

R E S I L I E N C E



ANNUAL
REPORT
2021/2022

Corporate Information

Legal Status

Printcare PLC was incorporated as a Private Limited Liability Company on 3rd September 1979 under the Companies Ordinance No. 51 of 1938.

It was converted to a Public Limited Liability Company on 21st October 1994.

Company Registration No : PQ 75

Tax Payer Identification No : 104059317

Registered Office

77, Nungamugoda Road, Kelaniya.

Stock Exchange Listing

Colombo Stock Exchange

Auditors

Messrs. Ernst & Young Chartered Accountants

Lawyers

D.L. & F. De Saram

Attorneys-at-Law and Notaries Public

Nithi Murugesu and Associates

Colombo

Secretaries

Managers & Secretaries (Pvt) Limited

Bankers

National Development Bank PLC

Commercial Bank of Ceylon PLC

Standard Chartered Bank

Hatton National Bank PLC

People's Bank

Nations Trust Bank PLC

Bank of Ceylon

Seylan Bank PLC

DFCC Bank PLC

Union Bank of Colombo PLC

Board of Directors

Merrill J Fernando

Abbas Esufally

K R Ravindran

Ejaz Chatoor

Dayasiri Warnakulasooriya

Anushya Coomaraswamy

Vajira Kulatilaka

Krishna R Ravindran (Appointed w.e.f. 30.09.2021)

(Director /Alternate Director to Managing Director

K. R. Ravindran)

Steven Mark Enderby (Appointed w.e.f. 30.09.2021)

Malik J Fernando

(Alternate Director to Chairman

Merrill J Fernando)

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Financial Highlights

Year Ended 31 March

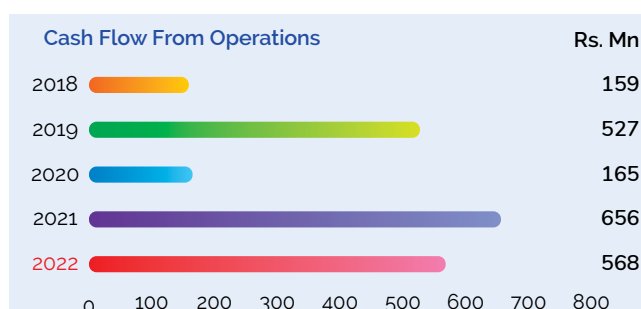
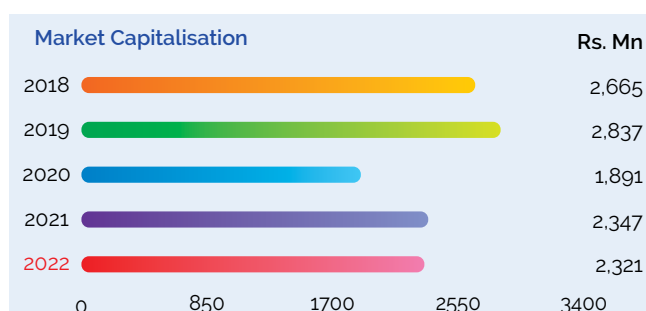
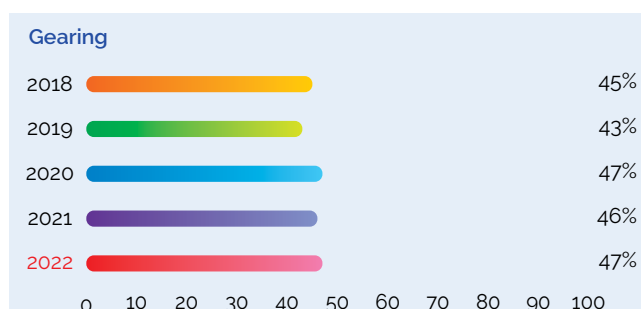
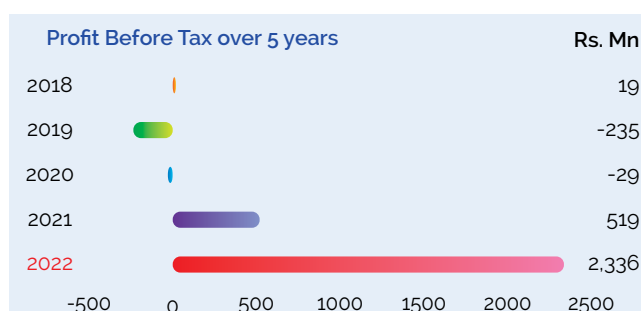
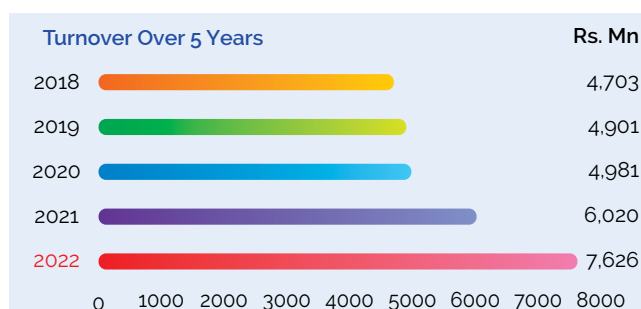
	2022	2021	Change	2020
Trading Results				
Turnover (Rs. '000s)	7,626,233	6,019,906	27%	4,981,110
Profit Before Tax (Rs. '000s)*	2,336,166	519,307	350%	(29,067)
Profits attributable to equity shareholders (Rs. '000s)	2,236,812	574,956	289%	(70,583)
Cash from Operations (Rs. '000s)	568,268	656,217	-17%	164,533

* Profit Before Tax for the year 2021/22 includes a gain on sale of investment of Rs. 98g Mn arising from the disposal of 45% of the holding in r-pac Printcare Lanka (Pvt) Ltd

Balance Sheet Highlights				
Total Assets (Rs. '000s)	11,589,734	7,548,502	54%	6,238,647
Total Equity (Rs. '000s)	5,054,593	3,212,293	57%	2,696,383

Key Ratios				
Gearing %	47.1%	46.0%	2%	47.3%
Return on Average Shareholders Funds (%)	56.9%	20.7%	175%	-2.7%
Return on Average Total Capital (%)	33.5%	12.1%	176%	2.7%

Share Information				
Net Asset Value per Share (Rs.)	56.31	35.16	60%	29.56
Dividends Per Share (Rs.)	5.00	1.00	400%	-
Earnings Per Share (Rs.)	26.02	6.69	289%	(0.82)
Market Price Per Share at the year end (Rs.)	27.00	27.30	-1%	22.00
No of Shares ('000)	85,967	85,967	-	85,967
Market Capitalisation (Rs. '000s)	2,321,100	2,346,890	-1%	1,891,267



Chairman's Statement

Dear Fellow Shareholders,

The last financial year has been a watershed year for the world, our country, and your company.

Despite the unprecedented disruptions of the pandemic, a global economy that is working through the frictions of reopening on vulnerable supply chains, and a country that is immersed in its latest existential crisis, I am happy to note that your company has maneuvered itself through these choppy waters creditably, and exited the financial year with big opportunities ahead.

In the year under review, your Company recorded a Turnover of Rs. 7,626 million, a 27% growth over last year, and a Profit Before Tax of Rs. 2,336 million. This performance, in very challenging circumstances, validates the many strategic choices, investments we have made in people, technology, innovation, assets, and the development of sustainable products over the last half a decade. We have been steadfastly focused on ensuring that in this very difficult trading environment no customer of ours would suffer on account of a breakdown in supplies from us, and in that effort we succeeded and won plaudits from our customers.

Whilst your company has performed well, I am saddened to see the depths to which our own country has fallen due to what can only be described as incompetent, inept and short sighted economic management by successive leaderships. The resultant shortages of fuel and other basic necessities, unprecedented fall of the Rupee against the US dollar, and inflation levels nearing on hyper inflation, have led to severe social unrest and business dysfunction.

The Galle Face Green became the focal point for peaceful protests, until violence erupted on May 9th and then almost again on July 9th. While the country appears to have moved away from the brink of violent confrontation, the economy is still mired in a deep financial crisis. The need of the hour is honest and capable leadership, and a need for cooperation and a

'country first' philosophy from all our representatives in parliament. Too frequently their political jockeying and self centered approach has been the biggest stumbling block to balanced growth. Until this happens our future prospects look bleak. Too often the very business people who complain of corruption are the ones who corrupt the politicians. All this must change.

Financial Review

For Printcare our performance last year was driven by strong export volume growth in our packaging segment. We divested our minority stake in a subsidiary at an attractive valuation. Over the last few years we have focused our investments in products that have targeted niche segments. To a large extent these efforts are now starting to pay dividends. It was not easy, as soaring shipping costs made it harder to compete in European markets, while a shortage of containers and infrequent sailings placed tremendous pressure on our logistics. Freight rates have surged to the highest levels in the history of container shipping!

Meanwhile I am happy to report that our Indirect exports in both the printing and packaging segments also performed admirably on the back of strong Tea and Apparel sector performances, and the recent investment we have made in our new digital plant will continue to support these segments. Our upgraded security printing line is also now fully operational and we are quite excited in the potential of that business over the next few years.

We had planned to commission our new green factory that will focus solely on sustainable packaging by the end of 2022. However, given the runaway cost escalations in construction, and the obstructions placed on machinery and other imports, we have scaled down the project to maneuver around the current restrictions imposed by the government. We strongly believe that sustainable packaging is becoming a high priority item for both brands and customers across the world and we are strategically positioning ourselves to be a leader in this segment.

Looking Ahead

Our number one priority in the year ahead will be to navigate the multiple crises we have in front of us, including a vicious post pandemic global inflationary cycle, a hyperinflationary local economy, continued social and political instability, and looming local and global recessions. The World Bank, has already warned that the ongoing war in Ukraine, supply chain blockages, Covid-related lockdowns in China, and spiraling energy prices and food prices are exacting a growing toll on economies all along the income ladder. World growth is expected to slow to 2.9 percent this year from 5.7 percent in 2021.

Despite these challenges, which are short-term we hope, we remain optimistic about our future with the strong fundamentals we possess and the constant searching for opportunities for growth.

To our customer and supplier partners who have been with us for many years, we know how challenging inflation and supply availability has been for many of you, and we thank you for your support. I foresee that we will need to continue to understand and support each other in the coming years too, as this once in a generation economic landscape evolves.

I must also appreciate our resilient, courageous and passionate team who come to work every day to serve our customers, and deliver for shareholders. Our employees' are one of the reasons we have been able to meet the challenges, and I am deeply grateful to them. We have done our best to take good care of them.

As a socially responsible business, we have always believed that looking after the welfare of our community

is important. This year your company joined hands with Rotary – Colombo to donate a modern US built machine to screen women for Breast cancer. The previous equipment which had done over 25,000 scans needed to be replaced. Approximately 2000 women will be screened free of charge each year. The total project cost was approximately Rs. 80 million and our contribution towards it was Rs 30 million. The new machine will be equipped with a 3D tomosynthesis system which can detect invasive cancer much earlier than previously possible, thus saving more lives.

We have declared Rs. 8.00 per share in dividends making up a value of Rs 688 million for the financial year under review. It is the largest payout in your Company's history.

I extend my gratitude to my colleagues on the board for their commitment, passion and insights during this challenging period. All Directors join me in expressing our sincere thanks to our employees, our customers, our business partners, and our shareholders.



Merrill J Fernando
Chairman
31 August 2022

Directors' Profiles

Mr. M. J. Fernando

Chairman

Merrill J Fernando is the founder of the MJF Group of Companies and the global brand, DILMAH which re-launched Ceylon Tea globally. He developed the first ever tea brand from a tea producing country, which is competing successfully with multinational brands to become the respected global brand name for freshness and quality.

He pioneered value addition to tea at origin, combined with branding and marketing, thus retaining in Sri Lanka the profits which are lost by the producer to traders who engage in the most profitable segments of the industry; blending and branding, overseas. He showed producers of raw material the way out of the commodity trap.

In his commitment to care and share, Mr. Fernando established the MJF Charitable Foundation, a charity that works to create better conditions for plantation workers, underprivileged children, elders and society's victims.

Mr. A. N. Esufally

Deputy Chairman

Mr. A. N. Esufally is a Fellow of both the Institute of Chartered Accountants of England & Wales and the Institute of Chartered Accountants of Sri Lanka. He is an all Island Justice of the Peace and is the Hon. Consul-General of the Kingdom of Bhutan in Sri Lanka.

He has experience in business of over 40 years in Sri Lanka and overseas and has been in the forefront of the leisure industry in Sri Lanka. He is a Director of Hemas Holdings PLC and Mahaweli Reach Hotels PLC and several other unlisted companies.

Mr. K. R. Ravindran

Managing Director

Mr. K.R. Ravindran, Co-Founder and CEO of Printcare PLC, has over 40 years of experience in the printing and packaging industry. He is a graduate in Commerce from Loyola College, formerly University of Madras, India. He also serves as a Director in all of the group companies as well as other companies and charitable trusts and Foundations both in Sri Lanka and overseas.

In 2015/16, Mr. Ravindran served as the global head of the Chicago headquartered 117 year old Rotary International, one of the world's largest service organizations. He is the only Sri Lankan and the tenth Asian to have ever been elected to this prestigious office in 2015-16. He also served as the Chairman of the Board of Trustees of the multi billion dollar Rotary Foundation in 2020-21.

He has been recognized by the Sri Lanka Association of Printers with the signature Lifetime Achievement Award and was conferred with the title of Sri Lanka Sikhamani (Jewel of Sri Lanka) by the Government of Sri Lanka. A postage stamp was released by the Government in his honor and with his visage.

Mr. E. Chatoor

Non-Executive Director

Mr. Ejaz Chatoor has been a member of the Printcare PLC Board as a Non-Executive Director since 1994. He is the Managing Director of Saboor Chatoor (Private) Limited, a leading exporter of spices and other agricultural products from Sri Lanka. He has over 40 years of management experience in the export trade and holds a BSc degree in Business Administration from the University of Southern California and a MBA from the University of California, Los Angeles.

Mr. D. Warnakulasooriya

Non-Executive Director

Mr. Dayasiri. Warnakulasooriya is the Chairman of the Midaya Group of Companies. The Midaya Group has accumulated several honours since its inception in 1968, including the Presidential Export Award, the National Exporters Association Exporters' Award, the National Productivity Award Certificate of Merit and several categories of the Entrepreneur of the year award, certification in ISO 9001-2015.

He is also a recipient of the "The Order of the Sacred Treasure, Gold Rays with Rosette" an honour bestowed upon him by the Emperor of Japan (awarded in the year 1996).

Mr Warnakulasooriya also serves in the following roles:

- Past President of the Sri Lanka Ceramics Council.
- Senior Vice Patron of JASTECA (Japan Sri Lanka Technical and Cultural Association).
- Past Chairman of the Board of Trustees of the Sasakawa Memorial Sri Lanka Japan Cultural Centre Trust.
- President – Japanese Language Education Association of Sri Lanka.
- President – National Council for Child Youth Welfare.
- Director of the National Health Development Fund.
- Committee Member of the Friends of the Accident Service (National Hospital).
- Vice President of the Lanka Japan Business Cooperation Committee.
- Past President (85th) of the Rotary Club of Colombo.

Ms. A. Coomaraswamy

Independent Non - Executive Director

A Fellow of the Chartered Institute of Management Accountants UK and the Institute of Chartered Accountants of Sri Lanka, her work experience counts over 20 years of senior management experience in the private sector, notably as Group Finance Director of John Keells Holdings from 1994 to 2002. She subsequently held the positions of Advisor to the Ministry of Finance, Chairperson of the Public Utilities Commission and a member of the Public Enterprise Reform Commission. She currently serves on the Board of Directors of Law and Society Trust and of Women and Media Collective.

Mr. Vajira Kulatilaka

Independent Non - Executive Director

Mr. Vajira Kulatilaka holds a Bsc. in Civil Engineering with First Class Honors from the University of Moratuwa and a Msc. in Industrial Engineering and Management from the Asian Institute of Technology, Thailand. He is also a Chartered Financial Analyst (CFA) and has obtained Fellow Membership of the Chartered Institute of Management Accountants, UK.

He counts 38 years of experience in Banking and Finance and Capital Market operations in Sri Lanka.

Mr Kulatilaka served as the Director/CEO of the NDB Investment Banking Cluster, where he was adjudged the Best Investment Banking CEO Sri Lanka in 2014 and 2015 by Global Banking and Finance Review in recognition of his contribution to the investment banking field in Sri Lanka.

Mr Kulatilaka served as the Chairman of the Colombo Stock Exchange from 2014 to 2017, the Chairman of the South Asian Federation of Exchanges (SAFE) from 2015 and 2017, and as a Council Member of the University of Moratuwa from 2015 to 2019.

He currently serves on the board of Sampath Bank PLC and PanAsian Power PLC as a Independent Non Executive Director.

Mr Steven Enderby

Independent Non - Executive Director

Mr Enderby has had a successful career in private equity with Actis, a leading global emerging markets fund, and CDC, the UK government's development finance arm. The majority of his experience has been in India and Sri Lanka, where he has been based for most of the past 25 years. He has led a number of innovative private equity deals including the privatisation and expansion of a container terminal in the Port of Colombo, the buy out of one of India's largest tractor manufacturers and the acquisition of Sri Lanka's leading industrial gases business. He was a partner in Actis from its formation in the early 2000's.

After studying for his Masters at University of Melbourne, he returned to Sri Lanka in 2013 as Deputy CEO and Director, Hemas Holdings PLC, a leading Sri Lankan Consumer and Healthcare business. He was appointed Group CEO from 2014 until 2020. He is the Non-Executive Chairman of Ironwood Capital Partners, Sri Lanka's leading private equity fund and has served as a non executive director on the boards of many leading Indian and Sri Lankan businesses.

He is a Fellow Member of the Chartered Institute of Management Accountants, holds a Degree in Economics and Accounting from Queen's University Belfast and a Master's Degree in Development Studies from the University of Melbourne.

Mr Krishna Ravindran

Executive/Alternate Director

Mr. Krishna Ravindran joined Printcare in 2005 as a Senior Manager in the Finance division, and subsequently held several leadership positions within the Group covering General Management, Finance, Technology, and Quality over the years. Mr. Krishna Ravindran currently serves as Executive Director of Printcare PLC, and a Director in all of its subsidiaries. Prior to joining Printcare, Mr. Ravindran had worked as an Investment Banker in the Leveraged Finance Group at JP Morgan in New York, and in the Corporate Advisory Division at NDB Investment Bank in Sri Lanka. He received a Bachelor of Science Degree in Business Administration from Georgetown University in Washington DC and also attended the University of Oxford in the United Kingdom.

Malik J. Fernando

Non - Executive/Alternate Director

Malik is a Director of Dilmah Tea. Established by Merrill J. Fernando; Dilmah, named after his two sons Dilhan and Malik, was the first producer-owned tea brand, offering tea 'picked, perfected and packed' at origin. Dilmah is founded on a passionate commitment to quality and authenticity in tea, it is also a part of a philosophy that goes beyond commerce in seeing business as a matter of human service. 15% of earnings are directed to social justice and the environment through the MJF Charitable Foundation and Dilmah Conservation.

Malik is also the Managing Director of Resplendent Ceylon, the first Sri Lankan luxury resort brand. This "best of Sri Lanka" circuit features three distinctively original resorts, connected by a thread of peerless service. Ceylon Tea Trails, Wild Coast Tented Lodge and Cape Weligama are the sole Sri Lankan members of Relais & Chateaux, the global fellowship of individually owned & operated luxury hotels and restaurants. Three more resorts are in development.

Mr Fernando spearheaded the Sri Lanka Tourism Alliance to mobilize the private tourism sector to act swiftly and strategically, with one voice under the Love Sri Lanka banner.

Malik has a BSc in business management from Babson College in the US.

Corporate Governance

Corporate Governance at Printcare means creating value for shareholders whilst promoting a culture of ethical behavior and practice. Printcare is committed to maintaining the highest standards of ethical values and professionalism in all its activities.

The Group provides all the market participants and regulatory authorities with timely, accurate, complete and reliable information of the Company while continuing to regulate and improve its corporate governance structure.

The Board of Directors

Board Composition and Independence

The Printcare Board consists of nine directors comprising seven non-executive directors and two executive directors with one director functioning as the Managing Director/Chief Executive Officer for the Group. The seven Non-Executive Directors include the Chairman and three Independent Directors.

The role of the Chairman and that of the Managing Director are distinct and separate. Members of the Board possess substantive knowledge and experience in a variety of industries and fields. The Managing Director has over 41 years of experience in the printing and packaging industry.

The balance between the Executive and Non-Executive Directors is maintained as per SEC regulations. Each Director provides independent judgment on major issues discussed at Board meetings. All directors have attended Board meetings and discharged their duties in a conscientious and responsible manner. The Company has adopted an Independent Directors system whereby two Independent Non-Executive Directors have been appointed to the Board in line with the SEC ruling. The primary duties of the Independent Non-Executive Directors are to protect the interests of the shareholders independently and objectively.

Each director has a responsibility towards independence and conflict of interest is avoided by taking judgments or decisions after assessing any interest in the transaction. Such potential direct and indirect material relationships with the Company are reviewed by the board from time to time.

Diversity of the Board

In the year under review the Company looked at how diversity in the Board impacts the success of the Company. It is strongly believed that diversity adds much depth, breadth, insight and perspective to the experience which the Board represents, and contributes toward corporate success. The Printcare Board is diverse in age, gender, leadership, skills, competencies, philosophies and life experiences, and hence bring in a wide range of perspectives resulting in strengthening the corporate governance structure at Printcare.

The Board's Key Responsibilities

The Printcare Board of Directors represents the shareholders' interest in the Group's successful operation. This active responsibility includes optimizing long-term financial returns and delivering value to customers, employees, communities and other key stakeholders. The Board is accountable for the Company executing its responsibilities in a legal and ethical manner.

The responsibilities include

- Providing direction and guidance to the Company in the formulation of its strategies and in the pursuance of its operational and financial goals.
- Monitoring systems of governance and compliance.
- Overseeing systems of internal control and risk management.
- Approving major acquisitions, disposals and capital expenditure.
- Approving annual budgets and strategic plans.
- Reviewing the statutory and SEC governance rules and ensuring compliance.
- Formulating proposals for dividend and bonus distributions, and for the increase or reduction of capital.
- Exercising other powers, functions and duties as conferred by the Company's articles of association.

Members Attendance

Member's Name	29 Jun 21	30 Aug 21	30 Sep 21	26 Nov 21	11 Jan 22
M. J. Fernando	X	X	X	X	X
A. N. Esufally	Y	Y	X	Y	Y
K. R. Ravindran	Y	Y	Y	Y	Y
E. Chatoor	Y	Y	Y	Y	Y
D. Warnakulasooriya	Y	Y	Y	Y	Y
A. Coomaraswamy	Y	Y	Y	Y	Y
C.V. Kulatilaka	Y	Y	X	Y	Y
Malik J Fernando (Alternate Director to Mr.M.J. Fernando)	Y	X	X	Y	Y
Krishnamoorthi Rajabather Ravindran Director (date of appointment 30.09.2021) & Alternate Director to Mr. K R Ravindran	Y	Y	Y	Y	Y
Steven Mark Enderby (date of appointment 30.09.2021)	Y*	N/A	N/A	Y	Y

A. "X" denotes - Excused.

B. "N/A" denotes - Not Applicable.

* (By Invitation)

Delegation of Authority

The executive authority of the Board is delegated to the Managing Director who is also a member of the Board. The Managing Director is fully accountable to the Board for the day to day running of the Company. The performance of the Company is monitored by way of monthly management meetings. These meetings provide an opportunity to look at performance deviations and take remedial action.

The Board is assisted in fulfilling its responsibilities by delegating some of its functions to three sub committees while retaining final decision rights pertaining to matters under the purview of these committees.

Audit Committee

The Audit Committee consists of two Independent Non- Executive Directors. The role of the Committee is to review the accounting principles, policies and the practices adopted in the preparation of financial information. The Committee is responsible for consideration and the appointment of the external auditors. Further the Committee supports the Board in discharging their responsibilities in areas such as the overseeing of internal controls, business risk and statutory compliance.

The Audit Committee report including the subjects reviewed during the financial year 2021/22 are reported in detail on pages 15 to 16.

Members Attendance

Member's Name	27 May 21	20 Aug 21	11 Nov 21	11 Feb 22
A. Coomaraswamy	Y	Y	Y	Y
Vajira Kulatilake	Y	Y	Y	Y

A. "X" denotes - Excused.

B. "N/A" denotes - Not Applicable.

Remuneration Committee

The Remuneration Committee consists of two Independent Non- Executive Directors and a Non- Executive Director. The role of the Committee is to determine the remuneration policy for the Chief Executive Officer and the Senior Managers, and to ensure that the statutory and legal requirements pertaining to the remuneration are complied with.

The Remuneration Committee report and the subjects reviewed during the financial year are presented in page 17.

Related Party Transaction Review Committee

The Related Party Transaction Review Committee consists of two Independent Non-Executive Directors and a Non-Executive Director. The objective of the Committee is to exercise oversight on behalf of the Board, that all Related Party Transactions are taken note of and dealt with in a manner consistent with the code of listing rules.

The Related Party Transaction Review Committee report and the subjects reviewed during the financial year are presented in page 18.

Members Attendance

Member's Name	27 May 21	20 Aug 21	11 Nov 21	11 Feb 22
A. Coomaraswamy	Y	Y	Y	Y
D. Warnakulasooriya	X	Y	X	Y
Vajira Kulatilake	Y	Y	Y	Y

A. "X" denotes - Excused.

B. "N/A" denotes - Not Applicable.

Shareholder Relationship

The shareholders' role as explained in the code of best practices is to appoint directors and auditors and to satisfy themselves that an appropriate governance structure is in place. The Company communicates the quarterly financial results to the shareholders within the period stipulated by the Colombo Stock Exchange.

Shareholders have the opportunity at the scheduled Annual General Meeting to ask questions from the Board of Directors on these statements. The content of the Annual Report also enables the existing and prospective stakeholders to make better informed decisions in their dealings with the Company securities.

Economic, Environmental and Social Engagement with Stakeholders

Printcare Sustainability Strategy endorses the triple bottom line principles.

The Company frequently engages in issues pertaining to economic and social related aspects. Our labour and workplace management practices are supported by the principles of the ILO Declaration (International Labour Organization). These have been described in detail under Economic Performance, Printcare Workplace and Community Involvement sections in the Sustainability Report.

A group wide environmental management system has been implemented and the Group has put a great deal of emphasis on environmental factors such as energy, water, waste management and materials. These have been described in detail in the Environmental Impact section on pages 46 to 51.

Memberships Maintained by Printcare Group During the Year 2021/22

Employers' Federation of Ceylon (EFC)
Ceylon Chamber of Commerce
Sri Lanka Tea Board
National Chamber of Commerce Sri Lanka
Association of Printers
Sri Lankan Business and Biodiversity Platform - (Patron Member)

Risk Management

The Company has adopted an Enterprise Risk Management methodology to assess the potential multitude of risk exposure in each of the group companies. After identifying the significant risks, relevant response strategies were formulated in the year under review. This is a continuous process and a quarterly report is presented to the Board Audit Committee.

More details are provided on pages 19 to 22 and note 29 of the Financial Statements.

Accountability, Audit and Reporting

The Board recognizes its responsibility to present a balanced and understandable assessment of the Group's financial position, performance and prospects in accordance with the requirements of the Companies Act No 07 of 2007. Directors are responsible to furnish information to shareholders in relation to Financial Statements with adequate information which are depicted in the Annual report. The Financial Statements are prepared based on the applicable Accounting Standards with relevant disclosures. Further reasonable steps have been taken to ensure the accuracy and timeliness of the Financial Statements by the Board of Directors.

Group operations, planning, decision rights and monitoring are vested with the Executive Committee and monthly review meetings are conducted. In addition, a monthly management presentation is also made to review operational performances by all managers.

Compliance

The Company's compliance with its statutory obligations is monitored regularly by the management to ensure that they have all been met. In addition, the minutes of the Audit Committee meetings are tabled on a quarterly basis at the Board Meetings by the Audit Committee which also examines the statutory compliance reports periodically. A set procedure has also been implemented to validate the Board's own performance.

The Group's level of compliance with the CSE's new listing rules – Section 7.10 and Section 9 on Corporate Governance is provided on pages 13 to 14.

CSE Rule No	Subject	Description	Compliance
7.10.a/b/c	Compliance	Compliance with Corporate Governance rules should be disclosed in the Annual Report	√
7.10.1.(a)	Non Executive Directors (NED)	At least 2 or 1/3 of total number of Directors, whichever is higher should be NED's	√
7.10.2.(a)	Independent Directors	2 or 1/3 of NEDs, whichever is higher, should be "independent"	√
7.10.2.(b)	Independent Directors	Annual declaration of independence should be submitted by each NED	√
7.10.3.(a)	Disclosure relating to Directors	A. The board should determine annually as to the independence or otherwise of each NED	√
		B. Names of the Non Executive Directors' should be disclosed in the annual report	√
7.10.3.(b)	Disclosure relating to Directors	If the Director doesn't qualify as independent, the Director should specify the criteria not met and the basis for the determination in the annual report (Refer page 76)	√
7.10.3.(c)	Disclosure relating to Directors	A brief resume of each Director should be included in the annual report including the Director's areas of expertise	√
7.10.3.(d)	Disclosure relating to Directors	A brief resume of new Directors appointed to the board with details specified in 7.10.3(a), (b) and (c) should be provided to the CSE	√
7.10.4(a-h)	Determination of Independence	Requirements for meeting the criteria for Board composition and independence as set out in corporate governance section	√
7.10.5	Remuneration Committee (RC)	A listed company should have a Remuneration Committee	√
7.10.5 (a)	Composition of Remuneration Committee	The committee should comprise NEDs, a majority of whom will be independent	√
		One NED should be appointed as chairman of the committee by the Board of Directors	√
7.10.5 (b)	Functions of Remuneration Committee	The Remuneration Committee should recommend the remuneration of the Chief Executive Officer (CEO) and Executive Directors	√
7.10.5 (c)	Disclosure in the annual report relating to Remuneration Committee	A. Names of Directors comprising the Remuneration Committee	√
		B. Statement of Remuneration Policy	√
		C. Aggregate remuneration paid to EDs and NEDs	√

CSE Rule No	Subject	Description	Compliance
7.10.6	Audit Committee (AC)	A listed company should have an Audit Committee	√
7.10.6 (a)	Composition of Audit Committee	A. The committee should comprise NEDs majority of whom shall be Independent	√
		B. A NED should be the Chairman of the committee	√
		C. The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) should attend Audit Committee meetings	√
		D. The Chairman of the Audit Committee or one member should be a member of a professional accounting body	√
7.10.6 (b)	Audit Committee Function	Overseeing the-	√
		A. Preparation, presentation and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS)	
		B. Compliance with financial reporting requirements, information requirement of the Companies' Act and other relevant financial reporting related to regulation and requirements	√
		C. Processes to ensure that the internal control and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards	√
		D. Assessment of the independence and performance of the external auditors	√
7.10.6 (c)	Disclosure in Annual Report relating to Audit Committee	E. Make recommendation to the Board pertaining to appointment, re-appointment and removal of external auditors, and approve the remuneration and terms of engagement of the external auditor	√
		A. The names of Directors comprising the Audit Committee	√
		B. The Audit Committee should make a determination of the independence of the External Auditors and disclose the basis for such determination	√
9.1 / 9.2 / 9.3	Related Party Transaction	C. The annual report should contain a report of the Audit Committee setting out the manner of compliance with their functions	√
		To comply with the rules described in the approval procedure for related party transactions, composition and functions of the Related Party Committee and the disclosure requirement	√

Audit Committee Report

The Audit Committee of the Company during the last financial year consisted exclusively of two Independent Non-Executive Directors with several years of experience in Finance and Management.

