STRIDES OF

PROGRESS

REGNIS (LANKA) PLC ANNUAL REPORT 2020/21

STRIDES OF

PROGRESS

Navigating our way through a challenging course, we emerged stronger and resilient. Buoyed by enhanced demand, we were successful in bolstering our performance to a new trajectory of growth. This is a testament to our strength and the enduring trust we have garnered with our superior range of products. These momentous strides of progress achieved also exemplifies the relentless spirit of our team who performed against all odds. With this strong foundation, we are well-positioned to achieve exponential growth in the future defined by the 'new normal'.

CONTENT

14

AS PART OF THE SINGER GROUP- SRI LANKA'S UNDISPUTED MARKET LEADER IN CONSUMER DURABLES, REGNIS GAINED FROM THE PARENT'S DEEP MARKET INSIGHTS AND ITS ABILITY TO CLOSELY TRACK AND ADAPT TO CONSUMER BEHAVIOUR.

16

THE GROUP'S FINANCIAL POSITION REMAINS STRONG, REFLECTING CONSISTENT ASSET GROWTH, SUPPORTED BY A HEALTHY EQUITY BASE AND RELATIVELY LOW EXPOSURE TO BORROWINGS.

VISION

To be among the best Manufacturers of world-class white goods in Asia Pacific

MISSION

To improve the quality of life by providing comforts and conveniences at fair prices

OBJECTIVES

To be the market leader in our product and market segments

Provide our consumers with the best service in the Island

Provide our consumers with products of latest technology

Develop our employees to achieve their real potential

Provide our shareholders with steady asset growth and return on investment above our industry norm

Grow our revenue and profits at a rate above the current industry norms

CONSUMERS We live up to the expectations of a responsible organisation by contributing to the improvement in the quality of life of our customers through outstanding products and services

EMPLOYEES We respect each other as individuals and encourage cross functional teamwork while providing opportunities for career development

SHAREHOLDERS We provide a reasonable return while safeguarding their investment

SUPPLIERS We develop our suppliers to be partners in progress and we share our growth with them

COMPETITORS We respect our competitors and recognise their contribution to market value

COMMUNITY We conduct our business by conforming to the ethics of our country and share the social responsibility of the less fortunate

HISTORICAL MILESTONES

1987

Incorporated as a limited liability company with an issued Share Capital of Rs.10 Mn. Public share issue attracts 1,200 investors, with the majority owning less than 500 shares

1988

Commercial production begins with two models of Single-Door Refrigerators.

1989

Two models of Gas Cookers come off the production line.

1990

Double-Door Refrigerators were introduced.

1994

225 ltr. Chest Freezer introduced.

Production of Bottle Coolers commenced for Elephant House and Ole Springs Bottlers (Pvt) Ltd., Bottlers of Pepsi.

1995

A Double-Door 8 cu. ft. Refrigerator and a 325 ltr. Chest Freezer added to the product range.

A pioneering venture begins - the assembly of Washing Machines begins with a 2.5 kg semi automatic model.

1996

Chest Freezer range expanded with a 425 ltr. model. Successfully completed first phase of production of Refrigerators using Environmental friendly gas.

A Rights Issue (one new share for every two held) increased the Share Capital to Rs. 27.1 Mn.

Launch of 'Pipena Mala' - A unique concept design to improve productivity.

1997

Refrigerators with CFC-free refrigerants introduced to the market, ten years ahead of schedule to phase out CFCs.

1999

Sri Lanka Standards Institution Awards ISO 9002 Certification. CFC Project completed.

All Refrigerators now free of ozone depleting substances in both refrigerant and insulation material. Assembly of Whirlpool 5 kg Semi-Automatic Washing Machine began.

Bottle Coolers produced for Nestlé Lanka Ltd.

2000

Washing Machine assembly shifted to new building. Refrigerators and Freezer production lines re-laid to obtain more productivity and increased efficiency.

2001

Successful completion of 3-Zero programme aimed at cost reduction and waste elimination.

Manufacture of Sisil range of Refrigerators began.

Introduction of RGS 35 model to the Singer range of Refrigerators.

The Company participated in 'Cool Tech 2001' Exhibition in Mumbai.

2003

Commenced commercial production of No-Frost Refrigerator. Exported Deep Freezers to India. Purchased land to set-up an Injection Moulding facility.

2004

New building constructed and inhouse manufacture of plastic components commenced. Bonus issue of shares on the basis of one new share for every three held.

2006

Two new Refrigerator models introduced incorporating Nano Silver Technology. 650-ton Injection Moulding Machine installed to produce plastic components.

2007

A new product - the Chest Type Cooler - developed and released to the market for use by milk distribution centres.

2008

220 ltr. Freezer cum Bottle Cooler developed.

2009

New assembly line set up for Whirlpool Washing Machines and SKD Refrigerators. New Pseu door Double door Refrigerator and a 240 ltr. No-Frost Refrigerator developed for Sisil.

2010

Regnis Appliances (Private) Ltd was incorporated, as a fully-owned subsidiary of the Company under Board of Investment of Sri Lanka to manufacture and assemble Home Appliances.

Regnis Appliances (Private) Ltd commenced manufacturing their 6 kg (Model 6 SA) Washing Machine.

2011

Our fully-owned subsidiary, Regnis Appliances (Private) Ltd. commenced Assembly of Side-by-Side Refrigerators, a Fully-Auto washer and 4 models of split Air Conditioners. Regnis Appliances (Private) Ltd. commenced the Production of Plastic Chairs.

2012

Introduction of GEO series,100% Environment friendly Green refrigerator models to the market. The Company took the bold step of introducing the hydrocarbon refrigerant long before any legislature was enacted to phase out HFCs which have a Global Warming potential.

Carried out a Subdivision of Ordinary Shares in the proportion of 2 shares for every 1 share held. Regnis Lanka raised Rs. 111.07 Mn, by rights issue of 1:6 (one new share for every six held), leading to the issue of 1,609,695 new ordinary shares at Rs. 69/- each. Share Capital was increased to Rs. 211.19 Mn.

Regnis Appliances (Private) Ltd. commenced manufacture of Sisil fully-auto and a semi auto washing machines increasing the total range manufactured to 4 Models.

2013

Was the first company in South Asia to introduce a range of refrigerators with R600a Refrigerant technology (Natural hydro-carbon technology)

The manufacturing plant was upgraded to produce refrigerators using R600a - a hydro-carbon refrigerant achieving a significant improvement in energy efficiency, while safeguarding the environment.

Profit for the year crossed Rs. 100 Mn mark.

Introduced ECO series for Sisil brand.

Regnis Appliances (Private) Ltd. introduced a 6kg semi automatic washing machine.

2014

Regnis Lanka launched a new Series of Sisil "ECO" refrigerators with an upgraded look.

Regnis Appliances (Subsidiary) Introduced a Fully auto washer with plastic tub.

2015

Achieved a production capacity of over 100,000 refrigerators during the year.

Reached a milestone in production by producing the 1,000,000th refrigerator.

The Company complied with ISO 14000 Certification.

2016

Ranked among Forbes Asia's Best 200 Under A Billion Dollars - 2016 list.

Launch of environmentally friendly inverter refrigerator models under 'Singer' and 'Sisil' brands.

2017

Launched four models of 'GEO Smart' series refrigerators

Introduced two models of SISIL & SINGER front loading washing machines.

2018

Developed eight models (260 Ltrs & 300 Ltrs) of large capacity refrigerators under singer & SISIL brands.

Introduced three models of fully automatic, bright coloured washing machine models with enhanced functions.

2019/20

Introduced six large capacity digital inverter series of refrigerators.

2020/21

Introduced Stainless Steel SV range with new door finishers.

ABOUT THIS REPORT

REGNIS (LANKA) PLC

ANNUAL REPORT 2020/21

Our 3rd Integrated Annual Report "Strides of Progress" has been carefully structured to provide our readers with a concise yet comprehensive assessment of how Regnis (Lanka) PLC directed its strategy in achieving its short, medium, and long-term goals, thereby creating value for stakeholders. Given the unprecedented operating conditions that prevailed during the year, the Report highlights the direct and indirect implications of COVID-19 wherever relevant, addressing how these issues were addressed through refining our strategy. The Report also provides relevant information on how the Company was governed, its key risks and strategic and performance outlook over the medium-to-long term.

STANDARDS AND PRINCIPLES

- Sri Lanka Financial Reporting Standards
- <IR> Framework of the International Integrated Reporting Council
- This Report has been prepared in accordance with the GRI Standards: Core option
- Sustainable Development Goals Reporting
- Listing Requirements of the Colombo Stock Exchange
- Code of Best Practice on Corporate Governance issued by Securities and Exchange Commission of Sri Lanka (2017)
- Gender Parity Reporting Framework-CA Sri Lanka

Basis of Preparation

REPORTING ENTITY

Regnis (Lanka) PLC and its subsidiary Regnis Appliances (Pvt) Ltd, both of which are domiciled in Sri Lanka with business interests limited to Sri Lanka

REPORTING PERIOD

The Report covers the period from 1st April 2020 to 31st March 2021. We follow an annual reporting cycle and this Report builds on the Group's previous Report for the financial year ending 31st March 2020

REPORTING CONCEPTS

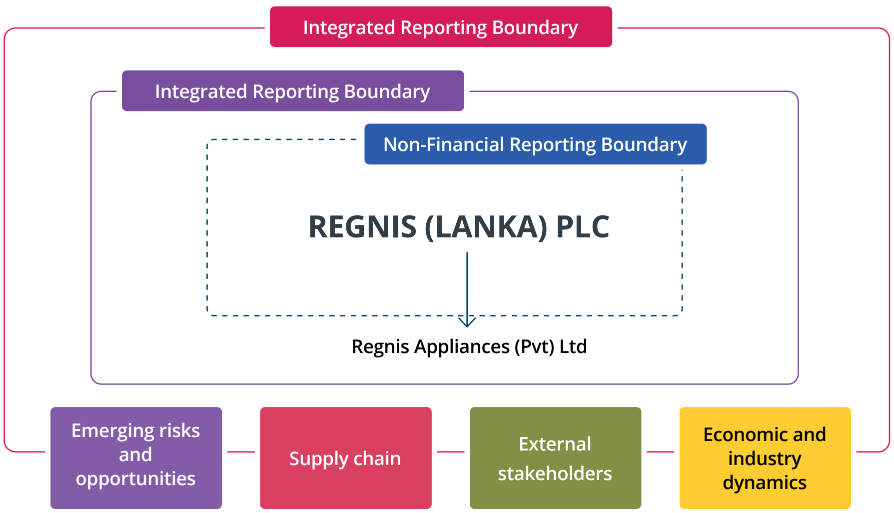
Strategic focus
Increased disclosures on how we traded-off capitals in delivering our strategy

Comparability
Comparable information is presented wherever possible

Connectivity
Use of navigation icons and signposting across the report

Report Scope and Boundary

The financial information presented on pages 112 to 183 of this Report takes a consolidated view and is referred to as Group in the narrative reporting, while non-financial information presented throughout the Report represents that of the Company, given the Company's dominance in the Group structure. The Integrated Reporting boundary extends beyond internal operations to include external stakeholders, supply chain impacts and other risks and opportunities stemming from the operating landscape. There were no significant changes to the Company's size, structure or supply chain during the year under review and no significant restatements of previously reported economic, social or environmental information.



Assurance

Regnis adopts a combined assurance model in ensuring the integrity of its financial and sustainability reporting. In addition to the Company's internal controls and internal audit function, external assurance on the financial statements is provided by Messrs KPMG chartered Accountant. Meanwhile, the Company's non-financial information is reported on a quarterly basis to the Sustainability Unit at our parent entity Singer (Sri Lanka); external assurance on the Group's GRI reporting has been provided by Messrs. Ernst and Young.

Reporting improvements

- Adoption of the Gender Parity Reporting Framework published by CA Sri Lanka
- Adoption of the revisions to the Integrated Reporting Framework in January 2021
- Clear disclosures on the implications of the pandemic on the Company's strategy, operations, processes, and capitals
- Increased disclosures on Risk Management
- Demonstrate increased connectivity between utilisation of capital resources and the Group's strategy

THE SIX CAPITALS

We rely on a combination of resources and relationships in driving our strategy and generating value. These are referred as the six capitals and are shown through the Report through the use of the following navigation icons.

Financial Capital	Manufactured Capital
Human Capital	Intellectual Capital
Social & Relationship Capital	Natural Capital

Director's Approval

The Company's Board of Directors confirm that the 2020/21 Annual Report addresses all relevant material matters and fairly represents the Group's integrated performance. We also confirm that the Report has been prepared in line with the guidelines presented by the Integrated Reporting Framework. The Report is approved and authorised for publication.

