uncertainty. Let's evaluate each area of global economy.

## Global population

The population, density, land area, urban population % and world share of the population of six largest populated counties in the world are on the next page.

# REVIEW of the External Environment (Contd...)

Country	Population 2022	Density (P/Km <sup>2</sup> )	Land Area (Km <sup>2</sup> )	Urban Pop %	World Share
China	1,425,671,352	153	9,388,211	61%	18.47%
India	1,428,627,663	464	2,973,190	35%	17.70%
United States	339,996,563	36	9,147,420	83%	4.25%
Pakistan	240,485,658	287	770,880	35%	2.83%
Japan	123,294,513	347	364,555	92%	1.62%
Germany	83,294,633	240	348,560	76%	1.07%
Sri Lanka	21,893,579	341	62,710	18%	0.27%

Source: worldometer

The Global population is 8 Bn. and it is shown in the diagram below. It indicates that both China and India have the same population around 1.4 Bn.



Source: UNFPA, United Nations Population Fund  
2023 mid-year estimates. Figures rounded to nearest million.  
Data & visualization

statsofindia.in  
by @PratapVardhan

# REVIEW of the External Environment (Contd...)

It indicates that China and India have the same population. However, China has greater urban population percentage of 61%. Both of them have a population of 3 Bn which comprises of 36% of the world population. There is a big difference in the population between United States (who has the third largest population) and second populated country of India. We exports our products mainly to Germany in Europe and Japan. Our major competitor is India.

## Economy of Germany – Our main buyer

Our main buyer is in Germany. He buys around 50% of our exports. So if Germany has good economy, we too obtain that advantage and we could sell a greater volume. However exports from Germany to Sri Lanka amounted to EUR 223,156,000 in Jan-Dec 2022, indicating a decrease of -15.9% compared to the same period of the previous year. Exports from Germany to Sri Lanka amounted to EUR 14,827,000 in January 2023, indicating a decrease of -9.1% compared to the same period of the previous year.

Germany imported from Sri Lanka goods amounting to EURO 1,035,450,000 in Jan-Dec 2022, compared to EURO 864,522,000 in the same period of the previous year, indicating an increase of + 19.8%. Germany imported from Sri Lanka goods amounting to EURO 71,285,000 in January 2023, compared to EURO 82,507,000 in the same period of the previous year, indicating a decrease of 13.6%.

Germany has population and urban population percentage fourfold of Sri Lanka. Germany has 84 Mn population while Sri Lanka has 21 Mn. The urban population percentage is 76% while Sri Lanka has 18%. This has a favourable impact for our products such as hot water bottles, mats and sealing rings.

## Economy of India - Our main Competitor

India is one of our major competitors in the Rubber Sector. They offer low- quality rubber mats at competitive prices to the Europe and USA. The Indian government has decided to spend 10 trillion rupees (\$122.3 billion) on longer term capital expenditure in 2023/24, extending a strategy adopted to revive growth in the aftermath of the COVID-19 crisis. The allocation is higher than the 7.5 trillion rupees budgeted in the previous year and the highest on record. The year-on-year increase of 33% is only marginally lower than last year's 35% jump. The ratio of capex-to-GDP, which rose to 2.7% in 2022/23, is

estimated at 3.3% in the new financial year. It is observed that India has focused and developed in the following areas.

- India beats China & Vietnam to emerge as world's lowest cost manufacturing country.
- India's Agricultural and processed food products exports rise by 25%.
- India to export Vande Bharat Trains to Europe, South America and East Asia by 2025-26.
- India's export of pharmaceuticals products has increased by 2.4 times in the last 8 years.
- India's phone exports more than double to \$5 billion in April – Oct 2022.
- The number of Airports in India have doubled in the last 8 year.

For our products, we still have the competitive advantage in terms of quality compared to Indian products. However, we are very much concerned on their investment on Research and Development activities and long term capital expenditure.

## Debt to GDP Ratio

Debt-to-GDP ratio is an economic metric that compares a country's government debt to its gross domestic product (GDP) (which represents the value of all goods and services produced by the country). Typically used to determine the stability and health of a nation's economy, debt-to-GDP ratio is expressed as a percentage and offers an at-a-glance estimate of a country's ability to pay back its current debts. It is typically evaluated alongside related metrics such as GDP per capita, GDP growth, GNP, and GNI per capita.

Country	Population 2022 (Mn)	Debt To GDP Ratio
China	1,425,671,352	51%
India	1,428,627,663	70%
United States	339,996,563	107%
Pakistan	240,485,658	85%
Japan	123,294,513	237%
Germany	83,294,633	60%
Sri Lanka	21,893,579	87%

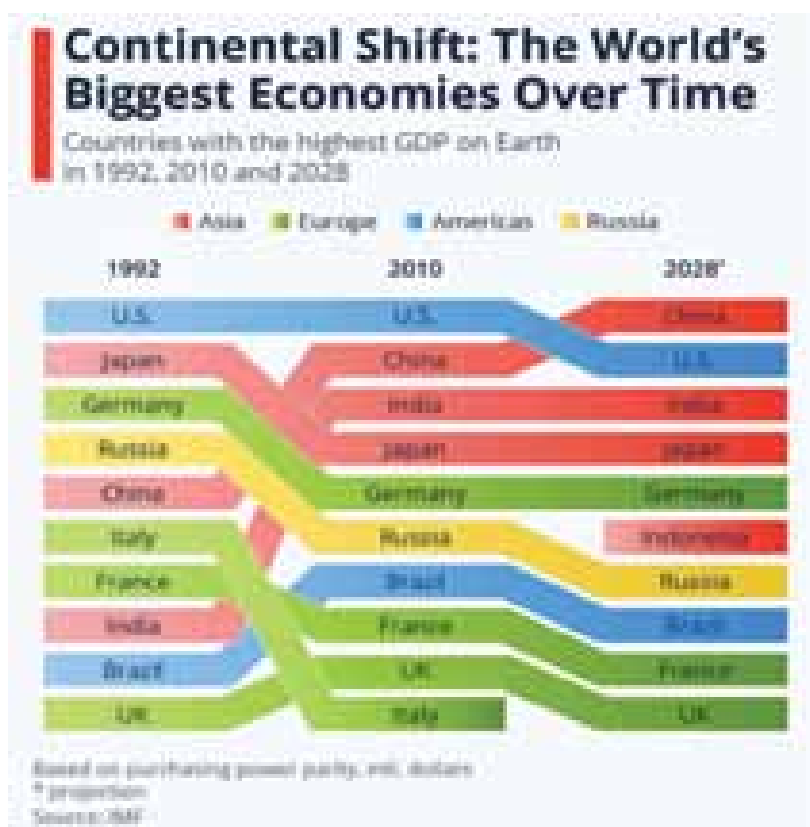
Source: World Population Review

# REVIEW of the External Environment (Contd...)

## GDP Analysis

GDP stands for “Gross Domestic Product” and represents the total monetary value of all final goods and services produced (and sold on the market) within a country during a period of time (typically 1 year). The latest available comparative figures are given below.

Country	GDP	GDP growth	GDP per capita	Share of World GDP
United States	\$ 19.5 trillion	2.27%	\$ 59,939	24.08%
China	\$ 12.2 trillion	6.90%	\$ 8,612	15.12%
Japan	\$ 4.9 trillion	1.71%	\$ 38,214	6.02%
Germany	\$ 3.7 trillion	2.22%	\$ 44,680	4.56%
India	\$ 2.6 trillion	6.68%	\$ 1,980	3.28%
United Kingdom	\$ 2.6 trillion	1.79%	\$ 39,532	3.26%
France	\$ 2.6 trillion	1.82%	\$ 39,827	3.19%
Brazil	\$ 2.0 trillion	0.98%	\$ 9,881	2.54%
Italy	\$ 1.9 trillion	1.50%	\$ 32,038	2.40%
Canada	\$ 1.6 trillion	3.05%	\$ 44,841	2.04%
Russia	\$ 1.6 trillion	1.55%	\$ 10,846	1.95%
South Korea	\$ 1.5 trillion	3.06%	\$ 29,958	1.89%
Australia	\$ 1.3 trillion	1.96%	\$ 53,831	1.64%
Spain	\$ 1.3 trillion	3.05%	\$ 28,175	1.62%
Mexico	\$ 1.1 trillion	2.04%	\$ 9,224	1.42%
Sri Lanka	\$ 87.4 billion	3.31%	\$ 4,135	0.11%



# REVIEW of the External Environment (Contd...)

India and China have the highest growth rate above 6% while USA and Germany have a growth rate of 2.27% and 2.22% respectively. However, USA has 24% of the world gross domestic products.

Nations with a low debt-to-GDP ratio are more likely to be able to repay their debts with relative ease. Nations whose economies struggle to produce income or which have an oversized debt tend to have a high debt-to-GDP ratio. Debt-to-GDP ratios above 77% can hinder economic growth and (in some cases) place a country at risk of defaulting on its debts, which could wreak havoc on its economy and financial markets.

## Fortune 500 Global list

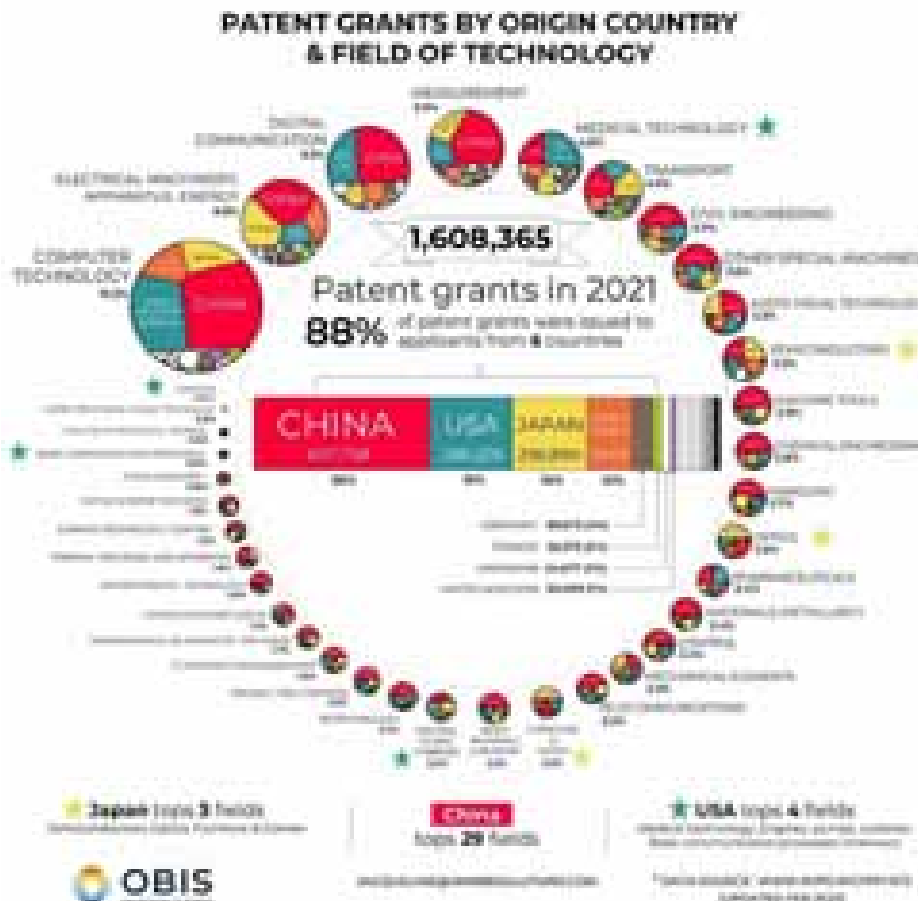
As per recent fortune 500 global list, it is noted that no of companies of China and USA in fortune global list are 129 and 121 respectively. 20 years ago, China had only 8 companies in this global list. Further, China is dominating banking sector. Out of top ten largest banks, the following ranking was observed in this fortune 500 global list.

1. Industrial and Commercial Bank of China.
2. China Construction Bank Corporation.
3. The Agricultural Bank of China.
4. Bank of China Ltd.
5. HSBC Holdings of Britain.
6. JPMorgan Chase of USA.
7. BNP Paribas of France.
8. Mitsubishi of Japan.
9. Bank of America
10. Credit Agricole of France

## Global patent grants

It is noted that 88% of the total patent grants issued to applicants from six counties by 2021. Further, China has become top in 29 fields and USA has gone to the top in 4 fields. This can be shown in the diagram at the bottom of this page. Above indicates that China is growing at a faster growth rate than USA.

In conclusion, the evaluation of external environment for any business is utmost important. This helps us to identify the potential markets, any threats in the current market, looking into the competitor analysis and understand any risk of the business.



# OPERATING Environment



Receiving a Presidential Environment Award

*“We closely focus on Environmental Compliance, Sustainability, Carbon Footprints and Renewable Energy Sources in the Operating environment. ...”*

**O**ur main rubber factory is located in the city of Galle and the other rubber factory is in Kalutara. The PVC factory is in Baddegama. All these factories are within 15 Kilometers from the Southern highway express which is now connected from Mattala to Katunayaka airports. The seaside town of

Galle is 116 Km away from Colombo by road or rail, down the south coast of Sri Lanka. Anyone can also take the Southern Expressway to reach the city of Galle by one and half hours from Colombo.

The rubber products exports grew by 4.7% in the past years & rubber & rubber products consist of around 8% of Sri Lanka's total annual export value with an average growth rate of nearly 0.92%. The competitive advantage of ours is availability of premium quality natural rubber.



# OPERATING Environment (Contd...)

Importers to Sri Lanka now face high import duties and other direct & indirect taxes. Unreliable power supply, high interest rates, shortages of foreign currency, enormous depreciation of Rupee, fuel shortage, high cost of living are the key problems which adversely affects the operating environment of the manufacturing companies. Low interest rates will stimulate economic growth and encourage people to borrow and launch businesses. However, presently there are hardly such opportunities to invest.

In the current operating environment, we need not only to earn foreign exchange from our exports but also need to save them from our imports. Industries that are manufacturing with local substitutes save the dollars. Industries must also be encouraged to save more dollars, then it will help for the foreign exchange crisis we are in today. Samson International Plc reviewed all compound formulas and substituted local raw material wherever possible. Example we used natural rubber instead of SBR.

European Union GSP+ is a massive consolation that exporters have. A lot of customers are pressing for lower prices and lower quantities which has forced us to look into other markets. The rubber industry should therefore explore opportunities in the Asian markets in particular now.

## Operating Philosophy

We have an operating Philosophy for each function of the Company. These are formulated by all Operational staff collectively in order to achieve the objectives, long-term goals and the mission.

## Marketing and customer service

- a. We require that the entire organization be continuously customer oriented. Our future success is dependent on meeting the customers' needs better than our competition.
- b. We expect to maintain a marketing concept and distribution capability to identify changing trends and emerging market and effectively promote our products.
- c. We strive to provide our customers with continuous offerings of quality products, competitively priced-stressing value and service.

- d. We plan to constantly maintain our facilities as modern, attractive, clean, and orderly stores that are pleasing and exciting places for customers to shop.

## Management tasks

- a. We require profitable results from operations –activity does not necessarily equate with accomplishment-results must be measurable.
- b. We recognize there are always better ways to perform many functions. Continuous improvement in operating capabilities is a daily objective of the entire organization.
- c. We expect all managers to demonstrate capabilities to plan objectives, delegate responsibilities, motivate people, control operations, and achieve results measured against planned objectives.
- d. We must promote a spirit of teamwork. To succeed, a complex business such as ours requires good communication, clearly understood policies, effective controls and, above all, a dedication to “make it happen”.
- e. We are highly competitive and dedicated to succeeding. However, as a human organization we will make mistakes. We must openly acknowledge our mistakes, learn from them, and take corrective action.
- f. We also focus on Corporate Social Responsibility projects.

## Human resources

- a. We must develop and maintain a competent, highly motivated, results oriented organization.
- b. We seek to attract, develop, and motivate people who demonstrate professional competence, courage, and integrity in performing their jobs.
- c. We strive to identify individuals who are outstanding performers, provide them with continues challenges, and search for new, effective ways to compensate them-utilizing significant incentives.
- d. Promotion from within is our goal. We must have the best talent available and, from time to time, will have

# OPERATING Environment (Contd...)

to reach outside to meet our ever improving standards. We heartily endorse and support development programs to prepare individuals for increased responsibility. In like manner, we must promptly advise those who are not geared to the pace, in order that they make the necessary adjustments without delay.

## Finance and control

- a. We will maintain a sound financial plan that provides capital for growth of the business and provides optimum return for our shareholders.
- b. We must develop and maintain a system of controls that highlights potential significant failures early for positive corrective action.

In addition to above, our factories focus in the areas of Environmental Compliance, Sustainability, Carbon Footprints and Renewable Energy Sources. In fact, SIL adheres to all such business practices in all our factories because care for the environment and preserving natural resources are a part of our company's culture.

## Environmental Compliance

Since we are operating in the international market and some of our key products are related to food grade, the operating environment in the factory is paramount important. In fact, some of our overseas buyers send their audit teams annually to verify our operating environment before placing their orders to us. Further, our country was facing from global Corona pandemic last year. However, we effectively controlled Corona vires pandemic and meet on time delivery especially to our overseas customers. We strictly followed the health guidelines given by government institutions & authorities to protect from such virus and. SIL favours the work from home model wherever practically possible. We know that work from home is highly effective for certain industries such as IT and business processing outsourcing. SIL is predominantly present in manufacturing industries and services that require one's physical presence- such as construction, transportation and logistics. We have received ISO 14001 from Sri Lanka Standard Institute.

## Sustainability

Sustainability and profitability are no longer mutually exclusive. Today, transnational sustainability laws are legislated across the world to regulate global value chains. The European Union is the largest single trading bloc for Sri Lanka exports. Sri Lanka's reliance on key market such as the European Union make it increasingly important to comply with the necessary due diligence and sustainability laws and provide assurance of compliance with due diligence requirements, including human rights and environmental protection.

The concept of sustainability is composed of three pillars: Economic, Social and Environmental and also known informally as Profits, People and Planet. In this regard, our practice is the creation and maintaining the conditions on humans and nature that lead to exist in productive harmony. We pursue to achieve this through the aspirational goals of creating zero waste (Through- Reduce, Reuse, Recycle) and by selling products that sustain our resources and the environment. At present our rubber and PVC waste is less than 3% and we recycle these rubber waste and manufacture reclaim for our rubber products. PVC waste is re-used to produce non-pressure pipes. Our waste management strategy is driven by 3R (Reduce, Re-use, and Recycle) concept to seek continuous improvement for reducing waste and conserving resources in all aspects of operations.

Solid waste generated from our operations are segregated and disposed with minimal environmental damage. A water purification system has been installed and our factory noise level are within the industry & regulatory norms. Our in- house wastewater treatment plant is located with the capacity of treating 15,000 Litres per day to ensure that every single drop of wastewater is properly treated before being discharged into the surface.

Out of rubber waste materials, we produce domestic rubber mats, playground mats, hardware items, construction related items.

# OPERATING Environment (Contd...)

## Our Contributions to the Economy

We have contributed the following to the economy especially in the current adverse economic condition of the country.

### 1. Exports

Exports for the year is US \$ 4.3 Mn. We have been exporting our products during the last 35 years.

### 2. Solar project

We supply 751KW of electricity to the National grid for next 20 years. For this, we invested Rs. 105 Mn with another reputed solar Company.

### 3. Taxation

- Income tax paid at 30% is Rs. 37.5 Mn.
- We have collected Rs.166.9 Mn Value Added Tax from our customers and paid to the Inland Revenue Department.
- We have paid Rs. 12.7 Mn as Social Security Contribution Levy to the Government.

Therefore, we have either paid or collected Rs. 179.6 Mn of tax to the Inland Revenue department in the year under review.

### 4. Employment

We have given 507 direct employments especially to neighbouring villagers. We have located all our factories in remote areas. Further, we have generated another more than 100 indirect employment opportunities.

### 5. Local raw materials

We use of local resources such as rubber as our major raw material for our value-added products. It has a ready market for the rubber plantation in the southern province.

### 6. Donations

We have been donating in cash and in kind to the Schools, temples, government institutions and other needy people.



Donation to Polduwa Sri Sunandaramaya, Galle

### 7. Community development

Please refer our community of Social and Relationship capital on page .... for details.

### 8. Infrastructure development

We donate either in Company products (such as rubber mats, hot water bottles, pressure pipes, etc.) or cash to government institutions, hospitals and schools whenever a need arises.



Donation to Udawalawe Safari Office

# OPERATING Environment (Contd...)



Donation of Company products to Karapitiya Hospital

## 9. FSC products

We produce many FSC products and export to Europe. With FSC-certified natural rubber, we are giving environmentally conscious consumers what they want. We buy rubber only from selected plantations at a higher price to make these products and a separate audit is carried out for this process before our customers place orders.

## Carbon Footprints

We focus on reducing their carbon footprint for social and financial reasons. Since we are dealing with export business we pay much focus on carbon footprints and other environmental aspects. A carbon footprint means that total emissions caused by an individual, event, organization, or product, expressed as carbon dioxide equivalent. We do continue improvements in this area and have planned to invest much in the future.

The Company has the own paddy field and its harvest is distributed among the villagers. Recently, Company planted 2600 cinnamon plants in our factory land and it would absorb 15 tons of Carbon dioxide per year from the environment. Samson International Plc produces many products under Forest stewardship CouncilTM FSCTM (FSCTM C134777). These are Hot water bottles, V-Straps, soles, Jar sealing rings and Seed trays which are exported to European market every year. We conduct a sustainable business, or a green business, that has minimal negative impact on the global or local environment, society, or economy and we strive to meet the triple bottom line objectives of social, environmental/ ecological and financial.

## Renewable Energy Sources

Sri Lanka gets 35% of its electricity from renewables, mainly from hydropower. By 2030, it has been planned to increase it to 70% by facilitating investment in rooftop solar power. Our single 900 MW coal power station, built with Chinese backing in 2006, meets around a third of electricity demand.

The ongoing energy crisis have severe adverse impacts on the rubber manufacturing industries, as it has a high energy consumption. Many factories are operated in fuel-based boilers and only very few use firewood. Thus, any shortage in fossil fuel, or power interruptions reflect in huge losses in rubber manufacturing plants. Machine restart is a huge cost and involves high wastage. Therefore, the energy crisis needs to be looked into with serious attention.

Our Main factory is now installed with rooftop solar systems to business green energy. At the beginning of this year, we provided 751 KW of electricity to the national grid from our Solar project. We jointly invested Rs. 105 Mn in this solar project with Sunpower Renewables (Pvt) Ltd. We have also planned to invest the same for our Baddegama and Kalutara plants in the near future.

We obtained ISO 50001 – Energy management system. We often conduct training programmes for our employees on effective electricity consumption and educate risk preventions.

### Energy consumption

	Unit	2022/23	2021/22
<b>Non-renewable sources</b>			
Furnace oil	Litres	370,109	415,413
Diesel	Litres	38,968	23,590
<b>Renewable sources</b>			
Electricity from CEB	kwh	2,065,502	1,744,663

# OPERATING Environment (Contd...)

### Energy Management Policy Samson International PLC



Samson International PLC is committed to utilize energy in most efficient and environmental responsible manner while promoting economic sustainability. We are committed;

- To improve our energy efficiency at all levels and making all efforts for continual improvement in energy performance.
- To Provide resources and information to relevant parties to achieve our energy objectives and targets.
- To retain employee commitment towards energy conservation.
- To verify the factory operations to be complied with legal and other energy related requirements



# OPERATING Environment (Contd...)

## Free Trade Agreements

As we are aware, Sri Lanka is in the process of negotiating Free Trade Agreements with China and Thailand and also revising the existing agreements with India. The objectives of these negotiations are to increase exports, attracting investment and integrated with global value chain, with the largest economies. These FTA should open up the markets and this could be beneficial to some export sectors and also may have negative impact to some sectors. We therefore need to identify the goods for the negative list, identifying / categorizing goods for the stages of liberalization, identify goods that could be promoted for immediate exports to the FTA partner countries and enhance improvement to the standards and quality procedure to prevent import of low quality products.

## Legal Compliance

We adhere and follow all regulatory compliances, standards and environmental laws. In-house and overseas laboratory tests are continuously carried out in order to follow these compliances and laws. During the year under review, there was no significant fine for non-compliance with laws and regulations.

There was no significant fine the Company paid for non-compliance with laws and regulations concerning the provision and use of products and services. Further, the Company has not paid significant fine for non-compliance with environment laws and regulation. There was also no incident of non-compliance with regulations and voluntary codes concerning marketing communication including advertising and promotion.

Samson International Plc holds the reputation for decades without having a single environmental complaint. Our commitment was carried out to maintain the qualification for our environmental license of all three factories over the last 35 years and complied to the environmental regulations and continued Corporate Social Responsibility initiatives every year.

**Company has not paid significant fine for non-compliance with laws and regulations for the use of products and environmental & marketing communications matters**

We frequently comply with business-related Acts, Labour-related Acts, Tax-related Acts, Accounts and Finance-related Acts, etc. for our business and these respective Acts have been shown in the next page.



# OPERATING Environment (Contd...)

	<b>Business-related Acts</b>	<b>Labour-related Acts</b>	<b>Tax -Related Acts</b>	<b>Accounts and Finance-related Acts</b>	<b>Other Acts</b>
1	Companies Act, 7 of 2007	Factory Ordinance, No 45 of 1942	Inland Revenue Act, No.10 of 2006 and No. 24 of 2017	Sri Lanka Accounting and Auditing Standards of 1995	Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987.
2	Environmental Act, No 47 of 1980	Wages Board Ordinance, No 27 of 1941 and Wage Board No. 36.	Value Added Tax Act, No 14 of 2002	Bills of Exchange ordinance No 25 of 1927	Civil Procedure Code of 1978
3	Imports and Exports (Control) Act, No 1 of 1969	Employment Provident Fund Act, No 15 of 1958	Nation Building Tax Act No. 9 of 2009	Prescription Ordinance, No 22 of 1871	Rules of Colombo Stock Exchange on Corporate Governance
4	Exchange Control Act, No. 24 of 1953	Employees' Trust Fund Act, No. 46 of 1980	Economic Service charge Act No. 13 of 2006	Stamp Duty (Special Provisions) Act No.12 of 2006	Electronic Transactions Act, No 19 of 2006
5	Consumer Affairs Authority Act, No 9 of 2003	Payment of Gratuity Act. No 12 of 1983	Social Security Contribution Levy Act, No. 5 of 2022	Customs Act , No 9 of 2013	Notaries Ordinance of 1986
6	Intellectual Property Act, No 36 of 2003	Industrial Dispute Act, No 43 of 1950		Compensation Ordinance of 1934 and subsequent amendments	Evidence Ordinance, No 14 of 1895
7	Industrial Promotion Act, No 46 of 1990.	Employment of Women, Young Persons and Children Act, No 47 of 1956			Sri Lanka Constitution of 1978, especially Fundamental Rights.
8	Sri Lanka Standards Institution Act (No. 6 of 1984)	Maternity Benefits Ordinance, No 35 of 1946			Prevention of Mosquito Breeding Act, 11 of 2007
9	Sale of Goods Ordinance, No 11 of 1896	Shop and Office Employees Act, No 19 of 1954			

# REVIEW

## of the Rubber and PVC Industry



Opening of a mixing plant (Backward Integration)

*“Sri Lanka’s natural rubber has a high-demand in the world market due to its unique properties....”*

**T**here are two industries we operate in. Those are rubber industry and the PVC industry. However our core business is the rubber products which are sold in the export market as well as in the local market. PVC products are sold only in the local market but we are trying to exploit export market.

### Rubber Industry

#### Sri Lanka

Sri Lanka is renowned for its production of high-quality natural rubber and rubber-based products as the pioneer of the global Natural rubber industry. Products made in Sri Lanka are internationally accepted for their durability and superior quality. Initiated by the planting of 1,919 seedlings in 1876, the Sri Lanka rubber industry has given birth to an outstanding and profitable supply chain. Throughout the years, the industry has

# REVIEW of the Rubber and PVC Industry (Contd...)

paved its way to niche market-based products such as solid tires, sole crepe for shoes, and high-quality surgical gloves and other gloves. The manufactured raw natural rubber falls under types and varieties, out of which the main grades are Ribbed smoked sheets (RSS) rubber, crepe rubber, Technically specified rubber (TSR), and Latex concentrate.

The rubber products exports grew by 4.7% in the past years and rubber & rubber products consist of around 8% of Sri Lanka's total annual export value with an average growth rate of nearly 0.92%. The competitive advantage of ours is availability of premium quality natural rubber. We must face stiff competition with China & India to rubber based products of ours. We always try to supply high Quality, Eco Friendly products to our foreign & local customers.

Sri Lanka has always been one of the top exporters of rubber. The central bank data shows, that Rubber is one of the top dollar earners of the country & the industry saw 33.6 percent jump in export earnings last year. Last Year with export crossing the \$1 billion mark. Sri Lanka prides itself in manufacturing a number of value added rubber products by processing raw rubber. These products include extrusion products like rubber bands, beadings, rubber latex products such as medical, industrial and household gloves, industrial products like hose, auto parts, industrial components, tyres, tubes, automotive and aviation tyres and general rubber products like rubber flooring, floor mats, carpets, sports goods, footwear, hot water bottles and related components. DSI Group and Samson International Plc produces most of these products.

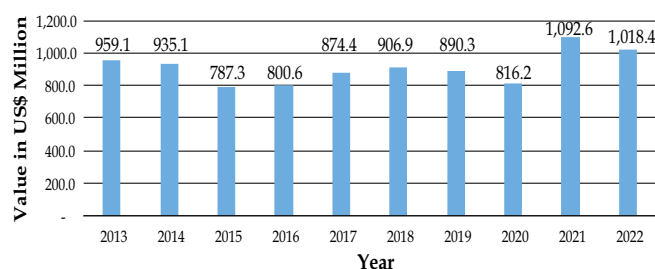
The major challenges that the rubber industry is faced with unavailability of raw materials locally, high freight charges both ways in import & export, clearing, shipments, foreign exchange & energy crisis, ad-hoc labor rules, & search for alternative markets. Rubber exporters too face delay in shipments, shortage of vessels, increased freight rates & clearance from the port without demurrage – which has become a common challenge for all Sri Lanka businesses at present. The raw rubber needs a lot of energy to make value added products at high heating temperatures. However, Sri Lanka's extended power cuts & has depended the growth of the industry still depending on Indian credit lines to import fuel to generation power due to severe dollar shortage.

The rubber industry should also shift to renewable energy amidst the ongoing economic crisis in the country due to the

dwindling dollar reserves. The demand for furnace oil has been currently increased as a result of the need for an uninterrupted electricity supply to continue production without hindering the production process, while some of the machinery that is particular to the rubber manufacturing industry also requires furnace oil.

Sri Lanka exports rubber and rubber-based products to the USA, Germany, Belgium, Italy, and the United Kingdom. The country also exports semi-processed natural rubber to Pakistan, Malaysia, India, Japan, and Germany. Sri Lanka's rubber industry is generally positioned as the fourth largest source of foreign exchange for the country accounting for approximately 8 percent of export income whilst Samson International Plc earns more than Rs. 1.5 Bn per year from exports of rubber-related products such as sealing rings, hot water bottles and mats & floorings etc in the last year.

**Export Performance - Rubber & Rubber-based Products Sector - 2013 - 2022**



Around 60% of the total raw material cost of our products come from rubber. Therefore, we always monitor rubber price and the consumption. There are two types of rubber namely synthetic rubber and natural rubber. There are fluctuations in synthetic rubber prices due to the changes in crude oil prices. If the crude oil prices go up, the demand for natural rubber is expected to grow as China and other major consuming countries are expected to begin limiting synthetic rubber imports and instead opt to source natural rubber for their end products. Both synthetic and natural rubber prices have gone up in unprecedented level in June and July 2022. The prices of synthetic rubber would increase due to the war between Russia and Ukraine and natural rubber prices would go up due to the greater demand in the local market and shortage of supplies. The rubber prices could also change from time to time depending on the weather pattern and fertilizer availability in Sri Lanka and other competing countries.

## REVIEW of the Rubber and PVC Industry (Contd...)

The government imposes duty on the import of synthetic rubber & related input materials as well as there are no export restrictions & no licensing requirements for rubber dealers & exporters. At present synthetic rubber imports are subjected to a CESS37 of SL Rs.15 per Kg. Importers find it difficult to obtain Letters of credit (LC) from local banks due to the currency shortage because of often insist that the LCs be guaranteed by a reputable international bank outside of Sri Lanka. The government charges SL Rs. 4 per Kg on procurement of natural rubber as CESS (EDB 2007). Not affecting the government revenue, the rubber manufacturing sector could be further encouraged, if the CESS on domestically consumed natural rubber is reduced while the CESS on raw rubber exports is increased.

As a signatory for International Labour Organization Treaties, Sri Lankan rubber industry stakeholders complies with global labour standards and ethical practices. Sri Lankan rubber industry is free of child labour and is one of the main income sources for Sri Lankan rural women. The rubber industry is unique in terms of environmental sustainability. Large tracts of rubber farms extending over 130,000 ha in the country provide man-made renewable forests having an apparent improvement in the micro climate in the respective regions. In addition, the country's stringent environmental regulations ensure that rubber farming, processing and manufacturing of rubber products comply with local environmental laws and are sustainable in nature, preventing any negative effect the industry would have on the country's environment and eco system.

Sri Lanka's natural rubber has a high-demand in the world market due to its unique properties. The country now has a premium quality natural rubber type known as Lankaprene which is odour free to a certain extent, light coloured, and clean which is ideally suited for medical equipment and up-market value added products. The competent workforce with right attitudes and training will be more productive resulting enhanced earnings and lower turnover making the rubber industry more attractive for employment. The rubber sector needs more investments, private and public, foreign and local, and thereby common industry infrastructure facilities will improve. Collaboration among industry players in pre-competitive areas will lead to synergistic effects in industry operations.

**Sri Lanka has always been one of the top exporters of rubber with export crossing the \$ 1 Bn mark**

Samson International PLC produces many products under forest stewardship CouncilTM (FSCTMC134777). These are hot water Bottles, V-Straps, Soles, jar Sealing rings, and seed trays, which are exported to European market every year. We conduct a sustainable business, or a green business, that has minimal negative impact on the global or local environment, Society, or economy and we strive to meet the triple bottom line objectives of social, environmental/ecological & financial.

Although rubber and rubber-based product exports surpassed \$ 1 billion mark and becoming the second largest earner, local natural rubber production has dropped sharply by 40% to 75,000 tons (75 million kilos) with lack of attention given to replanting efforts. Previously raw rubber was being exported without any value addition, but now there is hardly any that goes out in raw form as all industrialists give a substantial value addition before exporting. Therefore, sufficient replanting efforts should be taken place to ensure production of raw materials necessary for industry development.

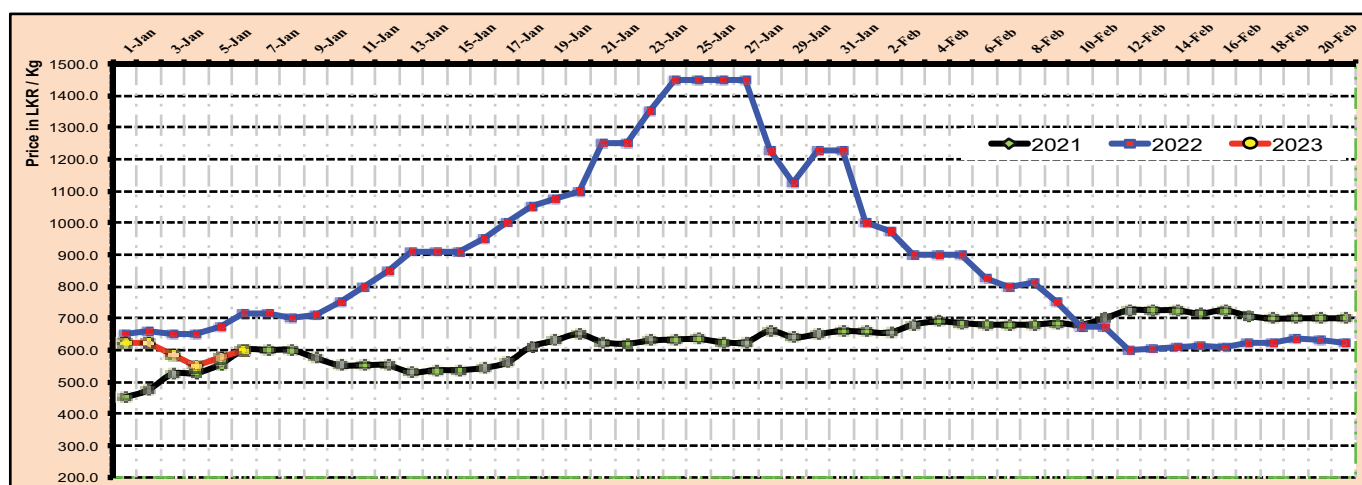
Rubber Research Institute (RRI) of Sri Lanka is one of the oldest research institutes for rubber in the world. Sri Lankan rubber sector provides over 300,000 direct and indirect job opportunities to Sri Lankans across various professions and walks of life. The traditional rubber growing areas of Sri Lanka is located mainly in the wet zone in a land extent of 136,000 hectares. The country's traditional rubber growing districts include Colombo, Gampaha, Kalutara, Kandy, Matale, Galle, Matara, Kurunegala, Rathnapura, and Kegalle. A rubber tree has an economical life of about 25 – 30 years, while harvesting commences at about 7 years from planting.

As per the Sri Lanka Rubber Industry Master Plan, an agreed approach to industry growth 25 projects and 10 necessary programs would be implemented across the island with the view to developing rubber cultivation and product

# REVIEW of the Rubber and PVC Industry (Contd...)

manufacturing in identified locations. A part of the ambitious program, Rubber City is a dedicated rubber industrial park that will be established with a satellite network of auxiliary facilities to develop rubber products for niche markets.

Latex Crepe Rubber Price Weekly Trend 2021 ~ 2023



The above rubber graph indicates that the rubber prices in the month of June 2022 went up to Rs. 1450 in an unprecedented way. It has increased by 100% in the first six months period of 2022 and gone up from Rs. 700 in January 2022 to Rs. 1,450 in June 2022. The crepe price at the end of December in 2020, 2021 and 2022 are Rs. 344, Rs. 700 and Rs. 625 respectively. This rubber price is equivalent to USD 1.72 in 2020, USD 2.34 in 2021 and USD 1.91 in 2022.

## Projected outputs (Raw Rubber) in 2024

Indicator	Unit	2024
<b>UPSTREAM</b>		
1. Total Rubber Extent	Ha	169,000
2. Mature Rubber Extent	Ha	97,000
3. Average Rubber Yield	Kg/Ha	1,046
4. Raw Rubber Production ( Projections at 4% ARP)	MT	101,070
5. Raw Rubber Export	MT	15,570
6. Local Raw Rubber Internal Consumption	MT	85,500
7. Value of Locally Consumed Local Rubber	\$M	318
8. Export Income from Raw Rubber	\$M	64
9. Total Value of Raw Rubber Produced	\$M	382
<b>IMPORTS</b>		
10. Raw Natural Rubber	MT	65,000
11. Synthetic Rubber (40% for rubber products)	MT	69,000
12. Semi-Processed Rubber ( 20% of gross weight)	MT	7,000
<b>DOWNSTREAM</b>		
13. Total quantity of Rubber(NR+SR) Consumed	MT	226,500
14. Rubber Products value of exports	\$M	3000
15. Rubber Products value of local sales	\$M	300
16. Rubber products – Aggregate Turnover	\$M	3300
17. Value of rubber wood based products sold	\$M	289
18. Total Industry Turnover	\$M	3,971
<b>LOCAL MARKET FOR PRODUCTS</b>		
19. Value of rubber products imported	\$M	275
20. Local market for rubber products	\$M	490

# REVIEW of the Rubber and PVC Industry (Contd...)

## Global

The global demand for industrial rubber is projected to witness moderate growth of 4.6% between 2017 and 2022. The industrial rubber market reached USD 30.61 Bn in 2022 in terms of value. The global industrial rubber market is projected to reach 16,115.3 kilo tons by 2022. This growth of the market can be attributed to the robust economic outlook for the Asia Pacific, and the increasing motor vehicle production and sales across the globe. The industrial rubber market is expected to witness significant growth in a number of small markets, such as India, Thailand, Malaysia, and Brazil. The industrial rubber market in developed markets, such as the US and Japan, will witness market gains below the global average, owing to sluggish growth in durable goods consumption and automotive production.

The world natural rubber production in 2022 is anticipated at 14.624 Mn tons up 3.6% from the previous year. Anticipated world consumption in 2022 is 14.415 Mn tons, up 1.5% from the previous year. The world production of natural rubber registered 0.1% growth to 1.397 Mn tons during December 2022. The global natural rubber market demand reached a value of USD 30.61 Bn in 2022 and expected to grow at a 3.5% in the forecast period of 2023-2028.

In 2022, the largest producer and the largest exporter of rubber in the world was Thailand. Tires and tire products account for 78% of the total consumption of natural rubber in 2022. Southeast Asia is widely known as the world's largest region for rubber plantations, with Thailand, Indonesia, Vietnam and Malaysia accounting for nearly 80% of the global natural rubber output. Thailand produced 4.37 million metric tons of natural rubber in 2020, making it the leading producer of natural rubber worldwide. This was followed by Indonesia, which produced 3.04 million metric tons. Both countries experienced production declines in 2020 as a result of the COVID-19 pandemic. Despite being the largest producers of this commodity, Thailand and Indonesia consumed less than one million metric tons of natural rubber in 2020. In comparison, China consumed 5.4 million metric tons, making it the world's largest consumer of natural rubber by far. In the case of production of synthetic rubber, it has considerably increased in this century. In the year 2000, around 10.9 million metric tons of synthetic rubber was produced, and this

amounted reached over 14.4 million metric tons in 2020.

According to Verified Market Research, the size of the global industrial rubber market is growing at a compound annual growth rate (CAGR) of 4.51% from 2022 to 2030. It is growing at a compound annual growth rate (CAGR) of 4.51% from 2022 to 2030. However, the overall contribution of the sector to the global economy is very promising. Some studies highlighted that this sector generates over USD 300 Bn a year and supports 40 Mn people including their families through direct and indirect employment.

The future and present of the rubber industry are tied to the global economy because rubber is used so often in tyres and non-tire applications. Rubber is used in a wide variety of products including medical equipment, surgical gloves, airplane and car tyres, clothing, toys, footwear, car tubes, adhesives, hoses, gaskets, and roll coverings, and so on. The increasing demand from the automotive industry one of the most important trends in the rubber market.

## PVC Industry

### Sri Lanka

Samson PVC is one of the fastest growing PVC brands in Sri Lanka with a rapidly expanding distribution network covering the whole country. The Company has come a long way from its humble beginnings, and is now one of the main players in the PVC pipes and fittings market in Sri Lanka. Its product range includes pressure pipes, non-pressure pipes, fittings, trunking, conduits, garden hoses, rainwater management systems, solvent cement and others such as poly sheets. Samson PVC is also the authorized distributor for Jopex branded taps and fitting in Sri Lanka. Samson PVC has obtained many certifications such as SLS 147 for pressure pipes, SLS 659 for fittings, SLS 993 for conduit pipes and SLS 1206 for cable trunking. These certifications are a testament to the high standard and quality of Samson PVC products. Samson PVC continue to offer high quality products at affordable prices even during these difficult times. Meanwhile, they are widening our market presence by continuously appointing new distributors and hardware shops. The secret to our success has been product quality and customer service.

Recently introduced Samson powerguard electrical conduits and trunking, which are made with specially formulated



# REVIEW of the Rubber and PVC Industry (Contd...)

unplasticised polyvinyl chloride in compliance with the SLS 1206:2000 standard. Now Samson powerguard is set to revolutionize the PVC industry in Sri Lanka with these products that manufactured using a specially formulated compound with fire resistant and electrical insulation properties. Samson powerguard products are easy to install, handle, maintain and facilitate for future expansion. When compared to other trunking and conduits available in the market, Samson powerguard has a brilliant white colour that matches with most electrical items in the market.

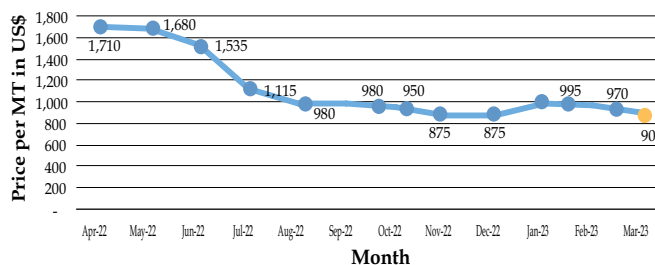
Our PVC segment has two business sectors. i.e. Construction segment and irrigation segment. Pressure pipes, fittings, conduits, trunking and gutters and non-pressure pipes are sold in this sector. In the irrigation sector, hose, irrigation pipes are sold. During the year, all key players increased the prices more than three times in order to cover their raw material cost. Further, during the Corona pandemic, sales dropped due to closure of hardware shops, provincial restrictions and decrease in disposable income of the consumers. PVC pipes industry also faced a huge challenge due to shortage of fertilizer and cements. This resulted to drop in sales in irrigation pipes and pressure pipes. Further, the number of Water Board tenders also decreased during the Covid-19 pandemic and due to the economic crisis. Construction industry is being severely affected due to the prolonged power cut, shortage of fuel, high interest rates, restrictions in imports and decrease in purchasing power.

As at the end of the first half of 2022, total pipe borne water coverage stood at 55.4%, while access to safe drinking water stood at 95.5% of the population. Considering the rise in costs and the resultant financial losses incurred by the NWS & DB (Water Board), amidst the lack of any revisions to water tariffs for almost a decade, the Cabinet of Ministers granted approval for the upward revision of water and sewerage tariffs effective from 01 September 2022. Accordingly, water tariffs for all categories of users were increased substantially with

usage tariffs for the domestic category being raised by around 70%. However, tariffs applicable to low-income consumers, such as Samurdhi recipients, remained almost unchanged alongside those applicable to schools, religious, and charitable institutions. Further, fees applicable for new water connections were also revised upward with effect from 17 October 2022. With this round of revisions to both tariffs and other charges, the financial performance of NWS & DB is expected to improve significantly.

The main raw material for PVC pipes is the Resin which is imported. The material cost comprises 85% of the total cost. At present we do a value addition process. To import raw materials, all PVC pipes manufacturing Companies faced the delay in shipments, shortage of vessels, increased freight rates and clearance from the port without demurrage. In terms of the ongoing foreign exchange crisis, companies that do not have exports are faced with serious challenges with insufficient forex cash flows to import raw materials. Samson International Plc managed with a great difficulty with the export proceeds of rubber sector to bring back the raw material for PVC sector.

Market Price of PVC Resin - 2022/23



The demand for our PVC products depend on the cement prices and fertilizer prices. If cement prices are low, there are many construction project and we will have a sell for pressure pipes. Similarly, if fertilizer prices are low, there is a demand for irrigation pipes.

# COUNTRY

## Profile

**296**

Public Quoted  
Companies

**Rs.3,827 Bn**

Market  
Capitalization

**8 Mn**

Work  
Force

**92%**

Literacy  
Rate



*“Our main factory is located nine kilometers away from Galle Fort which is included in the UNESCO World Heritage list. Sri Lanka is the one of the few places in the world where it has a remarkable combination of stunning landscapes, pristine beaches, captivating cultural heritage and unique experiences within such a compact location...”*

**S**ri Lanka is a lower middle-income country with a Gross Domestic Product (GDP) per capita of about \$ 3,682 and a population of approximately 22 Mn. The island's strategic location off the southern coast of India along the main east-west Indian Ocean shipping lanes gives Sri Lanka a regional

logistical advantage. Topographically, the island consists of a south central mountainous region which rises to an elevation of 2,502m and is surrounded by broad lowland plains at an elevation of 0-75 m above sea level. From the mountainous regions, nine major rivers and 94 other rivers flow across the lowlands into the Indian Ocean.

Sri Lanka, despite its small size, has a rich biodiversity distributed within a wide range of eco systems, ranging from rainforests to grasslands, rivers, wetlands and freshwater bodies and coastal and marine ecosystems. In terms of plant species diversity there are over 3,800 species of flowering plants of which 23 percent are endemic. Similarly, a rich faunal diversity exists with high endemism. Available information shows that Sri

## COUNTRY Profile (Contd...)

Lanka's biodiversity per unit of land area is among the highest in South Asia.

Sri Lanka is the one of the few places in the world where it has a remarkable combination of stunning landscapes, pristine beaches, captivating cultural heritage and unique experiences within such a compact location. Within a mere area of 65, 610 kilometers Sri Lanka has the following:

- a) 8 UNESCO World Heritage Sites,
- b) 1,330 kilometers of coastline (much of it pristine beach)
- c) 15 national parks showcasing an abundance of wildlife
- d) Nearly 500,000 acres of lush tea estates
- e) 250 acres of botanical gardens
- f) 350 waterfalls and 25,000 water bodies
- g) Culture that extends back to over 2,500 years

It is a place where the original soul of Buddhism still flourishes and where nature's beauty remains abundant and unspoilt. This is an island of magical proportions, once known as Serendib, Taprobane, the Pearl of the Indian Ocean, and Ceylon. Discover refreshingly Sri Lanka.

Colombo, the present commercial capital, is an interesting blend of varying influences and is over 600 years old. Almost one million out of the entire 22 million strong population of Sri Lanka resides in Colombo, and the country prides itself on having one of the highest literacy rates in Asia. The people of Sri Lanka are of diverse races and faiths, with the majority being Sinhalese who are mainly Buddhists but who harmonize with the Tamils, Muslims, Burghers and other ethnic groups. Although well on the road to modernization, the country and its people still cherish their traditional values and take pride in their rich culture, an aspect that continues to attract visitors.

Total no of employed persons in Sri Lanka is estimated as about 8 Mn. Of which, about 45% engaged in service sector, 29% in agriculture sector and 26% in industry sector.

Sri Lanka is blessed with natural produce such as tea, spice and fisheries. Additionally, it manufactures high quality garments, porcelain, ceramics, and other industrial products. Innovative businesses are now taking these traditional exports into new and emerging markets. Despite uncontrollable external threats including the emergence of low-cost manufacturers from Asia and Africa, regional political tensions and global trade wars, the Made in Sri Lanka brand remains a top sourcing option for high quality and ethically manufactured products.

After 30 years of civil war, Sri Lanka is transitioning from a predominantly rural-based economy to a more urbanized economy focused on manufacturing and services. Sri Lanka's export economy is dominated by apparel and cash-crop exports, mainly tea, but technology service exports are a significant growth sector. Prior to the April 21, 2019, Easter Sunday attacks, the tourism industry was rapidly expanding, with Lonely Planet naming Sri Lanka its top travel destination in 2019. Subsequently, Sri Lanka faced Corona pandemic in 2020 and 2021.

After the Covid -19 crisis, the Buzzwords being heard in & around these days are reforms & resetting the economy. The



# COUNTRY Profile (Contd...)

result of exchange & interest rate adjustments that took place in 2022, complete with the unavailability of goods & services for most months during the year. Economic activity has been derailed. Both these changes have a telling impact on corporates. It is likely that working people have seen a contraction in their disposable income, which has led to a slowdown in consumption led economic growth and businesses have less profits to reinvest for future growth. Sri Lanka is now in the process of gaining assurance from bilateral creditors for tier debt restructuring to obtain International Monetary Fund's board approval towards unlocking the US \$ 2.9 bn bailout package.