The Committee was chaired by a Fellow of the Institute of Chartered Accountants of Sri Lanka.

Objectives of the Audit Committee

The primary purpose of the Audit committee is to assist the Board in performing its duties effectively and efficiently, and its objectives are as follows.

- To oversee the preparation, presentation, and adequacy of disclosures in the financial statements in accordance with the Sri Lanka Financial Reporting Standards (SLFRS/ LKAS).
- To ensure compliance with the financial reporting and information requirements of the Companies' Act, and with other regulations relevant to financial reporting.
- To ensure that adequate internal controls and risk management processes are in place and that they meet the requirements of the Sri Lanka Accounting Standards (SLFRS/ LKAS) and general best commercial practice.
- To assess the independence, performance, and the qualifications of the external auditors.
- To make recommendations to the Board as appropriate pertaining to the appointment, re-appointment and/or removal of external auditors.
- To approve the remuneration and terms of engagement of the external auditor.

Meetings of the Audit Committee

The Audit Committee held four meetings during the financial year. The Managing Director, Chief Financial Officer, and Internal Auditors (who are outsourced) were present at these meetings by invitation. Other officials of the Company were also invited to attend the meetings when required. The External Auditors were invited to meetings at which matters pertaining to their functions were to be discussed.

The key findings and views of the Audit Committee were communicated to the Board of Directors by tabling the minutes of the meetings of the committee at the subsequent Board Meetings, and with clarifications and elaboration at Board Meetings as and when required.

Responsibilities and activities carried out during the year

The Audit Committee carried out the following during the financial year ended 31st March 2022.

- Reviewed the activities and the financial affairs of the Company and its subsidiaries to ensure that a reliable financial reporting system was in place.
- Reviewed and discussed the Group's unaudited quarterly interim financial statements with the management prior to approval for submission to the CSE.
- Reviewed and discussed the annual financial statements with the management, and the external auditors, prior to approval for publication, including the appropriateness of the accounting policies, material judgmental matters, and the extent of compliance with the Sri Lanka Accounting Standards adopted by the Company and its subsidiaries. The Committee also met with the External Auditors, prior to the finalisation of the financial statements.
- Reviewed and discussed with the management and the external auditors the adequacy of disclosures in the financial statements as required by applicable laws, rules, and guidelines.
- Had discussions with the External Auditors after the completion of the Audit to discuss initially the Audit Process and thereafter to determine, among other matters, whether there had been any shortcomings that were seen during the course of the Audit.
- Reviewed the Statutory Compliance Reports submitted quarterly by the management to ensure that a proper framework is in place to comply with the relevant rules, laws, and regulations. Reports from the internal auditors on the same subject are reviewed and discussed.

- Approved the Internal Audit Plan for the year, at the beginning of the year and monitored the implementation of such plans; reviewed the Internal Audit reports submitted every quarter/biannually with the management; and monitored the follow up action taken by the management to ensure that the recommendations proposed by the Internal Auditors were implemented.

The Committee reviewed with the management, the Internal Controls systems, and Risk Management procedures in the Group to identify any weaknesses. Having considered the actions taken to address the gaps identified, the Committee is satisfied with the implementation of the Group's internal controls and Risk Management Framework and that the Group's assets are adequately safeguarded.

The Committee is also satisfied that the application of appropriate accounting principles and policies provides reasonable assurance that the financial statements of the Group give a true and fair view of the Company's performance.

The Group's Internal and External Auditors have been effective and independent throughout the year.

The Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest.

Due consideration has been given to the nature of the services provided by the Auditors and the level of audit and non-audit fees received by the Auditors from the Printcare Group. The Committee also reviewed the arrangements made by the Auditors to maintain their independence and confirmation has been received from the Auditors of their compliance with the independent guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

Having reviewed the scope and effectiveness of the external auditors, the Audit Committee has recommended to the Board of Directors, the re-appointment of Messrs. Ernst & Young, Chartered Accountants, as the external auditor for the ensuing year, subject to the approval of the shareholders at the Annual General Meeting.



Anushya Coomaraswamy
Chairperson, Audit Committee
31 August 2022

Member:
Vajira Kulatilaka
Independent Non - Executive Director

Remuneration Committee Report

The Remuneration Committee consists of two Independent Non-Executive Directors. The Committee considers and sets the current remuneration policy relating to senior management of the Company to support the strategic aim of the business by enabling the company to attract, motivate, develop, and retain high calibre senior executives. The Committee also ensures that the Company complies with regulatory and other statutory requirements.

The objective of the Printcare Remuneration Committee is to support the Board in fulfilling its corporate governance responsibilities with regard to matters relating to remuneration, and includes the following:

- To enable the Company to attract and retain senior executives with the appropriate professional, managerial and operational expertise, and the experience necessary to support the Company's mission and create value for Shareholders.
- To ensure that the remuneration packages of senior executives are linked to individual performance, responsibility, expertise, and contribution.
- To practice policies, which will reward the Chief Executive Officer and senior executives in a fair and responsible manner based on the financial performance of the Group.

- To ensure that the Company has in place appropriate remuneration policies and an effective system to monitor its implementation.
- To ensure that disclosures in the financial statements related to remuneration meet all relevant legal and statutory requirements.

The Committee has reviewed all significant Human Resource policies, initiatives and salary structures and the terms and conditions relating to the Chief Executive Officer and other senior management staff to ensure that it has been structured in a manner that is fair and equitable to both the employee and the Company.



Anushya Coomaraswamy
Chairman, Remuneration Committee
31 August 2022

Member
Vajira Kulatilaka
Independent Non - Executive Director

Related Party Transaction Review Committee Report

The Related Party Transaction Review Committee is appointed by the Board in accordance with the Code of Best Practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka and section 9 of the Listing Rules of the Colombo Stock Exchange.

The Committee comprised three members including Two Independent Non-Executive Directors.

commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.

- To review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.
- To review the economic and commercial substance of both recurrent/non recurrent related party transactions.

Primary Function Of The Committee

The primary functions of the Committee are:

- To review in advance all proposed related party transactions of the Group as defined by the Code, either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- To seek any information the Committee requires from management, employees or external parties with regard to any transaction entered into with a related party.
- To obtain knowledge or expertise to assess all aspects of proposed related party transactions, including where necessary obtaining appropriate professional and expert advice from suitably qualified persons.
- To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining 'competent independent advice' from independent professional experts with regard to the value of the substantial asset of the related party transaction.
- To review all transactions with related parties to determine whether any further action is required and /or recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- To monitor and determine that all related party transactions of the entity are transacted on normal

Activities During The Year

The RPT Committee held three virtual meetings during the year under review. All recurrent and non-recurrent RPTs were submitted by Management on a quarterly basis to the committee for consideration and review.

The Committee is satisfied that all RPTs have been reviewed by the Committee during the year 2020/21. The Committee has identified such transactions that come under its purview and has where relevant recommended to the Board such transactions that needed to be considered by the Board.

The proceedings of the RPT Committee meetings have been communicated to the Board of Directors through verbal briefings, and by the tabling of the minutes of the Committee's meetings of the Board.



Vajira Kulatilaka
Chairman
Related Party Transaction Review Committee

Members:

Ms Anushya Coomaraswamy
Independent Non-Executive Director

Mr Dayasiri Warnakulasooriya
Non-Executive Director

31 August 2022

Risk Management

Risk management forms an integral part of business management. It focuses on identification, evaluation, and prioritization of risks, followed by coordinated and economical application of resources to minimize, monitor, and control the probability or impact of those risks. The company acknowledges the necessity for risk recognition and a proactive risk management strategy given the competitive and dynamic business climate that it operates within Sri Lanka and globally.

The energy /fuel crisis played a key role in the economic downturn. A sudden loss of oil supplies would make it impossible to meet energy needs significantly affecting organizations as well as individuals. Having a robust process to manage the accompanying risk is critical. Under the lean concept, the implementation of "value stream mapping" continues to support the Group to respond to the customer demand.

The Board holds responsibility for the company's effective system of internal control and risk management. The Audit Committee on behalf of the board oversees the risk management process by working closely with the management of the company to ensure that the process is implemented and practiced effectively. To ensure that the risks of the company are being satisfactorily managed, the audit committee has included the risk review on the agenda of Audit Committee meetings.

The Group Enterprise Risk Management (ERM) process is subject to constant evaluation to ensure that it meets the challenges and requirements of the local and global markets including regulatory standards and industry best practices. Printcare upgraded its risk management system to be more in line with ISO 31000, which provides principles, a framework, and a process

for managing risk. The new enterprise-wide integrated approach to risk management will enable Printcare to better consider the potential impact of all types of risks on all systems, processes, tasks, activities, stakeholders, products & services.

The implementation of the risk management process is entrusted to a Steering Committees formed at the Business Unit level supervised by the Group Risk and Compliance Unit. The business entity-based risk steering committees are responsible for identifying, evaluating, and managing the risks. The committee includes personnel from different divisions with diverse expertise to implement, control and review the process on a regular basis.

The risk management system in place recognizes different risks under four broad categories. Namely Strategic, Compliance and Regulatory, Financial, operational risk. Under each category, specific potential risks are identified and ranked on a scale of 1 to 5 in terms of business impact, and likelihood of occurrence, to ascertain a risk score for each individual risk. The product of these risk rankings is then tabulated in a risk matrix that rates the risks on a scale of 'Insignificant' to 'Ultra Risk.'

Quantifying the size of the risk exposure enables the company to prioritize the risks and plan strategies accordingly. The risk management strategy would be to avoid, mitigate, share/transfer (outsource or insure), or retain (accept and prepare or budget) for the risks identified.

An overview of the key risks faced by the Group, and the management strategies to manage the potential risks to minimize negative impact on the Group are given below.

	Risk Exposure	Implication	Mitigating Actions
01	Loss of Principals & Business Partners.	Loss of principal & business partners due to global mergers/ acquisitions & competition can have a negative impact on the growth prospects of the group.	<ul style="list-style-type: none"> Regular assessment of existing relationship with business partners and development of strategies to further strengthen the existing relationship. Group continues to explore new partnership locally and overseas to expand market share. Participate in webinars related to Printing & Packaging to understand the new trends in packaging solutions and to broaden customer base.

	Risk Exposure	Implication	Mitigating Actions
02	Dependency on few Industries/ Products.	Economic dependency on few industries can cause volatility in the performance of the group	<ul style="list-style-type: none"> Identified new packaging solutions with existing capability to broaden the markets served to minimize the exposure to any single industry. Broaden product lines with customized and short delivery times by investing in high -tech machinery. Diversify into non-tea segments such as Tobacco, Pharmaceutical, Apparel, Security Printing, Education, Distilleries, FMCG etc.
03	Sudden increases in prices/short supply of raw materials.	The single largest cost item for the group is the paper sourced from overseas suppliers. A sudden increase in prices/short supply of raw material can cause significant margin erosion and loss of faith among customers in the short to medium term.	<ul style="list-style-type: none"> Developed alternative sources for key materials. While balancing the holding cost, maintained sufficient paper stocks for fast moving items. Negotiated fixed prices for selected substrates for short and medium terms. Strengthen the relationship with strategic supplier. Continuous product development process to find alternative material options.
04	Environmental damage caused by natural disasters.	Damage due to natural perils can adversely impact the operations of the group.	<ul style="list-style-type: none"> Group conducts gap analysis continuously with our insurance service providers to identify possible risks and implement appropriate preventive measures. Upgraded Facilities at 3 Plants in Sri Lanka and Coimbatore Plants (India) to use as a partial back- up in case of an emergency.
05	Failure of IT system due to internal & external factors.	IT infrastructure has become a necessary tool for businesses to grow especially during the pandemic. However, failure of IT systems can potentially disrupt the day-to-day operation, resulting in significant financial losses.	<ul style="list-style-type: none"> To mitigate the exposure, the group reviewed the adequacy of the IT infrastructure, to support the current business operation and assessed the network security architecture and security policies in place to protect against viruses, hacking and spy-ware. Audits were carried out to assess the functionality of the Disaster Recovery Plan (DRP) to resurrect the key business processes and the business continuity plan for continuation of the business beyond disaster. Further the Group reviewed the policy on the use of Information Technology, audited the key IT processes and systems and the rights/ compliance of employees and took corrective action to minimize any risks. Changes to the existing policies/procedures on the use of e-platforms were critically evaluated to improve the internal controls.

	Risk Exposure	Implication	Mitigating Actions
06	Lack of competent workforce.	Shortage of competent work force continues to pose a challenge for businesses operating in this Industry.	<ul style="list-style-type: none"> The Group addresses the risk by implementing systems and processes to build a stronger employer brand image to attract high caliber workforce. Well focused training and development, career planning, talent management and job rotations were implemented at all levels of employees to develop a workforce with the long-term commitment. Group has in place a performance-based rewards system for the senior management. The Group conducts companywide employee surveys to identify areas for improvements and corrective action was taken to further improve the management employee relationship. The Group continuously make use of market research to ensure that the compensation was on par with that being offered by the market.
07	Losses due to fraud human errors, inefficient processes, loss of data and disclosure of sensitive information.	Losses due to poor operating procedures and weak internal controls can have an adverse impact on the profitability of the Group in the short, medium, and long term.	<ul style="list-style-type: none"> Implemented clearly defined systems, procedures, and policies to ensure compliance with internal controls. Procedures/systems are periodically reviewed for their continued effectiveness by independent auditors. Maintain objectivity and independence of the internal audit and internal control function. An externally sourced independent internal audit firm carries out quarterly reviews and reports on the adequacy and effectiveness of these systems and level of compliance to the Group Audit Committee.
08.	Adverse effects on the environment caused by effluents, emissions, waste, resource depletion.	The nature of the operations is such that the business entities operating in this Industry are continuously challenged to protect the environment from pollution.	<ul style="list-style-type: none"> The environmental policy of the group includes discharge of waste, water, energy, and emissions. The system in place ensures that the environmental laws and regulations are complied with on a regular basis. In addition, the Group continues with energy conservation projects to reduce the energy consumption by using energy efficient and environment friendly devices and steps have been taken to enhance the water treatment plants to purify and recycle contaminated wastewater.

	Risk Exposure	Implication	Mitigating Actions
09	Changes in regulations.	The introduction of new regulations, amendments to existing regulations and the level of enforcement by the authorities locally and overseas, continue to pose a challenge to business entities to manage the uncertainties.	<ul style="list-style-type: none"> Continuous effort by the Group to have regular discussions on such changes with knowledgeable sources to recognize the significance of the exposure and taking corrective measures helped to reduce the risk exposure. In addition, the group has put in place dynamic internal processes to adapt to the changes as needed. The Group also participates in various forum to obtain clarity on policies and regulations.
10	Changes in currencies and interest rates.	Volatility in interest rates and currencies cause uncertainties and has an adverse impact on the performance of the Group.	<ul style="list-style-type: none"> To mitigate the risk on finance the Group implemented proactive strategies to manage interest, liquidity, and currencies efficiently and effectively. The cost of borrowing is minimized by constantly monitoring and forecasting the market interest /exchange rates and using appropriate hedging techniques. Continuous discussions were held with experts knowledgeable on the subject to identify trends to manage the uncertainties. Negotiated with banks to re structure the existing short-term loans on fixed terms to protect against any rate fluctuation.
11	Business disruption due to shortage of supply of fuel.	As the fuel crisis is significantly affecting organizations as well as individuals, knowing how to reduce the accompanying risks is vital to prevent an adverse impact on the performance of the company.	<ul style="list-style-type: none"> Expanded the inhouse diesel storage capacity in order to have uninterrupted power supply to production plants.
12	Cyber attacks	Cybersecurity risk is the potential exposure to loss or harm stemming from an organization's information or communications systems. Cyber hackers are determined and use sophisticated, continually evolving attack techniques to compromise corporate data, and enterprises must stay vigilant and proactive in protecting corporate networks and data.	<ul style="list-style-type: none"> Printcare has planned to use preventive security measures and policies in place and have Incident Response (IR) plans for handling breaches and attempted breaches, prevent security incidents and data breaches as well as limit the extent of damage when security attacks do happen. Printcare has good Strategies and Tools to reduce the impact of active security threats that have gotten past corporate security defences and infiltrated the network by isolating or containing the threat. Printcare back up It's critical data, Installed the best-in-class Anti-Virus Protection Software's & Keep all relevant Software Up to Date.

Sustainability Report

Message From the CEO

Printcare is a relatively small company but is committed to sustainable value creation, for its shareholders and varied stakeholder groups. We recognize that as a leading printing and print services company servicing a global community we have a responsibility to establish a benchmark for sustainability.

In the midst of the travails we are surrounded with – the global crisis of food, energy and finance being the after effects of COVID-19, our own economic melt down and the war in Ukraine, its easy to put in the back page the looming environmental crisis.

At Printcare we refused to take mother earth for granted and had put into play our plans for building a new green factory completely run on renewable energy with imaginative architecture and an eye on sustainable practices and recycled products. Unfortunately given the local crisis, the difficulty with acquiring basic building materials the building aspect of the project was put on hold.

Nonetheless as a responsible corporate citizen, we at Printcare do acknowledge the need to balance our healthy economic performance with responsible environmental and social considerations.

Apart from a natural obligation to the planet, from a consumer's sentiment point of view the aspect of sustainability will be a key focal point in the value chain as to future regulatory pressure they face and thus the direction in which packaging trends will move.

Clearly we then have an obligation to be a thought partner to our customers in showing them the way to revamp their packaging portfolio and to keep in mind the Publics' concern around single-use packaging waste. And in the process creating opportunities for ourselves.

We know with the right focus and innovation capabilities, and given our exposure to the international markets, there will be significant growth and new partnership opportunities to support customers in revising their packaging portfolios and they will need our services and expertise.

Going forward, packaging converters will have to proactively embrace sustainability issues as consumer demands and regulatory requirements multiply.

We fully understand that, and at Printcare we intend to help our customers innovate and capture new opportunities by addressing their sustainability challenges.



K. R. Ravindran
Chief Executive Officer

Corporate Profile

About Us

Founded in 1979, Printcare has evolved into one of South Asia's most respected printing, packaging and digital media solutions providers. The Company has one of the most technologically advanced plants in Asia with customers in five continents.

Printcare started in a small warehouse, servicing the nascent tea bag market in the early 1980s. It was a pioneer in developing packaging for the tea bag industry in Sri Lanka and the developing world.

In time, Printcare moved into other niche printing, packaging, and digital media growth markets. Today our customer portfolio includes leading firms in Tea, Apparel, FMCG, Telecommunications, Education, Publishing, Tobacco, Finance and Lottery industries.

For added customer convenience and flexibility, our innovative and world-class printing and packaging service capabilities are available at multiple locations. Printcare is now the largest packaging exporter in the



country and an integral part of the global value added tea market.

Printcare PLC was incorporated as a Private Limited Liability company and was converted to a Public Limited Liability company in 1994. Printcare Group's head office is located in Sri Lanka while two subsidiary companies are located in India and United Kingdom. In Sri Lanka, the holding Company Printcare PLC and the

operating subsidiaries Printcare Universal (Pvt) Ltd, Printcare Secure Ltd, Printcare Pre-media Services Ltd are situated in Kelaniya, while Printcare Packaging (Pvt) Ltd is located in Mahara. The two overseas companies, Printcare India (Pvt) Ltd and Printcare Universal UK Ltd are located in India and United Kingdom respectively. Printcare Digital Services (Pvt) Ltd was established in order to focus on Digital Printing / Packaging segment.



Our Culture and Values

Printcare culture reflects more than just a structure. It is a statement of values. Our commitment towards its values enables us to build honest and trustworthy relationship with our stakeholders. These values have been integrated into our overall business strategy.



What We Do

We provide printing and packaging solutions in a vast array of products ranging from tea bag tags and envelopes, to cartons, security printing, publications, commercial printing and digital media.

We collaborate with our partners in order to consistently provide superior and innovative products, services and customer experience.

When manufacturing our products we use specialized human skill and cutting edge technology in our printing process. We also outsource certain non-core processes in order to cost effectively serve the best quality products to our customers.



Our Product Range

Diversified Printing and Packaging



Cartons And Boxes



Gift Packaging



Apparel Packaging



Self-Adhesive Lables



Greeting Cards



Lables



Commercial Printing



Book Printing

Tea Bag Tags, Envelopes and Pyramid Tea Bag Mesh



Tea Bag Tags And Envelopes



Pyramid Tea Bag Mesh

Security Printing



Pre-Paid Phone Cards



Lottery Tickets



Promotional Games



Security Certificates

Digital Media Services



Packaging Design



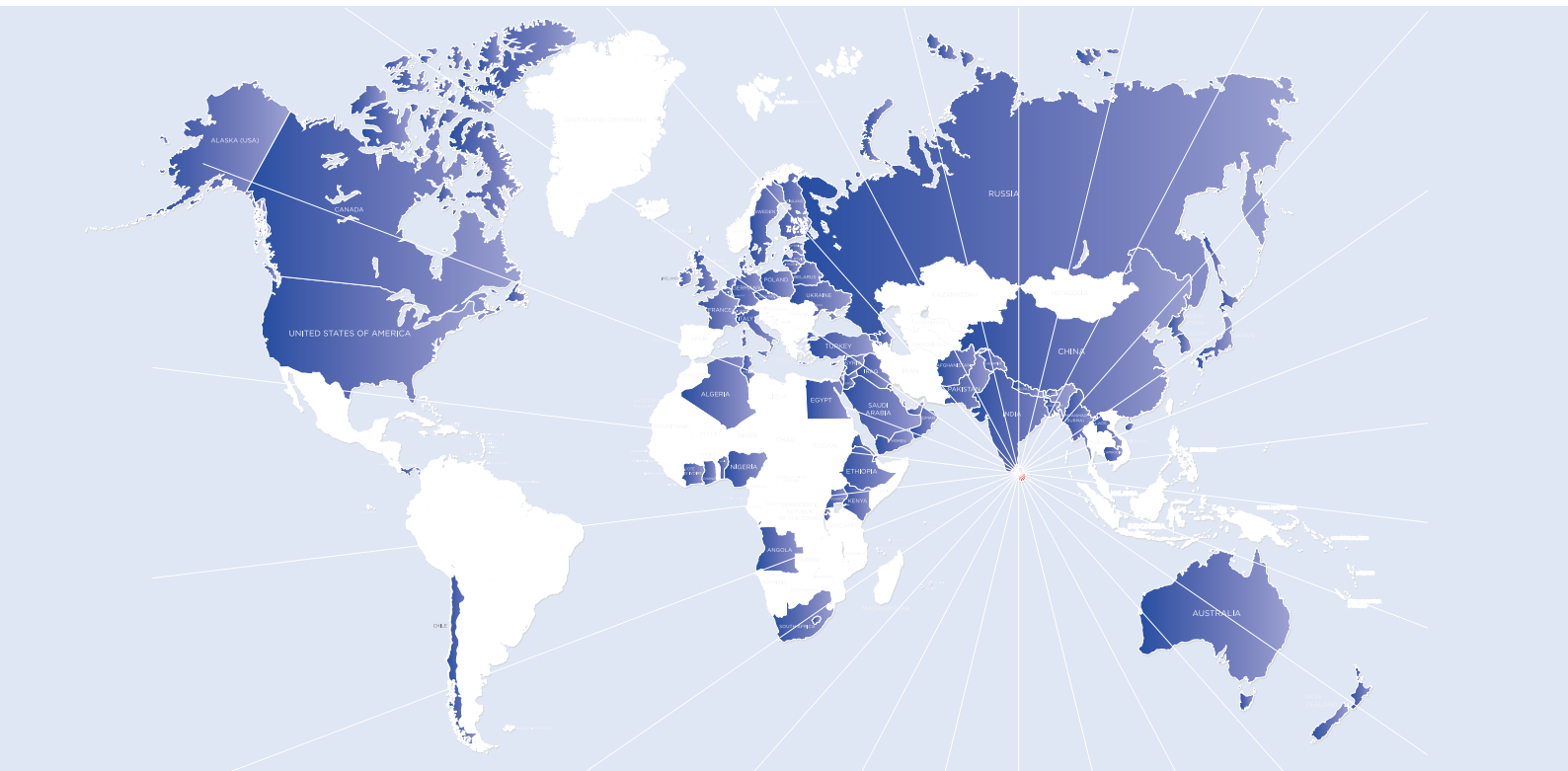
E-Learning Solutions



Pre-Press

Our Printing & Packaging Materials

ARE USED IN **50⁺** COUNTRIES



we work with **290⁺** Customers

Organizational Scale

In the year under review our total employee population was 676 and net revenue amounted to Rs. 8.7 billion.

We are unable to report on the quantity of products provided as a variety of different products are produced by each operation.

Significant Changes In The Group

There were no significant changes in the Group during the year.









Certifications and Externally Developed Initiatives

Sri Lanka Business and Biodiversity Platform

Printcare is a patron member of the Sri Lankan Business and Biodiversity Platform which was established by the Ceylon Chamber of Commerce, Dilmah Conservation and International Union for Conservation of Nature (IUCN). This platform aims to provide assistance to businesses to ensure environmentally responsible management and sustainable growth, whilst providing benefits to biodiversity and the eco system.

Training Partner of the Institute of Chartered Accountants

Printcare is a fully registered Company for Certificate and Strategic Level training of the Institute of Chartered Accountants (CA), Sri Lanka. As a training partner, Printcare offers practical training for students in the fields of auditing, accounting, taxation, use of information technology, and any other advisory/consultancy services.

<p>ISO 9001:2015 Quality Management System</p>  <p>Printcare PLC Printcare Universal (Pvt) Ltd Printcare Secure Ltd Printcare Pre-Media Services Ltd Printcare India (Pvt) Ltd Printcare Digital Services (Pvt) Ltd</p>	<p>ISO 14001:2015 Environmental Management System</p>  <p>Printcare PLC Printcare Universal (Pvt) Ltd Printcare Secure Ltd Printcare Pre-Media Services Ltd Printcare Digital Services (Pvt) Ltd</p>	<p>ISO 27001:2013 Information Security Management Systems</p>  <p>Printcare Secure Ltd</p>	<p>ISO 45001:2018 Occupational Health & Safety Management System</p>  <p>Printcare PLC Printcare Universal (Pvt) Ltd Printcare Secure Ltd Printcare Pre-Media Services Ltd Printcare Digital Services (Pvt) Ltd</p>
<p>FSSC 22000 Version 5.1 Food Safety Management System</p>  <p>Printcare PLC Printcare India (Pvt) Ltd</p>	<p>BRC GS "Grade A" "Issue 6" – Global Standard for Packaging and Packaging Material</p>  <p>Printcare Universal (Pvt) Ltd</p>	<p>SEDEX Member (Supplier Ethical Data Exchange)</p>  <p>Printcare PLC Printcare Universal (Pvt) Ltd Printcare India (Pvt) Ltd</p>	<p>FSC Chain of Custody Certification</p>  <p>FSC C115972 Printcare PLC Printcare Universal (Pvt) Ltd Printcare Digital Services (Pvt) Ltd</p>

Precautionary Approach

The Group Risk Steering Committee is responsible for the risk management process. The committee is also responsible for reviewing any potential risks relating to social and environmental aspects. Further information of the risk management process is given in the 'Risk Management' section on page 19.

Corporate Governance

Details of the Group's governance structure, highest governance committees, their responsibilities and national and international memberships maintained by the organization are given in the 'Corporate Governance' section on page 10.

Reporting Practice

Report Profile

This is our twelfth Sustainability Report and this report has been prepared in accordance with the GRI Standards: Core Option. In drawing up content for this report we have taken into account the topics that can have a material impact on our business as well as interest and expectations of our stakeholders. This report aims to provide a transparent overview of our environmental, social, and economic performance as defined by the Global Reporting Initiative. We see the compilation of this report not only as a reporting tool, but also as a way to account for our activities and improve our performance over time.

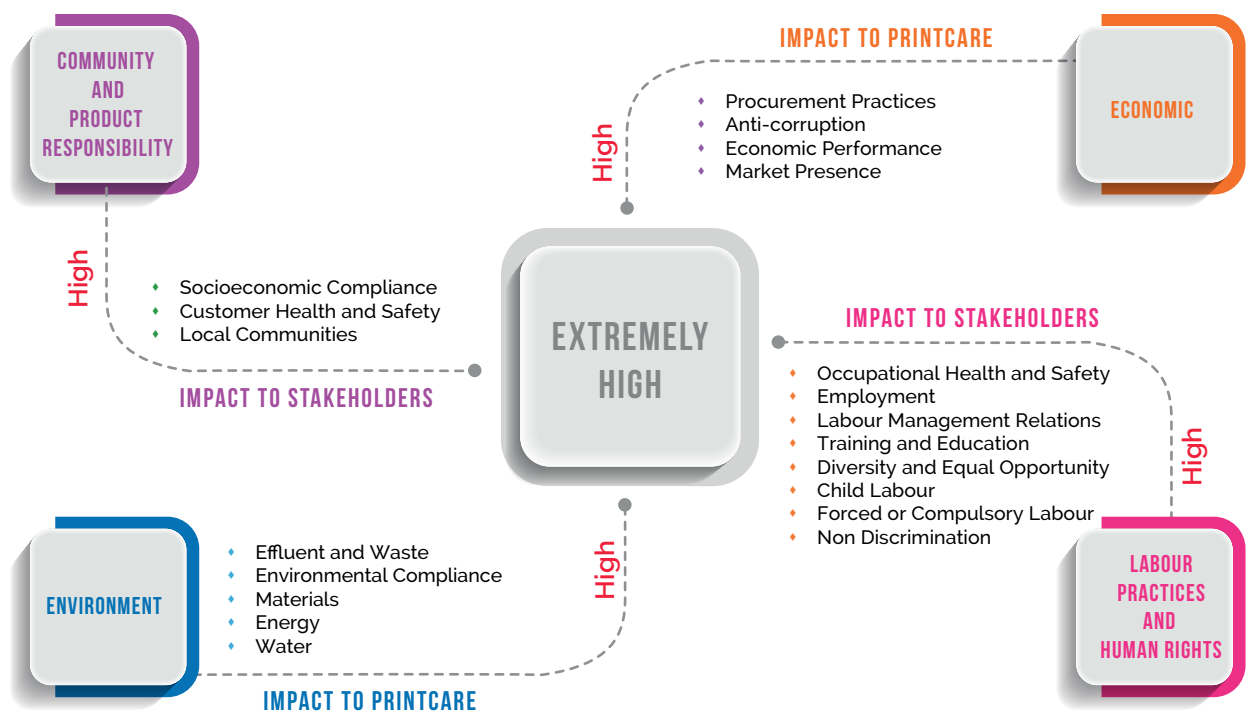
This report covers the period from 1 April 2021 to 31 March 2022 and maintains an annual reporting frequency. Our previous Sustainability Report appeared in the Printcare Annual Report 2021 which was published on 20 August 2021.