Signed on behalf of the Board,

(Sgd.)
K D Kospelawatta
Director

17th May, 2021

Feedback

We are committed to consistently enhancing the readability and relevance of our Annual Report and welcome any suggestions you may have in terms of what you would like to see in our next Report. Please direct your feedback to,

Chief Financial Officer
Regnis (Lanka) PLC
No 52, Ferry Road,
Off Borupana Road,
Ratmalana, Sri Lanka

THE YEAR IN REVIEW 2020/21

Performance Highlights

6%
growth in refrigerator volumes

FACTORS IMPACTING PERFORMANCE IN 2020/21

Volume Growth

6% growth in refrigerator volumes

26% decline in washing machine volumes

Upward trajectory towards the end of the year, with strong volume growth in the 4th quarter of 2020/21

refrigerators recording strong growth of
54%

Sales Mix

Richer product mix with no-frost refrigerators recording strong growth of 54%, thereby positively impacting gross profit margin

Raw Material Costs

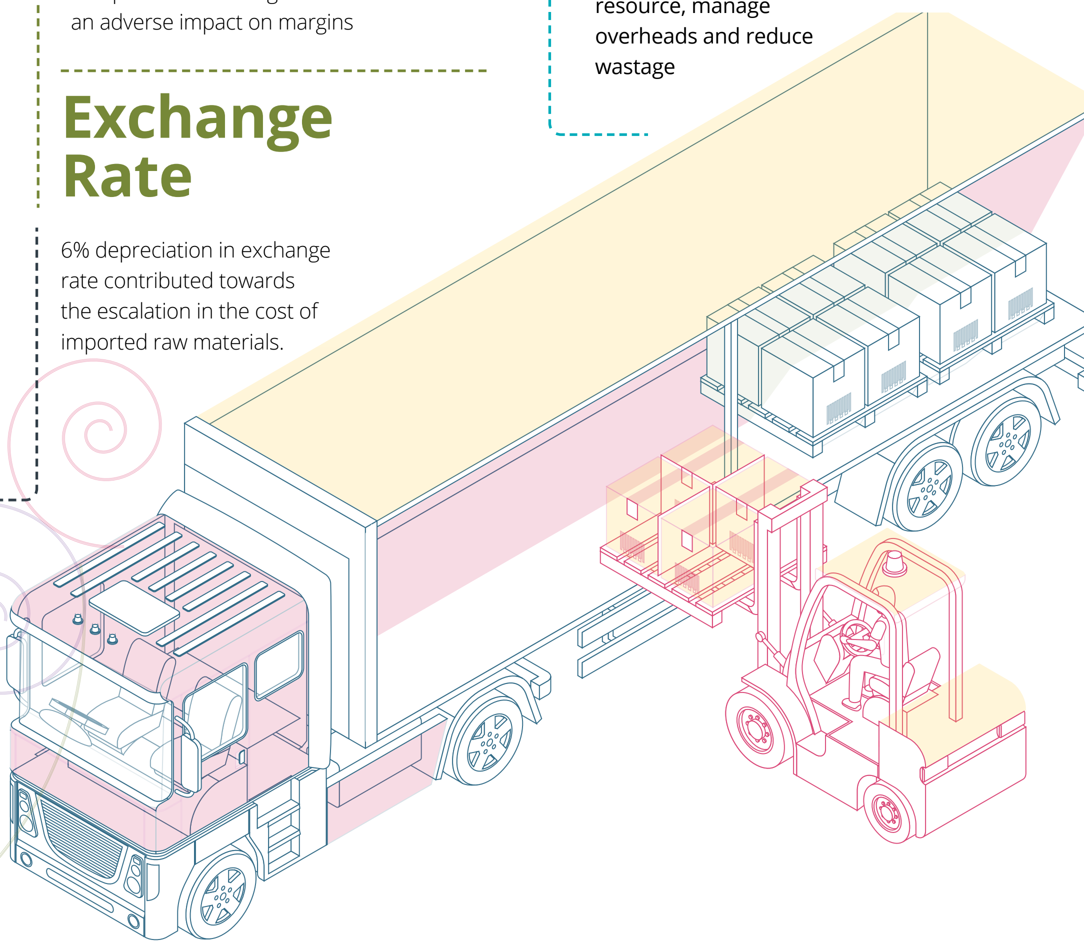
Average 5% to 15% increase in imported raw material costs and sharp increase in freight rates had an adverse impact on margins

Exchange Rate

6% depreciation in exchange rate contributed towards the escalation in the cost of imported raw materials.

Cost Saving Drive

Organisation-wide initiatives to optimise resource, manage overheads and reduce wastage



SNAPSHOT OF 2020/21

		GROUP		COMPANY	
		2020/21	2019/20	2020/21	2019/20
FINANCIAL PERFORMANCE					
Revenue	Rs.million	5,322.8	5,041.4	3,941.9	3,395.8
Gross profit	Rs.million	264.8	261.6	200.3	152.5
Operating profit	Rs.million	221.4	236.4	184.4	200.2
Net finance cost	Rs.million	(52.7)	(80.4)	(35.4)	(61.0)
Profit before tax	Rs.million	168.7	156.0	149.0	139.2
Income tax reversal/ (expense)	Rs.million	18.1	(48.1)	23.3	(29.6)
Profit for the period	Rs.million	186.9	107.9	172.3	109.6
Gross dividend	Rs.million	-	-	58.6	70.4
FINANCIAL POSITION					
Property, plant and equipment	Rs.million	1,215.8	1,281.8	1,132.8	1,184.0
Non-current assets	Rs.million	140.4	125.0	202.5	180.9
Current assets	Rs.million	2,393.3	1,826.0	1,720.9	1,356.0
Total assets	Rs.million	3,749.4	3,232.9	3,056.2	2,720.9
Shareholders' funds	Rs.million	1,711.1	1,541.8	1,507.2	1,352.3
Borrowings	Rs.million	546.1	570.9	359.4	396.8
Total liabilities	Rs.million	1,492.2	1,120.2	1,189.6	971.9
SHARE INFORMATION					
Highest value recorded during the year	Rs.	N/A	N/A	160.00 *	98.00 *
Lowest value recorded during the year	Rs.	N/A	N/A	40.00 **	54.00 *
Market value per share at 31st March 2021 -(2020 -31st March)	Rs.	N/A	N/A	49.10 **	59.80 *
Market capitalisation as at 31st March 2021 -(2020 -31st March)	Rs.million	N/A	N/A	1,106.5	673.8
PROFITABILITY RATIOS					
Gross margin	%	5.0%	5.2%	5.1%	4.5%
Operating margin	%	4.2%	4.7%	4.7%	5.9%
Net Profit margin	%	3.5%	2.1%	4.4%	3.2%
Return on total assets	%	5.0%	3.3%	5.6%	4.0%
LIQUIDITY RATIOS					
Current ratio	Times	1.37	1.40	1.36	1.35
Quick asset ratio	Times	0.50	0.43	0.54	0.50
EQUITY RATIOS					
Net asset value per share **	Rs.	75.9	68.4	66.9	60.0
Earnings per share **	Rs.	8.3	4.8	7.6	4.9
Dividend per share **	Rs.	N/A	N/A	2.60	3.13
Dividend pay out **	%	N/A	N/A	34%	64%
Dividend cover **	Times	N/A	N/A	2.9	1.6
P/E ratio**	Times	N/A	N/A	6.4	12.3
Return on equity	%	11%	7%	11%	8%
Debt Ratios					
Gearing ratio	%	24%	27%	19%	23%
Interest cover	Times	3.5	2.8	3.8	2.9

* Prior to the sub-division of shares

** Subsequent to the sub-division of shares

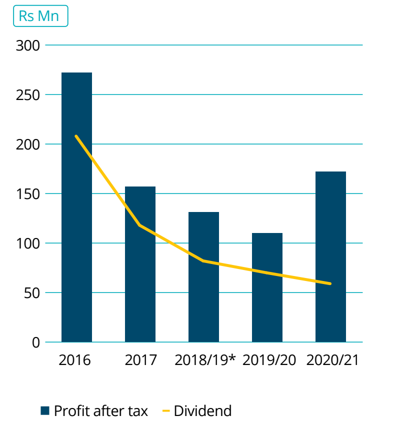
OVERVIEW

SNAPSHOT OF 2020/21

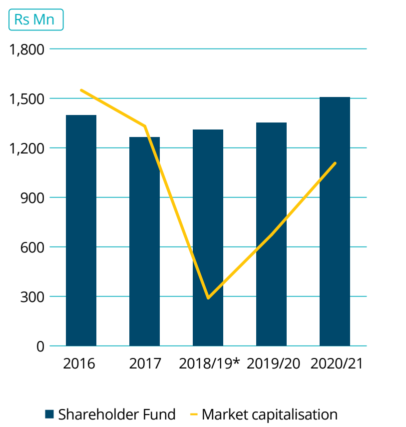
Performance Highlights

VALUE CREATED FOR THE SHAREHOLDER

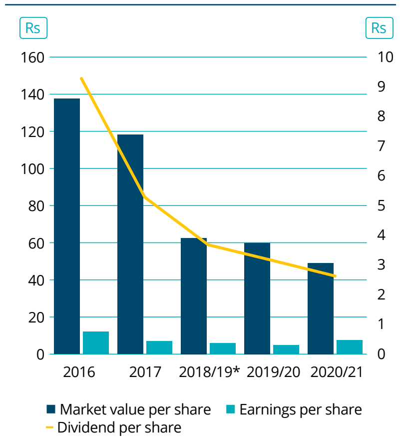
PAT & Dividend Paid



Market Capitalisation vs Shareholder Fund

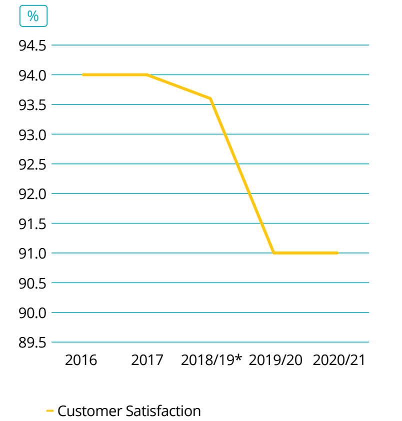


MPS/EPS/DPS

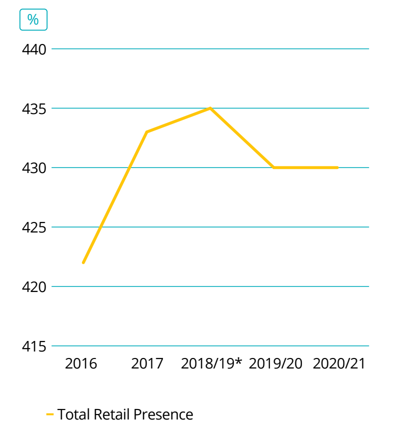


VALUE CREATED FOR THE CUSTOMER

Customer Satisfaction



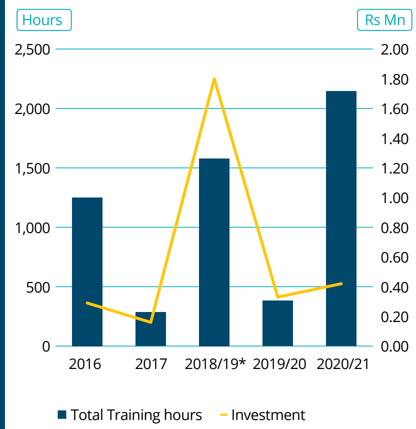
Total Retail Presence



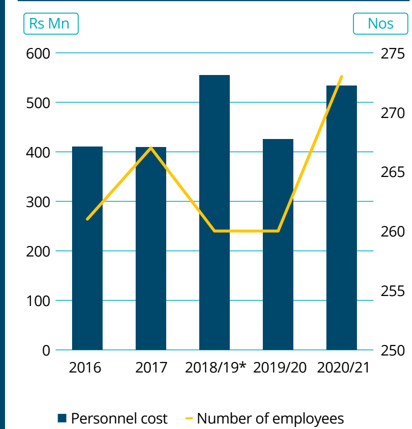
Gold Award – SLIM Restart resilience awards 2020
(Parent Company- Singer (Sri Lanka) PLC)

VALUE CREATED FOR THE EMPLOYEES

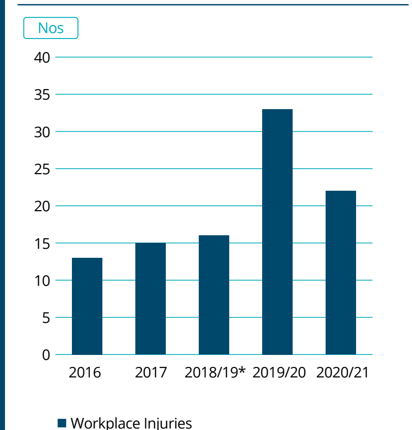
Training Hours and Investment in Training