1	Land area	:	65,610 sq km
2	Commercial capital	:	Colombo
3	Climate	:	Tropical ( 10c – 32 c)
4	Population	:	21.2 mn
5	Labour force	:	8 mn
6	Languages	:	Sinhala, Tamil and English as the link language.
7	Currency	:	Sri Lankan Rupee
8	Legal system	:	Roman- Dutch and English
9	Literacy rate	:	92%
10	Main Religions	:	Buddhism, Christian, Islam, Hindu

## City of Galle

Our factories are located in Galle. The seaside town of Galle is 116 Km away from Colombo by road or rail, down the south coast of Sri Lanka. We can also take the Southern Expressway to reach the city by one and half hours from Colombo. This atmospheric small city is one of the country's eight UNESCO World Heritage Sites, notable for being the best example of a fortified city built by Europeans in South Asia (the Indian Subcontinent) and Southeast Asia. Restaurants, and hotels now occupy the old colonial buildings that line its cobblestone streets. Galle is surprisingly unlike anywhere else in Sri Lanka and it is an ideal place to relax in style.

The Fort is the heart of the Galle's history. The walled city has stood since the early sixteenth century, through the Colonial periods of the Portuguese, Dutch and British and in our present times is proclaimed as an Archaeological Reserve and has been identified as a living World Heritage Site. Unawatuna bay in Galle provides safe swimming and snorkeling, since it is protected by a reef. Rhumassala Kanda is also associated with the legend of the traditional Ramayana story. The drive to Baddegama is a delightful experience and leads out to the fine church consecrated in 1825, by Bishop Heber – Bishop of Calcutta. Today, Galle is a tourist resort which is also a historical city in Sri Lanka. Further, International Stadium situated near

Galle Fort and fringed on two sides by the Indian Ocean. It is considered to be one of the most picturesque cricket grounds in the world. This ground was initially built as a race course in 1876. This is situated 100km away from Colombo.



Galle stadium

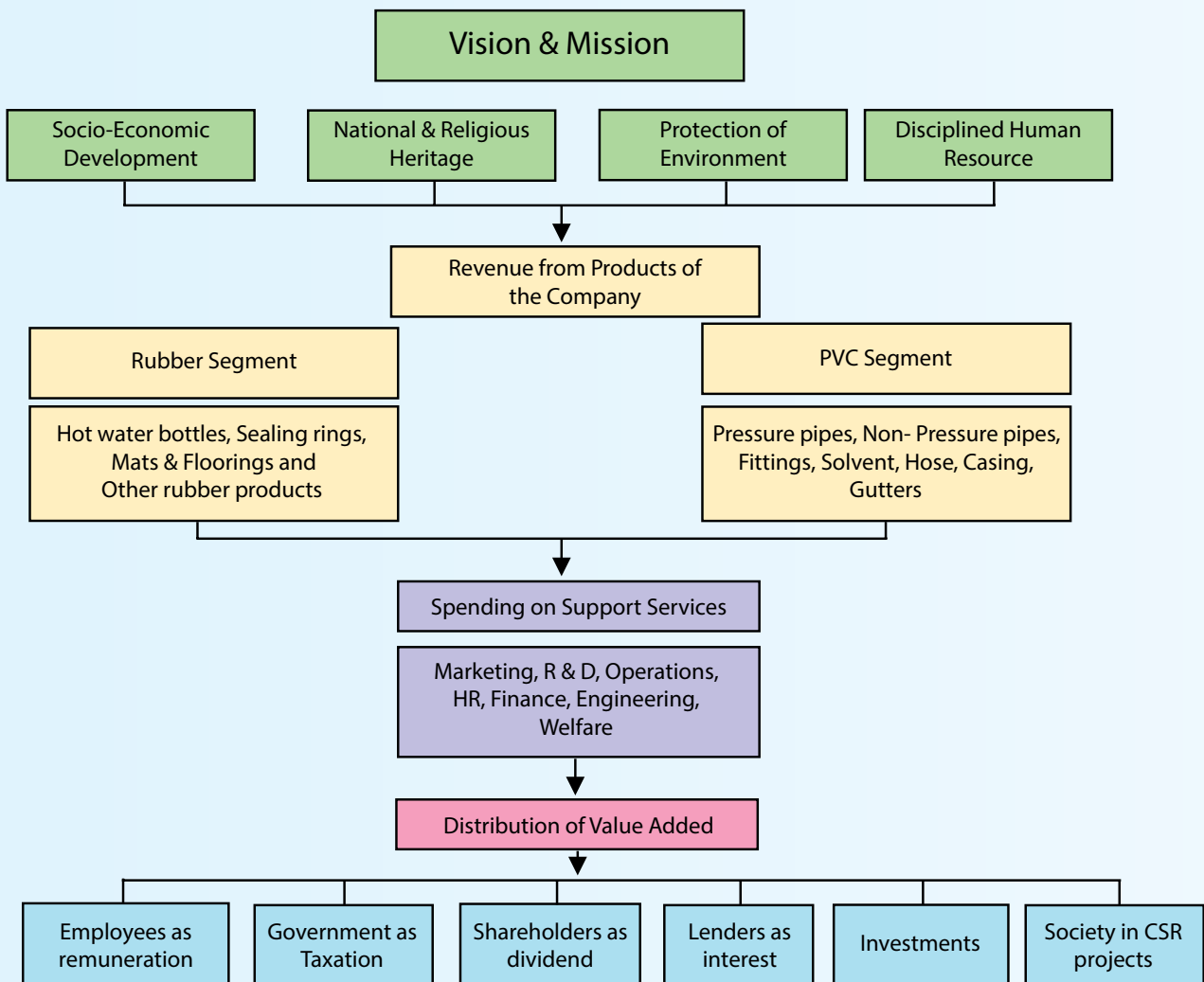
# VALUE

## Creation and Stakeholder Engagement

*“We firmly believe that a sustainable business platform cannot be achieved in isolation and we need a constructive dialogue with all stakeholders...”*

Samson International Plc earns revenue from two segments namely rubber and the PVC. The revenue generated from these segments is distributed and shown in the diagram below. At present, we obtain a greater revenue from the rubber sector. Our exports have been growing. The distribution of value added has been also discussed in the Manufacturing capital.

**Company revenue distribution diagram**



### Stakeholder Engagement

We believe that fostering strong relationships with communities, customers, shareholders, and other groups of external stakeholders can help companies understand and meet their needs. We regularly engage and interact with our stakeholders to apprise them on our performance and to seek their valuable input and insight on how we can further improve and create lasting impact on our society. We have made more channels to interact with below external and internal stakeholders to obtain their feedback which

# VALUE Creation and Stakeholder Engagement (Contd...)

create a strong relationship and form the foundation to our sustainability journey. The Company firmly believes a sustainable business platform cannot be achieved in isolation. Therefore our strategy development process and implementations take into account the material issues of our stakeholders. As a result we carry out a constructive dialogue and other engagements with all stakeholders as described below.

External Stakeholders	Internal Stakeholders
Shareholders	Employees
Neighbouring communities	Sister companies
Government & industrial regulatory bodies	
Customers, Suppliers & financial institutions	
Associations and certification bodies	

## Stakeholder Engagement Process

Stakeholder	Key issues/concerns	Process of engagement	Frequency of engagement
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>Profit and dividend rate</li> <li>Sales growth</li> <li>Sustainability and CSR</li> <li>Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>Annual general meeting</li> <li>Annual report</li> <li>Interim financial statements</li> <li>Press release</li> <li>Open-door policy</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Annually</li> <li>Quarterly</li> <li>Periodically</li> <li>Regularly</li> </ul>
<b>Neighbouring Communities</b>	<ul style="list-style-type: none"> <li>Pollution free environment</li> <li>Job opportunities</li> <li>Up-lifting living standard</li> <li>Effective waste management</li> </ul>	<ul style="list-style-type: none"> <li>Internal investment</li> <li>Social gathering</li> <li>CSR</li> <li>Recycling</li> </ul>	<ul style="list-style-type: none"> <li>Continuously</li> <li>Regularly</li> <li>Regularly</li> <li>Continuously</li> </ul>
<b>Government &amp; industrial regulatory bodies</b>	<ul style="list-style-type: none"> <li>Statutory compliances</li> <li>Timely information</li> </ul>	<ul style="list-style-type: none"> <li>Committee meetings</li> <li>One –to – one Communication</li> <li>Regular visits</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> <li>Regularly</li> <li>Regularly</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Product Quality</li> <li>Compliance with local and international standards and regulations</li> <li>Price</li> <li>On time delivery</li> </ul>	<ul style="list-style-type: none"> <li>Exhibitions, Trade association, Advertisement, Customer visits and One – to – one communication</li> </ul>	<ul style="list-style-type: none"> <li>Regularly</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Prompt payment</li> <li>Continuous orders</li> <li>Price revisions</li> </ul>	<ul style="list-style-type: none"> <li>Supplier meetings, Supplier service evaluations, Supplier registrations, Supplier audits</li> </ul>	<ul style="list-style-type: none"> <li>Regularly and Monthly</li> </ul>



# VALUE Creation and Stakeholder Engagement (Contd...)

Stakeholder	Key issues/concerns	Process of engagement	Frequency of engagement
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Remuneration</li> <li>• Profit and growth</li> <li>• Occupational health and safety</li> <li>• Career stability and advancement</li> <li>• Welfare and sports activities</li> <li>• Career advancement</li> <li>• Good working condition</li> </ul>	<ul style="list-style-type: none"> <li>Open- door policy, Joint consultative committee,</li> <li>Regular dialogues,</li> <li>Training programmes and HR cluster meetings</li> </ul>	Regularly and Monthly
<b>Sister Companies</b>	<ul style="list-style-type: none"> <li>• Good relationship</li> <li>• Mutual understanding and trust</li> <li>• Knowledge sharing</li> </ul>	<ul style="list-style-type: none"> <li>Social gathering and participation of Company events, Group meetings, Group journals,</li> </ul>	Regularly and Monthly

The above one-to-one communication with neighbouring communities arises at the distribution of rice & timber trees ceremony, attending atavisi Bodhi pooja by all employees, pirith ceremony, helping funeral houses, university students, schools & temples in the village and interact with each other on a personal level. Such events give an opening to us to mix and get to know each villager and create better relationships. The government departments/ regulators includes environment authority, health department, labour department, water

boards to obtain reports, advice & organize training programs with them from time to time. Needs and expectations of the employees are identified through suggestion box, joint consultative committee, attitude surveys, group newsletters and information obtained with regard to number of grievances complaints, number of cases in labour tribunals, labour courts and arbitration, employee turnover rates, exit interviews, number of accidents, rate of absenteeism, and quality of production and services.



Overseas Customer Engagement



Community Engagement - CSR to Sambodhi, Baddegama



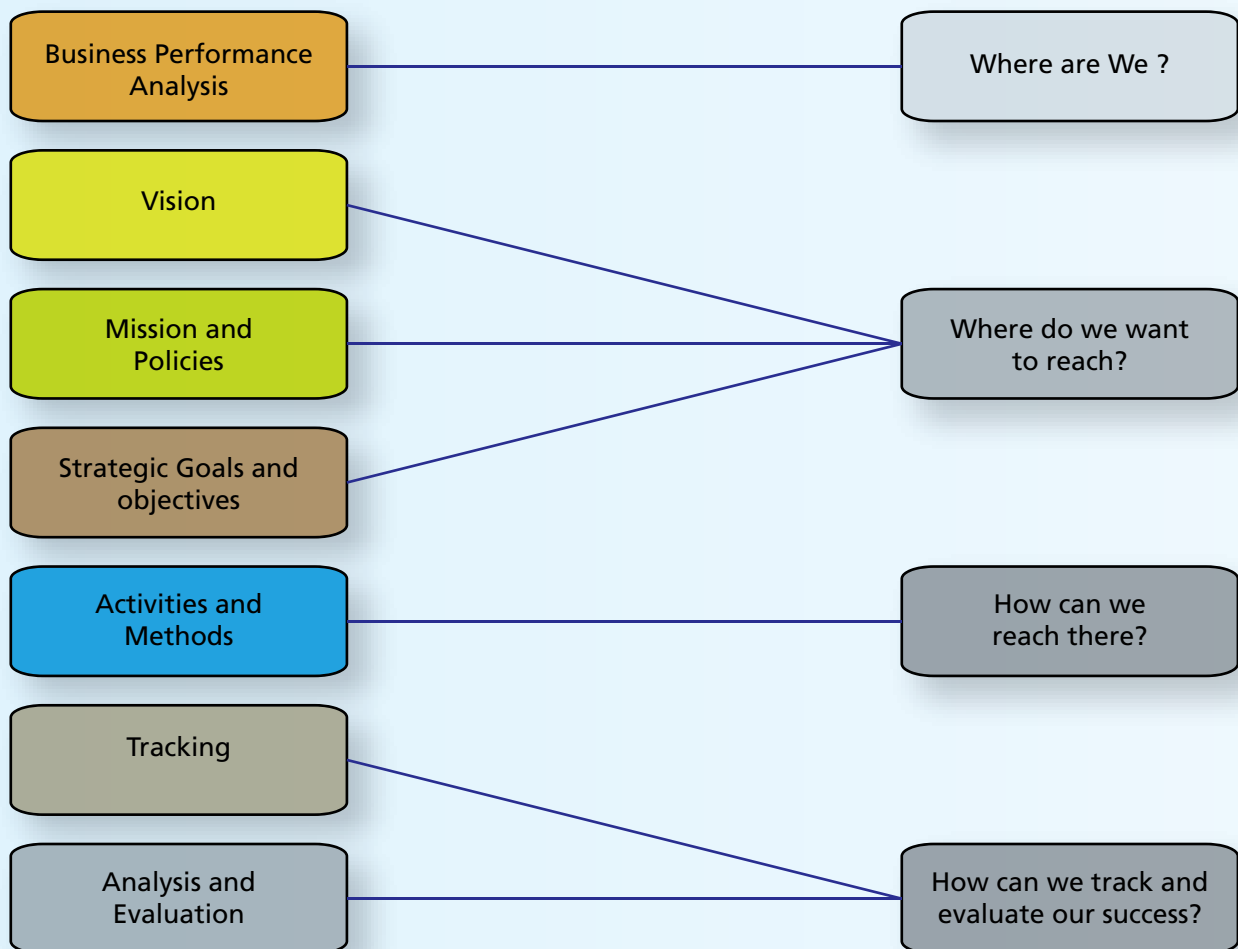
# GOALS and Strategies

*“We are aware that our company’s mission statement serves as an abstract of the company direction and is particularly helpful to the stakeholders who value condensed overviews...”*

Our strategic plan for a three years is prepared annually before the commencement of a financial year. Our eyes are placed in front because it is more important for us to look

ahead than to look back. This year too, we organized this strategic planning meeting adhering to the health guidelines. This strategic plan covers with the critical success factors and a SWOT analysis, Business performance Analysis and PEST analysis. In this planning session, we strengthen operations, set priorities, focus energy, ensure resources, employees and other stakeholders working toward common goals, establish agreement around intended outcomes/ results, and assess, and adjust the organization’s direction (Mission and Objectives) in response to a changing environment.

## Strategic Planning Process



# GOALS and Strategies (Contd...)

## Business Performance Analysis

We carry out business performance analysis before we prepare strategic plan and the budget. This is conducted usually in March every year after participating all sectional heads, managers and executives of the Company. Further, we prepare three years' rolling budget collectively after evaluating the SWOT and Business performance analysis.

### Key Strengths

1. Wide product range
2. Strong, loyal and old customer base
3. Being in the business for the last 35 years
4. ISO certified since 1994 to date
5. Support from other sister Companies

### Key Challenges

1. Low-cost manufacturers from India, China and Indonesia who are penetrating our market
2. Unpredictable raw material prices (especially rubber, resin) and exchange rates.
3. Adverse climate changes
4. Environmental pollution issues
5. Shortage of skilled workers
6. Unstable political environment Unpredictable
7. Unpredictable global virus issues
8. Migration of skilled workers abroad
9. Frequent tax revisions
10. Difficulty borrowing in dollars

### Key Opportunities

1. New market for USA, South America and Japan
2. High potential for yoga mat and CPVC products
3. Investing for a Rotocure to produce continues sheets
4. Gaining Chinese's markets due to their supply shortage
5. Able to win orders to foreign customers at competitive price due to the depreciation of the rupee

Our Corporate philosophy reflects in our Vision and Mission statements and in our values. It reflects or explicitly states basic belief, values, aspirations, and philosophical priorities. In turn, we are committed to emphasizing these in managing the Company.

## Our Vision

**We will** be a leading polymer product manufacturer in the region

## Our Mission

**We will** become a versatile manufacturer of diversified polymer products in the global market by utilizing modern technology while providing optimum value to stakeholders.

Three components of our mission statement are indispensable: specification of the basic product ( ie diversified polymer products) , primary market ( ie global market), and principal technology for production or delivery ( ie by utilizing modern technology). We are aware that the company's mission statement serves as an abstract of the company direction and is particularly helpful to outsiders who value condensed overviews.

## Our Values

Company values are the set of guiding principles and fundamental beliefs that help our team to function together and work toward our common business goal. Our values are given below.

- Contributing to the country's Socio-economic development
- Respecting our national and religious heritage.
- Protecting and safeguarding our environment.
- Enhancing disciplined human resources based on the family concept.

Some of the principles we use under above values are explained on next page.

# GOALS and Strategies (Contd...)

Contributing to the country's Socio-economic development	Respecting our national and religious heritage	Protecting and safeguarding our environment	Enhancing disciplined human resources based on the family concept
Business is conducted lawfully and with integrity and focus on CSR activities	Respect to all religions, nationalities and ethnic groups.	The planet is Protected by giving priority on green energy and cultivation	Loyalty, honesty, trust and accountability are maintained
Resources, including water and waste, are managed in a sustainable and circular way	Family life are Promoted and helping employees & villagers during the economic crisis	Working and living conditions are suitable	Fundamental labour rights are respected

## Business Ethics

We have explained our Business Ethics under Corporate Governance on page 166.

## Code of Conduct

Our code of conduct defines a set of expectations for the behavior of our people. It serves as a guide to understand the essentials of our policies and how those policies are anchored in our values. We expect our people to comply with our code of conduct and we also expect our stakeholders, such as bankers, suppliers and shareholders to act in a manner that is consistent with our code.

## Long-term Goals

The long-term goals of Samson International Plc are given below.

### Long-term Goals

1. Establish a direct market presence in more than 50 countries.
2. Design and manufacture of new products for the global market
3. Achieve the market leadership in our PVC products lines
4. Reach our revenue and profit at a rate more than current industrial norm.
5. Attain forward and backward integration through takeovers and acquisitions.
6. Strive for the uplifting of our community whilst adhering to high ethical standard in business.

## Strategic objectives

In order to follow our Vision and Mission, we have planned to achieve all functional objectives such as finance, customer, internal business process and learning & growth. We believe that just achieving our objectives in one function is not adequate to run the business in the long term. We also need to suitably balance all four functions simultaneously. For example, while achieving financial returns we also need to look at the customers' perspective, factory development and investment in human resource. The Company and the Group maintain IFS IT system to prepare financial accounts and management information.

The contribution made by our Company to the national economy including taxation, job opportunities, green energy, cultivation, infrastructure developments and exports development have been highlighted under the review of operating environment on page 70.

## Strategies

Our short and medium- term growth strategies focus on a mix of market penetration, market development, and new product development on routine basis. In the past, we invested heavily in plant and machinery in the PVC sector and rubber mixing in order to increase the capacity. Over the next three years, we plan to target new export markets and new demographic segments for growth, supported by attractive new products. We look at the diversification strategy whenever an opportunity arises. In the meantime, we impose stringent cost control in all our activities. We are also planning to further expand the capacity of three factories and investing in modern machinery.

# GOALS and Strategies (Contd...)

## Objectives and Strategies set for 2023/24

Plans for 2023/24	Strategy
1 To buy a Rotocure	Product development
2 To regain our market share in PVC segment	Market penetration
3 Reduce gearing by 10%	Minimize financial risk
4 Where possible, foreign exchange hedging techniques are applied to minimize the exchange loss risk.	Minimize the exchange risk
5 The Company continuously invests in Research and Development activities	Product development
6 Invest in CPVC production line	Product development
7 The Company continuously carries out environmental audits invests in CSR	Minimize the Operational risk and activities
8 Ten new products are to be developed	Product developments
9 Develop our brands to be perceived as high quality products	Market penetration
10 Participate all possible exhibitions in overseas and locally	Market developments
11 Expand in-house mixing facility	Enhance efficiency
12 Sales promotion through electronic media	Market penetration

## Objectives set in 2022/23 and extend of achievements:

Planned for 2022/23	Extent of Achievement
1 To buy a Rotocure	Not yet
2 To increase the market share by 10% in PVC segment	Not yet
3 Reduce gearing by 10%	Done
4 Where possible, foreign exchange hedging techniques applied to minimize the exchange loss risk	Done
5 The Company continuously invests in Research and development activities	Done
6 Invest in CPVC production line	Not yet
7 The Company continuously carries out environmental audits	Done
8 Company will develop ten new products	Done
9 Develop our brands to be perceived as high quality products	Done
10 Participate all possible exhibitions in overseas and locally	Done
11 Expand in-house mixing facility	Done
12 Sales promotion through electronic media	Done

# GOALS and Strategies (Contd...)

## Material Issues

During the strategic planning meetings, the followings were identified as material issues for the Company after evaluating the process.

Material Aspects	Extend of impact or Significance	Aspect Boundary
Rubber prices	Critical	External
Skill labours	Critical	External
Global Virus issue	Critical	Internal and External
Exchange rate	Critical	External
Product mix	Critical	Internal
Weather	Critical	External
Wastage percentage	High Impact	Internal
Trainings	High Impact	Internal
Economic performance	High Impact	External
Energy	High Impact	Internal and External
Imported raw material prices	High Impact	External
Labour/ management relationship	High Impact	Internal
Promotions and communication	High Impact	Internal
Customer loyalty	High Impact	External
Water	Moderate Impact	Internal
Transport	Moderate Impact	Internal
Community relationship	Moderate Impact	External



Discussion on Corporate plan



# FINANCIAL Capital

Key Performance Indicators 2022/23

**10.3%**  
ROCE

**Rs. 21.95**  
Earning per share

**Rs. 235 Mn**  
Finance cost

**50%**  
Gearing



Receiving SAFA Award for the Annual Report in Nepal

*“Samson International Plc received first international award from South Asian Federation of Accountants in Nepal in December 2022 for the Annual Report 2020/21”*

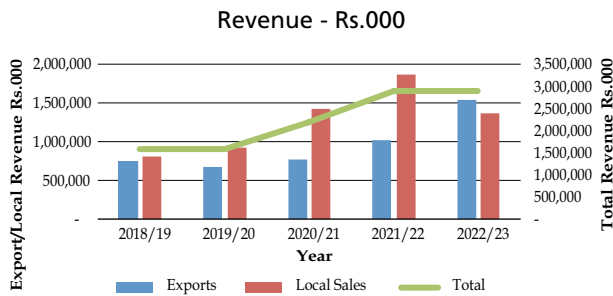
We are pleased to inform you that we received first international award from South Asian Federation of Accountants in Nepal in December 2022 for the Annual Report

2020/21. Further, we also obtained a Bronze award for the Annual report from the Institute of Chartered Accountants of Sri Lanka for the Annual Report 2021/22 in the category of manufacturing turnover up to Rs. 10 Bn. Furthermore, we received gold awards for Annual report of previous two consecutive years in the manufacturing category turnover up to Rs. 5 Bn. The Institute of Chartered Accountants conducted this local annual report competition based on the criteria of Transparency, Accountability, Governance and sustainability.

# FINANCIAL Capital (Contd...)

## 1) Yearly Performance Revenue

The Company recorded a turnover of Rs. 2,895 Mn in the current year as against Rs. 2,885 Mn in the previous year which is an increase of 0.3%. While rubber segment had a 38% sales growth, PVC turnover came down by 41% compared to the previous year. Out of the total revenue of Rs 2,895 Mn for the year ended 31st March 2023, 47% was earned from local sales and the balance 53% was from export sales. Our export sales went up by Rs 513 Mn from Rs. 1,023 Mn in the previous year to Rs. 1,536 Mn in the current year. The increase in export came from hot water bottles, rubber mats and bath mats. Local sales have been growing tremendously after the Company stepped into the PVC business. However, PVC sales have come down by Rs. 563 Mn from 1,364 Mn in the previous year to Rs. 800 Mn in the current year due to the contraction in the construction industry in the country.



## Gross Profit Margin

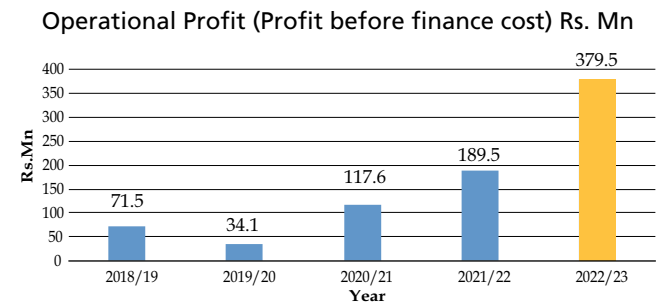
The Company has recorded a gross profit of Rs. 854.5 Mn as against Rs. 577.3 Mn in the previous year. The Gross Profit Ratio in the current year is 29.5% which was 20% in previous year. The main reason for the increase in gross profit ratio was the appreciation of Euro and USD against LKR in exports.

## Operational Profit (Profit before Finance cost)

The Operational profit in the current financial year is Rs.379.5 mn as against Rs.189.5 mn in the previous year. We have incurred Rs. 144.3 mn for the selling and distribution cost in the current year as against Rs.155.8 mn in the previous year.

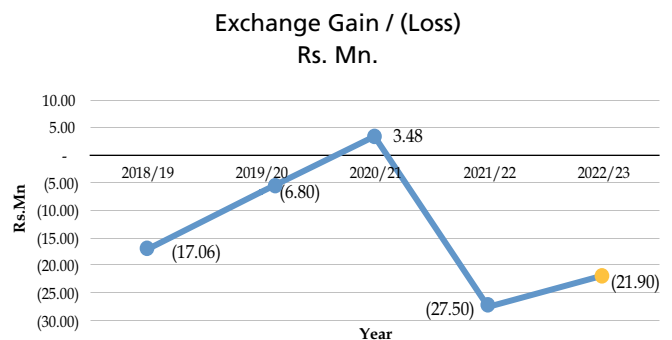
The main reason for the decrease in selling and distribution cost is the decrease in transportation cost and sales commissions which are directly related with the PVC sales decline.

Further, during the year we incurred Rs.7.3 Mn for media advertisements on PVC products. The Administrative overhead cost was Rs.337.7 Mn during the year under review as against Rs 232.2 Mn in the previous year.



## Profit / (Loss) before Taxation

The profit before taxation in the current year is Rs. 154.6 mn as compared to Rs. 99.5 mn in the previous year. Profit s have gone up mainly due to the increase in gross profit percentage. However, the finance cost increased by Rs. 140.7 mn from Rs. 93.8 mn in the previous year to Rs. 234.5 mn in the current year. We noted that we have incurred a substantial amount for exchange loss for the last two years. The exchange loss incurred for the year ended 31st March 2023 and 2022 are Rs. 21.9 Mn and 27.5 Mn respectively. The interest cover is 1.83 times in the year under review.



The Company continues to maintain a clear and coherent approach to hedging which is carried out with pre- approved financial institutions. Our company enter into such arrangements only with financial institutions we believe that they are able to perform their obligations over the entire tenor of our economic exposure.

This exchange loss incurred as a result of appreciation of Rupees against foreign currency from month to month when export bills are settled and accounted.

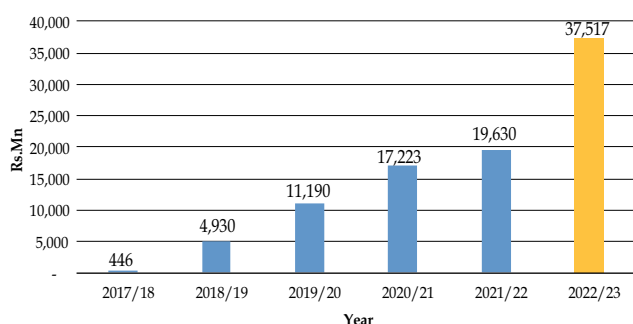
# FINANCIAL Capital (Contd...)

## Taxation

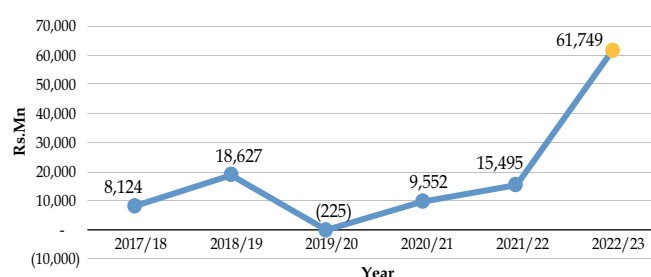
During the first six months period, the profit from local sales is taxed at 18% and exports profits is taxed at 14%. The effective rate for the Company is around 17% for this period. (Refer Note 10 of the Financial Statements on page 220 for a detailed explanation). However, during the second six months of the financial year, tax rate for both local and export profits is 30%. Further, other income tax rate also increased from 24% to 30% in the second six months of the financial year. As a result, the effective tax rate has gone to 30% now.

	2022/23	2021/22
Tax on profit of the year	37,517,552	19,629,524
Deferred tax expense/(Income)	(24,231,944)	(4,134,064)
<b>Total</b>	<b>61,749,496</b>	<b>15,495,461</b>

Tax on Profit  
(Rs. 000)



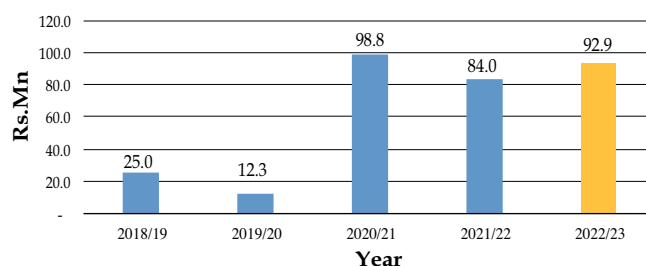
Taxation Rs. "000"



## Profit for the year

During the year, the Company recorded a Rs. 92.9 Mn profit as against Rs. 84.0 Mn in the previous year. In the year under review, even though the exchange losses, increase in rubber & resin prices, fuel cost, freight cost, interest rates and shortage of USD affected the bottom-line, we could manage to increase the profit for the year with the benefit of appreciation of foreign currency against LKR. We also increased the selling prices to recover our cost increases whenever possible.

Profit for the Year (after tax)  
(Rs. Mn)

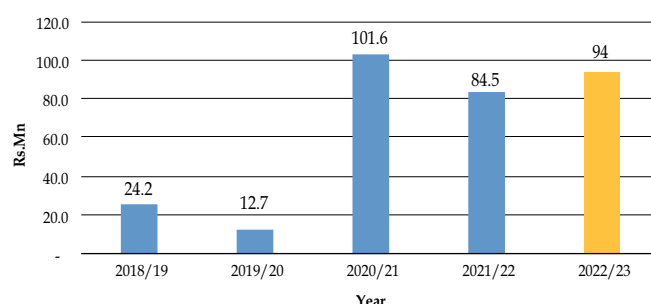


## Total Comprehensive Income

The total comprehensive income for the year is Rs. 93.9 Mn.

This total comprehensive income includes the actuarial gain on post-employment benefit liability of Rs. 1.5 Mn and deferred tax on actuarial loss of Rs. 0.4 Mn in the current financial year. The total comprehensive income for the previous year is Rs. 84.5 Mn.

Total Comprehensive Income  
(Rs. Mn)



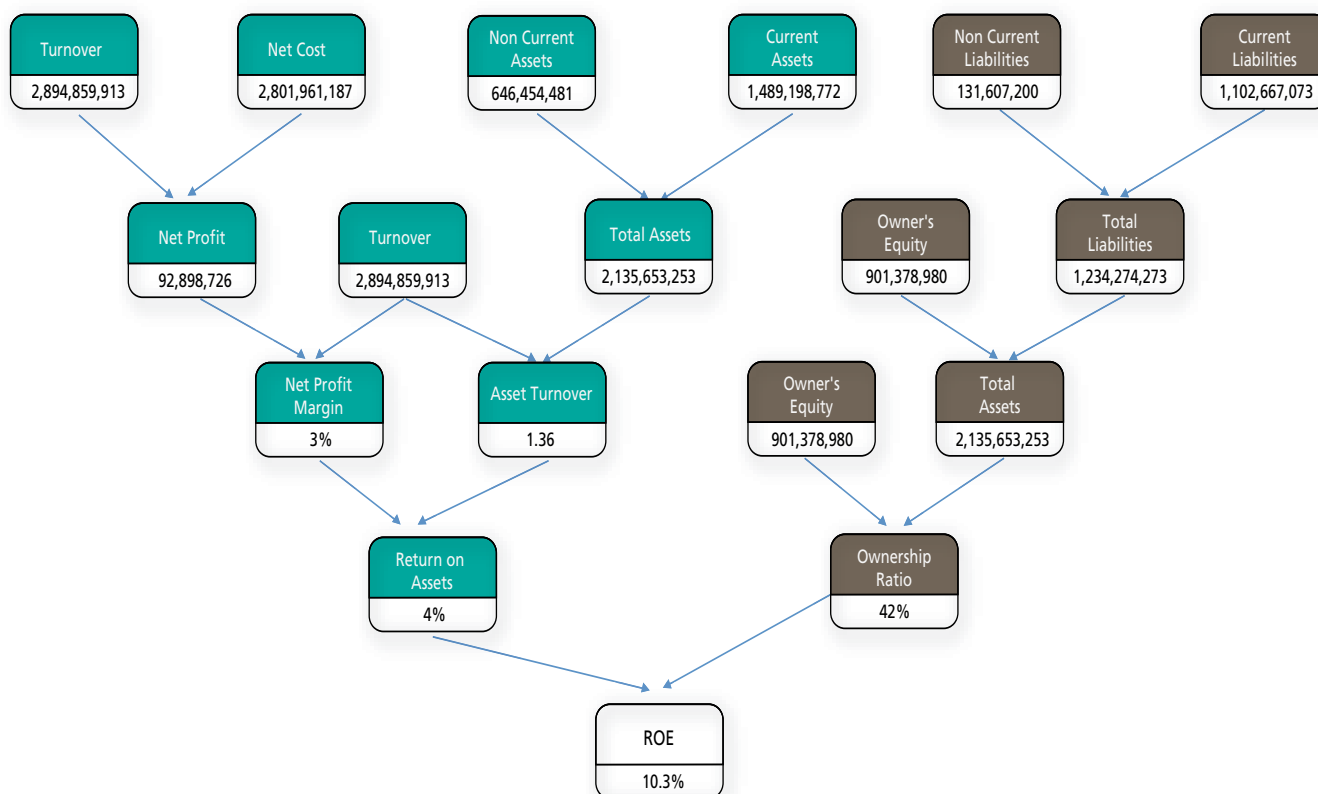
## Dividend

The Directors have proposed and approved a final dividend of Rs. 2.00 per share, amounting to Rs. 8.4Mn for the year ended 31st March 2023. Company paid a final dividend of Rs. 2.00 per share amounting to Rs. 8.4 Mn during the year, in respect of the year ended 31st March 2022. In accordance with LKAS in which, the proposed final dividend, subsequent to the reporting date is not recognized as a liability in the Financial Statements as at 31st March 2023. The Company has necessary funds to finance the payment of the final dividend. Dividend will be paid before 09th June 2022 as per the Article.

## DuPont Analysis

DuPont analysis is a framework for analyzing fundamental performance and now widely used to compare the operational efficiency. DuPont analysis is a useful technique used to decompose the different drivers of return on equity (ROE). These drivers indicated below highlight our operational efficiency of the business.

## FINANCIAL Capital (Contd...)



The above diagram indicates that Return on Equity is 10.3% and total assets is Rs.2.1Bn. Further, net profit to turnover margin is 3%.

## Solvency

Section 56 of the Companies Act No. 07 of 2007, requires that a solvency test be carried out prior to the payment of dividends. The Board of Directors obtained a Certificate of Solvency from the Auditors, prior to the date of dispatch of the final dividend payment.

### The Actual Performance Vs Predetermined Targets (Budgeted)

	Predetermined targets Rs. in "000"	Actual Rs. in "000"	Variance Rs. in "000"
1 Turnover – Rubber segment	2,155	2,096	-59
2 Turnover- PVC segment	1,595	798	-797
3 Total Turnover	3,750	2,895	-855
4 Exports	1,606	1,536	-70
5 Local sales	2,144	1,358	-786
6 Gross Profit %	20.5%	29.5%	9%
7 Net profits (before tax)	108.6	154.6	46

Due to the economic crisis in the country, we were not able to achieve some predetermined targets. However, we were able to record a greater profit than what we have targeted.

## Investments

During the year, the Company invested Rs. 134 Mn in fixed assets including investment in a solar project and in injection moulding machines. Net assets value per share as at 31st March 2023 was Rs. 212.95 as against Rs.192.75 as at 31st March 2022. We had to restrict some planned investments due to the high interest rates. We too focused on to control our gearing position.

# FINANCIAL Capital (Contd...)

As at 31st March 2023, the Company had following financial investments.

Investment	Bank	Rs. Mn	Rs. Mn
Fixed Deposits	Bank of Ceylon	10.5	
	DFCC Bank	13.5	24.0
Debentures	Seylan Bank		6.4
Treasury bills			21.0
<b>Total</b>			<b>52.4</b>

## Information Technology

Samson International Plc has invested heavily in Information Technology infrastructure to enhance operational efficiency and enable effective and efficient decision making over last 35 years. We believe that Information Technology contributes significantly towards enhancing operational efficiency and securing competitive advantage in the modern technological era. Our Group has invested more than Rs. 60 Mn in IFS ERP system and we upgrade it periodically. We continue to invest in training to our staff members in the area of Information Technology.



Our Staff in IT Graduation

## Working Capital Cycle

The Working Capital Cycle for the current year and the previous year is as follows.

	2022/2023	2021/2022	Variance
Debt Collection Period (Days)	59	75	16
RM Holding Period (Days)	132	102	-30
WIP Holding Period (Days)	3	8	5
FG Holding Period (Days)	49	26	-24
Credit Settlement Period (Days)	-28	-58	-30
Cash Operating Cycle (Days)	243	211	-32
Operating Cycle (Days)	216	154	-62

# FINANCIAL Capital (Contd...)

It is noted that the operating cycle has gone up from 154 days in the previous year to 216 days in the current year. This is mainly due to accumulation of finish goods and raw materials during the economic crisis period. However, we were able to improve our debt collections and settlement of creditors. Due to the above reasons, our cash operating cycle for the year under review is 243 days as against 211 days in the previous year.

## Cash flows

Negative balance of cash and cash equivalents has marginally increased from Rs. 60.2 Mn as at 31st March 2022 to Rs. 68.7 as at 31st March 2023. Net cash used for investing activities is Rs. 108.4 Mn for this year. This outflow was led by the investment in Property, plant and equipment. Net cash inflow from financing activities in the year under review was Rs. 112 Mn as against Rs. 209 Mn in the previous year. This has been used to settle working capital loans.

## Total Liabilities

Total liabilities of the Company decreased by 3% compared to the position as at 31st March 2022. This is mainly due to the decrease in import creditors. Due to the decline in PVC turnover, we imported a lesser amount of PVC materials and we also settled the previous year's imports bills during the year. The gearing ratio including short-term debts in the current year has gone up to 50% from 49%.

## Market Capitalization

The market capitalization of the Company was Rs. 1,074 Mn, up from Rs. 782 Mn in the previous year at the closing price of the share. During the year under review, the highest traded price of the Company's share was Rs. 299.50 while the lowest price was Rs. 120.00. PE ratio for the year ended 31st March 2023 is 11.5 times as against 9.3 times in the previous year.

## Discussion on Internal Control System

Our internal audit function has also been out-sourced to Messrs T & D Associates, Chartered Accountants, in addition to verification carried out by our internal audit department. They continue to improve our systems of internal controls to ensure stronger procedural compliance and conformity with the Group policies and legal requirements. The internal auditors directly report to the Audit Committee in which there are independent, Non- Executive Directors. They go through the internal audit reports quarterly and take necessary action to strengthen them. Further, the Company invested in a more advanced ERP system.

The supply department obtains several quotations prior to taking a decision on purchasing any item. For all chemicals and services, there is more than one supplier in order to minimize the operational risks. Capital items valued at more than Rs. 25,000 have to be approved by the Board in the quarterly board meetings and audit committee meetings. A board paper should be submitted for all major capital expenditures with a feasibility report. When any price increase is anticipated especially for rubber and chemicals, we maintain buffer stocks. Engineering spare parts are stocked for frequently needed repairs on machinery.

We allow credit only to approved customers, which are reviewed yearly. The credit periods and limits have been established for each customer. We obtain bank guarantees, deposits, post-dated cheques from local debtors and insurance cover for export debtors whenever there is a doubt about recovery. Adequate provision is provided for any long-outstanding dues. Internal auditors review these outstanding balances and give a report to the Audit Committee. Then the Audit Committee and the Board of Directors review and evaluate it and take necessary actions.

## Segmental Review

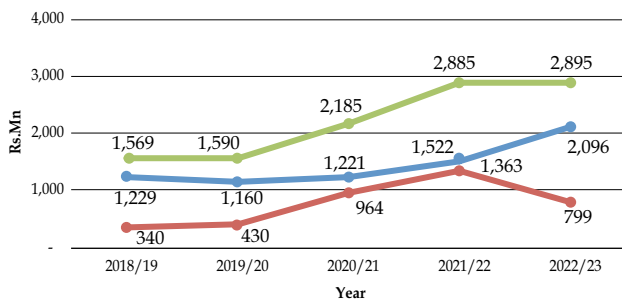
The Rubber segment has a continuous sales growth for the last three years. Though the PVC segment had the continues sales growth since its inception, last year, its turnover came down by 41% due to the economic crisis in the country. The sales analysis segment-wise is given below.

Year ended	Rs in 000's		
	Rubber	PVC	Total
31st March 2023	2,096,091	798,769	2,894,860
31st March 2022	1,521,634	1,363,555	2,885,189
31st March 2021	1,221,374	964,495	2,185,869
31st March 2020	1,160,566	429,636	1,590,202
31st March 2019	1,229,609	339,736	1,569,345
31st March 2018	900,474	215,975	1,116,449
31st March 2017	1,057,269	192,228	1,249,497
31st March 2016	982,878	195,460	1,178,338

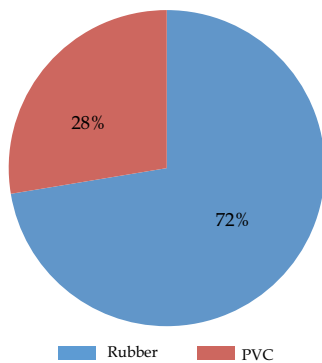


# FINANCIAL Capital (Contd...)

Turnover - Rubber & PVC



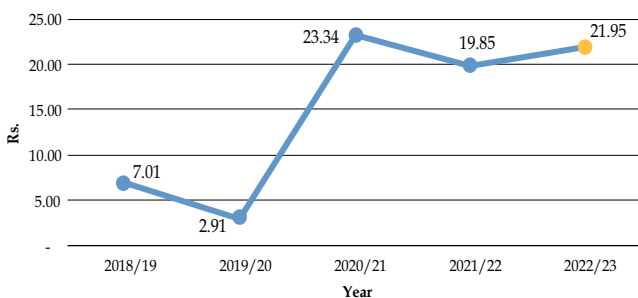
Turnover - Segment wise 2022/23



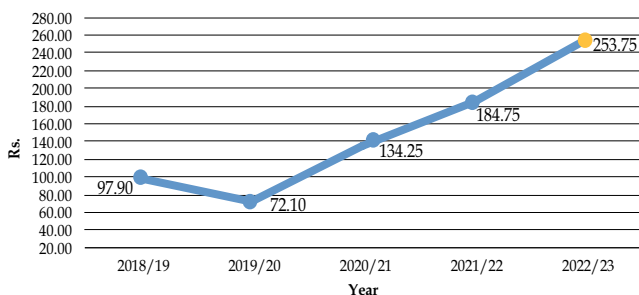
## Key Ratios

Earnings per share are Rs. 21.95 in the current year as against Rs. 19.85 in the previous year. The market price as at 31st March 2023 was Rs. 253.75 (last year Rs. 184.75). The Return on Capital Employed (ROCE) in the year is 10.3%.

Earning Per Share (EPS)



Market Price per Share Rs.



The PE ratio for the year is 11.5 times and Dividend payout ratio is 9%. The current ratio as at 31st March 2023 and 31st March 2022 are 1.35 and 1.25 respectively. The liquidity ratio as at 31st March 2023 is 0.62 as against 0.64 as at 31st March 2022. The total assets as at 31st March 2023 is Rs. 2,13 Mn. The graphs of Dividend pay-out Ratio, Total assets, ROCE and Market capitalization have also been shown in the Financial Highlights on page 6.

## 2) Key Audit Matters reported in the last year auditor's report

The action taken and the current status for the key audit matter reported in the previous year's audit report is given below

Key Audit Matter	Current status
Provision for deferred tax	Potential risk and errors have been eliminated as much as possible when significant management estimates, judgments and uncertainties are involved

## 3) Quarterly performance

Both rubber and PVC segments were able to run at a profit. The net profit before tax of the Company for the year increased from Rs. 99.5 Mn in the previous year to 154.6 Mn. in the current year. Company recorded a tremendous sales growth in HWB this year. However, sales in the PVC sector declined from Rs. 1.3 Bn to Rs. 0.8 Bn. During last quarter we have made all annual adjustments and provisions. The summarized four-quarter financial summary is shown in page 239. Out of the four quarters, last two quarters recorded the highest export turnover around Rs.440 Mn. per quarter. We had the highest local sales in the second quarter. We incurred the highest exchange loss of Rs.35 Mn. in the fourth quarter and also recorded an exchange gain of Rs.20 Mn. in the third quarter. During the fourth quarter, we could reduce the finance cost significantly to Rs.58 Mn. We recorded the highest profit after tax in the first quarter of Rs.70 Mn. and in the last quarter we incurred a loss of Rs.31 Mn. mainly due to the exchange loss.

# FINANCIAL Capital (Contd...)



Certificates received for the Annual Report



# MANUFACTURED

## Capital

Key Performance Indicators 2022/23

**Rs. 134 Mn**

**Capital  
expenditure**

**Rs. 938 Mn**

**Value  
addition**

**Rs. 5.7 Mn**

**Turnover  
per employee**

**3**

**Number of  
factories**



### Hot water bottles for International market

**S**amson International, a subsidiary of the DSI Samson Group, commenced its business in 1988. As an export-oriented Company, the initial intention of manufacturing rubber-based products largely for international markets. Today, the Company manufactures and exports more than fifty moulded and extruded rubber products such as hot water bottles, jar sealing rings, rubber mats, rubber floorings, beadings and mud flaps mainly to global markets while catering to the local market with its extensive rubber and PVC- related products. This PVC related products include pressure pipes, irrigation pipes, solvent, trunking, fittings and conduits, etc. We have three factories in Galle, Kalutara and Baddegama.

While striving to be a versatile polymer manufacturer in the global market by utilizing modern technology and providing optimum value to stakeholders, Samson International constantly and consistently ensures that the operational activities align with the core values of the company namely contributing to the country's socio-economic development, respecting national and religious heritage, protecting and safeguarding the environment and enhancing disciplined human resources based on the family concept.

The trend setter and the front runner in rubber industry in Sri Lanka, Samson International is the first rubber manufacturing Company to obtain ISO 90001 quality certification in the

# MANUFACTURED Capital (Contd...)

country. Samson International gives utmost priority to ensure that sustainable and ethical manufacturing practices are followed during its production and delivery processes. In order to ensure this, the Company has obtained ISO 14001 certification for environmental management, ISO 50001 certification for energy management and BSCI certification for Business social compliances. Also the Company holds the Forest Stewardship Council (FSC) certification to manufacture FSC certified rubber products.

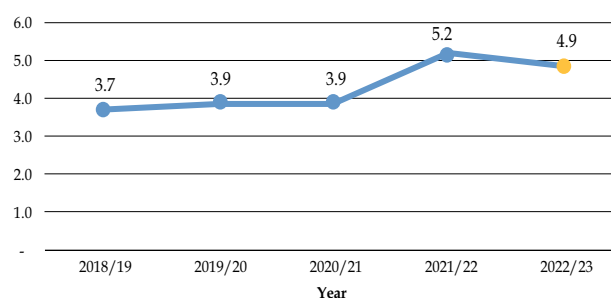
Last year we mainly focused to expand our capacity level both in rubber factories and PVC factory. We invested in plant and machinery and the stores buildings in order to cater the demand of our products in export and local markets. We built a new warehouse in the Galle plant and factory building expansion was done in Baddegama PVC factory. We continuously invest in technologically advanced machinery for the expansion in capacity and invested Rs 134 Mn in Plant & Machinery in the year under review (Please see Note number 13 of the Financial Statement on page 222). Last year, we stepped in to in-house mixing and have planned to increase the capacity further. These investments will place us on a strong footing for the years ahead. We aim at versatility with the intention of becoming bigger and bigger, year by year.

## Manufacturing capabilities

We are able to produce many products for several industries. We have the manufacturing facilities of compress moulding, extrusion, microwave, injection moulding, C pressing and mixing. We invested in injection moulding, mill and a kneader in the year under review in order to increase the current capacity level. Our products are available for Pharmaceutical, Food and packaging, Matting and flooring, Automotive and industry, Construction, Agriculture industries. Our PVC product range covers Construction, Agriculture and Irrigation, Electrical, Water tap accessories. Escalating costs of raw materials and intense price competition in the market compelled us to re-engineer our processes to minimize wastage, reduce utility consumption and achieve cost saving. We pay production incentives and waste saving incentives for the workers and staff every month. Salary increments are based on the performance and seniority level.



Fixed Assets Turnover Ratio (Times)



In the year under review, fixed assets turnover ratio has come down due to the heavy investments in fixed assets in the previous year. Last year, we invested in a warehouse, kneader and injection moulding machinery. The total capacity for rubber products is 300,000 kg per month and average capacity utilization is 70%. The total capacity for PVC products is 550,000 kg per month and average capacity utilization is 25%.

We focus on the following three areas in all three factories to overcome any challenges and to be more competitive & resilient and to increase the efficiency. We discuss under-mentioned areas in our operational meetings and carry out the continuous improvements.

## Automation

- 1) Reduce manual and repetitive work
- 2) Documentation automatically generated
- 3) Allow employees to self-automate their workflow
- 4) Increase productivity and efficiency of work
- 5) Reduces time to finish a task
- 6) Higher level of accuracy

# MANUFACTURED Capital (Contd...)

## Data decision

- 1) Gain better insights
- 2) Improved report creation and information sharing
- 3) Improved data collection
- 4) Improved business intelligence and analysis
- 5) Seamless integration with existing applications

## Communications

- 1) Increase collaboration
- 2) Decrease waiting time for information
- 3) Less errors
- 4) Less emails to respond to
- 5) Increase convenience
- 6) Decrease bureaucracy

We conduct operational meetings with an optimum duration of time that priorities focus, productivity and engagement.