The Group's consolidated financial statements cover all 9 companies mentioned earlier in the 'About Printcare' section. However, except for GRI disclosures Net Revenue (102-7), Direct Economic Value Generated and Distributed (201-1) and Defined Benefit Plan Obligations and Other Retirement plans (201-3) all other GRI

disclosures reported are limited to Sri Lankan operations i.e. Kelaniya and Kadawatha plants. This enables us to focus on positioning a precise sustainability approach throughout the Group in time to come, and gradually improve our reporting by achieving excellence through continuous improvement. We have not pursued an external assurance of our sustainability reporting yet; however we are working towards obtaining an assurance in the future.

Material Topics And Topic Boundaries

Printcare sustainability report focuses on the sustainability challenges and subjects that are most relevant to our stakeholders and our business. To determine this, we conduct a structured materiality assessment. The material topics are identified by mapping them out as given in the 'Materiality Matrix' diagram based on the impact level on Printcare and to its stakeholders. During this process the key issues captured through our stakeholder engagement process and issues that could be potentially material are also taken into account.



As part of the materiality assessment, we identified where the impact of the material topics could occur, both within and outside the company. Within the Company, material topics impact the entire organization. Outside the Company, material topics impact areas such as value chain, customers, government authorities, environment and community. As a result, we identified 20 material topics.

Under the identified material topics we report on 27 Topic Specific Standards. Data measurement techniques and the bases of calculations, including assumptions and techniques applied to the compilation of the indicators and other information in the report are in accordance with indicator protocols provided under the GRI Standards.

There is no change in the scope of the report as the material topics and topic boundaries reported are same as last year.

Restatements

There are no restatements regarding any information provided in the previous reports.

Management Approach To Sustainability

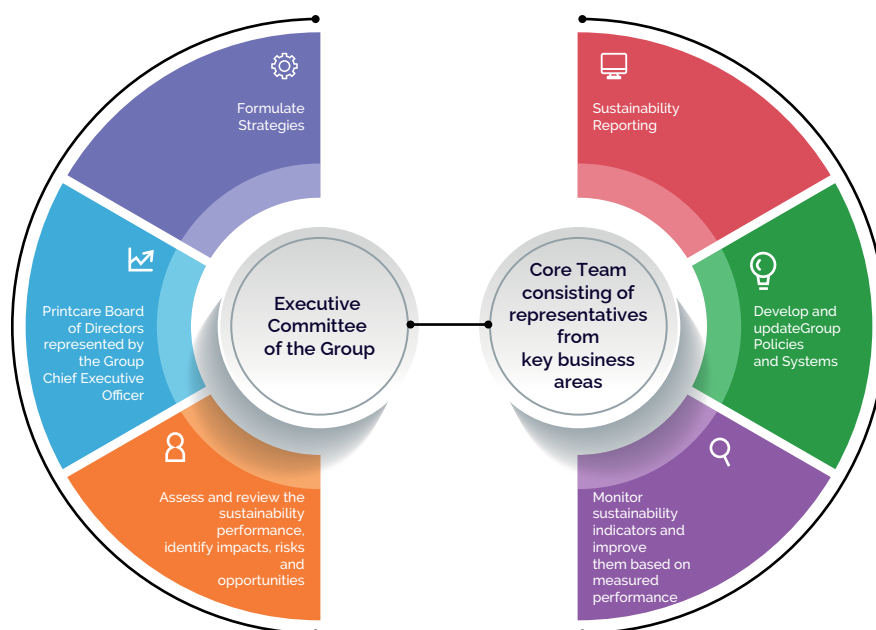
At Printcare, sustainability and economic growth go hand in hand. We strongly believe that being a sustainable company is linked to creating value for society. The most significant aspect is to ensure that the product or service a company offers also benefits the community at large.

Sustainability is made an integral part of the decision making process at Printcare. Our Sustainability Team, which reports to the Executive Committee, includes representatives from key business areas and is involved in tracking and implementing measures to improve the sustainability performance against the indicators chosen. This ensures that we are engaging people from across the entire business operations for the Sustainability Reporting process.

The scope of the Sustainability Team is to monitor all operations of our group to ensure that they are being carried out in a sustainable manner and improve the social and environmental impacts of these operations.

Our Sustainability Targets

- Integrate the sustainability approach into the corporate culture.
- Improve performance against the indicators through continuous monitoring and implementing various measures.



Our Sustainability Journey

What we did in 2021

Environment

- Effluent Treatment Plant upgraded and the treated water quality level brought up to the human touch level.
- Waste water reduction projects: Separation of normal washings with ink tub washing by installing separate bath tubs.
- Continued the replacement of Fluorescent lamps with LED in factories.

Work place

- Re-arranged the work places according to the Covid-19 safety guide lines.
- Continued the awareness programmes on Covid - 19 for all employees.

Health and Safety

- Implemented new normal procedures for employees and visitors based on Covid - 19 guidelines.
- Continuously monitored the Health of the employees by random checking with PCR and Antigen tests

What we plan to do next

Environment

- Planning to invest on a LEED certified Eco printing plant in a separate location.
- Obtaining of ISO 14064-1 certification for the carbon footprint calculation.
- To be a carbon Neutral Company in 2025

Workplace

- Continue the awareness programmes on Covid - 19 + Monkey pox .
- Continuously maintain the Covid - 19 safety place certification from SLSI for the whole Group (SLS 1672:2020)

Health and Safety

- Organize a comprehensive annual medical camp in order to maintain healthy work force.
- Arrange to print employee safety handbook which will be available in each departments.

- Completed
- On-going

Our Stakeholders

We consider 'stakeholders' as any individual, groups of individuals, or organizations that affect, and/or could be affected in some way by our activities. In certain cases these stakeholders are the very core of our existence. Every business activity we undertake to achieve our mission and objectives' call on us to continuously interact with all stakeholders and it is critical that we develop a close relationship with them, based on trust and openness, to reach better understanding on a variety of important issues.

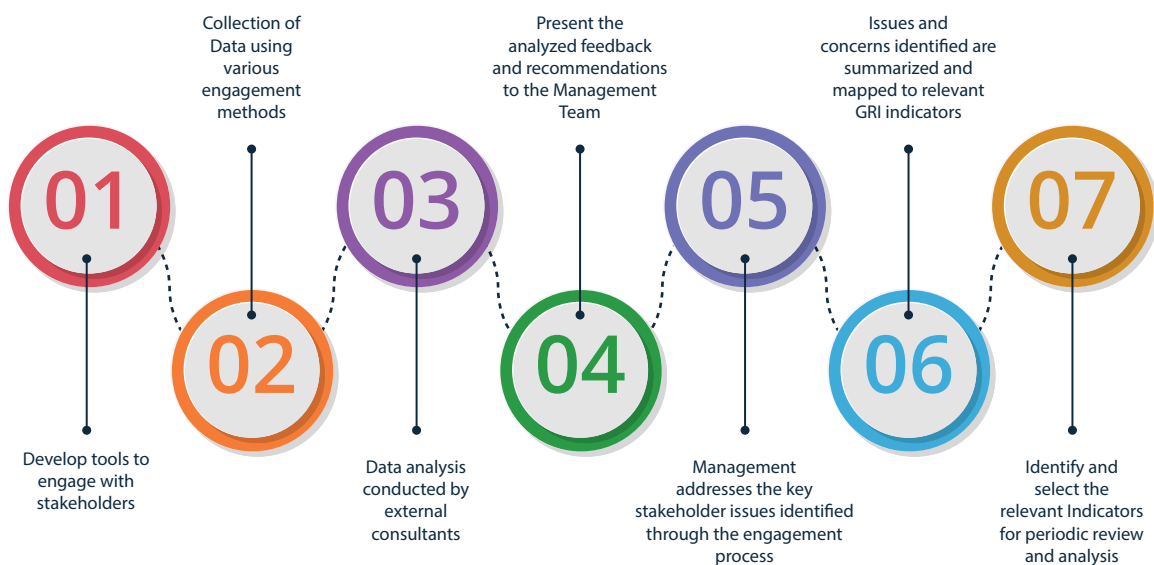
KEY STAKEHOLDERS OF PRINTCARE



Stakeholder Engagement Process

Stakeholder engagement is an integral part of our efforts to align our sustainability strategy with our business strategy. As our stakeholders can affect or can be affected by our activities, it is important to include their input into the decision making process of the organization. Therefore, we take a holistic engagement approach which encompasses all stakeholder interests and concerns.

In addition to the regular engagement that occurs with stakeholders on a day to day basis by our individual businesses, a comprehensive stakeholder engagement is conducted among the key stakeholders of the Group every two to three years. The following flow chart illustrates the stakeholder engagement process followed at Printcare.



Engagement with Our Key Stakeholders

Stakeholder	Importance of engaging with them	How we engage	Key issues	How we respond to these issues
Customers	They are the reason we are in business. Therefore by engaging with our customers we can broaden our understanding of our customer needs and expectations. This will help us identify the areas of business that needs to be improved and will also assist in building customer loyalty.	<ul style="list-style-type: none"> Direct feedback through regular weekly, monthly and annual meetings Customer visits Customer engagement surveys Printed reports Corporate website 	<ul style="list-style-type: none"> Product quality Price Service standards On time delivery Certifications and compliance with standards Ethical operations Sustainable practices Innovative printing and packaging solutions 	<ul style="list-style-type: none"> Adhering to various quality standards such as ISO, BRC / IOP etc Sourcing of more environmentally friendly raw materials Set up a new product development team for continuous developments and new innovations Constantly finding solutions to reduce costs More involvement with the community and environment through sustainable practices
Employees	Employees are the foundation that our business is built on. Engaging with them help us retain and motivate our employees and it makes Printcare a great place to work at.	<ul style="list-style-type: none"> Workers' representative meetings Employee engagement surveys Regular one-on-one meetings Open door policy Semi-annual performance review The internal newsletter 'Vision' Intra-net Annual events Training and development programmes 	<ul style="list-style-type: none"> Remuneration and benefits Career progress Health and safety Training and development Organizational ethics Job security Awareness on company policies 	<ul style="list-style-type: none"> Performance Evaluation Development Plan (PEDP) has been implemented which facilitate transparent evaluation, dialogue and performance based remuneration and rewards Providing more training programmes and learning initiatives to all employees across the Group Continuous monitoring of occupational hazards, risks and implementation of safety controls by the Health and Safety Committee

Stakeholder	Importance of engaging with them	How we engage	Key issues	How we respond to these issues
Suppliers	They coexist to fulfill customer needs and They can be used as a resource to develop supplier business efficiencies.	Regular one-on-one meetings with suppliers and business partners Supplier engagement surveys Conference calls and emails	Fair business practices and collaboration on new developments Regular meetings Payment terms and conditions	Products are purchased only from qualified sources Supplier performance is monitored Semi- annually
Investors/ Shareholders	As they provide capital to drive our business it is important for us to engage with them to have access to growth capital.	Annual General Meeting Distribute quarterly financial reports that provide timely feedback on our financial performance Corporate website with frequent updates	Investor returns Strong governance Risk management Sustainable growth	Continuously developing measures to improve governance and reduce risks Launching new products Investing in new machines and providing new facilities
Environment and regulators	We affect the environment we operate in therefore engaging with them is important as it will help reduce our environmental footprint by pursuing better environmental management practices.	Ongoing meetings to design environmentally friendly systems, processes and products Environmental audits are carried out as part of ISO 14001 Implementation	Effluent and Waste Use of materials obtained from sustainable sources Resource consumption	Monitoring and managing waste Implementing initiatives to reduce the impact on the environment
Local community	To maintain our reputation and gain the full support of our neighbours. This will improve better communication which will promote enhanced community relations.	Regular meetings with key community institutions Corporate Social Responsibility programmes	Health and safety Economic welfare Education of children	Engaging in various projects towards the benefit of the community

Our Economic Impact

Economic Performance

Management Approach

As a leading printing and packaging company in the region we have direct and indirect impacts in the local and international economy and are taking steps to increase the positive impacts whilst reducing any negative impacts. We are aware that our responsibility in the area of financial performance and our economic contribution is not only towards the shareholders and employees, but also towards all of our stakeholders.

Our direct impacts include payment to investors, shareholder returns, payment of taxes and relevant levies to Government, payment of salaries and benefits to employees, payments to suppliers whereas our indirect impacts include enhancement of local communities by improving business environment, conducting constructive and focused investments, creating variable jobs and community developments.

The Group identifies its obligations, responsibilities and risks on the local market, the environment and the community it operates in. Therefore, it aims to be the growth partner for all its stakeholders by integrating local suppliers within the supply chain where possible, employing from the local community and contributing to the local community.

Economic Value Statement

The Economic Value Statement illustrates the creation of value for our stakeholders and the distribution of it amongst them. It outlines the financial contributions made in the form of dividends to shareholders, salaries and wages to employees, taxes paid to government and social investments in our community.

More detailed information relating to operating costs, employee salaries and benefits accruing to shareholders are given in our financial statements. This statement highlights the payments to the government and community investment.

	2021/22 Rs.'000	2020/21 Rs.'000
Direct Economic Value Generated		
Revenue	7,626,233	6,019,906
Other Income	1,075,335	60,840
Share of Associate Results	62,786	63,224
Total	8,764,355	6,143,970
Economic Value Distribution		
Operating Costs	4,432,699	4,120,732
Employee Wages & Benefits	1,329,265	1,054,130
Payment to Providers of Funds	696,452	243,418
Payment to Government	71,210	(79,578)
Community Investment	30,862	694
Total	6,560,488	5,339,396
Economic Value Retained		
Depreciation & Amortization	374,515	297,895
Retained Profit	1,829,352	506,679
Retained for Reinvestment/ Growth	2,203,867	804,574

Defined Benefit Plan Obligations

Printcare provides a retirement plan for its workforce by using general resources to pay the obligations to retired employees. Employees with more than 5 years of service are entitled to half of the last months' salary for every year of service on termination under the Payment of Gratuity Act No. 12 of 1983.

Defined Contribution Plan Obligations

According to the terms of Employees' Provident Fund (EPF) Act No. 15 of 1958 and its subsequent amendments and Employees' Trust Fund (ETF) Act No. 46 of 1980 and its subsequent amendments, employees are eligible for EPF and ETF contributions. The companies contribute the relevant percentages of the eligible gross emoluments of employees to the respective Provident Funds and to the Trust Fund respectively, both of which are externally funded.

In relation to the rules of the provident fund, to which such contributions are made, the Group contributes 12 per cent as the employers' contribution and the employees contribute 8 per cent to the fund. Further, the Group also contributes 3 per cent to the Employees' Trust Fund.

Market Presence

Management Approach

The Group's existence directly benefits the economic wellbeing of the community and its employees. Our business activities provide opportunities to local economies through employment, skills development, community investments and training. We focus on identifying the potential impacts from our operations by actively building strong community relations to strive to achieve development of the economy and strengthen our social license to operate.

Creating Opportunities in the Local Community

We hire a large number of employees from the local community into our Senior Management Team as it increases the Company's ability to understand local needs while bringing economic benefits to the community.

Our Senior Management team comprises of the Executive Board Members, General Managers, Assistant General Managers and Senior Managers. Out of the 31 Members in the Senior Management Team 93% are from the Western Province, which is the local community the Group operates in.

	2022 Rs.	2021 Rs.
Employer Contribution to the Trust Fund	16,381,793	14,301,606
Employer Contribution to the Provident Fund	65,527,171	57,206,432
	81,908,964	71,508,039

Procurement Practices

Management Approach

As a responsible printing and packaging company, Printcare contributes to the development of our society and enhancing quality of life of people throughout the world by providing top quality printing and packaging solutions. At Printcare, procurement involves purchasing of direct materials for printing and packaging as well as indirectly related materials, services, and maintenance facilities. We drive ethical sourcing practices across our supply chain and we ensure that our procurement practices are based on the following elements.

- **Quality** - Highest quality materials are procured at all times.
- **Price** - The required quality materials are procured at the lowest possible cost.
- **Availability in the local market** – To support the local economy, preference is always given to local vendors as long as the required quality and quantity of materials are available.
- **Environmental friendliness** - As an environmentally responsible organization we look for materials that have minimal negative impact on the environment and also engage with suppliers around environmental issues.
- **Service** - Suppliers are evaluated on the reliability and consistency of their service.
- **Building long term partners** - Long term partnerships are built with suppliers by sharing knowledge and making new developments which will benefit both parties.

The significance and insignificance level of the suppliers are decided based on the direct and indirect impact each supplier has towards Printcare. All our key business functions are integrated and controlled by our ERP system.

A Procurement Committee has been established comprising of key senior personnel from procurement, finance, engineering and the heads of subsidiaries, and will be responsible for collectively overlooking key purchases for the Group.

Supply Chain

The building of strong relationships with our suppliers is essential in delivering products and services to our customers on time and running our operations. At Printcare, suppliers are viewed as strategic partners therefore we strive to continuously improve our relationship with them which is built through open, transparent and fair business practices. We establish sustainable relations with them in order to build partnerships that assure mutual success and create added value for our customers.

When selecting our suppliers we conduct a screening process based on their level of commitment, price, quality, lead time, service levels, reliability, compliance, environmental safety, corporate responsibility as well as their expertise in areas such as innovation, safety etc. However, in certain cases where a particular material is available with only one supplier, the company will not assess the supplier based on all these criteria.

Printcare's supply chain network interacts with a variety of suppliers such as brokers, wholesalers, retailers, licensees as well as third party representatives such as consultants and service contractors. In 2022, the Group spent Rs. 3.8 billion on goods and services around the world.

The Group continuously focuses on exploring new systems to improve efficiency and integrity of its business processes. As a result group transformed its procurement process to an online bidding system where registered suppliers are allowed to participate through instant online connection. This online tendering method allows Printcare to maintain all preferred suppliers within a single data base, monitor bids and service requests more efficiently, compare bids provided by suppliers easily and increase integrity of contractual documentation. Most of all it improves productivity of Procurement staff and other relevant divisions as it allows to communicate with multiple suppliers in a very short time and minimizes the paper work.

Supplier Diversity

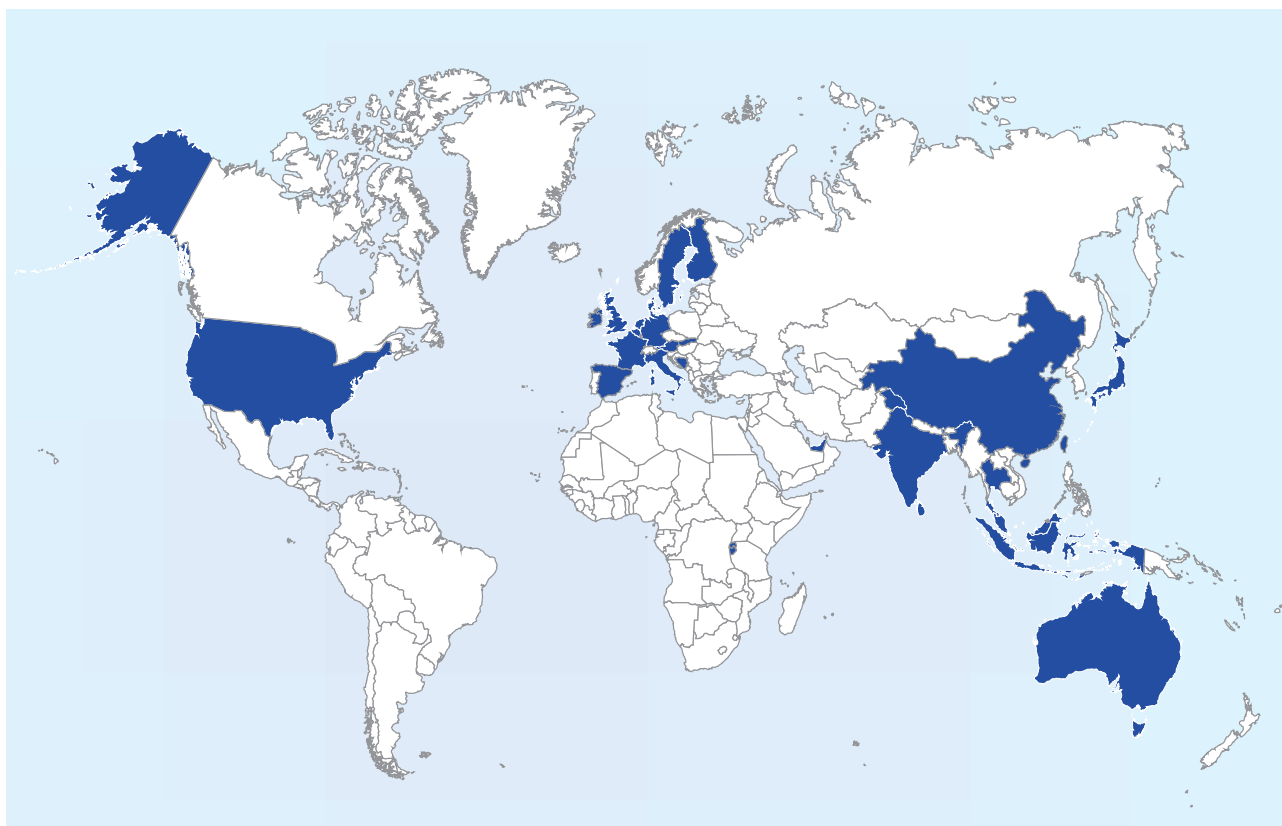
Where it makes overall business sense, we buy goods and services from local suppliers and help support local businesses and skill development. During the year, Printcare spent 12% of its purchases on locally-based suppliers and 88% on foreign purchases. Value of local Purchasing has decreased by 9% in comparison to last year due to non availability of required raw materials in the local market. As a policy we continue to procure locally however, due to the nature of our business we source materials according to our customers' requirements; which sometimes limits our ability to procure locally.



Key Factors that Affect Local Purchasing

- **Customer requirements** - Certain materials requested by the customers may not be available in the local market leaving the company no choice but to import them.
- **Price** - For large orders it's much more cost effective to import the materials in bulk rather than buy locally. In many cases the volumes required are also not available locally ex-stock.
- **Quality** - In certain cases even though certain materials are available in the local market it may be of low quality and therefore the performance of the material may be very poor. In these circumstances the material needs to be imported. At Printcare, the quality of materials will not be compromised as we provide our customers with the highest quality products.

Engaged with
610 LOCAL & GLOBAL
 SUPPLIERS



Anti-Corruption

Our Approach

Printcare's long standing commitment to doing business with integrity means avoiding corruption in any form, including bribery and complying with the anti-corruption laws of every country in which we operate. Ethical practices are placed as one of the core values of Printcare and it maintains a zero tolerance policy towards corruption and bribery in all its transactions.

It is our principle not to pay any sort of bribe or accept favours from customers, suppliers, politicians, government advisers or representatives, private person or company. It is not permitted to establish accounts or internal budgets for the purpose of facilitating bribes or influencing transactions.

Our top management is committed to operating and managing an ethical organization with a strong sense of responsibility towards all stakeholders. Therefore, our leadership team at the top is committed to positively influence our management and our people towards transparency, integrity, ethical and honest behaviour in all business operations. To create awareness of the Company's anti-corruption policies periodic training programmes are held for all employees.

In order to sustain our commitments we have also created a safe environment and procedures so that our people are able to report any unethical behaviours and violations they have identified using the whistle blowing mechanism at Printcare.

Communication and Training on Anti-Corruption

Our Anti-Corruption Policy is available on the Printcare intra-net and included in the employee hand book which is distributed to all employees at the time of recruitment.

We also train all our new hires on our ethical standards and anti corruption policies at the induction programme held monthly. The internal E-newsletter 'Vision' magazine published semi-annually also contains a column to create employee awareness on company policies.

During the year an awareness article on anti-corruption policy and whistle blowing mechanism was published and circulated to all employees. Apart from these initiatives periodic training programmes and awareness sessions are conducted by the HR team on key corporate policies. During the year 2022, we trained 228 employees on Printcare anti-corruption policies through orientation and periodic training programmes.

Our Environmental Responsibility

Printcare's mission of being a business that truly cares for all its stakeholders commits us to continually improve our environmental performance by integrating and promoting environmental practices throughout our business processes. Due to the rapid climate change occurring in the world no company can afford to ignore the impact it has on the environment as it has become mandatory to do our part to ensure it flourishes for future generations. Therefore, we have committed to certain stringent environmental management standards and we continuously strive to reduce our environmental impacts and use our resources in an efficient and sustainable manner as we

believe that the approach companies take to manage its environmental issues is a critical measure that reflects a company's responsibility and vision.

At Printcare, our management approach is based on the following principles:

Environmental Management -

Efficient use of resources, manage risks to the environment and reduce potential environmental impacts of our operations to reduce our environmental footprint.



Environmental Integration -

Taking measures to make the business green by considering the environmental concerns in the decisions and activities of our business as well as actively engaging in creating a culture of environmental responsibility amongst the employees through environmental awareness programmes.

Environmental Compliance -

Complying with all environmental legislation and regulatory requirements.



The environmental commitment of Printcare is manifested in the tranquil view of the cascading waterfall, ponds and lawns in our factories. Group's strong commitment towards environment is further exhibited through compliance to systems such as ISO 14001:2015 Environmental Management Systems and FSC Chain of Custody Certification (Forest Stewardship Council) which monitors and manages the effectiveness of environmental aspects. Internal and external audits conducted by personnel within the company and third party experts ensure that the Group is committed and complies with all standards and environmental responsibilities.

Material Management

Management Approach

At Printcare, we source a vast array of materials from diverse number of suppliers. All these materials have an impact on the environment and the profitability of the business. Therefore, our primary focus is to continuously reduce our cost and the carbon footprint by embedding optimum usage of material and resource efficiency in all our operations. Wherever possible we also promote concepts of reusing and recycling material.

Our material management approach includes the following practices.

- **Planning of material requirements** – Material needs are planned and forecast effectively.
- **Acquisition** - Ensure that materials purchased conform to appropriate quality assurance and environmental standards.
- **Operation, use and maintenance** - Allocate materials according to specific requirements and maintain records of material usage to minimize waste.
- **Disposal** - Surplus material is reallocated for a different purpose or disposed of in a responsible manner.

Our material consumption is managed and analyzed through our integrated ERP system.

Consumption of Materials

The Group consumes a wide range of materials in producing printing and packaging products. The following table outlines the key categories of materials used across the reporting companies that directly affect the cost of the products. Tracking these materials consumed facilitates us to monitor material efficiencies and cost of material flows

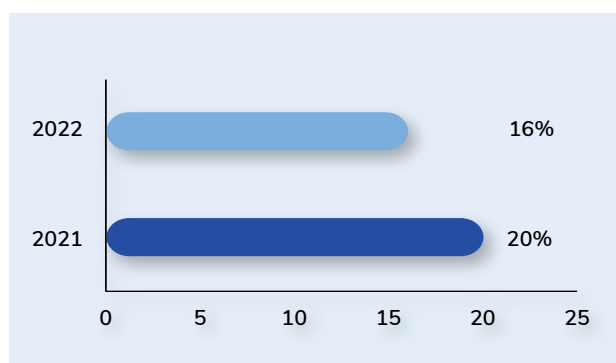
Raw Materials	2022	2021
Paper and Board	19,431 MT	14,798 MT
Varnish	139 MT	133 MT
Ink	148 MT	162 MT
Corrugated Boxes / Fluted Boxes	216 MT	213 MT
Plates	37,548 Nos	34,672 Nos
Die-cutters	5,138 Kgs	4,571 Kgs
Foils	3,224,339 Meters	3,725,266 Meters
Oil	2,448 Liters	1,723 Liters

Estimations Used for Calculation

- The actual weight of die-cutters and corrugated boxes cannot be obtained as they are recorded in numbers, therefore an estimated weight is derived by calculating the average weight.
- It is not possible to report the total weight of plates consumed as an average weight cannot be calculated due to the different sized plates used at different factories. Therefore, plates are recorded in numbers.

Recycled Materials Consumed

We use various types of recycled materials in our products to reduce the environmental impact and to achieve better environmental performance. However, as our packaging products are produced according to our customer requirements, selection of recycling or virgin pulp board is entirely at our customers' discretion. Out of the total material consumed during the year 16% of the materials were recycled materials.



How We Help Consumers Make Responsible Choices

- Offering and promoting environmentally friendly materials such as recycled and FSC certified paper/ board, environmental friendly inks that are mineral oil free and made of renewable resources and non-fossil carbon content.
- Obtaining the FSC Chain of Custody certification helps us supply material from responsible forests and ensures certified material from sustainable forests' are not mixed with non-certified material at any point in the supply chain to the end consumer.

Energy Management

Management Approach

Printcare supplies printing and packaging solutions to renowned brands across a broad spectrum of industries. Our innovative and world class printing and packaging services are available in multiple locations and all facilities are equipped with state of the art machinery and sophisticated equipment. Therefore, all factories require a substantial amount of energy in order to consistently provide superior and innovative products.

Hence, the Group seeks to improve its energy performance by consuming energy in the most efficient, cost effective and environmentally responsible manner possible, thus minimizing the energy related environmental impacts.

Through improving energy performance Printcare aims to;

- Reduce carbon emissions.
- Substitute non renewable energy sources with renewable energy sources.
- Reduce cost by managing the energy consumption of its operations actively and responsibly.

In order to achieve the above objectives the following energy management activities are practiced:

- Monitor the energy usage and conduct periodic energy reviews.
- Implement energy saving projects to reduce operating cost and carbon emissions associated with energy consumption.

Energy Consumption within the Organization

Non-Renewable Energy	2022 Giga Joules (GJ)	2021 Giga Joules (GJ)
CEB Units	6,473	5,349
LECO Units	24,181	22,481
Diesel	807	818
Total Energy Consumption	31,461	28,648

Electricity for Printcare is supplied by the Ceylon Electricity Board (CEB) and Lanka Electricity Company (Pvt) Limited (LECO). Diesel consumption reported depicts the amount used for the generator. Total energy consumption has increase by 10% during the year. Printcare does not consume any energy generated from renewable sources.

We installed and commissioned an industrial solar system of 500kW capacity at one of the factories in Kelaniya.

Energy Intensity

	2022	2021
Energy Intensity Ratio (KJ)	9.38	4.8

We continue to work on improving the energy efficiency of our existing operations. The energy intensity ratio has been calculated based on the turnover of the Sri Lankan operations of Printcare. All non-renewable energy types reported above have been considered when calculating this ratio. In 2022, 9.38 KJ of energy was consumed for every rupee earned.

Water Management

Management Approach

Water is a crucial and increasingly scarce natural resource. Water scarcity is a growing challenge in many regions and the availability of fresh water is a global issue. At Printcare, water is an important factor used in the manufacturing process and operations.

Our key objective is to reduce our water footprint by conserving and optimizing the use of water obtained from surface and ground wherever possible. In order to achieve this, the Group practices the following water management practices:

- Reduce need for water in all operations through meticulous planning.
- Re-use waste water after treatment for operations or domestic use.
- Monitor water consumption periodically and implement projects to manage water usage efficiently.

Water Withdrawn by Source

	2022	2021
Municipal Water Supplies (m3)	30,074	23,519
Ground Water (m3)	2,132	2,773
External Water Supply (m3)	42	14
Total Water Withdrawal (m3)	32,248	26,306

Primary source of water for Printcare is from the National Water Supply and Drainage Board and ground water. Water is also sourced externally through direct tanker at times when water supplied from the primary sources are not sufficient. In comparison to last year the total water consumption has increased by 22%.