Personal Cost and Number of Employees

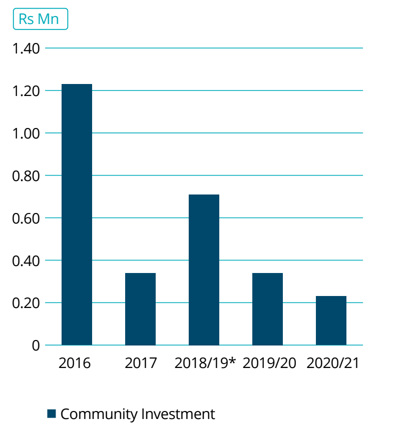


Workplace Injuries



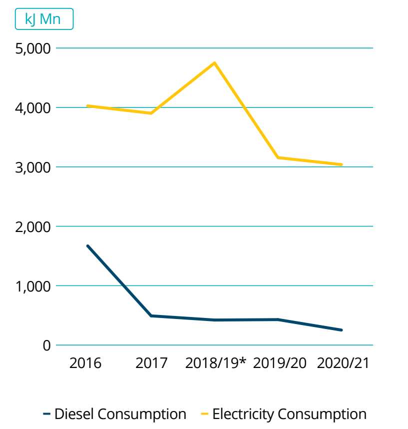
COMMUNITY INVESTMENT

Community Investment



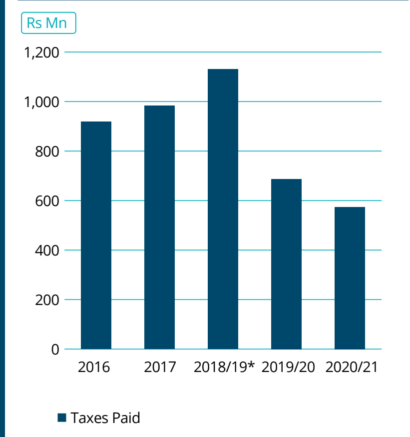
VALUE CREATED TO THE ENVIRONMENT

Energy Consumption

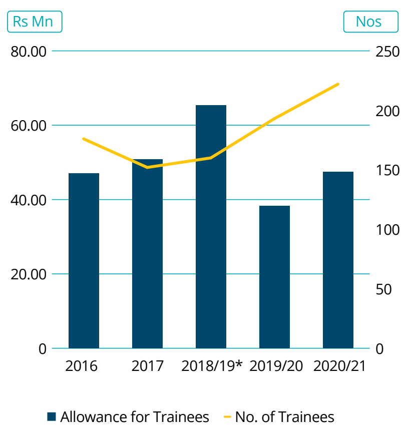


VALUE CREATED FOR THE GOVERNMENT

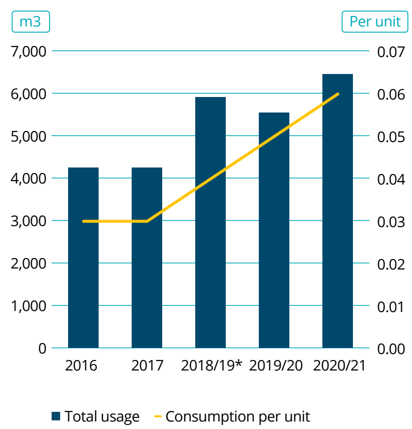
Paid to Government



Allowance for Trainees

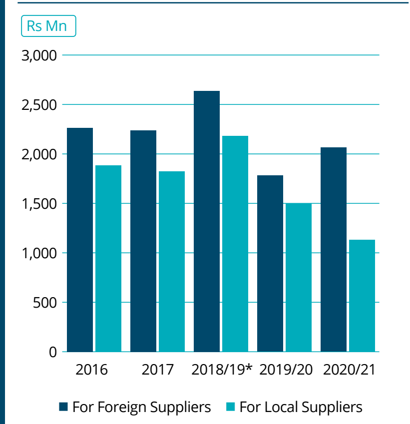


Water Consumtion

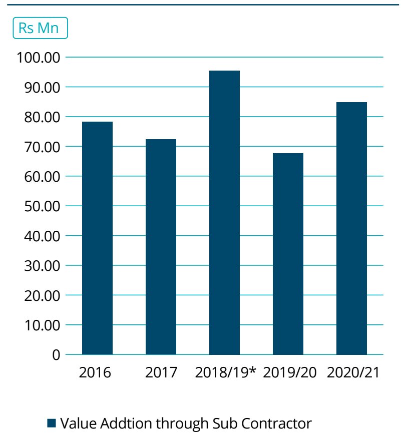


VALUE CREATED BUSINESS PARTNERS

Payments to Business Partners



Value Addtion through Sub Contractor



46%
Improvement in Diesel Intensity

12.08%
Improvement in Electrical Intensity

16.8%
Reduction in Total Energy Intensity

* Fifteen months for 2018/19

SNAPSHOT OF 2020/21

Non Financial Performance

FINANCIAL CAPITAL (COMPANY)

		2020/21	2019/20
Direct Economic Value Generated	Rs.million	1430.1	1423.0
Distributed to:			
Employees	Rs.million	581.7	463.9
Government	Rs.million	551.2	705.2
Lenders	Rs.million	48.2	69.1
Community Investment	Rs.million	0.2	0.3
Shareholders	Rs.million	58.5	70.4
Depreciation and Amortisation	Rs.million	76.3	74.8
Profit Retained	Rs.million	113.6	39.1
Economic Value Added/ employee	Rs.million	3.4	3.5

HUMAN CAPITAL (COMPANY)

		2020/21	2019/20
Total employees *	No.	410	400
Payments to employees	Rs.million	581.7	463.9
Remuneration per employee	Rs.million	1.4	1.15
Profit Per Employee	Rs.million	0.4	0.3
Employee retention rate	%	100%	100%
Employee Benefit Liability	Rs.million	138.7	120.7
No. of promotions	No.	35	15
Female representation	%	3%	4%
Investment in training	Rs.million	0.4	0.3
Total training hours	Hours	1,253.5	382
Workplace injuries	No.	22	33
Union representation	%	94%	94%
Instances of disruption to work	No.	Nil	Nil
Incidents of Discrimination		Nil	Nil
Incidents of Child Labour		Nil	Nil

* Including trainees

MANUFACTURED CAPITAL (COMPANY)

		2020/21	2019/20
Investment in capex	Rs.million	46.1	28.0
Property, plant and equipment	Rs.million	1132.8	1184.0
Production volume	No.	115,556	104,622
Depreciation	Rs.million	75.5	74.4
Capacity utilisation	%	80	80
Production Mix (Products)		47	34

INTELLECTUAL CAPITAL (COMPANY)

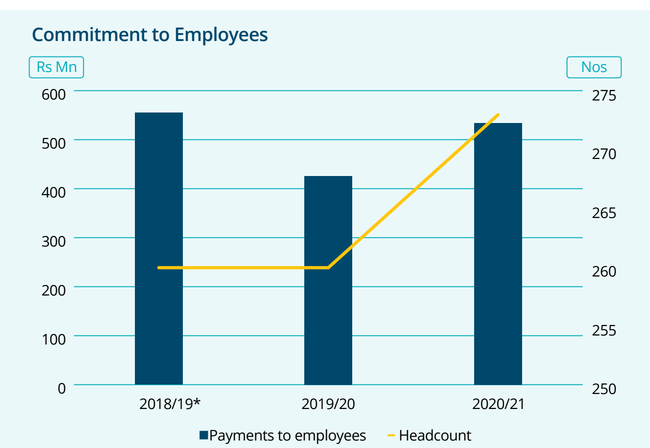
		2020/21	2019/20
R&D Investment	Rs. million	0.9	0.9
New products launched	No.	16	6
Average length of employee service	Years	16.99	17.60

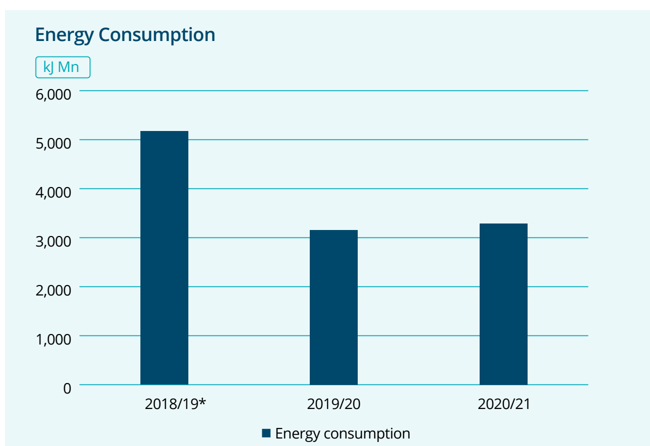
SOCIAL AND RELATIONSHIP CAPITAL (COMPANY)

		2020/21	2019/20
Average length of employee service	Years	16.99	17.60
Customer satisfaction	%	91%	91%
Payments to suppliers	Rs. million	3,200	3,274
Proportional spending to local suppliers	%	35%	46%
Investment in CSR	Rs. million	0.2	0.3

NATURAL CAPITAL (COMPANY)

		2020/21	2019/20
Material	MT	5,073	4,522
Energy consumption	kJ	3,291.3	3,583.6
Energy intensity	kJ/unit	28,482.2	34,252.4
Water consumption	m3	6,445	5,544
Water consumption per unit	m3/unit	0.06	0.05
Solid waste generation	MT	149.5	50.4
Carbon footprint	MT	89	5

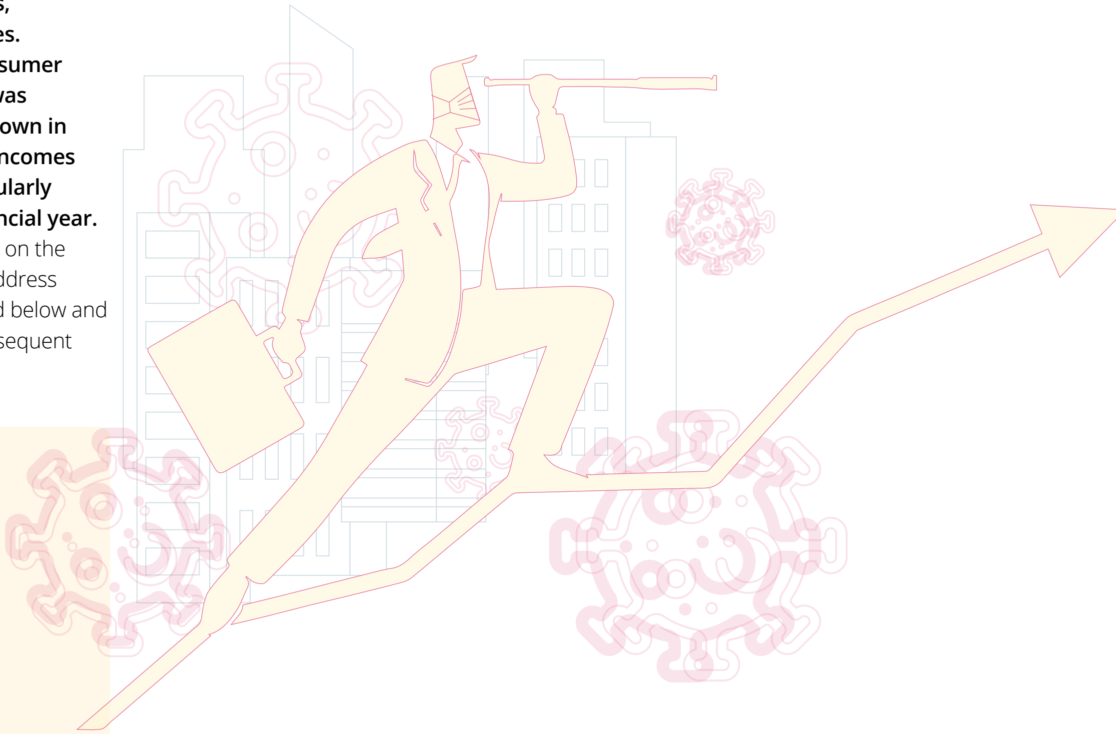




* Fifteen months for 2018/19

IMPLICATIONS AND RESPONSE TO COVID-19

The global socio-economic implications of the COVID-19 pandemic have been catastrophic with far reaching consequences on governments, organisations, and communities. As a Group engaged in the consumer durables industry, the Group was directly impacted by the slowdown in economic activity, disposable incomes and consumer demand, particularly during the first half of the financial year. Key implications of the pandemic on the Group, and measures taken to address these challenges are summarised below and discussed in further detail in subsequent sections of this Report.



Implications on the Group

- Slowdown in customer demand due to economic fallout of the pandemic which resulted income uncertainty
- Increased employee vulnerability to health and safety risks
- Temporary closure of outlets during the lockdown which followed the first wave of the pandemic
- Sharp increase in freight rates given disruptions to shipping and logistics activities
- Depreciation of the Sri Lankan Rupee, due to the country's weakened external position following the outflow of funds from the capital markets. This resulted in an escalation in the cost of imported raw materials.
- The sustained decline in interest rates following an accommodative monetary policy, had a favourable impact on profitability through the decrease in borrowings costs

Impact on Performance (estimate)

Estimated sales of **Rs. 99 million** lost during lockdown in 1st quarter of 2020/21