We know that very long meetings can be unproductive, disengaging, leading to decreased productivity, employee burnout and dissatisfaction. Employees are frequently pulled away from important work to attend meetings, which can disrupt, workflow and slow down progress.

## Our factory employees

There are employees, who started their career in the staff category, have become senior managers and head of the department now. We have a very young and dynamic cadre, e.g., 53% of our employees have worked less than 5 years. 74% of the employees have worked less than 10 years. 67% of the total cadre or 339 employees work in the Galle factory. Company conduct a felicitation ceremony and it is held for the long- service employees. Cash award, Certificate, Meddle and plaque were given to employees who have worked more than 10 years and 25 years.

### a) Employees factory-wise:

	Workers		Staff		Executive		TOTAL
	Male	Female	Male	Female	Male	Female	
Galle	194	52	40	37	14	2	339
Baddagama	64	5	57	10	7	0	143
Kalutara	22	1	2	0	0	0	25
<b>TOTAL</b>	<b>280</b>	<b>58</b>	<b>99</b>	<b>47</b>	<b>21</b>	<b>2</b>	<b>507</b>

### b) Employees age-wise:

The age analysis of the employees is as follows:

	Workers		Staff		Executive		TOTAL
	Male	Female	Male	Female	Male	Female	
Below 30 years	92	36	39	29	1	0	197
30-50 years	160	20	49	15	18	0	262
Above 50 years	28	2	11	3	2	2	48
<b>TOTAL</b>	<b>280</b>	<b>58</b>	<b>99</b>	<b>47</b>	<b>21</b>	<b>2</b>	<b>507</b>

Age Category	As at 31st March 2023		As at 31st March 2022	
	No	%	No	%
18-20	18	4	33	6
21-30	203	40	203	39
31-40	122	24	133	25
41-55	157	31	150	29
Over 55	7	1	6	1
<b>Total</b>	<b>507</b>	<b>100</b>	<b>525</b>	<b>100</b>

52% of our employees or 262 are in the age between 30-50 years. 40% of our cadre are between 21-30 years.

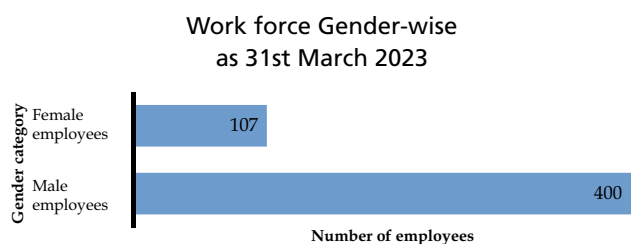
### c) Employee gender-wise:

We have the right mix of male and female employees to suit our production lines. Females are very efficient at packing while male employees work in the production process.

# MANUFACTURED Capital (Contd...)

## d) Service Analysis:

No. of employees gender-wise is as follows.



	As at 31st March 2023		As at 31st March 2022	
	No	%	No	%
Male employees	400	79	427	81
Female employees	107	21	98	19
<b>Total employees</b>	<b>507</b>	<b>100</b>	<b>525</b>	<b>100</b>

Service Category	As at 31st March 2023		As at 31st March 2022	
	No	%	No	%
1. Below 5 years	267	53	293	55
2. Between 5 and 10 years	107	21	108	21
3. Between 11 and 15 years	72	14	66	13
4. Between 16 and 20 years	15	3	16	3
5. Between 21 and 25 years	22	4	21	4
6. Above 25 years	24	5	21	4
<b>Total</b>	<b>507</b>	<b>100</b>	<b>525</b>	<b>100</b>

Work force - Service Analysis as at 31st March 2023



We have only 5% or 24 employees who have a more than 25 years service with the Company. Company has been in existence only for 35 years so far.

## Production Efficiency

We monitor productivity regularly and employee productivity is measured through revenue and value addition per employee. Some of the production efficiency ratios for the year are given below. We discuss these ratios with senior management and departmental heads in our monthly meetings for the continuous improvements.

### Production efficiency ratio:

	2022/23	2021/22
1 Turnover per employee per month - Rs.	475,815	462,148
2 Turnover / total man hours - Rs	2,164	2,134
3 Value additions per employee per month- Rs	154,213	105,094
4 Total rubber compound in Kg/ total direct labour hours (Kg per hour)	2.8	3.5
5 Wages cost per direct employee per month - Rs	52,603	46,587
6 Salary cost per indirect employee per month- Rs	60,252	57,464
7 Total labour cost (including other overheads) per direct employee per month – Rs	63,376	51,120
8 Total labour cost (including other overheads) per indirect employee per month – Rs	72,813	64,109
9 Labour turnover for the year - %	1.9	2.0



# MANUFACTURED Capital (Contd...)

## Value Added and distributed

The Company has been doing value additions continuously since its inception (1988). The Company generated a value addition of Rs. 938 Mn during the year against Rs. 662 Mn in 2021/22 which was shared with the various stakeholders with a portion retained within the Company. The value addition per employee per month in the current year increased by 47% from Rs. 105,094 in the previous year to Rs 154,213 in the current year. During the year, distributed to the vendors as interest has gone up from Rs. 66 Mn in the previous year to Rs. 212 Mn in the year under review. This is mainly due to the increase in interest rate by threefold.

	2022/23	2021/22	Increased by
Value addition per employee per month	154,213	105,094	47%

55% of the total value additions was distributed to employees and 68% was incurred to purchase material and services.

### Statement of value added and distributed

#### Value Addition

	2022/23		2021/22	
	Rs.'000	%	Rs.'000	%
Turnover	2,894,860	100	2,885,189	100
Less: Cost of materials and services purchased	1,956,629	(68)	2,223,094	(77)
<b>Total Value additions</b>	<b>938,231</b>	<b>32</b>	<b>662,095</b>	<b>23</b>

#### Value Distributed

	2022/23		2021/22	
	Rs.'000	%	Rs.'000	%
To Employees as remuneration and welfare	516,616	55	408,978	62
To Government as taxation	37,517	4	19,629	3
To Shareholders as dividend	8,464	1	8,464	1
To Lenders of capital as interest	212,622	23	66,322	10
To Retain in the business - as depreciation	77,493	8	82,623	12
As Retained profits	85,519	9	76,079	11
	<b>938,231</b>	<b>100</b>	<b>662,095</b>	<b>100</b>

## Energy Efficiency

The adoption of energy efficient machinery and reducing dependence on fossil fuels continues to be one of the key priorities and we invested in energy saving projects which are expected to result in significant reduction in our energy consumption in the future. Electricity Board increased their rate in August 2022 and February 2023. Since we are in the rubber-product manufacturing industry, the electricity cost has a great impact on our manufacturing cost.

We have installed meter reading units for each mill, extruder and press lines and monitored them daily. Every month we calculate the energy ratios and compare them with the budget, previous year and other manufacturing Companies in the rubber sector. From time to time, meters were checked by the Ceylon Electricity Board on our request. Capacity banks have been installed. Transparent roofing sheets were installed and steam lines were repaired to prevent steam leaks. In all plants, we monitor electricity consumption on a daily basis. All halogen bulbs have been replaced with LED or CFL bulbs. We invested for a modern generator to operate all machinery in the factory uninterruptedly recently.

# MANUFACTURED Capital (Contd...)

The Central Environmental Authority has renewed our license every year for the last 35 years continuously without any obstacle. Boiler certificates were obtained under Section 34 of Factory Ordinance, No 45 of 1942. Further the Company checked TVOC's test and Ambient test with help of Industrial Technology Institute, Colombo 7, and passed all these tests to ensure that the prevention of air pollution.

Energy efficiency ratio	2022/23	2021/22
1 Electricity units per MT of rubber compound ( Units per MT)	618	697
2 Fuel liters per metric ton of Rubber compound – ( Liters per ton)	217	237

## Energy Policy

Samson International Plc recognizes that our manufacturing processes are energy intensive and hence we pro-actively place our efforts to reduce the energy consumption and related costs while promoting environmental and economic sustainability in our long-term operations.

We are committed to;

- **Provide** resources and information to relevant parties to achieve our objectives and targets.
- **Retain** commitment of employees towards energy conservation.
- **Organize** effectively to utilize products and services in energy-efficient manner.
- **Verify** the factory operations to be complied with legal and energy-related other requirements
- **Ensure** the documentation and communication of the policy to personnel at all the levels of internal hierarchy and ensure that its contents are appropriately understood and that all are committed towards achieving the set of goals.

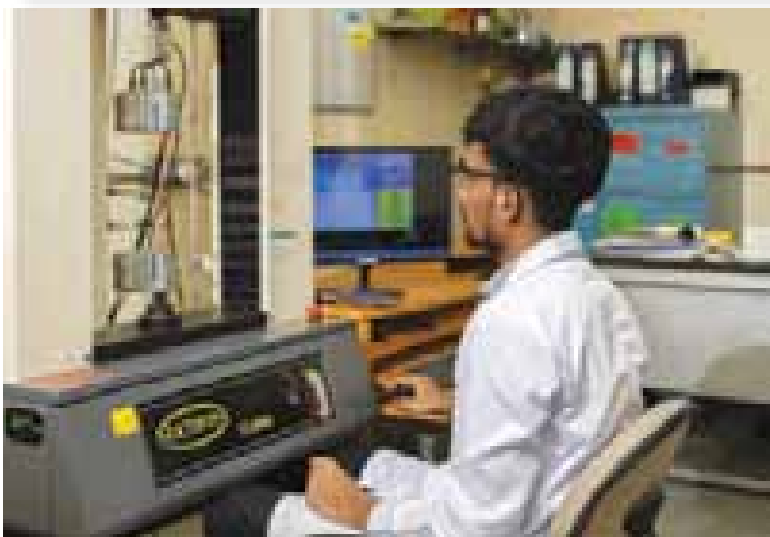
We have invested Rs. 105 Mn for a solar project in Galle with a PV Capacity of 751 kW and it would generate 85,611 units per month. We will earn an income monthly throughout next 20 years. It has a payback of 33 months. We are planning to do the same for other two factories in the near future.

## Quality

We define quality as the totality of attributes of a product or services that reflect on its innate capacity to satisfy a given set of needs. It is considered to mean the fitness for use or

reflect a customer's acceptance criteria or indicate the grade of a product / services or conform to design objectives or express suitability for intended purpose or signifies reliability and maintainability. In our market segmentation, quality means different things to different people. The Characteristic of quality includes Performance, Features, Reliability Conformance, Durability, Serviceability, Aesthetics and Perceived quality.

Our Quality Assurance Department carries out the evaluation of quality activities with the objectives of informing operational management of its current status. it is an ongoing activity. It is through an effective Quality Assurance program that integrity and consistency of products and services are achieved. The scope of quality assurance Department involves events that are both external and internal to the company. External activities include the measurement and analysis of customer complaints and other field oriented events. Internal activities include inspection report, quality rating, quality surveys and audits & management reports regarding income & cost as they are affected by the presence or absence of quality.



# MANUFACTURED Capital (Contd...)

The responsibility for the quality of the products is assigned to everybody at Samson International Plc and it has not restricted up to the quality department. Quality is checked at every stage or process of the production in order to meet the expectation of the overseas customers and the guidelines and regulations given by internationally recognized laboratories. We conduct Kizen quality competition in the factory and awards are given to employees. For many years now, we have led the way in delivering high-quality, innovative Rubber and PVC products to customers.

## Quality Policy

Samson International Plc is committed to manufacture and supply quality moulded & extruded polymer products while mitigating the risks (that can affect the quality management system of the company) under efficient & effective management practices and also provide the maximum value to the customer by providing products at competitive prices with highest level of service to meet

- Customer needs and expectations all the time.
- Continual improvement of products, processes and systems by efficient utilization of its resources.
- Minimum defects in all our products & processes.
- Compliance with statutory and regulatory requirements.
- On time delivery.

We have obtained the following certifications in relation to the quality of the products and systems.

### Products:

- REACH Certificates for the chemicals we use.
- TUV Certification for hot water bottles
- British Standard (BS 1970:2012) for hot water bottles
- Electrical Resistance Certificates from Universities
- SATRA, UK Certification for fire retardant mats
- SATRA, UK Certification for fire retardant floorings
- SGS test reports for sealing rings

### Systems:

- ISO 9001:2015 Quality Management System for Rubber & PVC products.
- ISO 14001:2015 for Environment Management System
- ISO 50001:2018 for Energy Management System
- BSCI Certification on such social responsibility practices. (Grade A)
- FSCTM (FSCTM C134777) Certification for Forest Stewardship Council™ – Chain of Custody

Quality is everybody's responsibility in our organization and it has a collective accountability. The expected quality parameters by our overseas customers. A production incentive is paid for the good products produced by them.



# MANUFACTURED Capital (Contd...)



# MANUFACTURED Capital (Contd...)

## Our Properties

Currently the Company owns the following properties:

Description	Address	Land		Building		Total Market Value of the property
		Extent	Market value Approx	Extent	Market value Approx	
1) Galle plant (Bought during the period from 16/9/91 to 30/11/93)	Akuressa Road, Bogahagoda, Galle.	7 A 3 R 30.5 P	Estimated to be Rs. 266.4 Mn as at to date.  (This was valued on 27th September 2018 done by a professional valuer.)	107,160 Sq ft	Estimated to be Rs. 536 Mn as at to date.	Current value estimated to be Rs. 802.4 Mn.
2) Kalutara plant (Bought in 2009)	No. 57/B, Fullerton Industrial Zone, Nagoda, Kalutara	120 perches	Estimated to be Rs. 25 Mn as at to date.  (This was valued on 27th September 2018 done by a professional valuer.)	5,990 Sq ft	Estimated to be Rs. 24 Mn as at to date.	Current value estimated to be Rs. 49 Mn.
3) Baddegama plant (Bought in July 2014)	Gilcroft Estate, Kiribathwila, Ampegama, Baddegama	2 A 2 R 0.11 P	Rs. 20 Mn as at to date.  (This was valued on 27th September 2018 done by a professional valuer.)	34,915 Sq ft	Rs. 175 Mn as at to date.  3,500 Sq ft added during the year	Current value estimated to be Rs. 195 Mn.
4) Paddy Field, Bogahagoda (Bought in Feb 2002)	Akuressa Road, Bogahagoda, Galle.	1 A 3 R 3 P	Rs. 1.1Mn as at to date  (This was valued on 27th September 2018 done by a professional valuer.)	-	-	Rs. 1.1Mn as at to date
<b>Total</b>		<b>12 A 3R 33.66 P</b>	<b>312.5 Mn</b>	<b>148,063</b>	<b>735 Mn</b>	<b>Rs. 1,047.5 Mn (Current estimated Value)</b>

# HUMAN Capital

Key Performance Indicators 2022/23



Receiving the Champion Volleyball Trophy by SIL team

*“A good employee-relation leads to high efficiency, low wastage, generate innovative ideas, decrease in labour turnover & absenteeism and bring goodwill to the Company.”*

The concept of Human resources management was created as a result of factories being set up in response to industrialization since it was necessary to administer industrial welfare. In additions to Human resources management, Human capital management is the concept of managing

and unleashing the full potential of employees in a manner that would improve the productivity of organization. Adding another dimension to this endeavour is Human potential capital, which focusses on identifying and advancing employees’ potential by developing their talents. Human capital management plays a vital role especially in any manufacturing and export oriented organization. In this regard, the founder of the DSI Group the late Mr. Samson Rajapaksa guided us to treat our human resources as the greatest asset of our Company. Sixty nine years ago, he envisaged that **“Employer and Employee should work as one family.”** As we all are aware, having a good employee relations leads

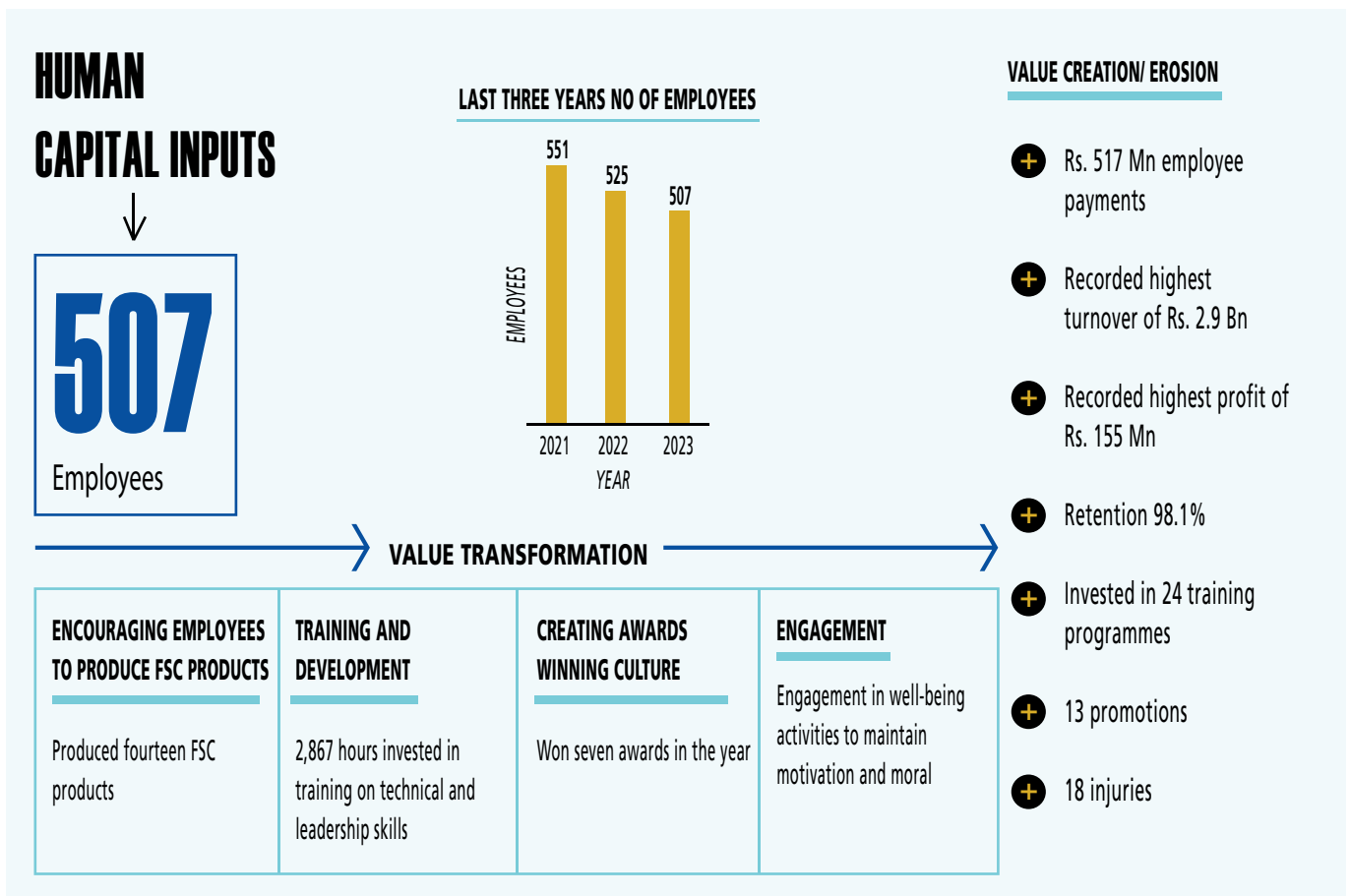


# HUMAN Capital (Contd...)

to high efficiency, low wastage, generate innovative ideas, decrease in indirect costs such as high labour turnover, absenteeism and bring goodwill to the Company. The Company takes all possible steps maintain good employee and employer relations. Human resource Department plays a significant role in an organization's uphold and success in this regard. The employee and employer relations are a part of human resources functions which deals in maintaining a harmonious relationship between the employer and the employee.

## Value Creation

Our strategy for the human capital input is to transform them for the value creation. So we will focus on ensuring employee safety and well-being, tanning & development, creating a high performance culture and engagement and well-being activities to maintain motivation and morale.



In our Company, the majority of our employees have been recruited from neighboring villages since 1988, the year in which the Company was incorporated. Now, 507 villagers have been given exposure to work in an international Company and to earn a regular income without migrating to Colombo or other cities in Sri Lanka or abroad. We value each and every one of them. The Company's employee turnover rate is around 1.9% is well below the industry norm which is the result of its sustainable employee policies and practices. In our Company, the majority of our employees have been recruited from neighboring villages since 1988, the year in which the Company was incorporated.

The table given below indicates how we have increased the number of employees since inception. After we bought the PVC factory in 2014, the number of employees in the Company increased further.

# HUMAN Capital (Contd...)

Year	Number of Employees	Year	Number of Employees
1989	1	2007	349
1990	6	2008	293
1991	14	2009	258
1992	19	2010	267
1993	72	2011	288
1994	179	2012	302
1995	201	2013	293
1996	178	2014	312
1997	246	2015	409
1998	232	2016	456
1999	224	2017	436
2000	279	2018	415
2001	306	2019	414
2002	267	2020	456
2003	272	2021	551
2004	292	2022	525
2005	301	2023	507
2006	323		

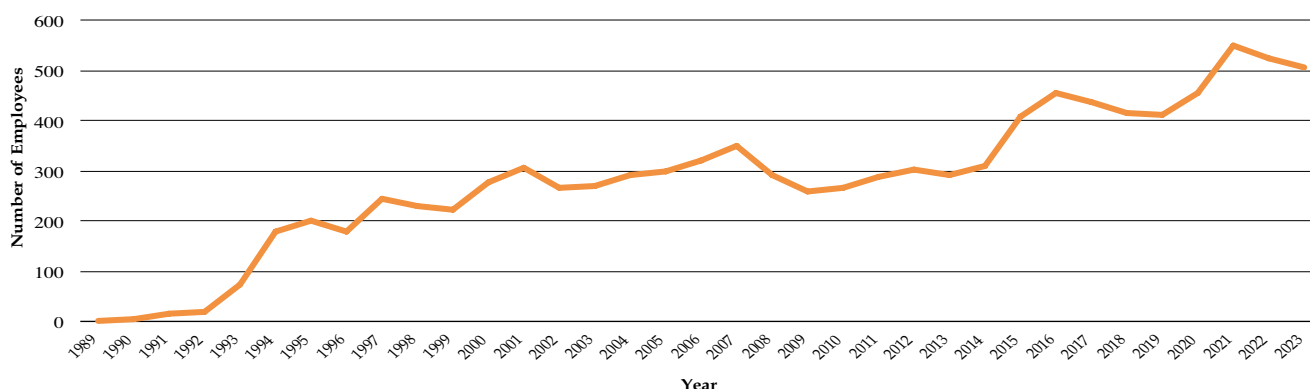
The total number of employees in the year under review is 507 as against the 525 in the previous year. We continue to recruit and maintain a well talented work force; providing a

The industry of manufacturing rubber-related products is drained by the shortage of skilled human resources and the Samson International Plc has addressed that issue to a greater extent through its best practices that focus on the personal development of our staff & workers through skills and knowledge building. Training programmes are conducted by industry experts. Our human resources department is dynamic in recruiting and maintaining a well talented work force. We have a centralized human resource department for all three plants namely Main plant in Galle, Kalutara plant and PVC plant in Baddegama.

Out of eight employees in Human resources department, seven employees have either diploma or certificate Human resources related-qualifications from a reputed institute.

- Five employees have diplomas. Three of them are from National Institute of Business Management and other two are from Chartered Institute of Professional Management.
- Another employee has a certificate from Chartered Institute of Professional Management.
- One staff member has a Professional Qualification in Human Resource Management from Institute of Personnel Management.

Number of Employees - year wise



safe and pleasant work environment is essential for a healthy and productive workforce. As guided by the philosophy of our parent Company, we are committed to providing our employees with a work environment that is conducive to genuine contentment, and an employee engagement system that offers the highest level of motivation. We ensure a motivated workforce by providing competitive remuneration and other benefits.

## Employee - Employer Relations

The following strategies are followed by Samson International Plc in order to improve and maintain good relation with our employees.

# HUMAN Capital (Contd...)

## 1) Having good human resource policies

We have a comprehensive human resources policies and procedures which cover recruitments & selection, promotion, transfers, compensation, performance appraisals, dispute management, grievance handling and overall employee conduct. The human resources philosophy of our company is to be an equal opportunity employer. Our recruitment philosophy is to attract employees with appropriate line with the culture and goals of the organization whilst catering to growth and providing opportunities for such employees. The Company does not discriminate on the basis of gender, race, Political, nationality, age, social origin, religion, or any other basis. All employees of the Company undergo regular appraisals to receive feedback resulting in continuous improvement of their performance. The continuing dialogue with all levels of staff further contributes to the Company and commitment. The Company human resources policy requires annual formal feedback to be provided to all employees. We have created a performance-centric culture, which has been a cornerstone of the Company's success. We ensure that employees performing at the same level will be treated alike while there would be clear differentiation between those performing at different levels. We do not employ any person below 18 years of age nor advocate any form of child labour. Employees shall retire at the age of 60 years. We avoid to provide overtime of more than 60 hours per month for female workers as required by our national laws.

We ensure that employees have continuous learning opportunities both within their institutions and outside, in order to add to their knowledge and professional skills, which will prove useful in their work. It is the shared responsibility of the employee and management to maintain and add to professional knowledge and other specialized knowledge required in the employee's work. Employees' efforts in enhancing their skills in this manner contribute to their job security. We provide incentives for providing optimal service by transparently and objectively considering the skills and performance of employees.

Samson International Plc, like the other companies of the Group, is imbued with Sinhala, Buddhist cultural values with a conservative and paternalistic outlook. For example, employees are required to commence their daily chores after reciting the Five Precepts. Liquor is not allowed even in outings

and get-togethers organized by the company and any other special occasions such as the annual cricket and volley ball tournaments. Most of the staff members use Sinhala as their medium in their day-to-day work. Further, a simple, rustic and informal environment prevails both in the factory and office premises.

## 2) To have good communication system

We maintain open and two-way communication, where employees are free to communicate any matter with the top management and where top management communicate information aptly to the lower level employees. This will increase trust among employees, leading to fewer disputes and grievances while creating environment open to change.

**Effective communication results in employee motivation, positive human relations as well as creates an environment in which the worker can feel respected and valued.**

We conduct regular formal and informal organizational or departmental meetings where employers can share information with employees whilst giving employees the opportunity to share their problems, ideas, and views. We also use memos and notice boards to communicate company decisions, performance, new policies, rules and regulations, changes done to existing policies and information about meetings and gatherings, to employees promptly and clearly. Also comment boxes have been created for employees to submit their comments, suggestions and complaints. Group's newsletter is published monthly. Employees are given an opportunity to demonstrate their artistic abilities and their wedding photos through the Group newsletter, making employees feel happy and valued.

# HUMAN Capital (Contd...)

### 3) Recognition of joint consultative committee

These are management's and employees' joint forums, created for the discussion and settlement of employee problems such as employee grievances and work related issues. This provides employees a platform to present their grievances and problems and take necessary steps to solve them. This represents employees of all levels, all departments and genders for fair representation of problems. We believe that having constant dialogue with them, involving them in certain decision-making, the Company can create an environment of trust, cooperation, respect, a better interaction between employers and employees, creating harmonious employee relations and higher productivity, leading to good industrial relations. A fair and sound grievance handling policy and procedure is a prerequisite for good human resource practices and for healthy employee - employer relations. Our grievance practices are aimed at allowing employees to bring to the attention of the management any dissatisfaction or injustice which may exist at the work place. It is a formal process offering employees of different levels, solving grievance issues and aiding to maintain a fair and cordial working environment. We also value the opinions of our employees and welcome suggestions on how we can improve our service standards.

**Joint consultative  
Committee meetings is  
held every month**

The Company encourages employees to express their opinions for the development both of the Company and of the employees, through a joint consultative committee meetings held every month. The Director/ General Manager participates in these consultative meetings with workers, staff and executives. This committee consists of representatives from management and workers from each section. Director/ General Manager and other senior management discuss the problems & grievances of the workers from each sections and remedial actions are taken. Each month this meeting is held and minutes are circulated to everybody including the Chairman/ Jt. Managing Director. We strictly adhere the government legislations. Adherence to these various legislations helps organization to maintain harmonious employee relationships.

### 4) Welfare activities

We give meals and uniforms to employees at a nominal fee, providing transport facilities, loan systems, insurance schemes, death donation schemes, medical insurance, and gift vouchers to buy DSI shoes, wedding gift, and additional allowance for employees having more than three children.

Furthermore, with the aim of providing relief to the economic difficulties faced by the employees due to the economic crisis in the country. We also provided a bag of dry food worth about Rs 10,000 with a Cargills Voucher for every other month. Also, we also gave the harvest from the vegetable cultivation run by our civil department to the employees at concessional price.



Providing dry food bags to employees

On 19th April 2022, Chairman/ Jt. Managing Director Dr. Kulatunga Rajapaksa ceremonially opened the Gymnasium for the benefit of employees of the Samson International Plc. This was requested by workers at the joint consultative committee. The Company invested around Rs. 1.5 Mn. Further Jt. Managing Director also opened indoor Badminton court on 19th April 2022 for employees. Now all employees use it after working hours.

# HUMAN Capital (Contd...)



SIL Gymnasium

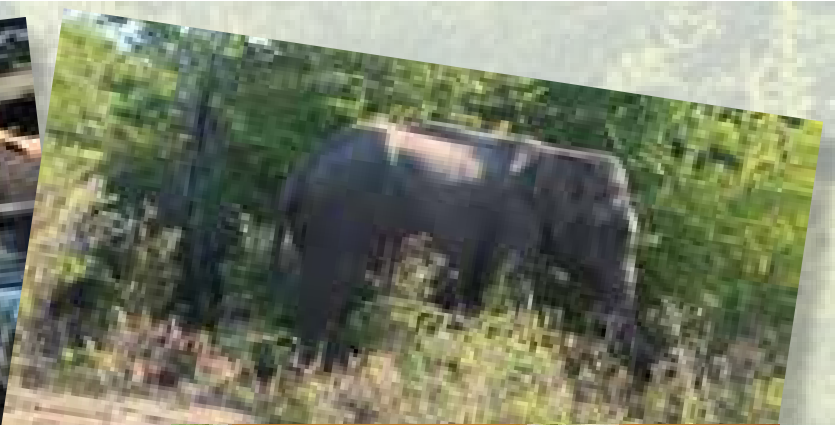
## 5) Death donations

We understand the emotional and financial stress employees undergo in the event of the bereavement of a family member. The welfare society of the Company supports the employees in such a situation. Death donations are given in the event of the death of an employee or the spouse, parent, child, or unmarried sibling of an employee.

We have insured all our employees under Workmen Compensation Ordinance of 1934 and subsequent amendments including, Act No. 15 of 1990, Act No.10 of 2005 & Act No.10 of 2022 Or Common Law. Under this policy, we also covered direct traveling to workplace and home vice versa.

## 6) Social activities

We provide an opportunity for employees and annual to get-together, conducting annual inter-department softball cricket and Volleyball tournament, annual inter- Company volleyball tournament and interact with each other on a personal level. This time, for the annual get-to gather, we took 403 employees for Udawalawe safari.





# HUMAN Capital (Contd...)

Such events give an opening to employees and management to mix and get to know each other, opportunity they hardly get while working which results create better relationships. Our objective is to create an atmosphere for our employees where they can work with happiness, enthusiasm and pride. During the Annual Get-to-gether, we select “SIL Kumara” and “SIL Kumariya” which is an annual event of the Comapny.

The inter-department softball (men’s and women’s) cricket & volleyball tournament are conducted annually including the employees from Kalutara and Baddegama factories. Samson International Plc also conducts inter- Company volleyball tournament every year at Company’s volleyball courts. In January 2023, we had 6th Inter- Company tournament and SIL team became the champions in the male tournament for the first time. The winners are given Kulatunga Rajapaksa challenge trophy.



SIL Volleyball teams

## 7) Gain sharing schemes

Sharing savings with employees is another method we use to improve industrial relations in organization. Such exercises result in the increase of commitment, motivation, morale and job satisfaction of employees leading to good employee-employer relationships. A wastage saving incentive scheme and production incentive scheme are a few of such exercises.

## 8) Equal treatment

Equal treatment to employees without discrimination based on age, ethnic origin, nationality, religion, language, conviction, opinion, political activity, trade unionism, family relations, health, and disability is another way we improve employee relations. Treating all employees equally in all areas of human resource management such as recruitment, promotion, remuneration, training and recognition which result in full realization of employee potential while increasing their job satisfaction and commitment. At present we have Sinhalese, Tamils, Muslims, Christians, and Hindus in our cadre.

We believe that our current culture promotes good relations and interactions between employees and employer which leads to positive and harmonious employee relations. Ex. having meals at the same place by the senior managers and lower level of employees, open communication and close relationship between management and employees.



## HUMAN Capital (Contd...)

Meals are given to all employees irrespective whether he is permanent or not. Jt. Managing Directors and Director/ General Manager takes the same meals with the workers in the Company dining hall in which 200 seating arrangement is available. All employees including the Director/General Manager and other Executives punch the attendance for work and there is no discrimination for administration related official Work.

### 9) Training

We provide training to employees on technical as well as non-technical areas (communication, presentations, time management, leadership etc). We know that training is a cost for which an immediate result cannot be seen most of the time. Training provides higher performance as well as good industrial relations.

Out of the training programmes, training of supervisors is very important. Supervisors are the personnel who directly deal with the operational level employees and can be considered to be the crux of any organization. We know that when supervisors are not equipped with necessary technical and human resources management competencies, it could lead to a lot of grievances and disputes. Therefore, it is necessary to train supervisors on both technical and human related competencies to maintain good industrial relations in the company. We continued to invest in our employees through regular training and development programmes conducted in-house, outside and overseas which is designed to develop technical as well as soft skills. Training is an integral component of our business success as well as our strategy to achieve sustainable employee relations. Training programmes are conducted by industry experts. We strongly believe in the development of human capital, as we recognize the fact that our people are the key to our success. In an export industry where customer care makes

the difference, we strive to develop the skills of our staff and workers so that we stand out from our competitions.



Training programme for FSC products

During the year, employees underwent many internal and external training programmes. These programmes span on the job, off the job, external, hands on and internal programmes which are designed to enhance knowledge, update skill, create an empowered workforce and managerial skills of the senior management. The annual training plan is designed based on the results of the training needs analysis, which includes competency assessments, customer expectations and developments in the rubber industry. This exercise is carried out in collaboration with the heads of departments. This forms the blueprint for training and development activities for the coming year and outcomes are assessed to monitor progress in line with the plan.

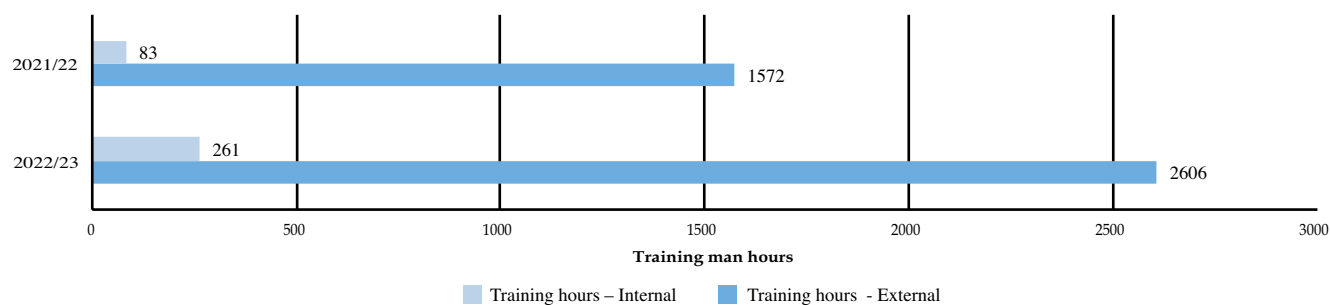
**An investment in  
knowledge always pays  
the best interest**

### Training Hours

Description	2022/23		2021/22	
	No of Hours	%	No of Hours	%
Description	No of Hours	%	No of Hours	%
Training hours - External	2,606	91	1,572	95
Training hours – Internal	261	9	83	5
<b>Total Training hours</b>	<b>2,867</b>	<b>100</b>	<b>1,655</b>	<b>100</b>

# HUMAN Capital (Contd...)

Training Hours



## Training Programmes in 2022/23

In-House	No of Participants			Training Hours		
	Total	Male	Female	Total	Male	Female
Chemical Handling	10	10	0	20	20	0
Quality Assurance	7	5	2	7	5	2
Incoming Inspection of Raw Materials	15	12	3	35	26	9
Supervisory Role in Productivity Improvement	14	11	3	42	33	9
Social Dialogue and work-place cooperation	39	17	22	78	34	44
FSC & TUV Training	23	9	14	69	27	42
FSC Non-compliance Renew Training	10	7	3	30	21	9
<b>Total</b>	<b>108</b>	<b>61</b>	<b>47</b>	<b>261</b>	<b>146</b>	<b>115</b>
<b>Outside</b>						
Failier Mode Effective Analysis by DNV India	4	3	1	32	24	8
Occupational Health & Safety	11	8	3	88	64	24
Supervisory Role in Productivity Improvement	1	1	0	8	8	0
Root Cause Anlysis & How to Handle non-compliance	7	5	2	21	15	6
Dry Rubber Certificate Course	4	3	1	512	384	128
Hazard Identification Risk Assesment	13	12	1	39	36	3
Recent Changes to Labour Laws	7	2	5	21	6	15
Awareness programme on gas emission	3	3	0	15	15	0
Laboratory Quality System and Performance Improvement	15	14	1	240	224	16
Green Chemistry & chemical Leosing	4	2	2	64	32	32
Effective Sales Strategies in tough market conditions	3	3	0	15	15	0
Capacity Building for Private Sector Employees	5	4	1	50	40	10
Training for Judging Quality Circles	2	2	0	32	32	0
Awareness Session on German Supply Chain Due Dilligance Act	2	2	0	10	10	0
Boiler Training and get Certificate	2	2	0	64	64	0
Calibration of Monitoring & Measuring Devices	2	1	1	16	8	8
Essentials in Import Export Procedures	4	2	2	12	6	6
Diploma in Computing and Network Engineering	1	1	0	96	96	0
Diploma in Multimedia Integration	1	0	1	144	0	144
Diploma in Office Application with Web	4	1	3	384	96	288
Export Procedure and Documentation	1	1		7	7	
Diploma in Office Application with Web	4	1	3	320	80	240
Diploma in Graphic Designing	4	4		384		384
Digital Marketing	2	1	1	32	16	16
<b>Total</b>	<b>106</b>	<b>78</b>	<b>28</b>	<b>2606</b>	<b>1278</b>	<b>1328</b>
<b>Full Total</b>	<b>214</b>	<b>139</b>	<b>75</b>	<b>2867</b>	<b>1424</b>	<b>1443</b>

We provide training facilities to students from universities, technical institutions and private and public accountancy institutions in the Southern province. Samson International Plc is approved training institution for all students who are doing examinations conducted by CA Sri Lanka.

Day and night fire drills are organized for each plant. In this year it was organized and conducted by an outside consultant.

This provides training to our employees and especially the fire team to prevent damage to physical and human assets of the factory and neighboring villagers in case of fire in the factory. We have recruited a fire team from among the workers representing all sections and a special T – Shirts (with yellow colour) are given to them to identify and recognize their contribution to the Company.

# HUMAN Capital (Contd...)

## 10) Employee recognition and reward

We recognize all employees for their contribution to organizational performances. Best attendance awardees, awardees for the best innovative ideas, long-service employees are some of the awards we present. Further, we also helped the children of the employees who were selected to the universities and excel in grade five scholarship.

We recognize long service employees and outstanding employees at our annual felicitation ceremony and a certificate and cash awards are given to them. Such recognition and reward will make employees happy, satisfied, motivated and committed leading good industrial relations. However, due to the Corona epidemic, we couldn't organize this event for this year.

## 11) Employee participation

Participative management is the involvement of employees in the decision making of companies through methods such as suggestion boxes, joint consultative committee, all CSR activities. This results in employee competency development, increase in employee satisfaction and motivation due to increased self-worth, better settlement of production problems, lesser disputes, increased team work, better performance and easy implementation of decisions. Each employee including workers is given an opportunity to donate cash & company products on behalf of the company and these photographs are displayed on the Corporate Social Responsibility notice board of the Company.

### Health and Safety Policy

"As Samson International Plc values the health and safety of all employees, the following measures are being taken with the objective of having a hazard free and healthy work environment.

- 1) Awareness' creation for health and safety programme are conducted for employees.
- 2) Provision of essential protective gear and safety equipment.
- 3) Continuous upgrading of safety procedures.
- 4) Enhancing the health and well-being programmes for employees".

## 12) Employee Assistance Programmes

We help employees to deal with their personal financial difficulties. We help employees and their children to enter university by providing financial assistance. Further, an additional allowance for employees having more than three children is given monthly. We helped our employees enormously during the Corona pandemic and in the current economic crisis.

## 13) Health and safety programme

We implement health and safety programs to safe guard employee health and safety. These results to increase employee cooperation and satisfaction, motivation, commitment due to management's concern for employees and safe and healthy work environment.

The Health and Safety Policy of the Company is as follows Safety committee has been formed by taking representatives from each section and each category and they are responsible for monitoring and implementation of the above Company's safety policy and related practices. Safety Records are maintained and displayed it in the factory.

### Safety Record

Health & Safety indicators	2023	2022
Reported first-aid cases	18	11
Occupational injuries resulting lost Hours	486	333
Work related fatalities	Nil	Nil

Our employee health, safety and welfare receive constant attention in our decision making process. The services of a part-time Doctor (once a week) and a full-time Nurse are available to attend to the medical needs of our employees. Surgical and Hospitalization Insurance Cover and Personal Accident Cover are some of the facilities given to our employees. We strictly follow all procedures and systems advised by health authority and other government departments to protect employees from Coronavirus.

We follow all national guidelines and laws on workplace health and safety directives. These directives set out general principles for the protection of the workers' occupational health and safety. We have initiated a range of activities, training programmes and workshops related to health and

# HUMAN Capital (Contd...)

safety. We provide safety equipment/tools and safety shoes to all our employees. We actively provide a healthy and safe work environment for our employees and have taken steps to minimize accidents and injury to workers. A "Health Week "is organized by the Company annually. Workshops and Training programmes on health are conducted to all employees. Further a special healthy meal is given to employees during this health week.

We provide good working conditions such as proper ventilation, lighting and sanitary facilities to make employee content and satisfied. We do design of equipment, tools, furniture and different procedures in a manner that creates a comfortable, safe and efficient layout for employees to work. Boiler certificates were obtained under Section 34 of Factory Ordinance, No 45 of 1942. Further the Company checks TVOC's test and ambient test with help of Industrial Technology Institute, Colombo 7, and passed all these tests to ensure that the prevention of air pollution. The Central Environmental Authority has renewed our license every year for the last 35 years continuously without any obstacle.

## Labour Turnover

We use to measure the level and nature of employee relations in the Company through attitude surveys number of grievances complaints, number of cases in labour tribunals, labour courts and arbitration, employee turnover rates, exit interviews, number of accidents, rate of absenteeism, quality of production and services.

It is noted that labour turnover of the Company has increased especially of unskilled workers in some of the months due to the Corona impact. We have also seen that during the paddy

cultivation and harvesting season, there is high labour turnover and absenteeism. We have built a succession plan identifying key positions and commenced a system to groom and develop successors as part of our strategy for long-term continuity.

## Employee Retention Rate is 98.1 %

### Labour Turnover Analysis - Month wise

Month	2022/23 (%)	2021/22 (%)
April	3.7	1.8
May	2.3	1.8
June	2.3	0.8
July	1.6	2.2
August	0.8	1.8
September	2.6	2.2
October	2.2	2.6
November	1.2	1.6
December	1.8	3.2
January	1.6	2.5
February	1.2	2.3
March	1.2	1.4
Average	1.9	2.0

### Labour Turnover Analysis - Year wise

Year	Labour Turnover %
2017/18	1.6
2018/19	1.5
2019/20	1.4
2020/21	1.5
2021/22	2.0
2022/23	1.9

### Labour Turnover Analysis - Age-wise (2022/23)

	Workers		Staff		Executive		TOTAL
	Male	Female	Male	Female	Male	Female	
Below 30 years	37	9	23	1	0	0	70
30-50 years	21	7	11	2	0	0	41
Above 50 years	2	0	0	0	0	0	2
<b>TOTAL</b>	<b>60</b>	<b>16</b>	<b>34</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>113</b>

# HUMAN Capital (Contd...)

## Labour Turnover Analysis - Factory-wise (2022/23)

	Workers		Staff		Executive		TOTAL
	Male	Female	Male	Female	Male	Female	
Galle	45	15	4	3	0	0	67
Baddegama	13	1	30	0	0	0	44
Kalutara	2	0	0	0	0	0	2
<b>Total</b>	<b>60</b>	<b>16</b>	<b>34</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>113</b>

## Analysis on Departmental wise

The highest number of employees in the Company work in the production department. This is 280 employees out of 507 which is 55% of the total cadre. We have employed 68 employees for marketing section which includes PVC local sales channel and export department of the rubber sector.

### Total Workers - Department Wise

	Workers		Staff		Executive		Total
	Male	Female	Male	Female	Male	Female	
Production	200	55	13	8	4		280
Engineering	25		3	2	2		32
IT			2				2
Accounts			6	9	1		16
Marketing			52	6	10		68
Stores	26	1	5	1		1	34
Planning				3			3
Research & Development				1	2		3
Human Resource				2	3	1	6
Administration				1	4		5
Supply				3	4	1	8
Quality Assurance	17	2	2	3	1		25
Transport	7						7
Others	12	2	3	1			18
<b>Total</b>	<b>280</b>	<b>58</b>	<b>99</b>	<b>47</b>	<b>21</b>	<b>2</b>	<b>507</b>

Marketing staff include the sales staff of PVC in the field. We have a Centralized Finance, Supply, HRM, and Planning Department. Out of 507 employees, 280 work for production functions.

## Promotions:

During the year, we have promoted nine male and four female employees. Last year, we promoted five male and five female employees.

# HUMAN Capital (Contd...)



Staff of Galle Plant



## HUMAN Capital (Contd...)



Staff of Kalutara Plant



Staff of Baddegama Plant

### Monthly Incentive paid for employees

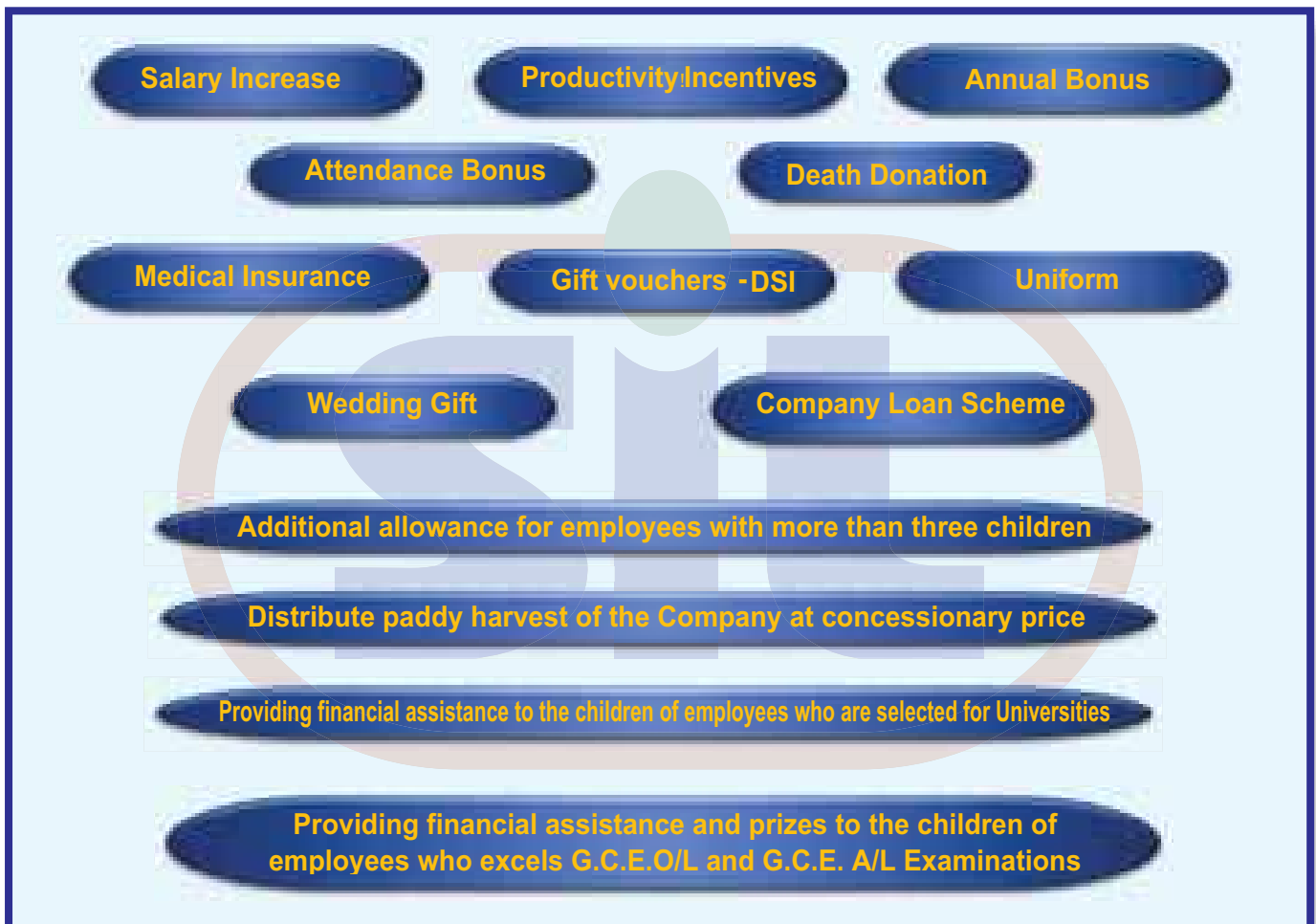
The incentive paid for above employees in gender wise is as follows. The total incentive paid is Rs. 13 Mn of which incentives to male is 75%. Introduction of production incentive to employees has been implemented to obtain a higher income to them while improving the productivity. Developing employee capabilities is a key priority for both rubber and PVC segments and we continued to invest in enhancing leadership and technical skills.

## HUMAN Capital (Contd...)

	Male Rs.	Female Rs.	Total Rs.
Apr-22	573,810.51	147,290.49	721,101.00
May-22	728,178.37	191,315.54	919,493.91
Jun-22	883,897.10	249,837.23	1,133,734.33
Jul-22	749,669.99	262,345.11	1,012,015.10
Aug-22	825,074.29	286,320.07	1,111,394.36
Sep-22	845,122.02	66,674.81	911,796.83
Oct-22	929,052.75	356,943.30	1,285,996.05
Nov-22	949,543.38	256,427.54	1,205,970.92
Dec-22	864,398.03	319,334.80	1,183,732.83
Jan-23	876,243.04	352,255.38	1,228,498.42
Feb-23	968,992.31	303,058.40	1,272,050.71
Mar-23	805,380.12	238,002.16	1,043,382.28
<b>Total</b>	<b>9,999,361.91</b>	<b>3,029,804.83</b>	<b>13,029,166.74</b>

### Benefits given to employee when becomes a permanent:

We initially take employees on casual basis for three months. During this period, if he/she performs well, we take them in to the permanent cadre with one year probation period. When a casual employee becomes a permanent, he/she is entitled to the following benefits.