Effluents and Waste Management

Management Approach

Printcare is committed to minimizing waste generation as it has a direct impact on profitability, the environment and the surrounding community. One of our key focus areas within our environmental management strategy is responsible management of hazardous and non-hazardous waste, minimization of waste generation and proper disposal of waste. We control waste generation from our operations by implementing comprehensive waste management processes throughout all business units which includes controlling, monitoring, regulation of production, collection, treatment and disposal of waste in a responsible manner.

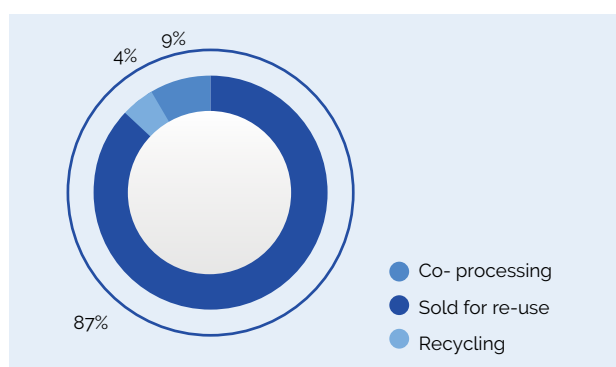
In order to safeguard the environment we ensure that hazardous waste is treated and disposed in a proper manner. In 2022, we spent Rs. 4.8 million on disposing hazardous waste such as Effluent Treatment Plant sludge, contaminated cotton waste and ink tubs, FTL and CFL bulbs and other chemicals generated from the manufacturing process through a CEA approved waste handler.

Waste

Minimizing waste has been a long standing practice across the Group and our priority in this area has been to reduce waste in the production processes in order to increase efficiency and profitability. The hazardous and non-hazardous waste generated by the Group is shown in the following table. The hazardous waste includes waste items such as contaminated cotton waste, waste water treatment plant sludge, foil paper, FTL / CFL bulbs and liquid waste material.

	2022	2021
Hazardous Waste (MT)	192	177

	2022	2021
Non-Hazardous Waste (MT)	2,855	2,291
Non-Hazardous Waste (Nos)	24,171	28,512



Waste Disposal Methods

All non-hazardous waste items stated in numbers were disposed by selling it for re-using.

Treatment for Hazardous Waste

- The contaminated cotton waste that is used to clean the machines, chemicals used for plate processing, and foil paper used by the factories cannot be discarded without proper treatment. Therefore, these are collected separately and sent for co-processing for complete thermal destruction.
- FTL and CFL bulbs are disposed through a CEA approved re-cycler in an environmentally friendly manner.
- All E-Waste collected is given to a CEA approved E-waste solutions provider.
- We are cautious not to release any chemicals and substances that would harm the environment. Therefore, the waste water generated from the factories are treated through our effluent treatment plant before being re-used.

Treatment for Non-Hazardous waste

- Leftover food at the staff and worker lunch rooms are segregated and collected daily to be given to farms in the area for use as input material.
- Other non-hazardous waste are either sold for reuse or sent to a CEA approved re-cycler.
- All waste paper from offices are collected separately and sent to a CEA approved re-cycler.

Significant Spills

There were no significant chemical leakage or spillage incurred during the year.

Environmental Compliance

Management Approach

Complying with environmental regulations and laws is critical for us as it affects our reputation directly and helps reduce financial risks. Therefore, the level of compliance is monitored directly by our management as well as the Central Environmental Authority through their factory visits. These are also verified by ISO 14001:2015 external audits conducted annually. During the year Company spent Rs. 6.5 million as environmental protection expenditure. Out of this 75% was spent for treatment of hazardous waste and Rs.440,000 was spent for external certification cost for ISO 14001:2015 and FSC

Non-Compliance with Environmental Laws and Regulations

All companies within the Group comply with the environmental laws and health and safety regulations of the products therefore no fines were paid nor were any impacts on reputation encountered by any of our companies during the year.

Our People

Employee Diversity and Equal Opportunity

Management Approach

Our people are at the core of our ability to continuously deliver innovative solutions to our customers and help

Printcare achieve a competitive edge in the market. To deliver our aims, we strive to maintain an open, inclusive and stimulating work environment for our employees where everyone lives the same values.

As an equal opportunity employer, Printcare ensures that all employees and job applicants are treated with equal respect regardless of their sex, sexual orientation, marital status, race, colour, nationality, ethnic or national origin, religion, disability, marital or civil



partnership status, gender reassignment, pregnancy and maternity caring, parental responsibilities and their beliefs on matters such as religion and politics.

This is practiced during recruitment and selection, terms and conditions of employment including pay and benefits, communications, training, promotion, transfer and every other aspect of employment. Printcare is committed to provide a working, learning

and social environment in which the rights and dignity of all its members are respected, and which is free from discrimination, prejudice, intimidation and all forms of harassment including bullying.

These principles are applied in accordance with the legislation in force in each of the countries and territories in which we operate. Any act of discrimination by employees or any failure to comply with these terms will result in disciplinary action.



Diversity of Our Workforce

Printcare believes that diversity is one of the core drivers for business growth. Therefore, cultivating a diverse workforce can help increase talent engagement, foster innovation, enhance customer service and ultimately drive better financial performance.

The Group recorded a total workforce of 676 full time employees as at 31 March 2022 in all Sri Lankan operations located in the Western Province. There are no part-time employees. Group's security and cleaning functions are outsourced to external parties which reported 46 outsourced employees end of the year.

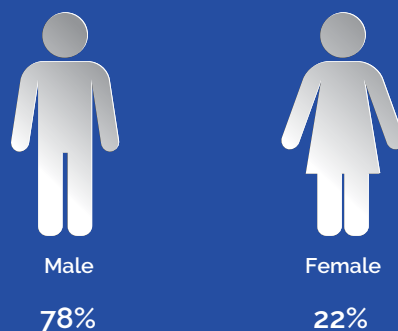
Printcare Governance Bodies include Board Members and the Senior Management Team; i.e. General Managers, Assistant General Managers and Senior Managers.

Workforce by Employee Category

Employee Category	Total
Executive Directors	4
General Managers	6
Assistant General Managers	6
Managers	32
Assistant Managers	27
Executives	91
Non - Executives	510
Total Workforce	676

There are two Executive Directors in the Board of Directors.

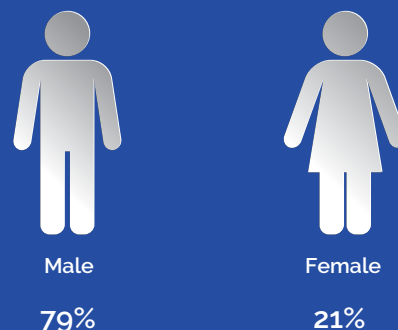
Total Employees by Gender



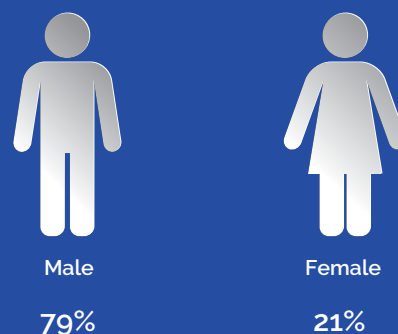
Total Employees By Contract



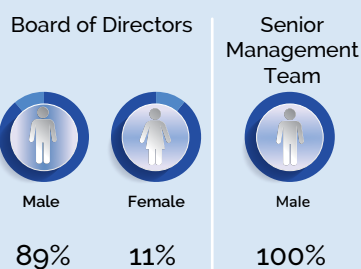
Permanent Employees by Gender



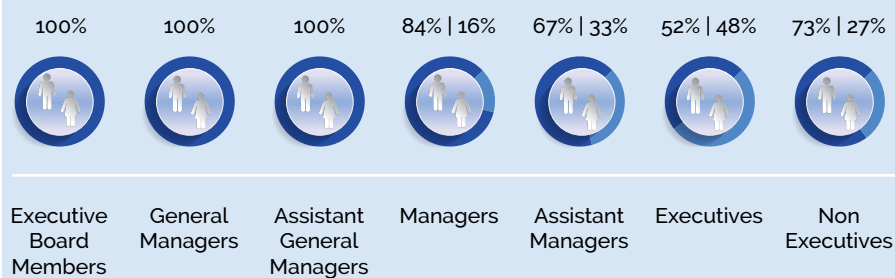
Contract Employees by Gender



Governance Body By Gender



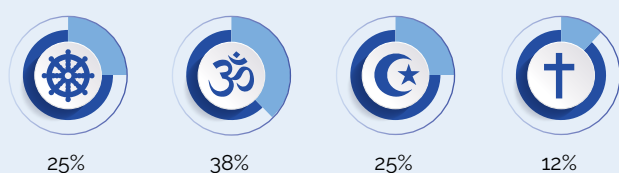
Employee Category By Gender



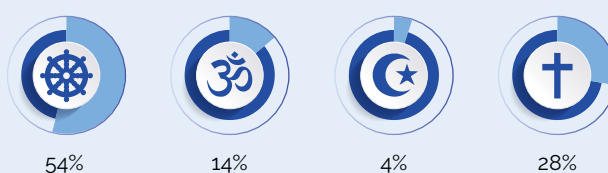
Male Female

Governance Body by Religion

Board of Directors



Senior Management Team



Governance Body by Age

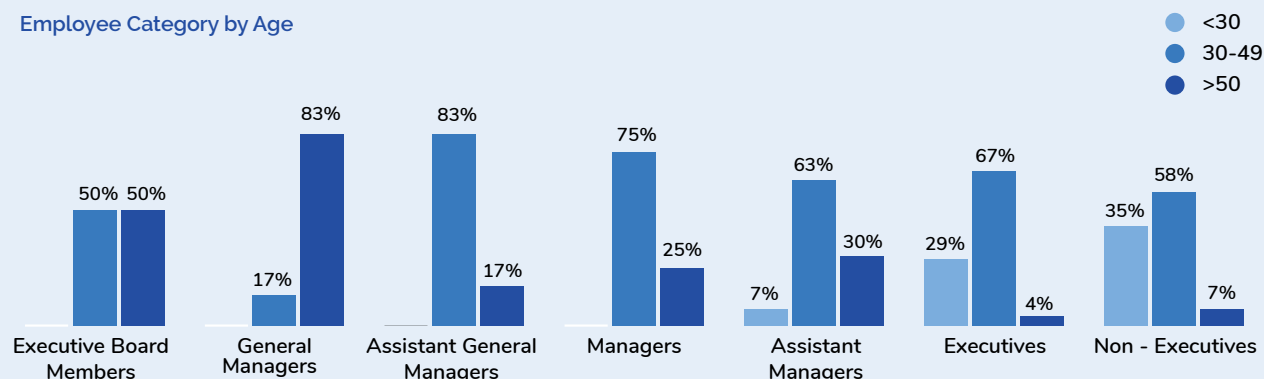
Board of Directors



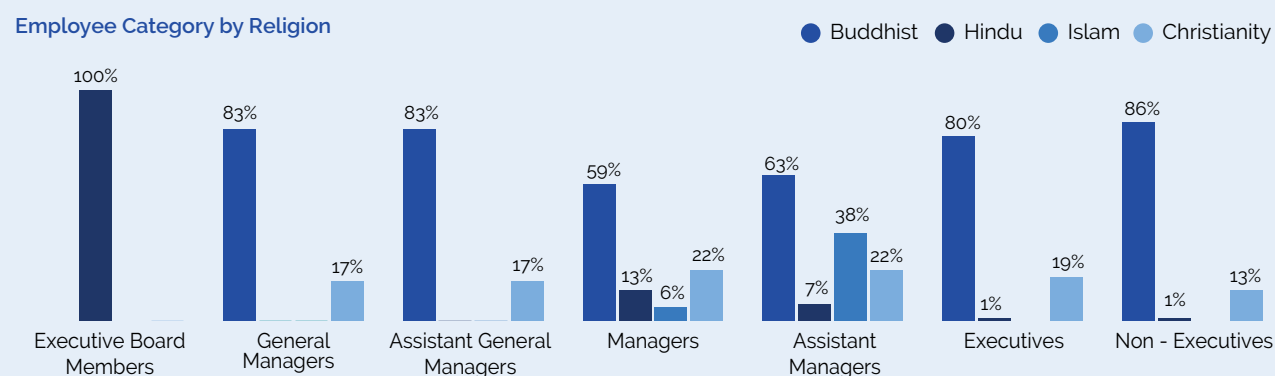
Senior Management Team



Employee Category by Age



Employee Category by Religion



Ratio of Basic Salary and Remuneration of Women to Men

Printcare ensures that employees are paid in accordance with the knowledge, skills and experience they bring to the position regardless of their gender. All other compensation is purely based on the performance achieved by the individuals and the organization. Therefore, we ensure that all employees receive equal pay for equal experience and performance.

The average salary ratio of men to women is given in the following table. Employee Category shown as Managers include CEO, General Managers, Assistant General Managers, Managers and Assistant Managers.

Employee Category	Male	Female
Managers	1	0.38
Executives	1	0.78
Non- Executives	1	0.62

Employment

Management Approach

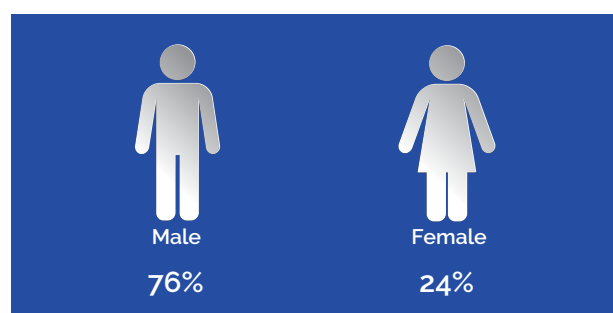
Our diverse workforce is the heartbeat of Printcare. The success of our business depends on every employee in our company. We recognize that by looking after our employees, our business operates more successfully. Therefore, we strive to take good care of our people and create a safe, fair, ethical and rewarding work environment. We value the relationship we have with all of our employees.

We have established well defined HR policies and practices to manage and protect our people. Development of local talent, leadership development, succession planning, employee health and safety, rewards and recognition of deserving talent and organizational ethics is a critical part of our vision for people development and we believe that it will enable us to create and maintain a workplace that attracts, motivates and retains the best people.

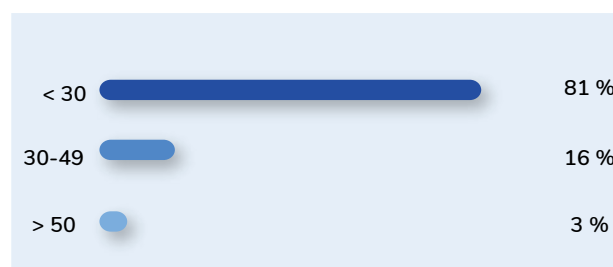
New Recruitments

63 employees were recruited during the year with a new hire rate of 9%.

New Employee Hires by Gender



New Employee Hires by Age

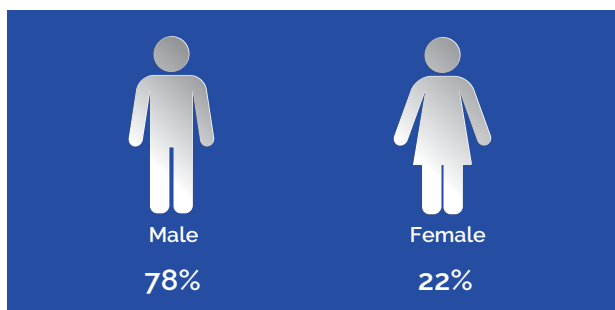


Employee Turnover

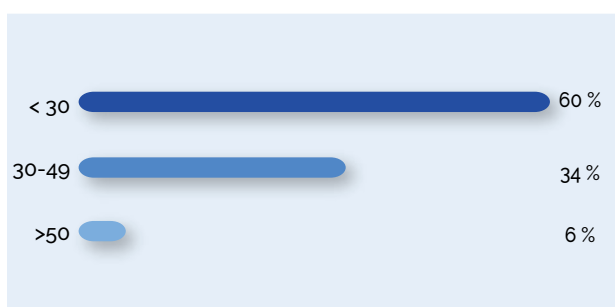
Printcare continuously monitors its employee turnover and seeks to address it through proactive initiatives such as Employee Engagement Surveys, one to one interactions by the Manager or Supervisors, providing various opportunities for training and development, welfare facilities and benefits.

An employee turnover rate of 7% was recorded in 2022 which is an decrease of 1% in comparison to 8% reported last year.

Turnover by Gender



Turnover by Age



Parental Leave

Our policies are in accordance with the Maternity Benefits Ordinance. All 150 female employees in the Group are entitled to maternity leave. Paternity leave is not recognized under the employment laws in Sri Lanka therefore the Company does not provide paternity leave. After the maternity period has ended the female employee shall be entitled to feeding time of one hour per day for her new born.

Out of 150 female employees in 2022, 6 females took maternity leave during the year out of which 5 employees returned to work after maternity leave ended reporting a Return to Work rate of 84%.

Labour Management Relations

Management Approach

Our aim is always to ensure that our workforce is happy with their work, working environment, facilities and benefits provided to them. A smooth operation depends on the co-operation, team work, effective communication, leadership qualities of all employees of the Group.

In order to create a harmonious work environment various initiatives have been implemented by the Management. Worker Representative Meetings held once in two months create a platform for workers to provide their issues and suggestions to the Management. Monthly Staff Meetings and Employee Engagement survey held every two to three years also allow the employees to share their issues and enables the company to continually update its management approach with regard to employee and workplace practices.

The Open Door Policy is another step taken for employees to provide feedback to any Senior Manager of the Management team including the Managing Director. This policy provides all employees with an alternate mechanism for dialogue.

Minimum Notice Period Regarding Operational Changes

Whilst there is no established minimum notice period for operational changes, all changes are agreed upon ahead of time by all parties. Any significant change in the organization that affects our employees positively or negatively is communicated to the employees with adequate notice period depending on the significance of the change. Communications from the top management to the employees happen timely and effectively. The Managing Director addresses the employees in a quarterly manner and any significant change will be communicated during this meeting. The worker representative meetings and staff meetings also take place regularly which provides employees a forum to voice their concerns as well as communicate operational changes.

Training and Education

Management Approach

To realize its vision of achieving excellence, the Company ensures that employees are given adequate training to perform their jobs effectively and efficiently. Personal and professional development of our people is a critical priority for us. Therefore, we invest in our people and offer variety of methods to help them enhance their capabilities.

We want our people to be the most knowledgeable, skilled and trusted partners in the industry.

Hence, we provide them with numerous opportunities and tools for progression, development and interaction. We also encourage the personal development and satisfaction of the employees through open dialogue and career development goal setting in line with the company's employment practices.

Employee training programmes and other learning initiatives are an integral part of the Printcare Human Resources vision. Training is considered by us as one of the best tools to motivate and support individuals.

How We Identify Training Needs

- At the factory level the skills and knowledge gap of workers are identified through a 'Gap Analysis' which is conducted by the managers and supervisors every six months.
- At the staff level it is identified through the 'Performance Appraisal' carried out every six months.
- Employees are also able to request for specific training needs they require during the performance appraisal held twice a year.

Depending on the requirements recognized from these mechanisms individuals are given opportunity to attend training programmes. Apart from this, various other training sessions are organized to enhance our employee competence. At Printcare, Training and development has been crafted in a way that it develops the employees' job specific technical training as well as develop them to become successful corporate citizens.

Trainings are conducted in four categories:

- Induction and Orientation
- Work-Life Development
- Technical Competencies Development
- General Competencies Development

Employee Training Hours

Employee Category	2022			2021
	Number of Employees	Total Hours of Training	Average Hours of Training per Employee	Average Hours of Training per Employee
Executive Board Director	4	0	0	3
General Managers	6	43	7	6
Assistant General Managers	6	91	15	11
Managers	32	437	14	15
Assistant Managers	27	280	10	6
Executives	91	1,027	11	8
Non-Executives	510	3,556	7	3
Total	676	5,434	8	5

Gender	2022			2021
	Number of Employees	Total Hours of Training	Average Hours of Training per Employee	Average Hours of Training per Employee
Male	526	4,004	8	5
Female	150	1,430	10	6



Performance and Career Development Reviews

It is important that employees in an organization are guided properly to manage their careers. Therefore, our employees' expectations and targets should be managed and their goals should be set in line with the organizations'. Performance management strives to maximize the connection between employee development and organizational performance. Performance management includes developing SMART goals, continuous feedback and formal and informal review of the progress throughout the year. The performance appraisal system developed at Printcare aligns the performance management cycle. It ensures that performance of each employee is assessed and constructive feedback is provided to motivate, develop, correct and continue their performance in a way it supports the Company's strategic objectives.

At Printcare, Performance is reviewed every six months for 100% of the workforce from worker category to the top management. This is used as a tool of encouragement, to evaluate their performance, and to identify the training and development areas.

Performance Evaluation and Development Plan (PEDP)

A strategically developed system known as the Performance Evaluation and Development Plan (PEDP) is used to evaluate, challenge and motivate the high caliber Management Team at Printcare. It is also designed to test the ability and competencies of the managers to deliver on the core values while also recognizing the contributions and initiatives they make to the Company.

The PEDP evaluations are monitored in an online platform through which the KPIs (Key Performance Indicators) are set and evaluated. Through this system KPIs are given a weightage depending on the level of importance and the impact of them on work objectives which makes the PEDP process more meaningful and unbiased. The online platform has made the PEDP process more efficient as it allows the appraisees and appraisers to access the data from anywhere therefore improves timely completion of the appraisals. This also enables to track and compare the results easily through the system and it gives more security for the data as only authorized personnel can access to the system.

We believe that it is vital that employees are reinforced and rewarded on the most important outcomes they create for the business. PEDP Awards night is one of the tools developed by Printcare in order to recognize and honour the achievements of the Management Team.



Techniques Used to Enhance Employee Motivation

Attendance Bonus Scheme

In recognition of the loyalty and commitment of our employees the senior management holds a special tea party with the presence of the Managing Director for selected employees. However last two years this scheme was not implemented due to Covid 19 restrictions in the company. But the company has recognized and awarded the employees in different ways in order to keep the high moral of the employees and thereby increasing the productivity of the Companies.

Year	Number of employees qualified for the bonus
2016	113
2017	119
2018	104
2019	87
2020	112
2021*	N/A
2022*	N/A

Corporate events

During the year there were no physical activity events held due to Covid - 19 Pandemic.

Annual Scholarship Programme

Printcare follows an 'Employee First Strategy' as they continuously implement various initiatives to ensure that the employees' basic emotional needs are satisfied within and outside the organization. Printcare Annual Scholarship Programme for children of the employees is one of the initiatives conducted every year as a result of this strategy. This year 56 children were presented with scholarships that covered one year's cost of student accessories such as school uniforms, shoes, stationary, books, tuition fees etc.

Employee Welfare

The "Welfare Society of Printcare PLC" has been set up with the objective of assisting our employees in various issues arising at work and arranging welfare activities.

The society provides benefits such as,

- Distress Loan Schemes
- Death Donation Schemes
- School books and stationary to children of employees
- Easy Payment Schemes

Welfare Shop

The Welfare Society has set up a mini supermarket known as the "Welfare Shop" within the company premises that provides a vast array of goods at a discounted rate and also grants credit facilities to its employees for their convenience.

Employee Health and Safety

Management Approach

A healthy workforce is a necessary foundation for economic growth and critical in achieving our business objectives wherever we operate. Printcare is committed to providing a safe and healthy workplace to its employees, contractors, visitors and anyone else who may be affected by its operations. In order to achieve this objective, the Company makes every endeavor to eliminate conditions and incidents that could result in personal injury or ill health.

Printcare is a responsible organization and provides all employees with coaching, guidance and training in the identification, assessment and control of hazards in the workplace. It is the responsibility of all employees to adhere to these safe working practices to avoid injuries to themselves, others and damage to plant and equipment and buildings.

Printcare commits to provide its employees and contractors with appropriate personnel protective clothing and equipment and they are required to wear these whilst on duty. All our factories are inspected in relation to safety of our employees by the Chief Factory Inspector from the Department of Labour every six months, and we ensure that we keep our approach to safety continually updated.

Injury Type	2022			2021		
	Male	Female	Total	Male	Female	Total
Occupational Injuries	0	0	0	1	1	2
Lost Man Days	0	0	0	0	0	0
Absentee Days	0	0	0	0	0	0

Types and Rates of Injuries

Printcare monitors, records, and reports on the occupational injuries, diseases, lost days and absentee rates of all employees. The Group's health and safety incidents are monitored through its management processes which include Accident Reports and Balanced Score Card.

Due to the stringent health and safety practices implemented continuously across the Group there was a substantial reduction in occupational injuries by 100% in 2022 whilst recording a zero lost day count which signifies that zero injuries recorded during the year.

The absentee days portrays the number of unauthorized leave taken throughout the year. The absentee rate has reduced by 100% in 2022. There were no occupational diseases or work related fatalities during the year.

The Health and Safety Committee appointed by the Managing Director consists of SBU General Managers, Health and Safety Manager, QA Manager, Factory Manager, Factory HR Manager, representatives of Engineering Division and production related employees. The Committee monitors and identifies hazards, assesses risks, implements appropriate safety controls in place and provides advice on accident prevention. We continue our record of zero fatal injuries since inception.

We review all the injuries incurred in a systematic manner and create awareness among the employees regarding accident prevention and creating a safe working environment. Accident prevention method called "Near Misses Register" is maintained in every factory and all near misses that could lead to an accident are identified, recorded and actions are taken to eliminate such occurrences.

Training on occupational health and safety is now conducted by the District Factory Inspecting Engineer of Gampaha District. All new recruits are trained on health and safety, awareness on fire hazards and first aid at the orientation sessions conducted monthly.

First Aid Team is formed to assist the employees to provide first aid assistance during an accident or emergency and the team is given first aid training by the Red Cross Society once in six months. We have established a fire team to safeguard the employees and

the Company from any fire hazards. Once in three months the fire team holds review meetings and evacuation drills with the assistance of the Fire Brigade Officers. The Group fire warden also conducts fire training at the induction programme every month for all new recruits as well as the existing employees.

To ensure that we have a healthy workforce we have also organized an in-house doctor that visits Printcare once a week and provides free consultation for the employees. Apart from occupational health and safety we also conduct several awareness sessions time to time on personal hygiene and health care.

The Group has been certified for ISO 45001:2018 by implementing OSHAS (Occupational Health and Safety Assessment Series) rules into their factories. Various training programmes, risk analyzing sessions, team forming activities etc have been carried out during the year in order to fulfill the requirements of the standard.

	2022	2021
Injury Rate		
Number of Occupational Injuries	0	2
Total Man Hours Worked in the Period	125,074	126,038
Injury Rate	0.0%	0.002%
Lost Day Rate		
Number of Lost Days	-	-
Total Scheduled Man Days Worked in the Period	135,492	114,150
Lost Day Rate	-	-
Absentee Rate		
Number of Absentee Days	0	0
Total Scheduled Man Days Worked in the Period	135,492	114,150
Absentee Rate	0%	0%

Our Business Ethics

Codes of Conduct and Codes of Ethics

Our practices on Labour and the Workplace management are supported by the principles of the ILO Declaration (International Labour Organization), namely the elimination of child labour, forced labour, workplace discrimination and the recognition of the right to freedom of association. Our employment practices are governed by the laws and regulations of the country, our inherent commitment to fair and equal employment practices and an overall organizational practice that does not tolerate harassment or discrimination in the workplace.

All Printcare policies, value statements, standards and norms are included in the employee handbook. The handbook is handed over to all new employees at the time of recruitment and they are briefed on the policies, values and standards during the orientation programme held every month. These policies are also available on the Printcare intra-net and can be viewed by any employee. Printcare E-news letter 'Vision Magazine' which is circulated among the employees bi-annually also includes a section that summarizes a policy for each issue in order to create awareness among the employees.

Any revision to the policies will be uploaded to the intra-net and also informed through the policy training programmes conducted for the employees. The values statement of the company can be found on page 26 of this annual report.

Child Labour, Forced or Compulsory Labour

Management Approach

Printcare is committed to comply with all relevant and applicable local and international labour regulations, treaties and conventions to protect the health and safety of children. Forced labour or compulsory labour is not our practice. We maintain employee self-esteem honestly and ethically.

Therefore we do not employ any person below the age of 18 years and we work in collaboration with subcontractors to prevent and remove any instances of child labour in a manner that is consistent with the best interest of the child and ensure they too avoid any illegal practices such as forced or compulsory labour.

All our business operations strictly comply with the ILO Declaration and the country's labour laws. Our employee rights principles include no forced or child labour and we comply with these principles. We do not withhold any original birth certificates or any personal documents during recruitment. Employees who work beyond normal working hours are given transport facilities and workers are provided with overtime or variable and they pay as appropriate. We have also made aware of our child and forced labour policy to our contractors who are bound to comply with these.

Human Rights

Grievance Mechanisms

Non-Discrimination

Management Approach

Printcare Group is committed to a philosophy that ensures all employees and job applicants are treated with equal respect and dignity. Hence, any unlawful practices based on race, colour, nationality, ethnic or national origin, religion, disability, marital or civil partnership status, gender reassignment, pregnancy and maternity caring, parental responsibilities or their beliefs on matters such as religion and politics will not be tolerated.

Furthermore the Company will ensure that no requirement or condition will be imposed without justification which could disadvantage individuals on any of the above grounds. Printcare is committed to provide an environment which promotes positive attitudes. The policy applies to recruitment and selection, terms and conditions of employment including pay and benefits, communications, training, promotion, transfer and every other aspect of employment.

Grievance mechanisms such as worker representative meetings, open door policy and whistle blowing procedures are in place for employees to report any violations to human rights or voice their concerns.

There were no incidents of discrimination identified during the financial year. The Group is committed in maintaining a work environment of equal opportunities free of discrimination and sexual harassment while keeping up with its Human Rights Policy, Equal Opportunities Policy and Sexual Harassment Policy. The employee charts reported under 'Employee Diversity and Equal Opportunity' section attests that we have a diversified workforce free of discrimination.

Open Door Policy

Employees are actively encouraged to express themselves openly if any problem arises relating to work. We practice an "Open Door Policy" which permits all employees to provide a feedback to any Senior Manager of the Management Team including the Managing Director.

Worker Representative Meetings

Regular Worker Representative Meetings are held every two months to communicate with our workforce and are represented by senior managers and individuals from each section of the workforce selected by the employees themselves. These meetings allow employees to exchange ideas, suggestions and the necessary actions are taken to solve any issues or concerns. Therefore, currently none of our employees are covered by collective bargaining agreements, as such agreements have not been found to be necessary within Printcare.

Whistle Blowing Mechanism

The Whistle Blowing policy also states the mechanism on how to blow the whistle in the event of discovering any malpractice. Accordingly, employees can raise their concerns to their immediate Supervisor or Head of Department. In situations where the individual is uncomfortable in approaching the said people, they can raise the concerns to the Head of HR or any Head of Department. If the disclosure is extremely severe in nature employees can notify their concerns to the Managing Director via email or a letter. During the year, there were no incidents of grievances relating to human rights recorded.

Product Responsibility



Customer Health & Safety

Management Approach

We are dedicated to offering high quality products on time while exceeding customer expectation and at the same time maintaining the highest safety standards with regard to the environment. We are aware that as a manufacturer we are responsible for the waste we generate not only during the production process but also when the product is discarded. Hence, we continue to assess the health and safety impacts of products and services throughout out the life cycle of our products.