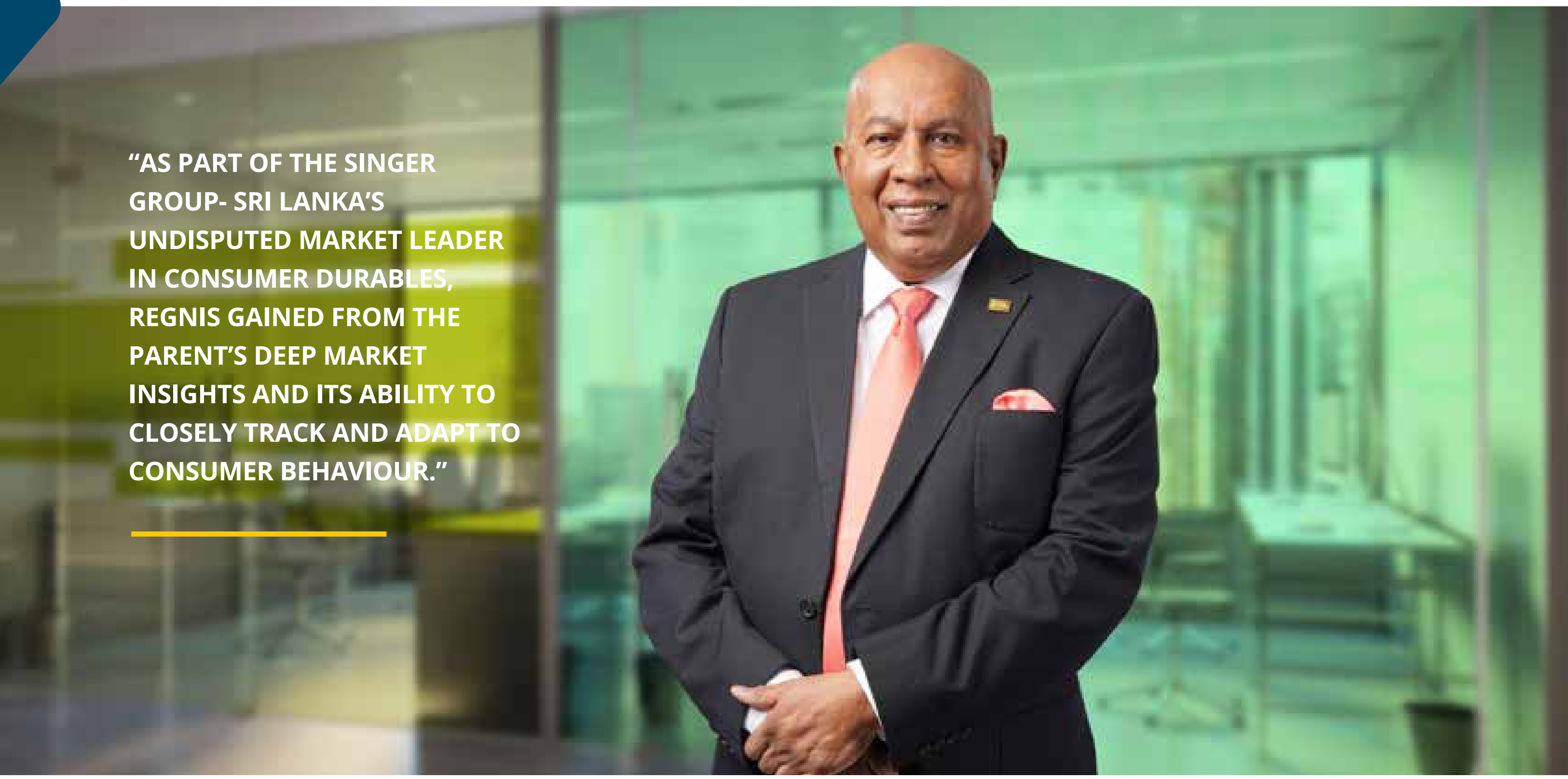
Washing machine GP margin narrowed by **2%** due to escalation in raw material costs	Increase in freight rates resulted in an incremental cost of **Rs. 71.8 million**	**Rs. 42.5 million** estimated exchange rate impact on imported raw materials	**Rs. 8.3 million** decline in interest costs due to lower interest rate scenario

Our response

The Group immediately established an emergency response team and implemented a COVID-19 action plan which included comprehensive health and safety measures

Ensuring employee safety through stringent health and hygiene protocols and facilitating work from home arrangements (page 50)	**Manage exchange rate volatility through forward booking and early settlement of foreign currency denominated invoices**	**Preserve liquidity through cost rationalisation, process efficiencies and productivity improvements**	**Maintained a high level of engagement with employees to ensure staff morale was retained despite the prevalent uncertainty**

CHAIRMAN'S STATEMENT



"AS PART OF THE SINGER GROUP- SRI LANKA'S UNDISPUTED MARKET LEADER IN CONSUMER DURABLES, REGNIS GAINED FROM THE PARENT'S DEEP MARKET INSIGHTS AND ITS ABILITY TO CLOSELY TRACK AND ADAPT TO CONSUMER BEHAVIOUR."

Dear Shareholder,

My message to you comes at the close of what has been one of the most challenging years of our generation, as conventional ways of working and daily life have been completely disrupted by the global outbreak of the COVID-19 pandemic. Against this backdrop, Regnis (Lanka) PLC has demonstrated resilience and strategic agility to deliver significant operational progress while maintaining its market position and ensuring the creation of shared value to its diverse stakeholders. It is my pleasure to present you, the Annual Report and Financial Statements for the year ending 31st March 2021.

Despite being a year since its initial outbreak, the virus continues to evolve with the emergence of mutations and new variants. Recent weeks have seen a sharp resurgence of infections in Sri Lanka with the emergence of a highly transmissible variant. As we come to terms with the tragic loss of lives and livelihoods, my thoughts and prayers are with those who have suffered and lost loved ones.

Operating Environment

Needless to say, the human, economic and social implications of the pandemic have been unlikely anything seen before, with deep and far-reaching consequences across economies, communities and organisations. The virus emerged in China in December 2019, rapidly spreading across borders in ensuing months, with rippling effects across continents. Resultantly, the global economy entered a recession, contracting by 3.3% during the year as nations struggled to contain high infections through lockdowns and restrictions on mobility and gatherings. Sri Lanka's economic scarring has been considerable, with GDP contracting by 3.6% reflecting broad-based effects across all economic sectors.

The Government adopted proactive measures to support-pandemic hit businesses and stimulate economic activity; this included debt moratoriums, concessionary funding schemes and an accommodative monetary policy stance which led to sustained reductions in market interest rates for most part of the year. The external sector witnessed significant pressure, arising from the drastic decline in tourism sector earnings as well as outflows from the capital markets. Given the significant pressure on the Sri Lankan Rupee, the government imposed import restrictions on selected non-essential times while policy impetus was provided to the export and local manufacturing sectors in a bid to bolster foreign exchange income.

Early measures adopted by the Government to prevent the spread of the virus in the immediate aftermath of the first wave, prevented an escalation of infections. Consumer and investor sentiments improved in the months that followed, as low interest rates, pent-up demand and businesses' ability to better adapt to post pandemic realities buoyed hopes of a quick recovery. Resultantly, Sri Lanka's GDP grew by 1.3% during the 3rd and 4th quarters of 2020. The recent surge in infections, however, have dimmed hopes for an immediate recovery although the Government's efforts to ensure continuity of economic activity is likely to drive the country's economic revival in the medium to long-term.

It was a year of mixed fortunes for the consumer durables industry; while retail activity inevitably slowed in the first two quarters of the calendar year 2020, a gradual recovery was witnessed towards the second half of the year, reflecting pent-up demand, an expansionary monetary policy stance and improved sentiments. Given heightened concerns on health and safety together with restrictions on social distancing, customers demonstrated increased demand for home appliances, placing higher value on attributes such as convenience and sophistication. These dynamics augured well for Regnis, which saw a sharp increase in demand for both refrigerators and washing machines in the last quarter of the year. As part of the Singer Group- Sri Lanka's undisputed market leader in consumer durables, Regnis gained from the Parent's deep market insights and its ability to closely track and adapt to consumer behaviour.

Response to COVID-19

From the outset, our foremost priority was ensuring the safety of our team and the Group established a COVID-19 task force to implement stringent safety and hygiene protocols in line with the recommendations of the Health Authorities. Despite the challenges of ensuring social distancing within factory environments, the Group adopted numerous measures to safeguard employees through minimising cross-interaction, frequent disinfectant and random PCR testing. We also enabled employees to work from home wherever possible, supporting them through providing the necessary IT infrastructure. These stringent measures offered assurance and confidence to our employees, which in turn enabled production to commence relatively quickly following the first lockdown in March 2020. The Board maintained a high-level of engagement with the Group's Chief Executive Officer and Leadership team, ensuring that all emerging risks were identified and monitored on an ongoing basis. Despite liquidity pressure and a high degree of uncertainty in the first outbreak, the Group, along with its parent and ultimate parent- Hayleys PLC made a definitive decision to maintain all employees at full remuneration thereby ensuring the job security of our team.

"THE GROUP'S STRATEGY FOR THE YEAR WAS CENTERED ON LEVERAGING ITS MANUFACTURING CAPABILITIES TO SUCCESSFULLY SERVE THE INCREASE IN DEMAND IN THE 2ND HALF OF THE YEAR AS WELL AS DRIVING CONTINUED INNOVATION IN LINE WITH THE GROUP'S ASPIRATIONS OF DEVELOPING WORLD-CLASS PRODUCTS."

Commitment to shareholders

The Group's strategy for the year was centered on leveraging its manufacturing capabilities to successfully serve the increase in demand in the 2nd half of the year as well as driving continued innovation in line with the Group's aspirations of developing world-class products. Progress made against these strategic objectives are discussed in further detail in the CEO's Review on page 16 and subsequent sections of this Report. As a result of these efforts, the Group achieved a revenue growth of 6% during the year, while profit attributable to shareholders increased by 74% to Rs.186.86 million.

Shareholder returns as measured by Earnings per share increased by 73%, to Rs.8.29; dividend per share for the year amounted to Rs.2.60. During the year, the Group engaged in a sub-division of shares, with each ordinary share split into 2 shares thereby enhancing the liquidity of the share.

Leadership and Governance

Our corporate governance practices, policies and frameworks are aligned to that of our parent and ultimate parent, which placed the Group in a strong footing to navigate the unprecedented challenges of the year. Despite the restrictions that prevailed, Board activities continued uninterrupted with Board and Sub-Committee meetings shifting to digital platforms. The Board also strengthened engagement with the leadership team through frequent meetings. Key areas of board focus included assessing the evolving nature of the pandemic and its implications on our business, including employee safety, exchange rate vulnerabilities, commodity price movements, supply chain implications and competition, among others.

Way Forward

Although the emergence of the 3rd wave has tempered the immediate term economic outlook, I remain optimistic regarding the medium-to-long term prospects. Government impetus towards strengthening the country's local manufacturing sector is expected to augur well for organisations such as Regnis. We are very keen to capitalise on these opportunities as we seek to further expand our manufacturing footprint, within our existing product categories as well as new white goods. Key downside risks include depreciation of the exchange rate and rising commodity prices, which in turn would lead to an escalation of our costs and pressure on profit margins. Despite these pressures, I am confident of the Regnis team's ability to effectively overcome any challenges arising from a further surge in infections, as I believe they are now better equipped to adapt to increased volatility and uncertainty.

Appreciation

I would like to take this opportunity to express my gratitude to my colleagues on the Board for their guidance and insights, which have been invaluable in this extraordinarily challenging year. On behalf of the Board, I would also like to thank Mr. K K L P Yatiwella and Mr. V G K Vidyaratne who resigned from the Board during the year, for their valuable contributions over the years. I must commend the efforts of the Regnis team who demonstrated strong resilience amidst these challenges; I extend my gratitude and appreciation to the Group CEO, Factory Director, and all employees of Team Regnis for their dedication and efforts. I also take this opportunity to thank all our customers, suppliers and stakeholders who have partnered us in our journey of growth.

Thank you.

(Sgd.)
Mohan Pandithage
Chairman

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

"THE GROUP'S FINANCIAL POSITION REMAINS STRONG, REFLECTING CONSISTENT ASSET GROWTH, SUPPORTED BY A HEALTHY EQUITY BASE AND RELATIVELY LOW EXPOSURE TO BORROWINGS."

Dear Stakeholder,

It has been a defining year for Regnis (Lanka) PLC as it successfully withstood the rigorous test of agility and strategic resilience arising from the unprecedented disruptions caused by the COVID-19 pandemic. As the pandemic accelerated fundamental changes in customer preferences, buying habits as well as work practices and operating models, the Group was quick to identify and capitalise on emerging opportunities, thereby delivering a remarkable 74% increase in profit-after-tax to Rs. 186.86 million.

Needless to say, the human, economic and social toll of COVID-19 is unlike anything seen before, with far-reaching ramifications on communities, organisations and economies around the world. Together with its innumerable challenges, the pandemic has also presented opportunities for businesses, and organisations' success has reflected the ability to adapt their strategic levers and drive fast and bold action. Against this backdrop, I am deeply appreciative of the efforts of the Regnis team, who have demonstrated quick thinking, spirit and extraordinary resilience to ensure the continued creation of stakeholder value.

Performance

Consolidated revenue increased by 6% to Rs.5.32 billion during the year; a surge in demand during the 2nd half of the year, partially offset the sharp decline in volumes during the first quarter of 2020/21, resulting in refrigerator volumes growing by 6% during the year. Washing machines, however, declined by 26% during the year. Customers demonstrated increased preference towards more sophisticated, convenient and higher-capacity refrigerators as the prevalent uncertainty prompted increased storage of essential items. Resultantly, our no-frost refrigerators recorded strong growth of 54% resulting in a richer-product mix, which somewhat cushioned the adverse impact of escalating raw material prices. Administrative expenses declined by 10% reflecting ongoing focus on optimising resource and rationalizing costs while distribution expenses normalized to Rs.24.62 million following a one-off reversal of warranty provisions the previous year. Despite a marginal decline at operating profit level, a 35% decline in net finance costs and a reversal of income tax provisions resulted in the Group recording a 74% growth in profit after tax to Rs.186.86 million. It is noteworthy that the Group recorded a strong rebound in the 4th quarter of the year, with refrigerators and washing machines achieving volume growth of 45% and 11% respectively, thereby renewing hopes for strong earnings growth in 2021/22. The Group's financial position remains strong, reflecting consistent asset growth, supported by a healthy equity base and relatively low exposure to borrowings. Equity accounted for 45% of the Group's assets while the debt-to-equity ratio remained relatively low at 32%.

A timely strategy

The Group's resilient performance during the year, reflects timely capacity expansions and relentless focus over the last several years to streamline operations and eliminate bottlenecks. This enabled the Group to quickly ramp up capacity to effectively capitalise on the surge in demand for home appliances during the 2nd half of the year, with capacity utilisation levels increasing to 100%. Despite numerous operational challenges and heightened safety concerns, the Group successfully catered to the increased demand without any new investments in manufacturing infrastructure or recruitments.

