

# 2020/21

Annual Report



*“Disasters are  
no longer an obstacle”*

33<sup>rd</sup> year  
1988-2021

**SAMSON INTERNATIONAL PLC**

Akuressa Road, Bogahagoda, Galle

**DSI** Samson  
group



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# "Disasters are no longer an obstacle"

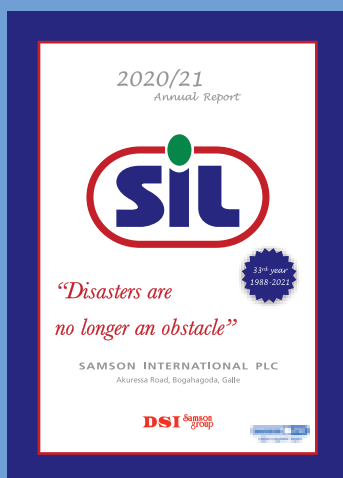
Every Company unexpectedly faced global Corona pandemic in the year under review and met many disasters. Some Companies had to even close down or downsize their businesses. However, Samson International Plc strictly followed the health and administrative guidelines given by the relevant government authorities and performed well in the current financial year and proved that *disasters are no longer an obstacle* to Samson International Plc.

We were able to record the highest turnover of Rs. 2.2 Bn and profit of Rs. 99 Mn while making the largest investment in a year of Rs. 212 Mn for the expansion of the Company. Further, we were able to turnaround our PVC segment with a profit of Rs. 42 Mn as against a loss of Rs. 25 Mn in the previous year. To achieve this, all employees especially in April and May 2020 scarified much to deliver export and local orders on time. Our workers worked even during the curfew times.

We are glad to inform our stakeholders that we received a Gold award from National chamber of Commerce for the sixth consecutive time this year in the category of the rubber and rubber products - large sector. Further, we also received a special award as the Best Performer in Research and Development Activities from them. In 2018/19, we also received the Gold award in the Annual Report competition in the category of manufacturing Companies turnover up to Rs. 5 Bn. However, we couldn't apply for the same in the current year as this competition was not conducted by the Institute of Chartered Accountants of Sri Lanka due to the Corona pandemic.



# 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 33rd financial year covering the period from 1st of April 2020 to 31st of March 2021 with the theme of *“Disasters are no longer an obstacle”*. 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 manufacturing of Rubber and PVC-related 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 151 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. Ernst and Young quarterly in addition to the work done by our internal audit department. The Company's Audit Committee also monitors adequacy and effectiveness of the financial reporting and internal control systems.

We received the Gold Award for the Annual Report of 2018/ 19 at the 55th Annual Report Awards Ceremony organized by the Institute of Chartered Accountants of Sri Lanka but in the current year, this competition was not held.

## 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

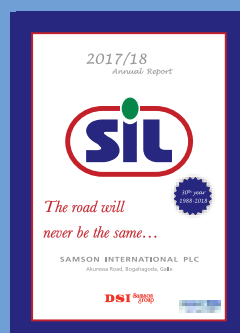
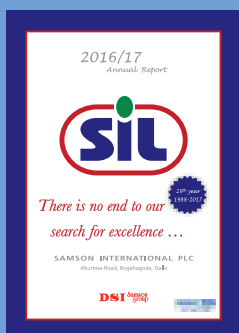
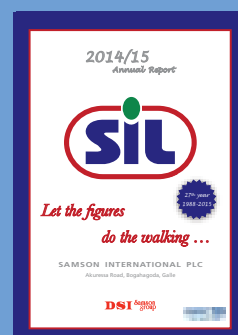
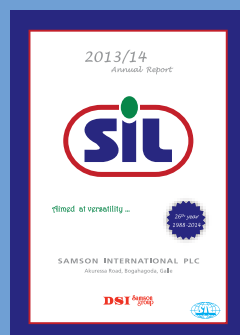
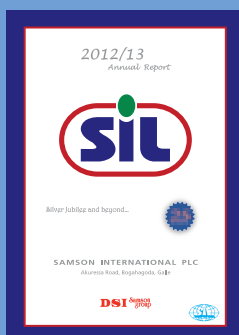
2015/ 16 – A wide product range sounds better

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



# ABOUT Us

**S**amson International Plc 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, trunking and conduits.

The Company diversified in to PVC market a few 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. This year, we were able to start earning profits from this segment. Samson International Plc has 551 employees and the main factory is situated at Bogahagoda, Galle. Other two factories are in Baddegama and Kalutara.

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 USD 50 Mn and has a workforce more than 9,000 employees. It also has 28 subsidiary Companies in Sri Lanka. The majority of their factories in the Group are located in remote rural areas. Samson International Plc is one of them. DSI Group has a turnover of Rs 30 Bn while Samson International Plc has a turnover of Rs. 2.2 Bn or 7.3% of the Group turnover. DSI Group has an export turnover of Rs. 10 Bn and Samson International Plc has an export turnover of Rs. 766 Mn. DSI Samson Group has received a rating of 'AA (lka) – Stable Outlook' by Fitch Rating Lanka Limited.

## Corporate Philosophy

### 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.

### Our Values

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.



Galle Factory

# FINANCIAL and Operational Highlights

## Key Performance Indicators 2020/21

**Rs. 2.2 Bn**  
Turnover  
for the year

**124%**  
PVC Sales  
Growth

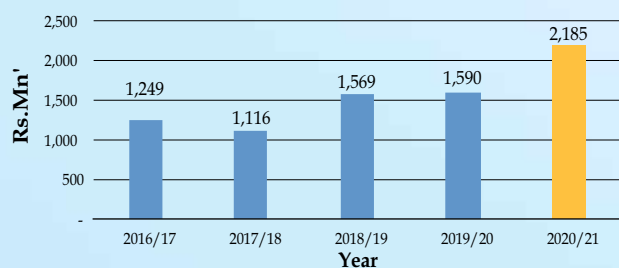
**Rs. 1.8 Bn**  
Total  
Assets

**551**  
Number of  
Employees

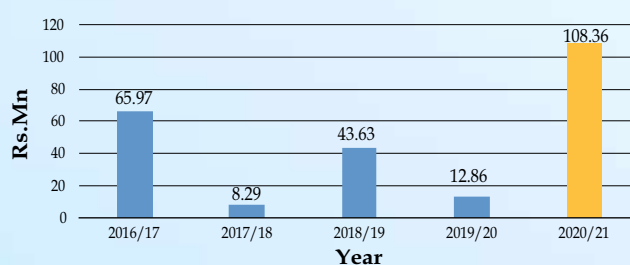
**Rs. 118 Mn**  
Operational  
Profit

The Company recorded the highest Turnover of Rs. 2.2 Bn  
Investment is Rs. 212 Mn for expansion of the factories  
PVC segment started earning profits

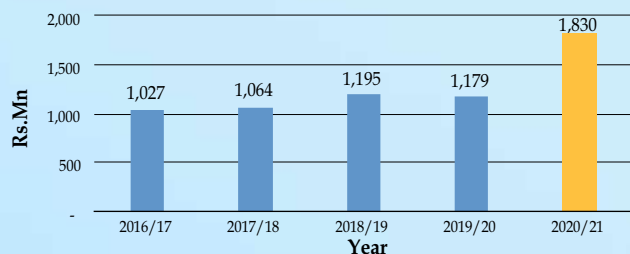
Total Revenue  
(Rs.Mn)



Profit before Tax  
(Rs.Mn)



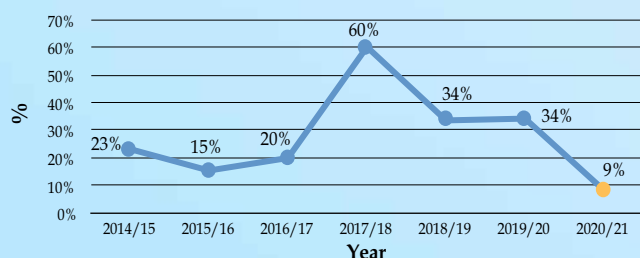
Total Assets  
(Rs. Mn)



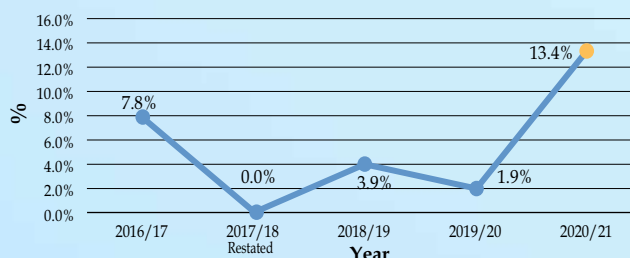
Market Capitalization  
(Rs. Mn)



Dividend  
Payout %



ROCE  
%



# FINANCIAL and Operational Highlights (Contd...)

## Financial Highlights

		2020/21	2019/20	Variance	%
<b>Operating Results</b>					
Operating profit	Rs. 000	117,603	34,137	83,466	245
Exchange gain/ (loss)	Rs. 000	3,485	(6,843)	10,328	151
Profit before tax	Rs. 000	108,361	12,086	96,275	797
Tax on profit (including deferred tax)	Rs. 000	(9,552)	225	(9,777)	4,345
Profit after tax	Rs. 000	98,808	12,311	86,497	703
Exports earnings	in US \$ Mn	3.83	3.55	0.28	8
ROCE	%	13.36	1.92		
Gross profit to sales	%	18.6	18.2		
Interest cover	Times	7.11	1.85		
<b>Financial Position</b>					
Dividend cover	Times	11.67	2.91		
Current ratio	Times	1.22	1.62		
Gearing	%	41	31		
Interest cost	Rs. 000	(17,730)	(22,347)	4,617	21
Financial investments	Rs. 000	22,578	36,481	(13,903)	(38)
<b>Shareholder information</b>					
Group fitch rating		'AA (Ika) –stable Outlook'	'BBB (Ika) –Positive Outlook'		
Dividend per share	Rs.	2.00	1.00	1.0	100
Market price per share	Rs.	134.25	72.10	62.2	
Earnings per share	Rs.	23.34	2.91	20.4	
Net assets per share	Rs.	174.77	151.77	23.0	
Price Earnings Ratio	Times	5.75	24.78		
Total assets	Rs. 000	1,829,716	1,178,575	651,141	55
Number of shareholders	Nos.	1,265	1,249	16	1
Market capitalization	Rs. 000	568,249	305,183	263,066	86
Shareholders' funds	Rs. 000	739,781	642,409	97,372	15

## Operational Highlights

			2020/21	2019/20
Manufactured Capital	No. of factories	Nos	3	3
	Rubber compound consumed	Kg 000	1900	1670
	Investment in PPE	Rs. 000	212,096	46,817
	Value additions	Rs. 000	512,958	398,532
Human Capital	No. of Employees	Nos	551	456
	Employee Retention Rate	%	98.5	98.4
	Employee Remuneration & rewards	Rs. 000	341,345	297,438
	Investment in Training & Development	Rs. 000	227	667
	Training	hours	890	1015
	Gender Diversity Ratio (Male : Female)		81:19	82:18
	Profit per Employee	Rs.	179,325	26,998
	Value additions per employee	Rs/ month	77,580	72,831
Social Relationship Capital	Total Taxes	Rs. 000	9,552	(225)
	Donation in cash	Rs.	252,055	362,483
	Energy Consumption	Kwh	2,736,194	2,027,118
Natural Capital	Waste rubber reused / recycled	Kg 000	57	54
Intellectual Capital	Investment in IT development	Rs. 000	3,505	2,244
	Number of awards	Nos	2	7

# 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. S. Rajapaksa (Retired on 30th September 2020) Mr D. K. Rajapaksa (Chairman - appointed on 30th September 2020/ Joint Managing Director - appointed on 11th February 2021) Mr D. R. Rajapaksa (Resigned on 28th February 2021) Mr G. H. A. Wimalasena (Resigned on 14th August 2020) Mr T. K. Bandaranayake Mr D. G. P. S. Abeygunawardana (Director/ General Manager) Mr D. D. A. Rajapaksa (Joint Managing Director - appointed on 11th February 2021) Mr. D. C. J. Rajapaksa Ms. I. Malwatte (Appointed on 14th August 2020) Mr. D. N. S. Rajapaksa (Appointed on 11th February 2021)
Audit Committee	: Mr T. K. Bandaranayake (Chairman) Mr G. H. A. Wimalasena (Resigned on 14th August 2020) Ms. I. Malwatte (Appointed on 14th August 2020) Mr D. R. Rajapaksa (Resigned on 28th February 2021)
Remuneration Committee	: Ms. I. Malwatte (Chairperson - Appointed on 14th August 2020) Mr G. H. A. Wimalasena (Chairman - Resigned on 14th August 2020) Mr T. K. Bandaranayake Mr D. D. A. Rajapaksa
Related Party Transaction Review Committee	: Mr T. K. Bandaranayake (Chairman) Ms. I. Malwatte (Appointed on 14th August 2020) Mr G. H. A. Wimalasena (Resigned on 14th August 2020) Mr D. D. A. Rajapaksa
Secretaries	: P W Corporate Secretarial (Pvt) Ltd. No. 3/17, Kynsey Road, Colombo 08. Te (011) 4640 360

# CORPORATE Information (Contd...)

## Factories

- Galle Factory** : Akuressa Road, Bogahagoda, Galle.  
Te (091) 3094 469-72, Fax (091) 2224 036, Email: info@samsonint.com
- Kalutara Factory** : No. 57/B, Fullerton Industrial Zone, Nagoda, Kalutara.  
Te (034) 5622 688, Email: info@samsonint.com
- Baddegama Factory** : Gilcroft Estate, Kiribathwila, Ampegama, Baddegama.  
Te (091) 3094 469-72, Fax (091) 2224 036, Email: info@samsonint.com

**Parent Company** : DSI Samson Group (Pvt) Ltd.

**Auditors** : Messrs Edirisinghe & Company, Chartered Accountants, No. 45, Braybrook Street, Colombo 02.

**Bankers** : Hatton National Bank      DFCC 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



Corporate Office

## Contact Details:

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 and achievements in the past. These have been analyzed below in the areas of Investments & Acquisitions, Product Certifications and Awards Won.

Year	Investments & Acquisitions	Product Certifications	Awards won
1988/89	Incorporated as a private Company		
1992/93	Became a public quoted Company		
1994/95		Received the first " ISO 9001: 1994 certificate" among the rubber-related product manufacturing companies in Sri Lanka.	
1995/96		Produced hot water bottles with the British Standard (BS 1970:2006) and TUV Certification.	
2007/08	Invested in the first Microwave continuous line machine in Sri Lanka		
2009/10	Purchased all assets of Aksel (Pvt) Ltd., Kalutara which produced rubber mats.		
2011/12			Received the Gold Award from the NCE for the first time.

## CORPORATE Milestones (Contd...)

Year	Investments & Acquisitions	Product Certifications	Awards won
2012/13			Received the Gold Award from the NCE for the second consecutive year.
2013/14			Received the Silver Award from the NCE and also Business Excellence Silver Award from the NCC for the first time, when the Company celebrated its Silver Jubilee.
2014/15	<p>Purchased assets of Okta PVC Lanka (Pvt) Ltd., Baddegama which manufacture PVC products.</p> <p>Issue of bonus shares on 1: 10 to shareholders</p>	Received the " ISO 9001:2008 certificate" for PVC pressure pipes.	
2015/16		Produced products with FSC™ (FSC™ C134777) Certification.	Received the Gold Award from NCE and five other merit awards.
2016/17		Received Code of Conduct in Business Social Compliance Initiatives (BSCI) certification on Social Responsibility.	Received Gold Award from NCE for the second consecutive time and nine other awards including the top ten CNCI Awards.

## CORPORATE Milestones (Contd...)

Year	Investments & Acquisitions	Product Certifications	Awards won
2017/18		Received ISO 9001: 2015, 14001:2015 Environmental Management Systems and 50001:2011 Energy Management System.	Received the Gold Award from the NCE for the third consecutive time and five other merit awards.
2018/19			Award from the NCE for the fourth consecutive time and Silver award at the Annual report competition.
2019/20	Acquisition of an exclusive dealership with a Malaysian manufacturer for PVC tap product range.		Received Gold Award from the NCE for the fifth consecutive time and Gold award at the Annual report competition.
2020/21			Received a Gold Award from the NCE for the sixth consecutive time and also received a special award as the Best Performer in Research and Development Activities

NCE – National Chamber of Exports

NCC – National Chamber of Commerce

CNCI – Ceylon National Chamber of Industries

# MONTHLY

## Operational Highlights - 2020/21

### 2020

- **April**
  - Operation was adversely affected due to the disruption from Coronavirus.
- **May**
  - Delivered export orders in midst of curfew period.
- **June**
  - Turnaround the PVC segment in to profits.
- **July**
  - Developed disinfection mat to the local market.
- **August**
  - Board proposed a dividend of Rs. 1.00 per share for the year ended 31st March 2020.
- **September**
  - Held our 28th AGM on 30th September 2020 in Colombo 08.
  - Resigned Dr. D. S. Rajapaksa from the post of Chairman and appointed Dr. D. K. Rajapaksa as the new chairman.
- **October**
  - Exported yoga mat for the first time.
- **November**
  - Recorded the highest turnover per month amounting to Rs. 218 Mn.
- **December**
  - Exported car mats to Japan for the first time
  - Moved in to new warehouse, Bogahagoda for rubber products.

### 2021

- **January**
  - Started in-house mixing at Galle rubber factory.
- **February**
  - Received a Gold Award from the National Chamber of Exporters of Sri Lanka on 24th February 2021 for the sixth consecutive years and a special award for research and development.
- **March**
  - Recording a turnover of first Rs. 2.2 Bn and the highest profit of Rs. 99 Mn per annum.
  - We developed and exported our new product – Rubber Bumper - to Netherland for the first time.
  - Increased mixing capacity at Baddegama PVC plant.
  - Recorded highest monthly turnover Rs. 130 Mn in the PVC segment.
  - Introducing Samson Rubber brand products to the local market.



Samson PVC products

# AWARDS Won

## Key Performance Indicators 2020/21

**16**

**No of NCE Gold  
Awards received  
so far**

**01**

**No of Annual  
Report Gold  
Awards received**

**03**

**Total No of  
Special Awards  
received so far**

**46**

**Total No of  
Awards received  
so far**



Receiving NCE Gold Award 2020

*"We received NCE Gold Export Award consecutively for six years..."*

**T**he Company received many awards and certifications covering every sphere of business. We will use these awards and certifications as a marketing tool to exploit overseas

customers and to further streamline current operational systems and procedures. The number of awards received by the Company during the last 33 years are as follows.

## AWARDS Won (Contd...)

Name of the Award	Number of awards received
1 NCE Export Award	16
2 National Business Excellence Award	05
3 CNCI Achiever Award	03
4 Sri Lanka National Quality Award	03
5 National Quality Circle Award	02
6 Social Dialogue and Workplace Cooperation Award	04
7 Annual Report Award/Certification	07
8 National Productivity Award	01
9 National Cleaner Production Award	01
10 Presidential Environment Award	01
11 Presidential Export Award	02
12 Social Media Campaign Award	01
<b>Total</b>	<b>46</b>

### Details of the Awards Won in the Past:

#### 1) NCE Export Awards in the category of agriculture value-added sector from the National Chamber of Exports:

- 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
- 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

**We have received 16  
NCE awards of the  
33 years of existence of  
our Company**

#### 2) National Business Excellence Award in the category of manufacturing Sector (medium category) 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

*Note: The Company did not participate for this competition in 2018 & 2019 and it was not held in 2020.*

#### 3) CNCI Achiever Award in the category of manufacturing (extra-large 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

*Note: The Company did not participate for this competition in 2018 & 2019 and it was not held in 2020.*

#### 4) Sri Lanka National Quality Award in the category of manufacturing sector (large category) from the Sri Lanka Standards Institution:

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

*Note: The Company did not participate for this competition in 2020.*

## AWARDS Won (Contd...)

**5) National Quality Circle Awards** from the 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.

*Note: The Company did not participate for this competition in 2019 and 2020.*

**6) Social Dialogue and Workplace Cooperation Award** in the category of manufacturing sector (medium category) from the Ministry of labour: from the Ministry of labour:

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

*Note: The Company did not participate for this competition in 2020.*

**7) Annual Report Award/Certification** in the category of manufacturing Companies turnover up to Rs. 5 Bn from the Institute of Chartered Accountants for five consecutive years:

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

*Note: This competition was not held in 2020.*

**8) National Productivity Award** in the category of Manufacturing sector – Large Scale.

- Certificate of Commendation - 2019

**9) National Cleaner Production Awards** in the category of Manufacturing Large – Rubber Industry.

- Bronze Award - 2019.

**10) Presidential Environment Awards** in the category of Rubber Based Products Industries.

- Certificate of Commendation - 2019.

**11) Presidential Export Awards:**

Received in 1996 and 1997

**12) Social Media Campaign Award** in the category of Automotive & other Industries from Sri Lanka Institute of Marketing.

- Bronze SLIM DIGIS Award - 2018

**13) Awards received by the Managing Director:**

- Dr. Kulatunga Rajapaksa was awarded with an honorary Doctorate from University of Sri Jayewardenepura in December 2019 on his contribution to the growth of DSI Samson Group and to the Sri Lankan business community.
- Managing Director Mr. Kulatunga Rajapaksa received "Sri Lanka Entrepreneur of the year (hall of fame) Award" from the Federation of Chamber of Commerce and Industry of Sri Lanka, on 11th December, 2017.

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

	Special Award	Area	Given by	Year
1	Best Performer in Research and Development Activities	Research and Development	National Chamber of Exporters	2020
2	Excellence in Global Reach Award	Marketing	National Chamber of Commerce	2016
3	CNCI Top Ten Award	Management	Ceylon National Chamber of Industries	2016

# OUR Products

Our vision is to be the leading polymer product manufacturer in the region. In this direction, 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. Our sales staff go through each stage of Strategic sales process to exploit new customers and repeat sales. These strategic sales Processes are Suspects, Prospects, Research, Approach, Sales presentation, Objection handling, Decision making, Close the sales contract, After sales service and Repeat sales.

## Rubber - related product Segment:

Samson International Plc makes value added products. We have all the machinery and expertise to manufacture many rubber-related products. We produce more than 40 rubber-related products for many industries at present.

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. 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. However, Samson International Plc is committed in manufacturing value added products. Our rubber-related value added products are given below.

### Pharmaceutical Industry:

- 1) Hot water bottles
- 2) Power webs & Flex bars
- 3) Period cups
- 4) Heel grounders

### Food and packaging Industry:

- 5) Food grade jar sealing rings
- 6) Scrapers
- 7) Bottle caps
- 8) Mover bands
- 9) Rubber bands
- 10) Pallet bands
- 11) Tube rings

### Bath ware Industry:

- 12) Bath mats
- 13) Tub mats
- 14) Head rests

### Foot ware Industry:

- 15) V straps
- 16) Shoe soles

### Matting and Flooring Industry:

- 17) Household mats
- 18) Continuous mat rolls
- 19) Industry mats and Staircase mats
- 20) Gymnasium mats
- 21) Pool mats
- 22) Flooring
- 23) Specialty mats ( Fire retardant and Electrical resistant mats)
- 24) Solid top mats

### Automotive Industry:

- 25) Three-wheeler mats
- 26) Truck mud flaps
- 27) Battery clips
- 28) Rubber wiser

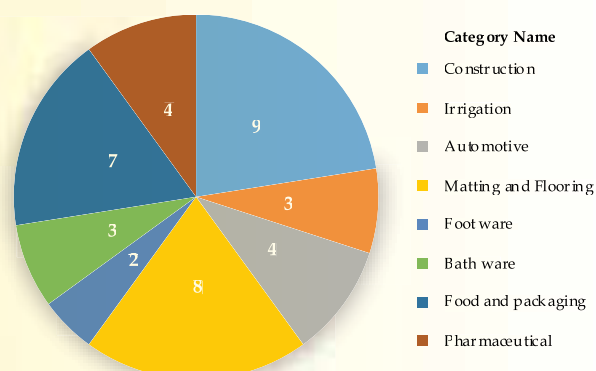
### Irrigation Industry:

- 29) Pipe joining rings
- 30) Garden hose
- 31) Soka hose

### Construction Industry:

- 32) Beadings and Profiles
- 33) Conveyor belts
- 34) Rubber ramps
- 35) Road humps
- 36) D-Bumpers
- 37) Pylon
- 38) Door stoppers
- 39) Corner guards
- 40) Rubber bumper

No of products in each industry



## OUR Products (Contd...)



Hot water bottles



Seed tray

## OUR Products (Contd...)



Hot water bottle



Sealing rings



Scrapers



Road humps

OUR Products (Contd...)



beading

Pylon

Heel grounders

Flex bars

Pallet bands

Mud flaps

Battery clips

Garden hose

Pipe sealing rings

Rubber soles

Colour beading

D-bumpers

## OUR Products (Contd...)



Gymnasium mats



Eva mats



Circle mat



Domino mat



Continuous mats

Heavy weight mats

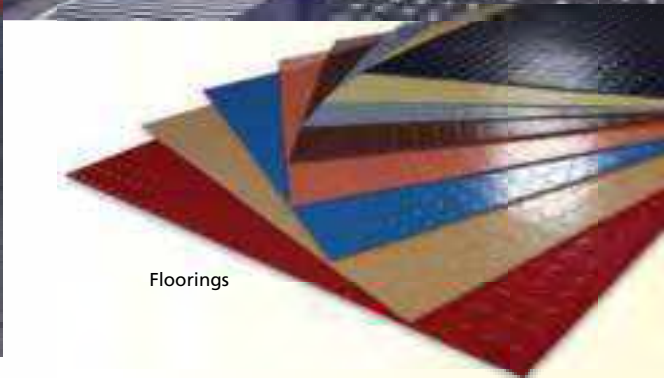
# OUR Products (Contd...)



Pool mat



Okta mat



Floorings



Kitchen mats



Electrical resistant mat



Bath mats



Shower mat

## OUR Products (Contd...)

### PVC - related product Segment:

Our Corporate Vision is "To be a leading polymer product manufacturer in the region". Therefore, we invested in a PVC factory, Okta PVC Lanka (Pvt) Ltd., Baddegama on 14th July 2014, in order to move forward in the direction of our Vision. We will also step into other segments of the polymer products whenever an opportunity arises. At present we produce the following PVC products.

Pressure pipes, Agriculture & irrigation pipes, Conduits & truncking, Fittings, PVC hose, Solvents, Gutters

In November 2019, we acquired an exclusive dealership for tap range products with a Malaysian manufacturer.



PVC Hose



PVC pressure pipes

## OUR Products (Contd...)



Pressure pipes



Fittings



Irrigation pipes



Electrical conduit pipes



PVC bends



Solvents



## OUR Products (Contd...)



Samson PVC products



### Product and Service Responsibility

When selling these products, we understand the importance of the product and service responsibility. Our measures is to improve quality in compliance with international standards. We have 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 FSC™ (FSC™ C134777) Certification (Forest Stewardship Council™ - 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 warranty a minimum of two years for our rubber products as we have confidence in the quality in our products.

# CHAIRMAN'S Review



*"The Company achieved the highest turnover and the profit in the history in the midst of Corona pandemic in the country. We could also turnaround the PVC segment this year and it is now doing well..."*

It is my pleasure to present the Annual Report of Samson International Plc for the year ended 31st March 2021, which is our 33rd financial year. The Company achieved the highest turnover this year too and recorded a turnover of Rs. 2.2 Bn in the current financial year as against the previous year turnover of Rs. 1.6 Bn. The PVC segment turnover went up by 124% in the current financial year. However, the growth of the rubber segment was 7%. The profit before tax for the year has been Rs. 108 Mn which has gone up from Rs. 12 Mn in the previous year. The main reason for this increase in profits is due to the increase in turnover in the PVC products and Sealing Rings. The Company obtained an exclusive dealership for water taps with a Malaysian manufacturer in the previous year with the intention of widening the PVC product range and it is growing well.

The Company will attempt to exploit all opportunities arising in the control/ resistance of Chinese products in the export and local market which resulted from the recent corona epidemic. Further, we would fully utilize assistance given by the present government to local manufacturers to promote exports.

## Awards

This financial year, it is indeed a great honor to mention that our Company received a Gold award from National Chamber of Exports of Sri Lanka for the sixth consecutive year and also obtaining a special award for the Best Performer in Research and Development Activities. This year, most of the award competitions were not held due to the current situation of the country. In the previous year, we received Gold award for the Annual report from the Institute of Chartered Accountants of

# CHAIRMAN'S Review (Contd...)

Sri Lanka for the first time. However, this competition too was not held in the financial year under review.

## Operational Review

The operational matters have been explained in detail under Jt. Managing Directors' Operational review on page 28.

## Dividends

The Board of Directors decided to recommend a dividend of Rs. 2.00 per share in the year under review. (Last year - Rs. 1.00 per share)

## Appreciation

I would like to thank Dr. D. S. Rajapaksa who was the Chairman since inception of the Company for the enormous contribution given to the Company during last 33 years. I also would like to thank Mr. D. R. Rajapaksa who also served as a director since inception, for the invaluable contribution and guidance give to the Company. It is no doubt that Samson International Plc could come to this level from their enormous input and commitment. I would also welcome Mr. D. N. S. Rajapaksa to the board. We also welcome Mr. D. D. A. Rajapaksa as the Jt. Managing Director and wish both of them.

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 their support. We deeply appreciate the faith of our shareholders in our Company and we assure them of a bright and better future.



**Dr. D. K. Rajapaksa**

Chairman/ Jt. Managing Director

Colombo  
25th May 2021

# JOINT MANAGING

## Director's Operational Review

*"We will further expand production capacity in both rubber and PVC factories. In the year, the Company was able to win a Gold award from NCE for six years consecutively..."*

It is a pleasure to inform you that the Company recorded the highest profit of Rs. 99 Mn in the current financial year as mentioned in the Chairman's Review. We also recorded the highest turnover of Rs. 2.2 Bn as against the previous year's turnover of Rs. 1.6 Bn. The turnover growth mainly came from PVC sector which increased its turnover by 124%. We are happy to inform you that this year we could turnaround PVC sector in to a profit. We could increase the PVC turnover in all the provinces in Sri Lanka other than North and Western. We could achieve this remarkable turnover growth in the midst of Corona pandemic, depreciation in currency and increase in resin prices. Resin is the major raw material for PVC products.

The capacity of the PVC factory was expanded by investing in machinery and buildings. We also intend to use aggressive promotions through electronic media in the next quarter. Therefore, we could expect a greater turnover in the near future.

The major sales growth from the rubber sector came from sealing rings. We increased the turnover of sealing rings by 15%. Sales from V-straps and shoe soles came down by 9% due to closure of shops and schools mainly in Western province. However, we could expect a sales growth in the next financial year after normalcy is reached. The capacity of the main rubber factory in Galle was also increased by investing in machinery such as Mixer, Presses, lab equipment and a stores building. We have invested them more than Rs. 200 Mn in the current financial year and we are confident to receive a return from it in the future.

Even though, operation of the Company was adversely affected during first two months of the financial year from the Corona pandemic, we could deliver all export orders without any delay

## JOINT MANAGING Director's Operational Review (Contd...)

with the commitment of all our employees. During the last ten months, we planned the operation very well and achieved the highest turnover and the profitability this year. PCR tests were carried out by the health authority for some of the selected employees of the Company in March 2021 and they found that all have become negative and end of May 2021, be found three employees infected from Coronavirus. We adhered the guidelines given by health authorities strictly for them and monitored it regularly.

It is also noted that a great opportunity has arisen for us due to the current resistance for the products from China who is our main competitor. Further there is a short supply for the rubber products from India due to the widespread of Corona pandemic. We would take every possible steps to exploit those opportunities with the assistance given by the present government for the local industries and through our research and development capabilities. We have strengthened our research and development and continue to obtain professional services from universities and related government institutions. Despite extremely challenging industry conditions, both globally and locally, the Company adopted a long-term view of value creation, investing in innovation, automation, people and its infrastructure.

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 nine (previous year twelve) new products in the overseas and local markets (Please see page 108). We invest more than Rs. 30 Mn per annum on Research and Development (R&D) activities, which is around 1.5% of our turnover.

We couldn't participate in local and foreign exhibitions this year in order to seek new customers. At present our products are available in 32 out of 194 countries and we will pursue to increase our presence further. During the year we exported Rubber mat to Japan, Electrical insulation mat to Malaysia, Rubber pingle to Netherland, hot water bottle to USA for the first time and sold Disinfection mat in local market.



# JOINT MANAGING Director's Operational Review (Contd...)

During the year, the Company received a Gold award from the National Chamber of Exporters in six consecutive years and a special award for the Best Performer in Research and Development Activities as mentioned 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 received the British Standard (BS 1970:2006), TUV Certification and FSC™ (FSC™ C134777) 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.

We maintain excellent rapport with our neighbours and villagers which seems to be constructive and improving continuously. Further, our 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.

## Future

Our effort is to further strengthen our operation, export market, financial management, achieving optimal cost structure and risk management which lead to achieve our strategic goals. 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 reach the normalcy from Coronavirus. We will also use aggressive promotion activities to exploit all potential opportunities in the local and export markets.

We 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 2021

# PROFILES

## of the Directors

The Profiles of the Board of Directors are as at 31st March 2021 is 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 Groups (Pvt) Ltd. He has over 58 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.

Dr. Kulatunga Rajapaksa was awarded with an honorary Doctorate from University of Sri Jayewardenepura 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 28 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.

#### **Other Appointments**

He currently serves as a Director in Laugfs Gas Plc, Overseas Realty (Ceylon) Plc, Renuka Foods Plc, 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 of Directors of Noritake Lanka Porcelain (Pvt) Ltd..

He serves as Chairman of the Quality Assurance Board established by the Institute of Chartered Accountants of Sri Lanka comprising senior members of the accounting profession as well as representatives of public sector regulatory bodies.