Our business operations that directly relates to food related products are certified under global food safety standards which assess the health and safety impacts of products and services at each stage of our production process from development to the delivery stage.

The Business Risk review process assesses possible adverse impacts on people and environment as a result of Printcare business operations. The steering committees formed at the Business unit levels are responsible to identify, evaluate and manage risks of all existing and new business operations.

Assessment of Health and Safety Impacts of Products and Services

Our business operations relating to tea bag tags and envelopes and carton packaging for food related

products have a direct impact on the health and safety of the users' of the product. Food packaging segment of the Group in Sri Lanka is 60% which is related to health and safety implications of the users. It is our responsibility to ensure the safety of food items until consumption. Therefore, we comply with standards such as FSSC 22000:V5.1 and BRCGS global food safety programmes which are specifically designed for food packaging manufacturers to reduce food safety risks. As a result we also conduct a routine food handlers medical test annually to employees who are directly involved with food related products to ensure the end users' safety.

Social Compliance

Management Approach

Printcare adheres to all laws and regulations of Sri Lanka labour laws and ILO requirements in conducting its business practices. Business level compliance reviews are conducted throughout the Group every quarter to ensure that all business units adhere to legal and statutory requirements. The Audit Committee at the Board level reviews and ensures the compliance of financial reporting in line with relevant regulations, internal controls and risk management processes are in place and satisfactorily managed.

Legal Compliance with Laws and Regulations

There were no fines or monetary sanctions related to accounting fraud, workplace discrimination or corruption in 2022 across the Group.

Local Community

Community

Management Approach

Printcare strives to be a good citizen and we believe that the community in which we operate, needs to benefit as a result of us being here. Apart from the fact that this satisfies an altruistic need to do good, this also ensures that the neighborhood becomes a strong supporter of our company. We engage and support the surrounding community through initiatives that are mutually agreed upon, sustainable, non-discriminating and beneficial to as many of the community members as possible. Our community investment initiatives will focus on the economic welfare of the community and the improvement of its educational standards.

We search for opportunities that create shared value for Printcare, our stakeholders, and society. The trust, credibility, and goodwill that we have built with government entities, neighbours, schools, religious facilities and educational institutes, as well as others in our communities, have helped create a positive business environment for Printcare.

Our community investment initiatives and philanthropy has two main components, economic welfare and education contribution. The Group carries out its work both directly by supporting learning and education, and facilitating infrastructure for education and growth.

Local Community Engagement, Impact Assessments and Development Programmes

We believe that as a significant employer it is our responsibility to improve services for the community as a whole and not just our individual customers. Therefore, we actively promote our group companies to work towards maximizing the positive impacts on the local community and the environment. At present, we do not have a local community impact needs assessment in place formally.

However, we are looking to implement a formal method in the future. We have currently designated Printcare representatives who engage with the local

Urban Councils, schools and temples in the Kelaniya and Kadawatha locations informally to identify and understand their needs and any positive or negative impacts created through our operations.

According to the risk management process in place at Printcare, an environment impact/aspect assessment is carried out and reviews are done annually. Activities are categorized for each operation and the impacts of each activity to the environment and community are identified. These impacts are then evaluated and graded based on certain criteria. Finally the aspects are rated as significant if the rating determined is high. All these significant impact areas are then addressed by implementing operational controls.

Development and Education of the Community

Supporting IT Learning

As an ongoing project for the past 12 years Printcare has been providing financial support to the youth of the community in order to reach their potential through learning new IT skills. Printcare sponsors the teaching at the Sri Gnananadashrama computer centre that provides computer training to students living around the village. The company has been paying for the cost of the instructor on a monthly basis.

Building Skills and Knowledge

We create value to our stakeholders by supporting individuals who wish to upgrade or enrich their job skills and opportunities. Printcare has set up collaborations with local universities such as University of Moratuwa and University of Kelaniya as well as private universities such as Academy of Design (AOD) in order to assist the university students with their education and to give them an insight into the industrial and corporate sector.

Supporting Community Groups and Charities

Distribution of Food Hampers

The Group distributes food hampers consisting of dry rations to several destitute families in the Nungamugoda village for Poson Full-Moon Poya. This has been an ongoing project for the last few years and the Company has been able to help over 90 families annually through this project.

The same project was extended to villages in Kadawatha. Printcare Universal organized this with the Temple in Kadawatha and distributed 50 dry ration parcels.



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	103 – 2 The management approach and its components	65	
	103 – 3 Evaluation of the management approach	65	
GRI 419: Socioeconomic Compliance 2016	419 – 1 Non-compliance with laws and regulations in the social and economic area	65	

The General and Topic Specific Standard Disclosure items listed above have not been externally assured. For further information or any enquiries on our Sustainability Report, contact:

Pradeep Dias, General Manager – Business Services
77, Nungamugoda Road, Kelaniya, Sri Lanka.
Email: pradeep.dias@printcare.lk



Annual Report of The Board of Directors on The Affairs of The Company

The Directors are pleased to submit their Report together with the Audited Accounts for the Company and the Group, for the year ended 31 March 2022, to be presented at the Forty First Annual General Meeting of the Company.

Review of the Year

The Chairman's review on pages 04 to 05 describes the Company's affairs and mentions important events that occurred during the year, and up to the date of this Report. This Report together with the audited financial statements reflect the state of the affairs of the Company.

Principal Activities / Core Business

The Core Business of the Group is the Manufacturing / Printing of tea bag tags, envelopes, cartons and security printing.

Financial Statements

The financial statements of the Company and Group have been prepared in accordance with the Sri Lanka Accounting Standards and in compliance with the requirements of Section 151 of the Companies Act No 7 of 2007, and are given from pages 82 to 132 in this Annual Report.

Group Financial Results/Profit And Appropriations

	2021/2022	2020/2021
	Rs. '000	Rs. '000
Turnover	7,626,233	6,019,906
Profit / (Loss) Before Tax	2,336,166	519,307
Taxation	(71,210)	79,578
Profit / (Loss) After Tax	2,264,956	598,885
Minority Interest	(28,144)	(23,929)
Net Profit / (Loss) for the year	2,236,812	574,956
Transfer to General Reserves	(197)	(138)
Other adjustments	(4,806)	(10,785)
Profit Brought Forward	1,752,653	1,274,587
Ordinary Dividends Paid	(429,833)	(85,967)
Retained Earnings	3,554,629	1,752,653
Earnings Per Share	Rs. 26.02	Rs. 6.69
Dividends Per Share	Rs. 5.00	Rs. 1.00
Net Asset value Per Share	Rs. 56.31	Rs. 35.16

Market Value Per Share	2021/2022	2020/2021
Highest Value	23.08.2021 Rs. 58.00	25.11.2020 Rs. 37.80
Lowest Value	30.03.2022 Rs. 22.40	13.05.2020 Rs. 20.00
Market Value at Year End	31.03.2022 Rs. 27.00	31.03.2021 Rs. 27.30

Independent Auditor's Report

The Auditor's Report on the financial statements is on pages 78 to 81 in this report.

Accounting Policies

The Accounting Policies adopted in preparation of the financial statements are given from pages 86 to 103. There were no changes in Accounting Policies adopted by the Company during the year under review.

Property, Plant & Equipment

During the year under review the Group invested a sum of Rs. 892,405,741 /- (2021. Rs. 553,009,031/-) in Property, Plant & Equipment of which Rs. 278,468,151/- is in Freehold Land, Rs. 31,728,015/- is in Building on Freehold Land, Rs. 548,627,995/- is in Machinery & Equipment, Rs. 24,981,800/- is in Computer and other Equipment Rs. 8,599,780/- is in Furniture and fixtures.

Information relating to movement in Property, Plant & Equipment during the year is disclosed under Note 07 to the Financial Statement.

Investments

Details of long-term Investments held by the Company are given in Notes 10 to 12.2 to the Financial Statement.

Directors' Responsibilities

The Statement of the Directors' Responsibilities is given on page 77 of this report.

Corporate Governance

The Company has complied with the corporate governance rules laid down under the Listing Rules of the Colombo Stock Exchange, and a statement is disclosed on pages 10 to 14.

Dividend

During the year, the Company paid an interim dividend of Rs. 4.00 per share and declared a 2nd Interim dividend of Rs. 4.00 per share amounting to a total distribution of Rs. 687,733,360/- for the financial year ended 31.03.2022.

Reserves

The Reserves and Accumulated Profits as at 31st March 2022 amounted to Rs. 4,840,400,012/- vs

Rs. 3,022,181,154/- as at 31st March 2021. The breakup and the movement are shown in the Statement of Changes in Equity on page 84.

Stated Capital

As per the terms of the Companies Act No. 7 of 2007, the stated capital of the Company was Rs. 271,893,021/- as at 31 March 2022 and was unchanged during the year. The details are given in Note 19 to the Financial Statements on page 121.

Post Balance Sheet Events

There were no material events occurring after the Balance Sheet date that require adjustments, or disclosure in the Financial Statements other than those mentioned in Note 28 to the Financial Statements.

Statutory Requirements

The declaration relating to statutory requirements is made in the Statement of Directors' Responsibilities on page 77.

Interests Register

Details of the transactions with Director-related entities are disclosed in Note 25 to the Financial Statements on pages 126 to 127. These have been declared at the Board Meetings, pursuant to Section 192 (2) of the Companies Act No. 7 of 2007.

BOARD COMMITTEES

Audit Committee

Following are the names of the Independent Non Executive Directors appointed to the Audit Committee of the Board.

1. Ms. A. Coomaraswamy (Chairperson)
2. Mr. C. V. Kulatilaka

The report of the Audit Committee on page 15 sets out the mandate of the committee and the manner in which the company has complied with the requirements of

Rule 7.10.6 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance.

Related Party Transactions Review Committee

Following are the Directors appointed to the Related Party Transactions Review Committee of the Board.

1. Mr. C. V. Kulatilaka (Chairman) – Independent Non- Executive Director
2. Ms. A. Coomaraswamy – Independent Non-Executive Director
3. Mr. D. Warnakulasooriya – Non-Executive Director

The Related Party Transactions Review Committee was set up in compliance with section 9 of the Listing Rules of the Colombo Stock Exchange. The Objective of the Committee is to exercise oversight on behalf of the Board, that all Related Party Transactions are undertaken and disclosed in a manner consistent with the code of the Listing Rules. The Company's transactions with Related Parties are given in Note 25 to the Financial Statements. The related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee and have been dealt with in compliance with the Section 09 of the CSE Listing Rules.

Remuneration Committee

Following are the names of the two Independent Non-Executive Directors appointed to the Remuneration Committee of the Board.

1. Ms. A. Coomaraswamy (Chairperson)
2. Mr. C. V. Kulatilaka

The report of the Remuneration Committee on page 17 contains a statement of the remuneration policy relating to the Senior Management of the Company.

Share Information and Substantial Shareholdings

The distribution of Shareholdings, market value of shares and Twenty Largest Shareholders are given on pages 135 to 136.

The earnings per share, dividends per share and net assets per share are given in Financial Highlights on page 03 of this Annual Report.

Directors

The names of all Directors of the Company as at date are listed on page 01 in terms of Article 83(iii) of the Articles of Association of the Company. The following Directors retire and being eligible have offered themselves for re-appointment at this Annual General Meeting.

Mr. E. Chatoor

Ms. A. Coomaraswamy

Mr. C.V. Kulatilaka

Mr. Krishna Ravindran and Mr. Steven Mark Enderby were appointed to the Board on 30.09.2021, retire and being eligible have offered themselves for re-appointment.

In accordance with Section 211 of the Companies Act No 7 of 2007, Mr. Merrill J Fernando who is 92 years of age, Mr. D. Warnakulasooriya who is 83 years of age, Mr. K R Ravindran who is 70 years of age and Mr. A. N. Esufally who would reach the age of 70, retire and being eligible have offered themselves for re-appointment.

The details of the aggregate remuneration paid to the Executive and Non- Executive Directors during the financial year are given in Note 25.3 to the financial statements on page 127.

Directors' Shareholding

The interest of the Directors in the shares of the Company as at 31st March 2022 were as follows;

	No. of Ordinary Shares As at	
	31.03.2022	31.03.2021
Mr. M. J. Fernando	-	-
Mr. K. R. Ravindran	18,121,690	17,906,190
Mr. A. N. Esufally	4,515,830	4,015,830
Mr. E. Chatoor	3,247,500	2,747,500
Mr. D. Warnakulasooriya	1,167,260	1,167,260
Ms. A. Coomarasawamy	-	-
Mr. C. V. Kulatilaka	-	-
Mr. Krishna Ravindran (Director and Alternate Director to Managing Director Mr. K.R. Ravindran)	4,874,500	2,584,398
Mr. Steven Mark Enderby	-	-
Mr. Malik J. Fernando (Alternate Director to Chairman Mr. M. J. Fernando)	-	-

Independence of Directors

In accordance with Rule 7.10.3 of Colombo Stock Exchange Rules on Corporate Governance ('CSECG Rules'), Ms. A. Coomaraswamy, Mr. C. V. Kulatilaka and Mr. Steven Mark Enderby who are Independent Non-Executive Directors of the Company have submitted signed and dated declarations to the Board of their Independence.

Whereas the Board of Directors of Printcare PLC having declared that all Directors have made formal declaration of all their interests on an annual basis and having noted that Ms. A. Coomaraswamy has served on the Board of the Company continuously for a period exceeding nine years from the date of the first appointment, resolved, in terms of Rule no. 7.10.3 (a) of the listing rules of CSE, that based on the declarations made as noted above and notwithstanding that Ms. A. Coomaraswamy has completed more than 9 consecutive years as a Director, (nevertheless) considers her "Independent" given her impartial approach to the deliberations of the Board.

Employment

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

There have been no material issues pertaining to employees and industrial relations of the Company and the Group during the year.

Auditors

The resolutions to appoint the present Auditors, Messrs. Ernst & Young Chartered Accountants, who have expressed their willingness to continue in office, will be proposed at the Annual General Meeting. The Board on 08 August 2022 resolved to recommend to Shareholders the re- appointment of the Auditors.

The Audit fees and expenses paid to the Auditors is disclosed in the Note 4.5 on page 106 in this Annual Report.

As far as the Directors are aware, the Auditors do not have any relationship or interest in the Company.

The Audit Committee reviews the appointment of the Auditor, its effectiveness and its relationship with the Company including the level of audit and non-audit fees paid to the Auditor.

Notice of Meeting

The Annual General Meeting will be held at the registered office of the Company, Printcare PLC No. 77, Nungamugoda Road, Kelaniya via Zoom (Audio / Video - Virtual AGM) on 23 September 2022 at 10.00 a.m.

The Notice of the Annual General Meeting appears on page 137.

For and on behalf of the Board.



K. R. Ravindran
Director



Anushya Coomaraswamy
Director



Managers & Secretaries (Pvt) Ltd
Secretaries

31 August 2022.
Colombo

Statement of Directors' Responsibilities for Financial Statements

The Companies Act No.07 of 2007 requires Directors to ensure that the Company keeps proper books of accounts of all the transactions and prepare financial statements that give a true and fair view of the state of the Company's affairs and of the profit and loss for the year.

The Directors are also required to ensure that the financial statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards and provide the information required by the Companies Act 07 of 2007 and the Rules of the Colombo Stock Exchange. They are also responsible for taking reasonable measures to safeguard the assets of the Company, and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to prevention and detection of fraud and other irregularities.

The Directors are of the view that, these financial statements have been prepared under the generally accepted accounting principles and in accordance with the Sri Lanka Accounting Standards as laid down by the Institute of Chartered Accountants of Sri Lanka.

The Directors endeavor to ensure that the Company maintains sufficient records to be able to disclose with reasonable accuracy, the financial position of the Company and to be able to ensure that the financial statements of the Company meet with the requirements of the Companies Act, Sri Lanka Accounting Standards and the Rules of the Colombo Stock Exchange.

The Directors have reasonable expectation, after making enquiries and following a review of the Company's budget for the ensuing year including cash flows and borrowing facilities, that the Company has adequate resources to continue in operational existence for the foreseeable future, and therefore have continued to adopt the going concern basis in preparing the Accounts.

Messrs. Ernst & Young 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 meeting and express their opinion in their report on pages 78 to 81 of the Annual Report.

By Order of the Board
Printcare PLC



Managers & Secretaries (Private) Limited
Secretaries
Colombo
31 August 2022



Ernst & Young
Chartered Accountants
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Independent Auditor's Report To The Shareholders of Printcare PLC

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of The Printcare PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2022 and the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Key audit matters

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

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



Key audit matters common to both Group and the Company.

Key Audit Matter	How audit address the matter
<p>Existence and measurement of Inventories</p> <p>As at 31 March 2022, the carrying value of inventory amounted to Rs. 2.60Bn after considering an allowance of Rs. 48.8Mn for slow moving and obsolete inventory in accordance with its accounting policy, as disclosed Note 2.4.11 and 14 to the financial statements</p> <p>Existence and measurement of inventory was a key audit matter due to:</p> <ul style="list-style-type: none"> Materiality of the reported amount, which represents 22% of the Group's total assets. Significance of estimates used in measuring inventories at lower of cost and Net Realizable Value. The measurement of inventories include different components, the identification of which includes estimates in relation to the allocation of labour and overhead cost which are incurred in bringing the inventories to its present condition. 	<p>Our audit procedures amongst others included the following</p> <ul style="list-style-type: none"> Observed physical inventory counts and reconciled the count results to the inventory listings as at the period end Assessed the reasonableness of the estimates made in relation to the overhead allocation. Our procedures included checking the apportionments of allocation of direct labour, direct material and production overhead and assessing the appropriateness of overhead allocation basis used. Assessed the reasonableness of significant management judgements applied in determining allowance for slow-moving inventory. Tested whether inventories were stated at the lower of cost and net realizable value, by comparing cost with subsequent selling prices of such items. <p>We have also assessed the adequacy of the disclosures made in Note 2.4.11 and 14 to the financial statements.</p>
<p>Divestment of Associate and accounting for the gain on disposal.</p> <p>As disclosed in note 2.2.1, 11 and 25.6 the Group and Company divested 45% equity stake in its Associate r-Pac Printcare Lanka (Pvt) Ltd. This divestment resulted in a disposal gain of Rs. 989 Mn in the Group and Rs.997 Mn in the Company.</p> <p>The divestment of the Associate was a key audit matter due to the significance of the transaction and the related amount reported.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Obtained an understanding of the key contractual terms that are relevant to account for the divestment Checked the receipt of the sales proceed and the underlying calculation of the recognized gain arising from the transaction Assessed the adequacy of the related financial statement disclosures as set out in notes 2.2.1, 11 and 25.6 to the financial statements.



Other Information included in the 2022 Annual Report

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

Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify



our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1697.

31 August 2022
Colombo

EY202011232785

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

A member firm of Ernst & Young Global Limited

Statement of Profit or Loss and Other Comprehensive Income

For the Year ended 31 March

	Notes	Group		Company	
		2022	2021	2022	2021
		Rs.	Rs.	Rs.	Rs.
Revenue	4.1	7,626,233,124	6,019,905,743	1,910,423,336	1,701,944,962
Cost of Sales		(5,767,247,110)	(4,617,266,262)	(1,541,066,597)	(1,372,548,004)
Gross Profit		1,858,986,014	1,402,639,481	369,356,739	329,396,958
Other Operating Income	4.2	59,469,716	59,277,750	24,165,436	23,055,502
Distribution Costs		(205,432,598)	(182,280,480)	(22,488,847)	(27,023,215)
Administrative Expenses		(194,661,263)	(673,904,601)	(203,492,878)	(182,974,521)
Results from Operating Activities		1,518,361,869	605,732,150	167,540,450	142,454,724
Finance Income	4.3	25,900,394	1,562,659	82,877,009	83,754,457
Finance Costs	4.4	(260,847,931)	(151,211,158)	(72,517,884)	(58,693,743)
Gain on Disposal of Associate		989,965,065	-	997,473,167	-
Share of Associate Profit	11	62,786,339	63,223,553	8,137,180	-
Profit Before Tax	4.5	2,336,165,736	519,307,204	1,183,509,922	167,515,438
Income Tax (Expense)/Reversal	5.1	(71,209,873)	79,578,252	(48,187,319)	(30,766,489)
Profit for the Year		2,264,955,863	598,885,456	1,135,322,603	136,748,949
Other Comprehensive Income					
Other Comprehensive Income to be reclassified to profit or loss in subsequent periods					
Exchange Differences on Translation of Foreign Operations	20.2	17,035,120	2,249,973	-	-
		17,035,120	2,249,973	-	-
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods					
Actuarial Losses	22.2	(1,540,485)	(13,691,684)	(1,714,719)	(7,280,805)
Deferred Tax Effect on Actuarial Loss	5.3 & 5.4	252,081	2,099,830	265,984	1,110,068
Gain on Sale of Fair Value through Other Comprehensive Income Investments		-	68,001	-	-
Gain/(Loss) on Fair Value through Other Comprehensive Income Investments	20.3	(989,026)	1,129,513	52,573	268,714
		(2,277,430)	(10,394,340)	(1,396,162)	(5,902,023)
Other Comprehensive Income for the Year Net of Tax		14,757,690	(8,144,367)	(1,396,162)	(5,902,023)
Total Comprehensive Income for the Year Net of Tax		2,279,713,553	590,741,089	1,133,926,441	130,846,926
Profit Attributable to:					
Equity Holders of the Parent		2,236,812,213	574,956,138	1,135,322,603	136,748,949
Non - Controlling Interests		28,143,650	23,929,318	-	-
		2,264,955,863	598,885,456	1,135,322,603	136,748,949
Total Comprehensive Income Attributable to:					
Equity Holders of the Parent		2,251,910,130	567,258,408	1,133,926,441	130,846,926
Non - Controlling Interests		27,803,423	23,482,681	-	-
		2,279,713,553	590,741,089	1,133,926,441	130,846,926
Earning Per Share - Basic	6	26.02	6.69	13.21	1.59
Dividend Per Share		5.00	1.00	5.00	1.00

The accounting policies and notes on pages 86 through 132 form an integral part of the financial statements.

Statement of Financial Position

As at 31 March

		Group		Company	
	Notes	2022	2021	2022	2021
		Rs.	Rs.	Rs.	Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	7	3,764,776,726	3,268,534,880	865,363,240	912,418,982
Intangible Assets	8	66,837,675	68,306,068	2,413,634	3,298,677
Investment Property	9	-	-	42,628,808	45,395,704
Investment in Subsidiaries	10	-	-	280,807,420	280,807,420
Investment in Associate	11	-	131,902,688	-	-
Fair Value Through Other Comprehensive Income Investments	12.1&12.2	2,064,691	3,053,717	771,091	718,517
Right-of-Use Asset	13.1	93,726,712	114,507,260	-	-
Deferred Tax Assets	5.3	46,520,968	58,624,170	-	3,409,220
		3,973,926,772	3,644,928,783	1,191,984,193	1,246,048,520
Current Assets					
Inventories	14	2,603,912,418	1,661,033,959	671,929,971	565,839,297
Trade and Other Receivables	15	2,700,355,567	1,857,062,813	625,464,796	530,857,087
Loan Given to Related Party	12.3.4	-	-	480,000,000	-
Prepayments	16	49,171,913	27,480,338	34,046,379	20,401,541
Taxes Recoverable	17	192,220,777	116,490,048	33,007,717	10,835,040
Income Tax Receivable		1,224,320	-	-	-
Short Term Investments		503,466,254	-	88,161,510	-
Cash and Bank Balances	18	1,565,456,076	241,505,980	95,120,196	28,805,563
		7,615,807,325	3,903,573,138	2,027,730,569	1,156,738,528
Total Assets		11,589,734,097	7,548,501,921	3,219,714,762	2,402,787,048
EQUITY AND LIABILITIES					
Equity					
Stated Capital	19	271,893,021	271,893,021	271,893,021	271,893,021
Reserves	20	1,012,869,517	995,637,237	409,271,498	409,271,498
Retained Earnings		3,554,628,599	1,752,652,995	813,729,518	109,689,000
Fair Value Through Other Comprehensive Income Reserves	20.3	1,008,875	1,997,901	242,610	190,037
		4,840,400,012	3,022,181,154	1,495,136,647	791,043,556
Non Controlling Interest		214,193,166	190,111,946	-	-
Total Equity		5,054,593,178	3,212,293,100	1,495,136,647	791,043,556
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	12.3	1,992,064,880	1,380,842,888	679,987,087	556,596,670
Deferred Tax Liabilities	5.4	211,205,671	236,858,633	31,355,945	-
Employee Benefit Liabilities	22.2	228,765,691	215,184,749	109,546,023	103,787,021
		2,432,036,242	1,832,886,270	820,889,055	660,383,691
Current Liabilities					
Trade and Other Payables	23	1,429,743,076	1,068,735,636	413,451,254	306,127,279
Taxes Payable	24	62,872,332	58,616,892	1,209,810	1,209,812
Income Tax Payable		100,131,839	19,336,159	3,878,219	4,154,152
Interest Bearing Loans and Borrowings	12.3	2,510,357,430	1,356,633,864	485,149,777	639,868,558
		4,103,104,677	2,503,322,551	903,689,060	951,359,801
Total Equity and Liabilities		11,589,734,097	7,548,501,921	3,219,714,762	2,402,787,048

These financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.


R. Kishore Ignatius
Chief Financial Officer

The Board of Directors is responsible for these financial statements. Signed for and on behalf of the Board by:


K.R. Ravindran
Director


Anushya Coomaraswamy
Director

The accounting policies and notes on pages 86 through 132 form an integral part of the financial statements.

31 August 2022
Colombo

Statement of Changes In Equity

For the Year ended 31 March

Group	Attributable to Equity Holders of the Parent						Non Controlling Interests	Total Equity
	Stated Capital	Other Reserve	Exchange Translation Reserve	Retained Earnings	Fair Value Through Other Comprehensive Income Reserve	Total		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
As at 31 March 2020	271,893,021	1,000,548,001	(7,298,737)	1,274,586,743	1,160,388	2,540,889,416	155,494,007	2,696,383,423
Profit for the Year	-	-	-	574,956,138	-	574,956,138	23,929,318	598,885,456
Other Comprehensive Income/(Loss)	-	-	2,249,973	(11,077,216)	1,129,513	(7,697,730)	(446,637)	(8,144,367)
Shares Issued during the Year - To Non - Controlling Interest	-	-	-	-	-	-	17,375,000	17,375,000
Ordinary Dividends Paid	-	-	-	(85,966,670)	-	(85,966,670)	(6,239,742)	(92,206,412)
Transfers to Retained Earnings	-	138,000	-	(138,000)	-	-	-	-
Transfer to Other Reserves	-	-	-	292,000	(292,000)	-	-	-
As at 31 March 2021	271,893,021	1,000,686,001	(5,048,764)	1,752,652,995	1,997,901	3,022,181,154	190,111,946	3,212,293,100
Profit for the Year	-	-	-	2,236,812,213	-	2,236,812,213	28,143,650	2,264,955,863
Other Comprehensive Income/(Loss)	-	-	17,035,120	(948,177)	(989,026)	15,097,917	(340,227)	14,757,690
Disposal of Subsidiary	-	-	-	(3,857,922)	-	(3,857,922)	2,048,653	(1,809,269)
Ordinary Dividends Paid	-	-	-	(429,833,350)	-	(429,833,350)	(5,770,856)	(435,604,206)
Transfer to Other Reserves	-	197,160	-	(197,160)	-	-	-	-
As at 31 March 2022	271,893,021	1,000,883,161	11,986,356	3,554,628,599	1,008,875	4,840,400,012	214,193,166	5,054,593,178

Company	Stated Capital	Other Reserve	Retained Earnings	Fair Value through Other Comprehensive Income Reserve	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
	Rs.	Rs.	Rs.	Rs.	Rs.
As at 31 March 2020	271,893,021	409,271,498	65,077,458	(78,677)	746,183,301
Profit for the Year	-	-	136,748,949	-	136,748,949
Other Comprehensive Income/(Loss)	-	-	(6,170,737)	268,714	(5,902,023)
Ordinary Dividend Paid	-	-	(85,966,670)	-	(85,966,670)
As at 31 March 2021	271,893,021	409,271,498	109,689,000	190,037	791,043,556
Profit for the Year	-	-	1,135,322,603	-	1,135,322,603
Other Comprehensive Income / (Loss)	-	-	(1,448,735)	52,573	(1,396,162)
Ordinary Dividend Paid	-	-	(429,833,350)	-	(429,833,350)
As at 31 March 2022	271,893,021	409,271,498	813,729,518	242,610	1,495,136,647

The accounting policies and notes on pages 86 through 132 form an integral part of the financial statements.