"AS A GROUP SATISFYING APPROXIMATELY 40% OF THE COUNTRY'S DEMAND IN BOTH REFRIGERATORS AND WASHING MACHINES, ENTIRELY THROUGH LOCAL MANUFACTURING, REGNIS LANKA'S VALUE ADDITION TO THE ECONOMY IS SIGNIFICANT."

It was a transformative year for innovation, as the Group progressed further on its aspirations in delivering locally-manufactured, world-class products to the Sri Lankan market. The high capacity (285Ltr and 305Ltr), smart inverter refrigerators launched in 2019/20, performed exceedingly well during the year effectively competing with international brands on design, quality and performance. During the year, the Group also engaged in a facelift of its refrigerator range with the launch of several new door finishing including stainless steel and flower prints among others. We will continue to leverage our design and production capabilities to cater to the increasingly sophisticated Sri Lankan consumer through innovation, quality and design. Although the conditions that prevailed during the year were not conducive for new product launches in the washing machine range, plans are in place to strengthen our product proposition and range in this segment.

Driving operational excellence through process efficiencies and cost rationalisation has been a key medium -term priority and the Group continues to benefit from the implementation of Total Productivity Maintenance. While driving down costs, these efforts have also nurtured a productivity-driven, cost conscious culture in the organisation, which will enable the development of a leaner, faster organisation in which waste is minimized and bring out price competitive products to the market.

Ensuring the safety of our employees was a critical priority during the year, and we appointed a COVID-19 task force to drive the roll-out of health protocols and safety procedures across the organisation. Manufacturing facilities recommenced by mid May 2020 and we facilitated work from home arrangements for all office employees, ensuring the continuity of the support functions despite the conditions that prevailed. During the year, we also successfully negotiated a new collective agreement for our unionised employees; the agreement aims to drive a performance-driven, productivity-oriented organisational culture and included a wage increase of 10%. A Group-wide decision was also made to retain all employees thereby ensuring job security and continued value creation.

Embedding Sustainability

As a Group satisfying approximately 40% of the country's demand in both refrigerators and washing machines, entirely through local manufacturing, Regnis Lanka's value addition to the economy is significant. In addition to its direct employees, the Group also supports numerous livelihoods through its value chain activities including procurement of raw materials, packaging materials and sub-contracting. As the market leader in both product categories, we are also cognisant of the role we can play in reducing our customers' carbon footprint by enhancing the energy efficiency of our products. In addition to pioneering the use of the R600a refrigerant in 2012, ongoing investments in developing inverter-type refrigerators are anticipated to contribute towards a broad-based reduction in the carbon footprint over the medium to long-term.

The Group's environmental agenda is aligned to that of our parent entity, Singer Sri Lanka PLC and our ultimate parent, Hayleys PLC- which is frequently recognised as a sustainability leader in Sri Lanka's corporate arena. We continued our efforts to reduce Styrofoam components in our packaging with paper pulp biodegradable material, which resulted in the elimination of approximately 11mt of Styrofoam during the year. Our long-term aspiration is to reduce landfill waste through this initiative and I am happy to note that our agenda has been propagated across our packing material suppliers, who are now pursuing increased manufacturing of paper pulp packaging. These initiatives are discussed in further detail in subsequent sections of this Report.

Way Forward

In recent weeks Sri Lanka has seen a resurgence of infections, with the emergence of a highly transmissible variant of the virus. Despite inevitable implications on demand over the immediate term, we remain optimistic regarding the medium to long-term growth potential of our products, particularly given the relatively low penetration of both refrigerators and washing machine in Sri Lanka. Policy impetus towards strengthening local manufacturing has offered considerable opportunities for Regnis, and we will actively pursue avenues of expanding our manufacturing footprint by leveraging our capabilities to diversify into complementary product categories, provided that the government authorities continue to maintain policy consistency. Key downside risks include the possibility of tighter restrictions given the surge in infections and burden on the country's healthcare sector, exchange rate volatility and escalating raw material prices, given the global resurgence in industrial activity. Despite these risks, I am confident in the Group's ability to maintain focus on its strategy, embracing and adapting to the new realities of a world that is unlikely to ever be the same again.

Appreciation

I would like to extend my gratitude to Mr. Dhammika Perera, Mr. Mohan Pandithage and the Board of Directors for their valuable counsel and continued confidence in me during these trying times. I also place on record my appreciation to Mr. V G K Vidyaratne and Mr. K K L P Yatiwella who resigned from the Board during the year. I am extremely proud to lead the dedicated and passionate team at Regnis and I extend my gratitude to Mr. Kelum Kospelawatta, Factory Director –Associate Companies and all our employees for their untiring efforts. I also wish to thank all our stakeholders including our customers, suppliers, and business partners for partnering our growth journey.

Thank you.

(Sgd.)
Mahesh Wijewardene
Group Chief Executive Officer

BOARD OF DIRECTORS

Left to right

Mr. Sarath Clement Ganegoda
Mr. Mohamed Irzan
Mr. Mahesh Wijewardene
Mr. Noel Laxman Sanath Joseph
Mr. Abeyakumar Mohan Pandithage (Chairman)
Mr. Mohamed Hisham Jamaldeen
Mr. Dilip Kumara De Silva Wijeyeratne
Mr. Kalupathiranalage Don Gamini Gunaratne
Mr. Kelum Kospelawatta

Mr. Mohan Pandithage
Executive Chairman

Joined the Hayleys Group in 1969. Appointed to the Hayleys PLC Board in 1998. Chairman and Chief Executive of Hayleys PLC since July 2009.

Fellow of the Chartered Institute of Logistics & Transport (UK). Honorary Consul of the United Mexican States (Mexico) to Sri Lanka. Council Member of the Employers' Federation of Ceylon. Member of the Advisory Council of the Ceylon Association of Shipping Agents. Recipient of the Best Shipping Personality Award by the Institute of Chartered Shipbrokers; Leadership Excellence Recognition – Institute of Chartered Accountants of Sri Lanka; Honored with Lifetime Achievement Award at the Seatrade – Sri Lanka Ports, Trade and Logistics; Lifetime Award for the Most Outstanding Logistics and Transport Personality of the Year – Chartered Institute of Logistics & Transport. Member of the Advisory Council, Ministry of Ports and Shipping.

Mr. Mahesh Wijewardene
Managing Director / Group CEO

Appointed as Group Managing Director and Group Chief Executive Officer of Singer Group of Companies on 1st November 2018.

Mr. Wijewardene holds a Masters' in Business Administration from the University of Southern Queensland and received the Dean's Award for outstanding Academic Achievement. , and Diploma in General Management. He also hold a diploma in general management from the open university of Sri Lanka.

He served as the Past Chairman of Ceylon Chamber of Commerce – Import Section and Sri Lanka – China Business Council.

Mr. Wijewardene currently serves in the executive council of Sri Lanka retailers' Association and a member of the international chamber of Commerce – Policy Committee. He serve as a Director of Singer (Sri Lanka) PLC, Singer Finance (Lanka) PLC, Singer Industries (Ceylon) PLC, Reality (Lanka) Ltd, Regnis Appliances (Pvt) Ltd, Singer Digital Media (Pvt) Limited, Singer Business School (Pvt) Ltd, Domus Lanka (Pvt) Limited, Reality Lanka (Pvt) Ltd and Equity Investment Lanka Limited.

Mr. Sarath Ganegoda
Non - Executive Director

Appointed to the Board on 2nd October 2017.

Fellow Member of CA Sri Lanka and Member of Institute of Certified Management Accountants of Australia. Holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura. Held several senior management positions in large private sector entities in Sri Lanka and overseas.

Has responsibility for the Strategic Business Development Unit, Group Information Technology of Hayleys PLC and appointed as the Deputy Chairman of Alumex PLC in October 2020. He serves on the Boards of Unisyst Engineering PLC, Dipped Products PLC, Haycarb PLC, Hayleys Fabric PLC, Hayleys Fibre PLC, Kelani Valley Plantations PLC, Singer (Sri Lanka) PLC, Singer Industries (Ceylon) PLC, The Kingsbury PLC and Horana Plantations PLC.

Mr. Mohamed Hisham Jamaldeen
Independent Non-Executive Director

Appointed to the Board on the 2nd of October 2017.

Mr. Jamaldeen is a finance professional with over 20 years of experience and a seasoned commercial property investor and advisor. He is a Fellow of the Association of Certified Chartered Accountants, UK and holds a degree in Engineering and Business from the University of Warwick, UK.

Mr. Jamaldeen is the Founding Managing Director of Steradian Capital Investments (Pvt) Ltd., Executive Managing Director of On'ally Holdings PLC and Executive Director of Lanka Realty Investments PLC where he is responsible for financing, corporate structuring, acquisitions, and development.

He is also an Executive Director of several real estate companies, focusing on commercial, residential and leisure property investment and development. Mr. Jamaldeen serves as a Director of Hayleys PLC, Talawakelle Tea Estates PLC, Haycarb PLC, Singer (Sri Lanka) PLC and Singer Industries (Ceylon) PLC.

Mr. Noel Laxmam Sanath Joseph
Independent Non-Executive Director

Appointed to the Board on the 2nd October 2017.

He holds over 32 years of multi-faceted experience in engineering and engineering consultancy in Sri Lanka and internationally. He has held senior positions in organisations such as State Engineering Corporation, Heavyfab Ltd, Development Consultants Lanka (Pvt) Ltd, Safari Company Ltd, Saudi Arabia and Baharudden P M S Associates, Brunei. He is a Member of the Institution of Electrical and Electronic Engineers (MIEEE)-USA, The Institution of Lighting Engineers (MILE) - UK and The New York Academy of Science (MNYAS) - USA. The Illumination Engineering Society (MIES) - USA. Incorporated Engineer - UK (IEng) and the Institution of Engineering Technology (MIET) - UK. The American Society of Heating, Refrigerating and Air-Conditioning Engineers (MASHRAE)-USA.

He serves on the Board of Singer Industries (Ceylon) PLC and is the Managing Partner of Cadteam and Proprietor of N J Consultants.

BOARD OF DIRECTORS

Mr. Kalupathiranalage Don Gamini Gunaratne

Independent Non-Executive Director

Appointed to the Board on the 2nd October 2017.

He presently serves as Chairman of Lanka Hotels and Residencies (Pvt) Ltd (Sheraton Colombo), Board Member of Swisstek Ceylon PLC, Hayleys PLC, Dipped Products PLC, Lanka Walltiles PLC, Lanka Tiles PLC, Lanka Ceramic PLC, Horana Plantations PLC and SLIIT International (Private) Limited.

Previously he has served as Vice Chairman of National Water Supply and Drainage Board.

Mr. Dilip Kumar De Silva Wijeyeratne

Independent Non-Executive

Appointed to the Board on the 1st May 2018.

Mr. Wijeyeratne is an Associate member of The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), Fellow member of the Chartered Institute of Management Accountants, UK (FCMA) and a Graduate member of the Australian Institute of Company Directors (GAICD).

He moved as a finance professional to Price Waterhouse, Bahrain, and has extensive experience in audit and advisory services. Commenced a banking career at HSBC Bank Middle East, as Head of Finance and Operations and latterly, was Head of Global Markets and Treasury for the group offices of HSBC Group in the Kingdom of Bahrain. A member of the Senior Management team. Responsible for Corporate Treasury Sales and management of Asset and Liability Management (ALCO) for three legal entities of HSBC group operating in Bahrain. In 2010, joined Third Wave International WLL (TWI) as an equity partner and CEO and embraced entrepreneurship.

Leads a team of consultants and facilitates consultancy offerings in Financial Advisory, Human Resources, Marketing, Project and Quality Management, Research and Learning and Development to the private and public sector entities in Bahrain and Oman.

Mr. Wijeyeratne serves as a Non-Executive Director of Singer (Sri Lanka) PLC, Singer Industries (Ceylon) PLC, Hayleys Fibre PLC and Sampath Bank PLC.

Mr. Kelum Kospelawatta

Executive Director

Appointed to the Board on 15th October 2014.

Appointed as Factory Director – Associate Companies on 1st October 2014.

Holds BSc. (Hons) Degree in Mechanical Engineering, University of Moratuwa and an MBA from the University of Sri Jayewardenepura.

Member of the Industrial Association of Sri Lanka and a member of the National Labour Advisory Committee.

Director- Singer Industries (Ceylon) PLC and Regnis Appliances (Pvt) Ltd.

Mr. Mohamed Irzan

Alternate Director to Mr. Kelum Kospelawatta

Appointed to the Board on 22nd January 2019.

A finance professional, Mr.Irzan is a Fellow of the Chartered Institute of Management Accountants, UK , Associate of the Chartered Institute of Marketing, UK and holds an MBA in Marketing from the University of Colombo, Sri Lanka.

Mr. Irzan has held senior Management position in Regnis (Lanka) PLC and Singer Industries (Ceylon) PLC, as Factory Controller/Chief Financial Officer since 2002 to 2015 (close to 13 years). Mr Irzan is the Head of Treasury and Investor Relations of Singer (Sri Lanka) PLC and has over 25 years' experience in the Group.

Handled the position as Company Secretary in several companies in the Group.