#### **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, LL.M, LL.B, 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 LL.M 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 career, 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 in many DSI clusters spanning across Footwear, Rubber Products, Coir Products, Clay Products bringing local and export revenue to the Group. He is the creator of many successful brands spanning across various product sectors launched into the market in the local and international arena.

He has more than 12 years Marketing, Management & Information Technology experience in both local and overseas Companies.

He 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.

### 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 7 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. Malwatte was the first woman Chairperson of the EDB. She has in-depth knowledge on multi sectors ranging from industrial, agricultural, services, supply chain management and international marketing. She has served as the focal point on a number of World Bank, ITC, GIZ, CBI and JETRO export development projects.

She commenced her career in international marketing at the Ceylon Tea Promotion Bureau in Tokyo, Japan and joined the Export Development Board (EDB) in June 1981. She has over 40 years of experience in serving the Government both internationally and locally as a Top Export Promotion Professional. She has hands on experience in the private sector, exporting perishable produce and entering new and demanding markets. She was a member of the Agency for International Trade responsible for trade negotiations and developing the national trade and export strategies of Sri Lanka and a member of the Task Force on FDI and Exports.

In July 2016 she was internationally recognized for her long years of service in Business & Commerce by the WIFTs Foundation with the Lifetime Achievement Award for - Business in London, UK. She was the first Sri Lankan to be bestowed with this honor.



# PROFILES of the Directors (Contd...)

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 -State & Government Sector in 2018. She was featured on the “The 2018 A – List of Sri Lanka Business People” by the LMD Magazine.

## Other Appointments

Ms Malwatte served on the Boards of the National Gem and Jewellery Authority, National Design Centre, Development Holdings Limited and Chairperson of the National Packaging Centre and the Mushroom Development Centre. Currently Ms Malwatte is a Non-Executive Director of Lanka Shipping and Logistics Ltd, and Cargills (Ceylon) PLC. and engaged in consultancies on International Trade and developing the SME Sector.

## 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 20 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 Principal - Cloud Orchestration, Connectivity & Enterprise at Telstra Corporation Australia.

## Number of shares held in the Company

8,297



**Directors who resigned/ retired during current financial year are given below.**

## **01. Dr. D. Samson Rajapaksa**

*M.B.B.S (Cey), F.R.C.O.G. (U.K.), M.S. (S.L.)*

**Chairman (Retired on 30th September 2020)**

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

### **Skills & Experience**

Dr. Samson Rajapaksa is a medical practitioner by profession and counts over three decades of experience with DSI Group. He served as the Chairman of DSI Samson Group (Pvt) Ltd. until 19th November 2018 and the Chairman of Samson International Plc until 30th September 2020.

### **Other Appointments**

He is also a Director of Samson Plantations (Pvt) Ltd.

In addition to being on the DSI Samson Group (Pvt) Ltd. Board, he is a consultant Obstetrician and Gynecologist in the private sector. Dr. Samson Rajapaksa serves as a committee member of the Young Members Buddhist Association and of the Sri Lanka Medical Library.

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

1 share

## **02. Mr. D. Ranatunga Rajapaksa**

*Dip. In Technology*

**Non - Executive Director (Resigned on 11th February 2021)**

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

### **Skills & Experience**

Mr. Ranatunga Rajapaksa is the Managing Director of Samson Rubber Industries (Pvt) Ltd., a Company that specializes in the designing, manufacturing and exporting of tyres and tubes. He was promoted to the Managing Director of DSI Samson Groups (Pvt) Ltd. on 19th November, 2018. He resigned from the Board of Samson International Plc on 11th February 2021.

### **Other Appointments**

He is also the Managing Director of DSI Samson Group (Pvt) Ltd, Samson Rubber Products (Pvt) Ltd., DSI Tyre India (Pvt) Ltd. and a Director of several other subsidiary Companies of the DSI Samson Group.

Mr. Ranatunga Rajapaksa plays a major role in expanding the Group's overseas business and has more than 47 years of experience with DSI Group.

### **Board committees**

Audit Committee (Resigned on 11th February 2021)

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

11,350 shares

# PROFILES of the Directors (Contd...)

## 3. Mr. G. H. Ananda Wimalasena

*B.Sc., ACMA (UK), Higher Diploma in Management (London College of Printing, U.K.)*

**Independent, Non –Executive Director**

*Appointed to the Board on 31st March 2009 and resigned on 14th August 2020*

### **Skills & Experience**

Mr. Ananda Wimalasena was the Founder-Managing Director of Asiri Hospital Group of Companies from 1980 to 2006. Mr. Ananda Wimalasena has experience and extensive exposure in management and health services.

### **Other Appointments**

He also serves as the Chairman in ITMC (Pvt) Ltd.. He was the previous Chairman of the Civil Aviation Authority, Airports & Aviation Services (Sri Lanka) Ltd. and chairman of the State Pharmaceutical Corporation.

### **Board committees**

Remuneration Committee - Chairman (Resigned on 14th August 2020)

Audit Committee (Resigned on 14th August 2020)

Related Party Transactions Review Committee (Resigned on 14th August 2020)

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

Nil

# PROFILES of the Directors (Contd...)

The right people with the  
right skills ...

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, 2021:

	Service Category	No. of Directors on the Board
1	0 – 4 Years	3
2	5 – 8 Years	1
3	9– 12 Years	2
4	13– 16 Years	-
5	17– 20 Years	-
6	21 – 24 Years	-
7	25 – 28 Years	-
8	29 – 30 Years	1



Board of Directors

# PROFILES

## of the Executive Management



**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. 31 for the profile*



**Mr. D. Dilshan A. Rajapaksa**  
*M. Sc. (Australia), B.Sc. Hons (UK), MCIM (UK)*  
**Jt. Managing Director**  
*Please refer page No. 32 for the profile*



**Mr. Priyantha Abeygunawardana**  
*MBA, LLB, FCA, FCMA, FCCA, MCIM, Attorney-at -Law*  
**Director/ General Manager**  
*Please refer page No. 32 for the profile*

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

## Marketing - Rubber Sector



**Mr. Sanjeewa Weerakkodi**

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

**Marketing Manager**

Mr Weerakkodi, is the Head of 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 an Associate Member of the Chartered Institute of Marketing, UK. Previously he worked in a rubber products manufacturing Company registered under BOI for two years.



**Mr Naveendra Kumara**

*MBA, MAAT, Dip in Business Mgt.*

**Manager - Commercial**

Mr. Navindra Kumara has over 28 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 and also works for European market as a Manager-International Marketing. He holds an MBA from Manipal University of India and a Diploma in Business Management from NIBM.



**Mr. Chanuka Jayasinghe**

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

**Assistant Business Development Manager**

Mr. Chanuka Jayasinghe is responsible for developing new international markets. He previously worked for Microcells (Pvt) Ltd as a Senior Executive, international Marketing. Chanuka has over five years' experience in marketing rubber products combined with his four years' experience in the hospitality industry in Australia. He possesses a Master's degrees in Professional Accounting from the University of Ballarat, Australia and Business Management from University of Jayawardanapura. He also has a Bachelor's degree in Business Management from the University of Bangalore, India.



**Mr. Saminda Madushanka**

**Marketing Executive**

Mr. Saminda Madhusanka joined Samson international Plc on 1st of January 2019. He had 5 years experience as a Marketing Executive in the field of Construction at Geed Technologies (Pvt) Ltd.. He oversees the Local Market.

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



**Mr. Asith Withanawasam**

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

**Marketing Executive**

Mr. Asith Withanawasam 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. He 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.

## Marketing - PVC Sector



**Mr. Nishantha Abeygunawardana**

**Business Development Manager**

Mr. Abeygunawardana joined Samson International Plc in July 2014 when we stepped into the PVC business. At present, he is the Head of Marketing for the PVC segment. Previously, he worked at Associated Motorways Ltd., Central Industries Plc and Okta PVC Lanka (Pvt) Ltd. for eighteen years. He is the Head of Marketing in PVC segment and all Field Sales Managers report to him.



**Mr. P. Weeraratna**

**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.

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



**Mr. Janaka Sapukotana**  
Institutional Sales Manager

Mr. Sapukotana joined Samson International in October 2016 as Assistant Business Development Manager 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.



**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.



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

He has worked 2 years at Kamal PVC Industries (Pvt) Ltd., 1 years 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.

## 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 26 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.

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



**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 three years from February 2015 to January 2018.



**Ms. Piumangani Seneviratne**

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

**Manager - Logistics**

Ms. Seneviratne 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. She holds Bachelor of Management Studies (Special) Degree and a Diploma in Management from the Open University of Sri Lanka.

### Finance



**Mr. Sisira Abeywickrama**

*B.Sc.(B.Ad.)Sp, ACA*

**Manager - Finance**

Mr. Sisira Abeywickrama is a Chartered Accountant and holds a B.Sc. Business Administration (Special) degree from the University of Sri Jayewardenepura. 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 seven years post qualifying experience as a Chartered Accountant.

### Production



**Mr. Asanka Dimuth Edirisinghe**

*Dip. in Engineering Science*

**Executive, Production, Galle Factory**

Mr Asanka Edirisinghe is the head of Production 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 Factories**

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 22 years' technical experience, of which 20 years has been at Samson International Plc. At present, he is the Production Executive at the Baddegama and Kalutara factories.



**Mr. Himal Jayaranga**

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

**Production Manager**

Mr. Jayaranga 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 is responsible for all research and development activities at the PVC plant. Previously, he worked as Production Engineer at St. Anthony's Industries, Ekala.

### Quality Assurance



**Mr. Namal Nishantha**

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

**Manager - Quality Assurance**

Mr. Namal works as Quality Assurance Manager and is the Management Representative of the Company for various quality-related audits. 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 22 years of experience working in the Quality Assurance Department of the Company.



**Mr. Kasun Ranasinghe**

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

**Executive - Quality Assurance**

Mr. Kasun 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.

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

## Engineering



**Mr. Nilantha Jayalal Gamage**

*Dip. in Technology; PgDMM*

**Executive, Engineering**

Mr. Nilantha Jayalal holds a National Diploma in Technology from the University of Moratuwa and has completed his Postgraduate Diploma in Manufacturing Management at the University of Colombo. He worked at Brollo Pipes and Profile Ltd, Nigeria, as Mechanical Engineer for two years prior to joining Samson International Plc in 2012. He is the Head of the engineering department.



**Mr. Sudeshpriya Gamage**

*Dip. in Technology*

**Executive, Engineering**

Mr. Sudeshpriya Gamage joined as 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.

## Human Resources



**Ms. Nishanthi Padmakumari**

*Dip. in Human Resources Management*

**Assistant Manager - Human Resources**

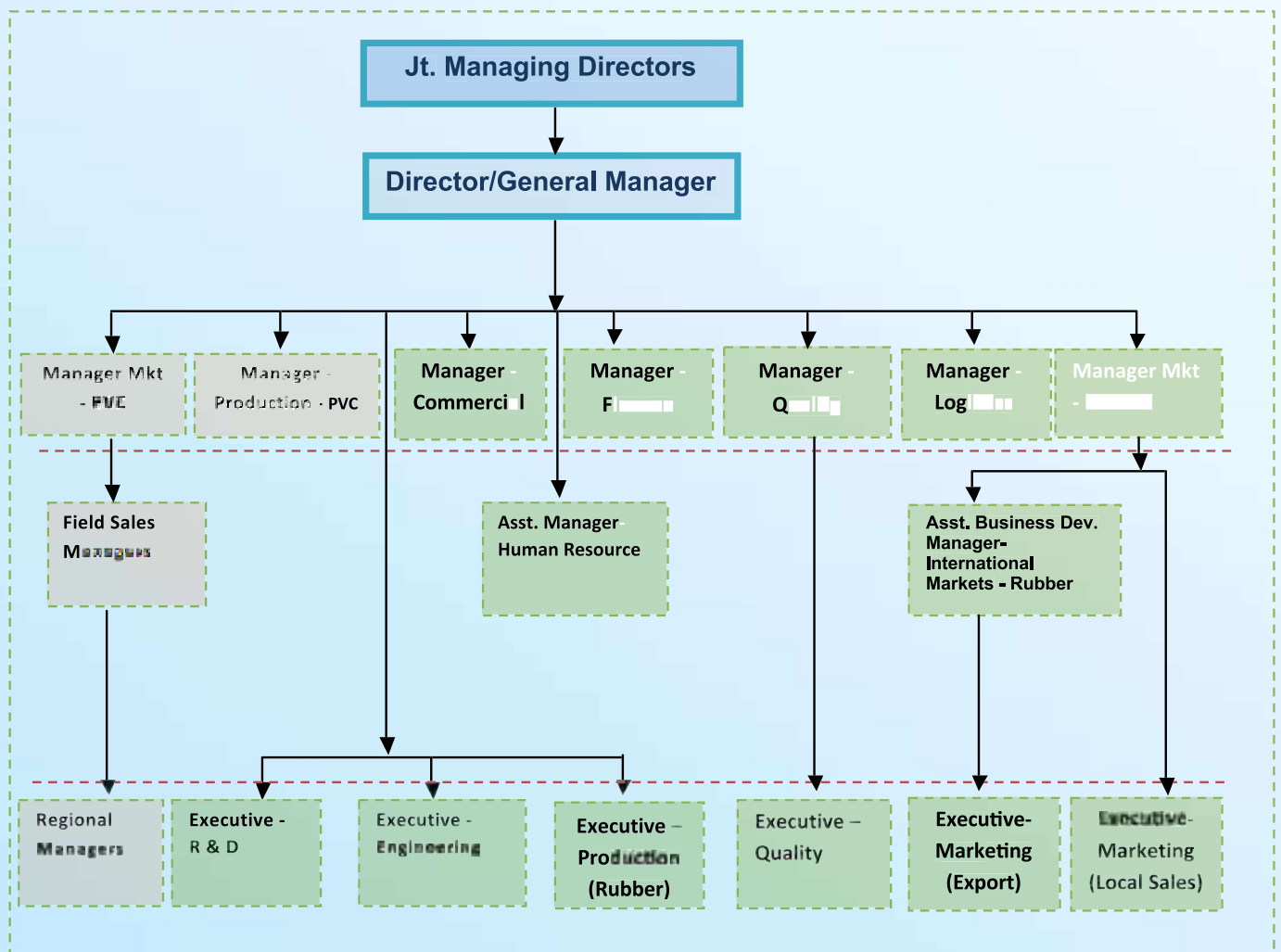
Mrs. Padmakumari joined Samson International Plc in 1993 and is the Head of the Human Resources Department at present. She holds a Diploma in Human Resource Management from NIBM and has over 27 years of experience in Human Resource Management.

### Analysis of Educational and Professional qualifications of the Executive Management as at 31st March, 2021

Category	Number of executives with academic qualifications	Number of executives with professional qualifications
Doctorate	1	
Master's Degrees	8	-
Bachelor's Degrees	11	-
Diplomas (Engineering and Production etc.)	11	-
Professionally qualified in Accountancy		2
Professionally qualified in Law		1
Professionally qualified in Marketing		2
Professionally qualified in Human Resource		1
<b>Total</b>	<b>31</b>	<b>6</b>

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

## Organization Structure



# REVIEW

## of the External Environment

*“We should exploit all global opportunities through our research and development capabilities from the current resistance for the products from China in the global market .....*”

We need to continuously review our external global and Sri Lankan environment in order to understand in which business we carry out and should take appropriate proactive actions for potential threats and disasters. We should also exploit all opportunities from the current situation.

### Global Economic Outlook

Population in the world is currently growing at a rate of around 1.05% per year and the average increase in current population is estimated at 81 million people per year. The world population is 7.8 billion people in July 2020.

The population, density, land area, urban population % and world share of population in our major exporting and potential countries are given below.

Country	Population 2020	Density (P/Km <sup>2</sup> )	Land Area (Km <sup>2</sup> )	Urban Pop %	World Share
China	1,439,323,776	153	9,388,211	61%	18.47%
India	1,380,004,385	464	2,973,190	35%	17.70%
United States	331,002,651	36	9,147,420	83%	4.25%
Pakistan	220,892,340	287	770,880	35%	2.83%
Japan	126,476,461	347	364,555	92%	1.62%
Germany	83,783,942	240	348,560	76%	1.07%
United Kingdom	67,886,011	281	241,930	83%	0.87%
France	65,273,511	119	547,557	82%	0.84%
South Africa	59,308,690	49	1,213,090	67%	0.76%
South Korea	51,269,185	527	97,230	82%	0.66%
Canada	37,742,154	4	9,093,510	81%	0.48%
Saudi Arabia	34,813,871	16	2,149,690	84%	0.45%
Australia	25,499,884	3	7,682,300	86%	0.33%
Sri Lanka	21,413,249	341	62,710	18%	0.27%
Netherlands	17,134,872	508	33,720	92%	0.22%
Sweden	10,099,265	25	410,340	88%	0.13%

Source: worldometer

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

China and India have the highest population in the world. The gap between third (USA) and second highest (India) population is more than 1 billion and it is very much wide. China and India take 36% of the globe population. Canada and Australia have the lowest density P/Km<sup>2</sup> around 4. We noted that our urban population percentage is very low compared to the developed countries.

The GDP, GDP growth %, GDP per capita and share of world GDP in first 15 countries of 2017 are given below.

Country	GDP	GDP growth	GDP per capita	Share of World GDP
United States	\$19.485 trillion	2.27%	\$59,939	24.08%
China	\$12.238 trillion	6.90%	\$8,612	15.12%
Japan	\$4.872 trillion	1.71%	\$38,214	6.02%
Germany	\$3.693 trillion	2.22%	\$44,680	4.56%
India	\$2.651 trillion	6.68%	\$1,980	3.28%
United Kingdom	\$2.638 trillion	1.79%	\$39,532	3.26%
France	\$2.583 trillion	1.82%	\$39,827	3.19%
Brazil	\$2.054 trillion	0.98%	\$9,881	2.54%
Italy	\$1.944 trillion	1.50%	\$32,038	2.40%
Canada	\$1.647 trillion	3.05%	\$44,841	2.04%
Russia	\$1.578 trillion	1.55%	\$10,846	1.95%
South Korea	\$1.531 trillion	3.06%	\$29,958	1.89%
Australia	\$1.323 trillion	1.96%	\$53,831	1.64%
Spain	\$1.314 trillion	3.05%	\$28,175	1.62%
Mexico	\$1.151 trillion	2.04%	\$9,224	1.42%
Sri Lanka	\$87.36 billion	3.31%	\$4,135	0.11%

Source: worldometer

40% of the world GDP is taken by two countries namely United States and China. Although, India take 5th position in GDP ranking, their per capita income is lower than even Sri Lanka. We have noted that we have customers more than 50% in the top 15 GDP countries in the world. GDP of Sri Lanka is USD 87.36 billion and per Capita income is USD 4,135.

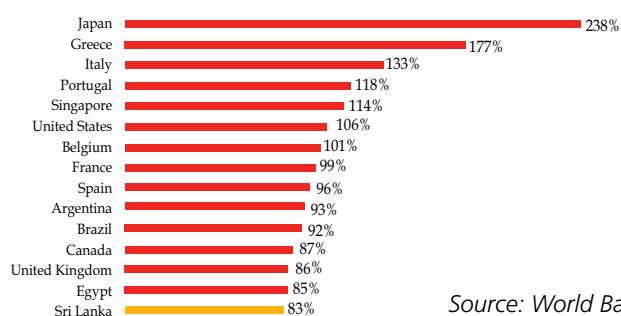
## Per Capita Income between 2018 and 1950 (in USD)

Country	1950	2018
Japan	90	39,400
Singapore	35	64,500
Korea	54	31,280
Sri Lanka	89	4,100

By looking at the above table, Sri Lanka has been far behind from per capita income during the period of last 68 years.

Therefore, we need to assess ourselves and take corrective actions and right economic policies in the future.

## Percentage of Government gross debt as a share of GDP:



Source: World Bank

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

Our debt to GDP percentage is 83% and we have been in the position of 15th. This means we have only 17% left for other recurrent expenditure and development. However, Japan has the highest debt to GDP percentage and they have a greater per Capita income than us.

## Overview of the World Economic Outlook Projections

	Estimate	Projection	
	2020	2021	2022
<b>World Output</b>	<b>-3.5</b>	<b>5.5</b>	<b>4.2</b>
Advanced Economies	-4.9	4.3	3.1
United States	-3.4	5.1	2.5
Euro Area	-7.2	4.2	3.6
Germany	-5.4	3.5	3.1
France	-9.0	5.5	4.1
Italy	-9.2	3.0	3.6
Spain	-11.1	5.9	4.7
Japan	-5.1	3.1	2.4
United Kingdom	-10.0	4.5	5.0
Canada	-5.5	3.6	4.1
Other Advanced Economies	-2.5	3.6	3.1
<b>Emerging Market and Developing Economies</b>	<b>-2.4</b>	<b>6.3</b>	<b>5.0</b>
Emerging and Developing Asia	-1.1	8.3	5.9
China	2.3	8.1	5.6
India	-8.0	11.5	6.8
ASEAN	-3.7	5.2	6.0
Emerging and Developing Europe	-2.8	4.0	3.9
Russia	-3.6	3.0	3.9
Latin America and the Caribbean	-7.4	4.1	2.9
Brazil	-4.5	3.6	2.6
Mexico	-8.5	4.3	2.5
Middle East and Central Asia	-3.2	3.0	4.2
Saudi Arabia	-3.9	2.6	4.0
Sub- Saharan Africa	-2.6	3.2	3.9
Nigeria	-3.2	1.5	2.5
South Africa	-7.5	2.8	1.4

Source: IMF, World Economic Outlook, 2021

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

Economy of all the countries unexpectedly affected from the Corona pandemic. Although recent vaccine approvals have raised hopes of a turnaround in the pandemic later part of this year, renewed waves and new variants of the virus provides concerns for us now. Amid exceptional uncertainty, the global economy is projected to grow 5.5 percent in 2021 and 4.2 percent in 2022.

Many countries, particularly low-income developing economies, entered the crisis with high debt during the pandemic. The global community will need to continue working closely to ensure adequate access to international liquidity for these countries. Where sovereign debt is unsustainable, eligible countries should work with creditors to restructure their debt under the Common Framework agreed by the G20.

## Ease of doing business ranking

It is noted that Sri Lanka improved the Ease of doing business ranking from 100 to 99 out of 190 countries with a DTF score of 61.8. China has improved it tremendously and India and

Pakistan also improved their positions in 2019 compared to the previous year. New Zealand, Singapore and Hong Kong ranked first three places. The ease of doing business ranking of our competing countries for our rubber products are as follows.

DB Rank			DB Score	
2019	2020	Economy	2019	2020
27	21	Thailand	80.1	79.5
43	33	Turkey	75.3	76.8
73	73	Indonesia	68.2	69.6
46	31	China	74.0	77.9
61	56	Kenya	71.0	73.2
77	63	India	67.5	71.0
100	99	Sri Lanka	61.8	61.8
136	108	Pakistan	55.5	61.0

It is noted that we are behind all countries in the Asia other than Pakistan. The ranking given for Sri Lanka in each criteria for the calculation of ease of doing business is shown below.

Criteria		Ranking out of 190 countries
1	Starting a Business	85
2	Dealing with Construction Permits	66
3	Getting Electricity	89
4	Registering Property	138
5	Getting Credit	132
6	Protecting Minority Investors	28
7	Paying Taxes	142
8	Trading across Borders	96
9	Enforcing Contracts	164
10	Resolving Insolvency	94

We need to review above individual areas and should take appropriate actions in order to enhance foreign investments in to the country.

## Sri Lanka Economy

According to the 2020 GDP statistics published by the Department of Census and Statistics in Sri Lanka, a decline of 3.6% indicated in the Sri Lankan economy for 2020. Fourth quarter of 2020 recorded an economic growth of 1.3%. In 2020, major economic activities of agriculture, industry, and services, reported negative growth rates of 2.4%, 6.9% and 1.5%, respectively. As we are aware, this is mainly due to the Corona pandemic in the globe. At the end of March 2021, Sri Lanka accounted for 90,200 COVID-19 confirmed cases, while recovered individuals totaled 86,759 and fatalities related to COVID-19 amount to 546 individuals.

As per the medium-term macroeconomic framework of the Central Bank of Sri Lanka, the economy of Sri Lanka is expected to grow by +5.0% in 2021. The following salient observations were noted in the Sri Lankan economy.

## Exports Sector

According to the statistics published by the Export Development Board, Sri Lanka's merchandise exports indicated a negative growth of -9.64% in January 2021 with USD 908.07 mn compared to USD 1004.9 mn recorded in January 2020. The export volume index declined by -10.2 per cent while the unit value index increased by +2.5 per cent on a year-on-year basis in January 2021.

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

Our largest customer is in German. Sri Lanka imported from Germany in January 2021 declined by -33.1% to euro 14,374,000 compared to euro 21,483,000 January 2020. Sri Lanka exported to Germany goods amounting to euro 57,889,000 in January 2021, compared to euro 75,215,000 in the same period of the previous year, indicating a decline of -23.0%.

Export earnings from Rubber & Rubber finished products increased by 5.46% (y-o-y) to usd 84.16 Mn in January 2021. Pneumatic and retreaded rubber tyres and tubes (10.97%), industrial and surgical gloves (40.43%) and hygienic or pharmaceutical articles (133.33%) attributed to the export growth in January 2021 compared to the previous year. Between January and February 2021, tourist arrivals amounted to 5,048, which is a decline of -98.8% compared to 435,941 in the same period of the previous year.

Inflow of workers remittances has got a positive start in 2021 reflecting double digit growth. As per provisional data from the Central Bank, inflow in January was \$ 675.3 mn up by 16.3% from a year earlier. In local currency it was valued at Rs. 128.6 bn up 22% from January last year.

## Import Sector

Sri Lankan Global Imports Expenditure on merchandise imports amounted to USD 1,592 mn in January 2021 compared to USD 1,735 mn in January 2020. The import volume index and the unit value index declined by 4.2 per cent and 4.3 per cent, respectively on a year-on-year basis in January 2021.

Vehicle imported in January 2021 amounted to usd 0.5 mn (-99.2% y-o-y). Between January and December 2020, vehicle imports amounted to USD 282.9 mn, indicating a decline of -65.3 compared to the previous year.

## Guidelines and regulations

During this Corona pandemic period, the government and other authorities imposed some guidelines and regulations in order to control the economy. Some of these guidelines which affect to our business are given below.

### a) Repatriation of Export Proceeds into Sri Lanka

The Monetary Board of Sri Lanka issued Gazette Extraordinary no. 2215/39 on 18 February 2021, in

respect of receipt of export proceeds into Sri Lanka and conversion of such export proceeds into Sri Lanka rupees. The regulations are applicable until further notice. Every exporter of goods is required to:

- 1) Receive the export proceeds within 180 days from the date of shipment.
- 2) Submit all documentary evidence export proceeds to the respective licensed banks that receives such proceeds in Sri Lanka.
- 3) Every exporter of goods will within fourteen days upon the receipt of such export proceeds into Sri Lanka, convert 10% from and out of the total of the said export proceeds received in Sri Lanka into Sri Lankan Rupees through a licensed bank.
- 4) The requirement of converting the aforesaid 10% from the export proceeds received in Sri Lanka will be determined by the Monetary Board from time to time. We are following all above procedures at present.

### b) Central Bank allows clients to sell foreign currency forward against LKR

On 25 January 2021, the Central Bank directed licensed commercial banks to refrain from entering forward contracts of foreign currency until 24 April 2021. Hedging instruments in the market for importers continue to be suspended.

According to the latest amendment to Banking Act Directions No. 2 of 2021, banks can purchase foreign currency from export business customers by entering forward contracts to sell foreign currency and buy Sri Lankan Rupees.

We are not entering in to forward contract for imports at present.

### c) Guidelines for those who undertake Business visits under Bio Safety Travel Bubble

The Ministry of Health released a circular on 10 March 2021 stating the measures applicable only to Sri Lankans and foreign nationals who are residing in Sri Lanka, who are undertaking an important state visit/official visit/ business visit under the bio safety travel bubble. Business travelers visiting under the bio safety travel concept should

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

strictly comply with the health guidelines/protocols issued by the Ministry of Health.

At present, we do not invite overseas customers and we do not also participate any trade exhibition. We use zoom facility in communicating with them.

## d) Saubhagya relief scheme

Central Bank of Sri Lanka introduced the Saubhagya relief scheme to support the affected businesses through a refinance and interest subsidy scheme. Other relief measures extended by banks included capping of interest rates charged on credit card payments, reduction of minimum monthly payment dues on credit cards for varying durations and waivers of penal charges on leasing facilities.

The Company obtained a loan of Rs. 50 Mn under this scheme at an interest of 4%. We have not utilized any leasing facilities to purchase any assets.

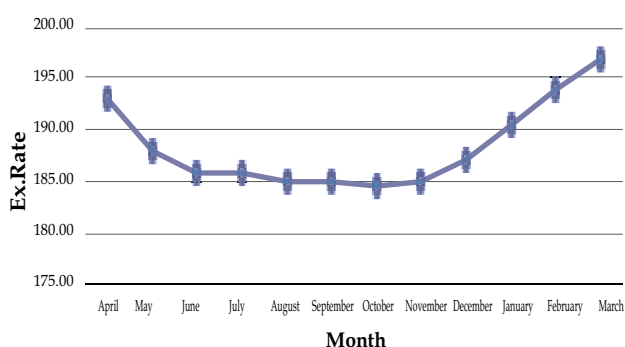
## Inflation rates

Headline inflation as measured by the National Consumer Price Index decreased to 3.7% in January 2021, from 4.6% in December 2020. Core inflation in February 2021 declined to 2.6% from 2.7% in January 2021.

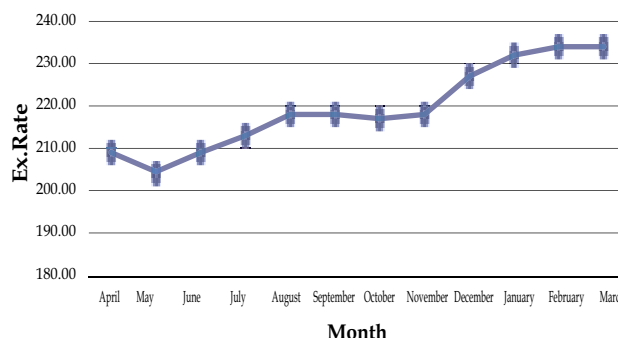
## Exchange rates

The Sri Lankan rupee depreciated against the US dollar by 7.1% to an indicative rate of LKR 197.47. The Sri Lankan rupee depreciated against the Euro by 4.1% and the pound sterling by 8.5% to an indicative rate of LKR 234.78 and LKR 273.21, respectively. As of 28 February 2021, Official Reserve Assets amounted to USD 4,555.7 Mn while the Foreign Currency Reserves totaled USD 4,097.3 Mn.

Average Exchange Rate - US\$ to LKR (2020/21)



Average Exchange Rate EUR to LKR (2020/21)



## Interest rates

Market interest rates continued to decline, reflecting the impact of policy rate reductions of Central Bank and the surplus liquidity in the domestic money market. The Monetary Board reduced the policy rate by 250 basis points from January to date. The Monetary Board arrived at this decision with a view to inducing a further reduction in market lending rates, thereby encouraging the financial system to aggressively enhance lending to productive sectors of the economy, which would reinforce support to COVID-19 hit businesses as well as to the broader economy, given conditions of subdued inflation.

Changes in Policy Interest Rates of Central bank of Sri Lanka

Date	SDF Rate (%)*	SLF Rate (%)*	Bank Rate	SRR
30.01.2020	6.50	7.50	15.00	5.00
16.03.2020	6.50	7.50	15.00	4.00
17.03.2020	6.25	7.25	15.00	4.00
03.04.2020	6.00	7.00	15.00	4.00
16.04.2020	6.00	7.00	10.00	4.00
06.05.2020	5.50	6.50	9.50	4.00
16.06.2020	5.50	6.50	9.50	2.00
09.07.2020	4.50	5.50	8.50	2.00

SDF - Standing Deposit Facility

SLF - Standing Lending Facility Rate

SRR - Statutory Reserve Requirement

From January to date, policy rates were reduced by 250 basis point. The impact of monetary easing measures is reflected in the recent notable decline in market interest rates. Monetary easing measures implemented so far during the year are being transmitted to the economy as reflected by the decline in most market interest rates. Both deposit and lending rates have declined notably, while some interest rates have reached historic lows. However, the pace of reduction of market interest

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

rates has slowed in the recent past. The historically low levels of policy interest rates and the Statutory Reserve Ratio, as well as the availability of significant excess liquidity in the domestic money market, provide further space for market lending rates to adjust downwards in support of the recovery of domestic economic activity. Maximum interest rate on Pre-arranged Temporary Overdrafts is 16%.

A noticeable decline in market lending rates was observed in July 2020 in response to the series of policy and regulatory measures adopted by the Central Bank thus far in 2020. With the gradual reduction in market lending rates, interest rates applicable on new lending by commercial banks, on average, have now reduced to single digit levels. The Average Weighted Prime Lending Rate (AWPR) has also declined significantly.

The yield rates of T-bills turned downward across three - term maturities from April 2020 according to the Policy rates reduction.

The one-year Treasury bill Weighted Average Yield Rate is around 4%.

## Sri Lanka Government debt as a percentage of GDP

During the ten-year period from 2004 to 2014, the government debt as a percentage of GDP declined from 102% to 71%. During this period, foreign debts reduced from 48% to 30%. However, subsequent five year period ended 2019, this went up to 85% of the GDP. The foreign debts in this period went up from 30% to 42%. During the last five year period, there was no significant change in domestic debts.

## Sri Lanka Economic Outlook for next year

We have to face the sovereign rating downgrade, looming debt repayments, pressure on the exchange rate, inflation and pressure from UN Human Rights Council.

The sovereign rating for the country was downgraded by three international rating agencies which cite the impact of the COVID-19 pandemic undermining the country's debt servicing capability which in turn is expected to increase pressure on the exchange rate.