Statement of Cash Flows

For the Year ended 31 March

		Group		Company		
	Notes	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	
Cash Flows From / (Used in) Operating Activities						
Profit Before Income Tax Expense		2,336,165,736	519,307,204	1,183,509,922	167,515,438	
Non-Cash Adjustment to Reconcile Profit/(Loss) Before Tax to Net Cash Flows:						
Depreciation of Property, Plant Equipment		7	363,193,948	287,864,359	69,295,744	70,454,212
Amortization of Intangible Assets		8	11,321,191	10,030,473	885,043	684,111
Amortization of Investment Property		9	-	-	2,861,047	2,861,047
Amortization of Right of Use Asset		13	20,780,548	19,501,399	-	-
(Profit) / Loss on Disposal of Property, Plant and Equipment		45	23,410,606	(115,740)	(447,756)	(115,740)
Share Issued during the year - To Non Controlling interest			-	17,375,000	-	-
Finance Costs		44	253,069,373	144,405,445	72,517,884	58,693,743
Finance Income on Lease Asset- Refundable Deposit		43	(85,657)	(40,638)	-	-
Finance Costs on Lease Liability		44	7,778,558	6,805,713	-	-
Finance Income		43	(25,814,736)	(1,522,021)	(82,877,009)	(83,754,457)
Provision for Employee Benefit Liability		22	16,284,957	33,279,314	6,911,708	15,777,461
Provision for Slow Moving Stocks		45	(4,372,248)	24,432,757	(6,401,954)	15,628,391
Gain On sale of Investments			(989,965,065)	-	(997,473,167)	-
Provision/(Reversal) of Impairment of Trade and Other Receivables		45	7,815,868	9,840,264	(282,492)	(142,821)
Share of Associate Profit		11	(62,786,339)	(63,223,553)	(8,137,180)	-
Unrealised Exchange (Profit)/ Loss		12.3.1	111,009,999	(30,910,690)	111,009,999	(3,453,125)
Operating Profit before Working Capital Changes			2,067,806,739	977,029,286	351,371,789	244,148,260
Working Capital Adjustment:						
(Increase)/ Decrease in Inventories			(938,506,211)	(155,439,686)	(99,688,721)	(128,209,062)
(Increase)/ Decrease in Trade and Other Receivables			(851,022,965)	(764,422,333)	(94,325,218)	(265,244,019)
(Increase)/ Decrease in Prepayments			(21,691,575)	25,126,779	(13,644,838)	(8,042,241)
(Increase)/Decrease in Tax Recoverable net of payable			(49,325,289)	35,909,280	(22,172,677)	8,525,142
Increase/ (Decrease) in Trade and Other Payables			361,007,440	538,013,176	107,323,975	21,613,611
Cash Generated From Operation			568,268,139	656,216,502	228,864,310	(127,208,309)
Finance Costs Paid			(233,925,023)	(137,316,390)	(66,998,832)	(53,131,873)
Employee Benefit Plan Costs Paid		22	(4,244,498)	(12,453,144)	(2,867,425)	(3,943,450)
Income Tax Paid			(27,086,193)	(53,059,489)	(13,432,103)	-
Net Cash Flows From Operating Activities			303,012,425	453,387,479	145,565,950	(184,283,632)
Cash Flows From Investing Activities						
Acquisition of Property, Plant and Equipment		7	(883,891,215)	(552,701,890)	(22,837,059)	(5,744,684)
Proceeds from Sale of Property, Plant and Equipment			1,044,814	22,733,838	1,044,813	22,522,945
Acquisition of Intangible Assets		8	(9,852,798)	(12,323,926)	-	(3,070,620)
Acquisition of Investment Property			-	-	(94,151)	-
Finance Income Received			25,814,736	1,522,021	82,877,009	83,754,457
Disposal of Subsidiary			(1,809,269)	-	-	-
Proceeds from Sale of Investment			1,184,654,092	392,000	1,184,654,092	-
Investment in Associate			-	-	(179,043,745)	-
Investment in Other Short term Invetments			(503,466,254)	-	(88,161,510)	-
Loans Given to Inter Companies			-	-	(480,000,000)	-
Net Cash Flows From/(Used in) Investing Activities			(187,505,894)	(540,377,957)	498,439,449	97,462,098
Cash Flows From Financing Activities						
Proceeds from Bank Loans		12.3.1	8,877,356,283	6,854,959,832	2,736,660,770	1,773,797,109
Repayment of Bank Loans		12.3.1	(7,169,174,486)	(6,504,269,585)	(2,844,454,564)	(1,582,479,260)
Repayment of Inter Company Loans			-	-	(10,000,000)	-
Lease Advance Paid			-	(18,815,083)	-	-
Lease Liability Paid		13.2	(23,732,996)	(22,853,000)	-	-
Ordinary Dividend Paid		21	(435,604,206)	(92,206,412)	(429,833,350)	(85,966,670)
Net Cash Flows From/(Used in) Financing Activities			1,248,844,595	216,815,752	(547,627,144)	105,351,179
Net Increase/(Decreased) in Cash and Cash Equivalents			1,364,351,126	129,825,274	96,378,255	18,529,645
Exchange Differences from translation of Foreign Operations			17,035,120	2,249,973	-	-
Cash and Cash Equivalents at the Beginning of the Year		18	157,851,323	25,776,076	(4,954,295)	(23,483,940)
Cash and Cash Equivalents at the End of the Year		18	1,539,237,569	157,851,323	91,423,960	(4,954,295)

The accounting policies and notes on pages 86 through 132 form an integral part of the financial statements.

Notes To The Financial Statements

Year ended 31 March 2022

1. CORPORATE INFORMATION

1.1 General

Printcare PLC is a limited liability company incorporated and domiciled in Sri Lanka whose shares are publicly traded on the Colombo Stock Exchange. The registered office and the principal place of business is located at No. 77, Nungamugoda Road, Kelaniya.

In the Annual Report of the Board of Directors and in the financial statements, "the Company" refers to Printcare PLC as the holding company and "the Group" refers to the companies whose accounts have been consolidated therein.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company and the other group companies were as follows;

The Holding Company	Activities
Printcare PLC	Manufacturing and printing of tea bag tags, envelopes and adhesive labels
Subsidiary Companies	
Printcare Universal (Pvt) Ltd.	Manufacturing and printing of Packing Materials, Specialising in Food-Grade Packaging
Printcare Packaging (Pvt) Ltd.	Manufacturing and Printing of Packing Materials, Specialising in Non Food-Grade Consumer Items
P C Universal Agencies (Pvt) Ltd	Indenting agency for selected materials, papers and specialised papers.
Printcare Premedia Services Ltd.	Graphic Design, Prepress, and Premedia Services

Printcare Secure Ltd.	Specialised Printing of Products with Security Features
Printcare India (Pvt) Ltd.	Manufacturing and Printing of tea bags tags and Envelopes
Veyron Media Services (Pvt) Ltd.	Graphic Design
Printcare Universal UK Ltd	Trading packing materials, specializing in Food Grade packaging
Printcare Digital Solutions (Pvt) Ltd	Providing Solutions for Printing and Packaging needs using Digital Technology
Printcare Eco (Pvt) Ltd	Manufacture and supply of paper canisters, paper containers using eco friendly material.
Associate Company	
r-Pac Printcare Lanka (Pvt) Ltd	Manufacture of hang tags, fabric care labels, self-adhesives labels, heat transfer labels and hardline packaging. During the year, the Group and Company has divested the 45% equity share of the associate company r-pac Printcare Lanka (pvt) ltd.

1.3 Directors' Responsibility Statement

The Board of Directors is responsible for the preparation and presentation of these financial statements.

1.4 Date of Authorization for Issue

The financial statements of the Company and the Group for the year ended 31 March 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 31 August 2022.

Notes To The Financial Statements

Year ended 31 March 2022

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS (hereafter referred as "SLFRS"), as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

2.1.1 Basis of Measurement

The financial statements of the Company and the Group presented in Sri Lanka rupees, have been prepared on an accrual basis and under the historical cost convention, except for Fair Value through other Comprehensive Income Investments that has been measured at fair value.

2.1.2 Statement of Compliance

The preparation and presentation of these financial statements are in compliance with the Companies Act No. 07 of 2007.

2.1.3 Going Concern

The Directors have made an assessment of the Company's and Group's ability to continue as a going concern and they do not intend either to liquidate or to cease the operations.

Having presented the outlook and after due consideration of the range and likelihood of outcomes, the Directors are satisfied that the Group/Company, have 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.

2.1.4 Comparative Information

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used previously.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries ("the Group") as at 31 March 2022.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to

Notes To The Financial Statements

Year ended 31 March 2022

the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

2.2.1 Investment in an Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

The Statement of Profit or Loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change

recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of the profit or loss of an associate is shown on the face of the Statement of Profit or Loss outside operating profit and represents profit or loss after tax. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in the Statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.2.2 Financial Year

All companies in the Group have a common financial year, which ends on 31 March except for r-Pac Printcare Lanka (Pvt) Ltd, the associate company, where the financial year ends on 31 December. The Management has made necessary adjustments to incorporate the impact of the difference in reporting period.

Notes To The Financial Statements

Year ended 31 March 2022

2.2.3 Country of Incorporation

All subsidiaries and associate are incorporated in Sri Lanka, except for the following:

Name of Subsidiary	Country of Incorporation	Reporting Currency
Printcare India (Pvt) Ltd.	India	Indian Rupees
Veyron Media Services (Pvt) Ltd.	India	Indian Rupees
Printcare Universal UK Ltd.	United Kingdom	Sterling Pounds

2.3 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Deferred Tax

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

(b) Transfer Pricing Regulation

The Group is subject to income taxes and other taxes including transfer pricing regulations. Prevailing uncertainties with respect to the interpretation of respective transfer pricing regulations necessitated using management judgement to determine the impact of transfer pricing regulations. Accordingly, critical judgements and estimates were used in applying the regulations in aspects including but not limited to identifying associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism. The current tax charge is subject to such judgements. Differences between estimated income tax charge and actual payable may arise as a result of management's interpretation and application of transfer pricing regulation.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change owing to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Employee Benefits

The cost as well as the present value of defined benefit plans - gratuity is determined using Actuarial Valuations. The Actuarial Valuation involves making assumptions about discount rates, future salary increases and other important related data. Due to the long-term nature of employee benefits, such estimates are subject to significant uncertainty. Further details of assumptions together with an analysis of their sensitivity as carried out by the management in relation to the above key assumptions and the results of the sensitivity analysis are given in Note 22.3 & 22.4.

Notes To The Financial Statements

Year ended 31 March 2022

(b) Useful Lives of Property, Plant and Equipment, Intangible Assets and Investment Property

The Group reviews the assets' residual values, useful lives and methods of depreciation or amortisation at each reporting date. Judgement by management is exercised in the estimation of these values, rates and methods.

(c) Impairment of Non-Financial Assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less cost of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market price less incremental costs of disposing of the asset. The Value in Use calculation is based on the discounted Cash Flow Model (DCF). The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected cash inflows and the growth rate used for extrapolation purpose.

2.4 Summary of Significant Accounting Policies

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements.

2.4.1 Foreign Currency Translation

The Group's consolidated financial statements are presented in Sri Lanka Rupees, which is also the Company's functional and presentation currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss arising from this method.

The functional currency is the currency of the primary economic environment in which the entities of the Group operate.

Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group at the functional currency spot rate as at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange as at the reporting date. All differences are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference.

Foreign Operations

The assets and liabilities of foreign operations are translated into Sri Lanka Rupees at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions.

The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the Statement of Profit or Loss.

2.4.2 Revenue Recognition

SLFRS 15 "Revenue from Contracts with Customers" outlines a single comprehensive model of accounting for revenue arising from

Notes To The Financial Statements

Year ended 31 March 2022

contracts with customers. It establish five-step model that will apply to revenue arising from contracts with customers.

Step 1: Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that create enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2: Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer that is distinct.

Step 3: Determine the transaction price: Transaction price is the amount of consideration to which the entity expects to be entitled to in exchange for transferring the promised goods and services to a customer, excluding amounts collected from third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the entity will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the entity expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

a) Sale of Goods

Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customer.

b) Rendering of Services

Revenue from rendering of services is recognised by reference to the stage of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured

reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

c) Interest Income

For all financial instruments and interest bearing financial assets measured at amortised cost, 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 recognised as the interest accrued unless collectability is in doubt. Interest income is included in finance income in the consolidated statement of profit or loss.

d) Dividend Income

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

e) Rental Income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term and is included in revenue due to its operating nature.

f) Others

Other income is recognised on an accrual basis.

Net Gains and losses on the disposal of property, plant & equipment have been accounted for in the Statement of Profit or Loss, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

Notes To The Financial Statements

Year ended 31 March 2022

2.4.3 Taxes

Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act.

Withholding tax on dividends received from subsidiaries is recognised as a tax expense in the Consolidated Statement of Profit or Loss

Deferred Tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except, when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or/and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is

probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised, except, when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss or/and in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures. Deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.4.4 Property, Plant and Equipment

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

Property, plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

When a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss in the year the asset is derecognised.

Depreciation is calculated on a straight line basis over the useful life of the assets as disclosed in Note 7.3.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

2.4.5 Investment Properties

Investment property is property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at its cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the value for subsequent accounting is the cost at the date of change. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change. Investment Properties are amortised over 25 years.

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Year ended 31 March 2022

2.4.6 Intangible Assets

Computer Software and Candela Learning Material

Acquired computer software licenses and Candela Learning Material are capitalised on the basis of the costs incurred to acquire and bring to use this asset and expenses incurred which are directly attributed for the development of the intangible asset. The costs relating to computer software licenses and Candela Learning Material are amortised over their estimated useful life of 5 years and 10 years respectively. Costs associated with carrying out the tasks are recognised as an expense as and when incurred.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets except Candela related expenses are not capitalised and expenditure is reflected in the statement of profit or loss in the year in which the expenditure is incurred.

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

2.4.7 Borrowing Costs

Borrowing costs are recognised as an expense in the year in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of that asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.4.8 Financial Assets and Financial Liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

2.4.8.1 Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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

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expedient are measured at the transaction price determined under SLFRS 15

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

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

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 recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

2.4.8.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

2.4.8.3 Financial assets at amortised cost (debt instruments)

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

The Group's financial assets at amortised cost includes trade receivables.

2.4.8.4 Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual Cash flows and selling

and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

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

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

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

The Group elected to classify irrevocably its Listed / Non-Listed equity investments under this category.

2.4.8.6 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business

model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

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2.4.8.7 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

The rights to receive cash flows from the asset have expired or

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either

- (a) the Group has transferred substantially all the risks and rewards of the asset, or
- (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4.8.8 Impairment of Financial Assets

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

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

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs.

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

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation,

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the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.4.8.9 Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

Subsequent Measurement

The measurement of financial liabilities depends on their classification as follows:

a) Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at

amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that is an integral part of the EIR. The EIR amortisation is included in finance costs in the consolidated statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

2.4.8.10 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

2.4.9 Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or

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- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 12.4.

2.4.10 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are

discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculations on detailed budgets and forecasts which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecasts generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash generating unit's recoverable amount. A previously recognised 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 recognised. 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 recognised for the asset in prior years.

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Such reversal is recognised in the consolidated 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.

2.4.11 Inventories

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

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

Raw Materials	- At Weighted Average Cost basis
Finished Goods	- At the cost of direct materials, direct labour and systematic allocation of production overheads based on machine hours. Production overheads are those indirect cost of production that remain relatively constant regardless of the volume of production, such as depreciation and maintenance of factory buildings and equipment, and the cost of factory management and administration.
Work in Progress	- At the cost of direct materials, direct labour and systematic allocation of production overheads based on machine hours. Production overheads are those indirect cost of production that remain relatively constant regardless of the volume of production, such as depreciation and maintenance of factory buildings and equipment, and the cost of factory management and administration.
Consumables & Spares	- At actual cost on Weighted Average Cost Basis
Goods in Transit	- At purchase cost

2.4.12 Cash and Short-Term Deposits

Cash and bank balance includes cash at bank and in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

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

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2.4.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.4.14 Employee Benefits

(a) Defined Benefit Plan – Gratuity

The Group measures the cost of Defined Benefit Plan-Gratuity; every financial year using the Projected Unit Credit Method with the advice of an actuary.

The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Actuarial gains and losses are recognised in Other Comprehensive Income in the period in which it arises. The item is stated under Employee Benefit Liability in the Consolidated Statement of Financial Position.

This is not an externally funded defined benefit plan.

(b) Defined Contribution Plans – Employees' Provident Fund & Employees' Trust Fund

All employees who are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions are covered by relevant contribution funds in line with respective statutes and regulations. The Group contributes 12% and 3% of gross emoluments of employees to the Employees' Provident Fund and Employees' Trust Fund respectively.

2.4.15 Right-of Use-Asset and Leases

The Group assesses at contract inception whether a contract is, or contains, a lease, that is, if the contract conveys that right to control the use of an identified asset for the period time in exchange for consideration.

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

The Group only reassesses whether a contract is, or contains, a lease subsequent to initial recognition if the terms and conditions of the contract are changed.

Right-of-Use-Assets

The Group recognises Right of Use Assets at the commencement date of the lease, when the underlying asset is available for use. Right of Use Assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of Lease Liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement

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date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised Right of Use Assets are depreciated on a straight line basis over the shorter of its estimated useful life or the lease term. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, amortisation is calculated using the estimated useful life of the asset. Right of Use Assets are subject to impairment.

Lease Liability

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

Short-term Leases and Leases of Low-value Assets.

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight line basis over the lease term.

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE.

The new and amended standards and interpretations that are issued, but not yet effective, to the date of issuance of the financial statements are disclosed below. The group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets : Onerous Contracts – Costs of Fulfilling a Contract

In 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets (LKAS 37) to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

Amendments to LKAS 16 Property, Plant & Equipment : Proceeds before Intended Use

In 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued LKAS 16 Property, Plant and Equipment —

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Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Amendments to SLFRS 3 Business Combinations : Updating a reference to conceptual framework

In 23 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 3 Business Combinations - Updating a Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

An exception was also added to the recognition principle of SLFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of LKAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, it was decided to clarify existing guidance in SLFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

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3. SEGMENT INFORMATION

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

The printing segment, which engages in Digital Printing, manufacturing and printing of tea bags and envelopes, exporting of printed papers and boards and printing of products with security features.

The packaging segment, which engages in manufacturing and printing of packing materials, printing and binding of books, magazines, brochures and catalogue, graphic design, prepress and providing premedia services.

No operating segments have been aggregated to form the above reportable operating segments.

The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Operating Segments

	Printing		Packaging		Group	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Segment Revenue						
Direct Exports	708,180,439	984,013,031	430,214,583	335,349,027	1,138,395,022	1,319,362,058
Indirect Exports	889,908,598	544,286,772	2,245,993,207	1,651,460,619	3,135,901,805	2,195,747,391
Local Sales	1,869,497,577	1,371,529,585	1,482,438,720	1,133,266,709	3,351,936,297	2,504,796,294
	<u>3,467,586,614</u>	<u>2,899,829,388</u>	<u>4,158,646,510</u>	<u>3,120,076,355</u>	<u>7,626,233,124</u>	<u>6,019,905,743</u>
Segment Results						
Profit Before Tax	1,183,570,999	165,078,786	1,152,594,737	354,228,418	2,336,165,736	519,307,204
Taxation	(51,505,627)	27,999,930	(19,704,246)	51,578,322	(71,209,873)	79,578,252
	<u>1,132,065,371</u>	<u>193,078,716</u>	<u>1,132,890,492</u>	<u>405,806,740</u>	<u>2,264,955,863</u>	<u>598,885,456</u>
Non Controlling Interest	(7,531,153)	(21,407,736)	(20,612,497)	(2,521,582)	(28,143,650)	(23,929,318)
Profit Attributable to Equity Holders of the Parent	<u>1,124,534,218</u>	<u>171,670,980</u>	<u>1,112,277,995</u>	<u>403,285,158</u>	<u>2,236,812,213</u>	<u>574,956,138</u>
Segment Assets						
Non-Current Assets	2,370,263,917	2,087,847,868	1,603,662,855	1,557,080,915	3,973,926,772	3,644,928,783
Current Assets	3,052,770,817	1,978,277,426	4,563,036,508	1,925,295,712	7,615,807,325	3,903,573,138
	<u>5,423,034,734</u>	<u>4,066,125,294</u>	<u>6,166,699,363</u>	<u>3,482,376,627</u>	<u>11,589,734,097</u>	<u>7,548,501,921</u>
Segment Liabilities						
Non-Current Liabilities	1,673,170,869	1,066,156,021	758,865,373	766,730,249	2,432,036,242	1,832,886,270
Current Liabilities	1,938,182,905	1,488,908,031	2,164,921,772	1,014,414,520	4,103,104,677	2,503,322,551
	<u>3,611,353,774</u>	<u>2,555,064,052</u>	<u>2,923,787,145</u>	<u>1,781,144,769</u>	<u>6,535,140,919</u>	<u>4,336,208,821</u>

Notes To The Financial Statements

Year ended 31 March 2022

Operating Segments	Printing		Packaging		Group	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.

3. SEGMENT INFORMATION (Contd..)

Other Information

Additions to Property, Plant, Equipment, Investment Property and Intangible Assets	535,402,341	412,195,643	358,341,672	152,830,173	893,744,013	565,025,816
Depreciation and Amortization	181,366,555	136,764,978	193,148,584	161,129,854	374,515,139	297,894,832
	716,768,896	548,960,621	551,490,256	313,960,027	1,268,259,152	862,920,648

Non-Cash Expenses

Provision for Bad & Doubtful Debts	5,254,539	1,759,597	2,561,329	8,080,667	7,815,868	9,840,264
Provision for Gratuity	12,308,396	19,736,933	3,976,561	13,542,381	16,284,957	33,279,314
Provision for Slow Moving Stocks	(5,750,918)	15,977,280	1,378,670	8,455,477	(4,372,248)	24,432,757
	11,812,017	37,473,810	7,916,560	30,078,525	19,728,577	67,552,335

Segment Revenue

	Printing	Packaging	Total Segment	Adjustments and Elimination	Consolidated
External Customers	3,536,375,194	4,283,640,401	7,820,015,595	(193,782,471)	7,626,233,124
Inter- Segment	32,959,595	365,237,641	398,197,236	(398,197,236)	-
Total	3,569,334,789	4,648,878,042	8,218,212,831	(591,979,707)	7,626,233,124

Group		Company	
2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.

4. REVENUE / OTHER INCOME AND EXPENSES

4.1 Revenue

Sale of Goods	7,626,233,124	6,019,905,743	1,910,423,336	1,701,944,962
Gross Revenue	7,626,233,124	6,019,905,743	1,910,423,336	1,701,944,962

4.1.1 Summary - Sale of Goods

Direct Exports	1,138,395,022	1,319,362,058	432,913,581	684,880,964
Indirect Exports	3,135,901,805	2,195,747,391	768,967,660	537,148,742
Local Sales	3,351,936,297	2,504,796,294	708,542,095	479,915,256
	7,626,233,124	6,019,905,743	1,910,423,336	1,701,944,962

4.2 Other Operating Income

Rent Income	-	-	14,955,360	14,955,360
IT Service Charges	-	921,193	5,187,600	6,340,345
Scrap Sales	45,420,270	25,609,331	4,022,476	1,759,797
Solar Power Income	14,049,446	14,109,026	-	-
Miscellaneous Income	-	18,638,200	-	-
	59,469,716	59,277,750	24,165,436	23,055,502

Notes To The Financial Statements

Year ended 31 March 2022

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
4. REVENUE / OTHER INCOME AND EXPENSES (Contd..)				
4.3 Finance Income				
Dividend Income	121,800	12,802	66,900,162	83,561,555
Interest Income	25,692,937	1,509,219	15,976,847	192,902
Interest on Right of Use Asset - Refundable Deposit	85,657	40,638	-	-
	25,900,394	1,562,659	82,877,009	83,754,457
4.4 Finance Costs				
Interest Expense on Overdrafts	3,531,415	6,436,060	1,043,305	3,169,941
Interest Expense on Loans and Borrowings	249,537,958	137,969,385	71,474,579	55,523,802
Interest Expense on Lease Creditor	7,778,558	6,805,713	-	-
	260,847,931	151,211,158	72,517,884	58,693,743
4.5 Profit is stated after charging / (crediting)				
Included in Cost of Sales				
Employee Benefits including the following;				
- Employee Benefit Plan Costs - Gratuity	5,262,344	13,926,214	1,965,952	4,861,709
- Defined Contribution Plan Costs - EPF & ETF	34,929,074	31,630,994	8,243,947	8,342,439
Other Staff Costs	621,435,330	498,505,303	125,598,208	117,031,673
Depreciation of Property, Plant & Equipment	320,013,788	246,605,385	56,820,198	55,613,746
Included in Administrative Expenses				
Employee Benefits including the following;				
- Employee Benefit Plan Costs - Gratuity	11,022,613	19,353,100	4,945,756	10,915,752
- Defined Contribution Plan Costs - EPF & ETF	46,979,890	39,877,044	9,963,302	8,527,586
Other Staff Costs	609,635,497	468,212,239	120,554,819	103,165,657
Depreciation of Property, Plant & Equipment	43,180,160	41,258,974	12,475,546	14,840,466
Amortization of Investment Property	-	-	2,861,047	2,861,047
Amortization of Intangible Assets	11,321,191	10,030,473	885,043	684,111
Exchange (Gain)/Loss	(848,806,618)	(137,729,285)	16,653,543	(13,038,443)
Loss / (Profit) on Sale of Property, Plant & Equipment	23,410,606	(115,740)	(447,756)	(115,740)
Auditors' Remuneration - Current Year	4,276,299	3,971,742	790,000	682,500
Provision for Slow Moving Stocks	(4,372,248)	24,432,757	(6,401,954)	15,628,391
Donations	30,861,966	694,170	103,180	89,861
Bad Debts Written Off	7,815,868	9,840,264	(282,492)	(142,821)
Directors' Fees	6,324,102	4,658,685	4,050,000	2,775,000
Included in Distribution Costs				
Transport and Vehicle Running Expenses	30,986,100	29,449,725	3,502,148	3,688,392
Sales Promotions	14,234,319	15,232,299	2,179,873	3,820,993

Notes To The Financial Statements

Year ended 31 March 2022

Group		Company	
2022	2021	2022	2021
Rs.	Rs.	Rs.	Rs.

5. INCOME TAX

The major components of income tax expense for the years ended 31 March 2022 and 31 March 2021 are :

5.1 Consolidated Statement of Profit or Loss

Current Income Tax:

Current Tax Expense on Ordinary Activities for the Year (Note 5.2)

Over Provision of Current Taxes in Respect of Prior Years

Deferred Income Tax:

Deferred Taxation Charge/(Reversal) (Note 5.3 and Note 5.4)

Income Tax Expense/(Reversal) reported in the Consolidated Statement of Profit or Loss

93,160,159	54,156,128	13,156,170	-
(240,368)	(815,970)	-	-
92,919,791	53,340,158	13,156,170	-
(21,709,918)	(132,918,410)	35,031,149	30,766,489
71,209,873	(79,578,252)	48,187,319	30,766,489

5.2 A Reconciliation between Tax Expense and the Product of Accounting Profit multiplied by the Statutory Tax Rate for the Years Ended 31 March 2022 and 2021 is as follows :

Accounting Profit Before Income Tax	2,336,165,736	519,307,204	1,183,509,922	167,515,438
Aggregate Dis-allowable Expenses	608,054,165	434,218,336	115,316,252	134,609,773
Aggregate Allowable Expenses	(2,306,621,211)	(655,185,582)	(1,065,147,589)	(20,836,604)
Income not Subject to Tax	(18,651,134)	(2,252,572)	(3,967,334)	(11,118,730)
Other Assessed Income	367,477,926	2,181,245	355,195,014	192,902
Taxable Profit	986,425,482	298,268,631	584,906,265	270,362,779
Set off Against Tax Profit	(581,495,810)	(484,690,683)	(453,344,529)	(270,362,779)
Taxable Profit/(Loss)	404,929,672	(186,422,052)	131,561,736	-
Adjusted Taxable Profit	601,305,321	205,919,880	131,561,736	-
Adjusted Taxable Loss	(196,375,649)	(392,341,932)	-	-
	404,929,672	(186,422,052)	131,561,736	-
Statutory Tax Rate - Business Profit	14% & 18%	14% - 18%	14% & 18%	14% - 18%
- Other Income	24%	24%	24%	24%
- Foreign Subsidiaries	25%	25%	-	-
Current Income Tax Expense	93,160,159	54,156,128	13,156,170	-
Tax Losses Brought forward	(933,454,077)	(1,231,722,707)	(707,695,805)	(978,058,584)
Net Movement	390,242,537	298,268,630	453,344,529	270,362,779
Tax Losses Carried forward	(543,211,540)	(933,454,077)	(254,351,276)	(707,695,805)

Notes To The Financial Statements

Year ended 31 March 2022

Group		Company	
2022	2021	2022	2021
Rs.	Rs.	Rs.	Rs.

5. INCOME TAX (Contd..)

5.3 Deferred Tax Asset and Income Tax related to the following:

Deferred Tax Liability Arising on:

Property Plant and Equipment	22,641,537	131,254,871	-	120,315,772
Net impact from right of Use Asset and Lease Creditor	2,131,648	3,052,170	-	-
	24,773,185	134,307,041	-	120,315,772

Deferred Tax Assets Arising on:

Defined Benefit Plans	(1,585,216)	(15,919,521)	-	(15,823,890)
Tax Loss Carried Forward	(69,708,937)	(177,011,690)	-	(107,901,102)
	(71,294,153)	(192,931,211)	-	(123,724,992)
	(46,520,968)	(58,624,170)	-	(3,409,220)

Balance Brought Forward

Transfer From Asset/ Liability	8,254,020	-	3,409,220	-
Deferred Income Tax Charge/(Credit)-Statement of Profit or Loss	4,231,653	(24,086,112)	-	30,766,489
Deferred Income Tax Charge/(Credit)-Statement of Other Comprehensive Income - On Actuarial Gain or Loss	(382,471)	(1,194,667)	-	(1,110,068)
	(46,520,968)	(58,624,170)	-	(3,409,220)

5.4 Deferred Tax Liability and Income Tax related to the following:

Deferred Tax Liability Arising on:

Property Plant and Equipment	337,817,690	246,549,130	113,708,051	-
Investment in Associate	-	8,997,349	-	-
	337,817,690	255,546,479	113,708,051	-

Deferred Tax Assets Arising on:

Defined Benefit Plans	(36,144,447)	(17,632,182)	(16,992,583)	-
Tax Loss Carried Forward	(89,715,487)	(340,826)	(65,359,523)	-
Net Impact from Right-of-Use Asset and Lease Liability	(752,085)	(714,838)	-	-
	(126,612,019)	(18,687,846)	(82,352,106)	-
	211,205,671	236,858,633	31,355,945	-

Balance Brought Forward

Transfer From Asset/ Liability	(8,254,020)	-	(3,409,220)	-
Deferred Income Tax Charge/(Credit)-Statement of Profit or Loss	(25,941,571)	(108,832,298)	35,031,149	-
Deferred Income Tax Charge/(Credit)-Statement of Other Comprehensive Income - On Actuarial Gain or Loss	130,390	(905,163)	(265,984)	-
Exchange Translation Difference	8,412,238	1,545,078	-	-
	211,205,671	236,858,633	31,355,945	-

Notes To The Financial Statements

Year ended 31 March 2022

6. EARNINGS PER SHARE

- 6.1 Basic/Diluted Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the Earnings Per Share computations.