MANAGEMENT TEAM

K D Kospelawatta - Factory Director

K G G Perera - Commercial Manager

W K A P Wettewa - Factory Manager Regnis Appliances (Pvt) Ltd

Ms S Edirisinghe - Senior Manager- Human Resources

M Ranasinghe - Senior Materials Manager

E N P Soysa - Senior Production Manager

K K Atukorala - Manager- Financial Reporting

M D D Prabhath - Senior Plant Engineer

A Amarasinghe - Stores Manager

A S Kendasinghe - Manager- Information Technology

A A K Maduranga - Accountant

Y C Withanachchi - Accountant - Regnis Appliances (Pvt) Ltd

MANAGEMENT TEAM

D W P Kandage - Engineer- Quality Assurance

M De S Seneviratne - Assistant Quality Assurance Manager

Ms S Fernando - Confidential Secretary

R G L S Rajapaksha - Factory Engineer

Ms S A W M R S C Aranwela - Commercial Executive

I K C A P Iluppitiya - Accounts Executive

D H S R Madhusankha - Accounts Executive - Regnis Appliances (Pvt) Ltd

O S Kapilasiri - R & D Executive

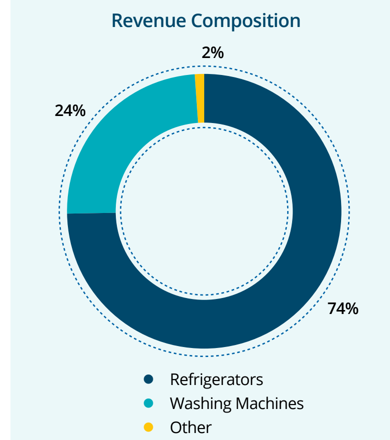

SINGER

OUR BUSINESS

Organisational overview

Regnis (Lanka) PLC is Sri Lanka's largest manufacturer of white goods, which satisfying approximately 40% of the country's demand in both refrigerators and washing machines under the SINGER and SISIL brands. Our products reach customers through the unmatched distribution network of our parent company, Singer (Sri Lanka) PLC- the undisputed leader in the Sri Lanka's consumer durables market. Through consistent improvements to technology, manufacturing capabilities and product knowledge, the Group has gradually enhanced its product portfolio, and currently manufactures a range of refrigerators and washing machines that are comparable to leading international brands in quality, efficiency and performance.

The Regnis Group comprises the Company and its fully-owned subsidiary Regnis Appliances (Pvt) Ltd which is engaged in the manufacture of washing machines, plastic chairs and plastic components for refrigerators. Through its parent entity, Regnis is part of the Hayleys Group- Sri Lanka's most diversified conglomerate with wide ranging business interests across 13 sectors.



47 refrigerator variants

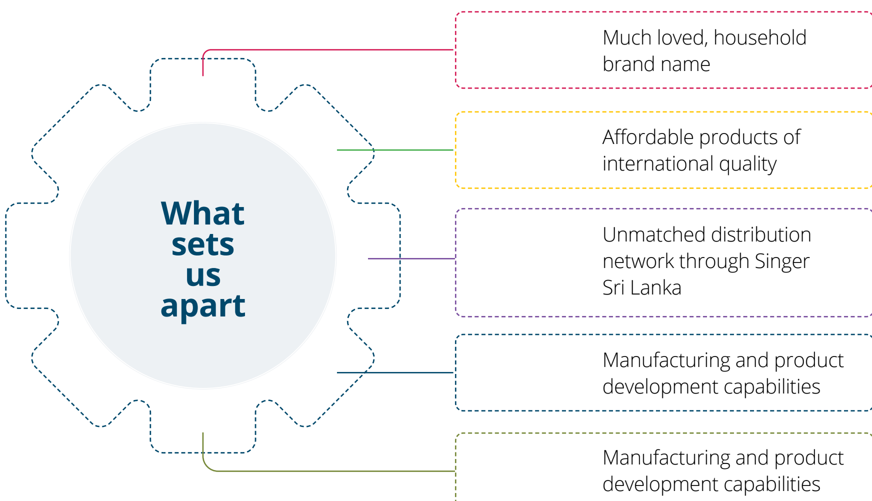
12 washing machine variants

40% market share in refrigerators

42% market share in washing machines

430 distribution points (through Singer)

SINGER brand Sri Lanka's Most Popular Brand-2021 (15th consecutive year)



Key Highlights

Rs.5.32 billion
Revenue

Rs.3.75 billion
Total assets

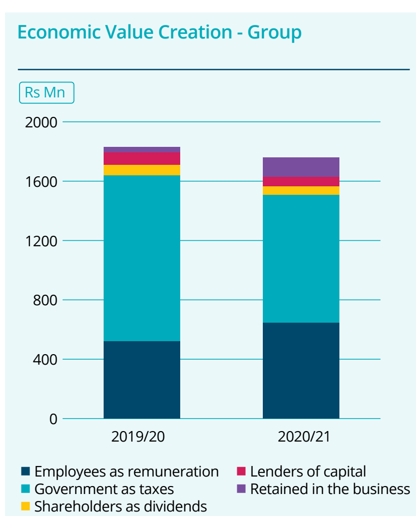
Rs.186.86 million
Profit after tax

477
Employees - Group

410
Employees - Company

Socio-economic impacts

As a Group with significant local value addition in its manufacturing process, Regnis generates considerable socio-economic impacts across its supply chain- from sourcing raw materials and packaging materials to manufacturing activities. These impacts are summarised below.



477 employees

Attractive rewards and remuneration

Opportunities for training and career progression

Conducive work environment

50% local value addition and preservation of foreign exchange

154 suppliers

Rs.3,200 million suppliers to payments

Opportunities for mutual business growth

Ease of transactions and fair business practices

Rs.861 million

Tax payments to Government

10 sub-contractors

Opportunities for mutual business growth

Technical support and capacity development

Rs.233,000

Investment in CSR initiatives

122 indirect employment

Support livelihoods and drive socio-economic empowerment

Eco-friendly products

Reduce carbon footprint of customers

Integrated Value Chain

The Group's integrated value chain is vital in delivering superior quality products with reliability thereby generating shared value through our operations and ensuring that our sustainability agenda is propagated to value chain partners. We are committed to consistently improving the agility, safety and reliability of all processes along our value chain while striving to reduce the social and environmental impacts of our operations.

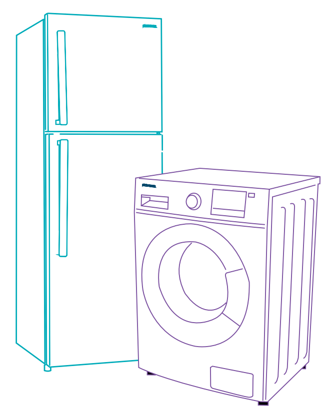
Hand Protection
Key Inputs

- Steel sheets
- HIP sheets
- Plastics
- Chemicals
- Refrigerants
- Compressors

Operations & Processes

- Product development
- Manufacturing and packaging
- Quality assurance
- Marketing and distribution through Singer Sri Lanka PLC
- People management

Products



We manufacture 47 variants of refrigerators, 12 variants of washing machines and other components

VALUE CREATION MODEL

The Group's value creation model as depicted below is a graphical representation of the resources and relationships we rely on (capital inputs) and how we transform these inputs through our value creation process to generate outputs and outcomes. This transformation results in the creation, preservation and/or erosion of value. Further details on this transformation is available in the Capital Management section on pages 43 to 59 of this Report.

CAPITAL INPUTS

Financial Capital

Shareholders and debt providers fund the Group's expansion plans and are entitled to sustainable returns

Shareholders' funds: **Rs. 1.71 billion**

Debt: **Rs. 546.11 million**

(Pages 43 to 45 for more information)

Manufactured Capital

Machinery, equipment and other physical infrastructure that facilitate production

Property, plant and equipment: **Rs. 1.22 billion**

(Pages 46 to 47 for more information)

Human Capital

Skills, attitudes and work ethic of **338** employees

(Pages 48 to 51 for more information)

Intellectual Capital

Tacit knowledge and capacity for innovation

Systems, processes and standards

(Pages 52 to 53 for more information)

Social & Relationship Capital

Suppliers: **154**

Sub-contractors: **10**

Other business partners: **122**

Community relationships

(Pages 54 to 56 for more information)

Natural Capital

Raw materials: **MT 5,073**

Water use: **m3 6,445**

Energy consumption: **kJ 3,291.3**

(Pages 57 to 59 for more information)

VALUE TRANSFORMATION

Our Vision

To be among the best Manufacturers of world-class white goods in Asia Pacific

VALUE CREATING PROCESS

- New product development
- Procurement of raw materials
- Manufacture/ assemble
- Distribution through Singer Sri Lanka network
- After-sales service

DELIVERED THROUGH 2 KEY PRODUCT LINES

ALIGNED TO A HOLISTIC STRATEGY

1. OPERATIONAL EXCELLENCE
2. INNOVATION
3. MANAGING RELATIONSHIPS
4. SUSTAINABILITY

Enabled by			
Effective people management (Page 48)	Budgeting and financial management	Proactive risk management (Page 34)	Robust corporate governance practices (Page 61)

External trends affecting our strategy

- Exchange rate fluctuations
- Duration of the pandemic

OUTPUTS

115,556
refrigerators manufactured

51,116
washing machines manufactured/assembled

590 MT
other components manufactured

PERFORMANCE OUTCOMES

Financial Capital

Generating sustainable shareholder value
- Profit after tax: **Rs.186.86 million** (+73%)
- Dividends: **58.5 million**
- Market capitalisation growth: **64%**

(Pages 43 to 45 for more information)

Manufactured Capital

- Capacity utilisation: **80%**
- Capital expenditure: **46.1 million**
- Volume growth: **Refs.10%, Washers (28%)**

(Pages 46 to 47 for more information)

Human Capital

Creating a conducive, dynamic and rewarding work environment
- Total payment to employees : **Rs.646 million** (+24%)
- Investment in training: **0.5 million**
- Employee retention: **100%**
- Injuries: **34**
- COVID 19 infections: **Nil**

(Pages 48 to 51 for more information)

Intellectual Capital

- Maintained market leadership position in both refrigerators and washing machines

(Pages 52 to 53 for more information)

Social & Relationship Capital

Maintained proactive, mutually-beneficial and equitable relationships with stakeholders
- Supplier payments: **Rs. 3,200 million**
- Payments to sub-contractors: **Rs. 184 million**
- Community investments: **Rs. 0.2 million**

(Pages 54 to 56 for more information)

Natural Capital

- Waste generated: **MT 149.5**
- Carbon footprint: **MT 89**

(Pages 57 to 59 for more information)

Raw material prices

Customer sophistication

Competition

STAKEHOLDER DYNAMICS

Our stakeholders are at the center of our value creation and we are cognisant of their diverse needs. We identify and select stakeholders to engage with based on which parties have the most significant impact on our value creation process and those who are affected most by our activities.

Given the conditions that prevailed during the year, the Group placed strategic emphasis on strengthening stakeholder engagement, ensuring that we were aware and understood their concerns.

How we engage

- Collective agreements with trade unions (94% of our employees are covered by collective agreements)
- Performance appraisals (annual)
- Digital engagement (ongoing)
- Grievance reporting (ongoing)
- Staff meetings (continuous)
- Work-life balance initiatives (continuous)

Key topics and concerns

- Attractive reward schemes
- Health and safety of workplace
- Opportunities for skill development and career progression
- Job Security
- Safe and conducive work environment

477 employees engaged in manufacturing activities and support functions

Quality of stakeholder relationships

91%
Customer satisfaction rate

100%
Employee retention rate

Nil
Community grievances reported

Majority shareholder is Singer (Sri Lanka) PLC (58.29%); remainder held by institutional 14.51%) and retail (27.2%) shareholders.	Over 154 suppliers through who we source raw materials and 10 sub-contractors	Inland revenue, local authorities, Central Environmental Authority, Customs	The broader society in which we operate across the country.

	Shareholders	Suppliers	Government	Communities
How we engage	• Annual General Meeting (Annual) • Investor forums (Quarterly) • Annual Report (Annual) • CSE Announcements (Ongoing)	• One to one engagement (Ongoing) • Written communication (Ongoing) • Site visits	• Engagement at industry forums and corporate engagement platforms (ongoing) • Written communications (ongoing) Face to face interactions (ongoing)	• CSR activities (Ongoing) • Community grievance mechanisms • Other sponsorships (Ongoing)
Key topics and concerns	• Sustainable growth in earnings • Returns commensurate with risks assumed • Transparent and timely communication on how the Company responds to market conditions • Robust corporate governance risk management practices	• Business growth • Responsible Business Practices • Ease of transacting • Open communication	• Compliance to relevant regulations • Local value addition • Supporting the government's economic agenda • Timely payments of taxes • Fair treatment of employees • Social and environmental implications	• Responsible business practices • Environmental preservation • Community empowerment and development • Employment generation
Our response	**Strategic pillar:** Shareholder value creation is directly linked to all four strategic pillars	**Strategic pillar:** Managing Relationships (pages 39 to 41)	We maintain full compliance to all relevant regulations	Strategic pillar: Managing Relationships (pages 39 to 40) Sustainability (pages 39 to 41)

MATERIALITY

Material matters are defined as the issues that are of greatest importance to our stakeholders and the ability to substantially impact our performance and value creation. The Group's material matters form the anchor of this Report as it determines the key information needs of our stakeholders. The material topics given below are a combination of those prescribed by the GRI guidelines and factors specific to our operating environment, value creation model and strategy.