Oil prices are also forecast to increase in 2021 which will also add to concerns over the trade balances. It is noteworthy that food inflation has increased since April 2020.

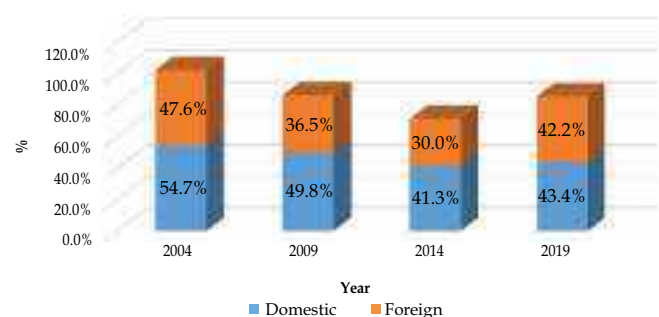
We should introduce implementation of effective structural reforms, along with the picking up of government revenues and a rationalisation of government expenditures and successful management of public debt in the period ahead for sustainability.

Poverty alleviation could be successful if middlemen between the producer and consumer could be eliminated as stated by Pakistani Prime Minister Imran Khan in the recent visit in Colombo.

Financial markets should be more proactive to support the growth ambitions of the government. The relationship between the private sector and the government should be envisioned as being a co-ordinated growth-oriented approach.

From the current resistance for the products from China in the global market and also for the short supply for the products from India due to the Corona Pandemic, we should exploit all global opportunities through our research and development capabilities.

Sri Lanka government debt as % of GDP



# OVERVIEW

## of Rubber Industry

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

### Global Rubber Industry

Natural rubber production worldwide in 2019 amounted over 13.6 mn metric tons. This is a significant increase since 2000, when a total of around 6.8 mn metric tons of natural rubber was produced globally. During the period of time from 2018 to 2019, the consumption of natural rubber in the end form of tires and tubes was estimated to be 864,000 metric tons worldwide. During that time period, the consumption of general rubber goods made out of natural rubber was estimated to amount to a further 348,000 metric tons worldwide.

	Produced		Consumed	
	Mt	%	Mt	%
Natural Rubber	13.60	47.3%	13.70	46.9%
Synthetic Rubber	15.13	52.7%	15.28	53.1%
<b>Total</b>	<b>28.73</b>	<b>100%</b>	<b>28.98</b>	<b>100%</b>

China was the leading importing country of natural rubber worldwide in 2019, reaching a value of approximately 3.4 billion U.S. dollars, double the value of the rubber imports to the United States the same year.

The Association of Natural Rubber Producing Countries (ANRPC) has scaled down world rubber production in 2020 by 10 per cent to 12.597 mn tones due to a combination of factors such as climate change, extreme weather and leaf fall diseases that disrupted production across major growing countries.

### Sri Lankan Rubber Industry

As the pioneer of the global Natural rubber industry, Sri Lanka is renowned for its production of high-quality natural rubber

and rubber-based products. 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. Products made in Sri Lanka are internationally accepted for their durability and superior quality. Throughout the years, the industry has 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.

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. 600 Mn per year from exports of rubber-related products such as sealing rings, hot water bottles and mats & floorings etc.

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.

# OVERVIEW of Rubber Industry (Contd...)

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.

## Rubber Prices

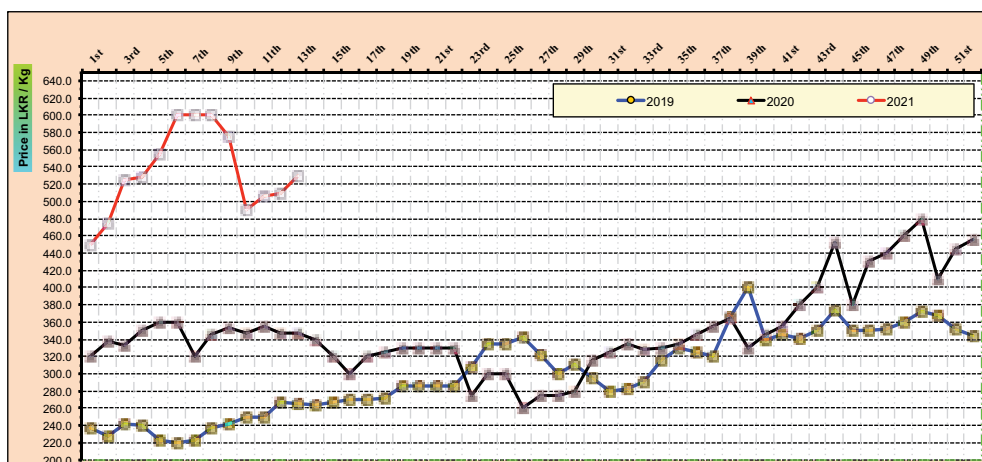
Around 60% of the total raw material cost of our products come from rubber. Therefore we always monitor rubber price and the consumption. There are fluctuations in rubber prices due to the changes in crude oil prices which pushup the synthetic rubber. If the crude oil prices goes up, the demand for natural 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. However, the situation might change due to the disruption from the corona virus. The rubber prices could also change from time to time depending on the weather pattern in Sri Lanka and other competing countries.

It is noted that the rubber graph for 2019 had an upward trend. In the 25th week ( Mid of the year) of 2020, the rubber price started increasing. However, during the first six months of 2020, it had a stable price. The crepe price at the end of March in 2019, 2020 and 2021 are Rs. 265, Rs. 347.5 and Rs. 530 respectively. This is an increase of Rs. 182.5 or 1 USD per Kg for the current year. Please see the rubber graph given below.

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.

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 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 2020 ~ 2021



# OVERVIEW of Rubber Industry (Contd...)

## Projected outputs (Raw Rubber) in 2024

Indicator	Unit	2019	2024
<b>UPSTREAM</b>			
1. Total Rubber Extent	Ha	150,500	169,000
2. Mature Rubber Extent	Ha	97,930	97,000
3. Average Rubber Yield	Kg/Ha	1,042	1,042
4. Raw Rubber Production ( Projections at 4% ARP)	MT	102,000	101,070
5. Raw Rubber Export	MT	18,000	15,570
6. Local Raw Rubber Internal Consumption	MT	84,000	85,500
7. Value of Locally Consumed Local Rubber	\$M	273	318
8. Export Income from Raw Rubber	\$M	63	64
9. Total Value of Raw Rubber Produced	\$M	336	382
<b>IMPORTS</b>			
10. Raw Natural Rubber	MT	55,000	65,000
11. Synthetic Rubber (40% for rubber products)	MT	23,000	69,000
12. Semi-Processed Rubber ( 20% of gross weight)	MT	6,000	7,000
<b>DOWNSTREAM</b>			
13. Total quantity of Rubber(NR+SR) Consumed	MT	168,000	226,500
14. Rubber Products value of exports	\$M	1700	3000
15. Rubber Products value of local sales	\$M	240	300
16. Rubber products – Aggregate Turnover	\$M	1,940	3300
17. Value of rubber wood based products sold	\$M	157	289
18. Total Industry Turnover	\$M	2,433	3,971
<b>LOCAL MARKET FOR PRODUCTS</b>			
19. Value of rubber products imported	\$M	250	275
20. Local market for rubber products	\$M	490	575

# REVIEW

## of Operating Environment

*"We consistently review the operating environment and follow the health guidelines, environmental compliance, sustainability and renewable energy sources ..."*

Our 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.

Since we are operating in the international market and some of the products are related to food grade, the operating environment is paramount important. In fact some of our buyers send their audit teams annually to verify our operating environment before placing their orders to us. In the year under review, we too faced from global Corona pandemic. Therefore, we strictly followed the health guidelines given by government institutions to protect from this virus and to meet on time delivery especially to our overseas customers. From time to time, Public Health Officers carried out PCR tests among our employees and found all of them were negative. We encourage social distancing in the factory. In order to meet the expected environmental objectives, our factories focus in the areas of Environmental Compliance, Sustainability, Carbon Footprints and Renewable Energy Sources.

### Environmental Compliance

We are adhering to all regulatory compliances, standards and environmental laws. Our measures to follow these standards and social compliances, in-house and overseas laboratory tests are continuously carried out in order to retain/ grow our market share for our products.

We obtained Greenhouse Gas Assertion ISO 14064-1:2006 certification from National Cleaner Production Center Sri Lanka for the first time in the previous year. At present we have the following certifications in relation to the operating environment:

- REACH Certificates for the chemicals we use
- BSCI Certification on such social responsibility practices
- ISO 14001 for Environment Management System
- ISO 50001 for Energy Management System
- ISO 9001:2015 Quality Management System for Rubber & PVC products
- FSC™ (FSC™ C134777) Certification for Forest Stewardship Council™ - Chain of Custody
- British Standard ( BS 1970:2012) for hot water bottles
- TUV Certification for hot water bottles
- SGS test reports for sealing rings
- SATRA, UK Certificate for fire retardant mats
- SATRA, UK Certificate for fire retardant floorings
- Electrical Resistant Certificates from Universities

### No incident of non-compliance

During the year under review,

- There was no significant fine for non-compliance with laws and regulations.

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

## REVIEW of Operating Environment (Contd...)

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

The following are some of the Acts we use frequently and complied with:

	<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		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			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 Operating Environment (Contd...)

## Sustainability

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 will 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. 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. The Company has the own paddy field and its harvest is distributed among the villagers. Samson International Plc produces many products under Forest Stewardship Council™ FSC™ (FSC™ 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.

## Carbon Footprints

We focus on reducing their carbon footprint for social and financial reasons. A carbon footprint means that total emissions caused by an individual, event, organization, or product, expressed as carbon dioxide equivalent.

We obtained Greenhouse Gas Assertion ISO 14064-1:2006 certification from National Cleaner Production Center Sri Lanka. We hope to have continuous improvements in this area and have planned to invest much in the future. Since we are dealing with export business we pay much focus on carbon footprints and other environmental aspects.



## Renewable Energy Sources

We obtained ISO 50001 – Energy management system. We often conduct training programmes for our employees on effective electricity consumption and educate risk prevention. We have decided to invest more than Rs. 105 mn on Solar system with the help of a very reputed Solar panel installation Company.

### Energy consumption

	Unit	2020/21	2019/20
<b>Non-renewable sources</b>			
Furnace oil	Litres	383,735	338,600
Diesel	Litres	7,800	10,641
<b>Renewable sources</b>			
Electricity from CEB	kwh	2,556,517	2,027,118

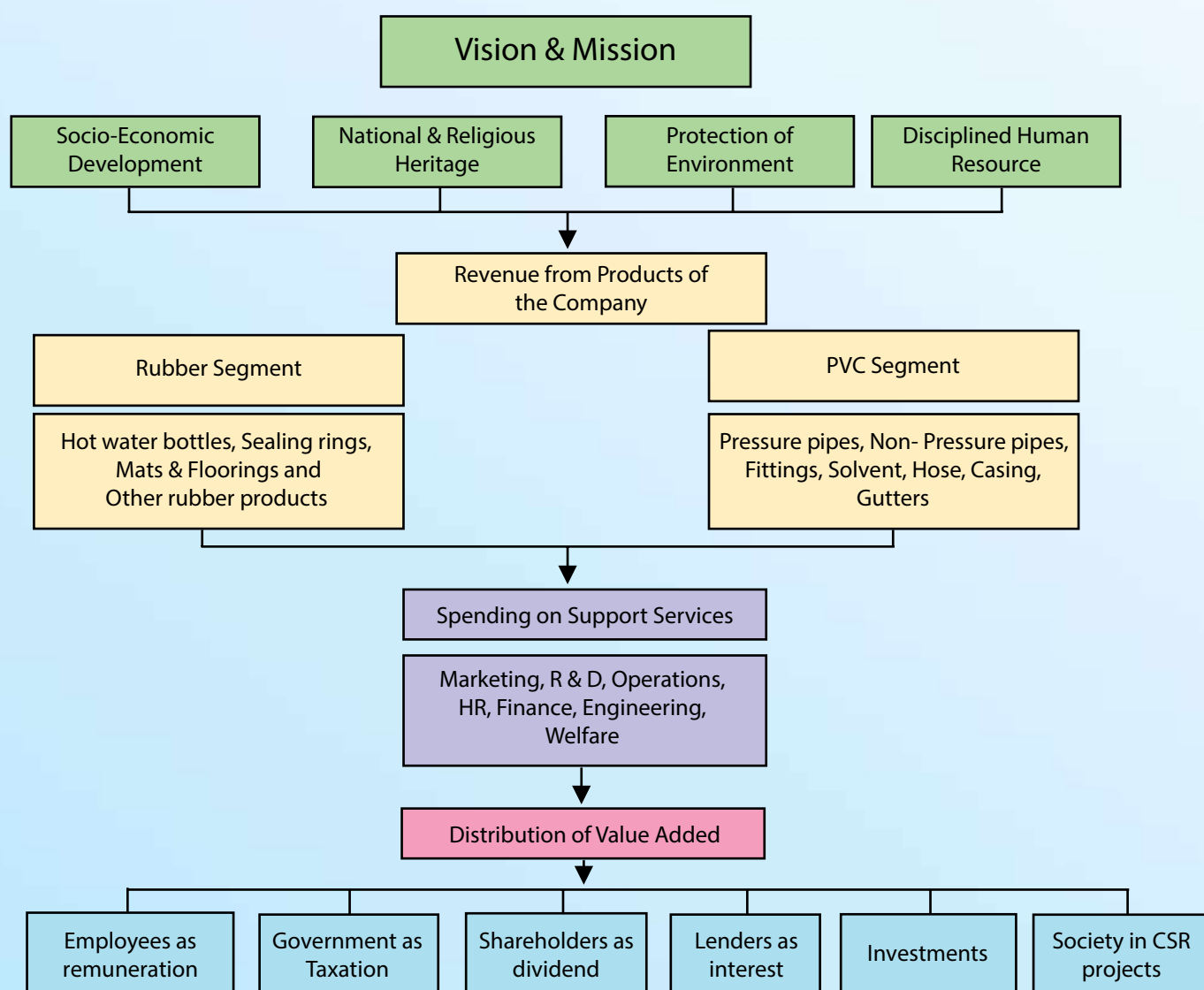
We export our products mostly to the advanced countries. The advanced countries expect more stringent quality, regulatory compliances, standards and environmental laws. Further, Corona virus has disrupted the global supply chain and it is a scale beyond either SARS in China, floods in Thailand or the earthquakes in Japan. Therefore, this year we need to focus on the health guidelines as well. In conclusion, review of operating environment is extremely important for Sri Lanka as well as Samson International Plc.

# VALUE

## Creation and Stakeholder Engagement

There are two product segments in the Company namely rubber segment and the PVC segment. The revenue generated from these segments is shown in the revenue distribution diagram below.

**Company revenue distribution diagram**



### Statement of Value Added and distributed

The Company has been doing value additions continuously since its inception (1988). The Company generated a value addition of Rs. 512 Mn during the year against Rs. 398 Mn in 2019/20 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 7% from Rs. 72,831 in the previous year to Rs 77,580 in the current year.

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

	2020/21	2019/20	Increased by
Value addition per employee per month – Rs	77,580	72,831	7%

Value additions increased by 29% from Rs. 398 Mn in the previous year to Rs. 512 Mn in the current year and 67% of the total value additions was distributed to employees.

### Statement of value added and distributed

#### Value Addition

	2020/21		2019/20	
	Rs.'000	%	Rs.'000	%
Turnover	2,185,869	100	1,590,203	100
Less: Cost of materials and services purchased	1,672,911	(77)	1,191,671	(75)
Total Value additions	512,958	23	398,532	25

#### Value Distributed

	2020/21		2019/20	
	Rs.'000	%	Rs.'000	%
To Employees as remuneration and welfare	341,345	67	297,439	75
To the Government as taxation	(9,552)	(2)	(225)	(0)
To the Shareholders as dividend	4,232	1	8,465	2
To lenders of capital as interest	17,730	3	22,347	6
To retain in the business - as depreciation	57,599	11	57,768	14
As retained profits	101,604	20	12,738	3
	512,958	100	398,532	100

## Stakeholder Engagement

We have created more channels to interact with below external and internal stakeholders to obtain their feedback which 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	

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

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>	Exhibitions, Trade association, Advertisement, Customer visits and One – to – one communication	Regularly
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Prompt payment</li> <li>• Continuous orders</li> <li>• Price revisions</li> </ul>	Supplier meetings, Supplier service evaluations, Supplier registrations, Supplier audits	Regularly and Monthly
<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>	Open- door policy, Joint consultative committee, Regular dialogues, Training programmes and HR cluster meetings	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>	Social gathering and participation of Company events, Group meetings, Group journals,	Regularly and Monthly

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

The above one-to-one communication with neighbouring communities arises at the distribution of rice ceremony & timber trees, 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.

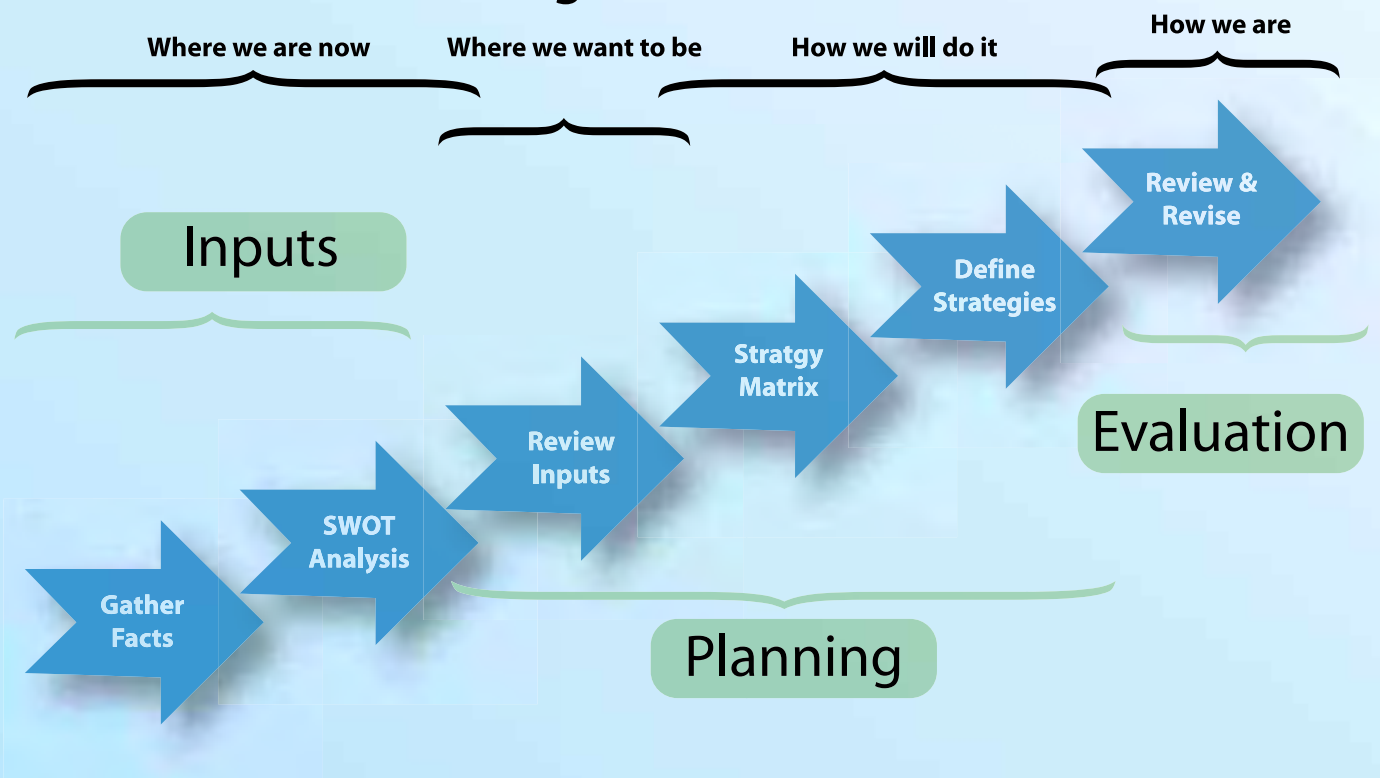
Needs and expectations of the employees can be identified through suggestion box, join consultative committee, attitude surveys, group newsletters and information obtained with regard to number of grievances complaints, number of cases in labour tribunals, labour courts and arbitration, employee turnover rates, exit interviews, number of accidents, rate of absenteeism, and quality of production and services.

# GOALS and Strategies

We prepare our three year's Strategic plan and revise it annually before the commencement of a financial year. This year, we organized this strategic planning meeting at a hotel in Galle 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.

In order to achieve 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.

## Strategic Plan Process



# GOALS and Strategies (Contd...)



## Business Performance Analysis

### Key Strengths

1. Wide product range
2. Strong, loyal and old customer base
3. Being in the business for the last 32 years
4. Low cost dollar borrowing facilities
5. ISO certified since 1994 to date
6. Support from other sister Companies
3. Adverse climate changes
4. Environmental pollution issues
5. Shortage of skilled workers
6. Inability to increase selling prices immediately corresponding to increases in raw material prices
7. Unpredictable global virus issues

### Key Challenges

1. Low-cost manufacturers from India, China and Indonesia who are penetrating our low- end products.
2. Unpredictable raw material prices ( especially rubber, resin ) and exchange rates

### Key Opportunities

1. New market for USA, South America and Japan
2. High potential for yoga mat and PVC products
3. Investing for a roto cure to produce continues sheets.
4. Gaining Chinese markets due to their supply shortage.

## Material Issues

During the strategic planning meetings, the followings were identified as material issues for the Company. (Please see the next page)

# GOALS and Strategies (Contd...)

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

## Strategies

Our short and medium- term growth strategies focus on a mix of market penetration, market development, and new product development on routine basis. 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 both factories and investing in modern machinery.

### 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.

# GOALS and Strategies (Contd...)

## Objectives and Strategies set for 2021/22

Plans for 2021/22	Strategy
1 The Company makes every effort to introduce our products to markets such as the South Africa, USA, Japan and Middle –East.	Market developments
2 To increase the market share by 15% in PVC segment	Market penetration
3 Where possible, forward exchange contracts are entered into for minimizing the exchange risk.	Minimize the exchange loss risk
4 The Company continuously invests in Research and Development activities	Product developments
5 Wherever possible, we hire employees from sister Companies to cover the temporary labour shortages	Minimize the Operational risk
6 The Company continuously carries out environmental audits and invests in CSR activities	Minimize the Operational risk
7 Company will develop five new products	Product developments
8 Develop our brands to be perceived as high quality products to maintain a competitive advantage	Market penetration
9 Participate all possible exhibitions in overseas and locally	Market developments
10 Upgrade in-house mixing facility	Enhance efficiency
11 Sales promotion through electronic media	Market penetration

## Objectives set in 2020/21 and extend of achievements :

Plans for 2020/21	Extent of Achievement
1 To introduce our products to markets such as the South Africa, USA, Japan and Middle – East.	Found four countries. Rubber mat to Japan, Electrical insulation mat to Malaysia, Rubber pingle to Netherland, Hot Water Bottle to USA and Disinfection mat in local market
2 To reach break-even in the PVC segment	Done
3 Where possible, forward exchange contracts are entered into for minimizing the exchange risk.	Achieved to some extent
4 The Company continuously invests in Research and Development activities	Done
5 Wherever possible, we hire employees from sister Companies to cover the temporary labour shortages	Done
6 The Company continuously carries out environmental audits and invests in CSR activities	Achieved to some extent
7 Company will develop five new products	Done
8 Develop our brands to be perceived as high quality products to maintain a competitive advantage	Achieved to a larger extent
9 Participate all possible exhibitions in overseas and locally	Non in overseas and one in local exhibitions
10 Upgrade the JSR packing room	Done
11 We will invest in modern machinery with high productivity and plan to invest in a Kneader next year	Done

# FINANCIAL

## Capital

### Key Performance Indicators 2020/21

**7 times**  
Interest cover

**Rs. 3.5 Mn**  
Exchange gain

**Rs. 17 Mn**  
Finance cost

**41%**  
Gearing



Opening of Samson Rubber brand in March 2021

*"We will maintain a healthy financial position with a consistent asset growth and strong base of reserves"*

#### 1) Yearly

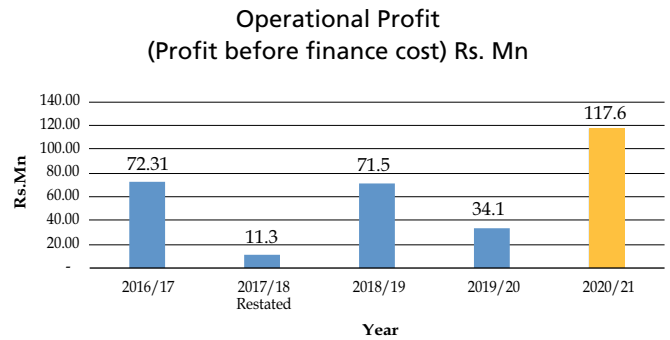
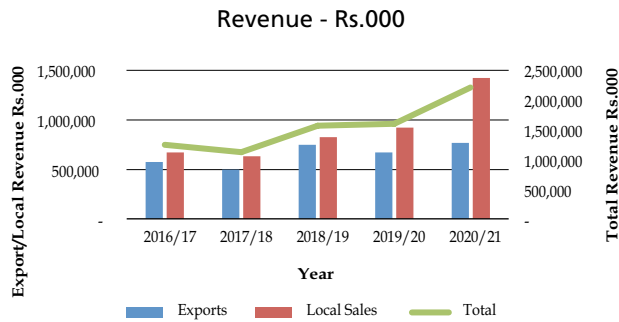
#### Performance Revenue

The Company recorded a turnover of Rs. 2,185 Mn in the current year as against Rs.1,590 Mn in the previous year which is an increase of 37%.

The major turnover growth came from the PVC sector which was a 124% increase compared to the previous year. Out of the total revenue of Rs 2,185 Mn for the year ended 31st March 2021, 65% was earned from local sales and the balance 35% was from export sales. Local sales went up by Rs 504 Mn from Rs. 915 Mn in the previous year to Rs. 1,420 Mn in the current year. Local sales have been growing tremendously after the Company stepped into the PVC business. In local rubber sales, it is noted that sale of rubber mats has gone up significantly in the current financial year.

Export sales have also gone up by 13% compared with the previous financial year. The highest contribution for this increase is coming from sealing rings and hot water bottles.

# FINANCIAL Capital (Contd...)



## Profit / (Loss) before Taxation

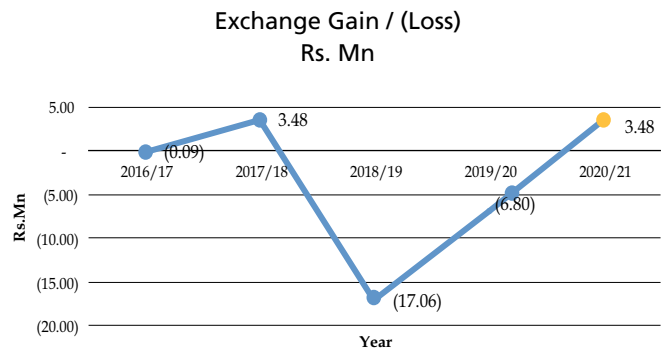
The profit before taxation in the current year is Rs. 108.3 mn as compared to Rs. 12.1 mn in the previous year. One of the reasons for this is due to the turnaround of PVC segment. In the previous year, this segment incurred a loss of Rs 25 mn and this year, it earned a profit of Rs. 42 mn. The finance cost decreased by Rs. 11.5 mn from Rs. 29.2 mn in the previous year to Rs. 17.7 mn in the current year. This is due to the earning of an exchange gain in the current year as against the exchange loss in previous year. The exchange gain for the year is Rs. 3.4 mn as against the exchange loss of Rs. 6.8 mn in the previous year. The interest cover is 7 times in the year under review.

## Gross Profit Margin

The Company has recorded a gross profit of Rs. 407.2 Mn as against Rs. 289.9 Mn in the previous year. The Gross Profit Ratio in the current year is 18.6% which was 18.2% in previous year. The main reason for the increase in gross profit ratio was the increase in sale of sealing ring which gives one of the highest contributions among rubber products.

## Operational Profit (Profit before Finance cost)

The Operational profit in the current financial year is Rs. 117.6 mn as against Rs. 34.1 mn in the previous year. We have incurred Rs. 98.7 mn for the selling and distribution cost in the current year as against Rs.68.6 mn in the previous year. The main reason for the increase in selling and distribution cost is the increase in transportation cost and sales commissions which are directly related to the sales growth in PVC. The Administrative overhead cost was Rs. 192.5 mn during the year under review as against Rs 190.9 mn in the previous year. During the year, administrative cost was kept under strict control.



The Company obtained Rs. 50 mn of a working capital loan from DFCC Bank under Sawbhagya loan scheme at the concessionary interest rate of 4%.

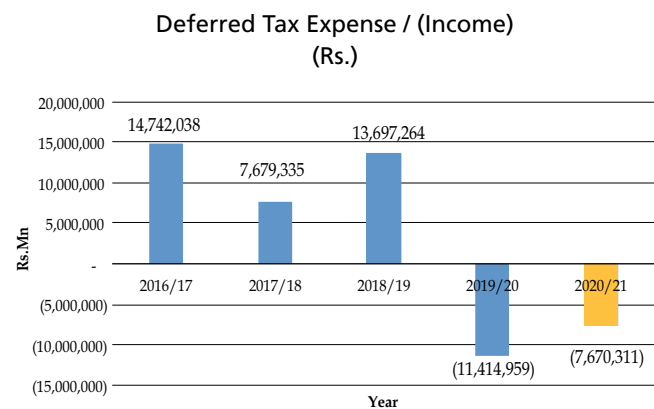
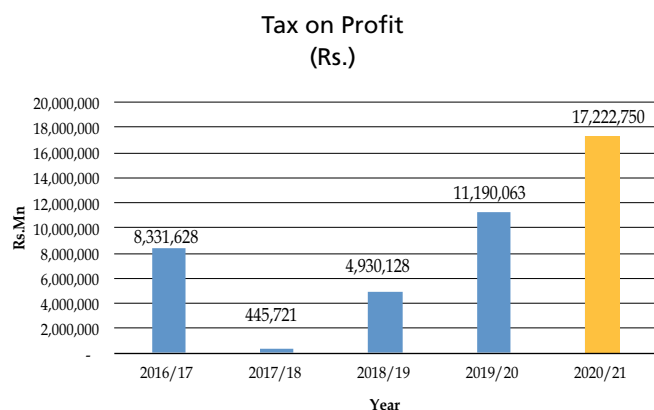
The Company continues to maintain a clear and coherent approach to hedging which is carried out with pre- approved financial institutions. Our company enter into such arrangements only with financial institutions we believe that they are able to perform their obligations over the entire tenor of our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

# FINANCIAL Capital (Contd...)

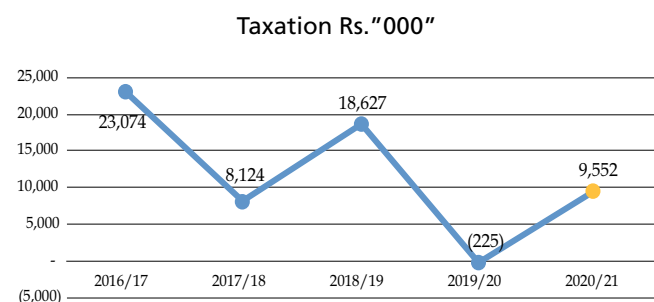
## Taxation

The corporate tax rate on income from local sales decreased from 24% to 18%. For the income from exports also decreased from 24% to 14%. The effective rate for the Company is around 17%. (Refer Note 10 of the Financial Statements on page 178 for a detailed explanation).

	2020/21	2019/20
Tax on profit of the year	17,222,750	11,190,063
Deferred tax expense/(Income)	(7,670,311)	(11,414,959)
<b>Total</b>	<b>9,552,440</b>	<b>(224,896)</b>

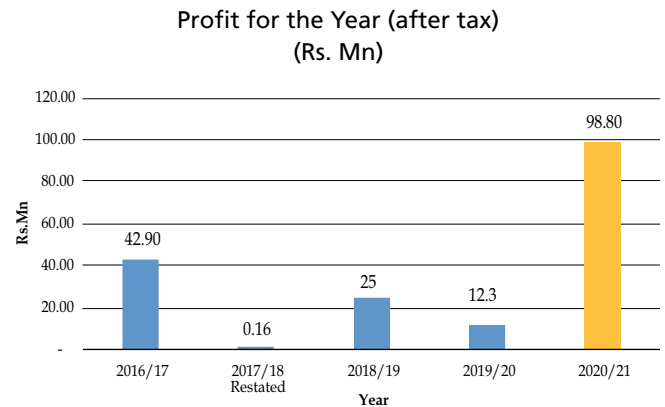


There is a significant tax saving due to the low effective tax rate of 17%. Otherwise, we would have paid a higher tax payment owing to the high profits in the current financial year.



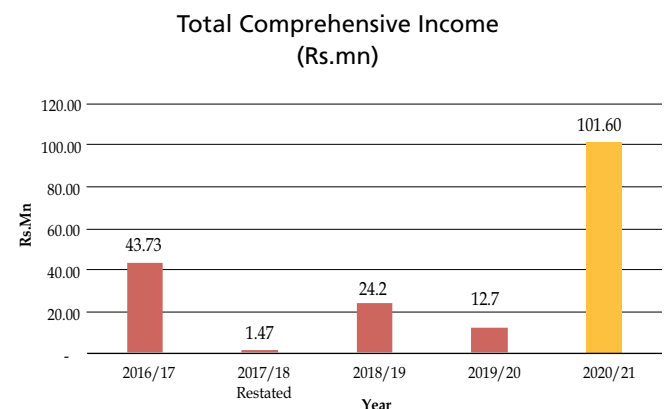
## Profit for the year

During the year, the Company recorded a Rs. 98.8 mn profit as against Rs. 12.3 mn in the previous year. This is mainly due to the turnaround of PVC business and increase in export sales from key rubber products.