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Amount Used as the Numerator:				
Net Profit attributable to Ordinary Equity Holders of the Parent for Basic Earnings	2,236,812,213	574,956,138	1,135,322,603	136,748,949
Number of Ordinary Shares Used as the Denominator:	Number	Number	Number	Number
Weighted Average Number of Ordinary Shares at the Beginning of the Year	85,966,670	85,966,670	85,966,670	85,966,670
Weighted Average Number of Ordinary Shares at the End of the Year	85,966,670	85,966,670	85,966,670	85,966,670
Earning Per Share - Basic	26.02	6.69	13.21	1.59

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

Notes To The Financial Statements

Year ended 31 March 2022

7. PROPERTY, PLANT AND EQUIPMENT

7.1 Group

7.1.1 Gross Carrying Amount

At Cost

	Balance as at 01.04.2021 Rs.	Additions Rs.	Disposals/ Transfers Rs.	Balance as at 31.03.2022 Rs.
Freehold Land	301,620,615	278,468,151	-	580,088,766
Buildings on Freehold Land	627,248,013	31,728,015	-	658,976,028
Plant and Machinery	4,276,442,902	455,941,585	(102,470,187)	4,629,914,300
Furniture and Fittings	48,080,589	8,599,780	(294,217)	56,386,152
Office Equipment	112,174,854	24,981,800	-	137,156,654
Factory Equipment	419,205,661	92,686,410	(5,692,141)	506,199,930
Motor Vehicles	36,375,230	-	-	36,375,230
Total Gross Carrying Amount	5,821,147,864	892,405,741	(108,456,545)	6,605,097,060

Work in Progress

Buildings	5,504,410	2,662,655	(5,504,410)	2,662,655
Plant and Machinery	5,773,513	-	(5,672,772)	100,741
	11,277,923	2,662,655	(11,177,182)	2,763,396
	5,832,425,787	895,068,396	(119,633,727)	6,607,860,456

7.1.2 Depreciation

Accumulated Depreciation

	Balance as at 01.04.2021 Rs.	Charge for the year Rs.	Disposals/ Transfers Rs.	Balance as at 31.03.2022 Rs.
Buildings on Freehold Land	233,019,242	24,891,866	-	257,911,108
Plant and Machinery	1,949,114,804	287,909,531	(79,815,199)	2,157,209,136
Furniture and Fittings	34,906,800	3,500,504	(196,192)	38,211,112
Office Equipment	93,959,884	8,679,519	-	102,639,403
Factory Equipment	228,480,753	34,222,179	(3,989,734)	258,713,198
Motor Vehicles	24,409,424	3,990,350	-	28,399,774
Total Depreciation	2,563,890,907	363,193,949	(84,001,125)	2,843,083,731

Notes To The Financial Statements

Year ended 31 March 2022

7. PROPERTY, PLANT AND EQUIPMENT (Contd..)

7.1 Group (Contd..)

7.1.3 Net Book Values

At Cost

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Freehold Land	580,088,766	301,620,615
Buildings on Freehold Land	401,064,920	394,228,771
Plant and Machinery	2,472,705,164	2,327,328,098
Furniture and Fittings	18,175,040	13,173,789
Office Equipment	34,517,251	18,214,970
Factory Equipment	247,486,733	190,724,908
Motor Vehicles	7,975,456	11,965,806
	3,762,013,330	3,257,256,957
Add: Work in Progress		
Building	2,662,655	5,504,410
Plant and Machinery	100,741	5,773,513
Total Carrying Amount of Property, Plant and Equipment	3,764,776,726	3,268,534,880

7.2 Company

7.2.1 Gross Carrying Amount

At Cost

	Balance as at 01.04.2021 Rs.	Additions/ Transfers Rs.	Disposals/ Transfers Rs.	Balance as at 31.03.2022 Rs.
Freehold Land	130,000,000	-	-	130,000,000
Buildings on Freehold Land	183,444,528	244,649	-	183,689,177
Plant and Machinery	1,072,541,007	-	-	1,072,541,007
Furniture and Fittings	18,333,361	449,094	(294,217)	18,488,238
Office Equipment	55,787,683	19,377,200	-	75,164,883
Factory Equipment	104,363,766	2,766,117	(2,583,377)	104,546,506
Motor Vehicles	14,873,501	-	-	14,873,501
Total Gross Carrying Amount	1,579,343,846	22,837,060	(2,877,594)	1,599,303,312

7.2.2 Depreciation

Accumulated Depreciation

	Balance as at 01.04.2021 Rs.	Charge for the Year Rs.	Disposals/ Transfers Rs.	Balance as at 31.03.2022 Rs.
Buildings on Freehold Land	65,484,406	7,434,443	-	72,918,849
Plant and Machinery	451,456,338	50,218,595	-	501,674,933
Furniture and Fittings	14,431,588	1,408,168	(196,192)	15,643,564
Office Equipment	51,409,924	2,661,265	-	54,071,189
Factory Equipment	70,240,777	6,601,603	(2,084,344)	74,758,036
Motor Vehicles	13,901,831	971,670	-	14,873,501
Total Depreciation	666,924,864	69,295,744	(2,280,536)	733,940,072

Notes To The Financial Statements

Year ended 31 March 2022

7. PROPERTY, PLANT AND EQUIPMENT (Contd..)

7.2 Company (Contd...)

7.2.3 Net Book Values

At Cost

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Freehold Land	130,000,000	130,000,000
Buildings on Freehold Land	110,770,328	117,960,122
Plant and Machinery	570,866,074	621,084,669
Furniture and Fittings	2,844,674	3,901,773
Office Equipment	21,093,694	4,377,759
Factory Equipment	29,788,470	34,122,989
Motor Vehicles	-	971,670
Total Carrying Amount of Property, Plant and Equipment	865,363,240	912,418,982

7.3 The useful lives of the assets is estimated as follows;

Group

	2022	2021
Buildings	7 - 60 Years	7 - 60 Years
Plant and Machinery	6 ² / ₃ - 40 Years	6 ² / ₃ - 40 Years
Motor Vehicles	5 - 8 Years	5 - 8 Years
Furniture and Fittings	6 ² / ₃ - 10 Years	6 ² / ₃ - 10 Years
Office Equipment	5 Years	5 Years
Factory Equipment	5 - 20 Years	5 - 20 Years

Company

	2022	2021
Buildings	25 Years	25 Years
Plant and Machinery	6 ² / ₃ -20 Years	6 ² / ₃ -20 Years
Motor Vehicles	5 Years	5 Years
Furniture and Fittings	6 ² / ₃ Years	6 ² / ₃ Years
Office Equipment	5 Years	5 Years
Factory Equipment	10 Years	10 Years

7.4 'During the year the Group and the Company acquired property, plant and equipment to the aggregate value of Rs.883,891,215/- and Rs. 22,837,059/- respectively for cash. (2021 -Rs. 552,701,890/- and Rs. 5,744,684/-).

7.5 Property, Plant and Equipment includes fully depreciated assets of Group and Company having a original cost of Rs. 560,816,518/- and Rs.298,715,527/- (2021 - Rs. 518,301,691/- and Rs.275,413,339/-).

7.6 Building value details

Address	Extent (SQFT)	No of Building	Valuation
Group			
No 77, Nungamugoda Road, Kelaniya	157,860	4	2,288,970,000
10, Sangothipalayam, Arasur(PO), Coimbatore	31,014	1	88,616,397*
No 21, Pushparama RoadI, Pahala Biyanwila, Kadawatha	48,891	1	708,919,500
* Based on Net Book Value			
Company			
No 77, Nungamugoda Road, Kelaniya	31,940	1	463,130,000

Notes To The Financial Statements

Year ended 31 March 2022

8. INTANGIBLE ASSETS

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Cost				
As at 1 April	169,419,486	157,095,560	57,127,628	54,057,008
Additions During the Year	9,852,798	12,323,926	-	3,070,620
As at 31 March	179,272,284	169,419,486	57,127,628	57,127,628
Amortization				
As at 1 April	101,113,418	91,082,945	53,828,951	53,144,840
Amortization During the Year	11,321,191	10,030,473	885,043	684,111
As at 31 March	112,434,609	101,113,418	54,713,994	53,828,951
Net Book Value	66,837,675	68,306,068	2,413,634	3,298,677

Intangible assets include SAP ERP ECC6, Tally ERP 9, Hsenid HRIS Module Version 6 and Candela Learning Materials which are amortized over 05- 10 years.

9. INVESTMENT PROPERTY

Cost				
As at 1 April	-	-	70,596,681	70,596,681
Additions During the Year	-	-	94,151	-
As at 31 March	-	-	70,690,832	70,596,681
Amortization				
As at 1 April	-	-	25,200,977	22,339,930
Amortization During the Year	-	-	2,861,047	2,861,047
As at 31 March	-	-	28,062,024	25,200,977
Net Book Value	-	-	42,628,808	45,395,704

9.1 Details Of Investment Property

Fair Value of the Investment Property

Company	Building Sq.Ft.	Number of Building	2022 Rs.	2021 Rs.
Address				
No. 77, Nungamugoda Road, Kelaniya				
Value has been determined based on the Open Market Valuation method done by a professional valuer, S.I.P Indaka AIV	37,620	01	545,490,000	211,612,500
Summary Results of Investment Property			2022 Rs.	2021 Rs.
Rent Income			14,955,360	14,955,360
Expenses incurred During the year			-	-
Net Income			14,955,360	14,955,360

Notes To The Financial Statements

Year ended 31 March 2022

Company

Fair Value of the Investment Property	2022 Rs	Level 1 Rs	Level 2 Rs	Level 3 Rs	2021 Rs	Level 1 Rs	Level 2 Rs	Level 3 Rs
Fair Value of the Investment Property								
Investment Property	545,490,000	545,490,000	-	-	211,612,500	211,612,500	-	-
	545,490,000	545,490,000	-	-	211,612,500	211,612,500	-	-

10. INVESTMENTS IN SUBSIDIARIES

10.1. Company

	% Holding		No of Shares		Cost	
	2022	2021	2022	2021	2022 Rs.	2021 Rs.
Printcare Universal (Pvt) Ltd	100%	100%	4,320,000	4,320,000	43,200,000	43,200,000
Printcare Premedia Services Ltd	65%	65%	3,250,004	3,250,004	32,500,040	32,500,040
Printcare Secure Ltd	78.5%	78.5%	9,533,077	9,533,077	76,500,000	76,500,000
Printcare India (Pvt) Ltd	100%	100%	527,308	527,308	128,107,400	128,107,400
PC Universal Agencies (Pvt) Ltd	100%	100%	49,998	49,998	499,980	499,980
					280,807,420	280,807,420

11. INVESTMENTS IN ASSOCIATE

The Group had invested in a 45% interest in R-Pac Printcare Lanka (Pvt) Ltd, which is involved in the manufacture of hand tags, fabric care labels, self-adhesives labels, heat transfer labels and hardlines packaging for export. R-Pac Printcare Lanka (Pvt) Ltd was incorporated and domiciled in Sri Lanka.

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Group's carrying amount of the investment as at 01 April	131,902,688	68,679,135	-	-
Share Purchased During the year	-	-	179,043,745	-
Group Share of Profit for the Year	62,786,339	63,223,553	8,137,180	-
Divestment during the year (Note 25.6)	(194,689,027)	-	(187,180,925)	-
Group's carrying amount of the investment as at 31 March	-	131,902,688	-	-

12. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

12.1 Group

12.1.1 Fair Value through Other Comprehensive Income Investments	No. of Shares	Fair Value	No. of Shares	Fair Value
	2022	2022	2021	2021
	Number	Rs.	Number	Rs.
Quoted Equity Shares				
Taj Lanka Hotels PLC	58,416	771,091	58,416	718,517
Hemas Holdings PLC	28,000	1,293,600	28,000	2,335,200
Total Fair Value through Other Comprehensive Income Investments		2,064,691		3,053,717

Notes To The Financial Statements

Year ended 31 March 2022

12. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Contd..)

12.2 Company

12.2.2 Fair Value through Other Comprehensive Income Investments	No. of Shares	Fair Value	No. of Shares	Fair Value
	2022	2022	2021	2021
	Number	Rs.	Number	Rs.
Quoted Equity Shares				
Taj Lanka Hotels PLC	58,416	771,091	58,416	718,517
Total Fair Value through Other Comprehensive Income Investments		771,091		718,517

12.3 Interest Bearing Loans and Borrowings

	2022 Amount Repayable Within 1 Year Rs.	2022 Amount Repayable After 1 Year Rs.	2022 Total Rs.	2021 Amount Repayable Within 1 Year Rs.	2021 Amount Repayable After 1 Year Rs.	2021 Total Rs.
Group						
Bank Loans (Note 12.3.1)	2,465,976,321	1,923,712,061	4,389,688,382	1,257,024,766	1,294,327,470	2,551,352,236
Bank Overdrafts (Note 18.2)	26,218,507	-	26,218,507	83,654,657	-	83,654,657
Lease Liabilities (Note 13.2)	18,162,602	68,352,819	86,515,421	15,954,441	86,515,418	102,469,859
	2,510,357,430	1,992,064,880	4,502,422,310	1,356,633,864	1,380,842,888	2,737,476,752
Company						
Bank Loans (Note 12.3.1)	481,453,541	679,987,087	1,161,440,628	596,108,700	556,596,670	1,152,705,370
Bank Overdrafts (Note 18.2)	3,696,236	-	3,696,236	33,759,858	-	33,759,858
Related Party Loan (Note 12.3.3)	-	-	-	10,000,000	-	10,000,000
	485,149,777	679,987,087	1,165,136,864	639,868,558	556,596,670	1,196,465,228

12.3.1 Bank Loans

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
As at 1 April	2,551,352,236	2,224,483,624	1,152,705,370	969,278,776
Loans Granted During the Year	8,877,356,283	6,854,959,832	2,736,660,770	1,763,797,109
Less: Repayments	(7,169,174,486)	(6,504,269,585)	(2,844,454,564)	(1,582,479,260)
Exchange (Gain)/ Loss	111,009,999	(30,910,690)	111,009,999	(3,453,125)
Add: Accrued Interest	19,144,350	7,089,055	5,519,053	5,561,870
As at 31 March	4,389,688,382	2,551,352,236	1,161,440,628	1,152,705,370

Notes To The Financial Statements

Year ended 31 March 2022

12. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Contd..)

12.3 Interest Bearing Loans and Borrowings (Contd..)

12.3.2 Bank Loans-Repayment Terms

Company	Lending Institution	Nature of Facility	Interest Rate	Repayment Terms	2022 Rs.	2021 Rs.
Printcare PLC	National Development Bank PLC	Term Loan USD 1,570,367	1 M LIBOR + Margin	Yearly Instalment of USD 314,200 Matures on May 2026	392,421,575	314,073,444
Printcare PLC	Commercial Bank of Ceylon PLC	Term Loan LKR 300 Mn	Fixed Rate	Equal Instalments of LKR 5,000,000 Matures on March 2028	300,000,000	300,000,000
Printcare PLC	People's Bank	Term Loan LKR 100 Mn	Fixed Rate	Equal Instalment of LKR 3,333,333 Matures on March 2025	100,000,000	-
Printcare Universal (Pvt) Ltd	Commercial Bank of Ceylon PLC	Term Loan LKR 500Mn	Fixed Rate	Equal Instalment of LKR 8,333,333 and 1 instalment of LKR8,333,353 Matures on March 2028	500,000,000	500,000,000
Printcare Digital Solutions (pvt) Ltd	Commercial Bank of Ceylon PLC	Term Loan LKR 300 Mn	AWPLR+ Margin	Equal Instalment of LKR 4,166,666 and 1 instalment of LKR4,166,714 Matures on December 2027	287,500,002	229,752,185
Printcare Packaging (Pvt) Ltd	Hatton National Bank PLC	Term Loan LKR 60 Mn	AWPLR+ Margin	Equal Instalment of LKR 1,000,000 Matures on March 2022	-	13,000,000
Printcare Secure Ltd	Hatton National Bank PLC	Term Loan LKR 50 Mn	AWPLR+ Margin	Equal Instalment of LKR 840,000 Matured on June 2021	-	2,120,000
Printcare Secure Ltd	DFCC Bank PLC	Term Loan LKR 48.5 Mn	Fixed Rate	Equal Instalment of LKR 456,990 Matures on November 2022	3,655,850	9,139,730
Printcare Secure Ltd	Commercial Bank of Ceylon PLC	Term Loan LKR 250 Mn	Fixed Rate	Equal Instalment of LKR 4,166,666 and 1 instalment of LKR4,166,714 Mature on April 2028	250,000,000	-
Printcare Secure Ltd	People's Bank	Term Loan LKR 150 Mn	Fixed Rate	Equal Instalment of LKR 5,000,000 Mature on April 2025	150,000,000	-
Printcare Premedia Services Ltd	Commercial Bank of Ceylon PLC	Term Loan LKR 20 Mn	Fixed Rate	Equal Instalment of LKR 555,556 Mature on March 2024	13,333,340	-
Printcare Premedia Services Ltd	People's Bank	Term Loan LKR 50 Mn	Fixed Rate	Equal Instalment of LKR 1,666,667 Mature on December-2024	50,000,000	-

Asset pledge details has been given in Note 27.

Company

12.3.3 Loans Obtained From Related Party

	Balance as at 01.04.2021 Rs.	Loans Obtained Rs.	Loans Repaid Rs.	Balance as at 31.03.2022 Rs.
Printcare Universal (Pvt) Ltd	10,000,000	-	(10,000,000)	-
	10,000,000	-	(10,000,000)	-

12.3.4 Loan Given to Related Party

	Balance as at 01.04.2021 Rs.	Loans Obtained Rs.	Balance as at 31.03.2022 Rs.
Printcare Universal (Pvt) Ltd	-	480,000,000	480,000,000
	-	480,000,000	480,000,000

Notes To The Financial Statements

Year ended 31 March 2022

12. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Contd..)

12.4 Fair Values

The fair values of the financial assets and liabilities are assessed at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. There is no difference between carrying amounts and fair values of the Group's and Company's financial assets and liabilities.

The following methods were used to estimate the fair values.

- A. Long-term receivables/borrowings are evaluated by the Company based on parameters such as interest rates, risk characteristics of the financed project etc. As at 31 March 2022, the carrying amounts of such borrowings are not materially different from their calculated fair values.
- B. Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- C. Fair values of the unquoted ordinary shares have been estimated using net assets of the investee company.
- D. Fair values of remaining available for sale financial assets are derived from quoted market prices in active markets

12.5 Fair Value Hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Fair values are determined according to the following hierarchy.

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

As at 31 March 2022, the Group or/and the Company held the following financial instruments carried at fair value on the statement of financial position.

Group

Assets Measured at Fair Value	2022 Rs	Level 1 Rs	Level 2 Rs	Level 3 Rs	2021 Rs	Level 1 Rs	Level 2 Rs	Level 3 Rs
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Fair Value through Other Comprehensive Income Investments

Quoted Equity Shares	2,064,691	2,064,691	-	-	3,053,717	3,053,717	-	-
	2,064,691	2,064,691	-	-	3,053,717	3,053,717	-	-

Company

Assets Measured at Fair Value	2022 Rs	Level 1 Rs	Level 2 Rs	Level 3 Rs	2021 Rs	Level 1 Rs	Level 2 Rs	Level 3 Rs
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Fair Value through Other Comprehensive Income Investments

Quoted Equity Shares	771,091	771,091	-	-	718,517	718,517	-	-
	771,091	771,091	-	-	718,517	718,517	-	-

During the reporting period ending 31 March 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Notes To The Financial Statements

Year ended 31 March 2022

13. RIGHT-OF-USE OF LEASED ASSETS AND RELATED LEASE LIABILITIES

13.1 Right-of-Use of Leased Assets

Cost

As at 1 April

Additions during the Year

As at 31 March

Amortization

As at 1 April

Amortisation during the period

As at 31 March

Carrying Value as at 31 March

Group	
2022	2021
Rs.	Rs.
147,201,548	52,971,475
-	94,230,073
147,201,548	147,201,548
32,694,288	13,192,889
20,780,548	19,501,399
53,474,836	32,694,288
93,726,712	114,507,260

13.2 Related Lease Liabilities

As at 1 April

Additions during the Year

Accretion of interest

Payments

As at 31 March

Current

Non Current

102,469,859	43,142,795
-	75,374,351
7,778,558	6,805,713
(23,732,996)	(22,853,000)
86,515,421	102,469,859
18,162,602	15,954,441
68,352,819	86,515,418

13.3 Amounts recognised in Profit or Loss:

Depreciation expense of Right-of-Use of Leased Assets

Interest expense on Lease Liabilities

Expenses Relating to Short-Term Leases and Low Value Assets

Total amount recognised in Profit or Loss

20,780,548	19,501,399
7,778,558	6,805,713
37,236,756	18,070,703
65,795,862	44,377,815

Notes To The Financial Statements

Year ended 31 March 2022

14. INVENTORIES

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Raw Materials	1,990,197,271	1,237,514,839	486,122,460	411,164,938
Work-in-Progress	109,961,924	65,692,690	47,389,471	28,740,590
Finished Goods	105,040,899	93,614,371	35,722,432	33,577,026
Goods-in-Transit	165,799,990	111,270,886	22,232,256	21,159,459
Consumables and Spares	281,725,893	205,154,252	96,884,098	94,019,984
	2,652,725,977	1,713,247,038	688,350,717	588,661,997
Less: Allowance for Obsolete and Slow Moving Inventory	(48,813,559)	(52,213,079)	(16,420,746)	(22,822,700)
Total Inventories at the lower of Cost and Net Realisable Value	2,603,912,418	1,661,033,959	671,929,971	565,839,297

15. TRADE AND OTHER RECEIVABLES

Trade Debtors - Related Parties (Note 15.1)	-	-	30,384,746	19,411,465
- Others	2,583,648,727	1,765,231,926	531,777,056	495,080,727
Less: Provision for Doubtful Debts (Note 15.5)	(16,155,145)	(16,186,516)	(14,754)	(442,589)
	2,567,493,582	1,749,045,410	562,147,048	514,049,603
Other Debtors - Others	76,036,680	58,113,691	10,271,840	3,088,075
- Related Parties (Note 15.2)	-	-	51,865,690	12,461,943
Advances	54,707,705	47,039,712	222,618	293,466
Loans to Company Officers (Note 15.3)	2,117,600	2,864,000	957,600	964,000
	2,700,355,567	1,857,062,813	625,464,796	530,857,087

15.1 Trade Receivable from Related Parties

	Relationship	Company	
		2022 Rs.	2021 Rs.
P C Universal Agencies (Pvt) Ltd	Subsidiary	22,082,557	15,028,706
Printcare Universal (Pvt) Ltd	Subsidiary	4,344,902	484,287
Printcare Secure Ltd	Subsidiary	221,282	44,696
Printcare Universal UK Ltd	Sub- Subsidiary	323,255	229,329
Printcare Digital Solutions (Pvt) Ltd	Sub- Subsidiary	3,412,750	3,624,447
		30,384,746	19,411,465

15.2 Other Receivable from Related Parties

Printcare Universal (Pvt) Ltd.	Subsidiary	24,958,741	8,378,860
Printcare Packaging (Pvt) Ltd.	Sub- Subsidiary	-	1,952,343
Printcare Premedia Services Ltd.	Subsidiary	1,015,100	579,348
Printcare Secure Ltd.	Subsidiary	4,922,427	1,551,392
Printcare Digital Solutions (Pvt) Ltd	Sub- Subsidiary	17,375,313	-
P C Universal Agencies (Pvt) Ltd	Subsidiary	3,594,109	-
		51,865,690	12,461,943

Notes To The Financial Statements

Year ended 31 March 2022

15. TRADE AND OTHER RECEIVABLES (Contd..)

15.3 Loans to Company Officers

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
As at 1 April	2,864,000	770,900	964,000	770,900
Loans Granted during the Year	3,109,000	2,373,000	1,109,000	473,000
Repayments	(3,855,400)	(279,900)	(1,115,400)	(279,900)
As at 31 March	2,117,600	2,864,000	957,600	964,000

15.4 Trade Receivables are non-interest bearing and are generally on terms of 30-120 days,

	Total	Neither past due nor Impaired	Past due but not Impaired					Past due and Impaired
			< 30 days	30 - 60 days	61 - 90 days	91 - 120 days	> 120 days	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Group								
2022	2,583,648,727	1,480,375,282	649,054,888	207,945,380	123,498,210	73,973,811	32,646,011	16,155,145
2021	1,765,231,926	372,354,819	552,756,169	362,082,063	184,674,513	163,114,188	114,063,658	16,186,516
Company								
2022	562,161,802	317,055,474	178,893,047	27,455,789	10,555,439	14,348,161	13,839,138	14,754
2021	514,492,192	183,221,435	117,733,365	74,649,476	42,220,464	69,525,925	26,698,938	442,589

15.5 Loss allowance reconciliation - Trade and Other Receivables

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Opening Balance	16,186,516	7,979,472	442,589	848,489
Debtors Written off During the Period	-	(1,593,734)	-	(263,079)
Debtors Provision/ (Reversal) During the Period	(31,371)	9,800,778	(427,835)	(142,821)
Closing Balance	16,155,145	16,186,516	14,754	442,589

16. PREPAYMENTS

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Prepayments	49,171,913	27,480,338	34,046,379	20,401,541
	49,171,913	27,480,338	34,046,379	20,401,541

Prepayments include SAP Annual Maintenance Fees, Insurance Premia etc.

Notes To The Financial Statements

Year ended 31 March 2022

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
17. TAXES RECOVERABLE				
Value Added Tax	175,200,314	99,349,906	33,007,717	5,948,782
Nation Building Tax	-	8,680	-	8,680
Economic Service Charge	16,356,583	14,346,892	-	4,646,988
Withholding Tax Receivable	663,880	2,784,570	-	230,590
	192,220,777	116,490,048	33,007,717	10,835,040

18. CASH AND SHORT TERM DEPOSITS

18.1 Favourable Cash & Cash Equivalent Balances

Cash & Bank Balances	1,515,844,214	241,505,980	95,120,196	28,805,563
Fixed Deposits	49,611,862	-	-	-
	1,565,456,076	241,505,980	95,120,196	28,805,563

18.2 Unfavourable Cash & Cash Equivalent Balances

Bank Overdrafts (Note 12.3)	(26,218,507)	(83,654,657)	(3,696,236)	(33,759,858)
Total Cash and Cash Equivalent For the Purpose of Cash Flow Statement	1,539,237,569	157,851,323	91,423,960	(4,954,295)

19. STATED CAPITAL

Group/Company				
Ordinary Shares (Number)	85,966,670	85,966,670	85,966,670	85,966,670
Ordinary Shares (Rs.)	271,893,021	271,893,021	271,893,021	271,893,021

20. RESERVES

Other Reserve (Note 20.1)	1,000,883,161	1,000,686,001	409,271,498	409,271,498
Exchange Translation Reserve (Note 20.2)	11,986,356	(5,048,764)	-	-
	1,012,869,517	995,637,237	409,271,498	409,271,498
Fair Value Through Other Comprehensive Income Reserve (Note 20.3)	1,008,875	1,997,901	242,610	190,037

Notes To The Financial Statements

Year ended 31 March 2022

20. RESERVES (Contd..)

20.1

	Group			Company		
	As at 01.04.2021	Transfer from Retained Earnings	As at 31.03.2022	As at 01.04.2021	Transfer from Retained Earnings	As at 31.03.2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Other Reserve	1,000,686,001	197,160	1,000,883,161	409,271,498	-	409,271,498
	1,000,686,001	197,160	1,000,883,161	409,271,498	-	409,271,498

Other Reserve which is a revenue reserve represents the amounts set aside by the Directors for future expansions.

	Group			Company		
	As at 01.04.2021	Increased During the Year	As at 31.03.2022	As at 01.04.2021	Decreased during the year	As at 31.03.2022
20.2 Exchange Translation Reserve	(5,048,764)	17,035,120	11,986,356	-	-	-
	(5,048,764)	17,035,120	11,986,356	-	-	-

Exchange translation reserve comprises the net exchange movement arising from the currency translation of foreign operations and equity accounted investees into Sri Lankan rupees.

20.3

	Group			Company		
	As at 01.04.2021	Decreased During the Year	As at 31.03.2022	As at 01.04.2021	Increased During the Year	As at 31.03.2022
Fair Value through Other Comprehensive Income Reserve	1,997,901	(989,026)	1,008,875	190,037	52,573	242,610
	1,997,901	(989,026)	1,008,875	190,037	52,573	242,610

The fair value reserve of financial assets at FVOCI includes changes in fair value of financial instruments designated as financial assets at FVOCI.

21. DIVIDENDS PROPOSED AND PAID

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Declared and Paid During the Year				
Dividends on Ordinary Shares				
Final Dividend	91,737,526	3,787,765	85,966,670	-
Interim Dividend	343,866,680	88,418,647	343,866,680	85,966,670
	435,604,206	92,206,412	429,833,350	85,966,670
Dividend Per share	5.00	1.00	5.00	1.00

Notes To The Financial Statements

Year ended 31 March 2022

22. EMPLOYEE BENEFIT LIABILITY

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
22.1 Net Benefit Expense				
Past Service Cost	(17,967,906)	-	(8,611,035)	-
Current Service Cost	18,815,505	16,629,304	7,479,250	7,310,241
Interest Cost on Benefit Obligation	15,437,358	16,650,010	8,043,493	8,467,220
	16,284,957	33,279,314	6,911,708	15,777,461
Net Actuarial (Gains) / Loss	1,540,484	13,691,684	1,714,719	7,280,805
Amount Recognised in OCI	1,540,484	13,691,684	1,714,719	7,280,805
Total Expenses	17,825,441	46,970,998	8,626,427	23,058,266

22.2 Employee Benefit Liability

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

As at 1 April	215,184,749	180,666,895	103,787,021	84,672,205
Charge for the Year	16,284,957	33,279,314	6,911,708	15,777,461
Actuarial Loss	1,540,484	13,691,684	1,714,719	7,280,805
Benefits Paid	(4,244,499)	(12,453,144)	(2,867,425)	(3,943,450)
As at 31 March	228,765,691	215,184,749	109,546,023	103,787,021

22.3 "An Actuarial Valuation of the Employee Retirement Benefit Liability scheme was carried out by Messrs. Actuarial & Management Consultants (Pvt) Ltd. as at 31 March 2022. The following assumptions were used for such valuation."

	Group		Company	
	2022 Projected Unit Credit Method	2021 Projected Unit Credit Method	2022 Projected Unit Credit Method	2021 Projected Unit Credit Method
Method of Actuarial Valuation:				
Discount Rate	15.00%	7.75%	15.00%	7.75%
Future Salary Increases	12%+ Salary scales	6%+ Salary scales	12%+ Salary scales	6%+ Salary scales
Retirement Age	60 Years	55 Years	60 Years	55 Years
Mortality Table	A 67/70 Ultimate Mortality Table	A 67/70 Ultimate Mortality Table	A 67/70 Ultimate Mortality Table	A 67/70 Ultimate Mortality Table

Discount Rate was based on the yields available on government bonds or high-quality corporate bonds as of 31 March.

During the year, Legislation Revision of minimum retirement age of private sector employees, by minimum retirement age of workers Act No. 28 of 2021.

Notes To The Financial Statements

Year ended 31 March 2022

22. EMPLOYEE BENEFIT LIABILITY (Contd..)

22.4 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the Employee Benefit Liability measurement in respect of the year 2022

Sensitivity Level	Group				Company			
	Discount Rate		Future Salary Increment Rate		Discount Rate		Future Salary Increment Rate	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
2022 - Impact on Defined Benefit Obligation	(14,362,036)	16,246,575	17,551,602	(15,711,106)	(6,721,354)	7,579,874	8,259,120	(7,420,883)
2021 - Impact on Defined Benefit Obligation	(10,747,094)	11,973,196	13,060,880	(11,908,804)	(4,942,864)	5,484,680	6,057,784	(5,549,451)

22.5 Changes in the Defined Benefit Obligation

The following table demonstrates the changes in the Defined Benefit Obligation.