# SOCIAL and Relationship Capital

Key Performance Indicators 2022/23

**10**  
No of CSR  
Activities

**1%**  
of the Turnover  
for CSR

**Rs. 2 Bn**  
Total payments  
to suppliers

**35**  
Global Presence  
(No of countries)



Donation of Hot Water Bottles to the victims of earthquake in Turkey

*“The communities we operate in are vital part for the success in our business. We did not receive a single complaint from the community against the factory...”*

**T**his capital forms the foundation for our value chain and Social and environmental responsibility has become an integral part of our wealth creation and it is a continuous process. We feel that the most valuable and real property is the

space we occupy in stakeholders’ heart. We therefore maintain a strong relationship with our stakeholders. The Social and Relationship Capital consists of the crucial relationships with our stakeholders. The stakeholders include

- Community
- Customers
- Trade association
- Employees
- Suppliers

# SOCIAL and Relationship Capital (Contd...)

**We have made donations in cash, kind and our products to deserving institutions throughout the country**

## Our Community

Our Company is situated a few miles away from the city of Galle in a rustic environment of calm and tranquility among lush greenery and vegetation. The communities we operate in are vital part for the success in our business. In the year under review, we did not receive a single complaint from the community against the factory. We make every endeavor to establish mutually beneficial relationships especially with the following.

- Villagers
- Temples, government institutions and schools

Above contributes towards their developments of whom we consider as a part of our family.

The **Corporate Social Responsibility** initiatives taken by us for our community (villagers and the temples, Schools, needy people, government institutions in the Southern province) are as follows.

## Villagers

Distribution of paddy to Samurdhi beneficiaries Paddy was distributed to a hundred Samurdhi Dorape beneficiaries at free for the 9 th consecutive year. We donate them at 5 kg per person after reaping the harvest from the Company's paddy field. This year we donated to Kabaragala region on 2nd May 2022 and Valikonda region 28th December 2022. Further a pair of slippers, a rubber mat and a food voucher were also distributed to them.



## Temples, schools, needy people and Government institutions

Company's product such as rubber mats, hose, other PVC- related and rubber- related products are donated to neighboring temples, schools, Bona Vista Elders' Home, hospitals, government institutions and police stations every year. Each employee including workers is given a chance to donate either in kind or cash to them which is a part of human resources policy of the Company. Then all employees are motivated and the relationship is established even at the worker level. Our objective is to create an atmosphere for our employees and villagers where they can work and live with happiness, enthusiasm and pride.

List of Donations made to Temples, schools, needy people and Government institutions in the year 2022/23;

No	Date	Description
01	2022-04-26	Donation Emergency Lamp to Kalugala Hospital.
02	2022.05-12	Donation Rubber Carpets and Paddy to Valikonda Temple.
03	2022-07-21	Donation cash to Devinuwara Esala perahera, Mathara
04	2022-07-29	Donation cash to Badipita Primary school
05	2022-08-29	Donation Rubber Carpets to Mahinda College.
06	2022-09-17	Donation Rubber Mats , Rubber Slippers to Udawalawa wild Life.
07	2022-09-23	Donation Rubber Carpets & Rubber Hose to Pilana Maha Vidyalaya
08	2022-09-26	Donation School uniform and books to Dorape Vidyalaya.
09	2022-09-27	Donation cash to Water Board, Panadura for AGM
10	2022-12-28	Donation Paddy to Samurdhi Members-Kabaragala & Valikonda



# SOCIAL and Relationship Capital (Contd...)



## SOCIAL and Relationship Capital (Contd...)

In addition to above, we help poor, elderly, disabled and house-bound people in the neighbouring villagers with income generation activities. There are 51 trimming operation centers in proximity to the factory. We have arranged these trimming operations and assigned to

- a) Elderly and poor disabled people who are unable go to a factory for work.
- b) People (house-bound) whose presence is necessary at their homes as they need to look after their infant children or elderly parents or invalid inmates.

We have been doing this Corporate Social Responsibility activity for the last 35 years. Total amount paid to such people is approximately Rs. 3Mn per month. We give them more than 7Mn of V straps, 650,000 hot water bottles, 100,000 bath mats, 500,000 soles for trimming for a year. In these 51 trimming operation centers work more than 250 of such poor elderly, disabled and house-bound people. These products of Samson International Plc are delivered to and collected from their operation centers daily. Necessary training is given and also help them to arrange for facilities such as aluminum roofing, cement, bricks etc. for their work. Income for such poor elderly, disabled and house-bound people are generated and paid them out the sales proceeds of exports and local sales. These trimming centers enable them to earn an income while being at home.

**We have arranged income generation activities for poor, elderly, disabled and house-bound people in the neighbouring villages**

Sub-Contract Week is usually held in the month of June. During this meeting we discuss the Quality issues, productivity improvements and their welfare matters. Usually all 48 Sub-Contractors participate for this discussion and meeting. We also donate Company products for their usage. In the meantime, able young villagers are taken into the factory as full time employees of the Company. More than 80% such employees

have come from neighbouring villagers. Total number of employees at present is 507.

In summary, the Company incurred Rs. 36 Mn per annum on v-strap operation for the villagers, another Rs. 500,000 for the distribution of rice to Samurdhi beneficiaries and another Rs. 3.5 Mn for the donation of Company products or cash to the poor, elderly, disabled and house-bound people and institutions. **The total amount on Corporate Social Responsibility activity exceeds Rs. 28 Mn per annum which is equivalent to 1% of the turnover.**

We have not restricted our CSR activities only to the Galle district or Sri Lanka but we do help the needy peoples even beyond the local borders. In the month of March 2023, we donated hot water bottles to Turkey embassy to distribute them to those who affected from recent earthquake.

### Our Customers

Of the 196 countries in the world, our products are available in 35 countries which cover 18% of the total number of countries in the world. Please see Our Products and Our Market on page 17. We strengthen our relationship with customers and widen our global presence by participating in trade exhibitions, trade delegations and aggressive sales promotion. We attended to overseas trade exhibitions and customer visits on Germany, Netherlands and Nepal this year. Please see the page 89 for details. We did our sales promotion activities through zoom facility during this period.



Jaffna trade fair



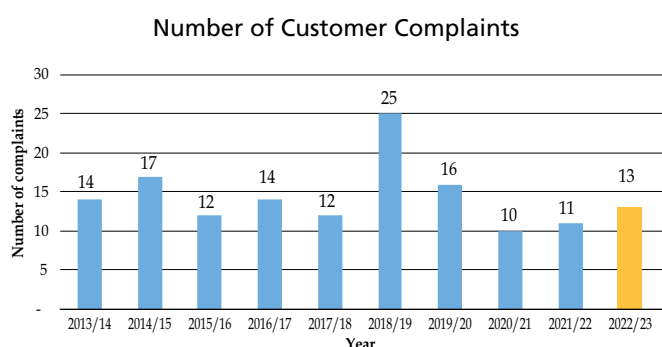
# SOCIAL and Relationship Capital (Contd...)

We strengthen our Customer Engagement to have a strong relationship. We therefore do hearing to customer complain and do the needful, closely engage customers & redress their grievances in an effective and timely manner, extend pre and after sales support to ensure seamless customer service and use digital solutions to create awareness and support customers on product usage.

During the year, ten new overseas customers joined the Company. Two customers from various parts of the world met us in our factory to discuss mutual business growth. The number of customers lost is zero. 50% of our customers have been with us for over 10 years and 10% of our customers have been with us for over 15 years. We received a Gold award for the Best Innovative Exporter from the National Chamber of Exporters of Sri Lanka on 05th December 2022. Further, we also obtained a special award as the Best Ethical Trading Exporter previous year.

## Customer Complaints

Year	Number of Customer complaints
2013/2014	14
2014/2015	17
2015/2016	12
2016/2017	14
2017/2018	12
2018/2019	25
2019/2020	16
2020/2021	10
2021/2022	11
2022/2023	11



The numbers of customer complaints we received for the last ten years are shown in the table above. During the year the number of customer complaints remained in the previous year level in spite of having a greater amount of turnover. The objective of the Company is to have continuous reduction in customer complaints year by year. Therefore, the target for each year is to have a lessor number of customer complains compared to the previous year. In response to customers' complaints, the management process has been designed to listen to customers earnestly and take necessary remedial action within a week. We help the customer either getting back the goods we sold or returning cash or replacing another item. We resolve these complaints in order to provide a quick solution to customers and also preventive measures to avoid or minimize repetitions of such complaints.

Our Quality Assurance department is strengthened by recruiting experienced staff and graduates and providing necessary trainings. We also invest in modern lab equipment every year. We greatly value feedback from our customers, which we see as a key catalyst customer, which we see as a key catalyst in maintaining and enhancing our reputation as a manufacturer of high quality rubber products. For our export products, we have obtained product liability insurance cover for many years. However, we have not received yet a single complain.

## Trade associations

We have obtained the membership of the following associations and their services in order to meet the challenges in the business and also as a mitigating tool.

- National Chamber of Exporters (NCE)
- Sri Lanka Association of Manufacturers & Exporters of Rubber Products (SLAMERP)
- Sri Lanka Chamber of Small & Medium Industries (SLCSMI)
- Plastic & Rubber Institute (PRI)
- Ceylon National Chamber of Industries (CNCI)
- Fullerton Industrialists and Investors Association – Kalutara
- Employers' Federation of Ceylon
- Central Environmental Authority
- Colombo Stock Exchange
- Central Depository System
- Ceylon Chamber of commerce

# SOCIAL and Relationship Capital (Contd...)

We participate in the award competitions and training programs organized by above institutions and also receive consultation on the matters from their specialized areas.

## Employees

We have Tamil and Muslim employees who follow their religion without having any obstacles and maintain a strong relationship. In order to maintain a strong relationship with the employees of the other sister companies in the Group, we organized and participated inter-Company Volleyball tournament for the Sixth consecutive time at Samson International Volley ball court on 29th January 2023. The winners were given Dr. Kulatunga Rajapaksa Challenge Trophy for the men and women tournaments. In this tournament, there were 22 teams from the Group. SIL team was the champion in the Male volleyball tournament for the first time this year.

Employees commence their daily chores after reciting the five precepts. Liquor is not allowed even in outings and get-to-gathers organized by the company and other special occasions such as the annual cricket and volleyball tournaments. On the first working day after new year, machinery in all three factories are switched on during the Pirith ceremony and all employees have traditional meals with the top management simultaneously after wishing each other for the new year. Traditional customs and practices are usually observed by employees who presented betel leaves to the Managing Director and pay last obeisance to him. All employees including the top management presents betel leaves to the Managing Director and Managing Director gives cash (first ganu denu) to employees at the end of the new-year ceremony. The Company has a Buddhist Association comprising workers and staff members from each section. They organize all religious activities of the Company.

**Employees commence  
their daily chores after  
reciting the five precepts**

## Suppliers

Our suppliers play an important role in supporting our performance and long-term sustainability. Our major supplier is Samson Compounds (Pvt) Ltd. who provides compounds to our rubber products. So we have a strong relationship as it is a sister Company which is also situated in Galle. We carry out service evaluation with the major supplier and inform our ranking to them monthly. For other suppliers, we carry out semi-annual survey for their services and regular one - to - one communication. We frequently visit supplier's locations and our Quality Assurance Department inspects the quality of all raw material and compounds. The details of purchases from sister companies in the Group have been given under Note 27.5 to the Financial Statement on page 232. However, in order to reduce the risk depending on one compound supplier, we have gone in to backward integration and invested in a mixing plant in the previous year. We have decided to buy another plant in order to cater the compounds for increased exports sales.

The Company maintain an excellent relationship with the reputed manufacturer for PVC taps in Malaysia. We are the authorized distributor in Sri Lanka for world renown JOPEX taps. We maintain adequate stocks especially resin for PVC pipes for import materials to protect from exchange losses and price increases. We have received Rs 100 Mn bank guarantees from our distributors for PVC products.

The Company owes to the bank Rs. 906 Mn as at March 31, 2023. (Rs.788 Mn as at March 31, 2022). We have received the banking facilities from well-established banks and their Fitch credit ratings in 2022 (latest) are as follows:

Bank	Rating
Hatton National Bank	A(Ika)/RWN
Bank Of Ceylon	A(Ika)/RWN
Commercial Bank	A(Ika)/RWN
People's Bank	A(Ika)/RWN
DFCC Bank Plc	A-(Ika)/RWN
Seylan Bank	A-(Ika)/RWN
Nations Trust Bank	A-(Ika)/RWN
DSI Group has the Fitch rating of	A(Ika)/RWN

# SOCIAL and Relationship Capital (Contd...)

## Global Suppliers



IMPORT COUNTRIES			
1	Germany	12	New Zealand
2	Belgium	13	India
3	France	14	China
4	Italy	15	Vietnam
5	Poland	16	Taiwan
6	UK	17	Singapore
7	Switzerland	18	Hong Kong
8	Mexico	19	Thailand
9	USA	20	Malaysia
10	UAE	21	Japan
11	South Korea		

# NATURAL Capital

## Key Performance Indicators 2022/23

**ISO 14001**

**Environment  
Management  
System**

**Rs. 105 Mn**

**Total Investment  
on Solar  
Project**

**547**

**Organic Paddy  
harvest in  
“kuruni”**

**1**

**No of  
Environmental  
awards**

### Galle Factory & paddy field

*“Our factories are located in a rustic environment of calm and tranquility among lush greenery and vegetation ...”*

**N**atural Capital is the World's stock of natural resources, which includes geology, soils, air, water and all living organisms. Some natural capital assets provide people with free goods and services. The emergence of the concept of 'natural capital' in recent decades reflects a recognition that environmental systems play a fundamental role in determining a country's economic output and social well-being — providing resources and services, and absorbing emissions and wastes. Because of that conservation of biodiversity and

ecosystem services is especially seen as an our company task. Earth would become four degrees hotter than its now within next ten years. Himalayan glaciers are melting at a rapid rate due to the increase in global warming as stated by the Green Foundation. Mitigating environmental impact has become a key factor during our investment decision making process. The Company makes every endeavor to protect the environment as well as our cultural values. Some of the initiatives taken are as follows.

### Company paddy field

While showing the beauty of the location of our Galle factory especially to the overseas customers, the paddy field in front of the main factory is owned and maintained by us. This land has

# NATURAL Capital (Contd...)

almost 2 acres and we harvest in every season for the last eight years. The rice obtained from the harvest is distributed among the Samurdi beneficiaries in the neighbouring villagers.

Our Company is situated a few miles away from the city of Galle in a rustic environment of calm and tranquility among lush greenery and vegetation. Our Galle factory is located in Paddy and tea planting area while Baddegama factory is located in rubber and tea planting area. Our Kautara factory is located in the free Trade Zone. Therefore, environmental pollutions to the general public is minimum.

## Annual tree planting ceremony

We plant trees annually in the factory premises. For this, all employees participate irrespective of their position.

2020/21- We planted more than 100 of timber trees.

2021/22 - We planted a 2600 cinnamon and fruit plants in the Galle factory land and we will expect to absorb 16 tons of Carbon Dioxide per year.



Cinnamon plantation in Galle

2022/23 - We are currently cultivating about 1,000 vegetable plants. A few of them are Radish, tomatoes, eggplant, chili etc. Please see at the bottom of the next page. We are giving them to our employees at a concessionary price.

## Solar project and energy consumption

The Company also invested Rs. 105 Mn to install solar panel on the roof of the Galle factory buildings in collaboration with a reputed solar panel installation Company. This has a Solar PV Capacity of 751 kW and it would generate 85,611 units per

month. Chairman/Jt. Managing Director Dr. Kulatung Rajapaksa ceremonially opened this solar project on 19th April 2022. We will expect to install the same in Baddegama and Kalutara factories in the near future.



Opening of Solar project in Galle factory

Energy consumption has been minimized by eliminating energy waste, installing capacity banks, using transparent roof sheets and energy saving bulbs. We monitor energy consumption on a daily basis with sub-meters and energy audits are carried out from time to time. Training programmes are carried out to all employees on electrical safety every year.

## FSC products

These FSC products are manufactured by using rubber from organic plantations. The Company gives high priority to produce FSC (Forest Stewardship Council) products and we have so far produced fourteen such products. They are Seed trays, Bath mat, Jar sealing rings, moon cup, Lid seal, Yoga mat, Eco razor, Flower pot, Coaster/Tray, Binding strap, Soap container, Ruby trainer, Hot water bottle and Scraper.

## 3R (Reduce- Reuse- Recycle) method in waste-water management

We adopt the 3R method of Reduce- Reuse- Recycle in waste rubber and water management. The top management gives a high priority to monitor this process. Our water management policy focuses on recycling and re-use with state of the art recycling plants established at our factory. We persistently monitor the quality of the water discharged from our operations, and these continue to be within the parameters specified by the Central Environmental Authority.



# NATURAL Capital (Contd...)

We all our waste rubber is recycle and use to produce road hump, D-Bumpers and rubber mats and the balance is given to another sister Company to manufacture reclaimed rubber products. Solid waste generated from our operations are segregated at source and disposed with minimal environmental damage.

To Reduce paper waste; we encourage communication via electronic or digital mediums, and generate e-reports as much as possible. Printing of hard copies is restricted and done strictly on a need basis only and then too using double-sided printing. We encourage Reuse; of single-side printed documents, while common reports are made available for sharing among users.

## Environment Policy

“Samson International Plc is committed to minimize the adverse impact of its operations on the environment, utilizing the best environmental practices, instilling the highest environment values in all its employees & continual improvement process”

## Investment in dust collection and prevention machinery

We have installed dust collection machinery for all mixers in both rubber and PVC factories. These devices are specifically designed to clean and filter hazardous dust and fine particulate pollutants released into the work environment or atmosphere to maintain and improve air quality. Through this, we as an organization have been able to work in a safer environment for the employees as well as reduce the damage to the surrounding atmosphere.

## Certifications

We have obtained the following certificates for our products and systems, to protect our customers and the environment.

- REACH certification for use of eco - friendly non - hazardous chemicals
- Forest Stewardship Council - Chain of Custody ( FSC COC ) Certification
- ISO 14001 on Environmental Management certification
- ISO 50001 on Energy Management certification
- SATRA, UK Certificate for fire retardant mats and floorings
- Electrical Resistant Certificates from Universities





# NATURAL Capital (Contd...)

## Sustainability measures

The details of present sustainability measures of work – stream of the Company are as follows. This work- stream includes in the areas of emission, noise, water, waste, chemical and energy.

Sustainability work – stream	Causes / Consequences	Examples of sustainability measures from the case study	Monetary savings (yes/No)
Emission Management	<ul style="list-style-type: none"> <li>Exhaust gases from boiler, generator, etc</li> <li>Emission from manufacturing process e.g – Dust, Fumes</li> </ul>	<ul style="list-style-type: none"> <li>Use dust extractors &amp; collectors</li> <li>Use fume extractors</li> <li>Use pelatise chemicals</li> </ul>	Yes
Noise Management	<ul style="list-style-type: none"> <li>Noise generated out of machinery operations e.g : Air compressors, power generators, banburies mills – heavy duty machines</li> </ul>	<ul style="list-style-type: none"> <li>Replace reciprocating air compressors with screw type which save energy cost</li> <li>Use proper exhaust “silencers” for generator outlet maintain heavy machinery with proper lubrication</li> </ul>	Yes
Water Management	<ul style="list-style-type: none"> <li>Waste water from manufacturing processes</li> </ul>	<ul style="list-style-type: none"> <li>In-house waste water treatment</li> <li>Re-use for gardening and cooling purposes</li> </ul>	Yes
Waste Management	<ul style="list-style-type: none"> <li>Solid waste discharged from manufacturing process</li> </ul>	<ul style="list-style-type: none"> <li>Recycle reject rubber waste and get reclaim rubber from the process</li> <li>Recycle rubber flash and get buffing dust for the process</li> <li>Waste segregation and recycle through government approved</li> <li>Recyclers while generating income</li> </ul>	Yes
Chemical Management	<ul style="list-style-type: none"> <li>Chemical discharged from rubber products manufacturing process</li> </ul>	<ul style="list-style-type: none"> <li>Comply to REACH standards.</li> <li>Eliminate Polycyclic Aromatic Hydrocarbons (PAHs) from manufacturing processes.</li> </ul>	Yes
Energy Management	<ul style="list-style-type: none"> <li>Energy waste</li> </ul>	<ul style="list-style-type: none"> <li>Maximum demand control, staggered basis starts and shut down of machinery.</li> <li>Power factor correction, power usage analysis and recording</li> </ul>	Yes

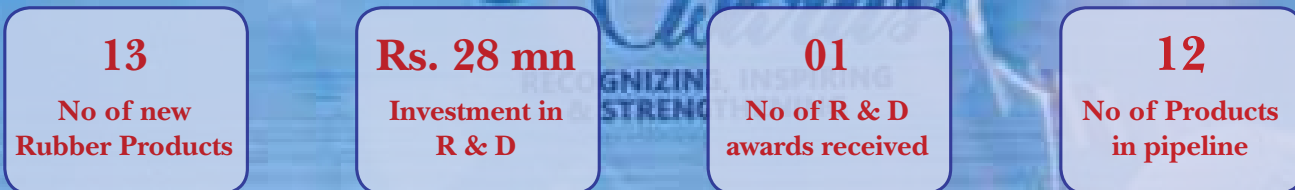
## Contribution to the plantation estates

We also continue to be committed to contributing to the national economy, serving the rural areas in the Southern Province by using local raw materials. Out of our total raw materials cost, 60% is from rubber and it comes from the plantation estates in the Southern Province. Further this opens direct employment avenues for neighboring villages of the plantation estates. We have given more details with figures on our contribution to the national economy under the Review of operating environment on page 70.

Natural capital is also important as financial capital in order to have a sustainability of any organization. Therefore, we are very much concerned on this capital.

# INTELLECTUAL Capital

## Key Performance Indicators 2022/2023



Receiving a Special Gold Award as the Best Performer in R & D Activities

*“We fundamentally believe that success comes from innovative products & processes and high quality manufacturing...”*

Intellectual capital includes human capital but goes beyond it. It is not possible to assign monetary values to most internally generated intangible assets. However, they need to be considered as drivers of the value creation process of our company. Since intellectual capital brings an organization a significant competitive advantage, it is entirely possible that a large portion of the firm’s valuation is derived from this expertise and knowledge. Our intellectual capital includes,

- Knowledge, expertise, experience of our employees
- R & D Capabilities
- Branding

## Knowledge, expertise, experience of our employees

The collective knowledge, expertise and experience of our employees provide a considerable contribution to our intellectual capital and also gives the company a significant competitive advantage in the market. Over 24 employees have worked for the Company for over twenty five years and account for a vast data base of tacit, accumulated knowledge,

# INTELLECTUAL Capital (Contd...)

including highly specialized expertise in the core business domain, capital management and risk management.

Company also conducts competitions for innovative ideas among the employees. Innovation starts even from the factory workers and recognize them well. Last year we received fourteen innovative ideas and cash awards and certificates were granted for five best ideas by the Managing Director in the presence of all employees. Our Chairman/ Managing director has worked from the inception of Samson International Plc (35 years) and DSI Group over 60 years. Professionally qualified areas and Service analysis of our directors and Executive management as at 31st March 2023 are on page 50 and 57. This indicates our strength in all functions of the Company. Last year we were awarded three gold awards from NCE. i.e. the Best R & D Performer, Most Innovative Exporter and the overall winner in the Rubber sector in extra-large category. Further we received an international award from SAFA for our Annual Report.

## Research and development capabilities

Our research and development capabilities are able to develop and manufacture a wide range of products catering for the customer needs. We believe that in order to be competitive and sustainable in the market, Research & Development is the crucial factor in our business. We have strengthened our Research & Development Department and given a professional value to it. For two years, we were awarded a special award for the Best Performer in Research and Development Activities from National Chamber of Exporters. We obtain the services of outside foreign consultants who have a doctorate in polymer and rubber. Samson International Plc with Samson Compounds (Pvt) Ltd. signed an agreement with the Chemical & Process Engineering Dept, University of Moratuwa, for Research & Development activities for rubber products. From time to time, we obtain services from University of Ruhuna, University of Colombo and Rubber Research Institute. A substantial investments have been made into R & D so promote innovation, while giving the customer a unique or high quality products.

Every year, our R&D department develop about ten new products. The success rate in the commercial production and customer acceptance is more than 80%. Research and Development section of the SIL is concerned on the following stages when new products are developed.



Step	Source/Contribution	Decision Making Unit
• Idea Generation	Customers, Employees, Inquiries, Brain Storming etc	-
• Idea Screening	R&D Meetings, Management Meetings, R&D Meetings	R&D team
• Concept Development & Testing Business Analysis	R&D Team, Incubator Team Marketing & Financial Team	Project Owner GM, FM, Marketing Managers
• Product Development	R&D Team, Production Team, Engineering Team	R&D team
• Test Marketing	Marketing Team	GM, Marketing Managers
• Commercialization	Marketing Team	GM, FM, Marketing Managers
• Monitoring & Evaluation	Marketing Team, R&D Team, Financial Team	GM, Marketing Managers, FM R&D team

# INTELLECTUAL Capital (Contd...)

**We know that innovation always plays a role in staying ahead of competition.**



The Company received the patent right to manufacture One unit rubber hot water bottle. Further we have already applied for the patent right for dry rubber open cell yoga mat. We follow the Intellectual Property Act No 36 of 2003. A patent is a grant by the government of monopoly to a person to make, sell, and use an invention for a limited period (20 years). Patent law protects new, unobvious and useful inventions which are industrially applicable. Patent protection is available in Sri Lanka for a process and for a product. A patent gives the owner (patentee) the exclusive right to exploit the invention. For up to 20 years in Sri Lanka the patentee has the legal right to stop others producing the patented goods or applying the patented process by suing for infringement.



Discussion on new products

# INTELLECTUAL Capital (Contd...)

## Rubber Product

New Product Developments in the Rubber Sector for last three years:

Industry	2022/23	2021/22	2020/21
Pharmaceutical	<ul style="list-style-type: none"> <li>UCB new hot water bottle</li> </ul>	<ul style="list-style-type: none"> <li>Pharmaceutical rubber bung</li> </ul>	<ul style="list-style-type: none"> <li>Anti-microbial hot water bottle</li> <li>Disinfectant mat</li> </ul>
Food and packaging	<ul style="list-style-type: none"> <li>Cosmetic container</li> </ul>	<ul style="list-style-type: none"> <li>Soap container</li> </ul>	<ul style="list-style-type: none"> <li>Coconut oil dropper</li> </ul>
Matting and flooring	<ul style="list-style-type: none"> <li>High performance out door Conveyor belt</li> <li>Plesure Mat</li> <li>Low cost black yoga mat compound</li> </ul>	<ul style="list-style-type: none"> <li>Honeycomb continues mat</li> </ul>	<ul style="list-style-type: none"> <li>Mini's car mat for export Mat</li> </ul>
Automotive and industry	<ul style="list-style-type: none"> <li>Boat fender</li> <li>Solid tire inner compound</li> </ul>	<ul style="list-style-type: none"> <li>Batch off machine rubber roller</li> <li>High pressure moulded</li> <li>Autoclave beading</li> <li>Natural rubber tube for garment industry</li> </ul>	<ul style="list-style-type: none"> <li>Boat roller</li> <li>Rubber bumper</li> <li>Rubber pengine</li> </ul>
Construction	<ul style="list-style-type: none"> <li>Outdoor small bumper</li> <li>Cost reduction of septic tank washer</li> </ul>	<ul style="list-style-type: none"> <li>Rubber beading for Aluminum</li> <li>Partition</li> </ul>	<ul style="list-style-type: none"> <li>Generator vibration pad</li> </ul>
Agriculture	<ul style="list-style-type: none"> <li>Large size flower pot.</li> </ul>	<ul style="list-style-type: none"> <li>Neoprene profile</li> <li>Fertilizer hose</li> <li>Flower pot</li> </ul>	<ul style="list-style-type: none"> <li>EPDM Hose</li> </ul>
Other	<ul style="list-style-type: none"> <li>Molded flex bar</li> <li>Tennis Ball</li> <li>Rubber pencil eraser</li> </ul>		

## PVC Product

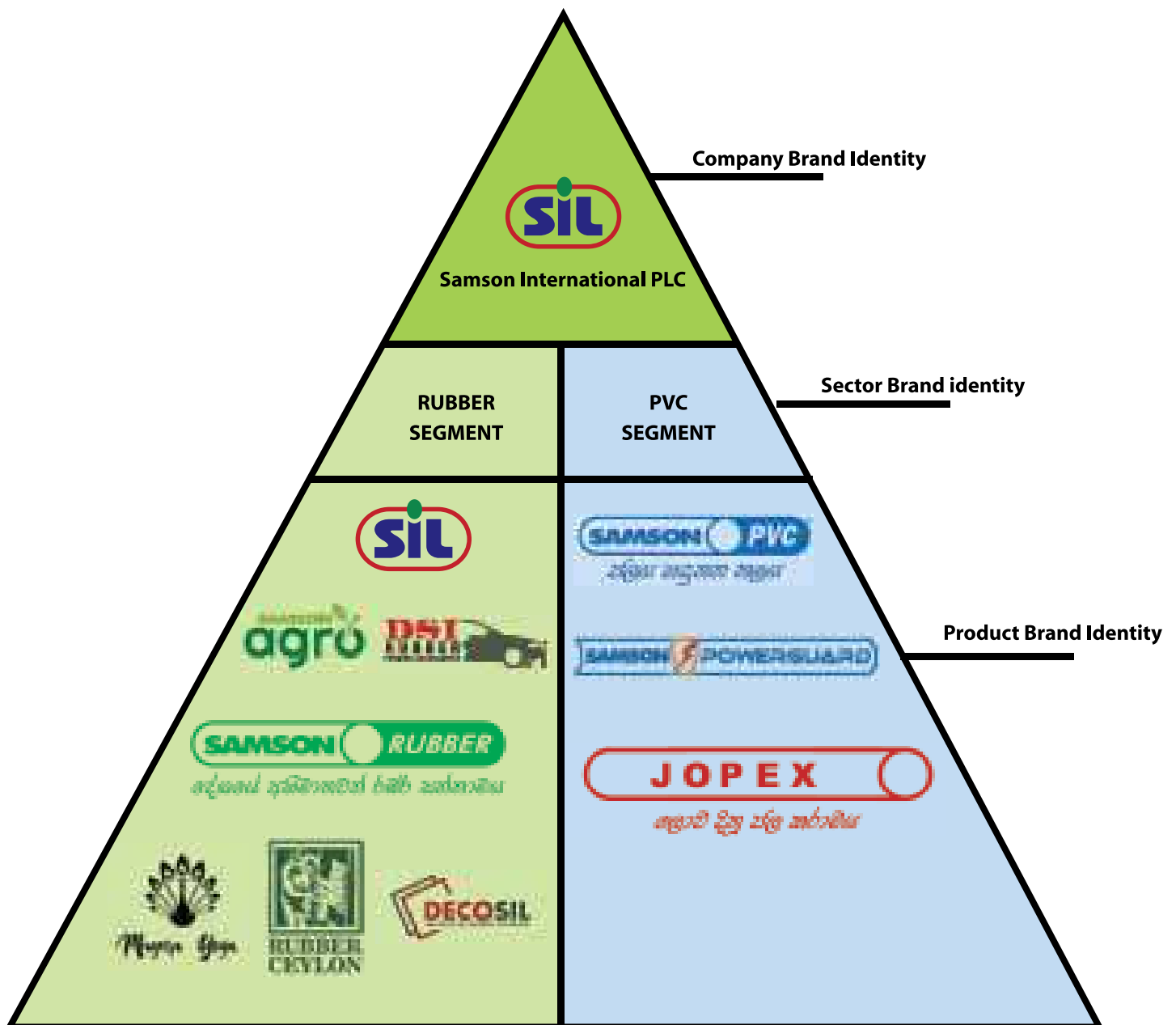
Industry	2022/23	2021/22	2020/21
Pressure Pipes	-	<ul style="list-style-type: none"> <li>Expanding pipe range above 160mm</li> </ul>	
Electrical	-	<ul style="list-style-type: none"> <li>Floor trunking</li> <li>SLS certified trunking</li> <li>SLS Certified Conduite</li> </ul>	<ul style="list-style-type: none"> <li>Trunking</li> </ul>
Hose	<ul style="list-style-type: none"> <li>1 1/4 Garden Hose</li> </ul>	<ul style="list-style-type: none"> <li>Customized colour hose</li> </ul>	
Non-pressure Pipes	-		<ul style="list-style-type: none"> <li>Gutters</li> </ul>
Fittings	<ul style="list-style-type: none"> <li>225 Repair Socket</li> <li>25 V/Socket</li> <li>25 F/Socket</li> <li>32 End cap</li> <li>63 Socket</li> </ul>		

# INTELLECTUAL Capital (Contd...)

## Branding

Since our humble beginnings as a manufacturer in 1988, we have built a diversified portfolio of multitude of brands in our 35-year history which includes SIL, Samson PVC, Samson Rubber, Samson Powerguard, Decosil, DSI rubber parking accessories, Mayura Yoga, Rubber Ceylon and Samson Agro. SIL, Samson PVC and Samson rubber are the three largest selling brands. SIL brand accounts for majority of exports while Samson PVC and Samson Rubber are for the local market. Furthermore, we are the authorized distributor for taps under JOPEX brand in Sri Lanka. The purpose of our brands is to have a strong relationship with customers and consumers through continuously offering a satisfied experience by using our products.

We deliver our brand promise to our target markets in all our products. Brand promise is what expected by the customers from our brands. So we use the power of our brands to the target market in a more effective manner. Our brand powers includes our business values governing the brand experience, brand expression and interactions with customers, employees and other stakeholders for using our products.



Brand Architecture



# INTELLECTUAL Capital (Contd...)

## Brand life cycle

Most of our brands are in the growth stage of the brand life cycle. We use following strategies to improve in the brand life cycle.

- a) Our products are continuously adapted to meet changing demand while at the same time new concepts of the future will be invented that will sustain the growth of the brand.
- b) Our brand culture would help differentiate us, enable us to be highly visible, instill credibility, trustworthy and loved as a customer and attracting and retaining our ideal customers so we consistently grow profitability.
- c) It is a great challenge for accompany to live everlastingly young. We know that the relationship between the brand and consumer is no longer a transactional relationship but a transformational relationship.
- d) Brand management is shifting towards perception management. Consumer perception towards a brand is bound to change rapidly due to the market dynamism, constant evolution of products, rapid technology life cycles, ever changing regulatory frameworks, changing consumer taste and preference, expansion of consumer dreams and aspirations.

## Brand Promotion

We use the following strategies to promote core values of our brands.

- 1) We do not isolate from media. Communication is the brand's weapon. We have been advertising in radio and TV every month our core values of the brand in all three languages. We do lorry branding, email marketing, bill board advertisements, exhibition participation and social-media marketing. We demonstrate all core values what is invisible. We reveal the basic differences hidden and promote intangible values in the product.
- 2) We nurture the perceived differences through Smart adaptation. We are nurturing the perceived difference through product innovations, Packaging changes, ecological considerations, smart adaptation. We are preserving Superior image by renewing the product regularly, integrating new and emerging needs, constantly confirming one's superiority and adapting to customers who change and become more experienced.
- 3) We are Preserving Superior image of the product by renewing the product regularly, integrate new and emerging needs and continuous market research

## Rubber Product Segment:

SIL, our main export brand grow strongly over the years accounting to 65% of our total income of the Company. Growth of sustainable product sector (FSC Products) contributed significantly to this growth. We want to become the most eco-friendly rubber business in the world.

Mayura branded yoga mats saw a dramatic growth during this period fueled by the renewed interest among public for personal health and fitness after the pandemic. Samson Rubber brand which was introduced in to the local market to exploit the existing Samson PVC distribution channel grew by 35% during the year. Even though affected by the slowdown in the economy and the construction industry, DSI Rubber Parking Accessories and DECOSIL brands were able to maintain a steady growth during the period. Rubber Ceylon, our B2C brand for rubber based products further expanded its market presence by entering to Australian market by selling its products in Australia.

We're finding new ways to make our brands available to consumers, wherever they are sales through e-Commerce continue to grow during the year both locally and internationally. At present, we cater our products to more than eight industries. We are the only manufacturer in Sri Lanka who can produce PVC and Rubber related products. We also export FSC products to Europe.

# INTELLECTUAL Capital (Contd...)



## Innovative Culture

We give priority on future consumer needs by focusing on our innovations on environmentally friendly products. We have developed many eco-friendly products during the year, working in collaboration with many sustainable brands around the world. We worked closely with Forest Stewardship Council and Fair Rubber Association, and its member brands to develop innovative and environmentally friendly rubber products to solve day to day consumer needs.



We were selected as the Best Performer in R & D activities in 2022/23. This Gold award was given by National Chamber of Exporters.

# INTELLECTUAL Capital (Contd...)



New Eco-friendly products

## Digital Presence

Despite the recent surge in digital commerce, only around a third of the world's population shop online – which represents a huge opportunity for growth. We're seeing the rise of new models like social commerce, where people shop through social media platforms, and quick commerce, where people expect to receive their orders in less than an hour. And we're seeing continued growth in sales on our branded products through some of our biggest ecommerce partners both locally and internationally.

During the year our local online sales doubled and we continued to expand our digital presence. Now we are selling our products both in UK and Australia through digital channels. An integrated digital strategy was developed and implemented to further strengthen our brand presence digitally. A new comprehensive website was developed with advanced SEO to strengthen our online visibility.





# INTELLECTUAL Capital (Contd...)

## PVC Product Segment:

Our largest branded selling product is PVC pipes & fittings and its brand name is Samson PVC. The tagline for this brand is “ Jalaya Hadunana Nalaya “. We stepped into this PVC related products business on 14th July 2014.



Selling the first branded PVC product by Chairman, MD and GM to the Negombo Distributor.

Samson is the name of our founder who initiated and did all the hard work to bring the DSI Group to the current level during the last 65 years. Therefore when our customers see the word “ Samson”, they would realize that this is another product from DSI Group. At present DSI Group has a turnover of Rs 50 Bn while more than 10,000 employees are working in the Group and most of our Companies are in manufacturing. Our founder’s belief in fair trading, thoughts in value for money and commitment in quality could be seen in all our products. Samson PVC is the largest branded product in the Samson International Plc. The other branded products in the Group are Samson footwear, Samson Title, Samson Bike which have earned a good thoughts and belief in the consumers in locally and globally. Therefore, the same positive thoughts and beliefs passes to Samson PVC products as well.



First branded lorry on 17th July 2014



First press conference with Chairman, MD, GM and Marketing Manager on 17 th July 2014

# INTELLECTUAL Capital (Contd...)



Delivering our brand promise to our target market

## Brand Vision

We have a brand vision for each of our Brand. Brand vision of Samson PVC has been formulated within the Company's vision. The vision of the Company is that " We will be a leading polymer manufacturer in the region. So, our brand Vision of Samson PVC is that " We will be a leading brand in the PVC-related products in the region."

Long- term brand objective of Samson PVC brand:

- Achieve the market leadership in Samson PVC product lines in the local market.
- Design and manufacture of new products continuously for the local and global markets.
- Reach our revenue and profit in the PVC segment at a rate more than current industrial norm.
- Attain forward and backward integrations through takeovers and acquisitions.
- Strive for the uplifting our community whilst adhering to high ethical standard in business.
- Establish a solid export market for Samson PVC products.

Medium term brand objective of Samson PVC brand:

- Increase our market share to 20 % in the PVC products from 5 % within 2 years.
- Find an export market and reduce/eliminate our exchange losses by matching concept.
- The Company continuously invest in Research and Development activities in PVC products.
- Invest in CPVC product line and produce hot water pipes.

- The Company continuously carry out environmental audits and invest in CSR activities.
- Continuous Promotions through electronic media.
- Participate all possible exhibitions in overseas and locally.
- Develop our Samson PVC brand to be perceived as high quality product
- Upgrade in-house machinery.
- Provide continuous training especially to the sales staff.

## Brand Mission

We too have a brand mission for each brand. Eg. We have prepared our Samson PVC brand mission within Samson PVC brand vision. Further this Samson PVC brand Mission is also in line with Company's mission statement. Our Company mission statement is that " We will become a versatile manufacturer of diversified polymer products in the global market by utilizing modern technology while providing optimum value to stakeholders". Similarly, Samson PVC brand mission is that "We will strive to achieve a wide market share for Samson PVC products in the local and global market by utilizing modern promotions activities and technology while providing optimum value to our customers and other stakeholders."

## Brand values

Brand Identity reflects core values of our brand. This is what others say about value of our products. Our core values are given on next page.

# INTELLECTUAL Capital (Contd...)

- a) All products produced in the DSI Group continue as the name "Samson". DSI Group is a large and well known Group from the Southern province. They produce many products such as shoes, bicycles, tires, bikes for the local and global market for more than 60 years.
- b) We produce pipes that is recognized by water or Jalaya hadunana nalaya. So it reflects the high quality of the product.
- c) We give hari de hariyatama or give right thing in the correct way.

The Company celebrated the first Bn sales in a leading Hotel in Galle. All sales staff attended for this function and we also organized a workshop on sales on this day. Even though we reached the breakeven in 6 year's period, all other competitors achieved their break-even point beyond 8 years.

### Customer/ Distributor Age Analysis

Less than 02 years	14
Above 02 & less than 04 years	22
Above 04 years	05

During the year under consideration, the Company has made significant investments in branding and promotional activities in order to establish trust and create loyalty among our customers in both local and international markets. We have been continuously advertising our PVC product in electronic media and we participated local exhibitions. This includes Advertising, Publicity, Sales Promotion and Personal selling. Some of them are shown below.





# RISK

## Management



Periodic fire training

*“The Company has a proactive approach to business and aimed to control this uncertainty and thereby enhancing shareholder value...”*

**S**amson International Plc reviews all potential risks on a regular basis as any organization could face some risks from their business activities. We identify the potential risk, assess it and respond to it by allocating required resources. We always proactively gather market data and information and perform in-depth analysis to get ourselves prepared to adopt to dynamic and ever changing market conditions and trends. We continuously perform benchmarking with our peers, both

local and oversea in order to realign our business strategy and direction. Our laboratory in the Quality assurance department and R & D are equipped with state- of- the-art equipment and analytical instruments which reflect our relentless efforts and innovative spirit. By keeping ourselves always ready and prepared for any changes in the global market, we always have the early bird advantage.

Business is found to have challenges all along. There is no business if there is no challenge. In business, as a whole the biggest challenge over the years is volatility. Volatile exchange rates, volatile raw materials/ input cost and volatile customers’ demand and the like. We view these challenges

# RISK Management (Contd...)

as an opportunity or inspiration to improve ourselves and do better than our competitors. For over the past 35 years in business, our **unstoppable journey** has been stable and smooth. Stronger foundation and preparedness to always take on any future challenges are the two major ingredients that give us an edge over our peers. Our 60 years old Group's competitive strengths lie on its capacity in launching quality products with fair price, management focus on business, high professionalism and transparency in all business dealings and the management belief in using R & D to win in business. A substantial investments have been made into R & D so promote innovation, while giving the customer a unique or high quality products.

We adopt open discussion and lean management structure in our company. We encourage our employees to provide feedbacks and recommendations for improvement and to achieve the goal set. Further, maintaining excellent customer service and practicing professionalism in business undertakings are an integral part of our company's corporate vision. We always want to be the most reliable business partner to our customers in every aspect from top-quality products to timely deliveries, insightful marketing assistance, positive relationship, technical solutions and consultations. We have also embarked on co-product development with some of our long-term customers to unlock the potential values together. Since its inception, Samson International Plc maintained its unbroken sales growth and continuously rewarded its shareholders with unfailing dividend payments for the last 10 years.

## Internal Control

Internal and external audits perform a vital role in the risk management process. Reports on these audits are reviewed and action taken to manage any risks that have been identified. All audit findings are immediately reviewed by the Board appointed Audit Committee. The Company's system of internal controls covers all policies and procedures enabling to manage any strategic and operational risks. The internal audit team meets with the Finance Department every quarter

share information and exchange perspectives. The Company has a proactive approach to business and aimed to control this uncertainty and thereby enhancing shareholder value.

In order to strengthen the internal controls, we change our internal auditors every 10 years. Messrs. Earnest and Young, was outsourced as the internal auditor previous years who has rendered their services to us for 10 years. New internal auditor, T&D Associates was selected by the audit committee after evaluating the proposals given by the firms of Chartered Accountants. Further, engagement partner in our external audit is also rotated with a new partner as per the audit practices followed by the Messrs. Edirisinghe & Company.

This risk management process could be explained in risk identification, risk assessment, risk response and risk reporting methodologies under the areas of Macroeconomic, Competitor and Market, Operational, Financial and Others. From this risk management process, we ensure to identify of any situation or circumstance that would adversely affect the achievement of the Company's objectives. The senior management reviews the risk in the company on a continuous basis. Eg.

- 1) The Group Directors review Company's risk profile and provide guidance on required risk responses on a monthly basis at the time reviewing the monthly accounts.
- 2) The Audit Committee reviews and monitors the internal controls. The audit reports are prepared by Messrs. T&D Associates, Chartered Accountants and it is reviewed by the audit committee along with the risk reports and compliance reports on quarterly basis.
- 3) The Company Board of Directors reviews strategies, processes, procedures and guidelines on a continuous basis to effectively identify, assess and respond to risks on a quarterly basis in the Board meetings.
- 4) Further Corporate Finance and Group Treasury also advise for risk matters on a regular basis.
- 5) Internal auditors of the Company also review controls and inform the Management.

# RISK Management (Contd...)



Further, senior management reviews whether the following risk management objectives are met in their meetings.

- 1) To identify the Company's significant risks and formulate the Company's risk appetite and ensure that business profile and the plans are consistent with it.
- 2) To optimize risk/ return decisions by taking them as closely as possible to the business.
- 3) To ensure that business growth plans are properly supported by effective risk infrastructure.
- 4) To manage risk profile to ensure that specific financial deliverables remain possible under a range of adverse business conditions.
- 5) To help employees for control and co-ordination of risk taking across the business



# RISK Management (Contd...)

The Risk Management Table below explains the Risk identification, Risk assessment and Risk management under five risk categories.