## Total Comprehensive Income

The total comprehensive income for the year is Rs. 101.6 mn. This total comprehensive income includes the actuarial gain on post-employment benefit liability of Rs. 3.3 mn and deferred tax on actuarial loss of Rs. 0.5 mn in the current financial year. The total comprehensive income for the previous year is Rs. 12.7 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 2021. Company paid a final dividend of Rs. 1.00 per share amounting to Rs. 4.2 mn during the year, in respect of the year ended 31st March 2020. 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 2021. The Company has necessary funds to finance the payment of the final dividend. Dividend will be paid before 10th June 2021 as per the Article of Association.

# FINANCIAL Capital (Contd...)

## 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	1,210	1,221	11
2 Turnover- PVC segment	627	964	337
3 Total Turnover	1,837	2,185	348
4 Exports	776	766	(10)
5 Local sales	1,061	1,419	358
6 Gross Profit %	18.0%	18.6%	0.6%
7 Net profits (before tax)	29	108	79

## Investments

During the year, the Company invested Rs 212 mn in fixed assets including Rs. 60 mn for a mixing plant, Rs. 40 mn in stores building and Rs. 30 mn in a press line. Total assets in the current financial year increased by 55%. Net assets value per share as at 31st March 2021 was Rs. 174.77 as against Rs. 151.77 as at 31st March 2020.

As at 31st March 2021, the Company had following financial investments.

Investment	Bank	Rs. Mn	Rs. Mn
Fixed Deposits	Bank of Ceylon	10.5	
	DFCC Bank	13.3	23.8
Debentures	Sampath Bank		5.0
Treasury bills			17.5
<b>Total</b>			<b>46.3</b>

## Working Capital Cycle

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

	2020/2021	2019/2020	Variance
Debt Collection Period (Days)	88	76	-12
RM Holding Period (Days)	84	57	-27
WIP Holding Period (Days)	13	8	-5
FG Holding Period (Days)	26	25	-2
Credit Settlement Period (Days)	-102	-44	58
Cash Operating Cycle (Days)	211	166	-45
Operating Cycle (Days)	110	122	13

# FINANCIAL Capital (Contd...)

It is noted that there is a slight improvement in the operating cycle compared to previous year. It has improved from 122 days in the previous year to 110 days in the current year. Debtors and raw material days went up due to the Covid. We have created a sustainable liquidity position as is evident by the working capital ratios and the improved banking facilities to fund our operations.

## Cash flows

Cash and cash equivalents have negative balance in both financial years. It has increased from a negative balance of Rs. 1.4 mn as at 31st March 2020 to a negative balance of Rs.66.2 mn at the end of the current financial year. This is mainly due to the investment in working capital in order to finance PVC sales growth of 124% and investment in property plant and equipment. Company had a net cash outflow of Rs. 57 mn from operating activities during the year.

Net cash used for investing activities is Rs. 200 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. 192 mn as against the outflow of Rs. 23 mn in the previous year.

## Total Liabilities

Total liabilities of the Company increased by 103% compared to the position as at 31st March 2020. This is mainly due to the increase in trade creditors and the short-term borrowings. The gearing ratio including short-term debts in the current year is maintained 41% as same as in the previous year. There were no long-term debts in the current financial year other than Saubagya loan of Rs. 50 mn which was taken recently.

## Market Capitalization

The market capitalization of the Company was Rs. 568.2 mn, up from Rs. 305.1 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. 194.50, while the lowest price was Rs. 72.00. PE ratio for the year ended 31st March 2021 is 6 times. These have improved due to the increase in profits.

## Discussion on Internal Control System

Our internal audit function has also been out-sourced to Messrs Ernst & Young, 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.

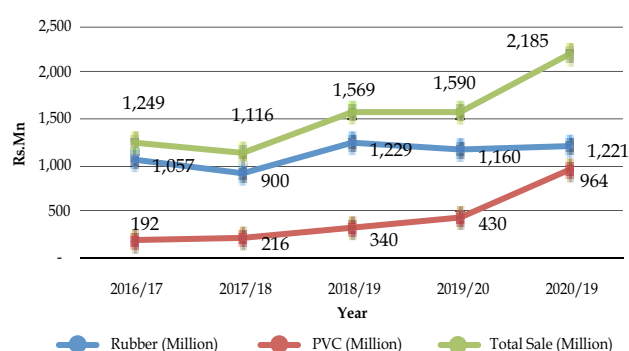
## Segmental Review

This year, PVC sector recorded their highest turnover and it is a growth of 124% as against the previous year. Rubber sector has also recorded a 7% growth and the Company recorded sales growth of 37%. The sales analysis segment-wise is given below.

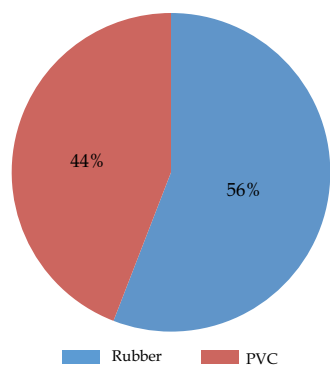
# FINANCIAL Capital (Contd...)

Rs in 000's			
Year ended	Rubber	PVC	Total
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
31st March 2015	994,177	47,579	1,041,756

Turnover - Rubber & PVC



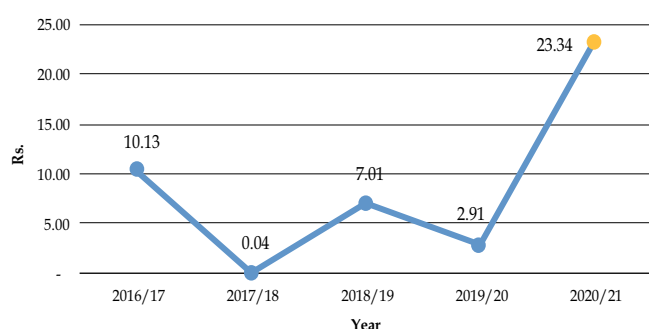
Turnover - Segment wise 2019/20



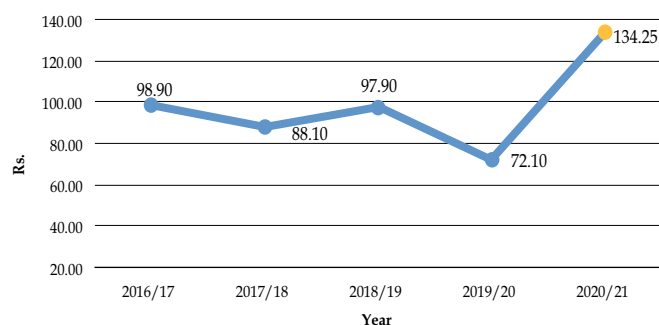
## Key Ratios

Earnings per share are Rs. 23.34 in the current year as against Rs. 2.91 in the previous year. The market price as at 31st March 2021 was Rs. 134.25 (last year Rs.72.1). The Return on Capital Employed (ROCE) in the year is 13.4%.

Earning Per Share (EPS)



Market Price per Share in Rs.



The PE ratio for the year is 6 times and Dividend pay-out ratio is 9%. The current ratio as at 31st March 2021 and 31st March 2020 are 1.22 and 1.62 respectively. The liquidity ratio as at 31st March 2021 is 0.69 as against 1.01 as at 31st March 2020. The total assets as at 31st March 2021 is Rs. 1,830 mn. The graphs of Dividend pay-out Ratio, Total assets, ROCE and Market capitalization have also been shown in the Financial Highlights on page 5.

## 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
1. Provision for deferred tax	Potential risk and errors have been eliminated as much as possible when significant management estimates, judgments and uncertainties are involved
02. Management assessment of material uncertainty relating to impact of COVID 19	Assessed and evaluated the going concern and adequate disclosures have been done in the financial statement

## 3) Quarterly performance

The Company did well during the latter part of the financial year in the midst of Covid pandemic. Further, some of our products such as hot water bottles, sealing rings and shoe soles have a seasonality and their turnover fluctuates from quarter to quarter accordingly.

During last quarter we have made all annual adjustments and provisions. The summarized four-quarter financial summary is shown in page 194. The annual provisions made during the year for gratuity is Rs. 1 mn based on actuarial valuation method.

## 4) Financial Calendar:

	2020/21	2019/20
<b>Interim Reports:</b>		
Quarter ended 30th June	14th August 2020	09th August 2019
Quarter ended 30th September	11th November 2020	08th November 2019
Quarter ended 31st December	11th February 2021	07th February 2020
Quarter ended 31st March	25th May 2021	14th August 2020
<i>Interim Financial Statements have be published as per rule 7.4 of the Colombo Stock Exchange</i>		
<b>Annual Report:</b>		
	<b>25th May 2021</b>	<b>14th August 2020</b>
<b>AGM:</b>		
28th Annual General Meeting	-	30th September 2020
29th Annual General Meeting	30th June 2021	-
Date of Dividends Recommended	25th May 2021	14th August 2020



*Note We received Gold award form the Annual report competition conducted in 2019. However, this competition was not held in 2020.*

# MANUFACTURED

## Capital

### Key Performance Indicators 2020/21

**Rs. 212 Mn**

Capital  
expenditure

**Rs. 513 Mn**

Value addition  
for the year

**Rs. 4 Mn**

Turnover  
per employee

**3**

Number of  
factories

### New warehouse at Galle factory

This year we mainly focused to expand our capacity level both in rubber factories and PVC factory. We have invested Rs. 212 mn in plant and machinery and the stores buildings this year in order to cater the demand of our products in export and local markets. 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 produced a wide range of both rubber and PVC- related products and recorded the highest turnover and value addition and it was proved that **disasters are no longer an obstacle to SIL** even during the Corona period.

We aim at versatility with the intention of becoming bigger and bigger, year by year. We continuously invest in technologically advanced machinery, expansion in capacity level and in research and development. These investments will place us on a strong footing for the years ahead. We have three factories in Galle, Kalutara and Baddagama.

### Our Product Range

We are able to produce many products as we have the manufacturing facilities of compress moulding, extrusion, microwave, injection moulding, C pressing and mixing. Our PVC products are distributed through an exclusive dealer network widespread throughout the country. At present we have around 50 distributors and direct dealers for PVC distributions.

# MANUFACTURED Capital (Contd...)

Production efficiency ratio		2020/21	2019/20
1	Turnover per employee per month - Rs.	374,357	293,191
2	Turnover / total man hours - Rs	1,685	1,396
3	Value additions per employee per month- Rs	77,580	72,831
4	Total rubber compound in Kg/ total direct labour hours (Kg per hour)	3.4	3.5
5	Wages cost per direct employee per month - Rs	42,223	36,692
6	Salary cost per indirect employee per month- Rs	45,022	44,841
7	Total labour cost (including other overheads) per direct employee per month – Rs	49,297	42,396
8	Total labour cost (including other overheads) per indirect employee per month – Rs	53,055	52,085
9	Labour turnover for the year - %	1.5	1.6

## Production Efficiency Ratios

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.

## Energy Efficiency Ratios

In the year under review, we received ISO 50001 on Energy Management and ISO 14001 on environmental management in addition to ISO 9001:2015. We have planned to obtain ISO 18001 on Occupational Health and Safety Management soon.

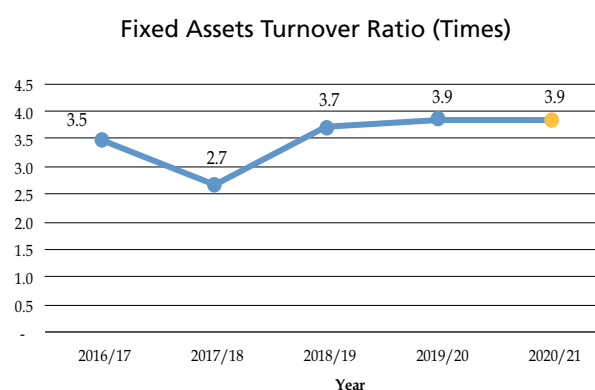
The adoption of energy efficient machinery and reducing dependence on fossil fuels continues to be one of the key priorities and we invested in energy saving projects which are expected to result in significant reduction in our energy consumption in the future. We have installed meter reading units for 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 during the previous year.

The Central Environmental Authority has renewed our license every year for the last 32 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.

## Plant and Machinery

During the year the Company invested Rs. 144 mn in plant and machinery as shown under Note number 13 of the Financial Statement on page 180.



The above graph indicates that turnover generated by using fixed asset has been in the same level over the last year this is due to increasing those turnover and Fixed Assets during the current financial year.

## MANUFACTURED Capital (Contd...)



Opening new mixing plant



Opening warehouse in Galle Factory

Energy efficiency ratio	2020/21	2019/20
1 Electricity units per MT of rubber compound ( Units per MT)	668	523
2 Fuel liters per metric ton of Rubber compound – ( Liters per ton)	197	175

### Plant Capacity

Company invested in a modern and hi-tec press line, mixing plant and extruders during the year. The Company built up a modern warehouse for both rubber and PVC factories for increasing the storing capacity.

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 500,000 kg per month and average capacity utilization is 90%. In the previous year, the Company was awarded a certificate of commendation by the National Productivity Secretariat. However, this competition was not held in the current year due to Corona pandemic.



## MANUFACTURED Capital (Contd...)



Galle Factory



Baddegama Factory



Kalutara Factory

# MANUFACTURED Capital (Contd...)

## Location of Properties

Currently the Company owns the following properties:

Description	Address	Land		Building		Total Market Value of the property
		Extent	Market value Appox	Extent	Market value Appox	
1) Galle factory (Bought during the period from 16/9/91 to 30/11/93)	Akuressa Road, Bogahagoda, Galle.	7 A 3 R 17 P	Estimated to be Rs. 264.7 Mn as at to date.  (This was valued on 27th September 2018 done by a professional valuer.)  During the year the Company bought 40 perches of neighboring land for Rs. 4.2 Mn	107,160 Sq ft	Estimated to be Rs. 338 Mn as at to date.	Current value estimated to be Rs. 602.7 Mn.
2) Kalutara factory (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. 15 Mn as at to date.	Current value estimated to be Rs. 40 Mn.
3) Baddegama factory (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.)	26,323 Sq ft	Rs. 103 Mn as at to date.	Current value estimated to be Rs. 123 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 43.11 P</b>	<b>310.8 Mn</b>	<b>139,473</b>	<b>456Mn</b>	<b>Rs. 766.8 Mn (Current estimated Value)</b>

# MANUFACTURED Capital (Contd...)

## Quality

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 received a bronze award from National Cleaner Production Center on 21st January 2020 and also a certificate of commendation from the National Productivity Secretariat on 26th December 2019. This year, these competitions were not conducted. We conduct Kizen quality competition in the factory and awards are given to employees.



Prizes to the employees whose children excel at GCE O/L and A/L

## 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.

# HUMAN Capital

## Key Performance Indicators 2020/21

**551**

No of  
Employees

**0**

Corona Patients as  
at 31 March 2021

**1.5%**

Labour Turnover  
ratio

**890**

Training in  
man hours



### Staff of Galle Factory

**H**uman Capital Management plays a vital role in any manufacturing and export oriented Organization. Fifty eight years ago, the founder of the DSI Group the late Mr. Samson Rajapaksa envisaged that **“Employer and Employee should work as one family.”** His vision guided us to treat our human resources as the greatest asset of our Company.

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, 551 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 1.5 % is well below the industry norm which is the result of its sustainable employee policies and practices. 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.

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. However, this financial year, we mostly concentrate on

## HUMAN Capital (Contd...)

protecting our employees from Coronavirus and strictly followed the health guidelines. We hardly organized any in-house training programs with a large crowd. Public health inspectors carried out PCR tests for more than 50 employees in March 2021 and found that all of them were negative. We always believe that disasters are no longer an obstacle to SIL. The management expressed their appreciation towards all employees for the contribution extended by them even in the difficult times of Corona pandemic. They worked even during the curfew times in order to export orders on time.

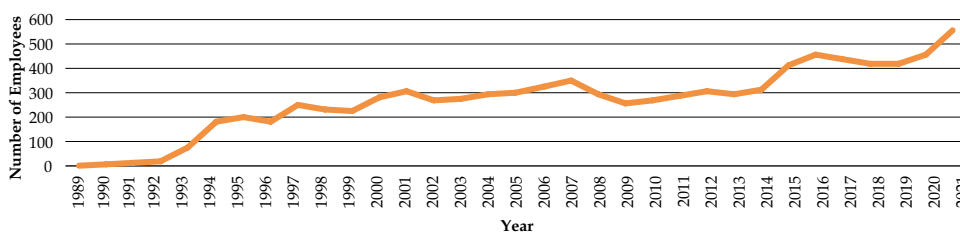
by the philosophy of our parent Company, we are committed to providing our employees with a work environment that is conducive to genuine contentment, and an employee engagement system that offers the highest level of motivation. We ensure a motivated workforce by providing competitive remuneration and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

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. Providing a 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 together with career growth opportunities.

Number of Employees year wise



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

During the year, we increased the number of employees by 95 (or 21%) from 456 in the previous year to 551 in the current year. The main reason for this increase is the turnover growth. We continue to recruit and maintain a well talented work force; providing a safe and pleasant work environment is essential for a healthy and productive workforce. As guided

**Now, 551 villagers have been given opportunities to work in an international Company and to earn a regular income without migrating to Colombo or other cities in Sri Lanka or abroad**

## HUMAN Capital (Contd...)



Staff of Kalutara Factory



Staff of Baddegama Factory

### Employees age-wise:

	Workers		Staff		Executive		TOTAL
	Male	Female	Male	Female	Male	Female	
Below 30 years	152	40	5	20	1	0	253
30-50 years	173	21	28	16	20	0	269
Above 50 years	17	2	6	0	1	2	29
<b>TOTAL</b>	<b>342</b>	<b>63</b>	<b>39</b>	<b>36</b>	<b>22</b>	<b>2</b>	<b>551</b>

### Employees factory-wise:

Galle	234	57	31	31	15	2	372
Baddagama	89	8	54	5	7	0	148
Kalutara	16	1	1	0	0	0	19
<b>TOTAL</b>	<b>339</b>	<b>66</b>	<b>86</b>	<b>36</b>	<b>22</b>	<b>2</b>	<b>551</b>

# HUMAN Capital (Contd...)

## 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.

1. Salary increase
2. Productivity incentives
3. Attendance bonus
4. Annual bonus
5. Medical insurance
6. Death donation
7. Gift vouchers to buy DSI shoes
8. Uniform
9. Wedding gift
10. Transport
11. Additional allowance for employees with more than three children
12. Company Loan Scheme
13. Distribute paddy harvest of the Company at concessionary price
14. Providing financial assistance and prizes to the children of employees who excels G.C.E.O/L and G.C.E. A/L Examinations.

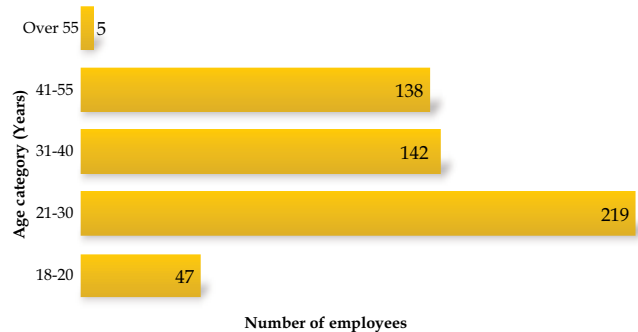


Conducting PCR tests for employees

## Age analysis of the employees

We maintain a right mix of aged employees. We have mostly from the category of 21-30 years and next from the category of 31-40 years. These young and dynamic categories provide highest productivity.

### Age analysis of the employees as at 31st March 2021



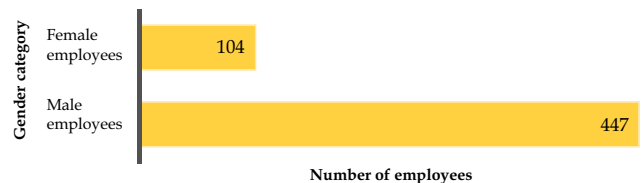
The age analysis of the employees is as follows:

Age Category	As at 31st March 2021		As at 31st March 2020	
	No	%	No	%
18-20	47	7	16	4
21-30	219	40	196	43
31-40	142	26	116	25
41-55	138	26	125	27
Over 55	5	1	3	1
<b>Total</b>	<b>551</b>	<b>100</b>	<b>456</b>	<b>100</b>

## Analysis of employees 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.

### Gender-wise as 31st March 2021



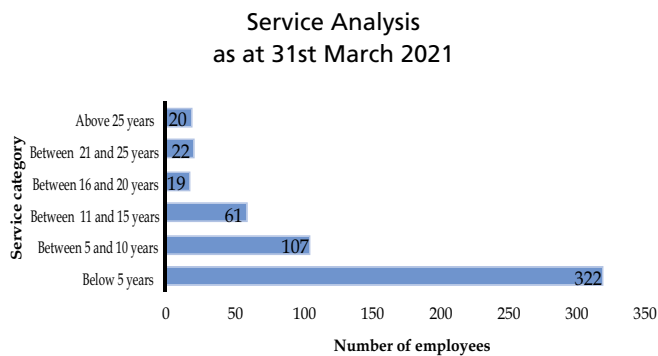
# HUMAN Capital (Contd...)

No. of employees gender-wise is as follows.

	As at 31st March 2021		As at 31st March 2020	
	No	%	No	%
Male employees	447	81	372	82
Female employees	104	19	84	18
<b>Total employees</b>	<b>551</b>	<b>100</b>	<b>456</b>	<b>100</b>

## Service Analysis

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., 52% of our employees have worked less than 5 years. 84% of the employees have worked less than 10 years.



Service analysis of the employees is as follows:

Service Category	As at 31st March 2021		As at 31st March 2020	
	No	%	No	%
1 Below 5 years	322	52	239	52
2 Between 5 and 10 years	107	32	147	32
3 Between 11 and 15 years	61	6	29	6
4 Between 16 and 20 years	19	4	17	4
5 Between 21 and 25 years	22	3	12	3
6 Above 25 years	20	3	12	3
<b>Total</b>	<b>551</b>	<b>100</b>	<b>456</b>	<b>100</b>

## Employee and Industry relations

The Company takes all possible steps maintain good employee and industry relations. Human resource Department plays a significant role in an organization's uphold and success in this regard. The employee relations and industrial relations are a part of human resources functions which deals in maintaining a harmonious relationship between the employer and the

employee. As you are aware, the consequences of good employee relations are high efficiency, low wastage, generate innovative ideas, decrease in indirect costs such as high labour turnover, absenteeism and bring goodwill to the Company.

In order to improve the employee relations the following steps and procedures are followed by the Company.

- 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 knowledge, skills, values and attitudes that would be in 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, 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

## HUMAN Capital (Contd...)

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 received a merit award for Social Dialogue and Workplace Cooperation from the Department of Labour on 22nd January 2020. However, this competition was not conducted this year.



We do not employ any person below 18 years of age nor advocate any form of child labour. We avoid to provide overtime of more than 60 hours per month for female workers as required by our national laws.

- 2) To have good communication: 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 an environment open to change. 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. 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.

Meals are given to all employees irrespective whether he is permanent or not. Managing Director 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.

- 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**

## HUMAN Capital (Contd...)

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 the 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/ Managing Director.



Joint Consultative Committee

We strictly adhere the government legislations. Adherence to these various legislations helps organization to maintain harmonious employee relationships. We do not employ any person below 18 years of age nor advocate any form of child labour. We do not provide overtime of more than 60 hours per month for all employees as required by our national and international laws.

- 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, gift vouchers to buy DSI shoes, wedding gift, and additional allowance for employees having more than three children. Please see on page 75 under the "Benefits given to employee when becomes a permanent" for more details.
- 5) Social activities: We provide an opportunity for employees and management to get-together, conducting annual inter-department softball cricket tournament, annual inter-Company volleyball tournament and interact with each other on a personal level. 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**

Our objective is to create an atmosphere for our employees where they can work with happiness, enthusiasm and pride. However due to the Covid-19 virus outbreak, we had to postpone the annual get-together and inter department sports events this year.

The inter-department softball men's and women's cricket tournament is conducted annually. Last year it was held at the Samanala ground at Galle and 13 teams including the employees from Kalutara and Baddegama factories participated. Baddegama teams were champions in the men's and women's tournament. Malith and Rohini were selected as the best players and they were awarded a Samson bicycle and other awards. Samson International Plc conducts inter-company volleyball tournament every year at Company's volleyball courts. The winners are given Kulatunga Rajapaksa challenge trophy. SIL team was the runner up in men's tournament last year.



Receiving a bicycle for the best player

## HUMAN Capital (Contd...)



SIL Teams in the Volleyball tournament at SIL Volleyball court

- 6) 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.
- 7) Equal treatment: Equal treatment to employees without discrimination based on gender, race, ethnicity, religion or

social back ground 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.



Inter-department Softball cricket tournament at Samanala ground, Galle



Receiving a bicycle for the best player



Enthusiastic spectators

## HUMAN Capital (Contd...)



Inter-department Softball cricket tournament at Samanala ground, Galle

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.

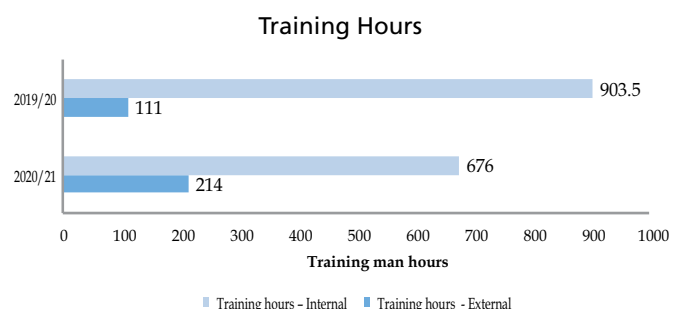
Samson International Plc, like the other companies of the Group, is imbued with Sinhala, Buddhist cultural values with a conservative and paternalistic outlook. For example, employees are required to commence their daily chores after reciting the Five Precepts. Liquor is not allowed even in outings and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

- 8) 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.

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.



## HUMAN Capital (Contd...)



Training for sales and marketing staff at Hasara Hotel, Galle

Description	2020/21		2019/20	
	No of Hours	%	No of Hours	%
Training hours - External	214	24	111	11
Training hours – Internal	676	76	903	89
<b>Total Training hours</b>	<b>890</b>	<b>100</b>	<b>1014</b>	<b>100</b>

### Training Programmes in 2020/21

In-House	No of Participants			Training Hours		
	Total	Male	Female	Total	Male	Female
Rubber Technology	25	16	9	75	48	27
Social Dialogue and work place cooperation	34	24	10	68	48	20
Quality Assurance & Quality Control	5	4	1	10	8	2
Awareness Programme on Covid-19 Crisis	203	154	49	203	154	49
In Process Inspection	8	8	0	8	8	0
FSC™ (FSC™ C134777) Awareness Programme	24	13	11	48	26	22
Rubber Compounding & Two roll mill Operation	6	4	2	6	4	2
FSC™ (FSC™ C134777) Trade mark & Forest Stewardship Council trade marks	7	1	6	7	1	6
Awareness programme of ISO 14001:2015 Environment Management System	17	12	5	34	24	10
Safe Chemicals Management	1	1	0	8	8	0
How to handle difficult customers & complaints	3	3	0	6	6	0
Awareness Programme of Chemical & Raw material	12	10	2	24	20	4
Rheometer & Mooney Viscometer	17	15	2	51	45	6
Awareness of ISO 50001 : 2018 Safety Management System	8	5	3	128	80	48
<b>Total</b>	<b>370</b>	<b>270</b>	<b>100</b>	<b>676</b>	<b>480</b>	<b>196</b>

### Outside

Industrial Water Treatment	1	1	-	8	8	-
Modernized Customs Procedure and Imports/Exports	1	1	-	8	8	-
Human Capital Management - Creating the Best Workplace	2	1	1	6	3	3
Imports Exports Documentation & Amendments to Procedure	2	1	1	16	8	8
Certificate Course in Finite Element Analysis (FEA) for Plastic & Rubber Industries	1	1	-	40	40	-
Calibration of Monitoring & Measuring Devices	1	1	-	8	8	-
Awareness Programme of ISO 9001:2015	2	1	1	16	8	8
Advance Certificate of Human Resource Management	2	1	1	112	56	56
<b>Total</b>	<b>12</b>	<b>8</b>	<b>4</b>	<b>214</b>	<b>139</b>	<b>75</b>

## HUMAN Capital (Contd...)

The number of programmes category wise is as follows

Group	Category	No. of Training Programmes	
		External	Internal
<b>Male</b>	Executive Staff	5	0
	Clerical Staff	0	0
	Workers	1	1
	<b>Total</b>	<b>6</b>	<b>1</b>
<b>Female</b>	Executive Staff	0	0
	Clerical Staff	0	0
	Workers	0	0
	<b>Total</b>	<b>0</b>	<b>0</b>
<b>Male &amp; Female</b>	Executive Staff	2	5
	Clerical Staff	3	0
	Workers	0	5
	<b>Total</b>	<b>5</b>	<b>10</b>
<b>Total Training</b>		<b>11</b>	<b>11</b>

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.



Fire preventive team - SIL



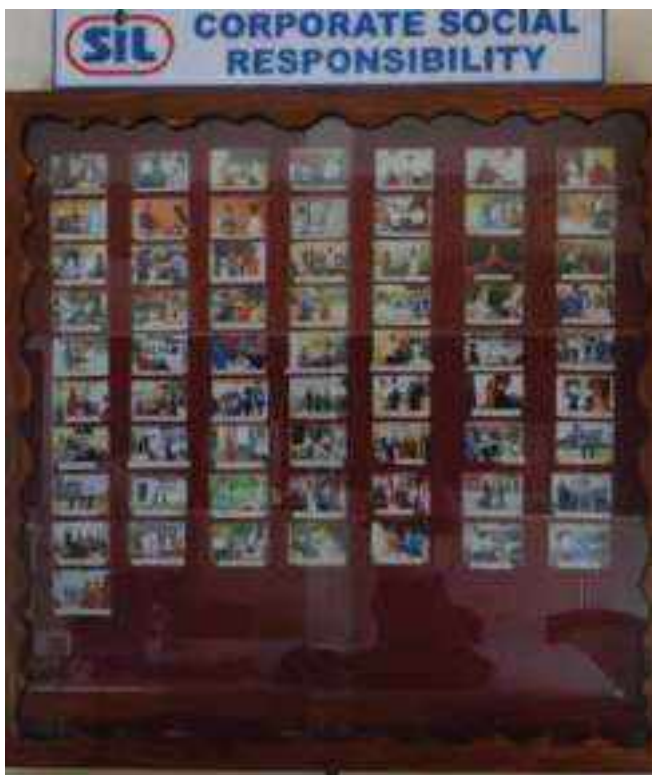
## HUMAN Capital (Contd...)

- 9) Employee recognition and reward: We recognize all employees for their contribution to organizational performances. Best attendance awardees, awardees for the best innovative ideas, most outstanding employees during the year, long service employees are some of the awards we present.



Prizes to the best attendance awardee

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.



Company CSR display notice board

- 10) Employee participation: participative management is the involvement of employees in the decision making of companies through methods such as suggestion boxes, join 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.

- 11) Employee Assistance Programmes: We help employees to deal with their personal financial difficulties. Eg. 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.
- 12) 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.

### 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".

## HUMAN Capital (Contd...)

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.

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.



Safety Committee headed by Maintenance Engineer

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 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.



First aid workshop

A "Health Week "is organized by the Company annually. Work shops and Training programmes are conducted on all employees. Further a special healthy meal is given to employees during this health week.



First Aid Committee headed by Company Nurse

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 33 years continuously without any obstacle.

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.

### 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 slightly decreased especially of unskilled workers in some of the months. We have seen that during the paddy cultivation and harvesting season, there is high labour turnover and absenteeism. We have built a succession plan identifying key

## HUMAN Capital (Contd...)

positions and commenced a system to groom and develop successors as part of our strategy for long-term continuity.

The labour turnover for the year ended 31st March 2021 is as follows:

**Employee Retention  
Rate is 98.5%**

### Labour Turnover Analysis - Month wise

Month	2020/21 (%)	2019/20 (%)
April	0.0	1.5
May	0.9	1.7
June	0.7	2.5
July	1.6	1.0
August	1.8	2.2
September	2.2	1.2
October	0.4	1.4
November	3.3	1.2
December	0.2	1.4
January	3.8	1.9
February	1.0	1.9
March	1.9	0.7
Average	1.5	1.6

### Labour Turnover Analysis - Age-wise (2020/21)

	Workers		Staff		Executive		TOTAL
	Male	Female	Male	Female	Male	Female	
Below 30 years	37	11	8	2	0	0	58
30-50 years	15	2	3	3	0	0	23
Above 50 years	4	0	0	1	0	0	5
<b>TOTAL</b>	<b>56</b>	<b>13</b>	<b>11</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>86</b>

### Labour Turnover Analysis - Factory-wise (2020/21)

	Workers		Staff		Executive		TOTAL
	Male	Female	Male	Female	Male	Female	
Galle	37	13	3	6	0	0	59
Baddegama	13	0	8	0	0	0	21
Kalutara	6	0	0	0	0	0	6
<b>Total</b>	<b>56</b>	<b>13</b>	<b>11</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>86</b>

# HUMAN Capital (Contd...)

## Analysis on Departmental wise

The highest number of employees in the Company work in the production department. This is 341 employees out of 551 which is 62% of the total cadre. We have employed 64 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	260	63	10	5	3	-	341
Engineering	20	-	3	1	2	-	26
IT	-	-	1	-	-	-	1
Accounts	-	-	8	12	1	-	21
Marketing	-	-	50	3	11	-	64
Stores	25	1	3	0	-	1	30
Human Resource	-	-	3	3	-	1	7
Administration	-	-	2	2	-	-	4
Supply	-	-	3	3	1	-	7
Quality Assurance	18	0	1	3	2	-	24
Others	16	2	2	4	2	-	26
<b>Total</b>	<b>339</b>	<b>66</b>	<b>86</b>	<b>36</b>	<b>22</b>	<b>2</b>	<b>551</b>

## Promotions

During the year, we have promoted five male and five female employees. Last year, we promoted eight male and three female employees.