The process we adopt in determining these issues is illustrated below;

Identification of issues

- Assessment of external environment and broader contextual trends
- Stakeholder Engagement
- Evaluation internal strengths and weaknesses

Evaluation

- Evaluate potential impact on the Group and key stakeholder groups

Prioritisation

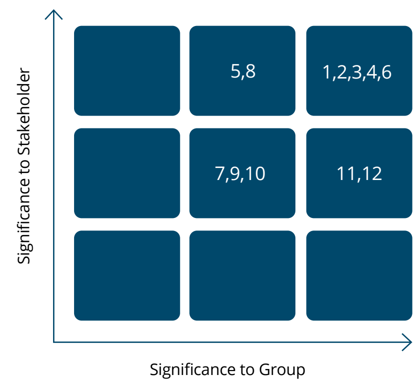
- Prioritise matters based on relative significance

Selection and Validation

- Determine material aspects to be included in Report
- Obtain validation with endorsement from Board and executive management

Materiality in 2020/21

The unprecedented operating conditions and uncertainty that prevailed during the year resulted in a dramatic shift in the Group's internal and operating landscape, thereby having a direct impact on its material topics. The material matrix for the year is presented below:



There were no major changes to the scope of the material topics; changes in material topics are listed in the grid below.

No.	Material topic and why it is material to us	Corresponding GRI topic	Topic boundary
1	**Employee health and safety** With the outbreak of the pandemic, health and safety has emerged as a key risk factor for organisations as potential infections could affect continuity of production, employee morale and corporate reputation. *New topic*		Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances (Pvt) LTD.
2	**Manufacturing and Operational excellence** Our primary activity is manufacturing refrigerators and washing machines and our manufacturing capabilities determine our product quality, capacity to innovate and competitive position. *Increased importance due to priority placed on optimising resources and managing costs*		Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances (Pvt) LTD.
3	**Exchange rate fluctuations** Restrictions, taxes, monetary and fiscal policy have a direct on our performance *Increased importance due to sharp depreciation of exchange rate in recent months*		Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances (Pvt) LTD.
4	**Fluctuations in raw material prices** Approximately 80% of our cost of sales comprises raw materials and price fluctuations have a considerable impact on our profitability margins. *Increased importance due to increased volatility in raw material prices in recent months*		Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances (Pvt) LTD.

MATERIALITY

There were no major changes to the scope of the material topics; changes in material topics are listed in the grid below.

No.	Material topic and why it is material to us	Corresponding GRI topic	Topic boundary
5	**Innovation** Intensifying competitive pressures and more sophisticated customer needs compel us to consistently widen our portfolio through innovative product offerings.		Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances (Pvt) LTD.
6	**Managing our talent pool** It is our employees that drive our strategic ambitions and deliver performance; therefore attracting, developing and retaining the right talent is critical for long-term sustainability	**GRI 401:** Employment **GRI 402:** Labour Management Relations **GRI 404:** Training and education	Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances (Pvt) LTD.
7	**Product responsibility** Given that both our products function using electricity, ensuring the completeness and relevance of customer instructions is critical	**GRI 416:** Customer health and safety **GRI 417:** Marketing and labelling	Topic boundary extends to our customers to use our products
8	**Competitive pressures** Competitive pressures have intensified both from local manufacturers and importers, compelling us to be price competitive and improve our product propositions.		Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances (Pvt) LTD.
9	**Supplier relationships** Maintaining productive and mutually beneficial supplier relationships is critical to ensuring a sustainable supply chain and uninterrupted operations.	**GRI 204:** Procurement practices	Topic boundary extends to suppliers, sub-contractors the Company engages with
10	**Government policy** Regulatory developments pertaining to import restrictions, taxes, monetary and fiscal policy have a direct on our performance		Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances (Pvt) LTD.
11	**Managing our environmental impacts** As a responsible corporate citizen, we are committed towards reducing the environmental footprint of our operations particularly in energy and water consumption, through our products and discharge of emissions.	**GRI 301:** Raw materials **GRI 302:** Energy **GRI 303:** Water **GRI 305:** Emissions **GRI 306:** Effluents and waste **GRI 307:** Environmental compliance	Relates to the operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances (Pvt) LTD.
12	**Community engagement** Maintaining healthy relationships with the communities we operate in, is vital in preserving our social license to operate ensuring smooth continuity to operations.	**GRI 203:** Indirect economic impacts	Relates to the community operations of Regnis (Lanka) PLC and its subsidiary Regnis Appliances (Pvt) LTD.

THE OPERATING ENVIRONMENT

Economic and Industry Environment

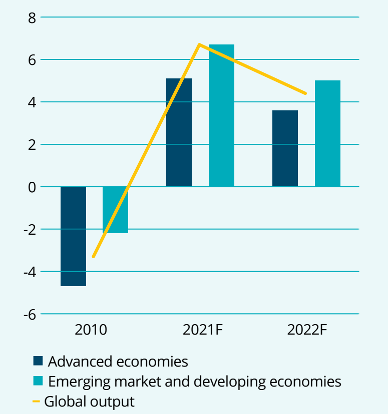
Global economy

The global economy entered a recession in 2020, reflecting the broad-based economic fallout of the COVID-19 pandemic which resulted in global GDP contracting by 3.3% during the year. As nations across the world grappled with curtailing the spread of the virus, unprecedented lockdowns and requirements for social distancing led to a drastic drop in economic activity. Advanced economies and emerging markets decelerated by 4.7% and 2.2% respectively. Although the progress of the virus remains uncertain, the road to recovery is now clearer and global activity has firmed at a faster pace than was previously anticipated. Although rates of recovery will be divergent, driven primarily by the success of the vaccination drives, the IMF anticipates the global economy to grow by 6% in 2021.

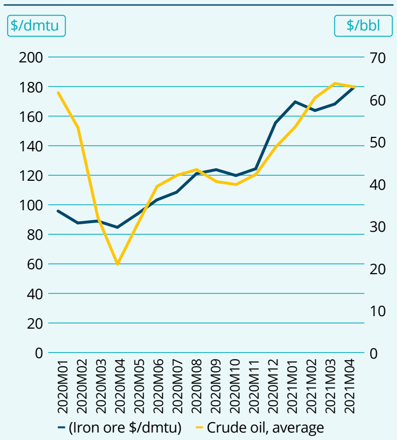
Global factors which affected the Group's performance during the year were,

- Steel/metal prices: Global commodity prices experienced considerable volatility during the year. Prices collapsed during the first half of 2020 reflecting the sharp slowdown in demand given recessionary economic conditions and weaker industrial activity. However, prices surged from the 3rd quarter onwards as the global economy rebounded and pent-up demand drove price escalations.
- Freight rates: Despite disruptions to international shipping operations, freight rates collapsed in the first half of 2020 reflecting continued uncertainty and the downturn in demand. Rates however increased sharply during the 2nd half of the year, as demand surged in line with the improvement in global industrial activity.

Global Economic Growth Projections



Commodity Prices



Source: World Bank

Sri Lankan economy

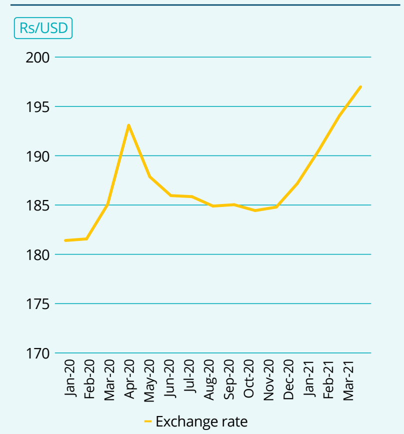
Sri Lankan economic growth mirrored global trends, as the inevitable implications of the COVID-19 pandemic led to broad-based contractions across all economic sectors. Accordingly, Sri Lanka's GDP contracted by 3.2% in 2020, as an extended lockdown in the 2nd quarter of 2020 and heightened health and safety concerns led to a sharp decline in economic activity. Accordingly, GDP decelerated sharply by 16.3% in the 2nd quarter of the year. However, the ensuing quarters have seen a gradual recovery, demonstrating businesses adaptation to post-pandemic realities, accommodative monetary and fiscal policy stance as well as vaccine driven confidence which resulted in the GDP expanding by 1.5% and 1.3% respectively in the 3rd and 4th quarters of the year.

Key macro-economic variables which affected the Group's performance during the year are;

Exchange rate

Sri Lanka's external position faced significant pressure during the year, reflecting a sharp in foreign currency inflows against the backdrop of a sharp fall in tourism earnings and outflows from capital markets. The exchange rate depreciated by 3.2% in 2020 while the ensuing months saw a sharper depreciation, with the Rupee falling by 5.2% in the first 3 months of 2021. In a bid to preserve the country's foreign exchange and defend the exchange rate, the Government imposed a range of restrictions on non-essential imports, including motor vehicles.

Exchange Rate

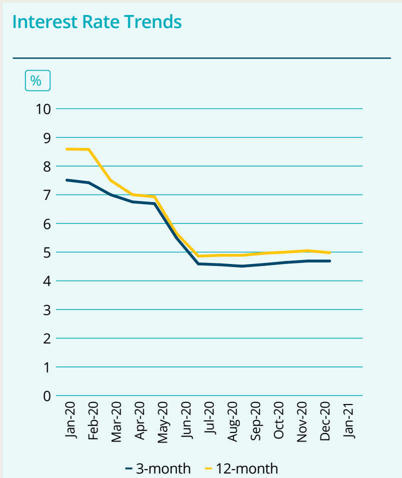


Source: Central Bank of Sri Lanka

Interest rate

The Government and the CBSL sought to stimulate economic activity through a series of accommodative monetary policy and concerted relief measures. Accordingly, a series of monetary easing measures were implemented including multiple reductions in the policy rate and the Statutory Reserve Ratio (SRR). As a result, market interest rates recorded sustained decline for most part of the with borrowings and deposit rates falling sharply end of the year.

THE OPERATING ENVIRONMENT



Source: Central Bank of Sri Lanka

Inflation

Inflation remained moderate around 4%-6% during the year reflecting subdued demand and impacts on disposable income. Food inflation increased gradually by mid-2020, prior to decelerating by end of the year.

Outlook

In recent weeks, Sri Lanka has seen a sharp resurgence of infections with the emergence of a highly transmissible variant of the virus. Resultantly, the Government has imposed partial restrictions in a bid to curtail the infection's rapid spread, which is already burdening the country's healthcare sector. Against this backdrop, economic activity is expected to moderate somewhat; although the Government's commitment to ensuring that economic activity continues uninterrupted coupled with better preparedness by organisations to operate with limited mobility is expected to offer some resilience going forward. While the third wave has dimmed hopes of a quick economic recovery, Sri Lanka's economy is still expected to post revival over the medium term.

Consumer durables industry

Sri Lanka's consumer durables industry is an active element of the country's retail market. Although industry-wide statistics for is not available, given our parent entity Singer (Sri Lanka) PLC's dominance in the segment, industry performance broadly mirrors that of Singer. Demand for consumer durables declined sharply following the outbreak of the pandemic in March 2020, as restrictions on mobility, uncertainty on income security and heightened health and safety concerns led to a deceleration in demand. However, the subsequent quarters have recorded strong growth reflecting pent-up demand as well as increased customer preference towards upgrading home appliances and digital devices- particularly given dramatic shifts in post-pandemic lifestyles.

Industry drivers

Private consumption	Consumer confidence	Disposable incomes	Easy payment and consumer credit schemes	Consumer lifestyles and sophistication	Overall economic growth
PRIVATE CONSUMPTION	**CONSUMER CONFIDENCE**	**DISPOSABLE INCOMES**	**CONSUMER CREDIT SCHEMES**	**CONSUMER LIFESTYLES AND SOPHISTICATION**	**OVERALL ECONOMIC GROWTH**
Private consumption expenditure remained relatively flat during the year. 2% reduction in expenditure on furnishings and household equipment	Confidence improved during the 2nd half of 2020 and the first quarter of 2021 reflecting pent-up demand, the low interest rate environment and hopes of an end to the pandemic	4% reduction in per capita GDP (in $terms) during the year	In a bid to stimulate lending and consumption, retailers partners with financial banks in introducing credit/debit card based flexible payment schemes	With a widening middle-class, consumer lifestyles and sophistication has continued to improve, reflecting aspirations for a higher standard of living	Deceleration in economic growth to 3.6% during the year

Opportunities and Risks affecting our strategy

<table>
<tr><th colspan="2">The duration of the COVID-19 pandemic</th></tr>
<tr><td>What happened: The outbreak of the third wave of the pandemic in Sri Lanka with the emergence of highly transmissible variants, is expected to lead to subdued demand as fears of cross infection results in reduced footfall in outlets. The evolution and duration of the pandemic remain uncertain at this juncture, although economic activity is likely to continue, albeit at a moderated pace.</td><td>Opportunities:
• Retailers operating e-commerce platforms (including Singer) are likely to see increased activity through online channels
Risks:
• Increased employee health and safety risks in our operating locations
• Slowdown in consumer demand
• Increased price sensitivity</td></tr>
<tr><td colspan="2">Our response
• We have implemented stringent health and safety protocols across the organisation and activated a pandemic response plan which ensures continuity of operations in the event of cross infection within our facilities.</td></tr>
</table>

<table>
<tr><th colspan="2">Regulatory developments</th></tr>
<tr><td>What happened: From a government policy perspective, the key implications on Regnis (Lanka) included the following:
• Decline in market interest rates stemming from accommodative monetary policy
• Import restrictions on selected imports</td><td>Opportunities:
• As a local manufacturer, the Group was largely unaffected by the import restrictions; however, we benefited from the vacuum arising from the unavailability of imported items in the market
Risks:
• Increased competition from imported products
• Customers' prevalence towards internationally reputed brands</td></tr>
<tr><td colspan="2">Our response
• Launch of high-capacity refrigerators, with specifications, quality and performance in par with international standards
• Ongoing focus on widening the product portfolio</td></tr>
</table>

<table>
<tr><th colspan="2">Implications of climate change</th></tr>
<tr><td>What happened: Erratic weather conditions, and natural disasters are becoming increasingly frequent across the world with severe impacts on value chains, agricultural outputs, communities and businesses. For Regnis, the implications arise through the direct impact of climate change on agricultural supply chains, which in turn affect demand for our products- particularly from communities which are dependent on the agriculture sector for their livelihoods.