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2023	Risk Ranking as at 31st March 2022
<b>Macroeconomic Risk</b>				
1) Market Specific Characteristics Risk	Seasonality period generates a substantial proportion of revenue and operating profit during the third financial quarter. Adverse trading in this relatively short period is likely to impact significantly the full year's results.	Financial and manpower planning takes into account expected peak period and the business is run accordingly.  Contacting sister companies to obtain excess workers.  Increase attendance bonus during the peak time.  Maintain a buffer stock	Medium	Medium
2) Foreign Exchange rate Risk	Depreciation of the rupee value and loss of exchange in conversion in relation to export proceeds, import payments and foreign currency debt transactions.	Exchange rate movements are taken in to consideration before conversion and pricing.  Practicing effective hedging techniques.  Continuous evaluation of the impact of Central Bank regulations.	High	High
3) Socioeconomic Risks	Sri Lanka's socioeconomic and political environment has an impact on the local sales	Management reviews prices in comparison to inflation and negotiates with suppliers for lower prices and credit terms.  Export grade two products to low-end markets such as India & Pakistan  Continuous evaluation of custom duty, tax rates, interest rates and the environmental changes.  Replace imported raw materials with local raw materials as far as possible	Low	Low

# RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2023	Risk Ranking as at 31st March 2022
<b>Competitor and Market Risk</b>				
4) Risk of Competition	<p>Risk of losing our market share and sales growth to Chinese low quality products and to other substitute products.</p> <p>Due to the economic crisis market could be contracted</p>	<p>Ensuring high standards of quality in the eyes of the customer and branding all our products.</p> <p>Participate in trade fairs both local and foreign to attract new customers.</p> <p>Identify the products which are in the decline stage of the Product life cycle and take corrective action.</p> <p>Sourcing new markets and developing new products.</p> <p>Make necessary investments to upgrade the facilities.</p> <p>Corporate plan is prepared every three years and monitored closely.</p> <p>Increasing productivity and efficiency in order to ensure our prices remain competitive.</p> <p>Carrying out Research and Development activities to identify needs.</p> <p>The provision of various value added services for our key customers.</p> <p>Export PVC- related products where there is high demand. e.g., PVC hose</p>	High	High
5) Technological risk	Risk of low productivity and high maintenance costs compared to the products manufactured by competitors.	<p>Frequent visits of overseas exhibitions and continuous investment in modern machinery.</p> <p>Continuous competitor analysis is carried out.</p> <p>Investing in Research and Development activities throughout the year.</p> <p>Investing in ERP system, hardware and developing software in-house.</p>	Medium	Medium

# RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2023	Risk Ranking as at 31st March 2022
<b>Competitor and Market Risk contd...</b>				
6) Reputation Risk	Adverse impact on the corporate image and brand which is likely to diminish shareholder value. This will finally lead to a decline in market share and customer base.	<p>Maintenance of highest ethical standards at all times in all business activities and make compliance audit as part of internal audit scope.</p> <p>Proper adherence to the statutory, health and safety concerns by obtaining appropriate quality certification standards.</p> <p>Continuous review of customer comments in order to exceed customer expectations and ensure quality standards are adhered to and improved upon.</p> <p>The Company plays a corporate citizen role through CSR initiatives.</p>	Low	Low
7) Product Risk	<p>Products could turn out to be defective or inappropriate for the market in terms of price, functionality or perceived value. They are also liable to be rendered obsolete. In such instances, the Company is exposed to market risks arising from consumer dissatisfaction and consequent rejection of its products.</p>	<p>The Company's plant and machinery are rigorously maintained and upgraded whenever necessary.</p> <p>Established quality control measures as well as product testing through sampling are performed on all product lines.</p> <p>The in-house Quality Surveillance Unit tests samples of new products or components from external suppliers before order placement.</p> <p>Invest in modern machinery</p> <p>Continuous competitor analysis is carried out</p> <p>Analyse the customer complains and take corrective action</p>	Low	Low



# RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2023	Risk Ranking as at 31st March 2022
<b>Operational Risk</b>				
8) Process Risk	Internal process failures, shortage of foreign currency, fraud, pilferage and breakdown of internal controls	<p>The Company sources its products and services from approved suppliers</p> <p>Outsource internal audit to reputed audit firm to review and report on the adequacy of the financial and operational controls to the Audit Committee.</p> <p>Systems and procedures are in place to ensure compliance with internal controls, which are monitored and reviewed for their continued efficiency and effectiveness.</p> <p>Provide focused and structured training to staff at all levels to familiarize themselves with processes and procedures.</p> <p>Steps are taken to increase export sales.</p>	Medium	Medium
9) Supply Chain Risk	Risk of non-availability of raw materials and excessive prices.	<p>Establishing relationships with many global and local suppliers for raw materials and commodities in order to reduce over dependency on a single supplier/brand.</p> <p>Store raw materials when the prices are low and enter into forward contracts for raw material purchases.</p> <p>Consume energy in the most efficient way.</p> <p>Re-order level and economic order quantity are established.</p>	Medium	Medium
10) Inventory Risk	Risk of having non-moving stock	<p>Identifying slow-moving stocks and sell them in a different market.</p> <p>Offering discount for bulk orders.</p> <p>Give priority on conformed orders and cash sales</p> <p>Effective production planning</p>	Medium	Medium

# RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2023	Risk Ranking as at 31st March 2022
<b>Operational Risk contd...</b>				
11) People Risk	Risk of losing skilled and trained human capital	<p>Provide structured trainings to staff at all levels to aid personal and professional development.</p> <p>Establish career development programmes and succession plans in order to retain and motivate them.</p> <p>Maintaining good relationships with employees through regular dialogue.</p> <p>Top priority is given to automation of manual work.</p> <p>Periodic market survey on the salary structure</p> <p>Organizing social events periodically</p> <p>Helping employees by providing dry food bags in the current economic crisis</p>	Medium	Medium
12) Fraud, Compliance and Internal Controls Risk	As the business grows in size and geographical scope, the potential for fraud and dishonest activity by our suppliers, customers and employees increase.	<p>Clear behavioral guidance given to employees through operational manuals.</p> <p>Appropriate procedures and controls set out and audited across the business to reduce fraud risks; internal Audit and external Audit undertake detailed investigations into all business areas and report their findings to the Audit Committee.</p> <p>Regular update and new introduction of relevant policies and procedures.</p> <p>Whistle-blower policy.</p> <p>Periodical review of the internal controls by outsourced consultants.</p> <p>Strengthening internal control and internal checks</p> <p>Supplier visits and physical counts of stocks and cash</p>	Low	Low

## RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2023	Risk Ranking as at 31st March 2022
13) Asset Risk	Risks associated with the physical assets of the Company include the destruction, loss or theft as well as technical and other defects.	<p>All such assets are insured against all identifiable risks.</p> <p>The relevant insurance policies are subject to a comprehensive annual review, with modifications made as deemed necessary.</p> <p>Procedures in place to control technical and other defects include purchasing from reputable suppliers who comply with acceptable standards on product and service quality; active, standards-based quality assurance at all manufacturing facilities.</p> <p>Provisioning is also made against obsolete inventory, warranty claims and doubtful debtors.</p>	Low	Low
14) Governance Risk	Risk of non-compliance with changes in legal and regulatory environment, taxation, labour and other laws will result in judiciary actions.	<p>Create awareness of statutory obligations at all levels.</p> <p>Seek advice from external consultants on all matters relating to litigation and contracts.</p> <p>Product liability insurance is taken for hot water bottles.</p> <p>Have a central record room to keep all our important documents for 10 years.</p> <p>Continuous dialogue with statutory bodies to meet updated reporting requirements.</p>	Low	Low
15) Global Virus Risk (such as Corona)	Having global Corona pandemic, there is an adverse impact to our sales and also purchase of raw materials and employee attendance which result in unfavorable cash flows.	<p>Strictly followed guidelines given by health authorities.</p> <p>Educate in the workers about the virus impact.</p> <p>Carry out PCR tests on random samples.</p> <p>Organizing vaccination programmes for villagers</p> <p>Maintain buffer stocks for both RM &amp; FG.</p>	High	High

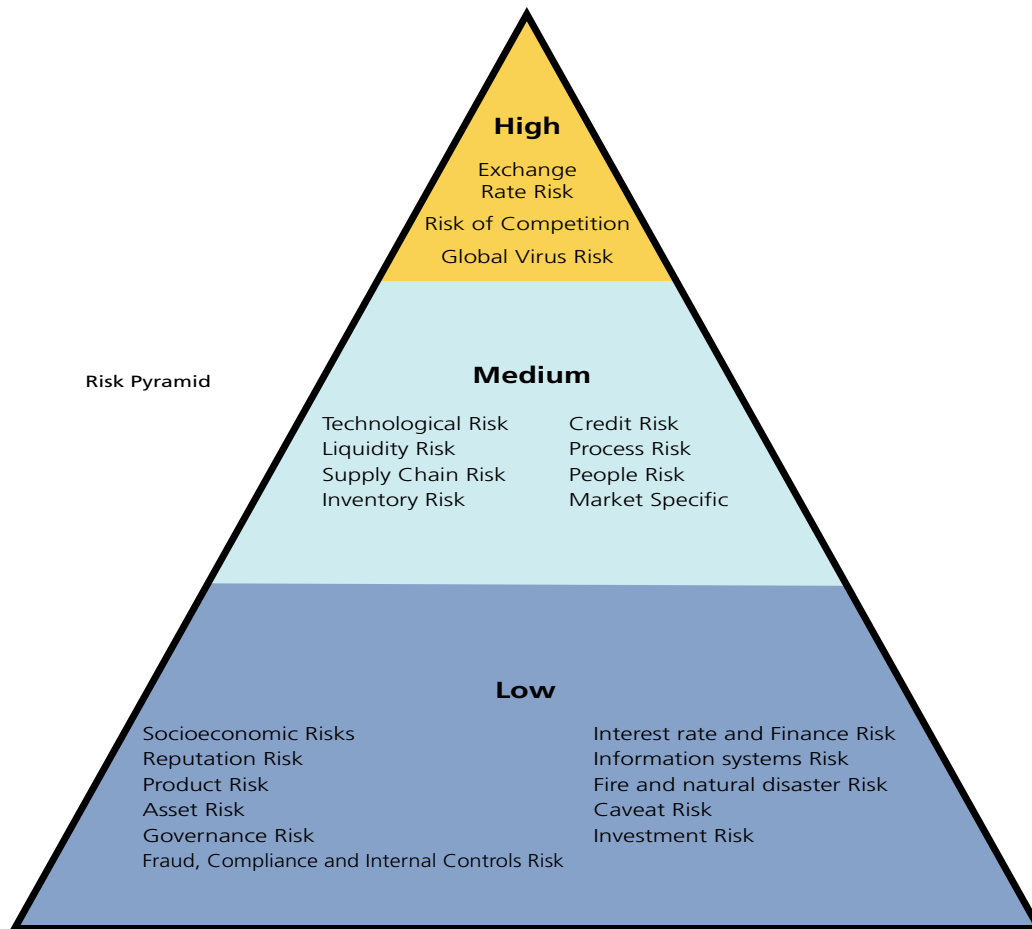
# RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2023	Risk Ranking as at 31st March 2022
<b>Financial Risk</b>				
16) Credit Risk	Risk arising due to default of payment. Higher credit risk may adversely impact both liquidity and profitability.	<p>Following stringent assessment procedures to ensure credit worthiness of the customers prior to the granting of credit.</p> <p>Credit is allowed only for the approved customers which is reviewed yearly.</p> <p>Obtaining bank guarantees, deposits, post- dated cheques from local debtors and insurance cover for export debtors whenever there is a doubt about recovery.</p> <p>Closely monitoring the debtor balances and laying down action plans accordingly.</p>	Medium	Medium
17) Interest rate and Finance risk	Inability to satisfy debt repayments and obtain the best interest rates.	<p>To have adequate facilities for obtaining loans and borrowings in foreign currency to bring down finance charges.</p> <p>Funding of long- term assets through equity and long- term loans.</p> <p>To have adequate short term borrowing facilities available at all times.</p> <p>An average gearing is maintained (50%).</p>	Low	Low
18) Investment Risks	<p>New projects/Capital expenditures involve high risks and uncertainties in terms of delays and cost overruns.</p> <p>Failure of major projects will affect profitability, capital structure and reputation.</p>	<p>Conduct a PESTEL analysis and feasibility study before initiating the projects.</p> <p>Board approval should be received for all investments.</p> <p>Post-evaluation of the projects is carried out for each investment.</p> <p>Competitor analysis is carried out</p> <p>Evaluate the payback, ROI and interest cost of the project</p>	Low	Medium

# RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2023	Risk Ranking as at 31st March 2022
<b>Financial Risk contd...</b>				
19) Liquidity Risk	Inadequate liquidity can have an adverse impact on ongoing operations, marketing and investment in new products and brands.	<p>The liquidity position of the Company is regularly reviewed and reported to the Board.</p> <p>Projected net borrowings are covered by committed banking facilities and a healthy industry-related gearing ratio is maintained.</p> <p>The Company's good relationships and facilities with many banks and other sources of finance ensure reliable access to funds.</p>	Medium	Medium
<b>Other Risk</b>				
20) Information systems risk	To minimize risk associated with data security, hardware & communication and software.	<p>Data back-ups stored in off- site locations.</p> <p>Maintaining of spare servers.</p> <p>Vendor agreements for support service and regular maintenance.</p>	Low	Low
21) Caveat Risk	Although the key sources of risk and their mitigation have been discussed in this document, no assurance can be given that the Company is fully-protected against all possible risks. The best that can be achieved is reasonable management of risks through a sound operational framework that identifies, evaluates and mitigates the negative impacts in a timely manner at multiple levels.	The Company is confident that all material risk factors have been adequately assessed and managed to ensure the uninterrupted and profitable continuance of the business.	Low	Low
22) Fire and natural disaster risk	Fire and natural disasters can halt or cease operations	<p>Obtaining comprehensive insurance cover for fire and natural disasters.</p> <p>Fire safety drills and training is given to ensure the occurrence of fire is kept to a minimum.</p> <p>The Company is equipped with fire fighting equipment at all strategic locations in the factory.</p>	Low	Low

# RISK Management (Contd...)



## Risk assessment of Sri Lanka

### Sovereign risk

The sovereign risk rating has been downgraded from CCC to CC in 2022. The government failed to make scheduled repayments on foreign debt in April 2022 and officially defaulted in May. Talks with the IMF on a US\$ 2.9 Bn bail-out package began in April but will be delayed until a functioning government is put in place—a process. Now Sri Lanka government has done everything what IMF expected and we are waiting to receive funds from IMF in the near future.

### Currency risk

The currency risk rating has been downgraded from B to CC in 2022. The rupee has initially depreciated by around 100% against the US dollar since the start of the year, as the central bank was forced to abandon a heavily managed exchange-rate regime and move towards a freely floating one. The risk of further steep depreciation remains very high in the face of accelerating inflation and a lack of foreign-exchange liquidity. However, in the month of March 2023 rupee appreciated against USD from Rs. 365 to Rs. 310.

### Banking sector risk

Banking sector risk remains CCC-rated. Very high inflation will undermine real returns from outstanding lending, even assuming no significant rise in non-performing loans. The banking sector's exposure to foreign-currency-denominated government securities also increases the risks to sector stability.

### Political risk

The political risk rating has been downgraded from B to CCC in 2022. Severe social unrest is forced now due to postponement of local government election, increase in electricity charges and PAYE tax rates.

### Economic structure risk

Economic structure risk has been downgraded from B to CC in 2022. Economic activity has been severely disrupted by ongoing protests and the economic crisis. We expect the economy to contract by 8% this year and for the current account to continue to register deficits.



# CORPORATE Governance



## Annual Report Award from CA Sri Lanka

*“Good Governance and Ethical Business Practices are concepts that are increasingly recognized by Customers, Shareholders and other Stakeholders, ....”*

**O**ur Corporate governance policy is to create a system which the Board of Directors of the Company and the management align themselves with stakeholders’ interest in order to make strategic decision. We place a value focused corporate governance system which ensures that our economic activity creates greater value for all of our stakeholders through greater transparency and effective decision making. The Corporate Governance structure ensures that the directors take all necessary steps to avoid conflicts of interest in their activities and obligations to related parties by disclosure at the board

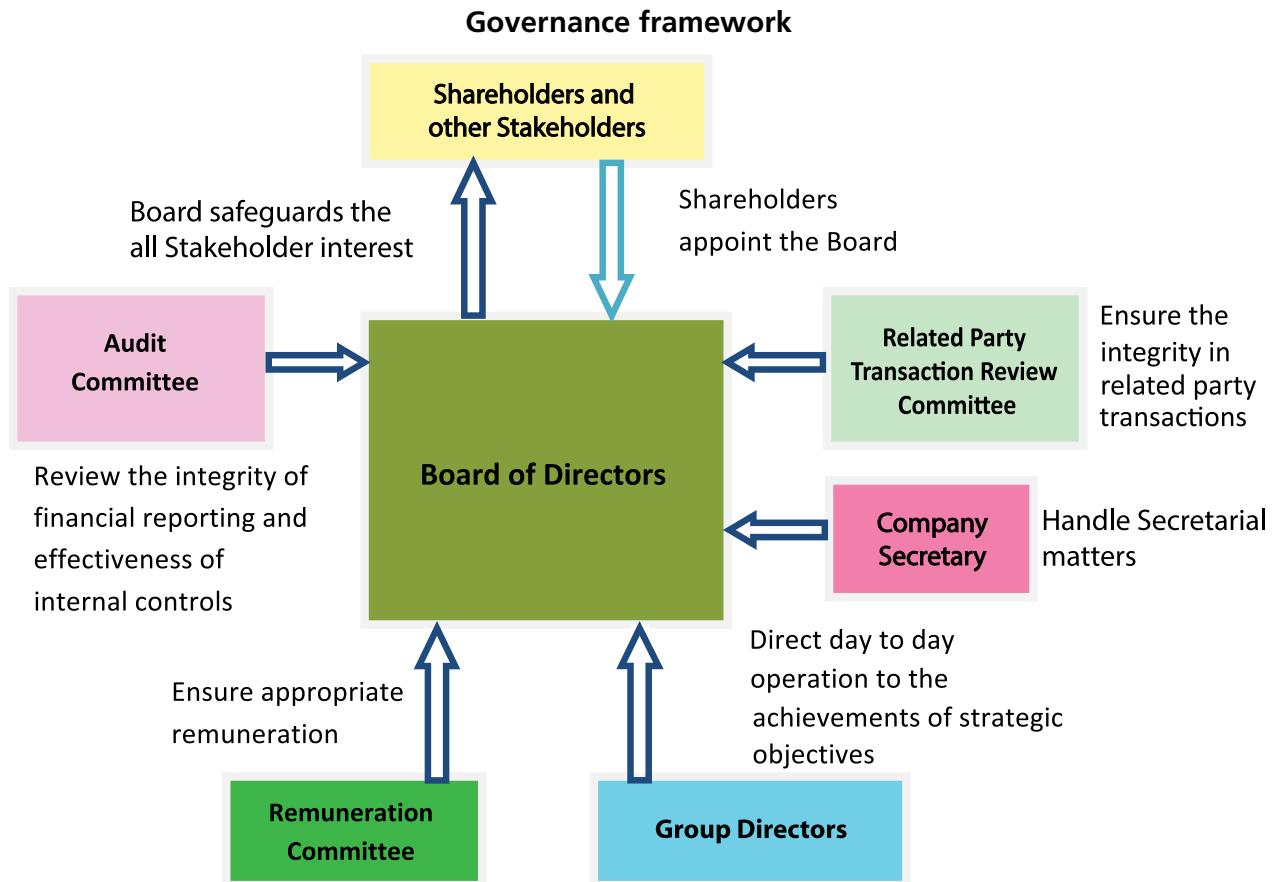
meetings in the presence of independent directors. Modern Corporate Governance emphasizes the followings.

- Transparency
- Accountability
- Ethical behavior

This approach recognizes the importance of considering the interests of all stakeholders, including shareholders, employees, customers, and the broader community. To achieve these goals, companies typically establish a governance framework that includes a board of directors responsible for overseeing the management of the company, and various committees, such as audit and remuneration committees, to provide specialized oversight. It should have an effective, transparent and accountable management of affairs by the board of directors,

# CORPORATE Governance (Contd...)

which is the highest governing body with the ultimate objective of protecting the interest of all stakeholders. A transparent and good governance system will undoubtedly lead towards enhancing profitability and long-term sustainability. Good Governance and Ethical Business Practices related to Products and Services in international trade are concepts that are increasingly recognized by buyers, shareholders and other stakeholders.



**One of the most important responsibilities of the Board is to monitor the Company's compliance with all applicable laws, rules, codes and standards**

## Governance Structure

External Regulations	Internal Regulations
Companies Act No. 07 of 2007	Vision and Values
Code of Best Practice on Corporate Governance 2013 jointly by the Institute of Chartered Accountants of Sri Lanka and Securities and Exchange Commission of Sri Lanka	Articles of Association of the Company issued in year
Continues Listing Requirements of the Colombo Exchange	Internal manuals, standing instructions on Stock policy and procedures
G4 Standards for Sustainability reporting issued by the Global Reporting Initiative	Board Procedures and Board Sub Committee Terms

# CORPORATE Governance (Contd...)

Our Corporate governance policies have the clear description of duties and responsibilities among Board of Director, clear business roles and strategies, ethical business conduct, engagement with stakeholders through risk mitigation, upholding corporate responsibility and disclosure of material information in a timely and accurate manner. Our approach to governance is based on the belief that high quality Corporate governance supports long term value creation. We are committed to a culture that values ethical behaviour and integrity.

## Our new Group Chairman

Mr. Uditha Egalahewa was appointed as the new Chairman of DSI Samson Group (Pvt) Ltd in April 2023. He is an independent and non- family related director in the DSI Group. Samson International Plc is one of the subsidiary Companies of DSI Samson Group ( Pvt) Ltd.. His background is given below.

Mr. Uditha Egalahewa is a President's Counsel with over thirty years of experience. Uditha is the head of the chambers and has extensive litigation experience in both original and appellate courts especially dealing with Banking, Commercial, Insurance, Public law, and Employment & Labour law matters. Mr. Uditha Egalahewa is also currently serving as a Commissioner, Legal Aid Commission of Sri Lanka, and as an Independent Director of several public listed companies. Mr. Uditha Egalahewa was, since 1996, the permanent Legal Advisor to the Public Enterprise Reforms Commission (PERC) of Sri Lanka, a public body set up to formulate, execute and regulate the public enterprise reforms strategy of the Government under the aegis of the World Bank. In addition to the above, the legal services of Mr. Uditha Egalahewa were called upon in several important bilateral and multilateral negotiations which included the bilateral air services agreement in UAE and Czech Republic, a large number of commercial negotiations and negotiation of connected labour issues. His expertise was sought specifically in the areas of Documentary Letters of Credit, Guarantees, and Bonds in a large number of high net worth transactions. Uditha possesses a thorough understanding of the governance, regulatory and legal structure especially in the areas in which his services have been utilized enabling him to offer his professional services taking into account in a holistic manner the context of the issues.

Mr. Uditha Egalahewa served as the Course Director of the Post Attorney Advanced Diploma in Finance, Banking and Insurance Law, Institute of Advanced Legal Studies, Sri Lanka Law College from 2008 to 2013. He is a senior visiting lecturer to several academic and professional organizations.



The Institute of Chartered Accountants holds the annual report competition by considering the **Transparency, Accountability, Governance and Sustainability**. Last year we won the bronze award in the manufacturing category turnover up to Rs 10 Bn and in the previous two years we won the gold award consecutively in the manufacturing category turnover up to Rs 5 Bn . Further we won our first international award from South Asian Federation of Accountants in Nepal in December 2022 for the annual report of 2020/21.

## Transparency

Transparency is the quality of being open, clear, and easily understandable. It refers to the degree to which information, actions, and decisions are accessible, visible, and understandable to those affected by them. In other words, transparency means providing all relevant information and making it accessible to those who need it. Transparency is an important concept in many areas, including government, business, and personal relationships. It is often seen as a way to build trust, accountability, and credibility. Transparency allows people to make informed decisions, understand the rationale behind decisions, and hold those in positions of authority accountable for their actions.

# CORPORATE Governance (Contd...)

The Board has delegated responsibility to the Director/ General Manager who is also the Chief Executive Officer for planning and guiding the business towards meeting set objectives. There is a clear demarcation of responsibilities and authority between the Chairman and the Chief Executive Officer/ General Manager, which ensures a balance of power. The Board is responsible for the overall conduct of the Company's business and has powers, authorities and duties vested in it by and pursuant to the relevant laws of the country and Article of Association of the Company.

## The Attendance of the Board of Directors:

Name of Director	Status	23rd May 2022	10th Aug 2022	11th Nov 2022	10th Feb 2023	No of Attendance
Mr. D K Rajapaksa	E	✓	✓	✓	✓	4/4
Mr. T K Bandaranayake	NE/I	✓	✓	✓	✓	4/4
Mr. D G P S Abeygunawardana	E	✓	✓	✓	✓	4/4
Mr. D D A Rajapaksa	E	✓	x	✓	x	2/4
Mr. D C J Rajapaksa	NE	✓	x	✓	✓	3/4
Ms I Malwatte	NE/I	✓	✓	✓	✓	4/4
Mr. D N S Rajapaksa	NE	✓	✓	✓	✓	4/4

Please also note that under status column "E" = Executive, " NE" = Non – Executive and " I" = Independent

The Attendance of Audit Committee, Remuneration Committee and Related Party Transactions Review Committee: The attendance of the Audit Committee Report, Remuneration Committee Report and Related Party Transaction Review Committee are on page 193 195 and 196 respectively with their individual committee reports.

We hold our Board meeting every quarter and the board agenda includes the following items.

- Confirmation of previous minutes
- Matters arising from the previous meeting
- Review of financial performance
- Approval of interim and annual financial statements
- Review of quarterly internal audit report
- Ratification of senior management appointments
- Debtors age analysis
- Board sub-committee reports and other matters exclusive to the Board
- Status updates of major projects
- Ratification and approval for capital expenditure
- Statutory compliance report
- New Board resolutions
- Statutory reports in the Annual report
- Any other business

## Accountability

Accountability is the obligation or willingness to accept responsibility or account for one's actions and decisions. It involves being answerable to someone for the consequences of one's actions and ensuring that these actions are in line with the agreed-upon expectations, standards, or rules. In general, accountability means being able to explain or justify one's decisions and actions to

# CORPORATE Governance (Contd...)

others, including the stakeholders affected by them. It also involves taking ownership of the outcomes of one's decisions and being willing to take corrective action if necessary.

Accountability is an important concept in many areas, including government, business, and personal relationships. It helps to promote transparency, fairness, and trust, and can help to prevent abuses of power or unethical behavior.

The Board of directors is responsible for formulating Company policy and overall business strategy. The implementation of policy and strategy is done within a framework that requires compliance with existing laws and regulations as well as establishing best practices in dealing with employees, customers, suppliers and the community at large. The Directors are committed to maintaining the highest standards of corporate governance in the interest of stakeholders having regard to the requirements of the Companies Act No.7 of 2007, Securities and Exchange Commission of Sri Lanka and Colombo Stock Exchange and to this end, inter alia, have established internal control systems, including a comprehensive risk identification, measurement and mitigation process which is in place designed to carry out the business of the Company in an orderly manner, to safeguard its assets and secure as far as possible the accuracy and reliability of the records and protect the rights and interests of shareholders and be accountable to them for the overall management of the Company.

The Board approves all material contracts, investments, disposal fixed assets, annual revenue budgets, strategies and long term plans in line with technological developments, major capital project, acquisition, financial structure, quarterly accounts and shareholder communications, system of internal control and risk management, senior management structure and their responsibilities and succession plan. They are also responsible to protect the untarnished reputation of the Company from employees.

Role of the both Chairman and Jt. Managing Director is carried out by Dr. D. K. Rajapaksa who has been in the business since inception of the Company for 35 years. Functions of Chairman and one of the Jt. Managing Directors are vested in one person as the Board is in of the opinion that it is the most appropriate arrangement for Samson International PLC considering the depth knowledge, experience and maturity of

Dr. D. K. Rajapaksa. The Board has also appointed Mr. D.D.A. Rajapaksa as other Jt. Managing Director.

The Chairman is responsible for leading the Board and ensures to meet directors' obligations and responsibilities for the effectiveness of the Board. He ensures that Board procedures are followed and all members are effectively participated during meetings. The CEO (Director/ General Manager) is responsible to the Board for day-to- day management of the business, leadership of the executive team and the execution of the Company's strategic & Operational plans.

## Ethical behaviour

Ethical behavior refers to the actions and decisions that are consistent with moral principles and values. It involves behaving in a way that is considered right or good, and avoiding behaviors that are considered wrong or harmful. Ethical behavior can vary depending on the culture, society, and context in which it occurs. However, there are some universal principles that are commonly accepted as ethical, such as honesty, integrity, respect, fairness, and responsibility. Ethical behavior also involves considering the consequences of one's actions on others, and taking into account the impact on the environment and future generations. Ethical behavior is important in many areas, including business, government, healthcare, education, and personal relationships. It helps to promote trust, respect, and cooperation among individuals and groups, and can help to prevent conflicts, abuses of power, and unethical practices.

Samson International PLC is bound to the application of ethical principles and values in the context of business activities. It involves making decisions and taking actions that are morally right, fair, and responsible, while also considering the impact of those decisions on stakeholders. Examples of ethical considerations in business include fair treatment of employees, responsible sourcing of materials, transparency in financial reporting, and adherence to laws and regulations. Business ethics is important for building trust and maintaining a positive reputation among stakeholders, and it can also contribute to the long-term success of our company. By adhering to ethical standards, we attracted and retained customers, employees, and investors who value responsible and sustainable business practices.

# CORPORATE Governance (Contd...)

Employees of Samson International Plc are bound to adhere to business ethics in our business culture. It has become vital for exporters to confirm good practices related to fair trade, ethical behavior, and conformity to rules and regulations to protect all stakeholders. We were able to obtain a special award from National Chamber of Exporters as the Best Ethical Trading Exporter last year.

## Business Ethics of the Company

- Safeguard the Company's assets and Company image.
- Work within applicable laws and regulations.
- Avoid situations where personal interest might conflict with the interest of the Company
- Exercise honesty, objectivity and diligence when performing one's duties.
- Maintain confidentiality of commercial and price-sensitive information.
- Strictly avoid giving or accepting any kind of a bribe, either directly or indirectly.
- Strictly avoid any kind of sexual harassment.
- Strictly avoid making contributions for political funds, either directly or indirectly.

## Statement of Compliance

Samson International Plc is fully-compliant with the Code of Best Practice on Corporate Governance issued in year 2017 jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka as well as the Rules on Corporate Governance published by the Colombo Stock Exchange.

## Code of Best Practice on Corporate Governance

The adoption of the Code of Best Practices on Corporate Governance are in the following categories.

- A. Directors
- B. Directors' remuneration
- C. Relationship with shareholders
- D. Accountability and audit
- E. Institutional Investors
- F. Other Investors
- G. Internet of things and Cyber security
- H. Environment, Society and Governance

There are two ways that we adopt the Corporate Governance Practices. Namely,

1. The Code of Best Practice on Corporate Governance issued in year 2017 jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.
2. The Rule set out in Section 7.10 of the Colombo Stock Exchange Listing Rules on Corporate Governance.



Receiving Best Ethical Trading Exporter Award last year



# CORPORATE Governance (Contd...)

**1. The Code of Best Practice on Corporate Governance issued in year 2017 jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka: These fundamental aspects of the Corporate governance are described in the below table.**

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
<b>A. DIRECTORS</b>			
(1) Effective Board	A.1	The Board of Directors comprises 7 Directors of whom 4 are Non-Executive Directors. The three Executive Directors are the two Jt. Managing Directors and Director/General Manager who are also part of the Corporate Management to whom the day to day running of the organization has been delegated. The Board has also appointed Board Sub Committees to assist in discharge of their collective duties and also approves policies, governance structures and the delegation of authority to provide a conducive business environment for effective performance of the Company. The Board is closely involved in developing strategy and setting the short, medium and long term goals of the Company and regularly monitors performance against pre-determined Key Performance Indicators which include both quantitative and qualitative measures on a regular basis.	Complied
(2) Regular Meetings	A.1.1	<p>Board meetings are held quarterly whilst special Board meetings are convened as the need arises. During year ended 31st March 2023, the Board held 4 scheduled meetings. The following Board Sub Committees met quarterly:</p> <p>Board Audit Committee</p> <p>Board Related Party Transactions Review Committee</p> <p>However, Board Remuneration Committee held one meeting during the year under review.</p> <p>Board and committee papers are sent to the Directors one week before the meeting</p> <p>Minutes of the meeting are circulated by the secretary on time</p> <p>We connect Directors overseas through Zoom.</p> <p>Attendance of Board Meetings and Sub Committee Meetings are given on pages 164, 193, 195 &amp; 196 of this report.</p>	Complied

# CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
(3) Ensure the formulation and implementation of sound business strategy	A.1.2	The Board is responsible for setting strategy, policies and for monitoring performance against agreed goals and KPIs. During the year, the Board reviewed the Corporate Plan and proposals of the Corporate Management and approved it.	Complied
(4) Ensure that the Chief Executive Officer (CEO) / Managing Director (MD) and Management team possess the skills, experience and knowledge to implement the strategy	A.1.2	The Board has delegated responsibility to the Director/ General Manager for planning and guiding the business towards meeting set objectives and reviews it regularly.  The Board also reviews the performance of Key Management personnel and their skills, experience and knowledge to implement strategy.	Complied
(5) Ensure effective CEO/MD and Senior Management succession strategy	A.1.2	A procedure on selection and appointment of CEO and Key Management Personnel approved by the Board is in place.	Complied
<b>A. DIRECTORS</b>			
(6) Ensure effective systems to secure integrity of information, internal controls and risk management	A.1.2	Board Audit Committee reviews Internal Audit reports submitted by the Internal Auditors and monitors follow up action. The Internal Audit function is now carried out by T & D Associates, Chartered Accountants. They directly report to the Chairman of the Audit Committee. The Audit Committee Charter gives guidelines on audit-related matters.	Complied
(7) Ensure compliance with laws, regulations and ethical standards	A.1.2	The Board and the Audit Committee reviews our compliance statements in addition to verifications carried out by our internal audit assistant.	Complied
(8) Ensure all stakeholder interests are considered in corporate decisions	A.1.2	The Articles of Association of the Company require the Directors to take decisions, taking into account the interests of customers, shareholders, employees and the community. Additionally, the Group Finance Committee and Group HR Committee as well as the Board Related Party Transactions Review Committee are in place in order to uphold the interests of these key stakeholders.	Complied

# CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
(9) Ensure that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations	A.1.2	The Board Audit Committee and the Board review accounting policies annually or as and when required to ensure that they are in line with the business model of the Company and evolving international and local accounting standards and industry best practices.	Complied
(10) Fulfill such other Board functions as are vital, given the scale, nature and complexity of the business concerned	A.1.2	The Board is committed to fulfill its functions in line with the laws, regulations and good governance practices adopted by the Company.	Complied.
(11) Act in accordance with laws relevant to the organization and procedure for Directors to obtain independent professional advice at company expense	A.1.3	The Board has put in place a framework of policies, procedures and a risk management framework to ensure compliance with relevant laws, other statutory guidelines and international best practices with regard to the operations of the Company. The Board obtains independent professional advice as and when necessary in accordance with the Board approved policy on Obtaining Independent Professional Advice and these functions are coordinated through the Company Secretary.	Complied.
(12) Access to and appointment or removal of Company Secretary	A.1.4	<p>All Directors have the opportunity to obtain the advice and services of the Company Secretary, Messes. PWC, is responsible for ensuring follow up of Board procedures, compliance with relevant rules and regulations, directions and statutes, keeping and maintaining Minutes and relevant records of the Company.</p> <p>The Articles of Association of the Company specify that the appointment and removal of the Company Secretary should be by resolution involving the entire Board.</p>	Complied.

# CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
(13) Independent Judgment	A.1.5	The Directors of the Company have no vested interests and take decisions on matters before them using independent judgment.	Complied
(14) Dedication of adequate time and effort of the Directors	A.1.	<p>The Board of Directors were allocated adequate time and effort before a meeting to review Board papers and call for additional information and clarification, and to follow up on issues consequent to the meeting.</p> <p>Therefore, they are able to familiarize with the business changes, operations, risks and controls which ultimately help to satisfactorily discharge the duties and responsibilities owed to the Company.</p>	Complied
(15) Training for Directors	A.1.	Both Managing Directors recommend directors to attend training sessions/ seminars.	Complied
<b>A.2 DIVISION OF RESPONSIBILITIES BETWEEN CHAIRMAN AND MANAGING DIRECTOR</b>			
(16) Conducting the business of the Board separately; to the executive responsibilities of the management of the Company	A.2	Functions of Chairman and one of the Jt. Managing Directors are vested in one person as the Board is in the opinion that it is the most appropriate arrangement for Samson International PLC considering the depth knowledge, experience and maturity of Dr. D. K. Rajapaksa. The Board has also appointed Mr. D.D.A. Rajapaksa as other Jt. Managing Director and Director/ General Manager plays the CEO role.	Complied
<b>A.3 CHAIRMAN'S ROLE</b>			
(17) Chairman's role in preserving good corporate governance	A.3	The Chairman's functions and responsibilities which include all aspects specified in the Code and the continuing listing requirements of the CSE.	Complied
(18) Conduct Board proceedings in a proper manner	A.3	Board proceedings are conducted according to the Agenda. The papers for discussion and the Agenda are circulated Seven (07) days prior to the meeting.	Complied
<b>A.4 FINANCIAL ACUMEN</b>			
(19) Availability of financial acumen and knowledge to offer guidance on matters of finance	A.4	<p>Financial acumen has been a key attribute of the successful careers of the following Directors</p> <p>Mr. T.K. Bandaranayake</p> <p>Mr. D.G.P.S. Abeygunawardana</p> <p>Their profiles are on the pages 46 and 47.</p>	Complied

# CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
<b>A.5 BOARD BALANCE</b>			
(20) Non Executive Directors of sufficient caliber and number	A.5.1 & A.5.2	The Board comprises the 4 Non-Executive Directors and 3 Executive Directors who are the two Jt. Managing Directors and the Director/ General Manager. The Non-Executive Directors are professionals/ academics/business leaders, holding senior positions in their respective fields and are therefore deemed to be of sufficient calibre. As the majority of the Board comprises Non-Executive Directors, their opinions and views carry significant weight in the Board decisions.	Complied
(21) Independence of Non-Executive Directors	A.5.3	2 of the Non-Executive Directors are independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.	Complied
(22) Annual declarations of independence from Directors	A.5.4	Annual declarations of independence or non-independence have been obtained from the Independent Directors for 2022/23.	Complied
(23) Annual evaluation of independence	A.5.5	The Board makes an annual evaluation of independence of the Directors based on the submission of the annual declarations. Based on these, the following Directors are deemed to be independent: Mr. T. K. Bandaranayake Ms. I. Malwatte	Complied
(24) Senior Independent Director	A.5.6 & A.5.7	If an alternate Director is appointed by a Non-Executive Director such Alternate Director should not be an executive of the Company. If an Alternate Director is appointed by an Independent Director, the person who is appointed also should meet the criteria of independence and the provision on minimum number of Independent Directors also should be satisfied.	Complied
(25) Senior Independent Director (SID) meeting with other Directors	A.5.8	-	Complied
(26) Chairman to hold meetings with Non-Executive Directors, without Executive Directors being Present	A.5.9	Chairman met Non-Executive Directors without the Executive Directors being present, on a need basis.	Complied

# CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
(27) Recording of Directors' concerns in Board Minutes	A.5.10	<p>Board Minutes are prepared in order to record any concerns of the Board as a whole or those of individual Directors regarding matters placed for their approval/guidance/action. These Minutes are circulated and formally approved at the subsequent Board meeting, Additionally, Directors have access to the past Board papers and Minutes in case of need at all times.</p> <p>If a Director resigns over an unresolved issue, the Chairman will bring the issue to the attention of the Board. The Director concerned is also required to provide a written statement to the Chairman for circulation to the Board.</p>	Complied
<b>A.6 SUPPLY OF RELEVANT INFORMATION</b>			
(28) Provision of appropriate and timely information	A.6.1	<p>The management provides comprehensive information including both quantitative and qualitative information for the quarterly Board Meetings, generally 7 days prior to the Board / Sub Committee meetings. The Directors also have free and open access to Management at all levels to obtain further information or clarify any concerns they may have.</p> <p>As described above, they also have the right to seek independent professional advice at the Company's expense and copies of advice obtained in this manner are circulated to other Directors who request it.</p>	Complied
(29) Chairman to ensure all Directors are properly briefed on issues arising at Board meetings	A.6.1	<p>All Directors are adequately briefed on matters arising at Board meetings through comprehensive Board papers. Additionally, the relevant members of the Management team are on standby for further clarifications as may be required by Directors or will make presentations at Board meetings. Any Director who does not attend a meeting is updated on proceedings prior to the next meeting through formally documented Minutes of meetings.</p> <p>A separate Board paper is prepared highlighting the items which need to be completed and need follow-up action of the previous meetings.</p> <p>This is taken up immediately after confirmation of Minutes.</p>	Complied
(30) Board papers and agenda to be circulated 7 days prior to meetings.	A.6.2	<p>As described above, Board papers are generally circulated 7 days before the meeting. There is provision for circulation of urgent papers within a shorter time frame and also for approval of matters by circulation, but such instances are the exception and not the rule.</p>	Complied
<b>A.7 APPOINTMENTS TO THE BOARD</b>			
(31) Formal and transparent procedure for new Appointments through an established Nomination Committee	A.7.1	<p>New Directors including Executive and Non-Executive Directors are appointed by the Board. To support this process a Board approved Policy on Selection, Nomination, Appointment and Election of Directors is in place.</p>	Complied



# CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
(32) Annually assess Board composition	A.7.2	The Board annually assesses its composition to ascertain whether the combined knowledge and experience of the Board match the strategic demands facing the Company and is satisfied that it complies with the criteria.	Complied
(33) Disclosure of information to appointment of new Directors	A.7.3	All new appointments are usually communicated to the shareholders via the Colombo Stock Exchange in the English language. However, there were no new appointments of Directors during the year.	Complied
<b>A.8 RE-ELECTION</b>			
(34) All Directors should submit themselves for reelection at regular intervals	A.8	As per the Articles of Association of the Company, 1/3rd of the Directors and also those who are more than 70 years old, should retire at each Annual General Meeting and be subject to re-election. Such Directors who retire are those who held office for the longest time period since the election / re-appointment. In accordance with this provision, all the Directors other than following retire and offer themselves for re-election: Mr. D.G.P.S. Abeygunawardana, Mr. D.D.A Rajapaksa, Mr.D.C.J. Rajapaksa and Mr. D.N.S. Rajapaksa. The Board is actively engaged in succession planning for both Executive and Non-Executive roles to ensure that Board composition is periodically renewed and that the Board retains its effectiveness at all times.	Complied
(35) Non Executive Directors are appointed for specified terms subject to reelection	A.8.1	Non-Executive Directors are appointed for re-election at Annual General Meetings in terms of Articles of Association.	Complied
(36) All Directors including Chairman to be subject to re-election at first opportunity after appointment and re-election at least every 3 years thereafter	A.8.2	All Non-Executive Directors including Chairman stand for re-election at Annual General Meetings.	Complied
(37) Resignation	A.8.3	In the event of a resignation of a director prior to completion of his appointed term, the Director should provide a written communication to the Board of his reasons for resignation. There is no resignation during the year.	Complied
<b>A.9 APPRAISAL OF BOARD PERFORMANCE</b>			
(38) Appraisal of Board Performance	A.9.1	The Board annually appraises their own performance to ensure that they are discharging their responsibilities satisfactorily.	Complied

# CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
(39) Appraisal of Board Sub Committees	A.9.2	The Board Sub Committees follow the same process.	Complied
(40) Disclosure of the method of appraisal of the Board and Board Sub Committee Performance	A.9.3	As explained in A.9.1 & A.9.2 above	Complied
<b>A.10 DISCLOSURE OF INFORMATION IN RESPECT OF DIRECTORS</b>			
(41) Annual Report to disclose specified information regarding Directors	A.10.1	Information specified in the Code with regard to Directors are disclosed within this Annual Report as follows: Name, qualifications, expertise, material business interests and brief profiles are given on page 46 to 50, details of whether a Director is Executive, Non- Executive / or Independent, Non Independent are given on page 46 to 50, related Party Transactions are given on page 230 under note 27 Membership of Board Sub Committees is given on page 193 to 197 and attendance at Board Meetings and Board Sub Committee meetings are given on pages 164, 193, 195 & 196.	Complied
<b>A.11 APPRAISAL OF CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR</b>			
(42) Set reasonable financial and medium nonfinancial targets to be met by the CEO / MD	A.11.1	The Board discussed and set financial and non-financial targets to be achieved during the year by the CEO with reference to the short, and long term objectives of the Company at the beginning of 2022/23.	Complied
(43) Evaluate performance of the CEO/MD with reference to targets	A.11.2	The performance evaluation of the CEO was carried out by the Board, HR & Remuneration Committee with reference to targets and goals achieved by the Company which was reported to the Board.	Complied
<b>B. DIRECTORS' REMUNERATION REMUNERATION PROCEDURE</b>			
(44) Appointment of a Remuneration Committee	B.1.1	The Board has established a Board Remuneration Committee to develop policies and determine remuneration for the Directors and Key Management Personnel respectively. No Director is involved in deciding his own remuneration. The Terms of Reference of this committee complies with Schedule C of the Code and other investor guidelines. In support of this requirement, a Board approved Reward Management Policy for Key Management Personnel is in place. Further information regarding the Board Remuneration Committee is given in the Board Remuneration Committee Report on page 195.	Complied

# CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
(45) Remuneration Committee to comprise exclusively Non Executive Directors	B.1.2 & B.1.3	The Board Remuneration Committee comprises the following Directors who are all Non-Executive Directors. Ms. I. Malwatte (Chairperson) Mr. T.K. Bandaranayake	Complied
(46) Remuneration for Non- Executive Directors	B.1.4	Remuneration of Non-Executive Directors is recommended by the Board Remuneration Committee for approval of the Board in line with market practice. A Board approved Policy on Directors' Remuneration is in place.	Complied
(47) Remuneration of Executive Directors	B.1.5	Remuneration of Executive Directors is determined by the Board Remuneration Committee who has access to professional advice from within or outside the company in formulating their proposals which are then discussed with the Chairman. A Reward Management Policy for Key Management Personnel approved by the Board is in place.	Complied
<b>B.2 THE LEVEL AND MAKE UP OF REMUNERATION</b>			
(48) Remuneration for Executive Directors should attract, retain and motivate	B.2.1 & B.2.2	Remuneration for Executive Directors is designed to attract, retain and motivate the Executive Directors as determined by the Board Remuneration Committee. Their remuneration comprises a fixed salary component, which includes perquisites and allowances, The Board Remuneration Committee takes into account market practices and seeks professional advice when required in order to discharge its responsibilities.	Complied
(49) Positioning company remuneration levels relative to other companies	B.2.3	The Board Remuneration Committee reviews the Company's remuneration levels in relation to other Companies in the country annually.	Complied
(50) Performance related elements of remuneration for Executive Directors	B.2.4	A performance related element of remuneration for Executive Directors has been implemented.	Complied
(51) Share option Schemes	B.2.5	There was no share option scheme during the year under review.	Complied
(52) Designing schemes of performance related remuneration	B.2.6	A scheme of performance related remuneration is in place.	Complied

# CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
(53) Early termination of Directors	B.2.7	Not applicable to the Board except for the Jt. MDs and the Director/General Manager who are employees of the Company and their terms of employment are governed by the respective contracts of service.	Complied
(54) Dealing with early termination	B.2.8	Refer to B.2.7 above	Complied
(55) Levels of remuneration for Non -Executive Directors	B.2.9	The Board & Remuneration Committee determines the levels of remuneration for Non-Executive Directors taking into account the time commitment and responsibilities of their role and market practices. A Board approved policy on Directors' Remuneration is in place.	Complied
<b>B.3 DISCLOSURE OF REMUNERATION</b>			
(56) Composition of Board & Remuneration Committee, Remuneration Policy and disclosure of aggregate remuneration paid to Directors	B.3.1	The composition of the Board & Remuneration Committee and its report is given on page 195. The aggregate remuneration to Executive and Non-Executive Directors are given in Note No.08 to the Financial Statements on page 219.  Names of the Directors of the Board & Remuneration Committee are disclosed on pages 10 of the Annual Report.	Complied
<b>C. RELATIONS WITH SHAREHOLDERS</b>			
<b>CONSTRUCTIVE USE OF THE ANNUAL GENERAL MEETING (AGM) AND CONDUCT OF GENERAL MEETINGS</b>			
(57) Constructive use of the AGM & Other General Meetings	C.1	The Annual General Meeting is the main forum of contact between small shareholders and the Board. The Annual Report is circulated to all shareholders 15 working days prior to the AGM. Additionally, the Chairman's Review is translated into Sinhala each year.	Complied
(58) Count of all proxy votes lodged	C.1.1	All proxy votes lodged, together with the votes of shareholders present at the AGM are considered for each resolution.	Complied
(59) Separate resolutions for each substantially separate issue	C.1.2	A separate resolution is proposed at the AGM for each substantially separate issue. The adoption of the report and accounts is proposed as a separate resolution.	Complied
(60) Availability of Board Sub Committee Chairperson at AGM	C.1.3	All Board Sub Committee Heads are present at the AGM to answer any questions raised at the AGM and will respond when requested to do so by the Chairman.	Complied

# CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
(61) Circulation of Notice of AGM and related documents to shareholders	C.1.4	Notice of the AGM and related papers are sent to shareholders at least 15 working days prior to the meeting in accordance with the regulations.	Complied
(62) Summary of procedures governing voting at the AGM	C.1.5	A summary of the procedures governing voting at the AGM is provided in the Proxy Form, which is circulated to shareholders 15 working days prior to the AGM.	Complied
<b>C.2 COMMUNICATION WITH SHAREHOLDERS</b>			
(63) Channel to reach all shareholders of the Company	C.2.1	The AGM is also a key forum for contact with shareholders and the Company has a proud history of well attended AGMs where shareholders take an active role in exercising their rights. The Chairman's review is translated into Sinhala as well to facilitate greater communication with shareholders. The Company posts on its website ( <a href="http://www.samsonint.com">www.samsonint.com</a> ) & CSE website copies of annual reports, interim reports etc.	Complied
(64) Policy and methodology for communication with shareholders	C.2.2	The Company provides fair disclosure with emphasis on the integrity, accuracy, timeliness and relevance of the information provided. A Board approved Policy on Communication is in place, in which provisions for communication with shareholders are contained.	Complied
(65) Implementation of the Policy and methodology for communication with shareholders	C.2.3	Shareholders are consulted on their preference to receive the Annual Report from the Company either by means of a Compact Disk or in printed form. Shareholders may elect to receive Annual Report from the Company in printed form free of charge at any time.	Complied
(66) Contact person in relation to shareholder matters	C.2.4 & C.2.6	Shareholders may, at any time, direct questions to and request for publicly available information from the Directors or management of the Company. They may also provide their comments and suggestions to the Directors or management through the Company Secretary.	Complied
(67) Process to make all Directors aware of major issues and concerns of shareholders	C.2.5	The Company Secretary maintains a record of all correspondences received. They directs as soon as practicable such correspondences to the Board, individual Directors or the relevant officers as applicable.	Complied
(68) Process of responding to shareholder matters	C.2.7	Please refer C.2.5 above.	Complied

# CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
<b>C.3 MAJOR AND MATERIAL TRANSACTIONS</b>			
(69) Disclosure of major transactions	C.3.1	During the year 2021/22, the Company did not engage in or commit any "Major Related Party Transaction" which materially affected the Company's net asset base. This has been disclosed in the report of the directors.	Complied
<b>D. ACCOUNTABILITY AND AUDIT</b>			
<b>ASSESSMENT OF THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE</b>			
(70) Balance and understandable information to shareholders	D.1	The Company's position and prospects have been discussed in detail in the following sections of this Annual Report. Chairman's Review is given on pages 37 to 41. Jt. Managing Directors' Review is given on pages 42 to 45. Financial capital is given on pages 95 to 102.	Complied
(71) Presence of a balanced and understandable assessment of Company's financial position, performance and prospects in the Annual report	D.1.1	Company has presented balanced and understandable financial statements which gives a true and fair view quarterly and annually. In the preparation of Financial Statements, company has complied with the requirements of the Companies Act No 07 of 2007 and requirement of Sri Lanka Accounting Standards and Securities and Exchange Commission.	Complied
(72) Interim reports, price-sensitive public reports, regulatory reports and statutory information requirements	D.1.2	Interim reports were published within 45 days of each quarter end which included information to assist shareholders gain an understanding of the state of affairs of the Company. Price sensitive information was disclosed in a comprehensive but concise manner to the Colombo Stock Exchange on a timely basis. Reports required by the regulators including Inland Revenue, Registrar of Companies, Colombo Stock Exchange and Central Bank were all filed in a timely manner in compliance with their requirements and these provided sufficient information for the user to obtain a balanced assessment of the Company's operations.	Complied
(73) MD's & Head of Finance's approval on financial Statements prior to Board approval	D.1.3	Finance Manager and two other Directors (one of the Jt. MDs & Director/ General Manager) have signed the Financial Statements on behalf of the Board.	
(74) Declaration in Annual Report of the Board of Directors on the Affairs of the Company	D.1.4	The Annual Report of the Board of Directors on the Affairs of the Company on pages 187 to 192 contains the declarations as required by the Code.	Complied



# CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
(75) Responsibilities of the Board for the preparation and presentation of Financial Statements and statement by the Auditors about their reporting responsibilities	D.1.5	The Statement of Directors' Responsibility for Financial Reporting and Report of the Auditors which includes a statement about their reporting responsibilities are provided on pages 182 & 198 respectively.	Complied
(76) Include a Management Discussion & Analysis	D.1.6	The Management Discussion and Analysis is given on pages 95 to 148 (Capital Management Reports) and covers the information specified in the Code as given below; Global Impact, Industry structure and development, opportunities and threats, Risks, Internal control systems and their adequacy, Social and environmental protection activities carried out by the Company, Financial performance & analysis, Material developments in human resource/industrial relations and prospects for the future.	Complied
(77) Summon on EGM to notify serious loss of capital	D.1.7	This situation was not occurred	Complied
(78) Related Party Transactions	D.1.8	There is an approved documented process identifying related parties, type of related party transaction and the mechanism to ensure that no favourable treatment is granted to said parties in order for related parties to avoid any conflict of interest in this regard. An effective and comprehensive system of Internal Control for identifying, recording and disclosing related party transactions too is in place. Directors and KMPs submit declarations declaring their transactions to the Company on a annual basis. All related party transactions as defined in Sri Lanka Accounting Standards - LKAS 24 (Related Party Transactions) are disclosed in Note No. 27 to the Financial Statements on page 230.	Complied
<b>D.2 RISK MANAGEMENT AND INTERNAL CONTROL</b>			
(79) Maintain a sound system of internal control to shareholders' investments and the Company's assets	D.2.1	The Board is responsible for formulating and implementing appropriate and adequate internal control systems. The Board Audit Committee has responsibility to the Board to ensure that the system of internal controls safeguard is sufficient and effective.	Complied
(80) Review need for Internal Audit Function	D.2.2	The Company has established an Internal Audit function carried out by in-house staff as well as outsourced to Messrs T & D Associates Chartered Accountants.	Complied

# CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
<b>D.3 AUDIT COMMITTEE</b>			
(81) Establish arrangements for selection and application of accounting policies, financial reporting and internal control principles	D.3	The Company has established its Board Audit Committee in keeping with good governance. The principal responsibilities of the Board Audit Committee include oversight over financial reporting, internal controls and monitoring auditor independence. Its duties include gaining assurance on control over financial processes, integrity of the Company's financial reports, monitoring performance, objectivity and independence of the External Auditor and reviewing work of the internal Auditor. The Board Audit Committee Report is given on page 193 in the Annual Report.	Complied
(82) Composition and Terms of Reference for Board Audit Committee	D.3.1	The Board Audit Committee consists of two Non-Executive Directors and is chaired by an Independent Non-Executive Director. Members are selected to provide a broad set of financial, commercial and other relevant experience to meet the Committee's objectives. The Executive Director/General Manager, Finance Manager, representatives of the External Auditors are invited to attend the meetings.	Complied
(83) Review of External Audit function and relationship with External Auditors and terms of reference	D.3.2	The Committee has a key oversight role in relation to the External Auditor Messrs Edirisinghe & Co, whose primary relationship is with the Committee. The Company's Auditor Independence Policy ensures that the independence and objectivity of the Auditor is not impaired. The Committee has responsibility for recommending to the Board the appointment / re-appointment of the External Auditors and reviewing the nature, scope and results of the annual External Audit.	Complied
(84) Disclosures regarding Board Audit Committee	D.3.3	The Annual Report of the Board of Directors on the Affairs of the Company given on pages 187 to 192 provides the disclosures such as the composition of the Board Audit Committee & a statement regarding the independence of the Auditors.	Complied
<b>D.4 RELATED PARTY TRANSACTIONS REVIEW COMMITTEE</b>			
(85) Related Party Transactions	D.4.1	Company is adhering to LKAS 24 and Transactions entered into with related parties during the year is disclosed in note 27 to the financial statements (page 230).	Complied
(86) Composition of Related Party Transactions	D.4.2	The Related Party Transactions (RPT) Review Committee of Samson International PLC acts as the company's RPT review committee and consists of Mr T. K. Bandaranayake (Chairman) Mr D. D. A. Rajapaksa Ms. I. Malwatte	Complied
(87) Terms of Reference	D.4.3	Related Party Transactions Review committee has written terms of reference dealing with its authority and duties. RPT review committee report describing the duties, task and attendance of the committee appear on page 196.	Complied

# CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
<b>D.5 CODE OF BUSINESS CONDUCT AND ETHICS</b>			
(88) Code of business conduct and ethics for Directors and staff	D.5.1	Codes of Conduct and Ethics are in place for the Directors and employees.	Complied
<b>D.6 CORPORATE GOVERNANCE DISCLOSURES</b>			
(89) Disclosure of adherence to Corporate Governance	D.6.1	The Corporate Governance Report given on pages 161 to 187 provides information regarding Corporate Governance practices in the Company which are in compliance with the Code of Best Practice on Corporate Governance issued jointly by the Securities Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka.	Complied
<b>E. SHAREHOLDERS – INSTITUTIONAL INVESTORS</b>			
<b>SHAREHOLDER VOTING</b>			
(90) Encourage voting at AGM	E.1	The Company has a history of active shareholder involvement at general meetings and all shareholders are regularly encouraged to state their intentions to vote.	Complied
(91) Regular structured dialogues with institutional investors	E.1.1	A listed company should conduct a regular and structured dialogue with shareholders based on a mutual understanding of objectives. Arising from such dialogue, the Chairman should ensure the views of shareholders are communicated to the Board as a whole.	Complied
<b>E.2 EVALUATION OF GOVERNANCE DISCLOSURES</b>			
(92) Encourage institutional investors to give due weight to relevant governance arrangements	E.2	Institutional investors are kept apprised of the Company's governance practices through the Annual Report and any new initiatives are highlighted at regular meetings to ensure that due weightage is given to good corporate governance.	
<b>F. OTHER INVESTORS</b>			
<b>F.1 INVESTING / DIVESTING DECISION</b>			
(93) Individual shareholders are encouraged to do their own analysis or seek independent advice	F.1	The Annual Report contains sufficient information for a potential investor to carry out their own analysis. This, together with the interim financial statements provided each quarter, provide sufficient information to enable retail investors to make informed judgments regarding the performance of the Company. Shareholders can contact, the Company Secretary for further information if required.	Complied

# CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
<b>F.2 SHAREHOLDER VOTING</b>			
(94) Encourage shareholders to participate and vote at the AGM	F.2	It is a tradition at Company to encourage retail investors to participate and vote at the AGM. Additionally, they are encouraged to participate in the Company's affairs by way of submitting proposals.	Complied
<b>G. INTERNET OF THINGS AND CYBERSECURITY</b>			
(95) Cyber security risk of sending and receiving information	G.1	Disaster recovery plan is implemented with hardware infrastructure. All the data backups are maintained by Group IT.	Complied
<b>H. ENVIRONMENT, SOCIETY AND GOVERNANCE (ESG)</b>			
(96) Provide Sufficient information relating to ESG risks	H.1.1	Annual report contains sufficient and relevant information of ESG to assess how risks and Opportunities are recognized, managed, measured and reported in pages 161 to 187.	Complied

## 2. The Rule set out in Section 7.10 of the Colombo Stock Exchange Listing Rules on Corporate Governance:

This section reflects the Company's level of conformity to CSE's Listing Rules. This comprises the following fundamental principles and their application has been explained in the table below.