## Monthly Incentive paid for employees

The incentive paid for above employees in gender wise is as follows. The total incentive paid is Rs. 10 Mn of which incentives to male is 84%.

	Male Rs.	Female Rs.
Apr-20	203,178.19	30,307.13
May-20	537,882.93	101,787.33
Jun-20	678,191.32	138,587.72
Jul-20	752,046.82	125,465.99
Aug-20	754,438.71	109,438.75
Sep-20	763,725.45	144,052.91
Oct-20	792,060.18	30,423.30
Nov-20	773,725.62	200,868.28
Dec-20	764,824.34	183,424.89
Jan-21	818,673.18	190,502.22
Feb-21	846,066.32	202,672.30
Mar-21	709,093.51	139,556.11
<b>Total</b>	<b>8,393,906.57</b>	<b>1,597,086.93</b>

# SOCIAL and Relationship Capital

## Key Performance Indicators 2020/21

**23**

**No of CSR  
Activities**

**1.2%**

**of the Turnover  
for CSR**

**Rs. 1.7 Bn**

**Total payments  
to suppliers**

**32**

**Global Presence  
(No of countries)**



Donation of rubber mats to Yakgaha temple, Galle

**T**he Social and Relationship Capital consists of the crucial relationships which form the foundation for the value chain. We invest in order to maintain a strong relationship with customers, community, trade associations, employees and suppliers which form the foundation to our sustainable journey.

### 1) Our Customers

Of the 194 countries in the world our products are available in the under-mentioned 32 countries which cover 16% of the

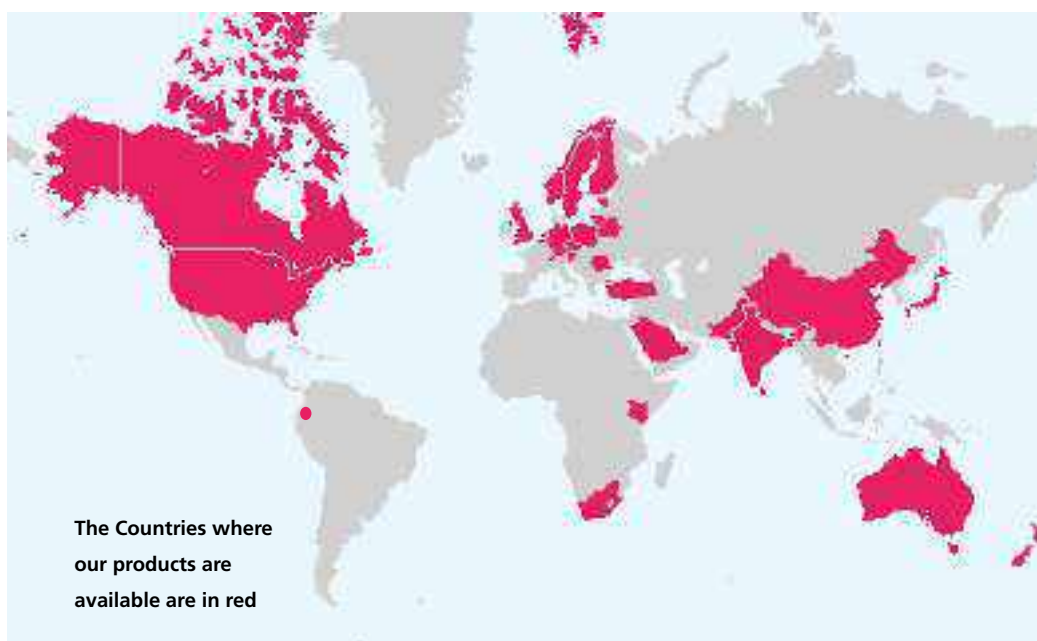
total number of countries in the world. Strategies are being followed to widen our global presence by participating in trade exhibitions, trade delegations and aggressive sales promotion. However, we couldn't attend to any of those exhibitions this year due to the Corona pandemic. Whenever possible, we did our sales promotion activities through zoom facility.

# SOCIAL and Relationship Capital (Contd...)

## Global presence

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 Germany Lithuania Netherlands Norway Poland Romania Sweden Switzerland United Kingdom	Bangladesh China India Japan Maldives Pakistan Saudi Arabia South Korea Sri Lanka Turkey	Kenya South Africa	Canada United States	Australia New Zealand	Ecuador

**Our products are available  
in 32 countries which  
covers 16 % of countries  
in the world**



### Global presence analysis

Region	2020/21 (Rs.000')	2019/20 (Rs.000')
Europe	615,537	522,047
Australia and New Zealand	19,065	21,568
USA and Canada	19,639	22,634
South Africa and Middle East	55,448	38,272
Asia	1,476,180	985,681
<b>Total</b>	<b>2,185,869</b>	<b>1,590,202</b>

# SOCIAL and Relationship Capital (Contd...)

## Exhibitions

During the year, Company couldn't participate any overseas exhibition due to the global Corona pandemic. However, we usually participate exhibitions in USA, German, South Africa and India.

We are aware that a great opportunity has arisen for us due to the current resistance for the products from China who is our main competitor for many products. Further there is a short supply for the rubber products from India due to the widespread of Corona pandemic. We would take every possible steps to exploit those opportunities with the assistance given by the present government for the local industries and through our research and development capabilities.

We wanted to participate Jaffna International Trade Fair 2021 to be held in March 2021 to exploit the customers for our rubber and PVC-related products, however this was postponed due to the Corona pandemic in Jaffna.

During the year, four new overseas customers joined the Company. Six 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 Gold award from the National Chamber of Exporters of Sri Lanka on 25th February 2021, for the sixth consecutive year.



## Customer Complaints

Year	Number of Customer complaints
2012/13	29
2013/14	14
2014/15	17
2015/16	12
2016/17	14
2017/18	12
2018/19	25
2019/20	16
2020/21	10

The numbers of customer complaints we received for the last nine years are shown in the table above. During the year the number of customer complaints has decreased by five compared to the previous year. However, this year we recorded the highest turnover amounting to Rs. 2.2 Bn.

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 lesser number of customer complaints 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. 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 strengthened by recruiting experienced staff and graduates and providing necessary trainings. We also invest in modern lab equipment every year. We invested Rs. 4 Mn on lab equipment this year.

## 2) Our Community

The communities we operate in are significant stakeholders in our business. Therefore, we make every endeavor to establish mutually beneficial relationships especially with villagers, temples and schools by contributing towards their development whom we consider as a part of our family. 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. Social and environmental responsibility has become

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

an integral part of our wealth creation and it is a continuous process. In appreciation of our contribution to the community, for the benefit of villagers, temples and schools in the Southern province in particular, initiatives taken are as follows:

### 2.1 CSR activities to villagers:

#### Distribution of paddy to Samurdhi beneficiaries

Paddy was distributed to a hundred Samurdhi Dorape beneficiaries at free for the 6th consecutive year at 5kg per person after reaping the harvest from the Company's paddy field on 26th June 2019. The balance paddy was distributed among the employees at concessionary price. Further a pair of slippers and a food voucher were also distributed to them. Mr. Kulatunga Rajapaksa, Managing Director and other management staff members participated for this function and distributed it. Villagers were extremely happy and appreciate the effort taken by the Company. This created a strong bond between the Company and villagers.



Donation of rice from the Company paddy field to the Samurdhi beneficiaries during the Corona period

#### Donation of Company products to temples, schools, needy people & institutions in the village

Company's rubber mats, hose, other PVC- related and rubber-related products were donated to neighboring schools, temples, Bona Vista Elders' Home, hospitals, government institutions and police stations in the current year. Each employee including workers is given a chance to donate either in kind or cash which is a part of human resources policy of the Company thereby all employees are motivated and our objective is to create an atmosphere for our employees where they can work with happiness, enthusiasm and pride.

List of Donations made in the year 2020/21:

	Date	Description
1	2020-04-07	Donation of Rice from the paddy field to the Samurdhi beneficiaries in Galle and Baddegama
2	2020-04-19	Donation of cash to Bonavista Elders Home, Unawatuna
3	2020-06-09	Donation of rubber carpets, hot water bottles & rubber slippers to Dorape temple
4	2020-06-15	Donation of cash to a blind university student
5	2020-07-05	Donation of sanitary equipment to Jeewananda College, Welikonda
6	2020-07-17	Donation of rubber hose & rubber carpets to Dorape Temple
7	2020-10-08	Donation of rubber carpets to Police station, Kalutara
8	2020-10-08	Donation of rubber carpets & cash to Kalutara Bodhiya
9	2020-10-08	Donation of rubber carpets to Sri Sama Viharaya Rajawatta, Kalutara
10	2020-10-08	Donation of rubber carpets to Sri Sandarshanarama Viharaya, Kalutara
11	2020-10-08	Donation rubber carpets to Sri Sudarshanarama maha viharaya, Kalutara
12	2020-10-08	Donation of rubber carpets to Wijemanna Buddhist Centre, Kalutara
13	2020-11-18	Donation rubber carpets to Dorape temple for Katina Pinkama
14	2020-11-18	Donation of Covid Mat to Dorape temple
15	2020-11-18	Donation of sanitizer bottles to Welikonda Temple
16	2020-11-18	Donation of rubber carpets to Welikonda Temple
17	2020-11-26	Donation of rubber carpets & Covid mats to Yakgaha Temple, Galle
18	2020-12-18	Donation of rubber carpets & PVC hose to Viharagala School, Sooriyawewa
19	2021-01-11	Donation of rubber carpets & Covid Mats to Jayawardana College, Dangedara
20	2021-01-19	Donation of rubber carpets , Covid Mats & rubber hose to Denipitya School, Weligama
21	2021-01-26	Donation of rubber carpets to Jayanthi College, Pinnaduwa, Walahanduwa
22	2021-02-24	Donation of cash to Nuge Devalaya, Welikonda

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



Donation of cash and Company products to Katagoda primary School, Baddegama



Donation Cash to blind university student



Donation of Company products to Jayanthi College, Pinnaduwa

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



Donation of Company products to Dorape Temple

**Each employee including workers is given a chance to donate either in kind or cash which is a part of human resources policy of the Company**

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



Donation of sanitary equipment to Jeewananda College, Welikonda



Donation of Company products & Cash to Kalutara Bodiya



Donation of Company products to Vidyarthodaya College, Pilana, Galle

### **Income generation activities for poor, elderly, disabled and house-bound people:**

There are 48 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 to 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 33 years. Total amount paid to such people is approximately Rs. 2Mn 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 48 trimming operation centers work more than 200 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.

Sub-Contract Week was held during the week ended 20th June 2020. During this meeting we discuss the Quality issues, productivity improvements and their welfare matters. Usually all 45 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 551.



Sub-contract team

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

In summary, the Company incurred Rs. 26 Mn which is equivalent to 1.2% of the turnover, in Corporate Social Responsibility Activities towards the villagers in a year.

### 2.2) Training facilities to outside students

We provide training facilities to students from universities, technical institutions and private and public accountancy institutions in the Southern province.

### 3) Trade associations

In order to meet the challenges in the business easily and as a mitigating step, we have obtained the member of the following associations and obtained their services regularly.

1. National Chamber of Exporters (NCE)
2. Sri Lanka Association of Manufacturers & Exporters of Rubber Products (SLAMERP)
3. Sri Lanka Chamber of Small & Medium Industries (SLCSMI)
4. Plastic & Rubber Institute (PRI)
5. Ceylon National Chamber of Industries (CNCI)
6. Fullerton Industrialists and Investors Association – Kalutara
7. Employers' Federation of Ceylon (Joined on 01th March 2021)

We participate in the award competitions organized by above institutions. However, this year, most of the competitions were not held.

### 4) Employees

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 volley ball tournaments. We have Tamil and Muslim employees who follow their religion without having any obstacles.

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

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

Traditional customs and practices are usually observed by employees who presented betel leaves to the Managing Director and pay last obeisance to him. 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. 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 organizes all religious activities of the Company. However, due to the Coronavirus outbreak, we couldn't organize it for this year.



On the first working day after New Year

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



Jt. MD addressing on the first working day after New Year



Signing for exclusive dealership for water taps in Malaysia



Buddhist Association

The following financial rewards are given to the children of the employees who excelled in their examination.

Further information and analysis on employees are given under Human Capital on page 80.

In order to maintain a strong relationship with the employees of the other sister companies in the Group, we organized and participated inter-Company Volley Ball tournament for the fourth consecutive time at Samson International Volley ball court on 01st February 2020. The winners were given Kulatunga Rajapaksa Challenge Trophy for the men and women tournaments. In this tournament, there were 17 teams from the Group. However, in this year we couldn't conduct this tournament due to the Corona Pandemic.

### 5) Suppliers

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 suppliers locations and our Quality Assurance Department inspects the quality of all raw material and compounds. All capital expenditure amount exceeding Rs. 25,000 are approved by the Board of Directors.

In the previous year, the Company found a reputed manufacturer for PVC taps in Malaysia and signed an agreement with them for an exclusive dealership for supplying water taps for the PVC segment. Now it is progressing well. The details of purchases from sister companies in the Group have been given under Note 27.5 to the Financial Statement on page 190.

The Company owes to the bank Rs. 505 Mn as at March 31, 2021. (Rs. 283 Mn as at March 31, 2020). We have received the banking facilities from well-established and having high O-banks and their credit ratings are as follows:

Bank	Rating
Hatton National Bank	AA-(lka)/stable
DFCC Bank PLC	AA-(lka)/stable
Bank of Ceylon	AA-(lka)/stable
Commercial Bank	AA-(lka)/stable
Seylan Bank	A(lka)
People's Bank	AA-(lka)/stable

# NATURAL Capital

## Key Performance Indicators 2020/21

**Greenhouse  
Gas Assertion  
ISO 14064-1:2006**

**85  
Organic Paddy  
harvest in  
“kuruni”**

**12  
No. of FSC™  
(FSC™ C134777)  
products produced**

**Rs. 105 mn  
Investment for  
Solar Project  
next year**

Company is surrounded by our paddy field

**W**e adopt environmentally friendly processes and practices and Samson International Plc is committed to meeting the requirements of customers by conducting its operations in compliance with legal and other environment requirements. Mitigating environmental impact has become a key factor during our investment decision making process. However, this year we were not able to carry out many activities due to the Corona pandemic.

### 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”

The Company makes every endeavour to protect the environment as well as our cultural values. Our factory is located in a green environment with paddy fields owned by the Company. We use this harvest to donate among the Samurdhi beneficiaries and employees.

**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.**

# NATURAL Capital (Contd...)

Some of the initiatives taken for the environment are as follows:

## 1) Environmental friendly products

The Company gives high priority to produce FSC™ (FSC™ C134777) (Forest Stewardship Council™) products and we have so far produced twelve such products. They are hot water bottles, jar sealing rings, V' Straps, bath mats, flip flop sheets, gum boots, menstrual cups, seed trays, foldable cups and rubber strips. These FSC™ (FSC™ C134777) products are manufactured by using rubber from organic plantations. We have obtained the following certificates for our products, to protect our customers and the environment.

- Forest Stewardship Council™ – Chain of Custody (FSC™- COC) Certification
- SATRA, UK Certificate for fire retardant mats
- SATRA, UK Certificate for fire retardant floorings
- Electrical Resistant Certificates from Universities
- British Standard ( BS 1970:2012) for hot water bottles
- TUV Certification for hot water bottles

The eco- friendly non- hazardous chemicals under REACH certification are used for all products in the Company.

## 2) Obtaining ISO 50001 and ISO 14001

We obtained ISO 50001 on Energy Management and ISO 14001 on Environmental Management this year as well.

## 3) Sustainability work-stream

We adopt the 3R method of Reduce- Reuse- Recycle. This method covers in waste rubber and water management. 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. We all our waste rubber is recycled and 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. Energy consumption has been minimized by eliminating energy waste, installing capacity banks, using transparent roof sheets and energy saving bulbs. We monitor electricity

consumption on a daily basis with sub-meters and energy audits are carried out from time to time. A training programme is carried out to all employees on electrical safety every year.

Our policy on waste management stems from the philosophy and culture for the reduction of waste. Accordingly, 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.

The details of present sustainability measures of work – stream of the Company is on the next page.

Last year, we received a certificate of commendation in the Presidential Environmental Award competition organized by Central Environmental Authority.



# NATURAL Capital (Contd...)

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>Maximum demand control, staggered basis starts and shut down of machinery.</li> <li>Power factor correction, power usage analysis and recording</li> </ul>	Yes

## 4) Solar project

The Company is in the process of evaluating to install solar panel on the roof of the factory buildings for an investment of Rs.105mn in collaboration with a reputed solar panel installation Company. For this investment, Company will obtain a loan with low interest rate from a reputed bank.

## 5) Developing the Southern province

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 will open direct employment avenues for neighbouring villages of the plantation estates.

# INTELLECTUAL Capital

## Key Performance Indicators 2020/21

**09**

**No of new  
Products**

**Rs. 30 mn**

**Investment in  
R & D**

**01**

**No of R & D  
awards received**

**12**

**No of Products  
in pipeline**



Receiving the best performer award in R&D Activities from NCE for the year 2020

This year, we received a special award for the best performer in R&D activities from National Chamber of Exporters. Our research and development capabilities are able to develop and manufacture a wide range of products catering for the customer needs. The intellectual of the Company includes organizational capitals, tacit knowledge, systems and processes and Strength of the SIL and Samson PVC brands.

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 25 employees have worked for the Company for over thirty years and account for a vast data base of tacit, accumulated knowledge, including highly specialized expertise in the core business domain, capital management and risk management.

# INTELLECTUAL Capital (Contd...)

**We know that innovation always plays a role in staying ahead of competition. It is about new markets and modern technology.**

We have strengthened our Research & Development Department and given a professional value to it. We also 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, on for Research & Development activities in rubber products. From time to time, we obtain services from University of Ruhuna and Colombo. We believe that in order to be competitive and sustainable in the market, Research & Development is the crucial factor in our business.

**We fundamentally believe that success comes from innovative products and processes, high quality manufacturing in all our products to the markets around the globe**

Company also conducts a competition 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.



Prizes to the best innovative worker

The value of our business is enhanced by the knowledge of our employees, value inherent in our relationships and our systems, processes and procedures. 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 the Company. Value can be generated by intangibles but is not always reflected in financial statements.

## Patent rights

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. Research and Development section of the SIL is mainly concerned about following sequence when they are processing new products and process improvement or development.



# INTELLECTUAL Capital (Contd...)

Every year, our R&D department develop about ten new products and the success rate in the commercial production and customer acceptance is more than 80%. The new products developed in the current year and the previous year are given below.

Industry	Products Developed in	
	2020/21	2019/20
Pharmaceutical	<ul style="list-style-type: none"> <li>• Anti-microbial hot water bottle</li> <li>• Disinfectant mat</li> </ul>	<ul style="list-style-type: none"> <li>• Cosmetic Bottle Lid Insert</li> <li>• Eco Razer</li> </ul>
Food and packaging	<ul style="list-style-type: none"> <li>• Coconut oil dropper</li> </ul>	<ul style="list-style-type: none"> <li>• Caprolactam free Bottle Cap</li> <li>• Fat Resistant Jar Sealing Ring</li> </ul>
Matting and Flooring	<ul style="list-style-type: none"> <li>• Mini's car mat for export market</li> </ul>	<ul style="list-style-type: none"> <li>• Yoga Mat</li> </ul>
Automotive Industry	<ul style="list-style-type: none"> <li>• Boat roller</li> <li>• Rubber bumper</li> <li>• Rubber pingle</li> </ul>	<ul style="list-style-type: none"> <li>• Convoluted hose</li> <li>• CDJ Natural Rubber Tube</li> </ul>
Construction	<ul style="list-style-type: none"> <li>• Generator vibration pad</li> </ul>	<ul style="list-style-type: none"> <li>• Industrial Plug</li> <li>• L Profile</li> </ul>
Agricultural	<ul style="list-style-type: none"> <li>• EPDM Hose</li> </ul>	<ul style="list-style-type: none"> <li>• Long Root Trainer</li> <li>• Seed Tray Large Pod</li> </ul>
Chemical	-	<ul style="list-style-type: none"> <li>• Reclaim Rubber</li> </ul>

Step	Source/Contribution	Decision Making Unit
Idea Generation	Customers, Employees, Inquiries, Brain Storming etc	N/A
Idea Screening	R&D Meetings, Management Meetings, R&D Meetings	R&D team
Concept Development & Testing	R&D Team, Incubator Team	Project Owner
Business Analysis	Marketing & Financial Team	GM, Accountant, 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, Accountant, Marketing Managers
Monitoring & Evaluation	Marketing Team, R&D Team, Financial Team	GM, Marketing Managers, Finance Manager, R&D team



Products developed by  
R&D in 2020/21

## Branding

The Company has invested a significant amount in branding and promotional activities with the aim of "globalization of SIL rubber products" and "penetration of Samson PVC products and Jopex taps into the local market". The Company will invest in branding & other promotional activities heavily in next year as well. We have planned to advertise in electronic media to further promote PVC products in the next financial year. In addition to this, we will carry out promotional activities in newspapers, journals, printing calendars, dealer boards and point of sale materials. Further, we printed "Samson PVC" brand name on this year's uniforms.

## INTELLECTUAL Capital (Contd...)

At present we sell our rubber products under the brand of SIL, Decosil, DSI rubber parking accessories, Mayura Yoga Mat, Samson Agro, Rubber ceylon, Samson Rubber and also PVC products under the brand of Samson PVC & Jopex.

Further, there are some customers in the export market who place orders under their reputed and established brands.

During the year under consideration, the company has introduced Mayura yoga mats to the market with the intention off capitalizing on the renewed interest on health and fitness

products among the general public during the lockdown period. This a 100% natural rubber yoga mat and it is the first of its kind manufactured in Sri Lanka. Also identifying the business opportunities arising as a result of COVID-19, the Company was the first to introduce Rubber disinfectant mats to the market under the DECOSIL brand.

Also during the period under consideration, Company has engaged in extensive brand promotion activities by using social media channels and also started selling their products both locally and internationally through e commerce platforms.



Our Brands :



# CORPORATE Governance

*“ 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, .... ”*

As you are aware, corporate governance is to ensure to have an effective, transparent and accountable management of affairs by the board of directors, which is the highest governing body with the ultimate objective of protecting the interest of all stakeholders. The 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. Our corporate governance policies have the clear description of duties and responsibilities among Board of Directors, 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. We are committed to a culture that values ethical behaviour and integrity. Our approach to governance is based on the belief that high quality corporate governance supports long term value creation.

A transparent and good governance system will undoubtedly lead towards enhancing profitability and long-term sustainability. The corporate governance of the Company is reflected in its strong belief in protecting and enhancing stakeholder value in a sustainable manner, supported by a sound system of policies and practices.

## Role of the Chairman:

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 33 years. Functions of Chairman and one of the Jt. Managing Directors are vested in one person

as the Board 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.

## Role of the Board of Directors

The Board of the Company 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

# CORPORATE Governance (Contd...)

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.

Our Board agenda includes the following items.

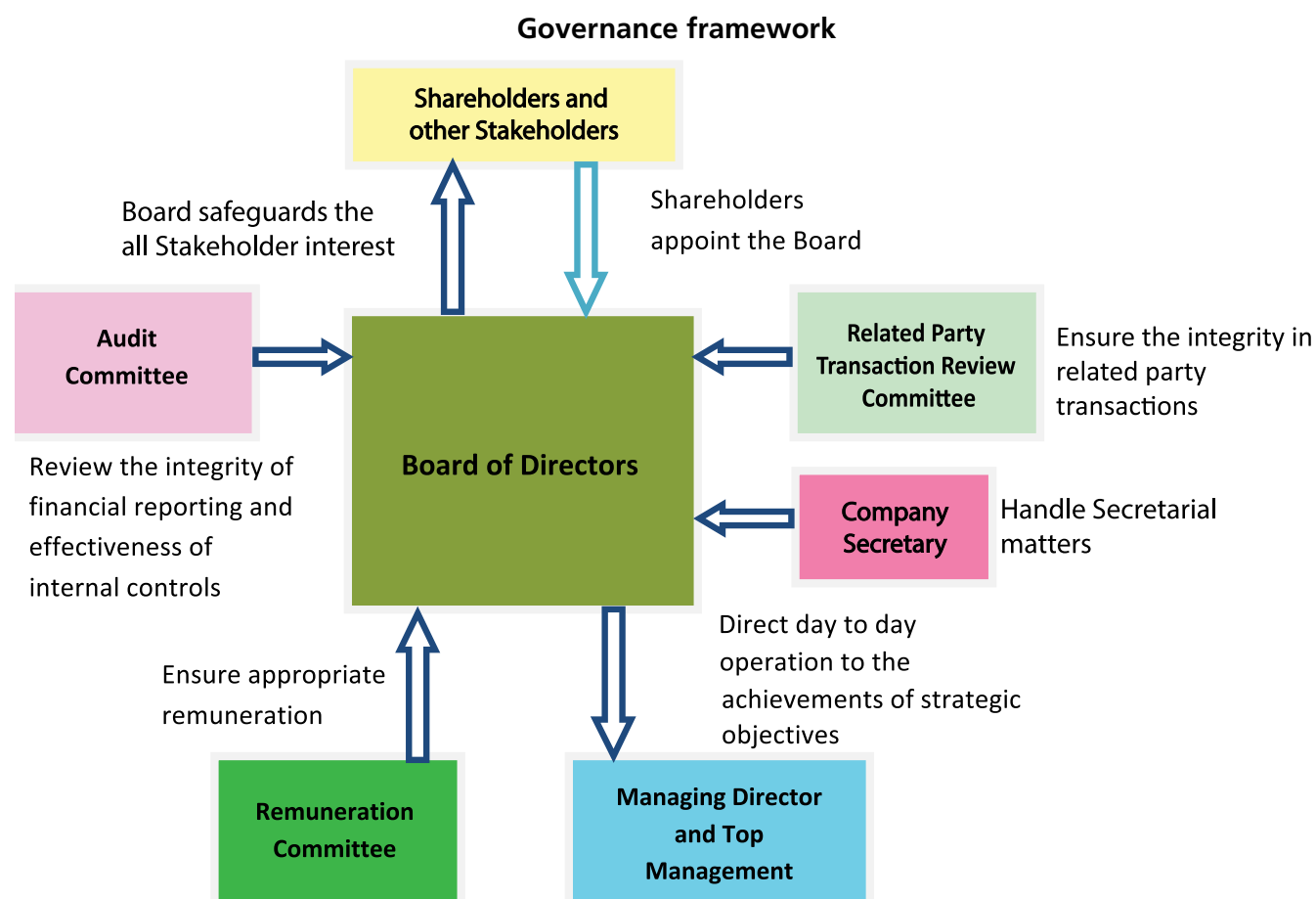
- Confirmation of previous minutes
- Matters arising from the previous meeting
- Review of financial performance
- Approval of interim and annual financial statements
- Review of quarterly internal audit report
- Ratification of senior management appointments
- Debtors age analysis
- Board sub-committee 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

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. As previously stated, 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.

## 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.



# CORPORATE Governance (Contd...)

## 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 by

## Business Ethics

The employees are bound to adhere to the following business ethics in order to promote good corporate governance in our business culture.

### 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.

The Company has implemented a formal whistle-blowing procedure and encourages any employee who suspects misconduct at work, whether by management, peers or any other employee, to raise their concerns.

Transparency is encouraged in all public disclosures, as well as in the way business and communication take place with all stakeholders.

## Code of Best Practice on Corporate Governance:

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

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.

# CORPORATE Governance (Contd...)

The extent of adoption of the above code of best practices on Corporate Governance is explained under the following categories.

- |                                   |  |
|-----------------------------------|--|
| A. Directors                      | E. Institutional Investors                   |
| B. Directors' Remuneration        | F. Other Investors                           |
| C. Relationship with Shareholders | G. Internet of things and Cyber security     |
| D. Accountability and Audit       | H. Environment, Society and Governance (ESG) |

Fundamental aspects of corporate governance are described in the below table.

## 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:

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 2021, 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>Attendance of Board Meetings and Sub Committee Meetings are given on pages 132, 144, 146 &amp; 147 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	<p>The Board has delegated responsibility to the Director/ General Manager for planning and guiding the business towards meeting set objectives and reviews it regularly.</p> <p>The Board also reviews the performance of Key Management personnel and their skills, experience and knowledge to implement strategy.</p>	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 of the Company is carried out by Ms Ernst & Young, 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 7 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 31 and 32.</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 2020/21.	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 communicated to the shareholders via the Colombo Stock Exchange in the English language. The profiles of the current shareholding upon Directors are given on page 31 to 36 in this report.	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 and Mrs. I. Malwatte 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.	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 31 to 36 Details of whether a Director is Executive, Non- Executive / or Independent, Non Independent are given on page 31 to 36. Related Party Transactions are given on page 188 under note 27. Membership of Board Sub Committees is given on page 144 to 147 and attendance at Board Meetings and Board Sub Committee meetings are given on pages 132, 144, 146 & 147.	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 2020/21.	Complied
(43) Evaluate performance of the CEO/MD with reference to targets	A.11.2	The performance evaluation of the Jt. Managing Directors 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 146.	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 Mr. G.H. Wimalasena (Chairman) - Retired on 14th August 2020	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 146 . The aggregate remuneration to Executive and Non-Executive Directors are given in Note No. 8 to the Financial Statements on page 177.  Names of the Directors of the Board & Remuneration Committee are disclosed on pages 31 and 146 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 (www.samsonint.com) & 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 direct 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 2020/21, 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 25 to 27. Jt. Managing Directors' Review is given on pages 28 to 30. Financial capital is given on pages 67 to 73.	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 150 to 155 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 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 146 & 156 respectively. presentation of	Complied
(76) Include a Management Discussion & Analysis	D.1.6	The Management Discussion and Analysis contained in pages 67 to 108 (Capital Management Report) 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 has not risen	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 187.	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 Ernst & Young 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 144 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 150 to 155 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 188).	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 G. H. A. Wimalasena - Retired on 14th August 2020 Mr D. D. A. Rajapaksa Ms. I. Malwatte - Appointed on 14th August 2020	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 147.	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	D.5.1	Codes of Conduct and Ethics are in place for the Directors and employees. and ethics for Directors and staff	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 110 to 132 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 133 to 143.	

## 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 under the following categories.

- Non-Executive Directors
- Independent Directors
- Disclosures Relating to Directors
- Remuneration Committee
- Audit Committee
- Related Party Transaction Review Committee

# CORPORATE Governance (Contd...)

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.
7.10.3(a)	Disclosure relating to Directors	a. The Board shall make a determination annually as to the independence or non independence of each Non-Executive Director  b. Names of independent Directors should be disclosed in the Annual Report	Compliant All Independent, Non-Executive Directors have submitted declarations for their independence.  Compliant This was disclosed on page 31.
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 31.
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

# CORPORATE Governance (Contd...)

CSE Rule No.	Subject	Applicable Requirement	Compliance Status
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	The Annual Report should set out: a. Names of Directors comprising the Remuneration Committee b. Statement of remuneration policy c. Aggregate remuneration paid to Executive & Non-Executive Directors	Compliant Compliant Compliant
7.10.6	Audit Committee	The Company shall have an Audit Committee	Compliant
7.10.6.(a)	The composition of Audit Committee	a. Shall Comprise Non-Executive Directors, a majority of whom can be independent  b. Chief Executive officer and the chief Financial Officer should attend Audit committee meetings  c. The Chairman of the Audit committee or One member should be a member of a professional Accounting body	Compliant  Compliant  He is a member of Institute of Chartered Accountants of Sri Lanka
7.10.6.(b)	Audit Committee functions	Overseeing of the (i) Preparation, Presentation and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards.  (ii) Compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements  (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 the integrity of the financial statements.  Compliant Audit Committee oversees the requirement of the Companies Act and other regulations.  Compliant Audit Committee oversees effectiveness of internal control and risk management.

# CORPORATE Governance (Contd...)

Rule No.	Subject	Applicable Requirement	Compliance Status
		(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.
7.10.6.(c)	Disclosure in the Annual Report relating to Audit Committee	a. Names of Directors comprising the Audit Committee.	Compliant
		b. The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination.	Compliant
		c. The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance of the function.	Compliant
9.2.2	Disclosure relating to Related Party Transactions Review Committee	Combination of non-executive directors and independent non-executive directors	Compliant  The Committee comprises of two Independent Non-Executive Directors, one Non-Executive Director
9.2.3		Separate Committee to be formed for the Company or the Listed Parent's Committee to be used.	Compliant  A separate Related Party Transactions Review Committee was formed for the Company.
		Function of the Committee	Compliant  The Related Party Transactions Review Committee Report sets out the functions of the Committee on page 147.

## CORPORATE Governance (Contd...)

Rule No.	Subject	Applicable Requirement	Compliance Status
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.	Complied  Please refer Related Party Transactions Review committee report on page 147.

### The Attendance of the Board of Directors:

Name of Director	Status	14th Aug 2020	11th Nov 2020	11th Feb 2021	No of Attendance
Dr. D S Rajapaksa (Retired on 30th September 2020)	NE	✓	—	—	1/1
Mr. D K Rajapaksa	E	✓	✓	✓	3/3
Mr. D R Rajapaksa	NE	✓	✓	X	2/3
Mr. T K Bandaranayake	NE/I	✓	✓	✓	3/3
Mr. G H A Wimalasena (Resigned on 14th August 2020)	NE/I	✓	-	-	1/1
Mr. D G P S Abeygunawardana	E	✓	✓	✓	3/3
Mr. D D A Rajapaksa	E	✓	✓	✓	3/3
Mr. D C J Rajapaksa	NE	✓	✓	✓	3/3
Ms I Malwatte (Appointed on 14th August 2020)	NE/I	—	✓	✓	2/2

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 144, 146 and 147 respectively with their individual committee reports.