	Amounts Charged to Profit or Loss				Re measurement Gains/(Losses) in Other Comprehensive Income				
	01 April 2021	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid	Actuarial Changes arising from Financial Assumptions	Experience Adjustment	Subtotal Included in OCI	Contributions by the Employer
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Group									
Defined Benefit Obligation	215,184,749	847,599	15,437,358	16,284,957	(4,244,499)	(11,737,617)	13,278,101	1,540,484	-
Benefit Liability	215,184,749	847,599	15,437,358	16,284,957	(4,244,499)	(11,737,617)	13,278,101	1,540,484	-
Company									
Defined Benefit Obligation	103,787,021	(1,131,786)	8,043,494	6,911,708	(2,867,425)	6,760,632	(5,045,913)	1,714,719	-
Benefit Liability	103,787,021	(1,131,786)	8,043,494	6,911,708	(2,867,425)	6,760,632	(5,045,913)	1,714,719	-

22.6 Following payments are expected from the Defined Benefit Obligation in the future years:

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Within the next 12 months	40,990,277	46,887,043	29,821,164	27,146,513
Between 13 to 36 months	21,022,465	38,367,560	6,878,897	16,339,761
Between 37 to 72 months	35,696,155	46,052,060	11,326,129	25,058,313
Beyond 72 months	131,056,797	83,878,086	61,519,833	35,242,434
	228,765,691	215,184,749	109,546,023	103,787,021

Notes To The Financial Statements

Year ended 31 March 2022

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Trade Payables - Related Parties (Note 23.1)	-	-	36,701,319	14,854,438
- Others	911,123,666	791,382,786	271,992,148	207,078,600
Other Payables - Others	79,924,956	46,054,402	-	-
- Related Parties (Note 23.2)	-	-	-	875,237
Sundry Creditors including Accrued Expenses	433,331,486	228,110,811	99,394,819	80,131,367
Unclaimed Dividends	5,362,968	3,187,637	5,362,968	3,187,637
	1,429,743,076	1,068,735,636	413,451,254	306,127,279

23.1 Trade Payable to Group Companies

	Company	
Relationship	2022 Rs.	2021 Rs.
Printcare Universal (Pvt) Ltd	5,007,519	-
Printcare Digital Solutions (Pvt) Ltd	1,676,952	-
Printcare Premedia Services Ltd	25,021,403	14,854,438
Printcare Secure Ltd	4,725,348	-
Printcare India (Pvt) Ltd	270,097	-
	36,701,319	14,854,438

23.2 Non-Trade Payable to Group Companies

	Company	
Relationship	2022 Rs.	2021 Rs.
P C Universal Agencies (Pvt) Ltd	-	875,237
	-	875,237

24. TAXES PAYABLE

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Value Added Tax	24,148,145	18,735,149	-	-
Nation Building Tax	16,346,937	16,346,937	-	-
Economic Service Charge	22,377,250	22,377,250	1,209,810	1,209,812
Withholding Tax	-	1,157,556	-	-
	62,872,332	58,616,892	1,209,810	1,209,812

Notes To The Financial Statements

Year ended 31 March 2022

25. RELATED PARTY TRANSACTIONS

25.1 Transactions with Subsidiaries

Nature of Transactions

Company

	2022 Rs.	2021 Rs.
Balance as at the Beginning of the Year	6,143,733	11,641,434
Sale of Goods	48,094,846	10,955,332
Purchase of Goods	(74,876,501)	(47,898,640)
Short Term Loan	490,000,000	(10,000,000)
IT Service Charge	5,248,200	4,938,517
Reimbursement of Staff Related Expenses	330,036,679	209,025,666
Reimbursement of Utility charges and other expenses	94,704,964	39,964,332
Others -Interest	9,837,648	(288,767)
Value Added Tax	6,963,822	4,932,019
Rent	11,355,360	555,360
Dividend Received	66,900,162	83,561,555
Settlement	(462,546,611)	(302,348,857)
Currency Adjustment	(6,313,185)	1,105,783
Balance as at the End of the Year	525,549,117	6,143,733

25.2 Transactions with Other Related Companies

Nature of Transactions

Group

	2022 Rs.	2021 Rs.
Balance as at the Beginning of the Year	220,568,821	115,981,362
Sale of Goods	715,450,067	917,828,208
Investment Made/ Disposal/ Price Appreciation	-	536,800
Purchase of Goods	(14,276,039)	(14,864,693)
Settlement	(661,589,650)	(798,919,531)
Others	-	6,675
Balance as at the End of the Year	260,153,199	220,568,821

Company

Balance as at the Beginning of the Year	42,023,616	17,045,471
Sale of Goods	295,806,659	240,251,499
Purchase of Goods	(143,645)	(39,360)
Settlement	(265,410,398)	(215,233,994)
Balance as at the End of the Year	72,276,232	42,023,616

Other Related Companies include :

Dilma Ceylon Tea Company PLC, Packages Lanka (Pvt) Ltd., Hemsons International (Pvt) Ltd., Hemas Manufacturing (Pvt) Ltd., Hemas Hospitals (Pvt) Ltd., MJF Exports (Pvt) Ltd., Renuka Hotels Ltd., Renuka City Hotels PLC, Mountainview Hotels (Pvt) Ltd., Diethelm Travel Lanka (Pvt) Ltd., Royal-Pac Labels Lanka (Pvt) Ltd., Saboor Chatoor (Pvt) Ltd., Midaya Packaging Industries (Pvt) Ltd and r-Pac Printcare Lanka (Pvt) Ltd.

Notes To The Financial Statements

Year ended 31 March 2022

25. RELATED PARTY TRANSACTIONS (Contd..)

25.3 Transactions with Key Management Personnel of the Group

Key Management Personnel include the members of the Board of Directors, of Printcare PLC and its subsidiaries.

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
a) Key Management Personnel Compensation				
Short Term Employee Benefits	170,846,836	112,569,008	40,881,244	23,953,361
Long Term Employee Benefits	49,607,341	40,626,154	17,558,967	16,161,506
	220,454,177	153,195,162	58,440,211	40,114,867

Other than the above no significant transaction had taken place involving key Management Personnel and their close family members

25.4 Terms and Conditions of Transactions with Related Parties

Transactions with related parties are carried out in the ordinary course of the business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash. Interest bearing borrowings are at pre-determined interest rates and terms.

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

25.6 During the year, the Group and Company has divested the 45% equity share of the associate company r-pac Printcare Lanka (Pvt) Ltd for the consideration of Rs. 1,184,654,092/-

Name of the Related Party:	r-pac International Holdings Co LLC
Relationship:	Joint Venture Partner
Value of the related party transaction:	LKR 1,184,654,092/-
Terms and Conditions:	Normal Commercial Terms
Rational for entering in to the transaction:	Printcare PLC Board believes that the offer made by r-pac International Holding Co. LLC represents good value for the shareholders of the Company

Value of the transaction amounting to 79% from the total equity and 37% from total assets.

26. COMMITMENTS AND CONTINGENCIES

26.1 Financial Commitments

There were no other financial commitments as at the reporting date.

26.2 Contingencies

- The Group and the Company have obtained bank guarantees and bid bonds for customers and Sri Lanka Customs Department in the course of carrying out business as at the reporting date, such outstanding guarantees and bonds amounting to Rs 48.7 Mn (2021 - Rs.20.5 Mn) and NIL (2020 - NIL) respectively.
- A contingent liability exists in respect of a case bearing No: DPA 31/2008, filed in the District Court of Colombo where Printcare PLC has been made a party as 21st defendant. The company lawyers have not advised of any unasserted claims and assessments.

27. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of Liability	Carrying Amount		Included under
		2022 Rs.	2021 Rs.	
Printcare PLC Plant & Machinery	Primary Mortgage for Loans and Borrowings	510,102,213	492,860,696	Property, Plant & Equipment

Notes To The Financial Statements

Year ended 31 March 2022

27. ASSETS PLEDGED (Contd..)

Nature of Assets	Nature of Liability	Carrying Amount		Included under
		2022 Rs.	2021 Rs.	
Printcare Secure Ltd.				
Plant & Machinery	Loans and Borrowings	312,421,139	45,848,833	Property, Plant & Equipment
Printcare Premedia Services Ltd.				
Plant and Machinery	Loans and Borrowings	37,000,000	-	Property, Plant & Equipment
Inventories	Loans and Borrowings	42,318,503	23,307,148	Inventories
Trade Receivables	Loans and Borrowings	52,176,968	64,796,266	Trade and Other Receivables
Printcare India (Pvt) Ltd				
Land & Building and Plant & Machinery	Loans and Borrowings	427,387,577	242,144,786	Property, Plant & Equipment
Printcare Digital Solutions Pvt Ltd.				
Plant & Machinery	Loans and Borrowings	273,121,617	229,752,185	Property, Plant & Equipment

28. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company has declared an second interim dividend of Rs. 4.00 Per share for the financial year ended 31 March 2022. As required by Section 56(2) of the Companies Act No. 07 of 2007, the Board of Directors has confirmed that the company satisfies the solvency test in accordance with section 57 of the Companies Act No 07 of 2007.

In Accordance with the Sri Lanka Accounting standards (LKAS 10) – Events after the reporting date, the final dividend has not been recognised as a liability in the financial statements as at 31 March 2022.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

29.1 Introduction

Risk is inherent in the Group's business activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The Board of Directors of the Group places special consideration on the management of such risks. The Group is mainly exposed to;

- Market risk
- Liquidity Risk
- Credit Risk
- Capital Management

29.1.1 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings and available-for-sale investments.

Financial risk management is carried out by Printcare PLC and its subsidiaries under policies approved by the Board which set out the principles and procedures with respect to risk tolerance, internal controls, management of foreign currency, interest rate and counterparty credit exposures and the reporting of exposures.

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

Notes To The Financial Statements

Year ended 31 March 2022

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd..)

29.1 Introduction (Contd..)

29.1.1 Market Risk (Contd..)

Commodity Price Risk

The entity is affected by the availability & price of certain commodities. The main impact for Printcare PLC and its subsidiaries is through imported raw material. The imported raw material price risk is mitigated by centralising the purchases and continuously seeking alternative suppliers.

Interest Rate Risk

Interest rate risk is the risk that the entity's financial position will be adversely affected by movements in floating interest rates. The entity exposure to interest rate risk is minimised by maintaining an appropriate mix between Rupee borrowings & Dollar borrowings and by looking for the cheapest sources of funds.

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

Year	Increase/ (decrease) in basis points	Effect on profit before tax Rs.
2022	+ 100-150 basis points	(14,411,147)
	- 100-150 basis points	14,411,147
2021	+ 100-150 basis points	(8,864,242)
	- 100-150 basis points	8,864,242

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

Foreign Currency Risk

Exchange risk arises out of the commercial transactions that the entity enters into outside Sri Lanka. The Company has a natural hedging by way of its operational transactions as the inflow of foreign currency through export/indirect export sales off sets the import cost.

The following table demonstrates the sensitivity of net operating cash flows to a reasonably possible change of such underlining foreign currencies (EUR, GBP, USD, AUD, CHF and JPY).

Exchange rate is against the identified currency, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material.

Foreign Currency	2022				2021			
	Change in Exchange Rate	Effect on Profit Before Tax (Rs.'000)	Change in Exchange Rate	Effect on Profit Before Tax (Rs.'000)	Change in Exchange Rate	Effect on Profit Before Tax (Rs.'000)	Change in Exchange Rate	Effect on Profit Before Tax (Rs.'000)
EUR	1%	(3,035)	-1%	3,035	1%	(1,605)	-1%	1,605
GBP	1%	5,563	-1%	(5,563)	1%	3,857	-1%	(3,857)
USD	1%	1,152	-1%	(1,152)	1%	12,258	-1%	(12,258)
AUD	1%	(305)	-1%	305	1%	(303)	-1%	303
CHF	1%	(161)	-1%	161	1%	(47)	-1%	47
JPY	1%	(397)	-1%	397	1%	(176)	-1%	176

Notes To The Financial Statements

Year ended 31 March 2022

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd..)

29.1 Introduction (Contd..)

29.1.1 Market Risk (Contd..)

Equity Price Risk

The Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Management of the Group monitors the mix of debt and equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the GMC. Equity price risk is not material to the financial statements.

Financial instruments at fair value through other comprehensive income statement

All unquoted equity investments are made after obtaining Board of Directors Approval.

29.1.2 Liquidity Risk

Liquidity risk arises from the financial liabilities of the entity and the entity's subsequent ability to meet its obligation to repay its financial liabilities as and when they fall due.

Liquidity risk management involves maintaining available funding and ensuring the entity has access to an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Printcare PLC and its subsidiaries aim to maintain flexibility within the funding structure through the use of bank overdrafts, short term loans, letters of credit & guarantees.

The Group also regularly performs a comprehensive analysis of all cash inflows and outflows that relate to financial assets and liabilities.

The Group's objectivity is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans and overdrafts.

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Cash and Bank Balances	1,565,456,076	241,505,980	95,120,196	28,805,563
Total Liquid Assets	1,565,456,076	241,505,980	95,120,196	28,805,563
Borrowings				
Current Portion of Borrowings	(2,484,138,923)	(1,272,979,207)	(481,453,541)	(606,108,700)
Bank Overdrafts	(26,218,507)	(83,654,657)	(3,696,236)	(33,759,858)
Current Liabilities	(2,510,357,430)	(1,356,633,864)	(485,149,777)	(639,868,558)
Net (debt)/cash	(944,901,354)	(1,115,127,884)	(390,029,581)	(611,062,995)

29.1.2.1 Liquidity risk management

The Group attempts to match cash outflows in each time bucket against a combination of operational cash inflows plus other inflows that can be generated through the sale of assets or other secured borrowing.

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2022 based on contractual undiscounted payments.

Notes To The Financial Statements

Year ended 31 March 2022

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd..)

29.1 Introduction (Contd..)

29.1.2.1 Liquidity risk management (Contd..)

Maturity Analysis

Group	Within 1 year		Between 1-2 years		Between 2-3 years		Between 3-4 years		Between 4-5 years		More than 5 years		Total
	Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.
Non-Current Portion of Interest Bearing Borrowings	-		511,090,478		467,257,144		384,223,811		306,135,223		255,005,405		1,923,712,061
Trade and Other Payables	1,429,743,076		-		-		-		-		-		1,429,743,076
Current Portion of Interest Bearing Borrowings	2,465,976,321		-		-		-		-		-		2,465,976,321
Current portion of Interest Bearing Borrowings - Leased Liability	18,162,602		-		-		-		-		-		18,162,602
Non-Current portion of Interest Bearing Borrowings - Leased Liability	19,953,141		8,997,041		9,845,726		10,762,805		18,794,106		-		68,352,819
Bank Overdrafts	26,218,507		-		-		-		-		-		26,218,507
Total	3,960,053,647		520,087,519		477,102,870		394,986,616		324,929,329		255,005,405		5,932,165,386
Company													
Non-Current Portion of Interest Bearing Borrowings	-		192,534,488		192,034,488		152,334,488		83,083,623		60,000,000		679,987,087
Trade and Other Payables	376,749,935		-		-		-		-		-		376,749,935
Amounts Due to Related Parties	36,701,319		-		-		-		-		-		36,701,319
Current Portion of Interest Bearing Borrowings	481,453,541		-		-		-		-		-		481,453,541
Bank Overdrafts	3,696,236		-		-		-		-		-		3,696,236
Total	898,601,031		192,534,488		192,034,488		152,334,488		83,083,623		60,000,000		1,578,588,118

Notes To The Financial Statements

Year ended 31 March 2022

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd..)

29.1 Introduction (Contd..)

29.1.3 Credit Risk

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

The Group minimises its credit risk towards its customers by having agreements with customers and having a regular follow up of the debt collections.

29.1.3.1 Credit Risk Exposure

The maximum risk positions of trade and other receivables which are generally subject to credit risks are equal to their carrying values. Refer note 15.4 for age analysis of trade receivables as at 31 March.

29.1.3.2 Credit Risk Relating to Cash and Cash Equivalents

In order to mitigate settlements and operational risk related to cash and cash equivalents, the Group and Company use several banks with acceptable credit ratings. The Group and Company held favourable cash and cash equivalents of Rs 1,565,456,076/- and Rs.95,120,196/- respectively. (Group 2021- Rs.241,505,980/- Company 2021 - Rs.28,805,563/-)

29.1.4 Capital Management

The Board of Directors reviews the capital structures of the Group on a regular basis. The intention of the Board of Directors is to maintain an optimum capital structure while minimising cost of financing and safeguarding key stakeholders' interests.

Decade at a Glance

Year ended 31st March

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
TRADING RESULTS (Rs. '000)										
Turnover	7,626,233	6,019,906	4,981,110	4,901,156	4,703,203	4,889,545	5,155,086	5,051,312	4,344,403	3,841,980
Profits Before Interest and Income Tax	2,597,014	670,518	137,027	(79,472)	157,031	376,737	481,962	450,508	414,017	393,901
Profits Before Income Tax	2,336,166	519,307	(29,067)	(235,019)	18,650	309,156	424,994	376,294	358,143	309,017
Profits attributable to Equity Shareholders of the parent	2,236,812	574,956	(70,583)	(180,217)	(131,932)	213,474	313,993	241,042	312,970	264,053
Ordinary Dividend - Gross	435,604	92,206	2,612	1,832	2,748	157,597	107,707	86,588	78,845	70,209
Cash from Operations	568,268	656,217	164,533	526,943	158,601	397,029	739,997	287,140	571,157	492,826
SHAREHOLDERS' FUNDS (Rs. '000)										
Stated Capital	271,893	271,893	271,893	271,893	271,893	271,893	271,893	271,893	271,893	271,893
Reserves	4,568,507	2,750,288	2,268,996	2,338,718	2,502,081	2,618,175	2,544,237	2,325,952	2,161,449	1,937,981
Minority Interest	4,840,400	3,022,181	2,540,889	2,610,611	2,773,974	2,890,068	2,816,130	2,597,845	2,433,342	2,209,874
	214,193	190,112	155,494	151,216	154,302	141,892	129,955	105,625	78,619	83,189
TOTAL EQUITY	5,054,593	3,212,293	2,696,383	2,761,827	2,928,276	3,031,960	2,946,085	2,703,470	2,511,961	2,293,063
ASSETS (Rs. '000)										
Property, Plant & Equipment	3,764,777	3,268,535	3,026,315	3,229,419	3,360,486	2,656,079	2,608,322	2,712,101	2,219,948	2,021,699
Intangible Assets	66,838	68,306	66,013	63,007	58,720	56,763	56,649	47,168	39,512	27,851
Fair Value through Other Comprehensive Income Investments	2,065	3,054	2,248	72,254	54,964	43,399	40,616	37,337	32,778	31,180
Investment in Associates	-	131,903	68,679	56,483	46,960	10,480	3,384	5,520	-	-
Deferred Tax Asset	46,521	58,624	33,343	13,994	1,519	1,494	1,578	2,140	3,756	6,235
Right-of-Use Asset	93,727	114,507	39,779	-	-	-	-	-	-	-
Current Assets	7,615,807	3,903,573	3,002,269	2,494,448	2,852,917	2,720,958	2,313,792	2,227,436	2,064,861	1,566,023

Decade at a Glance

Year ended 31st March

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
LIABILITIES (Rs. '000)										
Non Current Liabilities	6,535,141	4,336,209	3,542,263	3,167,778	3,447,290	2,457,212	2,078,256	2,328,231	1,848,894	1,359,924
Current Liabilities	2,432,036	1,832,886	913,018	818,837	1,005,952	701,175	715,619	819,632	484,786	351,204
	4,103,105	2,503,323	2,629,246	2,348,941	2,441,338	1,756,037	1,362,638	1,508,599	1,364,107	1,008,720
NET ASSETS	5,054,593	3,212,293	2,696,383	2,761,827	2,928,276	3,031,960	2,946,085	2,703,470	2,511,961	2,293,063
KEY RATIOS										
Return on Average Total Capital (%)	33.5%	12.1%	2.7%	-1.6%	3.2%	9.0%	12.2%	12.5%	13.4%	13.9%
Return on Average Shareholders Funds (%)	56.9%	20.7%	-2.7%	-6.7%	-4.7%	7.5%	11.6%	9.6%	13.5%	12.5%
Gearing	47.1%	46.0%	47.3%	43.3%	44.8%	31.8%	25.2%	31.7%	23.4%	21.0%
Gross Profit Margin (%)	24.4%	23.3%	19.2%	17.6%	19.0%	23.3%	24.2%	22.5%	22.9%	24.6%
PBIT Margin (%)	34.1%	11.1%	2.8%	-1.6%	3.3%	7.7%	9.3%	8.9%	9.5%	10.3%
PAT Margin (%)	29.7%	9.9%	-1.3%	-3.7%	-2.5%	4.9%	6.7%	5.4%	7.5%	7.2%
MARKET INFORMATION										
Market Price Per Share at the year end (Rs.)	27.00	27.30	22.00	33.00	31.00	34.60	38.40	37.00	29.20	28.00
No. of Shares	85,967	85,967	85,967	85,967	85,967	85,967	85,967	85,967	85,967	85,967
Dividend Payments (Rs.'000) (Gross)	429,833	85,967	-	-	-	141,845	98,862	81,668	77,370	68,773
Market Capitalisation (Rs.'000)	2,321,100	2,346,890	1,891,267	2,836,900	2,664,967	2,974,447	3,301,120	3,180,767	2,510,227	2,407,067
Earnings Per Share (Rs)	26.02	6.69	(0.82)	(2.10)	(1.53)	2.48	3.68	2.85	3.70	3.12
Dividends Per Share (Rs)	5.00	1.00	-	-	-	1.65	1.15	0.95	0.90	0.80
NAV Per Share (Rs)	56.31	35.16	29.56	30.37	32.27	33.62	33.01	30.69	28.75	26.10

Information to Shareholders and Investors

Analysis of Shareholders according to the number of Shares held [Local/Foreign] as at 31.03.2022

Description	Local Holders	Foreign Holders	Locally Held Shares	Shares Held by Foreigners	Local%	Foreign %
1 To 1,000 Shares	1305	3	530,333	605	0.62	0.00
1,001 To 10,000 Shares	408	2	1,507,867	8,050	1.75	0.01
10,001 To 100,000 Shares	111	7	3,813,198	209,957	4.44	0.24
100,001 To 1,000,000 Shares	22	2	5,514,205	437,400	6.41	0.51
Over 1,000,000 Shares	14	-	73,945,055	-	86.02	0.00
	1860	14	85,310,658	656,012	99.24	0.76

Analysis of Shareholders according to the number of Shares held [Local/Foreign] as at 31.03.2021

Description	Local Holders	Foreign Holders	Locally Held Shares	Shares Held by Foreigners	Local%	Foreign %
1 To 1,000 Shares	813	3	367,681	270	0.43	0.00
1,001 To 10,000 Shares	130	1	464,403	6,350	0.54	0.01
10,001 To 100,000 Shares	34	5	1,310,244	126,267	1.52	0.15
100,001 To 1,000,000 Shares	5	1	1,796,066	320,700	2.09	0.37
Over 1,000,000 Shares	11	-	81,574,689	-	94.89	0.00
	993	10	85,513,083	453,587	99.47	0.53

Information to Shareholders and Investors

Top 20 Shareholders

	Top 20 Shareholders as at 31 March 2022		Shareholdings as at 31 March 2021	
	Shares	Percentage	Shares	Percentage
1 M J F Holdings Ltd	23,100,080	26.87	23,100,080	26.87
2 Mr. K. R. Ravindran	18,121,690	21.08	17,906,190	20.83
3 Seylan Bank PLC / Senthilverl Holdings (pvt) Ltd	5,332,481	6.20	19,844,397	23.08
4 Mr. Krishna R. Ravindran	4,874,500	5.67	2,584,398	3.01
5 Mr. A. N. Esufally	4,515,830	5.25	4,015,830	4.67
6 Mr. S. Nadesan	3,600,000	4.19	3,600,000	4.19
7 Mr. E. Chatoor	3,247,500	3.78	2,747,500	3.2
8 M J F Exports Ltd	2,615,160	3.04	2,615,160	3.04
9 Saboor Chatoor (Pvt) Ltd	2,156,000	2.51	2,156,000	2.51
10 Mr. M. F. Hashim	1,837,874	2.14	1,837,874	2.14
11 Seylan Bank PLC / ARRC Capital (Pvt) Ltd	1,279,837	1.49	-	-
12 Mr. D. Warnakulasooriya	1,167,260	1.36	1,167,260	1.36
13 Hatton National Bank PLC / Mr. R. P. Sugathadasa	1,086,343	1.26	-	-
14 Mr M. G. Jayawardena	1,010,500	1.18	73,521	0.09
15 D P J Holdings (Pvt) Ltd	660,968	0.77	660,968	0.77
16 Ms. P. Ravindran	648,000	0.75	462,330	0.54
17 Lloyd and Lloyd Ltd	541,600	0.63	541,600	0.63
18 Ms. G. L. I. B. N. Perera	520,003	0.60	-	-
19 Mr. Dimitri Sheriff	500,000	0.58	-	-
20 Mr. J. W. Burton	321,900	0.37	320,700	0.37
	77,137,526	89.73	83,633,808	97.30

Minimum Public Holding Requirement as per Listing Rule 7.13.1

- Number of Public Shareholders as at 31 March 2022 - 1865 (2021 - 994)
- Percentage of Shares held by Public as at 31st March 2022 35.97% (2021 - 40.05%)
- Float adjusted Market Capitalisation - Less than Rs.2.5 Bn.

Compliant Under Option 5 of the Listing Rules 7.13.1

NOTICE OF MEETING

Notice is hereby given that the Forty First Annual General Meeting of Printcare PLC will be held on 23 September 2022 at 10.00 a.m at the registered office of the Company, Printcare PLC No. 77, Nungamugoda Road, Kelaniya via Zoom (Audio / Video - Virtual AGM) to transact the following business.

1. To receive and consider the Report of the Directors and the Statement of Accounts for the year ended 31 March 2022 and Report of the Auditors thereon.

2. Re-Appointment of Directors in terms of Article 83 (i) of the Articles of Association of the Company.

- Mr. E. Chatoor, who retires by rotation as a Director being eligible has offered himself for re-appointment.
- Ms. A. Coomaraswamy, who retires by rotation as a Director being eligible has offered herself for re-appointment.
- Mr. C.V. Kulatilaka, who retires by rotation as a Director being eligible has offered himself for re-appointment.

3. Re-Appointment of Directors in terms of Article 89 of the Articles of Association of the Company.

- Mr. Krishna Ravindran, who has been appointed to the Board since the last Annual General Meeting, as a Director, retires and being eligible offers himself for re-appointment..
- Mr. Steven Mark Enderby, who has been appointed to the Board since the last Annual General Meeting, as a Director retires and being eligible offers himself for re-appointment.

4. Re-appointment of Directors in terms of section 211 of the Companies Act No 7 of 2007. Accordingly, the following resolution to be passed for this purpose, if thought fit.

- Mr. Merrill J. Fernando, who is 92 years of age as a Director in terms of Section 211 of the Companies Act No. 07 of 2007.

IT IS HEREBY RESOLVED to re-appoint Mr. Merrill J. Fernando, as a Director in terms of Section 211 of the Companies Act No. 7 of 2007 and it is specifically declared that the age limit referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mr. Merrill J. Fernando.

- Mr. D. Warnakulasooriya, who is 83 years of age as a Director in terms of Section 211 of the Companies Act No. 07 of 2007.

IT IS HEREBY RESOLVED to re-appoint Mr. D. Warnakulasooriya, as a Director in terms of Section 211 of the Companies Act No. 7 of 2007 and it is specifically declared that the age limit referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mr. D. Warnakulasooriya.

- Mr. K R Ravindran, who is 70 years of age as a Director in terms of Section 211 of the Companies Act No. 07 of 2007.

IT IS HEREBY RESOLVED to re-appoint Mr. K R Ravindran, as a Director in terms of Section 211 of the Companies Act No. 7 of 2007 and it is specifically declared that the age limit referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mr. K R Ravindran.

- Mr. A N Esufally, who will reach the age of 70 during the year as a Director in terms of Section 211 of the Companies Act No. 07 of 2007.

IT IS HEREBY RESOLVED to re-appoint Mr. A N Esufally, as a Director in terms of Section 211 of the Companies Act No. 7 of 2007 and it is specifically declared that the age limit referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mr. A N Esufally.

5. To re-appoint Messrs. Ernst & Young, Chartered Accountants as the Auditors of the Company for the ensuing year and to authorise the Directors to determine their remuneration.
6. To transact any other business of which due notice has been given.

By Order of the Board

MANAGERS & SECRETARIES (PRIVATE) LIMITED



Secretaries
Colombo
31 August 2022

NOTICE OF MEETING

Notes:

1. A member entitled to attend and vote at the above meeting is required to complete and submit a pre-registration form in order to ensure participation at the AGM of the Company.
2. Only members of Printcare PLC are entitled to take part at the AGM of Printcare PLC.
3. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his/her behalf. A proxy need not be a member of the Company.
4. A Pre-registration form and a form of Proxy are enclosed for this purpose to be completed by Printcare PLC Shareholders only.
5. The Pre-registration Form and Form of proxy must be completed and deposited at the Registered Office of the Company Secretaries, Managers & Secretaries (Private) Limited, No. 8, Tickell Road, Colombo 08, or be e-mailed to ishani@msl.lk not less than forty eight hours prior to the time appointed for holding the meeting.

PRINTCARE PLC
41ST ANNUAL GENERAL MEETING (AGM)
PRE - REGISTRATION FORM

To: Registered Office of the Company Secretaries
 Managers and Secretaries (Pvt) Ltd
 No. 8, Tickell Road, Colombo 08

1. Full Name of the Shareholder:
2. Membership No. / CDS Account No :
3. Address of Shareholder :
4. NIC No. / Passport No. / Co. Reg. No. of Shareholder :
5. Contact details of Shareholders
 Telephone: Residence: Office Mobile
 e-mail: (Please print clearly)
6. Names / NIC No. of Joint holder/ (s) (If any):
 i. Name : NIC No. :
 ii. Name : NIC No. :

.....
 Shareholder's Signature / Date

.....
 1st Joint holder's Signature / Date

.....
 2nd Joint holder's Signature / Date

INSTRUCTIONS AS TO COMPLETION

- i. Shareholders are advised to complete the form legibly in order to facilitate their participation through the online platform.
- ii. The "Web Link" for participation at the AGM through the online platform will be forwarded to the Shareholder's above noted email address.
- iii. In the case of a Company/Corporation, the Pre-Registration Form must be under its common seal which should be affixed and attested in the manner prescribed by its Articles of Association.
- iv. In the case of the Pre -Registration form signed by an Attorney, the Power of Attorney must be deposited at the Registered Office of the Company for registration.
- v. The duly completed Pre-Registration Form must be deposited at the Registered Office of the Company Secretaries, Managers & Secretaries (Private) Limited, No. 8, Tickell Road, Colombo 08, or e-mailed to ishani@msllk, not less than forty eight hours prior to the date of the AGM.

FORM OF PROXY

I/We

of

bearing NIC No. being a member/members of Printcare PLC, hereby appoint,

- Full name of proxy -
- NIC of Proxy -
- Address of Proxy -
- Contact Numbers - Land Mobile
- Email address

or failing him / her

Mr. M.J. Fernando	or failing him
Mr. A.N. Esufally	or failing him
Mr. K.R. Ravindran	or failing him
Mr. E. Chatoor	or failing him
Mr. D. Warnakulasooriya	or failing him
Ms. A. Coomaraswamy	or failing her
Mr. C.V.Kulatilaka	or failing him
Mr. Krishna Ravindran	or failing him
Mr. S. M. Enderby	

as my/our proxy to represent me/us, vote for me/us, and speak on my/our behalf at the 41st Annual General Meeting of Printcare PLC to be held on 23 September 2022 at 10.00 a.m at the registered office of the Company, Printcare PLC No. 77, Nungamugoda Road, Kelaniya via Zoom (Audio / Video - Virtual AGM) and at any adjournment thereof.

Signed this day of 2022.

.....
Signature of Shareholder

Please see below overleaf for Instructions for completion.

Notes: * Please indicate your NIC/Member No. in the space provided on the top right corner.

Instructions for completion of Proxy

1. In order to appoint a proxy, this form shall in the case of an individual be signed by the shareholder or by his/her Attorney and in the case of a company/corporation, the form of proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
2. The full name, NIC No. and address of the Proxy holder and of the Shareholder appointing the Proxy holder should be entered legibly in the form of proxy.
3. The duly completed form of proxy must be deposited at the Registered Office of the Company Secretaries, Managers & Secretaries (Private) Limited, No. 8, Tickell Road, Colombo 08, or be e-mailed to ishani@msl.lk not later than 48 hours prior to the time appointed for holding the meeting.
4. In the case of a proxy signed by an Attorney, the relevant Power-of-Attorney or a certified copy thereof should also accompany the completed form of proxy and must be deposited at the Registered Office of the Company or be emailed as above noted.