- Non-Executive Directors
- Independent Directors
- Disclosures Relating to Directors
- Remuneration Committee
- Audit Committee
- Related Party Transaction Review Committee

CSE Rule No.	Subject	Applicable Requirement	Compliance Status
7.10.1(a)	Non- Executive Directors	At least 1/3 of the total number of Directors should be Non-Executive Directors	Compliant 4 out of the 7 Board members are Non- Executives.
7.10.2(a)	Independent Directors	2 or 1/3 of Non-Executive Directors, whichever is higher should be independent	Compliant There are 2 Independent Directors and 4 Non- Executive Directors.
7.10.2(b)	Independent Directors	Each Non-Executive Director should submit a declaration of independence/ non-independence	Compliant Independence of Directors has been determined in accordance with CSE.

# CORPORATE Governance (Contd...)

CSE Rule No.	Subject	Applicable Requirement	Compliance Status
7.10.3(a)	Disclosure relating to Directors	<p>a. The Board shall make a determination annually as to the independence or non independence of each Non-Executive Director</p> <p>b. Names of independent Directors should be disclosed in the Annual Report</p>	<p>Compliant All Independent, Non-Executive Directors have submitted declarations for their independence.</p> <p>Compliant This was disclosed on page 10.</p>
7.10.3(b)	Disclosure relating to Directors	In the event a Director does not qualify as independent, but if the Board is of the opinion that the Director is nevertheless independent, shall specify the criteria not met and the basis for the determination in the Annual Report	Not Applicable this year
7.10.3(c)	Disclosure relating to Directors	A brief resume of each Director should be included in the Annual Report including the area of expertise	Compliant Please refer the Profile of the Directors in the Annual Report on page 46.
7.10.3(d)	Disclosure relating to Directors	Upon appointment of a new Director to the Board, a brief resume of each Director should be provided to the CSE.	Compliant
7.10.5	Remuneration Committee	A listed Company shall have a Remuneration Committee	Compliant
7.10.5(a)	Composition of Remuneration Committee	Shall comprise Non-Executive Directors, a majority of whom shall be independent	Compliant
7.10.5(b)	Report of Remuneration	The Remuneration Committee shall recommend the remuneration of Chief Executive Officer and Executive Directors	Compliant
7.10.5(c)	Disclosure in the Annual Report relating to Remuneration Committee	<p>The Annual Report should set out:</p> <p>a. Names of Directors comprising the Remuneration Committee</p> <p>b. Statement of remuneration policy</p> <p>c. Aggregate remuneration paid to Executive &amp; Non-Executive Directors</p>	<p>Compliant</p> <p>Compliant</p> <p>Compliant</p>
7.10.6	Audit Committee	The Company shall have an Audit Committee	Compliant

# CORPORATE Governance (Contd...)

CSE Rule No.	Subject	Applicable Requirement	Compliance Status
7.10.6.(a)	The composition of Audit Committee	a. Shall Comprise Non-Executive Directors, a majority of whom can be independent	Compliant
		b. Chief Executive officer and the chief Financial Officer should attend Audit committee meetings	Compliant
		c. The Chairman of the Audit committee or One member should be a member of a professional Accounting body	He is a member of Institute of Chartered Accountants of Sri Lanka
7.10.6.(b)	Audit Committee functions	Overseeing of the	Compliant
		(i) Preparation, Presentation and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards.	Audit Committee oversees the integrity of the financial statements.
		(ii) Compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements	Compliant Audit Committee oversees the requirement of the Companies Act and other regulations.
		(iii) Processes to ensure that the internal controls and risk management are adequate, to meet the requirements of the Sri Lanka Auditing Standards.	Compliant Audit Committee oversees effectiveness of internal control and risk management.
		(iv) Assessment of the independence and performance of the external auditors.	Compliant Audit Committee oversees independence and performance of the external auditors.
(v) Make recommendation to the board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors	Compliant Audit Committee makes such recommendations.		



# CORPORATE Governance (Contd...)

CSE Rule No.	Subject	Applicable Requirement	Compliance Status
7.10.6.(c)	Disclosure in the Annual Report relating to Audit Committee	<p>a. Names of Directors comprising the Audit Committee.</p> <p>b. The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination.</p> <p>c. The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance of the function.</p>	<p>Compliant</p> <p>Compliant</p> <p>Compliant</p>
9.2.2	Disclosure relating to Related Party Transactions Review Committee	Combination of non-executive directors and independent non-executive directors	<p>Compliant</p> <p>The Committee comprises of two Independent Non-Executive Directors, one Non-Executive Director</p>
9.2.3		<p>Separate Committee to be formed for the Company or the Listed Parent's Committee to be used.</p> <p>Function of the Committee</p>	<p>Compliant</p> <p>A separate Related Party Transactions Review Committee was formed for the Company.</p> <p>Compliant</p> <p>The Related Party Transactions Review Committee Report sets out the functions of the Committee on page 196.</p>
9.3.2. (c)	Disclosure in the Annual Report	The Annual report shall contain a Report of the Related Party Transactions Review committee in the prescribed manner.	<p>Complied</p> <p>Please refer Related Party Transactions Review committee report on page 196.</p>

# STATEMENT of Directors Responsibility

The following statement, which should be read in conjunction with the Auditor's responsibilities, as set out in their report, is made with a view to distinguish between the respective responsibilities of the Directors' and the Auditor's, in relation to Financial Statements.

The Directors are required by the Companies Act, No 07 of 2007, to prepare Financial Statements for each financial year, which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit and loss for the financial year. The Directors are required to prepare these Financial Statements on the going concern basis, unless it is not appropriate.

Since the Directors are satisfied that the Company has the resources to continue its business for the foreseeable future, the Financial Statements continue to be prepared on the said basis.

The Directors consider that in preparing the Financial Statements, the Company has used appropriate accounting policies, consistently applied, and supported by reasonable and prudent judgments and estimates, and that all accounting standards which they consider to be applicable have been followed. The Directors are also required to ensure that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRS/ LKAS), the Rules of the Colombo Stock Exchange and also complied with the related party transaction rules by section 9.3.2.(d) of the CSE Listing rules.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company, and which enable them to ensure that the Financial Statements comply with the Companies Act, No.07 of 2007.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are of the opinion that the Financial Statements of the Company set out on pages 201 to 233 have been prepared in accordance with the above requirements and that they have appropriately discharged their responsibilities as set out in this Statement.

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

As required by Section 56 (2) of the Companies Act and the Articles of Association of the Company, the Board of Directors has authorized the payment of dividends, being satisfied based on information available to it that the Company would satisfy the Solvency Test after such distributions in accordance with Section 57 of the Companies Act No. 07 of 2007. Accordingly, the Board of Directors has signed the Certificate of Solvency. In respect of the authorized final dividend, the Company shall forward to CSE, prior to the date of dispatch of the dividend payment, a Certificate given by the Auditors to the effect that the Company able to satisfy the Solvency Test immediately after the distribution.

Messrs Edirisinghe & Co, Chartered Accountants, the Auditors of the Company, have examined the Financial Statements made available by the Board of Directors together with all relevant financial records, related data, minutes of shareholders' and Directors' meetings and express their opinion in their Report on page 198 of this Annual Report.

On behalf of the Board



**D. K. Rajapaksa**  
Jt. Managing Director



**D. G. P. S Abeygunawardana**  
Director / General Manager

Colombo  
25th May 2023

# REPORT

## of the Board of Directors

The Directors of Samson International Plc have pleasure in presenting their report together with the audited financial statements of the Company for the year ended 31st March 2023, which was approved by the Directors at a meeting held on 25th May 2023.

Samson International Plc is a public limited liability Company, incorporated in Sri Lanka on 14th October 1988 and re-registered under the Companies Act No. 7 of 2007 on 3rd September 2008 under registration number PO 192. The ordinary shares of the Company were listed in the Colombo Stock Exchange of Sri Lanka on 24th July 1992 and the Company was converted into a public quoted company.

This Report provides the information as required by the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange and recommended best practices on Corporate Governance.

### The Vision, Values and Corporate Conduct

The vision and values of the Company are given on page 04 of the Annual Report. The business activities of the Company are conducted at a high level of ethical standards in achieving its vision.

### The Principal Activities of the Company

The principal activity of the Company is to manufacture of rubber and PVC-based products for the international and local markets.

### Accounting Policies

A summary of the significant accounting policies adopted in the preparation of the Financial Statements is given on page 205 of this report as required by Section 168 (1) (d) of the Companies Act No. 7 of 2007. The policies adopted are consistent with those adopted in the previous financial year.

### Review of the year

The Chairman's review and the Jt. Managing Directors' operational review together with the Financial Statements highlight the Company's performance during the period under review and the state of affairs as at 31st March 2023.

### Turnover

Turnover of the Company is Rs.2,895 Mn in 2022/23 as compared to Rs. 2,885 Mn in the last year. Please see the turnover by segment given below.

### Turnover by segment:

*Rs in 000'*

Segment	2022/23	2021/22
Rubber-related items	2,096,091	1,521,634
PVC-related items	798,769	1,363,555
<b>Total</b>	<b>2,894,860</b>	<b>2,885,189</b>

# REPORT OF THE Board of Directors (Contd...)

## Profits:

Rs in 000'

	2022/23	2021/22
Profit for the year (after payment of all expenses, making provision for known liabilities and depreciation on property, plant and equipment)	154,648	99,519
Tax on profits	(61,749)	(15,495)
Profit after taxation	92,899	84,024
Actuarial gain/(loss) on Post-Employment Benefit Liability	1,550	624
Diferred tax on Actuarial gain / (loss)	(465)	(103)
<b>Total Comprehensive income net of tax</b>	<b>93,984</b>	<b>84,544</b>

## Retained Earnings:

Rs in 000'

	2022/23	2021/22
Balance brought forward	596,260	520,181
Profit for the year	92,899	84,024
Other Comprehensive income	1085	520
Final dividend	(8,465)	(8,465)
<b>Balance carried forward</b>	<b>681,779</b>	<b>596,260</b>

## Segment Reporting

The revenue and results of the Company Segment-wise is provided in Note 28 to the Financial Statements on page 233.

## Taxation

Under the provisions of the Inland Revenue Act No (IRA) 24 of 2017, tax profit on export sales, local sales and other income were taxed at the rate of 14%, 18% and 24% respectively up to 30th September 2022. However, as per the new tax amendments introduced by the Inland Revenue Department during the financial year 2022/23, income tax rate of 30% is applied to calculate the tax liability for the period from 1st October 2022 to 31st March 20223.

## Investments in Property, Plant & Equipment

During the year 2022/23, the Company invested Rs. 134.4 Mn (2021/22 -Rs.54.3 Mn) in Property, plant & equipment. The total investments in Property, plant & equipment including Capital work-in-progress as at 31st March 2023 amounted Rs. 1,261.8 Mn as opposed to Rs. 1,146 Mn as at 31st March 2022. The information relating to the movement in Property, plant & equipment is given in Note 13 to the Financial Statement on page 222.

## Stated Capital & Reserves

### Stated Capital

The movement of the stated capital is as follows:

	2022/23	2021/22
Stated capital- Rs. in 000'	109,600	109,600
No. of Ordinary shares	4,232,771	4,232,771

Details of the Stated capital are given in Note 21 to the Financial Statements on page 227 of this Annual Report. The rights and obligations attaching to the ordinary shares are set out in the Articles of Association of the Company, a copy of which can be obtained from the Secretaries upon request.

# REPORT OF THE Board of Directors (Contd...)

## Reserves

The Group reserves as at 31st March were as follows:

*Rs in 000'*

	2022/23	2021/22
General reserves	110,000	110,000
Revenue reserves	681,779	596,260
<b>Total reserves</b>	<b>791,779</b>	<b>706,260</b>

## Directorate

The names of the Directors who held office at the end of the financial year are given below and their brief profiles appear on pages 46 and 50.

- 1) Dr. D. K. Rajapaksa (Chairman/ Jt. Managing Director)
- 2) Mr. T. K. Bandaranayake (Independent, Non - Executive Director)
- 3) Mr. D. G. P. S. Abeygunawardana (Director/ General Manager)
- 4) Mr. D. D. A. Rajapaksa (Jt. Managing Director)
- 5) Mr. D. C. J. Rajapaksa (Non - Executive Director)
- 6) Ms. I. Malwatte (Independent, Non - Executive Director)
- 7) Mr. D. N. S. Rajapaksa (Non - Executive Director)

The Board of Directors recommends that a resolution be passed by the shareholders declaring that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr D. K. Rajapaksa, Mr T. K. Bandaranayake and that, notwithstanding them having attained the age of more than 70 years, they be appointed to the Board of Directors for a period of one year in terms of Section 211 of the Companies Act No. 07 of 2007.

Further Ms. I. Malwatte who will retire by rotation in terms of Article 88(i) of the Article of Association as a Director of the Company.

The attendance of the directors in the Board meetings are given on page 164 under Corporate Governance.

## Directors' interest in shares

Directors' holdings of ordinary shares in the Company are given below:

	No of Shares as at 31.03.2023	No of shares as at 31.03.2022
Dr. D. K. Rajapaksa	11,159	11,159
Mr. T. K. Bandaranayake	Nil	Nil
Mr. D. G. P. S. Abeygunawardana	110	110
Mr. D. D. A. Rajapaksa	Nil	Nil
Mr. D. C. J. Rajapaksa	Nil	Nil
Ms. I. Malwatte	Nil	Nil
Mr. D. N. S. Rajapaksa	8,297	8,297
<b>Total</b>	<b>19,566</b>	<b>19,566</b>

# REPORT OF THE Board of Directors (Contd...)

The Directors of the Company who have relevant interests in the shares of the Company have disclosed their shareholdings in compliance with Section 200 of the Companies Act.

## Directors' Remuneration and Other Benefits

The details of the Directors' remuneration and other benefits, in respect of the Company for the financial year ended 31st March 2023 is given in Note 8 to the Financial Statements on page 185 of this Report, as required by Section 168 (1) (f) of the Companies Act No. 07 of 2007. Directors' remuneration for the financial year 2022/23 is Rs. 47,369,996 (last year 41,084,839).

## Directors' interest in transactions:

The Directors of the Company have made a disclosure as required under Section 192(2) of the Companies Act No. 07 of 2007. Note 27 to the financial statements dealing with related party disclosures include their interests in transactions.

## Interest Register

The Interests Register is maintained by the Company, as per the Companies Act, No. 7 of 2007. All Directors have made declarations as provided for in Section 192 (1) & (2) of the Companies Act aforesaid. The related entries were made in the Interests Register during the year under review. The Interests Register is available for inspection as required by Section 119 (1) (d) of the Companies Act No. 07 of 2007.

## Board Committees

The Board while assuming the overall responsibility and accountability in the management of the company has also appointed Board Committees to ensure oversight and control over certain affairs of the Company, conforming to the corporate governance code and adopting the best practices. Accordingly, the following Committees have been constituted by the Board:

### Audit Committee

Mr. T. K. Bandaranayake	Chairman, Independent, Non- Executive Director
Ms. I. Malwatte	Independent, Non-Executive Director

The Report of the Audit Committee is given on pages 193 and 194, which forms part of the Annual Report.

### Remuneration Committee

Ms. I. Malwatte	Chairperson, Independent, Non -Executive Director
Mr T.K. Bandaranayake	Independent, Non- Executive Director

The Report of the Remuneration Committee is given on page 195, which forms a part of the Annual Report.

### Related Party Transactions Review Committee

Mr T. K. Bandaranayake	Chairman, Independent, Non- Executive Director
Mr D.D. A. Rajapaksa	Executive Director
Ms. I. Malwatte	Independent, Non -Executive Director

The Report of the Related Party Transaction Review Committee is given on pages 196 and 197, which forms part of the Annual Report.

### Employment Policies

The Company continues to invest in human resource development and implements effective practices to develop and build an efficient and effective workforce to ensure optimum contribution toward the achievement of its corporate goals. The Company employment policies are based on recruiting the best people, providing them training to enhance their skills, and recognition of the innate skills and competencies of each individual while offering equal career opportunities regardless of gender, race or religion and to retain them with the Company as long as possible. The number of persons employed by the Company at year-end was 507 (last year 525).

### System of internal controls

The Board of Directors has established an effective and comprehensive system of internal controls to ensure that proper controls are in place to safeguard the assets of the Company, to detect and prevent fraud and irregularities, to ensure that proper records are maintained and Financial Statements presented are reliable and accurate. Monthly Management Accounts are prepared, giving management relevant, reliable and up -to-date Financial Statements and key performance indicators. The internal control systems across the organization are regularly evaluated by the internal auditors to the audit committee. The findings of the internal audit are reviewed first by the audit committee and significant issues are



# REPORT OF THE Board of Directors (Contd...)

thereafter reported to the Board. The Statement on Directors' responsibility for financial reporting of the Company is set out on page 186 of this Report.

The Audit Committee reviews, on a regular basis, the reports, policies and procedures to ensure that a comprehensive internal control framework is in place.

## Financial Risk

The finance and interest rate risks associated with the operation of the company are discussed in detail under risk management on page 158 of this report.

## Donations

The total amount of donations in cash was Rs 337,243 in the year 2022/23 (2021/22 – Rs. 155,726) which has been approved by shareholders at the last Annual General Meeting.

No donation was made for political purposes.

## Major Transactions

There have been no transactions during the year under review which fall within the definition of "Major Transactions" in terms of Section 185 of the Companies Act, No. 07 of 2007. The total assets of the Company are Rs. 2.14 Bn and 50% of the total assets is Rs. 1,068 Mn. The Company has not bought any assets or undertaken any liabilities greater than Rs. 1,068 Mn during the year under review.

## Share information

The information pertaining to earnings per share, dividend per share, net assets per share and market value per share is given in the Financial highlights on page 06 and in the Ten-year summary on page 241 of this Annual Report.

The twenty major shareholders and percentages held by each one of them as at 31st March 2023 are given on page 237 of the Annual Report.

## Public holding of shares in the Company

As at 31st March 2023, the public held 43.381% (in 2021/22-43.393%) of the shares of the Company.

## Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments due to the government, other regulatory institutions and in relation to employees

have been made within the stipulated period and have been accounted for during the financial year.

## Compliance with laws and regulations

To the best of the knowledge and belief of the Directors, the Company has not engaged in any activities contravening the laws and regulations of the country.

## Social and Environmental Responsibility

As a responsible corporate body, the Company has taken all necessary steps and precautions to minimize any adverse impact of the Company's activities on the environment. When introducing new business, products, methods and machines, maximum care is taken to ensure that these conform to accepted environmental and safety regulations and standards. The Directors, to the best of their knowledge and belief, are satisfied that the Company has not engaged in any activities which have caused adverse effects on the environment and it has complied with the relevant environmental regulations.

## Corporate Governance

The Company maintains and practices high principles of good corporate governance, ethics and code of conducts. The Directors are responsible for the formulation and implementation of overall business strategies, policies and setting standards in the short, medium and long- term adopting good governance in managing the affairs of the Company. The practices adopted by the Company in relation to corporate governance are set out on pages 161 and 185 of this Report.

## Auditor's Report

The Company's external auditor, Messrs Edirisinghe & Company, performed the audit on the Financial Statements for the year ended 31 March 2023. The Auditor's Report on the Financial Statements is given on page 164 of this Report as required by Section 168 (1) (c) of the Companies Act.

## Appointment of Auditors

The retiring Auditors Edirisinghe & Company, Chartered Accountants, have expressed their willingness to continue in office. A resolution to re-appoint them as auditors and authorize the Directors to fix their remuneration will be proposed at the Annual General Meeting in terms of the Companies Act, No. 7 of 2007.

# REPORT OF THE Board of Directors (Contd...)

## Auditor's Remuneration and Independence

The Company paid audit fees to the external auditors for the year 2022/23 amounting to Rs. 568,500 (2021/22 - Rs. 555,950). Based on the declaration provided by Messrs Edirisinghe & Co. and as far as the Directors are aware, the Auditors do not have any relationship with or interests in the Company that may have a bearing on their independence, within the meaning of the Code of Professional Conduct and Ethics issued by the Institute of Chartered Accountants of Sri Lanka.

## Outstanding litigation

In the opinion of the Directors, in consultation with the Company lawyers, there is no litigation currently pending against the Company which will have a material impact on the reported financial results or future operations of the Company.

## Post Balance sheet events

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

## Going Concern

The Board of Directors has reviewed the Company's business and corporate plans and are satisfied that the Company has adequate resources to continue its operations in the foreseeable future after considering the financial position, operating conditions, regulatory and other factors required to be addressed in the Corporate Governance Code. The Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the Going Concern basis in preparing the Financial Statements.

## Financial Statements of the Company

The Financial Statements of the Company, duly certified by the Finance Manager and approved by two Directors in compliance with Sections 152, 153 and 168 of the Companies Act No. 7 of 2007, are given from pages 201 to 233 of the Annual Report.

## Secretaries

P W Corporate Secretarial (Pvt) Ltd. continues to work as Secretaries to the Company.

## Dividends

During the year under review, the company contributed to our shareholders providing income gains in the form of dividends.

The Board of Directors decided to recommend a dividend of Rs. 2.00 per share based on the profit of 2022/23. (Dividend for 2021/22 is Rs. 2.00 per share). This is to be paid before 09th June 2023.

The Company maintains a consistent dividend policy in line with profitability and market expectations. The total dividends declaration for the financial year will amount to Rs. 8.4 mn.

## Notice of Meeting

Details of the Annual General Meeting are given in the Notice of Meeting on page 253.

## 31st Annual General Meeting

The 31st Annual General Meeting of the Company will be held by way of electronic means on 30th June, 2023 centered at the Board Room of Samson International PLC, No. 110, Kumaran Ratnam Road, Colombo 02 which was the same venue for the previous year.

For and on behalf of the Board of Directors,



**D. K. Rajapaksa**  
Chairman/ Jt. Managing Director



**D. G. P. S Abeygunawardana**  
Director / General Manager



**P W Corporate Secretarial (Pvt) Ltd.**  
Secretaries

Colombo  
25th May 2022

# AUDIT

## Committee Report

### Members of the Audit Committee:

The Audit Committee comprises two Non-Executive Independent Directors. The Committee is chaired by Mr T.K. Bandaranayake, who is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and former Senior Partner of Messrs Ernst & Young. The other member is Mrs. I. Malwatta.

### The Role of the Audit Committee

The functions of the Audit committee are in line with the requirement of the Securities & Exchange Commission of Sri Lanka, Companies Act, No. 7 of 2007, and the best practices of Corporate Governance. These included, inter alia, ensuring the effectiveness of internal controls and procedures for financial reporting purposes and the integrity of financial statements as well as the independence of the external auditors.

The Audit Committee was responsible for the following:

1. Meetings with the auditors to discuss audit findings including any problems and reservations arising from the audit as well as to take up any other matters which the auditors may wish to discuss independent of the management.
2. Reviewing the integrity and adequacy of the disclosures in the financial statements of the company in accordance with the Companies Act, No.7 of 2007, the Sri Lanka Accounting Standards, Continuous Listing Requirements

of the Colombo Stock Exchange and Accounting Policies which are consistently applied.

3. Reviewing the financial reporting system to ensure the accuracy and timelines of the financial statements produced.
4. Reviewing and ensuring the adequacy and effectiveness of the Company's internal control systems and risk management practices.
5. Oversight on the compliance by the company with the requirements of the statutory and regulatory framework. Compliance is monitored quarterly through 'Company Reports'.
6. Making recommendations to the Board of Directors on the appointment/ re-appointment and the remuneration of the external auditors based on their performance.
7. Examining any non-audit work performed by the auditors to ensure that their independence is not impaired.

### Details of Meetings held:

The Audit Committee held four meetings during the year under review. Appropriate personnel from the management were present at the meetings on invitation. The proceedings of the Audit Committee are regularly reported to the Board of Directors.

The attendance of the members of the Audit Committee was as follows:

Name of Director	Status	23rd May 2022	10th Aug 2022	11th Nov 2022	10th February 2023	No of Attendance
Mr. T. K. Bandaranayake	NE/I	√	√	√	√	4/4
Mrs. I. Malwatta	NE/I	√	√	√	√	4/4

Please also note that under status column, "E" = Executive, "NE" = Non- Executive and "I" = Independent

# AUDIT Committee Report (Contd...)

The attendance of CEO and Finance Manager in the Audit Committee meetings by invitation is as follows.

Name of Director	Status	23rd May 2022	10th Aug 2022	11th Nov 2022	10th February 2023	No of Attendance
Mr. D. G. P. S. Abeygunawardana	CEO /GM	✓	✓	✓	✓	4/4
Mr. A. P. Sisira Kumara	Finance Manager	✓	✓	✓	✓	4/4

## Internal Audit Function

The Audit Committee reviews the Internal Audit Reports. The internal audit function has been outsourced to an independent professional firm of Chartered Accountants and is carried out by Messrs T & D Associates. The internal audit reports are reviewed thoroughly including recommendations made for rectification of weaknesses or improvement of controls, whilst ensuring that adequate steps are taken to implement such recommendations as appropriate.

A new auditor, T&D Associates, Chartered Accountants, was selected by the audit committee after evaluating the proposals given by three firms of Chartered Accountants. Further, the engagement partner in the external audit was rotated with a new partner as per the audit practices followed by the Auditors, Messrs. Edirisinghe & Company, Chartered Accountants.

## Conclusion

The committee reports to the Board of Directors, identifying the matters in respect of which it considers that action or improvement is needed and the steps taken to implement such improvements.

The Audit Committee is satisfied that the Company's accounting policies, operational controls and risk management practices provide reasonable assurance that the affairs of the Company are managed in accordance with the Company policies and that the Company assets are properly accounted for and adequately safeguarded.

The Committee has recommended to the Board of Directors that Messrs Edirisinghe & Co., Chartered Accountants, be re-appointed as the Auditors for the financial year ending 31st March 2024, subject to the approval of the shareholders at the Annual General Meeting at a fee to be determined by the management.



**T. K. Bandaranayake**

Chairman

Audit Committee

Colombo

25th May 2023

# REPORT OF the Remuneration Committee

## Members of the Remuneration Committee:

The Remuneration Committee, appointed by and responsible to the Board of Directors, consists of two independent, Non- Executive Directors who are Ms. I. Malwatta (Chairperson) and Mr.T.K. Bandaranayake.

## Role of the Committee:

The Remuneration Committee annually reviews and recommends to the Board of Directors the policy on remuneration for the executive staff, specific remuneration packages for the Executive Directors and the fees for the Non-Executive Directors. The aggregate remuneration received by the Directors is disclosed under Note 8.1 of the Financial Statements on page 219.

## Remuneration Policy:

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

The Remuneration Committee held one meeting during the year under review.



**I. Malwatta**  
Chairperson  
Remuneration Committee

Colombo  
25th May 2023

# REPORT OF THE RELATED Party Transactions Review Committee

## Members of the Related Party Transactions Review Committee:

The Related Party Transactions Review Committee (RPTRC) was established in terms of the Code of Best Practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka (the "Code") and Section 9 of the Listing Rules of the Colombo Stock Exchange (the "Rules"). The Related Party Transactions Review Committee comprises 2 Independent Non-Executive Directors and an Executive Director. The following Directors serve on the Committee chaired by Mr.T. K. Bandaranayake.

Mr T. K. Bandaranayake – Chairman	Independent, Non- Executive Director
Ms. I. Malwatte	Independent, Non- Executive Director
Mr D.D.A. Rajapaksa	Executive Director

The above composition is in compliance with the provisions of the Code. Brief profiles of the members are given on pages 46 to 50 of the Annual Report.

## Role and Responsibilities

The mandate of the Committee is derived from the Code and the Regulations and the Rules and includes the following:-

1. Developing a Related Party Transaction Policy consistent with the provisions of the Code and the Rules for adoption by the Board of Directors of the Company.
2. Reviewing all proposed Related Party Transactions in compliance with the provisions of the Code.

3. Advising the Boards on taking appropriate action where necessary, in respect of Related Party Transactions, in compliance with the provisions of the Code and the Rules.

## Policies and procedures adopted by the Committee for reviewing Related Party Transactions:

1. Relevant information to capture Related Party Transactions is fed into the Company Related Party data base.
2. All officers concerned are informed of the applicable regulatory requirements relating to the reporting of Related Party Transactions.
3. Key Management Personnel (KMPs) and their Close Family Members (CFM's) are identified quarterly together with their NIC numbers and business registration numbers.
4. Details are verified and validated regularly.
5. All Managers are advised to escalate information on any Related Party Transactions to the Company Secretary who has been identified as the central Point, for this purpose.
6. Details are shared with the Company Secretary to meet the regulatory requirements if required.

## Review Function of the Committee:

The Committee meeting proceedings are shared with the Board of Directors for their information right through the year. All Related Party Transactions during the year are summarized and disclosed in Note 27 to the Financial Statements on page 230.



# REPORT OF THE RELATED Party Transactions Review Committee (Contd...)

## Details of Meetings held:

This Committee held four meetings during the year under review. Management representatives are invited to the meetings for discussions as considered appropriate and necessary.

Name of Director	Status	23rd May 2022	10th Aug 2022	11th Nov 2022	10th February 2023	No of Attendance
Mr. T.K. Bandaranayake	NE/I	✓	✓	✓	✓	4/4
Mrs. I. Malwatta	NE/I	✓	✓	✓	✓	4/4
Mr. D.D.A. Rajapaksa	E	✓	X	✓	X	2/4

"E" = Executive, "NE" = Non- Executive, "I" = Independent

The attendance of CEO and Finance Manager in the Related Party Transaction Review Committee meetings is as follows.

Name of Director	Status	23rd May 2022	10th Aug 2022	11th Nov 2022	10th February 2023	No of Attendance
Mr. D.G.P.S. Abeygunawardana	CEO/ GM	✓	✓	✓	✓	4/4
Mr. A.P. Sisira Kumara	Finance Manager	✓	✓	✓	✓	4/4

## Reporting to the Board:

The Minutes of the RPTRC meetings are tabled at Board meetings enabling all Board members to have access to same.

On behalf of the Related Party Transactions Review Committee.



T. K. Bandaranayake

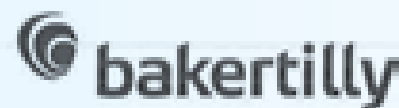
Chairman

Related Party Transactions Review Committee

Colombo

25th May 2023

# INDEPENDENT Auditor's Report



**Edirisinghe & Co.**  
**Chartered Accountants**  
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Sri Lanka

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## TO THE SHAREHOLDERS OF SAMSON INTERNATIONAL PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Samson International PLC (the Company), which comprise the statement of financial position as at March 31, 2023, and the statement of profit or loss and other 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 give a true and fair view of the financial position of the Company as at March 31, 2023, 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 Company in accordance with the ethical requirements of the Code of Ethics issued by CA Sri Lanka (Code of Ethics) that are relevant to our audit of the financial statements, 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, we have provided a description of how our audit procedures addressed the matters in that context.

#### Key Audit Matter

##### 01) Provision for deferred tax

Provision for deferred tax has been calculated considering financial statement areas such as Retirement benefit obligation and Property, plant and equipment, where significant management estimates, judgments and uncertainties are involved.

#### How Our Audit Addressed the Key Audit Matter

##### Our procedures included the following:

Our audit procedures included verification of controls over the appropriateness of models used to calculations, the process of determining key assumptions and the identification of figures to be included within the calculations. The appropriateness of management's judgments was also independently considered in respect of calculation methodologies and individual calculations were also performed.

Partners: P.P. Edirisinghe FCA ACTM MBA Ms. M.K.E. Karunanatha FCA ACMA P.K.A.M. Abalokone ACA MAAT  
S.A. Harischandra ACA ACMA CGMA MBA BCom (Sp.)  
Consultants: A.T.P. Edirisinghe FCA FCMA (UK) A.D. Jayarasa FCA

Edirisinghe & Co., trading as Bakertilly, is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

# INDEPENDENT Auditor's Report (Contd...)

**EDIRISINGHE & CO.**  
Chartered Accountants

## Other Information

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 the other information and we do not express any form of assurance conclusion thereon.

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

## Responsibilities of Management and those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Managements' 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 Company'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 Company to cease to continue as a going concern.

# INDEPENDENT Auditor's Report (Contd...)

**EDIRISINGHE & CO.**  
Chartered Accountants

- 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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's 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.

## Report on Other Legal and Regulatory Requirements

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.

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2256.



**Edirisinghe & Co.**

Chartered Accountants

Colombo

25th May 2023

# STATEMENT

## of Profit or Loss and other Comprehensive Income

FOR THE YEAR ENDED 31ST MARCH 2023		2023	2022
	NOTE	Rs.	Rs.
Revenue	06	2,894,859,913	2,885,189,070
Cost of sales		(2,040,323,751)	(2,307,891,309)
<b>Gross profit</b>		<b>854,536,162</b>	<b>577,297,761</b>
Other income	07	7,024,227	250,505
Distribution cost		(144,329,602)	(155,867,481)
Administrative expenses		(337,734,740)	(232,184,804)
<b>Profit from operations</b>	<b>08</b>	<b>379,496,047</b>	<b>189,495,981</b>
Finance income	09.1	9,680,586	3,844,538
Finance cost	09.2	(234,528,411)	(93,821,067)
<b>Profit before income taxation</b>		<b>154,648,222</b>	<b>99,519,452</b>
Income tax expenses	10	(61,749,496)	(15,495,462)
<b>Profit for the year</b>		<b>92,898,726</b>	<b>84,023,990</b>
<b>Other comprehensive income / (expense), net of tax:</b>			
<b>Items that will not be reclassified subsequent to the Statement of Profit or loss</b>			
Actuarial gain / (loss) on post employment benefit liability		1,550,145	623,977
Deferred tax on actuarial gain/(loss)		(465,044)	(103,463)
<b>Items that will be reclassified subsequent to the Statement of Profit or loss</b>			
		-	-
<b>Total other comprehensive income / (expense), net of tax:</b>		<b>1,085,101</b>	<b>520,514</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>93,983,827</b>	<b>84,544,504</b>
Basic earnings per share (Rs.Cts)	11	21.95	19.85
Dividends per share (Rs.Cts)	12	2.00	2.00

All values are in rupees, unless otherwise stated. Figures in brackets indicate deductions.

The significant accounting policies and notes on pages 205 to 233 are an integral part of these financial statements.

# STATEMENT of Financial Position

AS AT 31ST MARCH		2023	2022
	NOTE	Rs.	Rs.
<b>Assets</b>			
<b>Non current assets</b>			
Property, plant and equipment	13	595,667,366	557,569,368
Intangible assets	14	4,760,647	5,973,939
Financial assets at fair value through profit and loss	15	6,401,490	10,000,000
Financial assets at amortized cost	16	20,963,686	18,411,656
Deferred tax assets	17.1	18,661,292	8,722,180
		<b>646,454,481</b>	<b>600,677,143</b>
<b>Current assets</b>			
Inventories	18	806,295,554	729,844,790
Trade and other receivables	19	596,398,156	663,282,189
Cash and cash equivalents	20	86,505,062	98,309,058
		<b>1,489,198,772</b>	<b>1,491,436,037</b>
<b>Total assets</b>		<b>2,135,653,253</b>	<b>2,092,113,180</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Stated capital	21	109,600,211	109,600,211
General reserve		110,000,000	110,000,000
Retained earnings		681,778,769	596,260,112
<b>Total equity</b>		<b>901,378,980</b>	<b>815,860,323</b>
<b>Non current liabilities</b>			
Deferred tax liability	17.2	69,402,896	34,766,797
Retirement benefit obligation	22	62,204,304	52,602,974
		<b>131,607,200</b>	<b>87,369,771</b>
<b>Current liabilities</b>			
Trade and other payables	23	159,592,028	386,259,673
Short term borrowings	24	905,784,800	788,283,166
Income tax payable		37,290,245	14,340,248
		<b>1,102,667,073</b>	<b>1,188,883,087</b>
<b>Total liabilities</b>		<b>1,234,274,273</b>	<b>1,276,252,857</b>
<b>Total equity and liabilities</b>		<b>2,135,653,253</b>	<b>2,092,113,180</b>

The significant accounting policies and notes on pages 205 to 233 are an integral part of these financial statements. The above financial statements comply with the requirements of Companies Act No.07 of 2007.



A.P. Sisira Kumara  
Finance Manager

The Board of Directors is responsible for the preparation and presentation of these financial statements. The financial statements on pages 201 to 233 were approved by the board of directors and were signed in Colombo on 25th May 2023 its behalf by:



D. K. Rajapaksa  
Jt. Managing Director



D. G. P. S. Abeygunawardana  
Director / General Manager



# STATEMENT of Changes in Equity

	Stated Capital Rs.	General Reserve Rs.	Retained Earnings Rs.	Total Rs.
<b>For the year ended 31st March 2022</b>				
Balance as at 1st April 2021	109,600,211	110,000,000	520,181,128	739,781,339
Profit for the year	-	-	84,023,990	84,023,990
Other comprehensive income	-	-	520,514	520,514
Dividend paid	-	-	(8,465,520)	(8,465,520)
<b>Balance as at 31st March 2022</b>	<b>109,600,211</b>	<b>110,000,000</b>	<b>596,260,112</b>	<b>815,860,323</b>
<b>For the year ended 31 March 2023</b>				
Balance as at 1st April 2022	109,600,211	110,000,000	596,260,112	815,860,323
Profit for the year	-	-	92,898,726	92,898,726
Other comprehensive income	-	-	1,085,101	1,085,101
Dividend paid	-	-	(8,465,170)	(8,465,170)
<b>Balance as at 31st March 2023</b>	<b>109,600,211</b>	<b>110,000,000</b>	<b>681,778,769</b>	<b>901,378,980</b>

General reserve represents the amount set aside by the Directors for future expansion and to meet any contingencies.

Figures in brackets indicate deductions. All values are in Rupees, unless otherwise stated.

The significant accounting policies and notes on pages 205 to 233 are an integral part of these financial statements.

# STATEMENT of Cash Flows

FOR THE YEAR ENDED 31ST MARCH 2023		2023	2022
	NOTES	Rs.	Rs.
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		154,648,222	99,519,452
Adjustment for :			
Depreciation	13	77,493,392	82,623,489
Amortization of intangible assets	14	1,213,292	927,964
Exchange (gain) / loss on borrowings		-	14,415,326
Provision for obsolete inventory		4,072,703	-
Provision for / (Reversal of) doubtful debt		2,308,099	(1,739,024)
Bad debt written off		6,511	5,670,428
Fair value loss on quoted debentures	15	3,598,510	-
Provision for retirement benefit obligation	22	13,295,391	5,929,880
Interest income	09.1	(9,680,586)	(3,844,538)
Interest cost	09.2	212,622,111	66,322,167
<b>Profit before working capital changes</b>		<b>459,577,645</b>	<b>269,825,143</b>
<b>Changes in Working Capital :</b>			
Increase in inventories	18	(80,523,467)	(202,285,554)
Decrease / (increase) in trade and other receivable	19	64,569,423	(14,574,792)
Increase / (decrease) in trade and other payable	23	(226,667,645)	(98,765,563)
<b>Cash (used in) / generated from operations</b>		<b>216,955,956</b>	<b>(45,800,766)</b>
Interest paid	09.2	(212,622,111)	(66,322,167)
Income tax paid		(14,567,555)	(18,035,636)
Retiring gratuity paid	22	(2,143,916)	(1,866,963)
<b>Net cash generated from operating activities</b>		<b>(12,377,626)</b>	<b>(132,025,532)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	13	(115,591,390)	(66,088,726)
Purchase of intangible assets	14	-	(3,320,747)
Investment in / (Proceed from the disposal of) debentures	15	-	(5,000,000)
Investment in treasury bills	16	(2,552,030)	(833,559)
Interest income	09.1	9,680,586	3,844,538
<b>Net cash used in investing activities</b>		<b>(108,462,834)</b>	<b>(71,398,494)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividends paid		(8,465,170)	(8,465,520)
Proceeds from short term borrowings	24.2	2,086,500,000	1,897,478,231
Repayment of short term borrowings	24.2	(1,965,674,244)	(1,679,515,719)
<b>Net cash generated from / (used in) financing activities</b>		<b>112,360,586</b>	<b>209,496,992</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(8,479,874)</b>	<b>6,072,966</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>(60,192,446)</b>	<b>(66,265,412)</b>
<b>Cash and cash equivalents at the end of the year</b>	20.1	<b>(68,672,320)</b>	<b>(60,192,446)</b>

All values are in Rupees, unless otherwise stated. Figures in brackets indicate deductions.

The significant accounting policies and notes on pages 205 to 233 are an integral part of these financial statements.

# NOTES

## to the Financial Statements

### 1. General Information

#### 1.1 General

The Company is a public limited liability Company incorporated and domiciled in Sri Lanka. The address of its registered office is No. 110, Kumaran Ratnam Road, Colombo 02 and the principle place of business is situated at Akuressa Road, Bogahagoda, Galle.

#### 1.2 Principal activities and nature of operations

During the year, the principal activities of the Company were manufacture unhardened vulcanized rubber and PVC based products to the international and local markets.

#### 1.3 Parent enterprise and ultimate parent enterprise

The Company's parent undertaking is DSI Samson Group (Pvt) Ltd which holds effectively (collectively inclusive of Company holding) 57% of shares of Samson International PLC.

#### 1.4 Approval of financial statements

These financial statements have been approved for issue by the Board of Directors on 25th of May 2023.

#### 1.5 Number of employees

The number of employees of the Company at the end of the year was 507. (2021/22 - 525 Employees).

### 2. Basis of Preparation

#### 2.1 Statement of compliance

The Company prepares the financial statements in accordance with the Sri Lanka Accounting Standards (LKASs and SLFRSs) issued by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

#### 2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except that the retirement benefit obligations are measured at the present value of the defined benefit plans as explained in the respective notes to the financial statements.

#### 2.3 Measurement of Fair Values

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, the Company assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in fair value hierarchy based on the inputs used in the valuation techniques as follows.

**Level 1 :** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2 :** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3 :** Inputs for the asset or liability that are not based on observable market data. (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

# NOTES to the Financial Statements (Contd...)

## 2.4 Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation or cessation of trading. Therefore, the financial statements continued to be prepared on the going concern basis.

## 2.5 New or amended standards and interpretations effective for the year

The following amendments and improvements to the standards did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

### Annual periods

Annual periods commencing on	Description
1st April 2021	"Amendments to SFRS16 Leases (Covid-19-Related Rent Concessions beyond 30 June 2021)."
1st January 2022	

Amendments to:	-	SLFRS
3 Business Combinations		
	(Reference to the Conceptual Framework).	
	- LKAS 37 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract).	
	- LKAS16 Property, Plant and Equipment (Proceeds before Intended Use).	

## 2.6 Standards issued but not yet effective

The following amendments and improvements are not expected to have a significant impact on the Company's financial statements.

### Annual periods

Annual periods commencing on	Description
1st January 2023	Amendments to: <ul style="list-style-type: none"> <li>- LKAS 1 Presentation of Financial Statements (Classification of Liabilities as Current or Noncurrent).</li> <li>- LKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates).</li> <li>- LKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction.</li> <li>- SLFRS 17 Insurance Contracts.</li> </ul>

## 2.7 Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees which is the Company's functional currency.

## 2.8 Use of Estimates and Judgments

The preparation of financial statements in conformity with SLFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although the judgments and estimates are based on management's best knowledge of the current events and actions, actual results may ultimately differ from those estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies.

Information about critical estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is provided in Note 04.

# NOTES to the Financial Statements (Contd...)

## 3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements of the company.

### 3.1 Foreign Currency

#### 3.1.1 Foreign currency transactions

In preparing the Financial Statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions.

At each reporting date, monetary items denominated in foreign currencies are translated at the closing rate.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the year.

### 3.2 Assets and the Bases of their Valuation

Assets classified as current assets in the Statement of Financial Position are cash, bank balances and those which are expected to be realized in cash, during the normal operating cycle of the Company's business, or within one year from the reporting date, whichever is shorter. Assets other than current assets are those which the Company intends to hold beyond a period of one year from the reporting date.

#### 3.2.1 Property, Plant and Equipment

Property, Plant and Equipment is recognized if it is probable that future economic benefits associated with the assets will flow to the entity and the cost of the assets can be measured in reliably in accordance with LKAS 16 - Property, Plant and Equipment.

##### 3.2.1.1 Recognition and measurement

Property, Plant and Equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Such cost includes expenditure that is directly attributable to the acquisition of the assets.

#### 3.2.1.2 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized in accordance with the derecognizing policy given below. The cost of repair and maintenance of property, plant and equipment are of profit or loss as incurred.

#### 3.2.1.3 De-recognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on de-recognition of the asset are determined by comparing the proceeds from disposal with the carrying amount of property, plant & equipment and are recognized within other income in the Statement of comprehensive income.

#### 3.2.1.4 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

Asset category	Useful life (Years)
Buildings	20 years
Plant and machinery	10 years to 29 years
Machine accessories	10 years to 26 years
Furniture and fittings	10 years
Office equipment	10 years to 23 years
Motor vehicles	05 years to 19 years

During the year 2018/19, as a result of a re-valuation of Property, Plant and Equipment, and a detailed review

# NOTES to the Financial Statements (Contd...)

of the depreciation policy applied, it was noted that the estimated periods of useful lives of the plant and machinery, machine accessories, office equipment and motor vehicles were longer than the previously estimated periods of useful lives.

Depreciation of an asset begins when it is available for use whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

Depreciation method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

## 3.2.2 Leases

The Company assess at the inception of a contract, whether the contract is, or contains, a lease. A contract is 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.

### Right-of-use assets

The Company recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentives received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are 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.

Right-of-use assets (except for those which meet the definition of an investment property) are presented within "Property, plant and equipment".

### Lease liabilities

The initial measurement of a lease liability is measured at the present value of the lease payments discounted using the interest rate implicit in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Company shall use its incremental borrowing rate.

Subsequently Lease liabilities are measured at amortised cost using the effective interest method.

### Short term and low value leases

The Company has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

## 3.2.3 Intangible Assets

The company recognises intangible assets if it is probable that future economic benefit associated with the assets can be measured reliably in accordance with LKAS 38.

The company's intangible assets include the value of acquired computer software

### 3.2.3.1. Software

All computer software cost incurred, which are not internally related to associate hardware, which can be clearly identified, reliably measured and it is probable that they will lead to future economic benefits, are included in the Statement of financial position under the category of intangible assets.

Intangible assets acquired separately are measured on initial recognition at cost.

Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.



# NOTES to the Financial Statements (Contd...)

## 3.2.3.2 Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

## 3.2.3.3 Amortization

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in the profit or loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Category of Asset	Useful Life (Years)	Depreciation Rate (%)
ERP Computer Software	10	10%

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

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 amortization period or method, as appropriate, and are treated as changes in accounting estimates.