# RISK

## Management

*“The Company reviews and assesses the significant risks including the global virus (such as Corona pandemic) on a regular basis to ensure identification of any situation or circumstance that would adversely affect the achievement of the Company’s objectives.”*

**R**isk could arise in all our business activities. The Company reviews and assesses the significant risks on a regular basis and ensures that there is a system of internal control in place. We have to proactively identify the risk, assess it and respond to it by allocating required resources. This could elaborate in the areas of risk identification, risk assessment, risk response and risk reporting methodologies under five risk categories namely Macroeconomic, Competitor and Market, Operational, Financial and Others. The risk management process has been designed to ensure identification of any situation or circumstance that would adversely affect the achievement of the Company’s objectives.

At present the following reviews the risks regularly.

- 1) The Group Directors reviews 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 Ernst and Young, Chartered Accountants are 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 on a regular basis.

At a strategic level, our risk management objectives are

- 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.
- To optimize risk/ return decisions by taking them as closely as possible to the business, while establishing strong and independent review and challenge structures.
- To ensure that business growth plans are properly supported by effective risk infrastructure.
- To manage risk profile to ensure that specific financial deliverables remain possible under a range of adverse business conditions.
- To help employees improve the control and co-ordination of risk taking across the business.

Internal and external audits are crucial in the risk management process. Reports on these audits are reviewed and action taken to manage any risks that have been identified. Significant audit findings by the Auditors are immediately reviewed by the Board appointed Audit Committee. The Company’s system of internal controls covers all policies and procedures, enabling significant strategic and operational risks to be managed. The internal audit team meets with the Finance Department every quarter share information and exchange perspectives. Issues identified at these discussions as being a potential risk are immediately subjected to a fuller investigation. The Company has a proactive approach to business and aimed to control this uncertainty and thereby enhancing shareholder value.

### Corona pandemic

In March 2020, the Company like others faced the interruption of the operation and business due to the Covid-19 virus which we had not heard and anticipated previously. The Company took all precautions to protect all employees from this virus and steps have been taken to face and minimize the risk if such possible global virus occurs. The risk management framework

## RISK Management (Contd...)

of the Company is shown in the following manner. The Company delivered all export orders on time even in the curfew time while adhering all regulations issued by health department and other government institutions. In February 2020, Public Health Inspectors conducted PCR tests on a randomly selected samples and all were negative. Work arrangements is being done with the expected distance, wearing masks, checking the temperature, controlling visitors and outsiders, sanitizing the factory premises, washing and sanitizing facilities for workers and preventing social gathering, etc.

The potential risks are identified from the risk workshops, risks reviews, control checklists and risks reporting. The risk management policy of Samson International Plc is to proactively manage risk to ensure continued growth of our business and to protect our employees, assets and reputation. Our ongoing assessment process takes into account the likelihood of an event, its potential impact on the business, the need for mitigation and to take corrective action. We identify and assess material risks associated with our business, then monitor it, manage and mitigate these risks.



# 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 2021	Risk Ranking as at 31st March 2020
<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	Low	Low

## RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2021	Risk Ranking as at 31st March 2020
<b>Competitor and Market Risk</b>				
4) Risk of Competition	Risk of losing our market share and sales growth to Chinese low quality products and to other substitute products, e.g. PVC Hot water bottles.	<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>Manufacture 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 2021	Risk Ranking as at 31st March 2020
<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	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>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>	Low	Low

# RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2021	Risk Ranking as at 31st March 2020
<b>Operational Risk</b>				
8) Process Risk	Internal process failures, 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>Carrying out mandatory preventive maintenance programmes.</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>	Medium	Medium

# RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2021	Risk Ranking as at 31st March 2020
<b>Operational Risk contd...</b>				
11) People Risk	Risk of losing skilled and trained human capital	<p>Provide focused and structured training 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>	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>	Low	Low

# RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2021	Risk Ranking as at 31st March 2020
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>Maintain buffer stocks for both RM &amp; FG.</p>	High	High

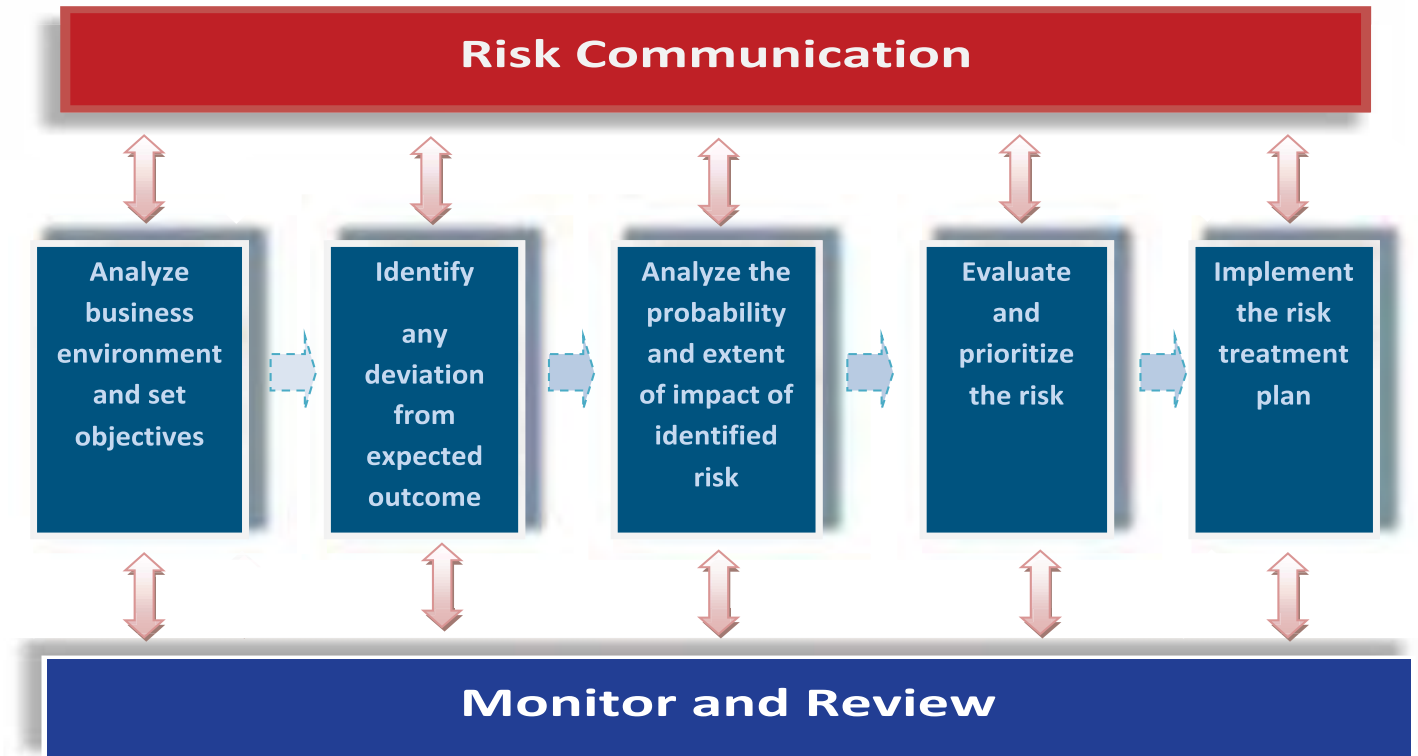
## RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2021	Risk Ranking as at 31st March 2020
<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>Low gearing is maintained (41%).</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>	Low	Medium

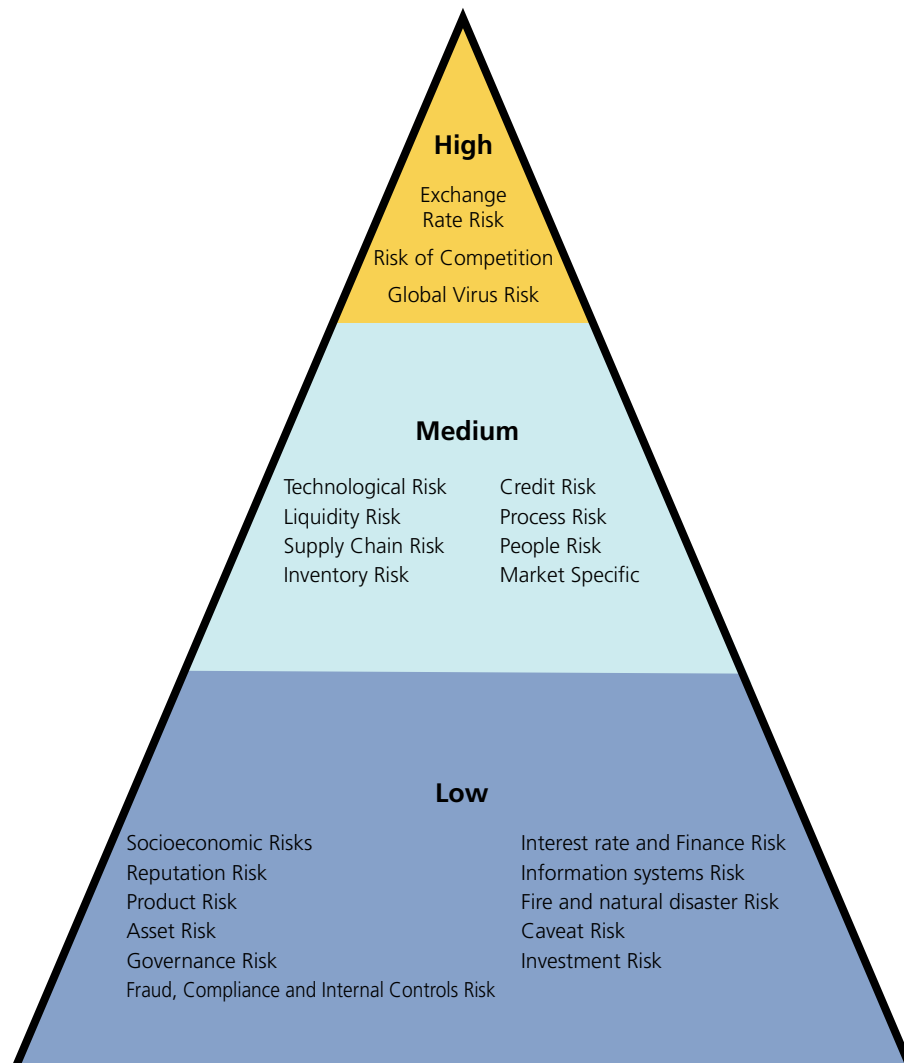
## RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2021	Risk Ranking as at 31st March 2020
<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...)



The summarized risk ranking of the Company is as follows.



# AUDIT

## Committee Report

### Members of the Audit Committee and Details of Meetings held:

The Audit Committee comprises two Non-Executive Independent Directors and one Non-Executive Director. However, on 28th February 2021, the Non-Executive Director Mr. D. R. Rajapaksa resigned from the Board. 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 Audit Committee held three meetings during the year under review. 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	14th Aug 2020	11th Nov 2020	11th February 2021	No of Attendance
Mr. T. K. Bandaranayake	NE/I	✓	✓	✓	3/3
Mr. G. H. A. Wimalasena (Retired on 14th August 2020)	NE/I	✓	–	–	1/1
Mr. D. R. Rajapaksa	NE	✓	–	–	1/3
Mrs. I. Malwatta (Appointed on 14th August 2020)	NE/I	–	✓	✓	2/2

Please also note that under status column, "E" = Executive, "NE" = Non- Executive and "I" = Independent

The attendance of Executive Director/ General Manager and Head of Finance in the Audit Committee meetings is as follows.

Name	Status	14th Aug 2020	11th Nov 2020	11th February 2021	No of Attendance
Mr. D. G. P. S. Abeygunawardana	Executive Director/GM	✓	✓	✓	3/3
Mr. A. P. Sisira Kumara	Finance Manager	✓	✓	✓	3/3

### 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 any problems and reservations arising from the audit and any other matters that the auditor 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 and Accounting Policies which are consistently applied.

3. Reviewing the financial reporting system to ensure the accuracy and timelines of the financial statements produced.

# AUDIT Committee Report (Contd...)

4. Reviewing and ensuring the adequacy and effectiveness of the Company's internal control systems and risk management.
5. Oversight on the compliance by the company with the requirements of the statutory and regulatory framework. Compliance is monitored quarterly through the '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.

## Internal Audit Function

The Audit Committee reviews the Internal Audit Reports. The internal audit function has been outsourced and is carried out by Messrs Ernst & Young. 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 where appropriate.

## 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 2022, 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 2021

# REPORT OF the Remuneration Committee

The Remuneration Committee, appointed by and responsible to the Board of Directors, consists of two independent, Non- Executive Directors, Mr. G.H.A. Wimalasena (Chairman) and Mr.T.K. Bandaranayake. Mr. G.H.A. Wimalasena retired on 14th August 2020 and Ms. I. Malwatte was appointed as the Chairperson on the same day.

## 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 177.

## 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. Malwatte**  
Chairperson  
Remuneration Committee

Colombo  
25th May 2021

# REPORT OF THE RELATED Party Transactions Review Committee

## Composition 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

Mr G.H.A. Wimalasena      Independent,  
(Resigned on 14th August 2020)      Non- Executive Director

Mr D.D.A. Rajapaksa      Executive Director

Ms. I. Malwatte      Independent,  
(Appointed on 14th August 2020)      Non- Executive Director

The above composition is in compliance with the provisions of the Code. Brief profiles of the members are given on pages 30 to 34 of the Annual Report.

## Meetings

This Committee held three meetings during the year under review. Management representatives are invited to the meetings for discussions as considered appropriate and necessary.

Name of Director	Status	14th Aug 2020	11th Nov 2020	11th February 2021	No of Attendance
Mr. T.K. Bandaranayake	NE/I	✓	✓	✓	3/3
Mr. G.H.A. Wimalasena (Resigned on 14th August 2020)	NE/I	✓	–	–	1/1
Mr. D.D.A. Rajapaksa	E	✓	✓	✓	3/3
Ms. I. Malwatta (Appointed on 14th August 2020)	NE/I	–	✓	✓	2/2

"E" = Executive, "NE" = Non- Executive, "I" = Independent

The attendance of Executive Director/ General Manager and Finance Manager in the Related Party Transaction Review Committee meetings is as follows.

Name	Status	14th Aug 2020	11th Nov 2020	11th February 2021	No of Attendance
Mr. D.G.P.S. Abeygunawardana	Executive Director/ GM	✓	✓	✓	3/3
Mr. A.P. Sisira Kumara	Finance Manager	✓	✓	✓	3/3

# REPORT OF THE RELATED Party Transactions Review Committee (Contd...)

## 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 in advance all proposed Related Party Transactions in compliance with the provisions of the Code.
3. Advising the Boards on making immediate market disclosures and disclosures in the Annual Report where necessary, in respect of Related Party Transactions, in compliance with the provisions of the Code and the Rules.
5. All Managers are advised to report 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.

## 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.

## Review Function of the Committee

The Committee communicates its observations for the information of the Board on the Related Party Transactions that are reviewed throughout the year. All Related Party Transactions during the year are summarized and disclosed in Note 27 to the Financial Statements on pages 188 to 191.

## 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 2021

# 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 159 to 191 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 156 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 2021

# 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 2021, which was approved by the Directors at a meeting held on 25th May 2021.

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 163 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 2021.

### Turnover

Turnover of the Company is Rs.2,185 Mn in 2020/21 as compared to Rs. 1,590 Mn in the last year.

### Turnover by segment:

*Rs in 000'*

Segment	2020/21	2019/20
Rubber-related items	1,221,374	1,160,566
PVC-related items	964,495	429,636
Total	2,185,869	1,590,202

# REPORT OF THE Board of Directors (Contd...)

## Profits:

Rs in 000'

	2020/21	2019/20
Profit for the year (after payment of all expenses, making provision for known liabilities and depreciation on property, plant and equipment)	108,361	12,086
Tax on profits	(9,552)	225
Profit after taxation	98,808	12,311
Actuarial gain/(loss) on Post-Employment Benefit Liability	3,352	561
Diferred tax on Actuarial gain / (loss)	(556)	(134)
<b>Total Comprehensive income net of tax</b>	<b>101,604</b>	<b>12,738</b>

## Retained Earnings:

Rs in 000'

	2020/21	2019/20
Balance brought forward	422,809	418,537
Profit for the year	98,808	12,311
Other Comprehensive income	2,796	427
Final dividend	(4,232)	(8,466)
<b>Balance carried forward</b>	<b>520,181</b>	<b>422,809</b>

## Segment Reporting

The revenue and results of the Company Segment-wise is provided in Note 29 to the Financial Statements on page 191.

## Taxation

Under of the Inland Revenue Act No (IRA) 24 of 2017, tax profit on export sales, local sales and interest income are taxed at the rate of 14%, 18% and 24% respectively for the year in 2020/21.

## Investments in Property, Plant & Equipment

During the year 2020/21, the Company invested Rs. 212 Mn (2019/20 -Rs.47 Mn) in property, plant & equipment. The total investments in property, plant & equipment as at 31st March 2021 amounted Rs. 1,073 Mn as opposed to Rs. 862 Mn as at 31st March 2020. The information relating to the movement in property, plant & equipment is given in Note 13 to the Financial Statement on page 180.

## Stated Capital & Reserves

### Stated Capital

The movement of the stated capital is as follows:

Rs in 000'

	2020/21	2019/20
Stated capital- Rs	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 185 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'*

	2020/21	2019/20
General reserves	110,000	110,000
Revenue reserves	520,181	422,809
<b>Total reserves</b>	<b>630,181</b>	<b>532,809</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 31 and 37.

- 1) Mr 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 (Appointed on 14th August 2020)
- 7) Mr. D. N. S. Rajapaksa (Appointed on 11th February 2020)

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 Mr D. N. S. Rajapaksa who will retire by rotation in terms of Article 95 of the Article of Association as a Director of the Company would be re-elected as a Director at the Annual General Meeting.

Mr T. K. Bandaranayake who was appointed as an Independent Director of the Company had served their respective first term of nine years and thereupon the Board of Directors Resolved on 14th August 2020 that despite having previously served for a term of nine years that they are yet regarded as Independent Directors in terms of Rule 7.10.4 [read with sub-rules (a) to (h)] of the Revised Rules of the Colombo Stock Exchange, and accordingly were reappointed for a second term of nine years.

The attendance of the directors in the Board meetings are given on page 132 under Corporate Governance.

## Directors' interest in shares

Directors' holdings of ordinary shares in the Company are given below:

	No of Shares as at 31.03.2021	No of shares as at 31.03.2020
Dr. D. K. Rajapaksa	11,159	10,959
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 (Appointed on 14th August 2020)	Nil	Nil
Mr. D. N. S. Rajapaksa (Appointed on 11th February 2020)	8,297	8,297
Dr. D. S. Rajapaksa (Resigned on 30th September 2020)	1	1
Mr. D. R. Rajapaksa (Resigned on 28th February 2021)	11,350	11,350
Mr. G. H. A. Wimalasena (Resigned on 14th August 2020)	Nil	Nil
<b>Total</b>	<b>30,917</b>	<b>22,420</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 2021 is given in Note 8 to the Financial Statements on page 177 of this Report, as required by Section 168 (1) (f) of the Companies Act No. 07 of 2007. Directors' remuneration for the financial year 2020/21 is Rs. 28,602,048 (last year 27,780,941).

## 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
Mr. G. H. Wimalasena (Resigned on 14th August 2020)	Independent, Non- Executive Director
Mr. D. R. Rajapaksa (Resigned on 28th February 2021)	Non -Executive Director

The Report of the Audit Committee is given on pages 144 and 145, which forms part of the Annual Report.

### Remuneration Committee

Ms. I. Malwatte – Chairperson (Appointed on 14th August 2020)	Independent, Non -Executive Director
Mr G. H. A. Wimalasena – Chairman, (Resigned on 14th August 2020)	Independent, Non- Executive Director
Mr T.K. Bandaranayake	Independent, Non -Executive Director

The Report of the Remuneration Committee is given on page 146, which forms a part of the Annual Report.

### Related Party Transactions Review Committee

Mr T. K. Bandaranayake – Chairman,	Independent, Non- Executive Director
Mr G.H. Wimalasena (Resigned on 14th August 2020)	Independent, Non- Executive Director
Mr D.D. A. Rajapaksa	Executive Director
Ms. I. Malwatte (Appointed on 14th August 2020)	Independent, Non -Executive Director

The Report of the Related Party Transaction Review Committee is given on pages 147 and 148, 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 551 (last year 456).

### 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

# REPORT OF THE Board of Directors (Contd...)

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 thereafter reported to the Board. The Statement on Directors' responsibility for financial reporting of the Company is set out on page 149 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 133 of this report.

## Donations

The total amount of donations in cash was Rs 252,055 in the year 2020/21 (2019/20 – Rs. 362,483). This has not exceeded the amount 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. 1.83 Bn and 50% of the total assets is Rs. 915 Mn. The Company has not bought any assets or undertaken any liabilities greater than Rs. 915 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 05 and in the Ten-year summary on page 196 of this Annual Report.

The twenty major shareholders and percentages held by each one of them as at 31st March 2021 are given on page 210 of the Annual Report.

## Public holding of shares in the Company

As at 31st March 2021, the public held 43.395% (in 2019/20-43.207%) 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. 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 110 and 132 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 2021. The Auditor's Report on the Financial Statements is given on page 156 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 2020/21 amounting to Rs. 485,692 (2019/20 - Rs. 409,300). 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. The assessment includes the anticipated effect of the COVID-19 pandemic on the significant assumption that are sensitive or susceptible to change or are inconsistent with historical trend. As the economic effects of COVID-19 continue to evolve, management considered a range of scenarios to determine the potential impact on underline performance and future funding requirements.

## Financial Statements of the Company

The Financial Statements of the Company, duly certified by the Head of Finance 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 159 to 191 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 base on the profit of 2020/21. (Dividend for 2019/20 is Rs. 1.00 per share ). This is to be paid before 10th June 2021.

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 212.

## 29th Annual General Meeting

The 29th Annual General Meeting of the Company will be held on Friday the 30th day of June 2021 at the Samson Rajapaksa Auditorium, Sri Lanka College of Obstetricians and Gynecologists at No 112, Model Farm Road, Colombo 08, 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



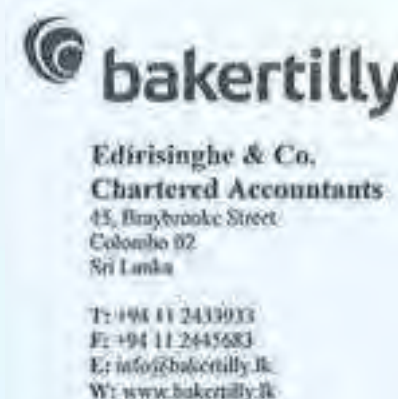
P W Corporate Secretarial (Pvt) Ltd.  
Secretaries

Colombo

25th May 2021

# INDEPENDENT

## Auditor's Report



### 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, 2021, 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, 2021, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 ACIM MBA, Mr. M.K.K. Karunaratne FCA ACMA, P.K.A.M. Alshakoori ACA MAAT  
**S.A. Harischandran ACA ACMA CGMA MBA Bcom (Sp.)**  
**Consultants:** A.T.P. Edirisinghe FCA FCMA (UK), A.D. Jayasena 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...)



## Key Audit Matter

### 02) Management assessment of material uncertainty relating to impact of COVID 19

The financial statements have been prepared on a going concern basis of preparation of financial statements, the directors have reviewed the company's cash flow projection for next 12 months. Cash flow projections were based on the management's assumption and estimation of future cash inflows and outflows, taking into consideration the potential impact of COVID 19 pandemic.

Note 2.4 and note 28 to the financial statements, described the impact of COVID 19 outbreak to the current year financial statement and possible effect to the company's future projection, performance and cash flows. further the management considered its appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least 12 months from the end of the financial year.

## How Our Audit Addressed the Key Audit Matter

Assessed the director's assessment of the company's ability to continue as going concern including challenging the underline data and key assumptions used to make such assessment, and evaluated the plan for future action in relation to the going concern assessment.

Assessed the adequacy of disclosures in the financial statements in relation to the going concern basis of accounting with reference to the prevailing accounting standards and potential impact of COVID 19 outbreak.

## 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.

# INDEPENDENT Auditor's Report (Contd...)



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.
- 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 2021

15, Braybrooke Street, Colombo 02, Sri Lanka. T: +94 (1) 2445533 F: +94 (1) 2445683 E: info@edirisinghe.co.lk W: www.edirisinghe.co.lk

# STATEMENT

## of Profit or Loss and other Comprehensive Income

FOR THE YEAR ENDED 31ST MARCH		2021	2020
	NOTE	Rs.	Rs.
Revenue	06	2,185,869,312	1,590,202,615
Cost of sales		(1,778,637,433)	(1,300,271,205)
<b>Gross profit</b>		<b>407,231,879</b>	<b>289,931,410</b>
Other income	07	1,628,015	3,843,506
Distribution cost		(98,679,909)	(68,645,882)
Administrative expenses		(192,576,437)	(190,992,443)
<b>Profit from operations</b>	08	<b>117,603,548</b>	<b>34,136,591</b>
Finance income	09.1	8,487,545	7,140,110
Finance cost	09.2	(17,730,315)	(29,190,588)
<b>Net finance cost</b>		<b>(9,242,770)</b>	<b>(22,050,478)</b>
Profit before income taxation		108,360,778	12,086,113
Income tax expense	10	(9,552,440)	224,896
<b>Profit for the year</b>		<b>98,808,338</b>	<b>12,311,009</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		3,352,534	561,423
Deferred tax on actuarial gain/(loss)		(556,446)	(134,742)
Items that will be reclassified subsequent to the Statement of Profit or loss		-	-
<b>Total other comprehensive income / (expense), net of tax:</b>		<b>2,796,088</b>	<b>426,680</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>101,604,426</b>	<b>12,737,690</b>
Basic earnings per share	11	23.34	2.91
Dividends per share	12	1.00	2.00

All values are in rupees, unless otherwise stated. Figures in brackets indicate deductions.

The significant accounting policies and notes on pages 163 to 191 are an integral part of these financial statements.


# STATEMENT of Financial Position


AS AT 31ST MARCH		2021	2020
	NOTE	Rs.	Rs.
<b>Assets</b>			
<b>Non current assets</b>			
Property, plant and equipment	13	567,016,021	412,773,558
Work in progress	13.1	7,088,110	-
Intangible assets	14	3,581,156	4,452,992
Financial assets at fair value through profit and loss	15	5,000,000	20,079,350
Financial assets at amortized cost	16	17,578,097	16,401,793
Deferred tax assets	17.1	8,160,139	11,227,026
		608,423,523	464,934,719
<b>Current assets</b>			
Inventories	18	527,559,236	269,490,083
Trade and other receivables	19	652,638,801	355,830,769
Income tax refund		-	4,476,391
Cash and cash equivalents	20	41,094,577	83,842,921
		1,221,292,614	713,640,164
<b>Total assets</b>		1,829,716,137	1,178,574,883
<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		520,181,128	422,809,189
<b>Total equity</b>		739,781,339	642,409,400
<b>Non current liabilities</b>			
Deferred tax liability	17.2	38,235,357	48,416,109
Retirement benefit obligation	22	49,164,034	46,779,277
		87,399,391	95,195,386
<b>Current liabilities</b>			
Trade and other payables	23	485,025,236	158,230,915
Short term borrowings	24	504,763,812	282,739,182
Income tax payable		12,746,359	-
		1,002,535,407	440,970,097
<b>Total liabilities</b>		1,089,934,798	536,165,483
<b>Total equity and liabilities</b>		1,829,716,137	1,178,574,883

The significant accounting policies and notes on pages 163 to 191 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 159 to 191 were approved by the board of directors and were signed in Colombo on 25th May 2021 its behalf by:

  
D. K. Rajapaksa  
Jt. Managing Director

  
D. G. P. S. Abeygunawardana  
Director / General Manager

# STATEMENT of Changes in Equity

## FOR THE YEAR ENDED 31ST MARCH 2021

	Stated Capital Rs.	General Reserve Rs.	Retained Earnings Rs.	Total Rs.
<b>For the year ended 31st March 2020</b>				
Balance as at 01st of April 2019	109,600,211	110,000,000	418,537,041	638,137,252
Profit for the year	-	-	12,311,009	12,311,009
Other comprehensive income	-	-	426,681	426,681
Dividends paid	-	-	(8,465,542)	(8,465,542)
<b>Balance as at 31st March 2020</b>	<b>109,600,211</b>	<b>110,000,000</b>	<b>422,809,189</b>	<b>642,409,400</b>
<b>For the year ended 31 March 2021</b>				
Balance as at 1st April 2020	109,600,211	110,000,000	422,809,189	642,409,400
Profit for the year	-	-	98,808,338	98,808,338
Other comprehensive income	-	-	2,796,088	2,796,088
Dividends paid	-	-	(4,232,487)	(4,232,487)
<b>Balance as at 31st March 2021</b>	<b>109,600,211</b>	<b>110,000,000</b>	<b>520,181,128</b>	<b>739,781,339</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 163 to 191 are an integral part of these financial statements.

# STATEMENT of Cash Flows

FOR THE YEAR ENDED 31ST MARCH 2021		2021	2020
	NOTES	Rs.	Rs.
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit /(Loss) before taxation		108,360,778	12,086,113
Adjustment for :			
Depreciation	13	57,599,343	57,767,850
Amortization of intangible assets	14	871,836	871,836
(Profit) / loss on available for sale financial assets		79,350	(1,376,140)
Profit on disposal property plant and equipment	07	(206,017)	-
Exchange (gain) / loss on borrowings		3,954,436	9,916,694
Increase in provision for retirement benefit obligation	22	8,884,076	8,399,581
Interest income	09.1	(5,002,740)	(7,140,110)
Interest cost	09.2	16,655,125	29,190,588
<b>Profit Before Working Capital Changes</b>		<b>191,196,187</b>	<b>109,716,412</b>
<b>Changes in Working Capital :</b>			
Increase in inventories	18	(258,069,154)	(71,152,858)
Decrease / (increase) in trade and other receivable	19	(296,808,033)	115,983,683
Increase / (decrease) in trade and other payable	23	326,794,321	(14,851,140)
<b>Cash generated from/(used in) operations</b>		<b>(36,886,679)</b>	<b>139,696,097</b>
Interest paid	09.2	(16,655,125)	(29,190,588)
WHT paid		-	(154,926)
ESC paid		-	(8,264,061)
Retiring gratuity paid	22	(3,146,785)	(1,137,155)
<b>Net cash generated from operating activities</b>		<b>(56,688,589)</b>	<b>100,949,367</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	13	(219,183,898)	(46,817,538)
Proceed from the disposal of assets	13	460,000	-
Proceed from the disposal of debentures	15	15,000,000	-
Investment in treasury bills	16	(1,176,304)	(1,435,834)
Net proceeds from withdrawal of fixed deposits	16	-	-
Interest income	09.1	5,002,740	7,140,110
<b>Net cash used in investing activities</b>		<b>(199,897,462)</b>	<b>(41,113,262)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividends paid		(4,232,487)	(8,465,542)
Proceeds from short term borrowings	24	1,023,525,872	637,219,499
Repayment of short term borrowings	24	(827,536,235)	(652,223,119)
<b>Net cash generated from / (used in) financing activities</b>		<b>191,757,150</b>	<b>(23,469,162)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(64,828,901)</b>	<b>36,366,943</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>(1,436,511)</b>	<b>(37,803,454)</b>
<b>Cash and cash equivalents at the end of the year</b>	20	<b>(66,265,412)</b>	<b>(1,436,511)</b>

All values are in Rupees, unless otherwise stated. Figures in brackets indicate deductions.

The significant accounting policies and notes on pages 163 to 191 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 May 2021.

#### 1.5 Number of employees

The number of employees of the Company at the end of the year was 551 (2019/20 - 456 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. The assessment includes the anticipated effect of the COVID-19 pandemic on the significant assumption that are sensitive or susceptible to change or are inconsistent with historical trend. As the economic effects of COVID-19 continue to evolve, management considered a range of scenarios to determine the potential impact on underlying performance and future funding requirements. Management is not aware of any material uncertainties that may cast significant doubt on company's ability to continue as going concern. Therefore, the financial statements continued to be prepared on the going concern basis.

## 2.5 Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees which is the Company's functional currency.

## 2.6 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 on page 171.

## 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

# NOTES to the Financial Statements (Contd...)

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 bellow. 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 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 Leased assets

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.

The company recognizes a right- of - use asset and a lease liability at the inception of a contract,. However, the company has elected not to apply the recognition requirements to,

- Short- term Leases ; and
- Leases for which the underlying asset is of low value

'Where the company recognizes the lease payments associated with those leases as an expense 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.

# NOTES to the Financial Statements (Contd...)

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.

## 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.

# NOTES to the Financial Statements (Contd...)

## 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 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

The subsequent measurement of financial assets depends on their classification as follows:

#### 3.3.1.2.1 Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss include financial assets designated as such at fair value through profit or loss at initial recognition. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Subsequent to initial recognition, financial assets at fair value through profit loss are carried at fair value in the Statement of financial position with fair value gains or losses recognized through the Statement of comprehensive income.

#### 3.3.1.2.2 Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include financial assets

designated as such at fair value through other comprehensive income at initial recognition. However as at 31 March 2021, there were no financial assets at fair value through other comprehensive income.

#### 3.3.1.2.3 Financial assets at amortized cost

Financial assets at financial assets 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

# NOTES to the Financial Statements (Contd...)

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 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:

# NOTES to the Financial Statements (Contd...)

- 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'.