## 3.2.3.4 Derecognition

Gains or losses arising from derecognizing of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

## 3.2.4 Impairment of non-financial assets

The company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate

cash inflows that are largely independent of those from other assets or group of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the assets is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in the statement of profit or loss in expense categories consistent with the function of the impaired assets except for properties previously revalued with the revaluation taken to Other Comprehensive Income. For such properties, the impairment is recognized in Other Comprehensive Income up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the company estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

## 3.3 Financial instruments

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

### 3.3.1 Financial assets

#### 3.3.1.1 Initial recognition and measurement

Financial assets within the scope of SLFRS 09 are classified as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortized cost. The Company determines the

# NOTES to the Financial Statements (Contd...)

classification of its financial assets at initial recognition. the classification depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs. Trade receivables that do not contain a significant financial component or for which the company has applied the practical expedient are measured at the transaction price determined under SLFRS 15. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

## 3.3.1.2 Subsequent measurement

### 3.3.1.2.1 Financial assets at amortized cost

Financial assets at amortized cost include financial assets designated as such at amortized cost at initial recognition. The Company have been classified investments in treasury bills, investment in fixed deposits and trade receivables under this category considering the objective is to hold such investments and receivables in order to collect contractual cash flows.

### 3.3.1.3 De-recognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

## 3.3.2 Impairment of financial assets

The Company assesses at each reporting date whether the credit risk on a financial assets have increased significantly since initial recognition. When making the assessment, company consider the change in the risk of default occurring over the expected life of the financial assets.

The company recognizes a loss allowance since its initial recognition for expected credit loss on financial assets that are measured at amortized cost. For the financial assets, which the credit risk on that has increased significantly since initial recognition, the company measures and recognizes the loss allowance at an amount equal to the life time expected credit loss.

Credit risk on financial assets has not increased significantly since its initial recognition, the company measure the loss allowance for that assets at an amount equal to 12 months expected credit loss.

Trade receivable result from SLFRS 15 are measured the loss allowance at an amount equal to life time expected credit losses.

### 3.3.2.1 Credit - impaired financial assets

The company assesses whether the financial assets which are carried at amortized cost are credit impaired at each reporting date and recognizes a life time expected credit loss. Loss allowance are deducted from the gross carrying amount of the assets.

### 3.3.2.2 Write-off

Gross carrying amount of a financial asset is written off when the company has no reasonable expectations of

# NOTES to the Financial Statements (Contd...)

recovering the financial asset in its entirety or portion there of.

## 3.3.3 Financial liabilities

### 3.3.3.1 Initial recognition and measurement

Financial liabilities within the scope of SLFRS 09 are classified as financial liabilities at amortized cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, transaction costs that are directly attributable to the acquisition or issue of such financial liability.

The Company's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

### 3.3.3.2 Subsequent measurement

#### 3.3.3.2.1 Financial liabilities at amortized cost

Financial liabilities at amortized cost include financial liabilities designated upon initial recognition as at amortized cost.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method unless the effect of discounting would be insignificant in which case they are stated at cost.

Amortized 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 amortization is included in finance costs in the Statement of Profit or Loss.

#### 3.3.3.3 De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

## 3.4 Inventories

Inventories are measured at the lower of cost and net realizable value.

The cost of inventories is comprised of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- a) All inventory items except manufactured inventories and work-in-progress are measured using first in, first out basis.
- b) Manufactured inventories and work-in-progress are measured at weighted average factory cost which includes all direct expenditure and appropriate shares of production overhead based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

## 3.5 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, call deposits, demand deposits, and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value net of bank overdrafts that are repayable on demand for the purpose of the statement of cash flows.

## 3.6 Post employment benefits

### 3.6.1 Defined benefit plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated using the "Projected Unit Credit Method" with the advice of an independent professional actuary as requested by LKAS 19 on 'Employee Benefit'.

# NOTES to the Financial Statements (Contd...)

Past service costs are recognized immediately in the profit or loss while the actuarial gains and losses are charged or credited to profit or loss in the period in which they arise. The liability is not externally funded.

## 3.6.2 Defined contribution plans - EPF and ETF

All employees who are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contribution are covered by relevant contribution funds in line with respective statutes and regulations. The Company contributes 12% of gross emoluments of Executive and Other employees respectively to the Employees' Provident Fund and 3% of gross emoluments of all employees to the Employees' Trust Fund respectively. Employer's contributions to the defined contribution plans are recognized as an expense in profit or loss when incurred.

## 3.7 Stated capital

Stated capital consists solely of ordinary share capital. Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown as a deduction, net of tax, in equity from the proceeds.

## 3.8 Provisions

A provision is recognized if, as a result of a past event the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

## 3.9 Statement of comprehensive income

### 3.9.1 Revenue from contract with customers

#### 3.9.1.1 Revenue recognition

Revenue from contract with customers is recognized within the scope of SLFRS 15 when the following criteria are met.

- The parties to the contract have approved the contract and are committed to perform their respective obligation.

- Company can identify each party's rights regarding the goods or services to be transferred.
- Ability to identify the payment terms for the goods or services to be transferred.
- The contract has commercial substance and
- It is probable that the company will collect the consideration in exchange for the goods or services that will be transferred to the customer."

#### 3.9.1.1.1 Revenue from sale of goods

At the contract inception company assess the goods or services promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer either:

- A good or service that is distinct or
- A series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer"

Company recognize revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Goods or services are transferred when the customer obtains control of that asset. The amount of the transaction price which is allocated to a performance obligation is recognize as revenue.

Company consider the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer excluding amounts collected on behalf of third parties.

#### 3.9.1.1.2 Other income

##### Interest income

For all financial instruments measured at amortized cost and interest bearing financial assets classified as fair value through profit and loss, 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

# NOTES to the Financial Statements (Contd...)

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.

## 3.9.2 Expenditure recognition

### 3.9.2.1 Operating expenses

All expenses incurred in day to day operations of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Statement of comprehensive income in arriving at the profit for the year. Provision has also been made for impairment of financial assets, slow moving stocks, all known liabilities and depreciation on property, plant and equipment.

### 3.9.2.2 Borrowing costs

Borrowing costs directly attributable to acquisition, construction or production of assets that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized 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 Company incurs in connection with the borrowing of funds.

## 3.9.3 Net finance income / (expenses)

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognized on financial assets, borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

## 3.9.4 Taxation

### 3.9.4.1 Current taxes

The provision for income tax on Sri Lankan operation is based on the elements of income and expenditures reported in the financial statements and computed with in accordance with the provisions of the Inland Revenue Act No 24 of 2017.

The relevant details are disclosed in the respective notes to the financial statements.

### 3.9.4.2 Deferred taxation

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

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and carry forward of unused tax losses / credits can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

## 3.10 Related part transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged or not.

The relevant details are disclosed in the respective notes to the financial statements.

# NOTES to the Financial Statements (Contd...)

## 3.11 Cash flows

Interest received and dividends received are classified as investing cash flows, while dividend paid and interest paid, is classified as financing cash flows for the purpose of presentation of Statement of Cash Flows which has been prepared using the 'Indirect Method'.

## 3.12 Earning per share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the period.

## 3.13 Events occurring after the reporting date

Events after the reporting period are those events favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. The materiality of the events occurring after the reporting period is considered and appropriate adjustments to or disclosures are made in the Financial Statements, where necessary.

## 3.14 Segment reporting

Segment information is provided for the different business segments of the Company. Business segmentation has been determined based on the nature of goods provided by the Company after considering the risks and rewards of each type of product.

The activities of the segments are described in note 28 to the financial statements.

## 04. Critical Accounting Estimates, Assumptions and Judgments

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and

assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

### 4.1 Estimated useful lives of Property, plant and equipment

The Company reviews annually the estimated useful lives of Property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of PPE would increase the recorded depreciation charge and decrease the property, plant and equipment balance.

### 4.2 Estimated useful lives of intangible assets

The Company reviews annually the estimated useful lives of intangible assets based on factors such as business plan and strategies, expected level of usage and future developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of intangible assets would increase the recorded amortization charge and decrease the intangible assets balance.

### 4.3 Defined benefit obligations

The present value of the gratuity obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for gratuity include the discount rate, salary increment rate and staff turnover rate. Any changes in these assumptions will impact the carrying amount of gratuity obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the



# NOTES to the Financial Statements (Contd...)

appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

## 05. Financial Risk Management

The Board of Directors have overall responsibility for the establishment and oversight of the risk management framework, including policies and procedures. In discharging its governance responsibility it operates through the Board of Directors and the Audit Committee.

The Company has exposure to the following risks from its use of financial instruments

Credit risk  
Operational Process risk  
Finance and Interest rate risk  
Foreign Exchange rate risk  
Investment risk / Project Management risk  
Liquidity risk

### 5.1 Credit risk

Credit risk is the risk of financial loss to the company if a customer fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

#### 5.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

As at 31 March	2023 Rs.	2022 Rs.
Trade receivables	464,747,806	591,234,392
	<b>464,747,806</b>	<b>591,234,392</b>

5.1.1.1 The maximum exposure to credit risk for trade receivables at the end of the reporting period by type of counterparty is as follows:

As at 31 March	2023 Rs.	2022 Rs.
Trade receivables from related parties	28,543,092	69,209,864
Trade receivables - others	436,204,714	522,024,528
	<b>464,747,806</b>	<b>591,234,392</b>

Amounts due from related companies were given on normal credit terms.

5.1.1.2 The maximum exposure to credit risk for net trade receivables as at the reporting date by geographic was as follows:

As at 31 March	2023 Rs.	2022 Rs.
Domestic	162,572,652	354,816,662
Export	302,175,154	236,417,730
	<b>464,747,806</b>	<b>591,234,392</b>

# NOTES to the Financial Statements (Contd...)

## 5.2 Finance and interest rate risk

Finance risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

### 5.2.1 The following are the contractual maturities of financial liabilities within 12 months :

As at 31 March	2023 Rs.	2022 Rs.
<b>Carrying amount</b>		
Trade Creditors - Related Companies	28,656,935	51,716,848
Trade Creditors - Direct Import	848,485	153,916,059
Trade Creditors - Other	74,378,183	74,675,554
Customer advances	9,419,793	25,070,363
Customer guarantee deposits	5,362,875	23,579,265
Expenses Creditors	36,199,849	50,640,533
Statutory payables	4,725,908	6,661,051
Bank borrowings - Overdrafts	155,177,382	158,501,504
Bank borrowings - Short Term Borrowings	750,607,418	629,781,662
Income tax payable	37,290,245	(14,340,248)
	<b>1,102,667,073</b>	<b>1,160,202,591</b>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

## 5.3 Foreign Exchange rate risk

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than Sri Lankan Rupees (LKR), The foreign currencies in which the set transactions primarily denominated are United State Dollars (USD) and Euro.

### 5.3.1 The Company's exposure to foreign currency risk based on notional amounts was as follows:

As at 31 March	2023		2022	
	USD	EUR	USD	EUR
Foreign currency advances paid	106,422	10,449	239,697	-
Trade and other receivables	148,992	645,982	158,834	388,913
Cash and cash equivalents	32,645	118,211	230,995	1,721
Short term borrowings and other payables	-	-	(117,760)	-
<b>Gross statement of financial position exposure</b>	<b>288,059</b>	<b>774,642</b>	<b>511,766</b>	<b>390,634</b>

### 5.3.2 The following significant exchange rates were applicable during the year:

	Average rate		Reporting date spot rate	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
USD	355.54	205.22	327.29	299.00
EUR	370.29	238.26	357.10	334.03

# NOTES to the Financial Statements (Contd...)

## 5.4 Risk Management

The approach to mitigate the exposure of the above risks by the management is as follows;

Risk identification	Risk assessment	Risk Management	Risk Ranking
5.4.1 Credit Risk	Risk arising due to default of payment. Higher credit risk may adversely impact both liquidity and profitability.	<p>The following stringent assessment procedures to ensure credit worthiness of the customers prior to the granting of credit.</p> <ul style="list-style-type: none"> <li>a) Credit is allowed only to approved customers which is reviewed yearly.</li> <li>b) Obtaining bank guarantees, deposits, post- dated cheques from local debtors and insurance cover for export debtors whenever there is a doubt about recovery.</li> <li>c) Closely monitoring the debtor balances and laying down action plans accordingly.</li> </ul>	Medium
5.4.2 Operational process Risk	Internal process failures, fraud, pilferage and breakdown of internal controls	<ul style="list-style-type: none"> <li>a) The Company sources its products and services from approved suppliers.</li> <li>b) Outsource internal audit to reputed audit firm to review and report on the adequacy of the financial and operational controls to the Audit Committee.</li> <li>c) Systems and procedures are in place to ensure compliance with internal controls, which are monitored and reviewed for their continued efficiency and effectiveness.</li> <li>d) Provide focused and structured training to staff at all levels to familiarize themselves with processes and procedures.</li> <li>e) Carrying out mandatory preventive maintenance programs.</li> </ul>	Medium

# NOTES to the Financial Statements (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking
5.4.3 Financing and Interest rate risk	Inability to satisfy debt repayments and obtain the best interest rates.	<ul style="list-style-type: none"> <li>a) To have adequate facilities for obtaining USD loans and borrowings in foreign currency to bring down finance charges.</li> <li>b) Funding of long- term assets through equity and long- term loans.</li> <li>c) To have adequate short term borrowing facilities available at all times.</li> <li>d) Low gearing is maintained.</li> </ul>	Low
5.4.4 Foreign Exchange rate Risk	Depreciation of the rupee value and loss of exchange in conversion in relation to export proceeds, import payments and foreign currency debt transactions.	<ul style="list-style-type: none"> <li>a) Exchange rate movements are taken in to consideration before conversion and pricing.</li> <li>b) Practicing effective hedging techniques.</li> <li>c) Continuous evaluation of the impact of Central Bank regulations.</li> </ul>	High
5.4.5 Investment/ Project Management Risks	New projects / Capital expenditures involve high risks and uncertainties in terms of delays and cost overruns. Failure of major projects will affect profitability, capital structure and reputation.	<ul style="list-style-type: none"> <li>a) Conduct a PESTEL analysis and feasibility study before initiating the projects.</li> <li>b) Board approval should be received for all investments.</li> <li>c) Post-evaluation of the projects is carried out for each investment.</li> </ul>	Low
5.4.6 Liquidity Risk	Inadequate liquidity can have an adverse impact on ongoing operations, marketing and investment in new products and brands.	<ul style="list-style-type: none"> <li>a) The liquidity position of the Company is regularly reviewed and reported to the Board.</li> <li>b) Projected net borrowings are covered by committed banking facilities and a healthy industry-related gearing ratio is maintained.</li> <li>c) The Company's good relationships and facilities with many banks and other sources of finance ensure reliable access to funds.</li> <li>d) Competitor analysis is carried out</li> <li>e) Evaluate the payback, ROI and interest cost of the project</li> </ul>	Medium

# NOTES to the Financial Statements (Contd...)

FOR THE YEAR ENDED 31ST MARCH		2023	2022
	NOTE	Rs.	Rs.
<b>06. Revenue</b>			
Sale of goods	06.1	2,894,859,913	2,885,189,070
		<b>2,894,859,913</b>	<b>2,885,189,070</b>
<b>6.1 - Composition of Revenue</b>			
Export turnover		1,536,425,854	1,023,410,490
Local turnover		1,358,434,059	1,861,778,580
		<b>2,894,859,913</b>	<b>2,885,189,070</b>
<b>07. Other Income</b>			
Income from solar project and miscellaneous		7,024,227	250,505
		<b>7,024,227</b>	<b>250,505</b>
<b>08. Profit from operations is stated after charging all expenses including following:</b>			
Cost of material consumed		1,366,043,465	1,776,060,667
Employee benefit expenses	08.1	516,616,038	409,927,730
Other overheads		14,916,999	12,744,505
Depreciation		77,493,392	82,623,489
Amortization of intangible assets		1,213,292	927,964
Export expenses		39,111,813	43,654,636
Machinery maintenance		43,073,823	32,578,537
Sub contract wages		11,850,393	17,947,472
Auditors remuneration - Assurance services		568,500	555,950
Auditors remuneration - Non assurance services		101,000	77,000
Others		451,399,378	318,845,644
		<b>2,522,388,093</b>	<b>2,695,943,594</b>
<b>8.1 Employee Benefit Expenses</b>			
Director's Remuneration		47,369,996	41,084,839
Management Fees		33,962,444	-
Bonus and other allowances		5,052,578	4,116,684
Salaries, wages, overtime and other staff costs		370,540,096	326,321,239
Post employment benefit - Gratuity		13,295,391	5,929,880
EPF and ETF		27,493,466	25,608,207
Direct Employees Medical		8,021,511	1,964,592
Direct Employees-Travelling		9,804,479	4,032,029
Direct Employees-Welfare		1,076,077	870,260
		<b>516,616,038</b>	<b>409,927,730</b>

# NOTES to the Financial Statements (Contd...)

FOR THE YEAR ENDED 31ST MARCH		2023	2022
	NOTE	Rs.	Rs.
<b>9. Net Finance Cost</b>			
<b>9.1 Finance Income</b>			
Interest income from fixed deposit		3,851,857	1,150,560
Interest income from foreign currency deposits		1,123,877	472,073
Interest income from treasury bills		3,647,426	939,855
Interest income from debentures		975,000	1,187,500
Interest income - Staff loans		82,426	94,550
		<b>9,680,586</b>	<b>3,844,538</b>
<b>9.2 Finance Cost</b>			
Interest expenses on bank borrowings		170,053,465	53,400,271
Interest on long term loans		9,661,228	2,198,071
Foreign exchange loss		21,906,300	27,498,900
Overdraft interest		32,907,418	10,723,825
		<b>234,528,411</b>	<b>93,821,067</b>
<b>Net finance cost</b>		<b>(224,847,825)</b>	<b>(89,976,529)</b>
<b>10. Income Tax Expenses</b>			
Income tax provision for the year	10.1	37,517,552	19,629,526
Origination and reversal of temporary differences of deferred tax assets and liabilities	17	24,231,944	(4,134,064)
		<b>61,749,496</b>	<b>15,495,462</b>
<b>10.1 Reconciliation between Income Tax Expenses and the Accounting Profits</b>			
Profit before income tax		154,648,222	99,519,452
Tax effects of:			
– Total disallowable expenses		102,430,117	90,270,699
– Total allowable expenses		(93,912,485)	(72,442,455)
Taxable income / (taxable loss) from ordinary activities		163,165,854	117,347,697
Income not part of adjusted business profit / (loss)		(9,680,586)	(3,844,538)
<b>Taxable business profit</b>		<b>153,485,268</b>	<b>113,503,159</b>
Interest on fixed deposits and treasury bills		8,556,709	3,372,465
<b>Total taxable income</b>		<b>162,041,977</b>	<b>116,875,624</b>
<b>Total taxable income</b>			
Taxable @ 30%		81,020,989	-
Taxable @ 24%		4,278,354	3,372,465
Taxable @ 14%		40,730,595	40,260,905
Taxable @ 18%		36,012,039	73,242,253
<b>Income tax expenses</b>			
Tax @ 30%		24,306,297	-
Tax @ 24%		1,026,805	809,392
Taxable @ 14%		5,702,283	5,636,528
Taxable @ 18%		6,482,167	13,183,606
<b>Tax for the year</b>		<b>37,517,552</b>	<b>19,629,526</b>



# NOTES to the Financial Statements (Contd...)

Based on the provisions of Inland Revenue Act No.24 of 2017, up to 30 September 2022, tax on the taxable income of the Company is charged at rates of 14%, 18% and 24%. However, as per the new tax amendments introduced by Inland Revenue Department during the financial year 2022/23, income tax rate of 30% is applied to calculate the tax liability for the period from 1 August 2022 to 31 March 2023.

<b>FOR THE YEAR ENDED 31ST MARCH</b>	<b>2023</b>	<b>2022</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>11. Earnings per Share</b>		
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding at year end .		
<b>Amount Used as the Numerator</b>		
Profit for the year	92,898,726	84,023,990
<b>Profit attributable to equity holders of the Company</b>	<b>92,898,726</b>	<b>84,023,990</b>
<b>Number of Ordinary Shares Used as the Denominator</b>		
Weighted average number of ordinary shares in issue	4,232,771	4,232,771
<b>Weighted average number of ordinary shares for earnings per share</b>	<b>4,232,771</b>	<b>4,232,771</b>
<b>Basic earnings per share (Rs.Cts)</b>	<b>21.95</b>	<b>19.85</b>
<b>12. Dividend Per Share</b>		
<b>Amounts used as numerator</b>		
Dividend paid	8,465,170	8,465,520
<b>Number of ordinary shares used as the denominator</b>		
Weighted average number of ordinary shares in issue	4,232,771	4,232,771
<b>Dividend per share (Rs. Cts.)</b>	<b>2.00</b>	<b>2.00</b>

# NOTES to the Financial Statements (Contd...)

## 13. Property, Plant and Equipment

Cost/Valuation	Balance as at 01.04.2022 Rs.	Additions Rs.	Transferred from WIP assets Rs.	Disposals Rs.	Balance as at 31.03.2023 Rs.
<b>Freehold assets</b>					
Freehold land	28,392,755	-	-	-	28,392,755
Buildings	265,165,379	16,284,059	15,651,580	-	297,101,018
Plant and machinery	617,489,676	64,112,337	-	-	681,602,013
Machine accessories	163,620,760	33,690,564	3,163,577	-	200,474,901
Furniture and fittings	1,726,585	-	-	-	1,726,585
Office equipment	26,285,712	1,504,430	-	-	27,790,142
Motor vehicles	24,742,824	-	-	-	24,742,824
	<b>1,127,423,691</b>	<b>115,591,390</b>	<b>18,815,157</b>	<b>-</b>	<b>1,261,830,238</b>
<b>ACCUMULATED DEPRECIATION</b>					
<b>Freehold assets</b>					
Freehold land	-	-	-	-	-
Buildings	126,143,004	11,051,575	-	-	137,194,579
Plant and machinery	312,007,013	28,962,474	-	-	340,969,487
Machine accessories	124,652,389	32,057,695	-	-	156,710,084
Furniture and fittings	1,134,478	29,922	-	-	1,164,400
Office equipment	12,220,126	2,202,173	-	-	14,422,299
Motor vehicles	12,512,471	3,189,553	-	-	15,702,024
	<b>588,669,481</b>	<b>77,493,392</b>	<b>-</b>	<b>-</b>	<b>666,162,873</b>
<b>WRITTEN DOWN VALUE</b>					
<b>Freehold assets</b>					
Freehold land	28,392,755	-	-	-	28,392,755
Buildings	139,022,375	-	-	-	159,906,439
Plant and machinery	305,482,663	-	-	-	340,632,526
Machine accessories	38,968,371	-	-	-	43,764,817
Furniture and fittings	592,107	-	-	-	562,185
Office equipment	14,065,586	-	-	-	13,367,843
Motor vehicles	12,230,353	-	-	-	9,040,800
<b>Net book value</b>	<b>538,754,211</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>595,667,366</b>

### 13.1 WORK IN PROGRESS ASSETS

	Balance as at 01.04.2022 Rs.	Additions Rs.	Capitalized during the year Rs.	write off Rs.	Balance as at 31.03.2023 Rs.
Buildings	15,651,580	-	(15,651,580)	-	-
Mould & Accessories	3,163,577	-	(3,163,577)	-	-
	18,815,157	-	(18,815,157)	-	-
<b>Grand Total</b>	<b>557,569,368</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>595,667,366</b>

# NOTES to the Financial Statements (Contd...)

## 13.2 Other explanatory notes for Property, Plant and Equipment

### (a) Fully depreciated Property, plant and equipment

A class wise analysis of the initial cost of fully depreciated property, plant and equipment of the Company which are still in use as at the reporting date is as follows.

As at 31st March	2023 Rs.	2022 Rs.
Furniture and fittings	1,038,913	1,038,913
Motor vehicles	7,561,657	7,316,657
Office equipment	4,435,790	7,316,657
Plant and machinery	67,775,941	56,186,503
Machine Accessories	40,608,040	30,496,601
Building	72,570,661	-
<b>Total</b>	<b>193,991,002</b>	<b>102,355,331</b>

### (b) Temporarily idle property, plant and equipment

There were no Property, plant and equipment idle from active use as at the reporting date.

### (c) Property, plant and equipment retired from active use

There were no Property, plant and equipment retired from active use as at the reporting date.

### (d) Title restriction of Property, plant and equipment

There were no restrictions on the title of property, plant and equipment as at the reporting date.

### (e) Land holdings

The value of factory lands situated at Akuressa Road, Bogahagoda, Galle was valued by an independent incorporated valuer at a value of Rs. 266.4 Mn as at 27th September 2018. Paddy field at Akuressa Road Bogahagoda was valued at Rs.1.1Mn. PVC factory at Gilcroft Estate, Kiribathwila, Ampegama, Baddegama was purchased in 2014/15 and its market value is Rs. 20 Mn. The factory at No: 57B, Industrial Processing Zone, Nagoda, Kaluthara was purchased in 2010/2011 and its current market value is Rs. 25 Mn.

Location	Address	No. of Buildings	Extent of land	Extent of Building
<b>Galle Factory</b>	Akuressa Road, Bogahagoda, Galle.	10 Buildings	7 Acres 2 Roods & 30.5 Perches	107,160 Sq ft
<b>Kalutara Factory</b>	No. 57/B, Fullerton Industrial Zone, Nagoda, Kalutara.	03 Buildings	120 Perches	5,990 Sq ft
<b>Baddegama Factory</b>	Gilcroft Estate, Kiribathwila, Ampegama, Baddegama	01 Building	2 Acres 2 Roods & 0.11 Perches	34,915 Sq ft
<b>Paddy Field</b>	Akuressa Road, Bogahagoda, Galle.	-	1 Acres 3 Roods & 3 Perches	-
<b>Total</b>			<b>12 Acres 3 Roods &amp; 33.61 Perches</b>	<b>148,065 Sq ft</b>

The above lands were valued by Mr. D. L. Pathmasiri, Bsc.(Sp) Estate Management and valuation, Associate Member of Institute of Values of Sri Lanka, of Pathmasiri Liyanage and Associates Private Limited , No 06,1st Floor, City View Shopping Complex,Talbat Town,Galle in September 2018.

# NOTES to the Financial Statements (Contd...)

As at 31st March	2023 Rs.	2022 Rs.
<b>14. Intangible Assets</b>		
<b>Cost</b>		
Balance at the beginning of the year	12,132,919	8,812,172
Additions during the year	-	3,320,747
<b>Balance at the end of the year</b>	<b>12,132,919</b>	<b>12,132,919</b>
<b>Amortization</b>		
Balance at the beginning of the year	6,158,980	5,231,016
Charge for the year	1,213,292	927,964
<b>Balance at the end of the year</b>	<b>7,372,272</b>	<b>6,158,980</b>
<b>Net book value</b>	<b>4,760,647</b>	<b>5,973,939</b>

## 15. Financial Assets at Fair Value through Profit and Loss

Quoted debentures	Note 15.1	6,401,490	10,000,000
		<b>6,401,490</b>	<b>10,000,000</b>

15.1. Quoted Debentures	No of Debentures	Market Price Rs. Cts	Market Value As at 31.03.2023 Rs.	Market Value As at 31.03.2022 Rs.
Seylan Bank	100,000	64.01	6,401,490	10,000,000
			<b>6,401,490</b>	<b>10,000,000</b>

As at 31st March	2023 Rs.	2022 Rs.
<b>16. Financial Assets at Amortized Cost</b>		
Investment in treasury bills	20,963,686	18,411,656
	<b>20,963,686</b>	<b>18,411,656</b>

Based on available Auction market information, the fair value of investments in treasury bills equals to its carrying value as at 31 March 2023.

## 17. Deferred Tax Assets and Liabilities

<b>17.1 Deferred tax assets</b>		
Balance at the beginning of the year	8,722,180	8,160,139
Recognized in profit and loss	10,404,156	665,504
Recognized in other comprehensive income	(465,044)	(103,463)
<b>Balance at the end of the year</b>	<b>18,661,292</b>	<b>8,722,180</b>

# NOTES to the Financial Statements (Contd...)

As at 31st March	NOTE	2023 Rs.	2022 Rs.
<b>17.2 Deferred tax liabilities</b>			
Balance at the beginning of the year		34,766,797	38,235,357
Recognized in profit and loss		34,636,099	(3,468,560)
<b>Balance at the end of the year</b>		<b>69,402,896</b>	<b>34,766,797</b>
<b>Net deferred tax liability</b>		<b>50,741,605</b>	<b>26,044,617</b>
<b>17.3 Composition of net deferred tax liability is as follows;</b>			
Deferred tax liability on property, plant and equipment		69,402,896	34,766,797
Deferred tax asset on retirement benefit obligation		(18,661,291)	(8,722,180)
		<b>50,741,605</b>	<b>26,044,617</b>
<b>18. Inventories</b>			
Raw materials		493,659,786	498,251,155
Work in progress		16,730,473	53,492,140
Finished goods		276,083,854	163,558,584
Stationery, consumable maintenance and energy		29,243,833	19,892,600
		815,717,946	735,194,479
Provision for inventories		(9,422,392)	(5,349,689)
		<b>806,295,554</b>	<b>729,844,790</b>
<b>18.1 Movements on the provision for inventory is as follows:</b>			
Balance at the beginning of the year		5,928,928	5,928,928
Provision / (reversal) for inventory impairment		4,072,703	-
<b>Balance at the end of the year</b>		<b>10,001,631</b>	<b>5,928,928</b>
<b>19. Trade and Other Receivables</b>			
Trade receivables - Local		137,006,537	286,275,676
Trade receivables - Foreign		302,175,154	236,417,730
Trade receivables - Related parties	19.1	28,543,092	69,209,864
Less: Specific provision for doubtful trade receivables	19.2	(2,976,977)	(668,878)
Trade receivables - net		464,747,806	591,234,392
Other receivables		17,515,060	1,789,986
Deposits and prepayments		22,539,639	4,774,329
Advances		91,595,651	65,483,482
		<b>596,398,156</b>	<b>663,282,189</b>

# NOTES to the Financial Statements (Contd...)

As at 31st March	NOTE	2023 Rs.	2022 Rs.
<b>19.1 Trade Receivables - Related parties</b>			
D. Samson Industries (Pvt) Ltd.		17,998,552	44,663,579
Samson Engineers (Pvt) Ltd.		-	4,224
Samson Trading (Pvt) Ltd.		2,307,359	22,782,082
Samson Compounds (Pvt) Ltd.		7,340,181	1,432,469
Samson Rubber Industries (Pvt) Ltd.		741,746	20,074
Samson Rajarata Tiles (Pvt) Ltd.		102,515	161,276
Samson Reclaime Rubbers Ltd.		-	146,160
D. Samson & Sons (Pvt) Ltd		52,739	-
		<b>28,543,092</b>	<b>69,209,864</b>
<b>19.2 Movement in provision for doubtful trade receivables</b>			
Balance at the beginning of the year		668,878	2,407,902
Provision / (reversal) for the year		2,308,099	(1,739,024)
<b>Balance at the end of the year</b>		<b>2,976,977</b>	<b>668,878</b>

As of 31st March 2023, Trade Receivables of Rs 458,304,990/- (as of 31st March 2022 was Rs. 577,585,340/-) were fully performing.

As of 31st March 2023, Trade Receivables of Rs. 14,102,542/- (as of 31st March 2022 was Rs. 53,597,365/-) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

3 to 6 months	7,327,980	38,975,711
over 6 months	6,774,562	14,621,654
	<b>14,102,542</b>	<b>53,597,365</b>

As of 31 March 2023, trade receivables of Rs 2,976,977/- (as of 31 March 2022 Rs 668,878/-) were impaired and provided for. The individually impaired receivables mainly relate to customers, who are in unexpectedly difficult economic situations. It was assessed that no portion of the impairment provision for receivables is expected to be recovered.

<b>19.3 Analysis of current financial instruments by category</b>			
<b>Financial assets at amortized cost</b>			
Trade and other receivables excluding prepayments, statutory payments and advances		469,869,347	592,374,430
Cash and cash equivalents	20	86,505,062	98,309,058
		<b>556,374,409</b>	<b>690,683,488</b>
<b>Financial liabilities at amortized cost</b>			
Trade and other payables (Excluding statutory liabilities and advances)	23	140,083,452	330,948,994
Borrowings	24	905,784,800	788,283,166
		<b>1,045,868,252</b>	<b>1,119,232,160</b>



# NOTES to the Financial Statements (Contd...)

As at 31st March	NOTE	2023 Rs.	2022 Rs.
<b>19.4 Exposure to credit risk</b>			
The carrying amount of financial assets represents the maximum credit exposure.			
The maximum exposure to credit risk at the end of the reporting period was as follows:			
Trade receivables	19	464,747,806	591,234,392
		<b>464,747,806</b>	<b>591,234,392</b>

The maximum exposure to credit risk for trade receivables at the end of the reporting period by type of counterparty is as follows:

Trade receivables from related parties	19.1	28,543,092	69,209,864
Trade receivables - others		436,204,714	522,024,528
		<b>464,747,806</b>	<b>591,234,392</b>

Amounts due from related companies were given on normal credit terms.

## 20. Cash and Cash Equivalents

Cash at bank	62,351,438	74,183,332
Cash on hand	150,314	122,416
Short term fixed deposits	24,003,310	24,003,310
	<b>86,505,062</b>	<b>98,309,058</b>

### 20.1 For the purpose of statement of cash flows, cash and cash equivalents comprise the following:

Cash at bank	62,351,438	74,183,332
Cash on hand	150,314	122,416
Short term deposits	24,003,310	24,003,310
Bank overdrafts	(155,177,382)	(158,501,504)
	<b>(68,672,320)</b>	<b>(60,192,446)</b>

The Company held cash and cash equivalents with reputed commercial banks.

## 21. Stated Capital

4,232,771 Number of Ordinary shares issued and fully paid	109,600,211	109,600,211
	<b>109,600,211</b>	<b>109,600,211</b>

# NOTES to the Financial Statements (Contd...)

As at 31st March	NOTE	2023 Rs.	2022 Rs.
<b>22. Retirement Benefit Obligation</b>			
<b>Movement in the Present Value of Defined Benefit Obligation</b>			
Balance at the beginning of the year		52,602,974	49,164,034
Current charge for the year /past service cost		5,404,945	1,996,757
Interest cost		7,890,446	3,933,123
Actuarial (gain) / loss on obligation		(1,550,145)	(623,977)
Benefit paid		(2,143,916)	(1,866,963)
<b>Balance at the end of the year</b>		<b>62,204,304</b>	<b>52,602,974</b>
The expenses is recognized in the following line items in the Statement of Profit or Loss.			
Cost of sales		7,977,235	3,557,928
Administrative expenses		5,318,156	2,371,952
<b>Balance at the end of the year</b>		<b>13,295,391</b>	<b>5,929,880</b>

As at 31st March 2023, the gratuity liability was actuarial valued under the Projected Unit Credit (PUC) method by a professionally qualified actuary Mr. Munisamy Poopalanathan of Actuarial and Management Consultants (Pvt) Ltd, 1st floor, 434, R.A. De Mel Mawatha, Colombo 03 who is a qualified actuary, A.I.A (London). A required account provision of the Company as at 31st March 2023 has been determined based on the recommendation on this report.

22.1 Key assumptions used for calculation of retirement benefit obligation	2023	2022
Salary incremental rate	15.00%	13.00%
Rate of discount	18.00%	15.00%
Staff turnover rate	5% to 48%	5% to 48%
Retirement age	60 years	60 years

Salary increment rate increased by 2% in the current period based on a management decision considering the inflationary conditions in the country. Rate of discount is set based on published 12 years government treasury bond rate prevailing as at the actuarial valuation date. Staff turnover rate varies ranging from 5% to 48% per annum based on the category on the age limit. This 48% represent the casual workers.

Provision has been made for the retirement benefit obligation in conformity with LKAS 19 - Employee Benefits.

## 22.2 Sensitivity Analysis

In order to illustrate the significance of the salary escalation and discount rate used in the actuarial valuation as at 31st March 2023, sensitivity analysis has been carried out as follows;

Discount Rate	Salary Escalation Rate	Staff Turnover Rate	Present Value of Defined Benefit Obligation - (Rs.)
1% Increase	As per Note 22.1	As per Note 22.1	58,927,732
1% Decrease	As per Note 22.1	As per Note 22.1	66,007,177
As per Note 22.1	1% Increase	As per Note 22.1	65,998,047
As per Note 22.1	1% Decrease	As per Note 22.1	58,883,629
As per Note 22.1	As per Note 22.1	10% Increase	62,644,578
As per Note 22.1	As per Note 22.1	10% Decrease	61,901,888

# NOTES to the Financial Statements (Contd...)

As at 31st March		2023	2022
	NOTE	Rs.	Rs.
<b>22.3</b>	<b>Distribution of employee benefit obligation over future working lifetime</b>		
	Within the next 12 months	7,380,775	6,308,395
	Between 1 and 2 years	11,269,353	8,911,053
	Between 3 and 5 years	13,998,232	7,585,361
	Beyond 5 years	29,555,944	29,798,165
		<b>62,204,304</b>	<b>52,602,974</b>
<b>23.</b>	<b>Trade and Other Payables</b>		
	Trade creditors - Related Companies	23.1	28,656,935
	Trade creditors - Direct Import		51,716,848
	Trade creditors - Other		153,916,059
	Customer advances		74,378,183
	Customer guarantee deposits		9,419,793
	Expense creditors		5,362,875
	Statutory payables		23,579,265
			36,199,849
			4,725,908
		<b>159,592,028</b>	<b>386,259,673</b>
<b>23.1</b>	<b>Trade Creditors - Related Companies</b>		
	D. Samson Industries (Pvt) Ltd.		497,847
	Samson Reclaim Rubbers Ltd.		35,420
	Samson Rubber Products (Pvt) Ltd.		7,027,850
	Samson Group Corporate Services (Pvt) Ltd.		1,188,164
	Samson Compounds (Pvt) Ltd.		16,392,499
	D S I Welfare Shop		-
	Mount Spring Water (Pvt) Ltd.		-
	Samson Rubber Industries(Pvt) Ltd		28,364
	D Tech (Pvt) Ltd		187,853
	D.Samson & Sons (Pvt) Ltd		419,395
	Samson Engineers (Pvt) Ltd		-
	Samson Manufacturers (Pvt) Ltd		-
	DSI Samson Group (Pvt) Ltd		2,879,543
		<b>28,656,935</b>	<b>51,716,848</b>
<b>24.</b>	<b>Short Term Borrowings</b>		
	Bank overdrafts		155,177,382
	Other short term borrowings		750,607,418
		<b>905,784,800</b>	<b>788,283,166</b>

# NOTES to the Financial Statements (Contd...)

## 24.1 - Securities for the above facilities are as follows:

Nature of Asset	Nature of the Loan Facility	Bank / Institution	Securities
Inventory	Overdraft	Hatton National Bank PLC	Finished good stocks & debtors and Promissory note 14.30 Mn
Confirmed order confirmation	Packing Credit Loan	Seylan Bank PLC	Confirmed order confirmation.
Inventory	Overdraft	Seylan Bank PLC	Finished good stocks & debtors.
Fixed deposit	Overdraft	Bank Of Ceylon	Fixed deposit of Rs. 10,500,000/-
Inventory	Overdraft	Bank Of Ceylon	Raw material stocks
Financial assets	Overdraft	DFCC Vardhana Bank PLC	Treasury bills of Rs.23,171,386.87/-
Inventory	Overdraft	Commercial Bank PLC	Finished good stocks & debtors.
Inventory	Overdraft	Nations Trust Bank PLC	Raw material stocks.

As at 31st March	NOTE	2023 Rs.	2022 Rs.
<b>24.2 Other short term borrowings</b>			
Balance at the beginning of the year		629,781,662	397,403,823
Obtained during the year		2,086,500,000	1,897,478,231
Exchange gain / loss		-	14,415,326
Repayments during the year		(1,965,674,244)	(1,679,515,719)
<b>Balance at the end of the year</b>		<b>750,607,418</b>	<b>629,781,662</b>

## 25. Commitments and Contingencies

There were no commitments and contingencies existing as at the reporting date.

## 26. Events Occurring after the Reporting date

No circumstances have arisen, since reporting date, which would require adjustments to, or disclosure, in the financial statements other than disclosed below:

At the Board meeting held on 25th of May 2023, final dividend of Rs. 2.00 per share amounting to Rs. 8.4 Mn has been proposed for the year ended 31st March 2023 by the Board of the Directors.

## 27. Related Party Disclosures

Details of significant related party disclosures are as follows:

### 27.1 Parent and ultimate controlling party

Company does not have an identifiable parent of its own.

### 27.2 Key Management Personnel of the Company

The Key Management personnel (KMP) comprise the members of its Board of Directors. Directors' remuneration for the financial year ended March 31, 2023 is given in note 8.1 to the financial statements.

Mr. D.K. Rajapaksa - Chairman / Managing Director)

Mr. T.K. Bandaranayake

Mr. D.G.P.S. Abeygunawardana - (Director/General Manager)

Mr. D.D. A. Rajapaksa - (Joint Managing Director )

Mr. D.C.J. Rajapaksa

Ms. C. I. Malwatte

MR. D.N.S Rajapaksa

# NOTES to the Financial Statements (Contd...)

## 27.3 Transactions with Key Management Personnel of the Company

### 27.3.1 Key Management Personnel Compensation

For the year ended 31 March	2023 Rs.	2022 Rs.
Short-term employee benefits	47,369,996	41,084,839
	<b>47,369,996</b>	<b>41,084,839</b>

The Company has not incurred any amount as termination benefits or post employment benefits on account of the key managerial personnel during the year.

### 27.4 Directors Interest In Contracts with the Company

'None of the directors of the Company had any direct or indirect interests in any existing or proposed contracts with the Company other than those stated below:

- Mr. D.K RAJAPAKSA who is a director of the Company is also holding directorships in the following Companies within the Group.

Name of Company	Relationship
Samson Plantations (Pvt) Ltd	Director

- Mr. D.D.A Rajapaksa who is a director of the company is also holding directorships in the following Companies within the Group.

Name of Company	Relationship
Samson Insurance Broker (Pvt) Ltd	Director
Samtessi Brush Manufacturers (Pvt) Ltd.	Managing Director
Samson Investments (Pvt) Ltd.	Director
D. Samson Industries (Pvt) Ltd.	Director
Samson Compounds (Pvt) Ltd.	Director
DSI Samson Group (Pvt) Ltd	Director
Samson Rajarata Tiles (Pvt) Ltd	Director

- Mr. D.C.J Rajapaksa who is a director of the Company is also holding directorships in the following Companies within the Group.

Name of Company	Relationship
D. Samson Industries (Pvt) Ltd.	Director
Samson Compounds (Pvt) Ltd.	Director
Samson Group Corporate Services (Pvt) Ltd	Director
Samson Bikes (Pvt) Ltd.	Director
Samson Engineers (Pvt) Ltd.	Director
Hydro Trust Lanka (Pvt) Ltd	Managing Director
Werapitiya Hydro Power (Pvt) Ltd	Managing Director
Loggal Oya Hydro Power (Pvt) Ltd	Managing Director
Samson Plantations (Pvt) Ltd	Director
Samson Trading Company (Pvt) Ltd	Director
Samson Manufacturers (Pvt) Ltd	Director
Samson Rajarata Tiles (Pvt) Ltd	Director
Samson Exports (Pvt) Ltd	Director
Samson Apparel Makers (Pvt) Ltd	Director

# NOTES to the Financial Statements (Contd...)

## 27.5 Transaction with related companies

The Company has entered into transactions during the year with following Companies in which some of the directors of the Company are also directors of those companies.

Company has performed below transaction with D. Samson Industries (Pvt) Ltd and Samson Compounds (Pvt) Ltd during the year. Aggregate value of which exceed 10% of the revenue of the company as at 31 March 2022 audited financial statements, which required additional disclosure in the 2022/23 Annual Report under Colombo Stock Exchange listing rule 9.3.2.

Name of Company	Relationship	Nature of the transaction	Aggregate value of the RPTs entered during the year	Aggregate value of the RPTs entered during the year as a % of 2021/22 revenue	Terms & condition
D. Samson Industries (Pvt) Ltd.	Affiliate	Sales	505,004,029	17.5%	Terms equivalent to those that prevail at arm's length transaction
		Settlement	(528,186,886)	-18.3%	
		Purchases	(3,665,460)	-0.1%	
Samson Compounds (Pvt) Ltd.	- do -	Sales	17,456,070	0.6%	Terms equivalent to those that prevail at arm's length transaction.
		Settlement	(491,313,323)	-0.4%	
		Purchases	486,359,181	0.0%	

### 27.5.1 Transaction with other related companies

Company	Relationship	Nature of Transactions in 2023			Balance as at 31/03/2023
		Sales	Purchases	Settlement	
		Rs.	Rs.	Rs.	Rs.
Samson Rubber Industries (Pvt) Ltd	Affiliate	792,210	(1,162,933)	(1,064,030)	741,746
Samson Engineers (Pvt) Ltd	- do -	605,838	(2,884,680)	(2,425,268)	-
D Samson & Sons (Pvt) Ltd	- do -	56,650	(9,116,878)	8,971,296	(419,395)
Samson Group Corporate Services (Pvt) Ltd.	- do -	-	(3,715,129)	3,721,121	(1,188,164)
Samson Rajarata Tiles (Pvt) Ltd	- do -	554,397	(137,970)	475,187	102,515
Samson Reclaim Rubbers Ltd.	- do -	269,063	(414,145)	(231,337)	(35,420)
Samson Rubber Products	- do -	17,363,527	(34,312,514)	11,186,576	(7,027,850)
Samson Trading (Pvt) Ltd.	- do -	52,273,428	-	(72,748,150)	2,307,359
Mount Spring Water (Pvt) Ltd	- do -	-	(128,501)	159,882	-
D Tech (Pvt) Ltd	- do -	-	(2,334,073)	2,584,795	(187,853)
DSI Welfare Shop	- do -	-	-	10,704	-
DSI Samson Group (Pvt) Ltd	- do -	-	(82,508,760)	85,628,552	(2,879,543)
Samson Manufacturers (Pvt) Ltd	- do -	-	-	16,360	-

There were no other related party transactions other than disclosed above.

# NOTES to the Financial Statements (Contd...)

**27.6** Outstanding amounts due from and to related parties are disclosed in Note 19.1 and 23.1 respectively.

**27.7** Related party transactions were made on terms equivalent to those that prevail in arm's length transactions only if such terms can be substantiated.

Transactions with related parties were carried out in the ordinary course of the business. Outstanding current account balances at year end are unsecured, interest free and settlement will be made in cash subject to normal credit terms of 2 months.

## 28. Segmental Operating Results

The company is organized into operating segments based on their products which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge.

Description	(Rs. '000)					
	RUBBER ITEMS		PVC ITEMS		COMPANY	
	2023	2022	2023	2022	2023	2022
Total turnover	2,096,091	1,521,634	798,769	1,363,555	2,894,860	2,885,189
Segmental Expense	(1,872,550)	(1,430,873)	(642,814)	(1,264,820)	(2,515,364)	(2,695,693)
<b>Profit / (Loss) from Operations</b>	<b>223,541</b>	<b>90,761</b>	<b>155,955</b>	<b>98,735</b>	<b>379,496</b>	<b>189,496</b>
<b>Geographical segment</b>						
Europe	1,245,668	833,520	-	-	1,245,668	833,520
Australia and New Zealand	42,573	23,950	-	-	42,573	23,950
America / Canada	54,899	30,127	-	-	54,899	30,127
Africa and Middle -east	84,624	57,812	-	-	84,624	57,812
Asia / Sri Lanka	667,408	576,225	798,769	1,363,555	1,466,177	1,939,780
<b>Total</b>	<b>2,095,172</b>	<b>1,521,634</b>	<b>798,769</b>	<b>1,363,555</b>	<b>2,893,941</b>	<b>2,885,189</b>
<b>Financial Position segment</b>						
Property, plant and equipment	357,791	207,700	237,876	331,054	595,667	538,754
Inventories	371,225	319,968	435,070	409,877	806,295	729,845
Trade and other receivables	468,619	470,876	128,115	192,406	596,734	663,282
Trade and other payables	110,881	122,811	49,047	263,448	159,928	386,259



# INVESTOR Information



## Last Annual General Meeting

*“While valuing the patronage of all our shareholders, the Company has made every endeavors to ensure equitable treatment to all our shareholders irrespective of the number of shares they hold. Therefore, the active participation of shareholders at the Annual General Meeting is encouraged”.*

The Board seeks Annual General meeting to communicate with investors and all shareholders are encouraged to participate. The chairman of audit and remuneration committee are available at the Annual General meeting to answer any questions raised by the shareholders.

## General

- |                    |   |   |
|--------------------|---|---|
| a) Stated capital  | - | Rs.109,600,211  |
| b) No. of Shares   | - | 4,232,771 (as at 31st March 2022 - 4,232,771)                             |
| c) Class of Shares | - | Ordinary Shares   |
| d) Date of Listing | - | The Company was listed on 24th July 1992 with the Colombo Stock Exchange. |
| e) Ticker symbol   | - | SIL.N0000 (in the Colombo Stock Exchange)                                 |
| f) Market sector   | - | Manufacturing   |

# INVESTOR Information (Contd...)

## Submission of audited accounts to CSE

The audited income statement for the year ended 31st March 2023 and the audited balance sheet of the Company as at that date have been submitted to the Colombo Stock Exchange within the stipulated date.

## Market Capitalization

The market capitalization of the Company which is the number of ordinary shares issued multiplied by the market value of a share (at the year-end), was Rs. 1,074 Mn at 31st March 2023 (Rs. 782 Mn as at 31st March 2022). Further, Float adjusted market capitalization is Rs. 465.9 Mn as at 31st March 2023. The Float adjusted market capitalization of the Company falls under Option 5 of Rule 7.14.1 (i) (a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

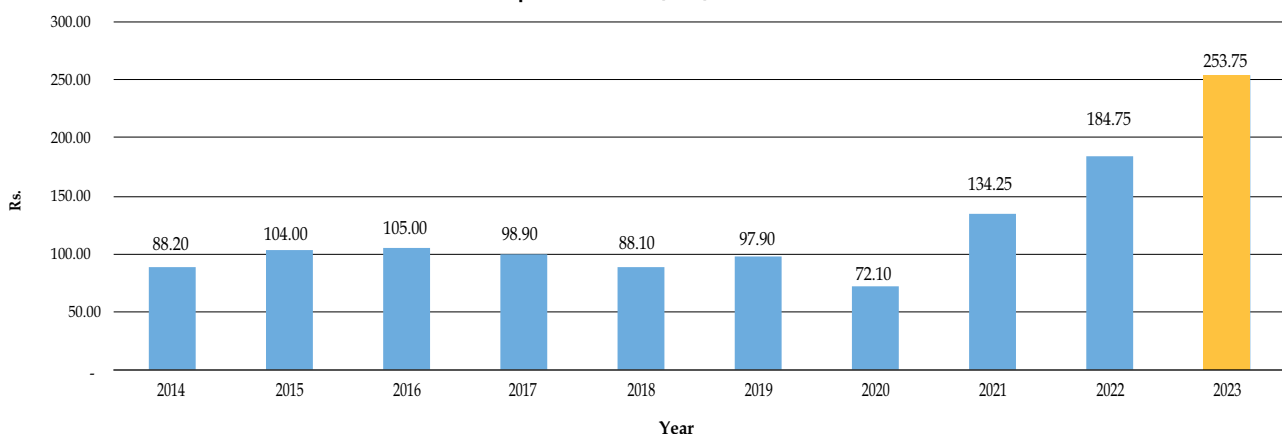
As at	31.03.2023	31.03.2022
Public Shareholding (%)	43.381%	43.393%
Public Shareholders as at 31.03.2023	1,194	1,222
Float adjusted market capitalization Rs.	465,945,646.25	339,308,339.75

## Market Value of the Company's Ordinary Shares

Market Value per share	2022/23 Rs.	Date	2021/22 Rs.	Date	Increased by Rs.
Highest Price	Rs.299.50	05.10.2022	300.00	01.02.2022	(0.50)
Lowest Price	Rs.120.00	19.05.2022	132.00	22.04.2021	(12.00)
Closing	Rs.253.75	28.03.2023	184.75	30.03.2022	69.00

Share Information	2022/23 Quarterly information				For the year	
	Q1	Q2	Q3	Q4	2022/23	2021/22
High (Rs.)	180.00	299.50	299.50	255.00	299.50	300.00
Low (Rs.)	120.00	126.50	220.00	201.25	120.00	132.00
Closing (Rs.)	136.25	295.25	250.00	253.75	253.75	184.75
Market capitalization (Rs in Mn)	576.71	1,249.72	1,058.19	1,074.06	1,074.06	782.0

### Market Price per Share (Rs.) as at 31st March



The Company recorded the highest market price per share as at 31st March 2023.

# INVESTOR Information (Contd...)

## Analysis of Shareholders based on number of shares held as at 31st March 2023

### As at 31st March 2023

No of Shares held	No of Shareholders	% of Shareholders	Total holding	% of total holding
1-1,000	1,108	91.8	113,315	2.7
1,001 – 10,000	80	6.6	215,840	5.1
10,001-100,000	13	1.1	305,096	7.2
100,001 – 1,000,000	4	0.3	1,241,623	29.3
1,000.000 & Over	2	0.2	2,356,897	55.7
Total	1,207	100	4,232,771	100

DSI Group invested more than 57% of the stake of the Company as at 31st March 2023.

### As at 31st March 2022

No of Shares held	No of Shareholders	% of Shareholders	Total holding	% of total holding
1-1,000	1,133	91.7	120,063	2.8
1,001 – 10,000	84	6.8	223,222	5.3
10,001-100,000	12	1.0	289,853	6.9
100,001 – 1,000,000	4	0.3	1,241,623	29.3
1,000.000 & Over	2	0.2	2,358,010	55.7
Total	1,235	100	4,232,771	100

## Analysis of Shareholders category-wise as at 31st March 2023

### As at 31st March 2023

Category	No of Shareholders	% of Shareholders	Total holding	% of total holding
Individual- Local	1,158	95.9	467,313	11.1
Institutional-local	41	3.4	3,649,827	86.2
Individual – foreign	8	0.7	115,631	2.7
Institutional- foreign	-	-	-	-
Total	1,207	100	4,232,771	100

It is noted that 95.9% of the number of shareholders are Sri Lankan individuals which represent 11.1% of the stake of the Company as at 31st March 2023. The Company maintains more than 20% of the total listed ordinary shares on more than 750 public shareholders as required by the rule 7.6 (iv) of the CSE Listing rules.

### As at 31st March 2022

Category	No of Shareholders	% of Shareholders	Total holding	% of total holding
Individual- Local	1,178	95.4	460,855	10.9
Institutional-local	49	4.0	3,656,285	86.4
Individual – foreign	8	0.6	115,631	2.7
Institutional- foreign	-	-	-	-
Total	1,235	100	4,232,771	100

# INVESTOR Information (Contd...)

## Twenty Major Shareholders as at 31st March 2023

No Shareholder	No of Shares as at		No of Shares as at		No of Shares	
	31.03.2023	%	31.03.2022	%	Increased by	% Inc. by
1 D.S.I Samson Group (Pvt) Ltd	1,325,306	31.311	1,325,306	31.311	-	-
2 Seylan Bank PLC / Senthilverl Holdings (Pvt) Ltd	1,031,591	24.372	1,032,704	24.398	(1,113)	-0.11%
3 D. Samson Industries Limited	603,633	14.261	603,633	14.261	-	-
4 D. Samson & Sons (Private) Limited	301,782	7.130	301,782	7.130	-	-
5 Sampath Bank PLC / Dr T. Senthilverl	230,000	5.434	230,000	5.434	-	-
6 Samson Rubber Industries (Private) Ltd	106,208	2.509	106,208	2.509	-	-
7 Mr Sanger GMBH	86,484	2.043	86,484	2.043	-	-
8 Mr A H Munasinghe	32,117	0.759	33,117	0.782	(1,000)	-3%
9 Mr K G Piyasena	25,278	0.597	25,278	0.597	-	-
10 Samson Manufacturers Limited	24,369	0.576	24,369	0.576	-	-
11 Mr H Tanigawa	22,506	0.532	22,506	0.532	-	-
12 Mrs. V Saraswathi & Mr. S Vasudevan	19,928	0.471	19,848	0.469	80	0.4%
13 Mr C N Pakianathan	18,216	0.430	18,416	0.435	(200)	-1.1%
14 Mr. M I Shibly	16,155	0.382	1,570	0.037	14,585	929%
15 Mr U I Suriyabandara	14,412	0.340	14,204	0.336	208	1.5%
16 Mrs D R Wimalasena	11,600	0.274	11,600	0.274	-	-
17 Miss D D G Rajapaksa	11,522	0.272	11,522	0.272	-	-
18 Mr D R Rajapaksa	11,350	0.268	11,350	0.268	-	-
19 Mr D K Rajapaksa	11,159	0.264	11,159	0.264	-	-
20 Mr D M Rajapaksa and Dr D B D Rajapaksa	10,000	0.236	10,000	0.236	-	-
<b>Total of 20 Major Shareholders</b>	<b>3,913,616</b>	<b>92.460</b>	<b>3,901,056</b>	<b>92.163</b>	<b>12,560</b>	<b>0.3%</b>
<b>Other 1,187 Shareholders as at 31/03/2023</b>	<b>319,155</b>	<b>7.540</b>	-	-	-	-
<b>Other 1,215 Shareholders as at 31/03/2022</b>	-	-	<b>331,715</b>	<b>7.837</b>	-	-
<b>Total Shareholdings of the Company</b>	<b>4,232,771</b>	<b>100.000</b>	<b>4,232,771</b>	<b>100.000</b>	-	-

## Public Holdings

As at 31st March 2023, the public held 43.381% (in 2021/22 – 43.393%) of the shares of the Company. The number of public shareholders as at 31st March 2023 and 31st March 2022 are 1,194 and 1,222 respectively.

The shares of Seylan Bank PLC/ Dr Thirugnanasambander Senthilverl have been treated under public and a declaration to Colombo Stock Exchange was done.

## No of Share transactions

	2022/23	2021/22
No of Transactions	500	3,054
No of Shares Traded	26,030	179,890

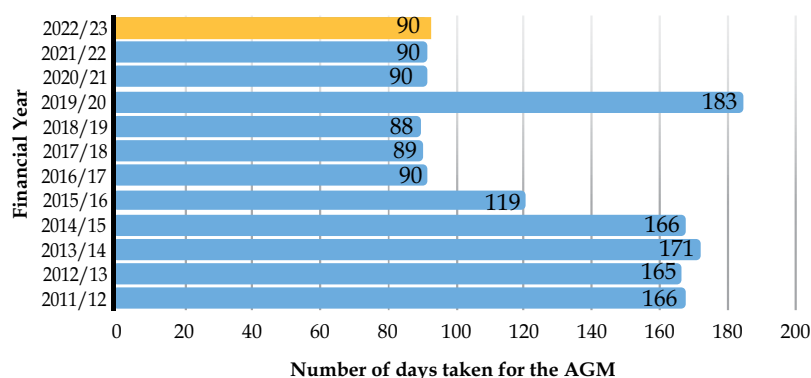
The Value of shares traded during the year under review was Rs.6,039,794.25 as against Rs. 35,041,663 in 2021/22.

# INVESTOR Information (Contd...)

## Number of Days taken for the AGM from the Balance Sheet date

Financial Year	Date of AGM held	Number of Days taken for the AGM from the balance sheet date
2011/12	14-Sep-12	166
2012/13	13-Sep-13	165
2013/14	19-Sep-14	171
2014/15	14-Sep-15	166
2015/16	29-Jul-16	119
2016/17	30-Jun-17	90
2017/18	29-June-18	89
2018/19	28-June-19	88
2019/20	30-Sep- 20	183
2020/21	30-June-2021	90
2021/22	30-June-2022	90
2022/23	30-June-2023	90

### Number of days taken for the AGM from the Balance Sheet date



Since 2016/17 (other than Corona period of 2019/20) the Company was able to hold the AGM within three months from the Balance Sheet date.

## Last year AGM

30th Annual General Meeting of Samson International PLC was held by way of electronic means on 30th June, 2022 centered at the Board Room of Samson International PLC, No. 110, Kumaran Ratnam Road, Colombo 02 at 3.00 p.m.. The following resolutions were approved at this AGM.

1. Approved the Annual Report of the Board of Directors on the affairs of Company and the Financial Statements for the year ended 31st March 2022 and the Report of the Auditors thereon.
2. Mr. D K Rajapaksa who was 77 years of age was re-elected as a Director of the Company and it was declared as provided for in Section 211 (1) of the Companies Act, No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. D K Rajapaksa".
3. Mr. T K Bandaranayake who was 79 years of age was re-elected as a Director of the Company and it was declared as provided for in Section 211 (1) of the Companies Act, No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. T K Bandaranayake".
4. Re-elected Mr. D. C. J. Rajapaksa who retired by rotation in terms of Article 88 (i) of the Article of Association, as a Director of the Company.
5. Re-appointed Messrs Edirisinghe & Co. Chartered Accountants as Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.
6. Authorized the Directors to determine donations for the year ending 31st March 2023 and up to the date of the next AGM.

# FOUR-QUARTER Financial Summary

PROFIT AND LOSS ACCOUNTS	For the Quarter ended 30th June		For the Quarter ended 30th September		For the Quarter ended 31st December		For the Quarter ended 31st March	
	2022	2021	2022	2021	2022	2021	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
<b>Revenue</b>								
Export	233,392	218,672	235,281	267,438	442,995	306,364	446,766	230,939
Local	422,939	286,408	514,480	589,915	312,174	483,499	286,832	501,941
<b>Total revenue</b>	<b>656,331</b>	<b>505,080</b>	<b>749,765</b>	<b>857,352</b>	<b>755,168</b>	<b>789,862</b>	<b>733,598</b>	<b>732,879</b>
Cost of sales	(430,801)	(414,662)	(517,974)	(701,398)	(511,770)	(615,224)	(579,779)	(573,073)
<b>Gross profit</b>	<b>225,530</b>	<b>90,418</b>	<b>225,609</b>	<b>152,434</b>	<b>249,577</b>	<b>174,639</b>	<b>153,820</b>	<b>159,807</b>
Other operating income	1,560	1,014	2,710	863	2,754	989	6,660	1,231
Exchange gain / (loss)	(7,278)	2,555	557	(16,439)	20,107	(6,894)	(35,292)	(6,722)
Selling & distribution cost	(32,372)	(26,887)	(38,075)	(41,241)	(36,054)	(52,230)	(33,875)	(35,209)
Administrative expenses	(67,879)	(50,506)	(76,738)	(53,947)	(88,728)	(58,599)	(93,095)	(70,905)
<b>Operating profit</b>	<b>119,561</b>	<b>16,594</b>	<b>114,062</b>	<b>45,192</b>	<b>147,656</b>	<b>57,905</b>	<b>(1,783)</b>	<b>48,204</b>
Finance costs	(30,604)	(10,543)	(58,579)	(14,402)	(77,243)	(20,015)	(58,386)	(19,286)
<b>Profit before income tax</b>	<b>88,957</b>	<b>6,051</b>	<b>55,483</b>	<b>26,660</b>	<b>70,413</b>	<b>37,890</b>	<b>(60,205)</b>	<b>28,918</b>
Income tax expense	(18,733)	(1,895)	(22,370)	(6,086)	(56,654)	(6,279)	28,327	(1,236)
<b>Profit for the period</b>	<b>70,224</b>	<b>4,156</b>	<b>40,795</b>	<b>20,573</b>	<b>13,759</b>	<b>31,612</b>	<b>(31,879)</b>	<b>27,682</b>
<b>BALANCE SHEETS</b>								
	As at 30th June		As at 30th September		As at 31st December		As at 31st March	
	2022	2021	2022	2021	2022	2021	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
<b>Assets</b>								
<b>Non-current assets</b>								
Property plant & equipment	547,054	559,864	563,061	562,718	545,697	553,158	595,668	557,570
Financial assets at amortized cost	18,977	17,984	18,977	17,984	20,964	18,412	20,964	18,412
Financial assets at fair value through profit and loss	10,000	10,000	10,000	10,000	10,000	10,000	6,402	10,000
Intangible assets	5,671	3,364	5,368	3,146	5,064	2,928	4,761	5,974
Deferred tax assets	9,522	8,451	9,792	8,543	12,968	8,844	18,662	8,723
	591,224	599,663	607,198	602,391	594,693	593,342	646,457	600,679
<b>Current assets</b>								
Inventories	693,177	814,856	886,871	689,676	870,321	654,162	806,296	729,845
Trade & other receivables	714,798	640,444	755,317	975,669	667,788	936,743	596,394	663,283
Cash and cash equivalents	99,524	53,009	130,547	64,514	178,204	37,241	86,506	98,310
	1,507,499	1,508,309	1,772,735	1,729,859	1,716,313	1,628,146	1,489,196	1,491,438
<b>Total Assets</b>	<b>2,098,723</b>	<b>2,107,972</b>	<b>2,379,933</b>	<b>2,332,250</b>	<b>2,311,006</b>	<b>2,221,488</b>	<b>2,135,653</b>	<b>2,092,117</b>
<b>Equity and liabilities</b>								
<b>Equity</b>								
Stated capital	109,600	109,600	109,600	109,600	109,600	109,600	109,600	109,600
General reserves	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
Retained earnings	658,021	515,871	696,775	540,398	736,531	570,248	681,778	596,259
<b>Total equity</b>	<b>877,621</b>	<b>735,471</b>	<b>916,375</b>	<b>759,998</b>	<b>956,131</b>	<b>789,848</b>	<b>901,378</b>	<b>815,859</b>
<b>Liabilities</b>								
<b>Non-current liabilities</b>								
Long term loans	29,784		22,103	40,687	16,342	39,798	305,582	33,629
Deferred tax liabilities	38,455	38,808	47,715	37,802	57,439	39,141	69,403	34,767
Retirement benefit obligations	53,980	50,915	55,610	51,470	56,391	53,279	62,205	52,603
	122,219	89,723	125,428	129,959	130,172	132,218	437,190	120,999
<b>Current liabilities</b>								
Trade and other payables	277,234	517,830	391,655	425,110	260,630	439,730	159,592	386,264
Short term borrowings	645,724	574,916	722,575	849,156	739,993	687,362	445,025	596,153
Bank overdrafts	145,741	175,672	180,335	148,377	171,390	145,546	155,178	158,502
Income tax Payables	30,184	14,359	43,565	19,650	52,691	26,784	37,290	14,340
	1,098,883	1,282,777	1,338,130	1,442,293	1,224,704	1,299,422	797,085	1,155,259
<b>Total liabilities</b>	<b>1,221,102</b>	<b>1,372,500</b>	<b>1,463,558</b>	<b>1,572,252</b>	<b>1,354,876</b>	<b>1,431,640</b>	<b>1,234,275</b>	<b>1,276,258</b>
<b>Total equity and liabilities</b>	<b>2,098,723</b>	<b>2,107,972</b>	<b>2,379,933</b>	<b>2,332,250</b>	<b>2,311,006</b>	<b>2,221,488</b>	<b>2,135,653</b>	<b>2,092,117</b>

# FIVE - YEAR Economic Summary

Economic Data						Horizontal Analysis of Economic data (Assuming 2018 as 100)					
Economic Indicators		2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
<b>GDP Indicators:</b>											
GDP growth	Percent	-7.8	3.7	-3.6	2.3	3.2	(244)	116	(113)	72	100
GDP (current prices)	Rs. billion	24,148	16,809	14,973	15,016	14,450	167	116	104	104	100
GDP (current prices)	USD billion	77.1	81	80.7	84	88.9	87	91	91	94	100
GDP per capita (USD) Growth	Percent	-13.08	3.2	-1.5	1.6	2.2	(595)	145	(68)	73	100
GDP per capita (market prices)	Rs "000"	1088	758	683	688	667	163	114	102	103	100
GDP per capita (market prices)	USD	3,474	3,997	3,682	3,852	4,102	85	97	90	94	100
<b>Fiscal policy Indicators :</b>											
Budget deficit Per cent of GDP		-10.2	-12.2	-11.1	-6.8	-5.3	192	230	209	128	100
<b>Monetary policy Indicators :</b>											
12 month T-Bill yield (year - end)	Percent	29.3	8.2	5.0	8.4	10.4	281	79	48	81	100
Prime lending rate (year - end)	Percent	27.2	8.6	5.8	9.7	12.2	223	70	48	80	100
M2b money supply growth	Percent	15.4	13.2	23.4	7	17.6	88	75	133	40	100
<b>Other Economic Indicators:</b>											
Inflation annual average (CCPI 2006/07 = 100)	Percent	46.4	6	4.6	4.3	4.3	1,079	140	107	100	100
Unemployment rate	Percent	4.7	5.1	5.5	4.8	4.1	115	124	134	117	100
All share index (year - end)	Points	8,490	12,226	6,774	6,129	5,643	150	217	120	109	100
Population	Million	22.1	22.1	21.9	21.8	21.6	102	102	101	101	100
<b>External Sector Indicators:</b>											
Export USD	Billion	13.1	12.4	10	11.9	11.8	111	105	85	101	100
Import USD	Billion	18.3	20.6	16	19.9	22.2	82	93	72	90	100
Balance of payments	Percent of GDP	-10.2	-4	2.2	-2.7	-1.1	927	364	(200)	245	100
Current account balance	USD billion	-6.4	-3.3	-2.2	-1.8	-2.8	229	118	79	64	100
Current account % of GDP	Per cent	-1.9	-4	-1.3	-2.2	-3.2	59	125	41	69	100
Foreign Currency Indicator :											
<b>Exchange rate (annual average)</b>											
	Rs/ USD	324.55	198.88	199.83	178.78	162.54	200	122	123	110	100
	RS/ Euro	358.68	200.43	33.64	200.14	197.8	181	101	17	101	100
	Rs/ Yen	2.48	1.7	1.8	1.64	1.59	156	107	113	103	100
	Rs/ INR	4.01	2.5	2.72	2.53	2.55	157	98	107	99	100
Exchange rate change USD (annual average)	Percent	63.19	6.7	1.7	9.9	6.6	957	102	26	150	100
<b>Rubber Sector Information:</b>											
Production	Kg mn	70.9	76.9	82.6	74.8	102	70	75	81	73	100
Total extent	Hectares '000'	139	139	137	138	150.5	92	92	91	92	100
Yield	Kg/ hectares	665	603	774	950	1,042	64	58	74	91	100
<b>Average price :</b>											
Colombo Auction	Rs/ Kg	595	460.7	281.1	288.5	286.5	208	161	98	101	100
Export (FOB)	Rs/ kg	841.72	540.7	363.9	332.3	374.9	225	144	97	89	100



# TEN - YEAR

## Financial summary

Year ended 31st March	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
<b>Income Statement :</b>											
Turnover-Rubber	2,096,091	1,521,634	1,221,374	1,160,566	1,229,609	900,474	1,057,269	982,878	994,177	952,561	
Turnover-PVC	798,769	1,363,555	964,495	429,636	339,736	215,975	192,228	195,460	47,579	-	
Total Turnover	2,894,860	2,885,189	2,185,869	1,590,203	1,569,345	1,116,449	1,249,498	1,178,339	1,041,756	952,561	
Profit before taxation	154,648	99,519	108,360	12,086	43,635	16,973	65,972	59,299	42,675	62,969	
Taxation	(61,749)	(15,495)	(9,552)	225	(18,627)	(8,124)	(23,074)	(4,152)	(7,853)	(8,491)	
Profit after taxation	92,899	84,024	98,808	12,311	25,007	8,849	42,899	55,146	34,822	54,478	
Total comprehensive income	93,984	84,544	101,604	12,738	24,189	10,172	43,732	51,043	35,362	56,107	
<b>Statement of Financial Position :</b>											
Property, plant & equipment	619,089	572,265	585,845	428,453	440,271	377,993	370,369	313,554	312,654	179,751	
Investment	27,365	28,412	22,578	36,481	33,669	42,905	46,691	53,166	44,468	50,354	
Current assets	1,489,199	1,491,436	1,221,292	713,640	721,310	594,336	610,232	612,043	539,104	424,020	
<b>Total assets</b>	<b>2,135,653</b>	<b>2,092,113</b>	<b>1,829,715</b>	<b>1,178,574</b>	<b>1,195,250</b>	<b>1,015,234</b>	<b>1,027,292</b>	<b>978,763</b>	<b>896,226</b>	<b>654,125</b>	
<b>Capital and reserves</b>											
Stated capital	109,600	109,600	109,600	109,600	109,600	109,600	109,600	109,600	109,600	105,752	
Capital reserves	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	
Revenue reserves	681,779	596,260	520,181	422,809	418,537	334,488	332,781	297,515	254,937	231,119	
<b>Shareholders funds</b>	<b>901,379</b>	<b>815,860</b>	<b>739,781</b>	<b>642,409</b>	<b>638,137</b>	<b>554,088</b>	<b>552,381</b>	<b>517,115</b>	<b>474,537</b>	<b>446,871</b>	
<b>Non current liabilities</b>											
Deferred tax	69,403	34,767	38,235	48,416	59,691	51,918	33,092	14,948	17,229	11,149	
Retirement benefit obligation	62,204	52,603	49,164	46,779	40,078	33,701	29,701	27,195	19,570	15,130	
	131,607	87,370	87,399	95,195	99,769	85,619	62,793	42,143	36,799	26,279	
<b>Assets Employed</b>											
Current liabilities	1,102,667	1,188,883	1,002,535	440,970	457,344	375,527	412,118	419,505	384,890	180,975	
<b>Total Equity &amp; Liabilities</b>	<b>2,135,653</b>	<b>2,092,113</b>	<b>1,829,715</b>	<b>1,178,574</b>	<b>1,195,250</b>	<b>1,015,234</b>	<b>1,027,292</b>	<b>978,763</b>	<b>896,226</b>	<b>654,125</b>	
<b>Profitability Ratios:</b>											
Gross profit ratio	%	29.5	20.0	18.6	18.2	19.6	19.7	21.0	19.5	19.9	17.0
Net profit to sales	%	3.2	2.9	4.5	1.0	3.0	0.8	3.4	4.7	3.0	6.0
Return on capital employed	%	10.31	10.30	13.36	1.92	3.92	0.03	7.80	10.70	7.30	12.20
Earnings per share	Rs	21.95	19.85	23.34	2.91	5.91	2.09	10.13	13.03	8.69	14.16
Annual sales growth	%	0.3	32.0	37.0	1.0	6.0	-11.0	9.0	9.0	-2.0	1.0
<b>Liquidity ratios:</b>											
Current ratio	Times	1.35	1.25	1.22	1.62	1.58	1.58	1.49	1.46	1.40	2.34
Quick assets ratio	Times	0.62	0.64	0.69	1.01	0.99	1.1	1.03	0.96	1.6	1.53
Cash and cash equivalent to current liabilities	%	7.8	8.3	4.1	19	9.6	17.9	20.8	15.9	18.5	33.6
<b>Activity / Turnover ratios:</b>											
Inventory turnover	Times	2.6	3.2	3.4	4.1	5.4	4.1	3.7	4.6	6.0	6.8
Inventory turnover	Days	141	113	106	90	67	89	99	80	61	54
Debtors turnover	Times	6.2	4.9	4.1	4.8	3.7	3.6	4.5	4.0	4.1	4.2
Debtors turnover	Days	59	75	88	76	100	101	82	92	88	87
Creditors turnover	Times	13.0	6.3	3.6	8.3	7.3	4.0	3.5	4.3	4.3	5.4
Creditors turnover	Days	28	58	102	44	50	91	104	84	85	68
Fixed asset turnover	Times	4.9	5.4	3.9	3.9	3.5	3.2	3.9	3.5	5.5	5.3
<b>Investors ratio:</b>											
Market price per share	Rs	253.75	184.75	134.25	72.10	98.90	88.10	105.00	104.00	88.20	82.20
Price earnings ratio	Times	12	9	6	25	10	42	8	12	6	6
Net assets per share	Rs	212.95	192.75	174.77	151.77	130.5	130.9	122.17	112.1	116.13	104.18
Dividends	Rs. '000	8,465	8,465	8,465	4,233	8,465	5,291	8,466	8,466	8,466	7,696
Dividends per share	Rs	2.00	2.00	2.00	1.00	2.00	1.25	2.00	2.00	2.00	2.00

# TEN - YEAR Financial summary (Contd...)

## Vertical and Horizontal Financial Analysis

	Rs. in '000'					Vertical Analysis of Income Statement (Assuming total sales as 100)''					Horizontal Analysis of Income Statement (Assuming 2018/19 as 100)				
	2022/23	2021/22	2020/21	2019/20	2018/19	2022/23	2021/22	2020/21	2019/20	2018/19	2022/23	2021/22	2020/21	2019/20	2018/19
<b>Income Statement :</b>															
Year ended 31st March	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	2022/23	2021/22	2020/21	2019/20	2018/19	2022/23	2021/22	2020/21	2019/20	2018/19
Turnover-Rubber	2,096,091	1,521,634	1,221,374	1,160,566	1,229,609	72	53	56	73	78	170	124	99	94	100
Turnover-PVC	798,769	1,363,555	964,495	429,636	339,736	28	47	44	27	22	235	401	284	126	100
Total Turnover	2,894,860	2,885,189	2,185,869	1,590,203	1,569,345	100	100	100	100	100	184	184	139	101	100
Profit before taxation	154,648	99,519	108,360	12,086	43,635	5	3	5	1	3	354	228	248	28	100
Taxation	(61,749)	(15,495)	(9,552)	225	(18,627)	-2	-1	0	0	-1	332	83	51	-1	100
Profit after taxation	92,899	84,024	98,808	12,311	25,007	3	3	5	1	2	371	336	395	49	100
Total comprehensive income	93,984	84,544	101,604	12,738	24,189	3	3	5	1	2	389	350	420	53	100
<b>Statement of Financial Position :</b>															
Year ended 31st March	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	2022/23	2021/22	2020/21	2019/20	2018/19	2022/23	2021/22	2020/21	2019/20	2018/19
Property, plant & equipment	619,089	572,265	585,845	428,453	440,271	29	27	32	36	37	141	130	133	97	100
Investment	27,365	28,412	22,578	36,481	33,669	1	1	1	3	3	81	84	67	108	100
Current assets	1,489,199	1,491,436	1,221,292	713,640	721,310	70	71	67	61	60	206	207	169	99	100
Total assets	2,135,653	2,092,113	1,829,715	1,178,574	1,195,250	100	100	100	100	100	179	175	153	99	100
Capital and reserves															
Stated capital	109,600	109,600	109,600	109,600	109,600	5	5	6	9	9	100	100	100	100	100
Capital reserves	110,000	110,000	110,000	110,000	110,000	5	5	6	9	9	100	100	100	100	100
Revenue reserves	681,779	596,260	520,181	422,809	418,537	32	29	28	36	35	163	142	124	101	100
Shareholders funds	901,379	815,860	739,781	642,409	638,137	42	39	40	55	53	141	128	116	101	100
Non current liabilities															
Deferred tax	69,403	34,767	38,235	48,416	59,691	3	2	2	4	5	116	58	64	81	100
Retirement benefit obligation	62,204	52,603	49,164	46,779	40,078	3	3	3	4	3	155	131	123	117	100
	131,607	87,370	87,399	95,195	99,769	6	4	5	8	8	132	88	88	95	100
Current Current liabilities	1,102,667	1,188,883	1,002,535	440,970	457,344	52	57	55	37	38	241	260	219	96	100
Total Equity & Liabilities	2,135,653	2,092,113	1,829,715	1,178,574	1,195,250	100	100	100	100	100	179	175	153	99	100

# FOREIGN

## Currency Financial Statements

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH	In Euro (Major Export Currency)		In USD (Major Import Currency)	
	2023	2022	2023	2022
Revenue	7,817,838	12,109,414	8,142,200	14,059,005
Cost of sales	(5,510,084)	(9,686,440)	(5,738,697)	(11,245,938)
<b>Gross Profit</b>	<b>2,307,754</b>	<b>2,422,974</b>	<b>2,403,503</b>	<b>2,813,068</b>
Other income	18,970	1,051	19,757	1,221
Distribution cost	(389,775)	(654,191)	(405,947)	(759,514)
Administrative expenses	(912,084)	(974,502)	(949,926)	(1,131,395)
<b>Operating Profit</b>	<b>1,024,864</b>	<b>795,333</b>	<b>1,067,386</b>	<b>923,380</b>
Finance income	26,143	16,136	27,228	18,734
Finance cost	(633,366)	(393,776)	(659,644)	(457,173)
<b>Net Finance Income</b>	<b>(607,222)</b>	<b>(377,640)</b>	<b>(632,416)</b>	<b>(438,439)</b>
Profit before taxation	417,642	417,693	434,970	484,940
Income tax expense	(166,760)	(65,036)	(173,679)	(75,507)
<b>Profit for the year</b>	<b>250,882</b>	<b>352,657</b>	<b>261,291</b>	<b>409,434</b>

BALANCE SHEET AS AT	In Euro (Major Export Currency)		In USD (Major Import Currency)	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
<b>ASSETS</b>				
<b>Non Current Assets</b>				
Property, plant and equipment	1,668,062	2,466,681	1,820,023	2,869,224
Work in progress	-	30,835	-	35,867
Intangible assets	13,331	15,579	14,546	18,121
Financial assets at fair value through profit and loss	17,926	21,751	19,559	25,301
Financial assets at amortized cost	58,705	76,470	64,053	88,949
Deferred tax assets	52,258	35,499	57,018	41,292
	<b>1,810,283</b>	<b>2,646,816</b>	<b>1,975,199</b>	<b>3,078,755</b>
<b>Current Assets</b>				
Inventories	2,257,890	2,184,968	2,463,583	2,440,952
Trade and other receivables	1,670,109	1,985,696	1,822,255	2,218,335
Cash and cash equivalents	242,242	294,312	264,311	328,793
	<b>4,170,241</b>	<b>4,464,976</b>	<b>4,550,149</b>	<b>4,988,080</b>
<b>Total Assets</b>	<b>5,980,523</b>	<b>6,263,249</b>	<b>6,525,349</b>	<b>6,997,034</b>
<b>EQUITY AND LIABILITIES</b>				
Stated capital	306,916	328,115	334,876	366,556
General reserve	308,036	329,312	336,098	367,893
Retained earnings	1,909,202	1,785,050	2,083,130	1,994,181
<b>Total Equity</b>	<b>2,524,154</b>	<b>2,442,476</b>	<b>2,754,104</b>	<b>2,728,630</b>
<b>Non- Current Liabilities</b>				
Deferred tax liability	194,351	104,083	212,056	116,277
Retirement benefit obligation	174,192	157,480	190,061	175,930
	<b>368,543</b>	<b>261,563</b>	<b>402,117</b>	<b>292,207</b>
<b>Current Liabilities</b>				
Trade and other payables	446,910	1,156,362	487,623	1,291,838
Short term borrowings	2,536,492	2,359,917	2,767,566	2,636,399
Income tax payable	104,425	42,931	113,938	47,961
	<b>3,087,826</b>	<b>3,559,211</b>	<b>3,369,127</b>	<b>3,976,198</b>
<b>Total Liabilities</b>	<b>3,456,369</b>	<b>3,820,773</b>	<b>3,771,244</b>	<b>4,268,404</b>
<b>Total Equity And Liabilities</b>	<b>5,980,523</b>	<b>6,263,249</b>	<b>6,525,349</b>	<b>6,997,034</b>

# GLOBAL

## Reporting Initiative (GRI) G4

**G**RI is an international independent organization that helps businesses, government and other organizations understand and communicate the impact of business on critical sustainability issues such as climate change, human rights, corruption and many others. GRI provides the world's most widely used standards on sustainability reporting and disclosure, enabling businesses, governments, civil society and citizens to make better decisions based on information that matters. In fact, 92% of the world's largest 250 corporations report on their sustainability performance.

Sustainability reporting is being practiced by many corporates using various frameworks among which the most commonly

seen in Sri Lanka is the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines.

Integrated Reporting endeavors to incorporate key aspects of sustainability, along with financial and other dimensions relevant to value creation in an organization in short, medium and long term.

Hence this section of the guide provides in summary the GRI disclosures and indicators under general and specific categories as a reference to the prepares of integrated reports. The categories are shown in the table here.

Category	Sub Category	GRI Index Index No.
<b>General Standard Disclosures</b>		
Strategy and Analysis		G4-1
Organisational Profile		G4-3 to G4-16
Identified Material Aspects and Boundaries		G4-17 to G4-23
Stakeholder Engagement		G4-24 to G4-27
Report Profile		G4-28 to G4-33
Governance		G4-34
Ethics and Integrity		G4-56
<b>Specific Standard Disclosures</b>		
Economic		G4-EC1 to G4-EC8
Environmental		G4-EN1 to G4-EN29
Social	Labour Practices and Decent Work	G4-LA1 to G4-LA9
	Human Rights	G4-HR1 to G4-HR5
	Society	G4-SO3 to G4-SO8
	Product Responsibility	G4-PR3 to G4-PR9

# GLOBAL Reporting Initiative (GRI) G4 (Contd...)



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## Independent Assurance Report

## To the Board of Directors of Samson International PLC on the Integrated Report- 2022/23

### Introduction and scope of the engagement

The management of ("the Company") engaged us to provide an independent assurance on the following elements of the Integrated Report-2022/23 ("the Report")

- 1 Reasonable assurance on the information on financial performance as specified on statement of Value Addition of the Report.
- 2 Limited assurance on other information presented in the Report, prepared in accordance with the requirements of the Global Reporting Initiative G4 'In accordance' - Core guidelines.

### Basis of our work and level of assurance

We performed our procedures to provide limited assurance in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE 3000): 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information', issued by the Institute of Chartered Accountants of Sri Lanka ("CASL").

The evaluation criteria used for this limited assurance engagement are based on the Sustainability Reporting Guidelines ("GRI Guidelines") and related information in particular, the requirements to achieve GRI G4 'In accordance'

Comprehensive guideline publication, publicly available at GRI's global website at "www.globalreporting.org". Our

engagement provides limited assurance as well as reasonable assurance. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with SLSAE-3000 and consequently does not enable to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an opinion providing reasonable assurance.

### Management of the Company's responsibility for the Report

The management of the company is responsible for the preparation of the self-declaration, the information and statements contained within the Report, and for maintaining adequate records and internal controls that are designed to support the sustaining reporting process in line with the GRI Sustainability Reporting Guidelines.

### Auditor's responsibility

Our responsibility is to express a conclusion as to whether we have become aware of any matter that causes us to believe that the Report is not prepared in accordance with the requirements of the Global Reporting Initiative G4 'In accordance' - Core guidelines. This report is made solely to the Company in accordance with our engagement letter dated 31st March 2023.

We disclaim any assumption of responsibility for any reliance on this report to any person other than the company or for any purpose other than that for which it was prepared. In conducting our engagement, we have complied with the independence requirements of the Code for Ethics for Professional Accountants issued by the CASL.

Key assurance procedures we planned and performed our procedures to obtain the information and explanations considered necessary to provide sufficient evidence to support our limited assurance conclusions. Key assurance procedures included:

01. Interviewing the Company's relevant personnel to understand the process for collection, analysis, aggregation and presentation
02. Reviewing and validation of the information contained in the Report

# GLOBAL Reporting Initiative (GRI) G4 (Contd...)

3. Checking the calculations performed by the Company on a sample basis through recalculation
4. Reconciling and agreeing the data on financial performance are properly derived from the company's audited financial statements for the year ended 31st March 2023 and Comparison of the content of the Report against the criteria for a Global Reporting Initiative G4 'In accordance' - Core guidelines.

Our procedures did not include testing electronic systems used to collect and aggregate the information.

## Limitations and considerations

Environmental and social performance data are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

## Conclusion

Based on the procedures performed, as described above, we conclude that:

- 01 The information on financial performance as specified on statement of Value Addition of the Report are properly derived from the audited financial statements of the Company for the years ended 31st March 2022 and 31st March 2023.
- 02 Nothing has come to our attention that causes us to believe that other information presented in the Report are not fairly presented, in all material respects, in accordance with the Company's sustainability practices and policies some of which are derived from GRI-G4-'In accordance' Core Sustainability Reporting Guidelines.

Yours faithfully,



**Edirisinghe & Co.**

Chartered Accountants

Colombo

25th May 2023

Partners: P.P. Edirisinghe FCA ACIM MBA Ms. M.K.E. Karunarathne FCA ACMA P.K.A.M. Abalaloon ACA MAAT  
S.A. Harischandra ACA ACMA CGMA MBA Bcom (Sp.)  
Consultants: A.T.P. Edirisinghe FCA FCMA (UK) A.D. Jayarasa FCA

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# GLOBAL Reporting Initiative (GRI) G4 (Contd...)

Samson international Plc voluntarily adopted Global Reporting Initiative (GRI) G4 'In accordance' core Guidelines during the financial year 2015/16 as a measure of improving the standard of accountability and reporting on accountability, These details are given below.

## General Standard Disclosures

GRI Index No.	Description	Reported Section	Page No.
<b>Strategy and Analysis</b>			
G4-1	Statement from the Chairman	Chairman's Review	37
<b>Organization profile</b>			
G4-3	Name of the organization.	Samson International Plc / Corporate Information	10
G4-4	Primary brands, products, and/or services.	Our Products and Intellectual Capital	15,138
G4-5	Location of organization's headquarters.	Corporate Information	10
G4-6	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Our Products - Our Global Presence	28
G4-7	Nature of ownership and legal form.	Corporate Information and Investor Information	10,234
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Our Products	15
G4-9	Scale of the reporting organization.	Corporate Information and Investor Information	10,234
G4-10	Total work force by employment type, employment contract, and region, broken down by gender.	Human Capital	112
G4-11	Percentage of employees covered by collective bargaining	Human Capital - Recognition of Joint consultative committee	116
G4-12	Organizations supply chain	Social and Relationship Capital	127
G4-13	Significant changes during the reporting period regarding size structure and ownership	Investor Information	234
G4-14	Addressing the Precautionary principles/approach	Risk Management, Social and Relationship Capital	149,127
G4-15	List of Charters, principles or other initiatives	Review of operating enviroment	70
G4-16	List of Memberships of association	Social and Relationship Capital	131



# GLOBAL Reporting Initiative (GRI) G4 (Contd...)

GRI Index No.	Description	Reported Section	Page No.
<b>Identified Material Aspects and Boundaries</b>			
G4-17	Operational structure of the organization.	Profiles of the Executive Management	51
G4-18	Process for defining report content.	About this report	01
G4-19	Material aspect identified for report content.	Report of the Board of Directors Financial and Operational Highlights	187 06
G4-20	Aspect boundary for identified material aspects within the organization.	Managing Director's Operational Review Review of Operating Environment	42 70
G4-21	Aspect boundary for identified material aspects outside the organization.	Chairman's Review, Goals and Strategies	37,90
G4-22	Restatements of information provided in the previous reports.	-	
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries.	Notes to the Financial Statements	205-232
<b>Stakeholder engagement</b>			
G4-24	List of stakeholder groups engaged by the organization.	Value creations & stakeholder engagement	87
G4-25	Basis for identification and selection of stakeholders with whom to engage.	Value creations & stakeholder engagement	87
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Value creations & stakeholder engagement	88
G4-27	Key topics and concerns that have been raised through stakeholder engagement.	Value creations & stakeholder engagement	88
<b>Report Profile</b>			
G4-28	Reporting period	Year ended 31 March 2022	
G4-29	Date of most recent previous report	Quarterly Financials - Quarter ended 31st March 2022	
G4-30	Reporting cycle	Quarterly and Annually	
G4-31	Contact point for questions regarding the report or its contents.	Corporate Information	10
G4-32	Compliance with GRI G4 Guidelines, GRI Content Index and External Assurance Report.	GRI G4 Audit Report	244
G4-33	Policy and current practice with regard to seeking external assurance for the report.	Audit Report and Audit Committee Report GRI G4 Audit Report	198,193 244

# GLOBAL Reporting Initiative (GRI) G4 (Contd...)

GRI Index No.	Description	Reported Section	Page No.
<b>Governance</b>			
G4-34	Governance structure of the organization, including committees under the highest governance body responsible for decision-making on economic, environment and social impacts	Corporate Governance Report of the Board of Directors	161 187
<b>Ethics and integrity</b>			
G4-56	The values, principles , standards and norms of behaviour	About us & Corporate milestones	03,12
<b>Specific Standard Disclosures</b>			
<b>Category: Economic</b>			
<b>Aspect</b>	<b>Economic Performance</b>		
G4-EC1	Direct economic value generated, distributed and retained.	Value creations & stakeholder engagement Statement of Value Added and distributed	87 88
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Notes to the Financial Statements - Note 05	215
G4-EC3	Coverage of the organization's defined benefit plan obligations.	Notes to the Financial Statements - Note 3.6 and 22	211, 228
G4-EC4	Financial assistance received from Government	Managing Director's Operational review	42
<b>Aspect</b>	<b>Indirect Economic Impacts</b>		
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	Review of external environment	59
<b>Category: Environment</b>			
<b>Aspect</b>	<b>Materials</b>		
G4-EN1	Materials by weight or volume	Financial and Operational Highlights	06
G4-EN2	Percentage of materials used that are recycled input Materials	Financial and Operational Highlights	06
<b>Aspect</b>	<b>Energy</b>		
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G4-EN4	Energy consumption outside the organization		
G4-EN5	Energy intensity	Review of Operating environment	74
G4-EN6	Reductions in energy consumption	Review of Operating environment	70
G4-EN7	Energy reductions in products and services	Review of Operating environment	70

# GLOBAL Reporting Initiative (GRI) G4 (Contd...)

GRI Index No.	Description	Reported Section	Page No.
<b>Aspect Emissions</b>			
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope1)	Natural Capital / Review of operating envirimnt	134,70
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Natural Capital / Review of operating envirimnt	134,70
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Natural Capital / Review of operating envirimnt	134,70
G4-EN18	Greenhouse gas (GHG) emissions intensity	Natural Capital / Review of operating envirimnt	134,70
<b>Aspect Effluents and Waste</b>			
G4-EN23	Total weight of waste by type and disposal method	Financial and Operational Highlight and Manufactured Capital	06,103
G4-EN29	Compliance Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Review of operating envirimnt	70

## Category: Social

### ● Labor Practices and Decent Work

<b>Aspect Employment</b>			
G4-LA1	Total number and rate of new employee hires and employee turnover by age group gender and region.	Human Capital	103
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant location of operation.	Human Capital	103
<b>Aspect Labour/Management Relations</b>			
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	Human Capital	103
<b>Aspect Occupational Health and Safety</b>			
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advice on occupational health and safety programmes.	Human Capital	103
G4-LA6	Type of injury and rates of injury, occupational disease, lost days and absenteeism, and total number of work-related fatalities, by region and by gender.	Human Capital	103

# GLOBAL Reporting Initiative (GRI) G4 (Contd...)

GRI Index No.	Description	Reported Section	Page No.
<b>Aspect Training and Education</b>			
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	Human Capital	103
<b>● Human Rights</b>			
<b>Aspect Investment</b>			
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	Human Capital	103
<b>Aspect Child Labour</b>			
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour and measures taken to contribute to the effective abolition of child labour.	Human Capital	103
<b>● Society</b>			
<b>Aspect Anti-Corruption</b>			
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	Risk Management	149
<b>Aspect Compliance</b>			
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Review of operating environment	70
<b>● Product Responsibility</b>			
<b>Aspect Product and Service Labelling</b>			
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	Our Products	15
<b>Aspect Marketing Communications</b>			
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Review of operating environment	70
<b>Aspect Compliance</b>			
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Review of operating environment	70

# GLOSSARY

## of Financial Terms

1. Segment	:	Constituent business units grouped in terms of the nature and similarity of operations.
2. Annual Sales Growth	:	Percentage change over previous year's gross turnover.
3. Current Ratio	:	Current assets divided by current liabilities.
4. Dividend Cover	:	Profit available for appropriation divided by gross dividend.
5. Dividend per Share	:	Total Gross Dividend divided by no. of shares at the end of the year.
6. Gross Dividend	:	Portion of Profits, inclusive of tax withheld, distributed to shareholders.
7. Dividend Rate	:	Gross Dividends declared per share.
8. Earnings per Share	:	Profit attributable to shareholders divided by the no. of shares issued.
9. Interest Cover	:	Profit from ordinary activities before tax and finance cost divided by finance cost.
10. Net Assets per Share	:	Net Assets divided by the no. of shares.
11. Price Earnings Ratio	:	Market Price per share divided by earnings per share.
12. Deferred Taxation	:	Sum set aside for tax in the financial statement that will become payable in a financial year other than the current financial year.
13. Value Additions	:	The quantum of wealth generated by the activities of the Company.
14. Revenue Reserves	:	Reserve considered as being available for distributions and investments.
15. Capital Reserves	:	Reserves identified for specific purposes and considered not available for distribution.
16. Return on Capital Employed	:	Profit after interest and tax divided by capital employed or shareholders funds.
17. Shareholders Fund	:	Total of stated capital and revenue reserves.
18. Capital employed	:	Shareholders' funds plus long - term bearing loans and borrowings.
19. Average Capital Employed	:	Mean of two consecutive years' capital employed.
20. Corporate Governance	:	A system by which Companies are directed and controlled by the management in the best interest of the stakeholders ensuring greater transparency through better and timely financial reporting.
21. Market Capitalization	:	Number of ordinary shares in issue multiplied by the Market Value per share at the balance sheet date.
22. Related Parties	:	Parties who could control or significantly influence the financial and operating policies of the business.
23. Intangible Assets	:	An intangible asset is an identifiable non-monetary asset without physical substance.
24. Impairment	:	This occurs when the recoverable amount of an asset is less than its carrying amount.
25. Fair value	:	This is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties at arm's length transaction.
26. Jt. Managing Director	:	Joint Managing Director
27. CGU	:	Cash Generating Unit

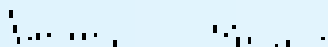
# NOTICE of Meeting

NOTICE IS HEREBY GIVEN that the thirty first Annual General Meeting of Samson International PLC will be held by way of electronic means on 30th June, 2023 centered at the Board Room of Samson International PLC, No. 110, Kumaran Ratnam Road, Colombo 02 at 3.00 p.m. for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors on the affairs of Company and the Financial Statements the year ended 31st March 2023 and the Report of the Auditors thereon.
2. To appoint Mr. D K Rajapakse who is 78 years of age, as a Director of the Company and to adopt the following resolution:-  
  
"IT IS HEREBY RESOLVED THAT Mr. D K Rajapakse who is 78 years of age be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. D K Rajapakse".
3. To appoint Mr. T K Bandaranayake who is 80 years of age, as a Director of the Company and to adopt the following resolution:-  
  
"IT IS HEREBY RESOLVED THAT Mr. T K Bandaranayake who is 80 years of age be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act, No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. T K Bandaranayake".
4. To re-elect Ms. I Malwatte who retires by rotation in terms of Article 88(i) of the Articles of Association, as a Director of the Company
5. To re-appoint Messrs Edirisinghe & Co. Chartered Accountants as Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.
6. To authorize the Directors to determine donations for the year ending 31st March 2024 and up to the date of the next Annual General Meeting.

By Order of the Board

**SAMSON INTERNATIONAL PLC**



**P W Corporate Secretarial (Pvt) Ltd.**  
Secretaries

Colombo.  
25th May 2023

- Notes:-
1. A shareholder entitled to participate and vote at the above virtual meeting is entitled to appoint a proxy to participate and vote in his/her place by completing the Form of Proxy enclosed herewith.
  2. A proxy need not be a shareholder of the Company.
  3. Shareholders who are unable to participate in the above virtual meeting are also encouraged to submit a duly completed Form of Proxy appointing the Chairman or any other Member of the Board to participate and vote on their behalf.
  4. For more information on how to participate by virtual means in the above virtual meeting, please refer Registration Process enclosed herewith.





# FORM of Proxy

\*I/We..... holder of NIC No. ....  
 ..of.....being a \*Shareholder /Shareholders of Samson International PLC, do hereby appoint .....  
 holder of NIC No..... of .....or failing him/her\*

Mr. D K Rajapaksa	of Colombo or failing him*
Mr. D D A Rajapaksa	of Colombo or failing him*
Mr. T K Bandaranayake	of Colombo or failing him*
Mr. D G P S Abeygunawardana	of Colombo or failing him*
Mr. D C J Rajapaksa	of Colombo or failing him*
Ms. I Matwatte	of Colombo or failing her*
Mr. N S Rajapaksa	of Colombo

as \*my/our Proxy to represent me/us\*, to speak and vote for \*me/us on \*my/our behalf at the thirty first ANNUAL GENERAL MEETING OF THE COMPANY to be held on 30th June 2023 at 3.00 p.m. and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

	<b>FOR</b>	<b>AGAINST</b>
1. To appoint Mr. D K Rajapakse who is 78 years of age, as a Director of the Company and to adopt the following resolution:-  "IT IS HEREBY RESOLVED THAT Mr. D K Rajapakse who is 78 years of age be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. D K Rajapakse".	<input type="checkbox"/>	<input type="checkbox"/>
2. To appoint Mr. T K Bandaranayake who is 80 years of age, as a Director of the Company and to adopt the following resolution:-  "IT IS HEREBY RESOLVED THAT Mr. T K Bandaranayake who is 80 years of age be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act, No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. T K Bandaranayake".	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Ms. I Malwatte who retires by rotation in terms of Article 88(i) of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Messrs Edirisinghe & Co. Chartered Accountants as Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
5. To authorize the Directors to determine donations for the year ending 31st March 2024 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this .....day of ..... Two Thousand and Twenty Three

\*Signature/s

- Note:
- 1) \*Please delete the inappropriate words.
  - 2) Instructions as to completion are noted on the reverse hereof.

## INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The Proxy shall –
  - (a) In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
  - (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).
3. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.
4. To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, P W Corporate Secretarial (Pvt) Ltd at No. 3/17, Kynsey Road, Colombo 08, Sri Lanka or must be emailed to [info@samsonint.com](mailto:info@samsonint.com) / [agm@samsonint.com](mailto:agm@samsonint.com) by 03.00 p.m on 28th June 2023.



**DSI** සැමසන් සමූහ ව්‍යාපාරයේ තේමා ගීතය  
(Theme Song of **DSI** Samson Group)

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බීජස්අයි පුරවැසියෝ අපි //

**DSI** Group

## **SAMSON INTERNATIONAL PLC.**

**Corporate Office:**

**No. 110, Kumaran Rathnam Road, Colombo 02, Sri Lanka.**

**Tel : +94 11 4728800 Fax : +94 11 2440890**

**E-mail : [info@samsonint.com](mailto:info@samsonint.com) Web : [www.samsonint.com](http://www.samsonint.com)**