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.

# NOTES to the Financial Statements (Contd...)

## 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 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.

# NOTES to the Financial Statements (Contd...)

## 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.

## 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 29 to the financial statements on page 191.

# 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.

# NOTES to the Financial Statements (Contd...)

## 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 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  
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	2021 Rs.	2020 Rs.
Trade receivables	522,633,270	328,853,748
	522,633,270	328,853,748

# NOTES to the Financial Statements (Contd...)

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	2021 Rs.	2020 Rs.
Trade receivables from related parties	87,751,329	80,330,782
Trade receivables - others	434,881,941	248,522,966
	<b>522,633,270</b>	<b>328,853,748</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	2021 Rs.	2019 Rs.
Domestic	396,529,613	225,602,933
Export	126,103,657	103,250,815
	<b>522,633,270</b>	<b>328,853,748</b>

## 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	2021 Rs.	2020 Rs.
<b>Carrying amount</b>		
Trade Creditors - Related Companies	120,573,811	78,828,350
Trade Creditors - Direct Import	201,808,478	8,362,497
Trade Creditors - Other	71,561,077	26,728,527
Customer advances	22,143,597	17,055,775
Customer guarantee deposits	21,164,702	-
Expenses Creditors	44,587,232	21,918,096
Statutory payables	3,186,339	5,337,670
Bank borrowings - Overdrafts	107,359,989	85,279,432
Bank borrowings - Short Term Borrowings	397,403,823	197,459,750
Income tax payable	12,746,359	-
	<b>1,002,535,407</b>	<b>440,970,097</b>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

# NOTES to the Financial Statements (Contd...)

## 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 (in Rs)	2021		2020	
	USD	EUR	USD	EUR
Foreign currency advances paid	136,672	111,470	20,265	-
Trade and other receivables	69,196	395,495	162,531	310,086
Cash and cash equivalents	22,750	42,683	33,137	242,025
Short term borrowings and other payables	(862,256)	-	(610,000)	(170,000)
Gross statement of financial position exposure	(633,638)	549,648	(394,067)	382,111

### 5.3.2 The following significant exchange rates were applicable during the year:

	Average rate		Reporting date spot rate	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
USD	199.83	189.91	197.62	188.62
EUR	233.64	209.42	229.87	209.42

# 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> </ul>	Medium

# NOTES to the Financial Statements (Contd...)

FOR THE YEAR ENDED 31ST MARCH		2021	2020
	NOTE	Rs.	Rs.
<b>06. Revenue</b>			
Sale of goods	Note 06.1	2,185,869,312	1,590,202,615
		<b>2,185,869,312</b>	<b>1,590,202,615</b>
<b>6.1 - Composition of Revenue</b>			
Export turnover		766,266,841	675,133,367
Local turnover		1,419,602,471	915,069,248
		<b>2,185,869,312</b>	<b>1,590,202,615</b>
<b>07. Other Income</b>			
Other income		1,501,348	373,593
Fixed asset disposal gain		206,017	-
Reversal of over provided specific provision for receivables		-	2,093,773
Fair value gain on financial instruments		(79,350)	1,376,140
		<b>1,628,015</b>	<b>3,843,506</b>
<b>08. Profit from Operations is Stated after charging all expenses including following:</b>			
Cost of purchase		1,410,901,150	950,180,207
Employee benefit expenses	Note 08.1	341,344,676	297,438,457
Other overheads		13,547,819	8,473,506
Depreciation		57,599,343	57,767,850
Amortization of intangible assets		871,836	871,836
Export expenses		22,877,330	14,897,769
Machinery maintenance		23,612,765	19,234,677
Sub contract wages		17,611,787	15,953,546
Auditors remuneration - Assurance services		485,692	409,300
Auditors remuneration - Non assurance services		77,000	69,900
Others		180,964,381	194,612,482
<b>Total cost of purchase, distribution and administrative expenses</b>		<b>2,069,893,779</b>	<b>1,559,909,530</b>
<b>8.1 Employee Benefit Expenses</b>			
Directors emoluments		28,602,048	27,780,941
Bonus and other allowances		6,310,027	863,192
Salaries, wages, overtime and other staff costs		275,577,034	240,652,378
Post employment benefit - Gratuity		8,884,076	8,399,581
EPF and ETF		21,971,491	19,742,365
		<b>341,344,676</b>	<b>297,438,457</b>

# NOTES to the Financial Statements (Contd...)

FOR THE YEAR ENDED 31ST MARCH		2021	2020
	NOTE	Rs.	Rs.
<b>9. Net Finance Income</b>			
<b>9.1 Finance Income</b>			
Interest income from fixed deposit		1,464,179	2,089,517
Interest income from foreign currency deposits		371,506	278,531
Interest income from treasury bills		1,009,392	1,403,584
Interest income from debentures		2,074,551	2,275,000
Interest income - Staff loans		83,113	86,001
Related party due charges		-	1,007,477
Foreign exchange gain		3,484,805	-
		<b>8,487,545</b>	<b>7,140,110</b>
<b>9.2 Finance Cost</b>			
Interest expenses on bank borrowings		10,564,840	13,583,409
Interest on long term loans		1,075,190	-
Foreign exchange loss		-	6,842,681
Overdraft interest		6,090,285	8,764,498
		<b>17,730,315</b>	<b>29,190,588</b>
<b>Net finance cost</b>		<b>(9,242,770)</b>	<b>(22,050,478)</b>
<b>10. Income Tax Expenses</b>			
Income tax provision for the year	Note 10.1	17,882,961	11,190,063
(Over) /under provision in previous years		(660,211)	-
Origination and reversal of temporary differences of deferred tax assets and liabilities	Note 17	(7,670,311)	(11,414,959)
		<b>9,552,440</b>	<b>(224,896)</b>
<b>10.1 Reconciliation between Income Tax Expenses and the Accounting Profits</b>			
Profit before income tax		108,360,778	12,086,113
Tax effects of:			
– Total disallowable expenses		67,607,310	76,230,720
– Total allowable expenses		(69,792,254)	(45,496,014)
Taxable income / (taxable loss) from ordinary activities		106,175,835	42,820,819
Income not part of adjusted business profit / (loss)		(5,129,407)	(8,516,250)
<b>Adjusted business profit / (loss)</b>		<b>101,046,427</b>	<b>34,304,569</b>
Tax loss claimed on adjusted business profit		-	-
<b>Taxable business profit</b>		<b>101,046,427</b>	<b>34,304,569</b>
Interest on fixed deposits and treasury bills		4,631,234	7,140,110
<b>Total taxable income</b>		<b>105,677,662</b>	<b>41,444,679</b>
<b>Total taxable income</b>			
Taxable @ 24%		4,631,234	10,361,170
Taxable @ 28%		-	31,083,509
Taxable @ 14%		35,422,304	-
Taxable @ 18%		65,624,124	-
<b>Income tax expenses</b>			
Tax @ 24%		1,111,496	2,486,681
Tax @ 28%		-	8,703,383
Taxable @ 14%		4,959,123	-
Taxable @ 18%		11,812,342	-
<b>Tax for the year</b>		<b>17,882,961</b>	<b>11,190,063</b>

# NOTES to the Financial Statements (Contd...)

FOR THE YEAR ENDED 31ST MARCH	2021 Rs.	2020 Rs.
<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	98,808,338	12,311,009
<b>Profit attributable to equity holders of the Company</b>	<b>98,808,338</b>	<b>12,311,009</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>23.34</b>	<b>2.91</b>
<b>12. Dividend Per Share</b>		
<b>Amounts used as numerator</b>		
Dividend paid	4,232,487	8,465,542
<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>1.00</b>	<b>2.00</b>

# NOTES to the Financial Statements (Contd...)

## 13. Property, Plant and Equipment

	As at 01.04.2020	Additions	Disposals	As at 31.03.2021
COST/VALUATION	Rs.	Rs.	Rs.	Rs.
<b>Freehold assets</b>				
Freehold land	21,990,655	4,226,100	-	26,216,755
Buildings	214,550,316	41,278,826	-	255,829,142
Plant and machinery	444,140,586	144,026,783	(695,995)	587,471,374
Machine accessories	150,923,521	3,897,457	-	154,820,978
Furniture and fittings	1,726,585	-	-	1,726,585
Office equipment	18,749,733	3,504,622	-	22,254,355
Motor vehicles	9,580,824	15,162,000	-	24,742,824
	<b>861,662,219</b>	<b>212,095,787</b>	<b>(695,995)</b>	<b>1,073,062,013</b>
<b>ACCUMULATED DEPRECIATION</b>				
<b>Freehold assets</b>				
Freehold land	-	-	-	-
Buildings	101,374,742	11,354,196	-	112,728,938
Plant and machinery	224,556,041	33,995,323	(442,013)	258,109,351
Machine accessories	104,695,814	9,922,964	-	114,618,779
Furniture and fittings	934,038	120,191	-	1,054,229
Office equipment	8,606,267	1,675,183	-	10,281,450
Motor vehicles	8,721,759	531,486	-	9,253,245
	<b>448,888,661</b>	<b>57,599,343</b>	<b>(442,013)</b>	<b>506,045,992</b>
<b>WRITTEN DOWN VALUE</b>				
<b>Freehold assets</b>				
Freehold land	21,990,655	-	-	26,216,755
Buildings	113,175,574	-	-	143,100,204
Plant and machinery	219,584,545	-	-	329,362,023
Machine accessories	46,227,706	-	-	40,202,199
Furniture and fittings	792,547	-	-	672,356
Office equipment	10,143,466	-	-	11,972,904
Motor vehicles	859,065	-	-	15,489,579
<b>Net book value</b>	<b>412,773,558</b>	<b>-</b>	<b>-</b>	<b>567,016,021</b>
<b>13.1 WORK IN PROGRESS</b>				
<b>Cost/ valuation</b>				
Office & general equipment	-	194,497	-	194,497
Plant & machinery	-	4,805,697	-	4,805,697
Mould & accessories	-	2,087,916	-	2,087,916
	<b>-</b>	<b>7,088,110</b>	<b>-</b>	<b>7,088,110</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	2021 Rs.	2020 Rs.
Furniture and fittings	126,413	126,413
Motor vehicles	3,206,692	3,142,328
Office equipment	2,518,157	2,186,348
Plant and machinery	7,038,230	5,385,660
Machine Accessories	17,913,819	17,913,819
<b>Total</b>	<b>30,803,311</b>	<b>28,754,568</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. 258 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 2010/11 and its current market value is Rs. 25 Mn.

Location	Address	No. of Buildings	Extent of land	Extent of Building
Galle Factory	Akuressa Road, Bogahagoda, Galle.	10 Buildings	7 Acres 3 Roods & 17 Perches	107,160 Sq ft
Kalutara Factory	No. 57/B, Fullerton Industrial Zone, Nagoda, Kalutara.	03 Buildings	120 Perches	5,990 Sq ft
Baddegama Factory	Gilcroft Estate, Kiribathwila, Ampegama, Baddegama	01 Building	2 Acres 2 Roods & 0.11 Perches	26,323 Sq ft
Paddy Field Bohagagoda	Akuressa Road, Bogahagoda, Galle.	-	-	-
<b>Total</b>			12 Acres 3 Roods & 43.11 Perches	139,473 Sq ft

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	2021 Rs.	2020 Rs.
<b>14. Intangible Assets</b>		
<b>Cost</b>		
Balance at the beginning of the year	8,812,172	8,812,172
Additions during the year	-	-
<b>Balance at the end of the year</b>	<b>8,812,172</b>	<b>8,812,172</b>
<b>Amortisation</b>		
Balance at the beginning of the year	4,359,180	3,487,344
Charge for the year	871,836	871,836
<b>Balance at the end of the year</b>	<b>5,231,016</b>	<b>4,359,180</b>
<b>Net book value</b>	<b>3,581,156</b>	<b>4,452,992</b>

## 15. Financial Assets at Fair Value through Profit and Loss

Quoted debentures	Note 15.1	5,000,000	20,079,350
		<b>5,000,000</b>	<b>20,079,350</b>

15.1. Quoted Debentures	No of Debentures	Market Price Rs. Cts	Market Value As at 31.03.2021 Rs.	Market Value As at 31.03.2020 Rs.
Commercial Bank PLC	-	-	-	10,004,980
Hatton National Bank PLC	-	-	-	5,010,070
Sampath Bank	50,000	100.00	5,000,000	5,064,300
			<b>5,000,000</b>	<b>20,079,350</b>

## 16. Financial Assets at Amortized Cost

Investment in treasury bills	17,578,097	16,401,793
	<b>17,578,097</b>	<b>16,401,793</b>

Based on available Auction market information, the fair value of investments in treasury bills equals to its carrying value as at 31 March 2021.

## 17. Deferred Tax Assets and Liabilities

<b>17.1 Deferred tax assets</b>		
Balance at the beginning of the year	11,227,026	11,221,917
Recognized in profit and loss	(2,510,441)	139,851
Recognized in other comprehensive income	(556,446)	(134,742)
<b>Balance at the end of the year</b>	<b>8,160,139</b>	<b>11,227,026</b>

# NOTES to the Financial Statements (Contd...)

As at 31st March	NOTE	2021 Rs.	2020 Rs.
<b>17.2 Deferred tax liabilities</b>			
Balance at the beginning of the year		48,416,109	59,691,217
Recognized in profit and loss		(10,180,752)	(11,275,108)
Balance at the end of the year		38,235,357	48,416,109
<b>Net deferred tax liability</b>		<b>30,075,218</b>	<b>37,189,083</b>
<b>17.3 Composition of net deferred tax liability is as follows;</b>			
Deferred tax liability on property, plant and equipment		38,235,357	48,416,109
Deferred tax asset on retirement benefit obligation		(8,160,139)	(11,227,026)
		<b>30,075,218</b>	<b>37,189,083</b>
<b>18. Inventories</b>			
Raw materials		325,617,220	148,948,399
Work in progress		63,926,546	28,283,599
Finished goods		128,796,189	88,164,113
Stationery, consumable maintenance and energy		15,148,209	10,022,900
		533,488,164	275,419,011
Provision for inventories		(5,928,928)	(5,928,928)
		<b>527,559,236</b>	<b>269,490,083</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		-	-
Balance at the end of the year		<b>5,928,928</b>	<b>5,928,928</b>
<b>19. Trade and Other Receivables</b>			
Trade receivables - Local		311,186,186	148,101,121
Trade receivables - Foreign		126,103,657	103,250,815
Trade receivables - Related parties	Note 19.1	87,751,329	80,330,782
Less: Specific Provision for doubtful trade receivables		(2,407,902)	(2,828,970)
Trade receivables - net		522,633,270	328,853,748
Other receivables		1,102,465	5,492,643
Deposits and prepayments		13,445,557	6,124,111
Advances		107,492,664	14,710,319
VAT receivable		7,314,897	-
NBT receivables		649,948	649,948
		<b>652,638,801</b>	<b>355,830,769</b>

# NOTES to the Financial Statements (Contd...)

As at 31st March	NOTE	2021 Rs.	2020 Rs.
<b>19.1 Trade Receivables - Related parties</b>			
D. Samson Industries (Pvt) Ltd.		65,806,844	60,458,832
Samson Engineers (Pvt) Ltd.		97,245	21,180
Samson Trading (Pvt) Ltd.		18,417,865	11,757,970
Samson Rubber Products (Pvt) Ltd.		1,032,653	2,194,036
Samson Compounds (Pvt) Ltd.		1,822,047	5,402,634
Samson Rubber Industries (Pvt) Ltd.		23,450	-
Samson Rajarata Tiles Pvt) Ltd.		86,540	496,130
Samson Reclaime Rubbers Ltd.		700	-
D. Samson & Sons (Pvt) Ltd		454,985	-
Samson Bikes Ltd		9,000	-
		<b>87,751,329</b>	<b>80,330,782</b>
<b>19.2 Movement in provision for doubtful trade receivables</b>			
Balance at the beginning of the year		2,828,970	2,093,773
Provision / (reversal) for the year		-	2,828,970
Written off during the year		(421,068)	(2,093,773)
<b>Balance at the end of the year</b>		<b>2,407,902</b>	<b>2,828,970</b>
As of 31st March 2021, Trade Receivables of Rs 469,035,905/- (as of 31st March 2020 was Rs. 283,361,670/-) were fully performing.			
As of 31st March 2021, Trade Receivables of Rs.53,597,365 (as of 31st March 2020 was Rs. 45,492,078/-) 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		38,975,711	40,631,939
over 6 months		14,621,654	4,860,139
		<b>53,597,365</b>	<b>45,492,078</b>
As of 31 March 2021, trade receivables of Rs 2,407,902 (as of 31 March 2020 Rs 2,828,970/-) 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		523,735,735	334,996,339
Cash and cash equivalents	Note 20	41,094,577	83,842,921
		<b>564,830,312</b>	<b>418,839,260</b>
<b>Financial liabilities at amortized cost</b>			
Trade and other payables (Excluding statutory liabilities and advances)	Note 23	438,530,598	135,837,470
Borrowings	Note 24	504,763,812	282,739,182
		<b>943,294,410</b>	<b>418,576,652</b>

# NOTES to the Financial Statements (Contd...)

As at 31st March		2021	2020
	NOTE	Rs.	Rs.

## 19.4 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:

Trade receivables	Note 19	522,633,270	328,853,748
		522,633,270	328,853,748

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	Note 19.1	87,751,329	80,330,782
Trade receivables - others		434,881,941	248,522,966
		522,633,270	328,853,748

Amounts due from related companies were given on normal credit terms.

## 20. Cash and Cash Equivalents

Cash at bank	17,130,559	60,172,796
Cash on hand	110,523	733,840
Short term fixed deposits	23,853,495	22,936,285
	41,094,577	83,842,921

### 20.1 For the purpose of statement of cash flows, cash and cash equivalents comprise the following:

Cash at bank	17,130,559	60,172,796
Cash on hand	110,523	733,840
Short term deposits	23,853,495	22,936,285
Bank overdrafts	(107,359,989)	(85,279,432)
	(66,265,412)	(1,436,511)

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
	109,600,211	109,600,211

# NOTES to the Financial Statements (Contd...)

As at 31st March	NOTE	2021 Rs.	2020 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		46,779,277	40,078,274
Current service cost		4,206,148	3,990,971
Interest cost		4,677,928	4,408,610
Actuarial (gain) / loss on obligation		(3,352,534)	(561,423)
Benefit paid		(3,146,785)	(1,137,155)
<b>Balance at the end of the year</b>		<b>49,164,034</b>	<b>46,779,277</b>
The expenses is recognised in the following line items in the Statement of Profit or Loss.			
<b>For the year ended 31st March</b>			
Cost of sales		5,330,446	5,161,833
Administrative expenses		3,553,630	3,237,748
<b>Balance at the end of the year</b>		<b>8,884,076</b>	<b>8,399,581</b>

As at 31st March 2021, 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 2021 has been determined based on the recommendation on this report.

## 22.1 Actuarial assumptions:

Salary incremental rate	7.00%	9.00%
Rate of discount	8.00%	10.00%
Staff turnover rate	5% to 48%	5% to 48%

Salary increment rate decreased by 2% in the current period based on a management decision considering the adverse economic conditions in the country.

Rate of discount is set based on published 7 years government treasury bond rate prevailing as at 01 March 2021.

Staff turnover rate varies ranging from 5% to 48% per annum based on the category on the age limit. This 48% represents the turnover of unskilled 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 2021, 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	46,964,872
1% Decrease	As per Note 22.1	As per Note 22.1	51,574,807
As per Note 22.1	1% Increase	As per Note 22.1	51,545,850
As per Note 22.1	1% Decrease	As per Note 22.1	46,952,193
As per Note 22.1	As per Note 22.1	10% Increase	49,172,095
As per Note 22.1	As per Note 22.1	10% Decrease	49,150,096

# NOTES to the Financial Statements (Contd...)

As at 31st March	NOTE	2021 Rs.	2020 Rs.
22.3 Distribution of employee benefit obligation over future working lifetime			
Within the next 12 months		9,582,574	11,044,452
Between 1 and 2 years		12,560,240	8,167,880
Between 3 and 5 years		11,167,173	12,777,535
Beyond 5 years		15,854,047	14,789,410
		<b>49,164,034</b>	<b>46,779,277</b>

## 23. Trade and Other Payables

Trade creditors - Related Companies	Note 23.1	120,573,811	78,828,350
Trade creditors - Direct Import		201,808,478	8,362,497
Trade creditors - Other		71,561,077	26,728,527
Customer advances		22,143,597	17,055,775
Customer guarantee deposits		21,164,702	-
Expense creditors		44,587,232	21,918,096
Statutory payables		3,186,339	5,337,670
		<b>485,025,236</b>	<b>158,230,915</b>

### 23.1 Trade Creditors - Related Companies

D. Samson Industries (Pvt) Ltd.	464,417	293,092
Samson Reclaim Rubbers Ltd.	145,400	243,900
Samson Rubber Products (Pvt) Ltd.	1,801,054	15,694
Samson Group Corporate Services (Pvt) Ltd.	930,431	390,621
Samson Compounds (Pvt) Ltd.	117,045,470	76,667,724
D S I Welfare Shop	-	51,420
Mount Spring Water (Pvt) Ltd.	19,989	-
D S I Factory Outlet	2,000	-
D Tech (Pvt) Ltd	89,645	465,982
Samson Rubber Industries(Pvt) Ltd	-	78,935
Samtessi Brush Manufacturers (PVT)Ltd.	42,660	-
D.Samson & Sons (Pvt) Ltd	-	522,750
Samson Engineers (Pvt) Ltd	32,744	98,233
	<b>120,573,811</b>	<b>78,828,350</b>

## 24. Short Term Borrowings

Bank overdrafts	107,359,989	85,279,432
Other short term borrowings	397,403,823	197,459,750
	<b>504,763,812</b>	<b>282,739,182</b>

### 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	Hatton National Bank PLC/ DFCC Bank	Confirmed Order Confirmation.
Inventory	Overdraft	Seylan Bank PLC	Finished Good Stocks & Debtors.
Fixed deposit	Overdraft	Bank of Ceylon	Fixed deposit of Rs. 4,000,000/-.
Inventory	Overdraft	Bank of Ceylon	Raw Material Stocks
Financial assets	Overdraft	DFCC Vardhana Bank PLC	Treasury bills of Rs. 17,578,097/-
Inventory	Overdraft	Commercial Bank PLC	Finished Good Stocks & Debtors.
Inventory	Overdraft	Nations Trust Bank PLC	Raw Material Stocks.

# NOTES to the Financial Statements (Contd...)

As at 31st March		2021	2020
	NOTE	Rs.	Rs.
<b>24.2 Other short term borrowings</b>			
Balance at the beginning of the year		197,459,750	202,546,676
Obtained during the year		1,023,525,872	637,219,499
Exchange gain/ loss		3,954,436	9,916,694
Repayments during the year		(827,536,235)	(652,223,119)
<b>Balance at the end of the year</b>		<b>397,403,823</b>	<b>197,459,750</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 May 2021, final dividend of Rs. 2.00 per share amounting to Rs. 8,465,542 has been proposed for the year ended 31st March 2021 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, 2021 is given in note 8.1 to the financial statements.

Mr. D.K. Rajapaksa - (Chairman/ Jt. Managing Director)  
 Mr. D.R. Rajapaksa - (Resigned on 11th February 2020)  
 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. C. I. Malwatte

### 27.3 Transactions with Key Management Personnel of the Company

#### 27.3.1 Key Management Personnel Compensation

For the year ended 31 March	2021	2020
	Rs.	Rs.
Short-term employee benefits	28,602,048	27,780,941
	<b>28,602,048</b>	<b>27,780,941</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.

# NOTES to the Financial Statements (Contd...)

## 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.R. RAJAPAKSA who is a director of the Company is also holding directorships in the following Companies within the group.

Name of Company	Relationship
Samson Rubber Industries (Pvt) Ltd.	Managing Director
Vechenson (Pvt) Ltd	Managing Director
Samson Rajarata Tiles (Pvt) Ltd.	Managing Director
Samson Rubber Products (Pvt) Ltd	Managing Director
DSI Samson Group (Pvt) Ltd.	Managing Director
D. Samson Industries (Pvt) Ltd.	Director
Samson (Exports) 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.	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
Samson Exports (Pvt) Ltd	Managing Director
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	Director
Werapitiya Hydro Power (Pvt) Ltd	Director
Loggal Oya Hydro Power (Pvt) Ltd	Director
Samson Plantations (Pvt) Ltd	Director
Samson Trading Company (Pvt) Ltd	Director
Samson Manufacturers (Pvt) Ltd	Director
Samson Rajarata Tiles (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 2020 audited financial statements, which required additional disclosure in the 2020/21 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 2019/20 revenue	Terms & condition
D. Samson Industries (Pvt) Ltd.	Affiliate	Sales	353,833,792	22.3%	Terms equivalent to those that prevail at arm's length transaction
		Settlement	(344,493,319)	-21.7%	
		Purchases	(4,163,786)	-0.3%	
Samson Compounds (Pvt) Ltd.	- do -	Sales	(4,163,786)	-0.3%	Terms equivalent to those that prevail at arm's length transaction.
		Settlement	448,465,916	28.2%	
		Purchases	(533,718,765)	-33.6%	

### 27.5.1 Transaction with other related companies

Company	Relationship	Nature of Transactions 2021			Balance as at
		Sales	Purchases	Settlement	31/03/2021
		Rs.	Rs.	Rs.	Rs.
Samson Rubber Industries (Pvt) Ltd	Affiliate	253,662	-	(151,277)	23,450
Samson Engineers (Pvt) Ltd	- do -	201,900	(884,095)	823,749	64,501
D Samson & Sons (Pvt) Ltd	- do -	817,214	-	160,520	454,984
Samson Group Corporate Services (Pvt) Ltd.	- do -	-	(4,557,040)	4,017,230	(930,431)
Samson Rajarata Tiles (Pvt) Ltd	- do -	234,727	-	(644,318)	86,539
Samson Reclaim Rubbers Ltd.	- do -	101,999	(3,206,473)	3,203,673	(144,700)
Samson Rubber Products	- do -	13,147,207	(8,694,815)	(7,399,135)	(768,401)
Samson Trading (Pvt) Ltd.	- do -	74,027,434	-	(67,367,539)	18,417,865
Mount Spring Water (Pvt) Ltd	- do -	-	(26,105)	6,116	(19,989)
Samson Bikes (Pvt) Ltd	- do -	51000	-	(42,000)	9,000
D Tech (Pvt) Ltd	- do -	-	(1,560,004)	1,936,341	(89,645)
DSI Welfare Shop	- do -	-	-	51,420	-
DSI Factory Outlet	- do -	-	(5,000)	3,000	-
Samtessi Brush Manufacturers (Pvt) Ltd	- do -	-	(45,482)	2,822	(42,660)

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** Terms and conditions of transactions with related parties

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. Impact of Covid-19

The management has assessed the existing and anticipated effect of COVID-19 on the company and the appropriateness of use of the going concern basis. Management considered a range of scenarios to determine the potential impact relating to expected revenue streams, cash flow streams, cost management, profitability, the ability to defer non-essential capital expenditure, debt repayment schedules, potential sources of financing facilities if required and the ability to continue services to ensure businesses continuity. Having considered the outlook of the company and after due consideration of the range and likelihood of outcomes, the Directors are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

## 29. Segmental Operating Results

The company 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	
	2021	2020	2021	2020	2021	2020
Total turnover	1,221,374	1,160,566	964,495	429,636	2,185,869	1,590,202
Segmental Expense	(1,149,099)	(1,100,800)	(919,166)	(455,266)	(2,068,265)	(1,556,066)
Profit / (loss) from operations	72,275	59,766	45,329	(25,630)	117,604	34,136
<b>Geographical segment</b>						
Europe	615,537	522,047	-	-	615,537	522,047
Australia and New Zealand	19,065	21,568	-	-	19,065	21,568
America / Canada	19,639	22,634	-	-	19,639	22,634
Africa and Middle East	55,448	38,272	-	-	55,448	38,272
Asia / Sri Lanka	511,685	556,045	964,495	429,636	1,476,180	985,681
<b>Total</b>	<b>1,221,374</b>	<b>1,160,566</b>	<b>964,495</b>	<b>429,636</b>	<b>2,185,869</b>	<b>1,590,202</b>
<b>Financial Position segment</b>						
Property, plant and equipment	263,886	245,090	303,130	167,683	567,016	412,773
Inventories	255,071	144,772	272,488	124,718	527,559	269,490
Trade and other receivables	337,562	288,888	315,076	66,943	652,638	355,831
Trade and other payables	277,656	82,111	207,369	76,119	485,025	158,230

# COUNTRY

## Profile

**297**

**Public Quoted  
Companies**

**4,375**

**Public  
Companies**

**103,832**

**Private  
Companies**

**1,603**

**Foreign  
Companies**



*"We are the only Public Quoted Company in the manufacturing sector in Galle at present..."*

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!

## COUNTRY Profile (Contd...)

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 21.2 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.

### City of Galle

Our factories are located in the city of 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.

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.

"The Sri Lanka's population has a literacy rate of 92%, higher than that expected for a third world country; it has the highest literacy rate in South Asia and overall, one of the highest literacy rates in Asia."

- |    |                    |  |
|----|--------------------|--|
| 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                |



# 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	
	2020	2019	2020	2019	2020	2019	2021	2020
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Revenue								
Export	135,490	189,707	188,903	188,722	230,340	179,789	211,534	116,918
Local	205,531	227,015	384,172	264,725	402,662	215,460	427,238	205,761
<b>Total revenue</b>	<b>341,021</b>	<b>416,722</b>	<b>573,075</b>	<b>453,447</b>	<b>633,002</b>	<b>395,249</b>	<b>638,772</b>	<b>322,679</b>
Cost of sales	(281,104)	(331,911)	(461,532)	(366,993)	(504,759)	(331,663)	(531,244)	(273,905)
<b>Gross profit</b>	<b>59,917</b>	<b>84,811</b>	<b>111,543</b>	<b>86,454</b>	<b>128,243</b>	<b>63,586</b>	<b>107,528</b>	<b>48,774</b>
Other operating income	1,638	2,066	1,984	2,038	1,949	1,713	1,060	1,696
Exchange gain / (loss)	3,234	1,437	(1,698)	(7,302)	1,486	2,417	464	(3,652)
Selling & distribution cost	(14,041)	(17,284)	(26,717)	(19,685)	(27,864)	(16,170)	(30,058)	(15,146)
Administrative expenses	(37,011)	(45,534)	(48,158)	(49,218)	(50,069)	(45,971)	(57,339)	(44,730)
<b>Operating profit</b>	<b>13,737</b>	<b>25,496</b>	<b>36,954</b>	<b>12,287</b>	<b>53,745</b>	<b>5,575</b>	<b>21,655</b>	<b>(13,058)</b>
Finance costs	(4,136)	(6,026)	(3,214)	(5,618)	(4,347)	(5,929)	(6,034)	(4,777)
<b>Profit before income tax</b>	<b>9,601</b>	<b>19,470</b>	<b>33,740</b>	<b>6,669</b>	<b>49,398</b>	<b>(354)</b>	<b>15,621</b>	<b>(17,835)</b>
Income tax expense	(3,373)	(4,867)	(9,436)	(1,970)	(3,458)	2,064	6,714	7,448
<b>Profit for the period</b>	<b>6,228</b>	<b>14,603</b>	<b>24,304</b>	<b>4,699</b>	<b>45,940</b>	<b>1,710</b>	<b>22,335</b>	<b>(10,387)</b>
<b>BALANCE SHEETS</b>								
	As at 30th June		As at 30th September		As at 31st December		As at 31st March	
	2020	2019	2020	2019	2020	2019	2021	2019
	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	399,643	433,429	427,392	420,654	481,706	408,658	574,104	412,774
Financial assets at amortized cost	16,402	15,702	16,402	15,702	17,579	16,402	17,578	16,402
Financial assets at fair value through profit and loss	18,655	19,734	20,339	19,714	20,464	19,839	5,000	20,080
Intangible assets	4,236	5,107	4,018	4,889	3,800	4,671	3,581	4,453
Deferred tax assets	11,877	11,720	11,981	12,119	8,037	12,498	8,160	11,228
	450,813	485,692	480,132	473,078	531,586	462,068	608,423	464,937
<b>Current assets</b>								
Inventories	297,751	185,753	244,366	294,051	313,400	306,409	527,559	269,491
Trade & other receivables	346,277	476,675	442,767	425,235	501,176	351,430	652,641	355,831
Income tax refund due	10,535	7,225	-	-	-	-	-	4,476
Cash and cash equivalents	54,873	31,258	106,624	46,392	43,042	44,060	41,095	83,843
	709,436	700,911	793,757	765,678	857,618	701,899	1,221,295	713,641
<b>Total Assets</b>	<b>1,160,249</b>	<b>1,186,603</b>	<b>1,273,889</b>	<b>1,238,756</b>	<b>1,389,204</b>	<b>1,163,967</b>	<b>1,829,718</b>	<b>1,178,578</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
Available for Sale Reserve	-	1,031	-	1,011	-	1,135	-	-
Retained earnings	426,663	444,886	446,581	427,337	506,312	432,676	520,181	422,810
<b>Total equity</b>	<b>646,263</b>	<b>665,517</b>	<b>666,181</b>	<b>647,948</b>	<b>725,912</b>	<b>653,411</b>	<b>739,781</b>	<b>642,410</b>
<b>Liabilities</b>								
<b>Non-current liabilities</b>								
Long term loans	-	-	25,000	-	50,000	-	-	-
Deferred tax liabilities	58,743	63,047	47,180	58,439	30,038	53,869	38,235	48,417
Retirement benefit obligations	49,507	41,854	49,917	43,281	50,230	44,635	49,164	46,780
	108,250	104,901	122,097	101,720	130,268	98,504	87,399	95,197
<b>Current liabilities</b>								
Trade and other payables	233,653	158,762	159,685	261,816	207,872	172,549	485,028	158,231
Short term borrowings	110,832	257,423	315,604	227,130	309,223	160,230	504,764	282,740
Income tax Payables	61,251	-	10,322	142	15,929	79,273	12,746	-
	405,736	416,185	485,611	489,088	533,024	412,052	1,002,538	440,971
<b>Total liabilities</b>	<b>513,986</b>	<b>521,086</b>	<b>607,708</b>	<b>590,808</b>	<b>666,292</b>	<b>510,556</b>	<b>1,089,937</b>	<b>536,168</b>
<b>Total equity and liabilities</b>	<b>1,160,249</b>	<b>1,186,603</b>	<b>1,273,889</b>	<b>1,238,756</b>	<b>1,389,204</b>	<b>1,163,967</b>	<b>1,829,718</b>	<b>1,178,578</b>

# TEN - YEAR

## Economic Summary

Economic Indicators		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>GDP Indicators:</b>											
GDP growth	Percent	(3.60)	2.3	3.2	3.1	4.4	4.0	4.9	3.4	9.1	8.4
GDP (current prices)	Rs. billion	14,973.00	15,016	14,450	13,289	11,839.0	11,183.0	10,448.0	9,592.0	8,732.0	7,219.
GDP (current prices)	USD billion	80.70	84.0	88.9	87.2	81.3	80.5	79.3	74.3	68.4	65.3
GDP per capita (USD) Growth	Percent	(1.5)	1.6	2.2	(3.1)	(0.21)	0.58	5.9	7.7	7.2	13.9
GDP per capita (market prices)	Rs "000"	683.00	688.0	667.0	603.0	558.4	533.0	503.0	466.0	427.0	346.0
GDP per capita (market prices)	USD	3,682.00	3,852.0	4,102.0	3,956.0	3,835.0	3,843.0	3,821.0	3,609.0	3,351.0	3,125.0
<b>Fiscal policy Indicators :</b>											
Budget deficit	Per cent of GDP	(11.10)	-6.8	-5.3	-5.5	-5.4	-7.4	-5.7	-5.9	-6.5	-6.9
<b>Monetary policy Indicators :</b>											
12 month T-Bill yield (year - end)	Percent	5.05	8.45	10.4	8.9	10.2	7.3	6.0	8.3	11.7	9.3
Prime lending rate (year - end)	Percent	5.81	9.74	12.21	11.6	11.5	7.4	6.4	10.1	14.4	10.8
M2b money supply growth	Percent	23.40	7.0	17.6	16.7	18.4	15.2	13.3	16.7	17.6	19.1
<b>Other Economic Indicators:</b>											
Inflation annual average (CCPI 2006/07 = 100)	Percent	4.60	4.3	4.3	7.3	4.0	4.8	3.3	6.9	7.6	6.7
Unemployment rate	Percent	5.50	4.8	4.1	4.2	4.4	4.6	4.3	4.4	4.0	4.2
All share index (year - end)	Points	6,774.00	6,129.2	5,643.0	6,369.3	6,228.3	6,894.5	7,299.0	5,913.0	5,643.0	6,074.0
Population	Million	21.90	21.8	21.6	21.4	21.2	21.0	20.8	20.5	20.3	20.9
<b>External Sector Indicators:</b>											
Export USD	Billion	10.00	11.9	11.8	10.5	10.3	10.5	11.1	10.4	9.8	10.6
Import USD	Billion	16.00	19.9	22.2	20.3	19.4	18.9	19.4	18.0	19.2	20.3
Balance of payments	Percent of GDP	2.2	-2.7	-1.1	2.4	2.4	2.3	4.3	1.5	0.3	-1.9
Current account balance	USD billion	-2.2	-1.8	-2.8	-2.3	-1.9	2.0	2.0	-2.5	-4.0	-4.6
Current account % of GDP	Per cent	(1.30)	-2.2	-3.2	-2.6	-2.4	2.4	2.5	-3.8	-6.7	-7.8
<b>Foreign Currency Indicator :</b>											
Exchange rate (annual average)	Rs/USD	199.83	178.78	162.54	152.46	145.6	135.9	130.5	129.1	127.6	110.6
	RS/Euro	33.64	200.14	197.80	171.73	161.2	150.8	173.5	171.5	164.0	153.9
	Rs/Yen	1.80	1.64	1.59	1.35	1.3	1.1	1.2	1.3	1.6	1.4
	Rs/INR	2.72	2.53	2.55	2.34	2.2	2.1	2.1	2.2	2.4	2.4
Exchange rate change USD (annual average)	Percent	1.7	9.9	6.6	4.7	7.1	4.2	1.1	1.2	15.4	-2.2
<b>Rubber Sector Information:</b>											
Production	Kg mn	82.6	74.8	102	83.1	79.1	88.6	98.6	130.4	152.0	158.2
Total extent	Hectares '000'	137.0	138.0	150.5	137	136.0	135.0	134.0	134.0	131.0	129.0
Yield	Kg/hectares	774.0	950.0	1,042	809	851.0	950.0	889.0	1,247.0	1,459.0	1,566.0
Average price :											
Colombo Auction	Rs/Kg	281.12	288.51	286.58	336.72	239.3	248.2	286.1	376.9	416.6	508.8
Export (FOB)	Rs/kg	363.93	332.29	374.95	343.56	294.3	342.0	362.8	389.8	420.7	535.4

# TEN - YEAR

## Financial summary

Year ended 31st March	2020/21 Rs.'000	2019/20 Rs.'000	2018/19 Rs.'000	2017/18 Rs.'000	2016/17 Rs.'000	2015/16 Rs.'000	2014/15 Rs.'000	2013/14 Rs.'000	2012/13 Rs.'000	2011/12 Rs.'000
<b>Income Statement :</b>										
Turnover	2,185,869	1,590,203	1,569,345	1,249,498	1,178,339	1,041,756	952,561	973,858	961,489	716,102
Profit before taxation	108,360	12,086	43,635	65,972	59,299	42,675	62,969	51,077	19,123	(55,980)
Taxation	(9,552)	225	(18,627)	(23,074)	(4,152)	(7,853)	(8,491)	4,438	696	(229)
Profit after taxation	98,808	12,311	25,007	42,899	55,146	34,822	54,478	55,515	19,820	(56,209)
Total comprehensive income	101,604	12,738	24,189	43,732	51,043	35,362	56,107	55,515	18557	(56,209)
<b>Balance Sheet :</b>										
<b>Capital and reserves</b>										
Stated capital	109,600	109,600	109,600	109,600	109,600	109,600	105,752	105,752	105,752	105,752
Capital reserves	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	10,000	10,000
Revenue reserves	520,181	422,809	418,537	332,781	297,515	254,937	231,119	185,152	137,332	223,893
<b>Shareholders funds</b>	739,781	642,409	638,137	552,381	517,115	474,537	446,871	400,904	353,084	339,645
<b>Non current liabilities</b>										
Interest bearing borrowings	-	-	-	-	-	-	-	-	-	-
Deferred tax	38,235	48,416	59,691	33,092	14,948	17,229	11,149	8,831	11,408	11,388
Retirement benefit obligation	49,164	46,779	40,078	29,701	27,195	19,570	15,130	14,528	9,906	7,775
<b>Total Equity &amp; Non Current Liabilities</b>	827,180	737,604	737,907	615,175	559,258	511,336	473,150	424,263	374,398	358,808
<b>Assets Employed</b>										
Current assets	1,221,292	713,640	721,311	610,232	612,043	539,103	424,020	402,853	388,248	388,205
Current liabilities	(1,002,535)	(440,970)	(457,344)	(412,118)	(419,505)	(384,890)	(180,975)	(168,845)	(208,197)	(222,481)
Working capital	218,757	272,670	263,967	198,114	192,538	154,213	243,045	234,008	180,051	165,724
Property, plant & equipment	585,845	428,453	440,271	370,369	313,554	312,654	179,751	190,255	194,347	193,084
Investment	22,578	36,481	33,669	46,691	53,166	44,468	50,354	-	-	-
<b>Total Assets less Current Liabilities</b>	827,180	737,604	737,907	615,175	559,258	511,336	473,150	424,263	374,398	358,808
<b>Financial Ratios :</b>										
Earnings per share (rs.)	2.91	2.91	5.91	10.13	13.03	8.69	14.16	14.43	5.15	(14.61)
Net profit (%)	1	1	3	3.43	4.67	3	6	6	2.10	(7.85)
Dividends (rs. '000)	8,465	4,233	8,465	8,466	8,466	8,466	7,696	7,696	-	-
Dividends per share (rs.)	2.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	-	-
Bonus shares issue (rs.)	-	-	-	-	-	3,848	-	-	-	-
<b>Others</b>										
Market price per share (rs.)	134.25	72.10	98.90	105.00	104.00	88.20	82.20	90.00	100.00	86.75
Price earnings ratio (times)	5.75	24.78	10	8	12	6	6	17	(7)	(40)
Net assets per share ( rs.)	174.77	151.77	130.50	122.17	112.10	116.13	104.18	91.75	88.27	102.87
Annual sales growth (%)	37	1	6	9	9	(2)	1	34	22	(5)
Quick assets ratio (times)	0.69	1.01	0.99	1.03	0.96	1.60	1.53	1.26	1.11	1.69
Fixed asset turnover ratio (times)	3.86	3.85	3.50	3.90	3.49	5.53	5.31	4.95	3.71	3.44

# FOREIGN

## Currency Financial Statements

FOR THE YEAR ENDED 31ST MARCH	In Euro (Major Export Currency)		In USD (Major Import Currency)	
	2021	2020	2021	2020
Revenue	9,355,715	7,593,366	10,938,644	8,373,454
Cost of sales	(7,612,727)	(6,208,916)	(8,900,753)	(6,846,776)
<b>Gross Profit</b>	<b>1,742,989</b>	<b>1,384,449</b>	<b>2,037,892</b>	<b>1,526,678</b>
Other income	6,968	18,353	8,147	20,239
Distribution cost	(422,359)	(327,790)	(493,819)	(361,465)
Administrative expenses	(824,244)	(912,007)	(963,701)	(1,005,700)
<b>Operating Profit</b>	<b>503,354</b>	<b>163,005</b>	<b>588,518</b>	<b>179,751</b>
Finance income	36,327	34,095	42,474	37,597
Finance cost	(75,887)	(139,388)	(88,727)	(153,707)
<b>Net Finance Income</b>	<b>(39,560)</b>	<b>(105,293)</b>	<b>(46,253)</b>	<b>(116,110)</b>
Profit before taxation	463,794	57,712	542,265	63,641
Income tax expense	(40,885)	1,074	(47,803)	1,184
<b>Profit for the year</b>	<b>422,908</b>	<b>58,786</b>	<b>494,462</b>	<b>64,825</b>

AS AT	In Euro (Major Export Currency)		In USD (Major Import Currency)	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
<b>ASSETS</b>				
<b>Non Current Assets</b>				
Property, plant and equipment	2,466,681	1,971,032	2,869,224	2,188,387
Work in progress	30,835	-	35,867	-
Intangible assets	15,579	21,263	18,121	23,608
Financial assets at fair value through profit and loss	21,751	95,881	25,301	106,454
Financial assets at amortized cost	76,470	78,320	88,949	86,957
Deferred tax assets	35,499	53,610	41,292	59,522
	<b>2,646,816</b>	<b>2,220,107</b>	<b>3,078,755</b>	<b>2,464,928</b>
<b>Current Assets</b>				
Inventories	2,295,033	1,286,840	2,669,564	1,428,746
Trade and other receivables	2,839,165	1,699,125	3,302,494	1,886,495
Tax recoverable	-	21,375	-	23,732
Cash and cash equivalents	178,773	400,358	207,947	444,507
	<b>5,312,971</b>	<b>3,407,698</b>	<b>6,180,005</b>	<b>3,783,481</b>
<b>Total Assets</b>	<b>7,959,787</b>	<b>5,627,805</b>	<b>9,258,760</b>	<b>6,248,409</b>
<b>EQUITY AND LIABILITIES</b>				
Stated capital	476,792	523,351	554,601	581,064
General reserve	478,531	525,260	556,624	583,183
Available for sale reserve				
Retained earnings	2,262,936	2,018,953	2,632,229	2,241,593
<b>Total Equity</b>	<b>3,218,260</b>	<b>3,067,565</b>	<b>3,743,454</b>	<b>3,405,839</b>
<b>Non- Current Liabilities</b>				
Deferred tax liability	166,335	231,191	193,479	256,686
Retirement benefit obligation	213,878	223,375	248,781	248,008
	<b>380,212</b>	<b>454,567</b>	<b>442,260</b>	<b>504,694</b>
<b>Current Liabilities</b>				
Trade and other payables	2,109,998	755,567	2,454,333	838,887
Short term borrowings	2,195,866	1,350,106	2,554,214	1,498,988
Income tax payable	55,450	-	-	-
	<b>4,361,315</b>	<b>2,105,673</b>	<b>5,008,547</b>	<b>2,337,876</b>
<b>Total Liabilities</b>	<b>4,741,527</b>	<b>2,560,240</b>	<b>5,450,807</b>	<b>2,842,570</b>
<b>Total Equity And Liabilities</b>	<b>7,959,787</b>	<b>5,627,805</b>	<b>9,194,261</b>	<b>6,248,409</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...)



## Independent Assurance Report

### To the Board of Directors of Samson International PLC on the Integrated Report- 2020/21

#### 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-2020/21 ("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](http://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 2021.

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 2021 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 2020 and 31st March 2021.
- 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 2021

**Partners:** P.P. Edirisinghe FCA ACIM MBA Ms. M.K.K. Karunaratne FCA ACMA P.K.A.M. Abulakeon ACA MAAT  
S.A. Harischandra ACA ACMA CGMA MBA Bcom (Sp.)  
**Consultants:** A.T.P. Edirisinghe FCA FCMA (UK) A.D. Jayasena 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	25
<b>Organization profile</b>			
G4-3	Name of the organization.	Samson International Plc / Corporate Information	07
G4-4	Primary brands, products, and/or services.	Our Products	16
G4-5	Location of organization's headquarters.	Corporate Information	07
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	16 96
G4-7	Nature of ownership and legal form.	Corporate Information and Investor Information	07 ,207
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Our Products Our Global Presence and Our Products	16 96
G4-9	Scale of the reporting organization.	Corporate Information and Investor Information	07,207
G4-10	Total work force by employment type, employment contract, and region, broken down by gender.	Human Capital	80
G4-11	Percentage of employees covered by collective bargaining	Human Capital - Recognition of Joint consultative committee	86
G4-12	Organizations supply chain	Social Relationship Capital	102
G4-13	Significant changes during the reporting period regarding size structure and ownership	Investor Information	207
G4-14	Addressing the Precautionary principles/approach	Risk Management, Social Relationship Capital	133,95
G4-15	List of Charters, principles or other initiatives	Review of operating enviroment	56
G4-16	List of Memberships of association	Social Relationship Capital	95

# 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	38
G4-18	Process for defining report content.	About this report	02
G4-19	Material aspect identified for report content.	Report of the Board of Directors Financial and Operational Highlights	150 05
G4-20	Aspect boundary for identified material aspects within the organization.	Managing Director's Operational Review	28
G4-21	Aspect boundary for identified material aspects outside the organization.	Chairman's Review, Goals and Strategies	25,63
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	163,191
<b>Stakeholder engagement</b>			
G4-24	List of stakeholder groups engaged by the organization.	Value creations & stakeholder engagement	60
G4-25	Basis for identification and selection of stakeholders with whom to engage.	Value creations & stakeholder engagement	60
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Value creations & stakeholder engagement	60
G4-27	Key topics and concerns that have been raised through stakeholder engagement.	Value creations & stakeholder engagement	60
<b>Report Profile</b>			
G4-28	Reporting period	Year ended 31 March 2021	
G4-29	Date of most recent previous report	Quarterly Financials - Quarter ended 31st March 2021	
G4-30	Reporting cycle	Quarterly and Annually	
G4-31	Contact point for questions regarding the report or its contents.	Corporate Information	07
G4-32	Compliance with GRI G4 Guidelines, GRI Content Index and External Assurance Report.	GRI G4 Audit Report	198
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	156,144 198

# 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	110 150
<b>Ethics and integrity</b>			
G4-56	The values, principles , standards and norms of behaviour	About us & Corporate milestones	04,09
<b>Specific Standard Disclosures</b>			
<b>Category: Economic</b>			
Aspect	<b>Economic Performance</b>		
G4-EC1	Direct economic value generated, distributed and retained.	Value creations & stakeholder engagement Statement of Value Added and distrubuted	60
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	172
G4-EC3	Coverage of the organization's defined benefit plan obligations.	Notes to the Financial Statements - Note 3.6 and 22	169-186
G4-EC4	Financial assistance received from Government	Managing Director's Operational review	28
Aspect	<b>Indirect Economic Impacts</b>		
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	Review of external environment	46
<b>Category: Environment</b>			
Aspect	<b>Materials</b>		
G4-EN1	Materials by weight or volume	Financial and Operational Highlights	05
G4-EN2	Percentage of materials used that are recycled input Materials	Financial and Operational Highlights	05
Aspect	<b>Energy</b>		
G4-EN3	Energy consumption within the organization	Review of Operating environment	56
G4-EN4	Energy consumption outside the organization	Review of Operating environment	56
G4-EN5	Energy intensity		
G4-EN6	Reductions in energy consumption		
G4-EN7	Energy reductions in products and services	Review of Operating environment	56

# GLOBAL Reporting Initiative (GRI) G4 (Contd...)

GRI Index No.	Description	Reported Section	Page No.
<b>Aspect</b>	<b>Emissions</b>		
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope1)	Natural Capital	103
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Natural Capital	103
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Natural Capital	103
G4-EN18	Greenhouse gas (GHG) emissions intensity	Natural Capital	103
<b>Aspect</b>	<b>Effluents and Waste</b>		
G4-EN23	Total weight of waste by type and disposal method	Financial and Operational Highlight and Manufactured Capital	05,74
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	56

## Category: Social

### ● Labor Practices and Decent Work

<b>Aspect</b>	<b>Employment</b>		
G4-LA1	Total number and rate of new employee hires and employee turnover by age group gender and region.	Human Capital	81,93
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	83
<b>Aspect</b>	<b>Labour/Management Relations</b>		
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	Human Capital	86
<b>Aspect</b>	<b>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	85
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	92

# GLOBAL Reporting Initiative (GRI) G4 (Contd...)

GRI Index No.	Description	Reported Section	Page No.
Aspect	Training and Education		
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	Human Capital	88-90
<b>● Human Rights</b>			
Aspect	Investment		
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	57
Aspect	Child Labour		
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	86
<b>● Society</b>			
Aspect	Anti-Corruption	Risk Management	
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	Risk Management	133
Aspect	Compliance		
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	56
<b>● Product Responsibility</b>			
Aspect	Product and Service Labelling		
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	16
Aspect	Marketing Communications		
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	56
Aspect	Compliance		
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	56

# 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

# INVESTOR Information

*“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”.*



## Last Annual General Meeting

The Board seeks Annual General meeting to communicate with investors and all shareholders are encouraged to participate. The chairman of audit and remuneration committee will be 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 2020 - 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 2021 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 .568 Mn at 31st March 2021 (Rs. 305.2 Mn as at 31st March 2020). Further, Float adjusted market capitalization is Rs. 246.2 Mn as at 31st March 2021. The Float adjusted market capitalization of the Company falls under Option 5 of Rule 7.13.1 (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.

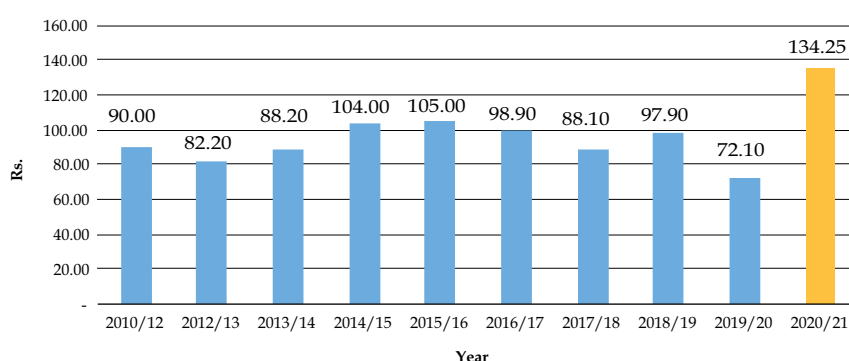
As at	31.03.2021	31.03.2020
Public Shareholding (%)	43.395%	43.208%
Public Shareholders as at 31.03.2020	1,252	1,234
Float adjusted market capitalization Rs.	246,240,276.00	131,858,859.30

## Market Value of the Company's Ordinary Shares

Market Value per share	2020/21 Rs	Date	2019/20 Rs	Date	Increased by
Highest Price	194.50	08.01.2021	99.00	25.07.2019	95.50
Lowest Price	72.00	17.06.2020	72.10	13.03.2020	(0.10)
Closing	134.25	31.03.2021	72.10	31.03.2020	62.15

Share Information	2020/21 Quarterly information				For the year	
	Q1	Q2	Q3	Q4	2020/21	2019/20
High (Rs.)	87.90	149.00	150.00	194.50	194.50	99.00
Low (Rs.)	72.00	75.00	100.00	130.00	72.00	72.10
Closing (Rs.)	83.00	139.90	145.10	134.25	134.25	72.10
Market capitalization (Rs in Mn)	351.3	592.1	614.2	568.2	568.2	305.2

## Market Price per Share (Rs.) as at 31st March



# INVESTOR Information (Contd...)

## Analysis of Shareholders based on number of shares held as at 31st March 2021

### As at 31st March 2021

No of Shares held	No of Shareholders	% of Shareholders	Total holding	% of total holding
1-1,000	1,165	92.1	127,705	3.1
1,001 – 10,000	82	6.4	232,722	5.5
10,001-100,000	12	1.0	291,842	6.9
100,001 – 1,000,000	4	0.3	1,241,623	29.3
1,000,000 & Over	2	0.2	2,338,879	55.2
<b>Total</b>	<b>1,265</b>	<b>100</b>	<b>4,232,771</b>	<b>100</b>

DSI Group has invested more than 57% of the stake of the Company as at 31st March 2021.

### As at 31st March 2020

No of Shares held	No of Shareholders	% of Shareholders	Total holding	% of total holding
1-1,000	1,142	91.4	129,353	3.2
1,001 – 10,000	89	7.1	243,094	5.7
10,001-100,000	12	1.0	279,822	6.6
100,001 – 1,000,000	4	0.3	1,241,623	29.3
1,000,000 & Over	2	0.2	2,338,879	55.2
<b>Total</b>	<b>1,249</b>	<b>100</b>	<b>4,232,771</b>	<b>100</b>

## Analysis of Shareholders category-wise as at 31st March 2021

### As at 31st March 2021

Category	No of Shareholders	% of Shareholders	Total holding	% of total holding
Individual- Local	1,211	95.7	477,327	11.3
Institutional-local	46	3.7	3,639,812	86.0
Individual – foreign	8	0.6	115,631	2.7
Institutional- foreign	-	-	-	-
<b>Total</b>	<b>1,265</b>	<b>100</b>	<b>4,232,771</b>	<b>100</b>

It is noted that 95.7% of the number of shareholders are Sri Lankan individuals which represent 11.3% of the stake of the Company as at 31st March 2021. 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 2020

Category	No of Shareholders	% of Shareholders	Total holding	% of total holding
Individual- Local	1,192	95.4	440,336	10.4
Institutional-local	50	4.0	3,677,326	86.9
Individual – foreign	7	0.6	115,109	2.7
Institutional- foreign	-	-	-	-
<b>Total</b>	<b>1,249</b>	<b>100</b>	<b>4,232,771</b>	<b>100</b>

# INVESTOR Information (Contd...)

## Twenty Major Shareholders as at 31st March 2021

No Shareholder	No of Shares as at		No of Shares as at		No of Shares	
	31.03.2021	%	31.03.2020	%	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.	1,013,573	23.946	1,013,573	23.946	-	-
3 D. Samson Industries Limited	603,633	14.261	603,633	14.261	-	-
4 D. Samson & Sons 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	33,117	0.782	33,117	0.782	-	-
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 Mr C N Pakianathan	21,524	0.509	20,322	0.056	19,142	804%
13 Mrs. V Saraswathi & Mr. S Vasudevan	19,848	0.469	-	-	19,848	100%
14 Mr U I Suriyabandara	12,944	0.306	11,950	0.282	994	8%
15 Mrs D R Wimalasena	11,741	0.277	11,741	0.277	-	-
16 Miss D D G Rajapaksa	11,522	0.272	11,522	0.272	-	-
17 Mr D R Rajapaksa	11,350	0.268	11,350	0.268	-	-
18 Mr D K Rajapaksa	11,159	0.264	10,959	0.259	200	2%
19 Mr D M Rajapaksa and Dr D B D Rajapaksa	10,000	0.236	10,224	0.242	(224)	-2%
20 Miss N.E.Rajapaksa	8,412	0.199	8,412	0.199	-	-
<b>Total of 20 Major Shareholders</b>	<b>3,890,756</b>	<b>91.920</b>	<b>3,850,796</b>	<b>90.976</b>	<b>39,960</b>	<b>1%</b>
<b>Other 1,245 Shareholders as at 31/03/2021</b>	<b>342,015</b>	<b>8.080</b>	<b>-</b>	<b>-</b>		
<b>Other 1,230 Shareholders as at 31/03/2020</b>		<b>-</b>	<b>381,975</b>	<b>9.024</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>	<b>-</b>	<b>-</b>

## Public Holdings

As at 31st March 2021, the public held 43.395% (in 2019/20 – 43.207%) of the shares of the Company. The number of public shareholders in the year 2020/21 and 2019/20 is 1,252 and 1,234 respectively.

The shares of Seylan Bank PLC/ Dr Thirugnanasambander Senthilverl has been treated under public and a declaration to Colombo Stock Exchange was done.

## No of Share transactions

	2020/21	2019/20
No of Transactions	1,348	324
No of Shares Traded	168,562	1,029,166

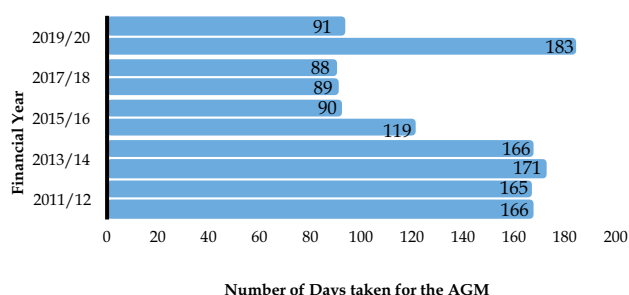
The Value of shares traded during the year under review was Rs.20,389,414.95 in 2020/21 as against Rs. 78,450,850.08 in 2019/20.

# 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	89

Number of Days taken for the AGM from the balance sheet date



## Last year AGM

The last AGM was held 30th September 2020 with the participation of 81 shareholders (7% of the total number of shareholders) at Samson Rajapaksa Auditorium, Sri Lanka College of Obstetricians and Gynecologists, Colombo 8.

The following resolutions were approved at the last 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 2020 and the Report of the Auditors thereon.
2. Dr. D S Rajapaksa who was 76 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 Dr. D S Rajapaksa".
3. Mr. D K Rajapaksa who was 75 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".
4. Mr. D R Rajapaksa who was 74 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 R Rajapaksa".
5. Mr. T K Bandaranayake 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. T K Bandaranayake".
6. Re-elected Ms. I. Malwatte who retired by rotation in terms of Article 95 of the Article of Association, as a Director of the Company.
7. 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.
8. Authorized the Directors to determine donations for the year ending 31st March 2021 and up to the date of the next AGM.

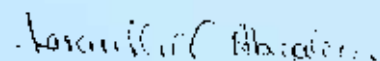
# NOTICE of Meeting

NOTICE IS HEREBY GIVEN that the Twenty Ninth Annual General Meeting of Samson International PLC will be held on 30th June, 2021 at the Sri Lanka College of Obstetricians and Gynecologists at No. 112, Model Farm Road, Colombo 08 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 2021 and the Report of the Auditors thereon.
2. To appoint Mr. D K Rajapakse who is 76 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 76 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 78 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 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. T K Bandaranayake".
4. To re-elect Mr. N S Rajapaksa who retires by rotation in terms of Article 95 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.
9. To authorize the Directors to determine donations for the year ending 31st March 2022 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 2021

- 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.

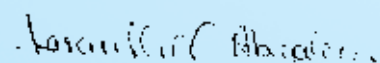
# REVISED NOTICE of Meeting

NOTICE IS HEREBY GIVEN that the Twenty Ninth Annual General Meeting of Samson International PLC will be held by way of electronic means on 30th June, 2021 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 2021 and the Report of the Auditors thereon.
2. To appoint Mr. D K Rajapakse who is 76 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 76 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 78 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 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. T K Bandaranayake".
4. To re-elect Mr. N S Rajapaksa who retires by rotation in terms of Article 95 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.
9. To authorize the Directors to determine donations for the year ending 31st March 2022 and up to the date of the next Annual General Meeting.

By Order of the Board

**SAMSON INTERNATIONAL PLC**



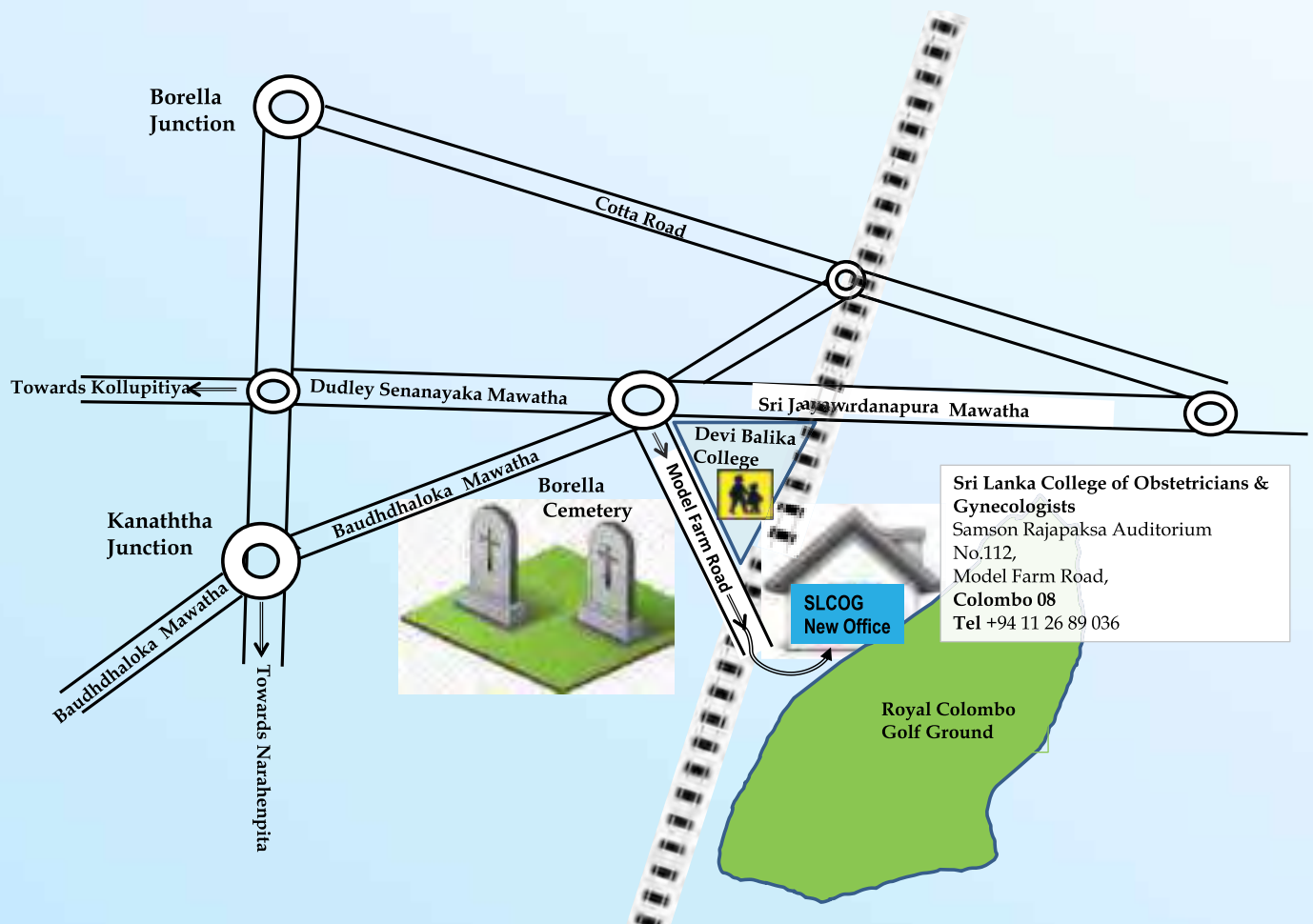
**P W Corporate Secretarial (Pvt) Ltd**  
Secretaries

Colombo.  
25th May 2021

- 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.
  5. Due to the present situation of the country, we are compelled to revise the notice of meeting as above.

# DIRECTIONS

## to the venue of the AGM



# NOTES

This image shows a full page of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

# 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 Twenty Ninth ANNUAL GENERAL MEETING OF THE COMPANY to be held on 30th June 2021 at 3.00 p.m. and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

		FOR	AGAINST
1.	To appoint Mr. D K Rajapakse who is 76 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 76 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 78 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 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. T K Bandaranayake".	<input type="checkbox"/>	<input type="checkbox"/>
3.	To re-elect Mr. N S Rajapaksa who retires by rotation in terms of Article 95 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 2022 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 One.

\*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) by 03.00 p.m on 28th June 2021.



SIL Flag

**DSI** සැමසුමේ සමූහ ව්‍යාපාරයේ කේෂ්‍රීය ගීතය

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## **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)**