Risks also stem from escalations in raw material prices.</td><td>Risks:
• Agricultural output during the main Yala and Maha season is positively correlated to our sales volumes and a drop in output invariably leads to a slowdown in demand</td></tr>
<tr><td colspan="2">Our response
• Launch of high-capacity refrigerators, with specifications, quality and performance in par with international standards
• Ongoing focus on widening the product portfolio</td></tr>
</table>

<table>
<tr><th colspan="2">Labour Shortages</th></tr>
<tr><td>What happened: Labour shortages are becoming increasingly acute in Sri Lanka's manufacturing sectors. This is driven by labour migration to other industries, different career aspirations of the younger generations and increased urbanisation.</td><td>Risks:
• Impacts continuity of operations
• Can lead to higher cost of production
• High labour turnover could lead to declines in productivity</td></tr>
<tr><td colspan="2">Our response
• Increased investments in technology and automation
• Ongoing focus on productivity improvements and lean initiatives</td></tr>
</table>

MANAGING RISKS

"The Group seeks to proactively identify, measure and mitigate emerging risks that could potentially impact its performance and/or value creation. The conditions that prevailed during the year, resulted in a dramatic shift in the Group's risk landscape, necessitating a strengthening of risk management practice, across all three lines of defense"

Risk Governance

The Board of Directors holds apex responsibility for managing the Group's risk exposures and is supported by the Audit Committee in discharging its risk related duties. Risk identification is an organisation-wide process, which combines the efforts of all functional and business unit employees. Meanwhile, the Chief Risk Officer of the parent entity conducts periodic risk assessments to ensure all risks are proactively identified and mitigated.

Risk Management Framework

The Group adopts the internationally accepted 3-lines of defense model in risk management, which ensures the clear segregation of responsibilities in identifying, assessing, and managing risks. This framework drives accountability of risk management across the organisation and contributes towards nurturing a culture in which employees are mindful of emerging risks that could arise.

1st LINE OF DEFENSE Risk identification by functions	Identification of risk exposures by the first line of defense through assessing the impacts of external and internal dynamics on business operations
2nd LINE OF DEFENSE Risk management and oversight by Board of Directors and Audit Committee	Oversight of risk management by the Board of Directors and Audit Committee and ensuring the implementation of the Groups risk management framework
3rd LINE OF DEFENSE Assurance by Internal Audit	Independent review of risk management frameworks and internal controls in place

Risk Management Process

RISK IDENTIFICATION	Facilitated through engagement with numerous stakeholders including our parent company-Singer Sri Lanka, suppliers, government and employees among others. In addition, we continuously monitor economic variables which directly impact demand supply dynamics
MEASUREMENT AND PRIORITISATION	Assessment and prioritisation of risks based on impact and likelihood
MANAGING RISKS	Decision to accept or avoid risk exposure based on risk-return dynamics and adopt necessary actions for mitigation
RISK REPORTING	Ongoing reporting to the Board and Audit Committee

Principal Risks

The conditions that prevailed during the year resulted in unprecedented risks to the Group's risk landscape. The following table provides a high level overview of these risk exposures. The risks presented below are not exhaustive and merely present the key risks that warranted the Group's attention and are likely to be dominant in the Group's risk landscape for the coming year.

Material risks	Developments and impacts in 2020/21	Impact on the Group	Risk Mitigation	Risk rating	Further information
(1) Pandemic related disruptions	• The outbreak of the COVID-19 pandemic led to the emergence of unprecedented risks which are described in subsequent sections of this Report. Key risks include, 1- Disruptions to operations due to infections 2- Implications on customer sentiments and disposable income 3- Restrictions on social mobility and need for physical distancing The resurgence of infections have resulted in increased vulnerability to these risks in the short-to-medium term	• Disruptions to operations could lead to inability in serving demand. • Potential drop in manufactured volumes and thereby revenue • Implications of corporate reputation and community relationships	• Stringent health and safety guidelines implemented across all operations • Proactive monitoring of emerging developments • Strict adherence to all guidelines of the government and health authorities	2020/21:High 2019/20: Moderate	Implications and response to COVID-19
(2) Employee health and safety	The pandemic has heightened vulnerabilities to health and safety risks to unprecedented levels. Manufacturing sector organisations are particularly vulnerable to the risks of cross infection given the relatively large number of employees operating in a single location.	• Direct implication on continuity of operations and manufacturing volumes • Adverse impact on employee morale • Possibility of trade union unrest	• Stringent health and safety guidelines implemented across all operations with strict adherence to all relevant health guidelines • High level of engagement with trade unions and employees • Ongoing awareness sessions on importance of safety and hygiene • Random PCR testing	2020/21:High 2019/20: Moderate	Human Capital
(3) Macro-economic risks	• Sri Lanka's macro-economic woes have been compounded by the pandemic reflecting significant external pressure, sharp downturn in tourism earnings and moderation in economic growth.	• Implications on personal disposable incomes have a direct bearing on demand for our product	• Leverage on the strength of the Singer brand and reputation to drive increased penetration in underpenetrated segments • Diversify product portfolio, offering different product propositions across varied price points • Consistently monitoring the evolving macro-economic landscape	2020/21:High 2019/20: Moderate	Operating environment

MANAGING RISKS

Material risks	Developments and impacts in 2020/21	Impact on the Group	Risk Mitigation	Risk rating	Further information
(4) Exposure to exchange rate fluctuations	• The Rupee recorded sharp depreciation during the year under review, falling by 6.4% by March 2021 reflecting increased pressure on the country's external position. • Given upcoming international debt settlements, the Rupee is expected to experience further pressure over the short-to-medium term	Nearly 65% of the Group's raw materials are imported, and the depreciation of the exchange results in significant cost escalations. Given the competitive intensity in the market space, we only passed on a portion of the cost increases to the customers thereby leading to a narrowing of profitability margins.	• Market segmentation and offering differentiated products catering to both the premium and value-added segments • Forward booking agreements • Strict cost management to drive efficiencies and improve productivity • Ongoing supplier negotiations	2020/21:High 2019/20: Moderate	Operating environment
(5) Competition	• Influx of consumer good importers to the market. • Increasing domestic production driven by new entrants.	Restrictions on imports had a favourable impact on local manufacturers, which enabled the Group to increase penetration in both product segments	• Develop innovative products by enhance product differentiation. • Leverage on the extensive distribution network and brand reputation of Singer Sri Lanka to drive increased penetration	2020/21:Moderate 2019/20: High	-
(6) Government policy and regulation	• Imposition of 100% cash margin on certain imports • Import restrictions on certain non-essential imports	The import restrictions did not directly affect the Group's raw material procurement; as a value added local manufacture the Group was permitted to import materials required for production	• Negotiations with regulatory authorities in obtaining approval for imports • Negotiated new credit periods with suppliers.	2020/21:Moderate 2019/20: High	Stakeholder engagement
(7) People related risks	• Increasing wage costs as new collective wage agreements were signed. • Absenteeism • Accidents and injuries • Shortage of skilled employees and difficulty in retaining at lower levels • Reluctance of employee to adopt the organizational risk culture.	• Employee costs increased by 24%. • Work place injury rate: 22	• Cordial relationships with trade unions. No industrial action over the last 5 years. • Provide conducive and safe work environment. • Ongoing investment in training and development programs. • Robust performance management framework	2020/21:Low 2019/20Low	Human Capital

Material risks	Developments and impacts in 2020/21	Impact on the Group	Risk Mitigation	Risk rating	Further information
(8) Machine breakdown and asset risks	• Breakdowns in machinery and equipment can adversely impact the continuity of production while impacting the health and safety of employees	• Capacity utilization increase by 20%	• Defined procedures and maintained high safety standards. • Asset testing prior to procurement at the supplier premises. • Full insurance coverage • Fire drills and fire training of staff	2020/21:Medium 2019/20:Medium	Manufactured Capital
(9) Dependence on a single retailer	• Revenues are fully dependent on the performance and relationships with a single customer leading to a severe impact on business continuity on customer withdrawal.	-	• With Singer Sri Lanka being our parent company, Regnis became part of a broader value chain of our sole customer hedging any risk of sudden customer withdrawals. Being the sole local supplier for Singer (40% of Singer refrigerator requirements) we play a strategically prominent role in the business of our parent entity thereby minimizing the risk associated with customer concentration	2020/21:Low 2019/20:Low	-
(10) Financial risk arising from liquidity, currency and interest rate risks.	• Impacts cost of capital and the availability of funds for expansion.	• Unutilised borrowings lines of Rs.1,579 million • Funding support from parent Company amounting corporate guarantees of Rs.455.5 million	• Maintain sound relationships with banks • Daily monitoring of liquidity requirements and assess future requirements by preparing rolling budgets	2020/21:Low 2019/20:Low	Financial capital
(11) Reputational risk	• Environmental impact of production such as pollution, discharge of waste, dependency on national grid for supply of electricity. • Product quality related issues.	• Customer satisfaction level of 91 % as measured by feedback forms • Singer- adjudged the most popular brand of the year 2021 for the 15th consecutive year	• Product quality is evaluated by quality inspectors and chief compliance officers. • Ensured proper disposal of waste especially hazardous waste minimizing negative impact on environment.	2020/21:Low 2019/20:Low	Natural capital


SISIL
10 YEARS
R600A GAS
fresh & Healthy
LED LIGHTING

STRATEGIC IMPERATIVES

The Group's operations for the year were guided by four key strategic priorities, which aims to leverage its unique strength to drive increased market penetration and continued value creation to stakeholders. The unique challenges that prevailed during the year, necessitated a shift in focus to address immediate issues, although in general the Group's activities were aligned to the four areas of strategic priority.

STRATEGIC PILLAR

1 OPERATIONAL EXCELLENCE

COMMITMENT

Achieve increased efficiency and productivity in the manufacturing lines through automation, streamlining processes and upgrades to machinery and other infrastructure

3 MANAGING RELATIONSHIPS

COMMITMENT

Cater to emerging customer preferences through introducing an innovative product range which is comparable to international brands in performance, design, and efficiency

2 INNOVATION

COMMITMENT

Ensure proactive engagement and continued value creation to our key stakeholders including employees, shareholders, suppliers, business partners and other communities

4 SUSTAINABILITY

COMMITMENT

Optimising the use of natural resources such as energy and water while mitigating the adverse environmental impacts of our operations including emissions and waste

OPERATIONAL EXCELLENCE

Developments in 2020/21	• Leveraged efforts made in recent years to eliminate bottlenecks in production to increase capacity utilisation and cater the increase in demand during the 2nd half of 2020/21 • Automation of key processes	• Ongoing focus on TPM initiatives, which have aided in nurturing a productivity-driven, cost conscious culture • Organisation-wide efforts to reduce wastage
	Implications of OVID-19	
	• Temporary suspension of operations following the outbreak of the first wave and the resultant lockdowns • Disruptions to shipping which led to a sharp increase in freight charges • Sharp depreciation of the Sri Lankan Rupee and resultant impact on costs of raw material imports	
KPI	• Capacity utilisation levels: 100% (2019/20: 80%) • 2 key processes automated • Refrigerator volume growth of 6%	• Rs.17.6 million cost savings generated • 5% reduction administration expenses
Resource allocation and capital trade-off	**Manufactured Capital** Ongoing investments in upgrading the Group's Manufactured Capital has supported operational excellence	
	Intellectual Capital Focus on nurturing a cost-conscious, productivity driven culture has sharpened the Group's intellectual capital	
	Human Capital Increased automation could, over time result in the decrease in need for human capital	
Risks	• Sharp depreciation of the Sri Lankan Rupee • Fluctuations in commodity prices • Potential disruptions to operations stemming from the 3rd wave of the pandemic	
Outlook for 2021/22	The Group will focus on ensuring the currently high capacity utilisation levels are maintained, thereby ensuring that we are able to fulfil customer demand in a timely manner.	

STRATEGIC IMPERATIVES

INNOVATION

Developments in 2020/21	• Pursuing aggressive growth in no-frost refrigerators which recorded a sharp surge in demand • Launched new door-finishes with attractive colours for the refrigerator range including stainless steel finishes, flower prints etc • Increased penetration in large-capacity, inverter refrigerators
	Implications of COVID-19 Increased customer propensity towards larger capacity, more sophisticated refrigerators given the significant increase in in-home dining
KPI	• 54% volume growth in no-frost refrigerators • Strong growth in the recently launched Silver range of refrigerators
Resource allocation and capital trade-off	**Manufactured Capital** New products may require further investments manufacturing capabilities **Intellectual Capital** Innovative product propositions could enable increased customer penetration, further enhancing the Group's market share
Risks	• Increased competition from international brands • Intensification of price competition leads to margin pressure
Outlook for 2021/22	• Plans are in place to widen the range of refrigerators offered, while we intend to add a new series to the Group's washing machine range. • Given policy impetus and concessions for local manufacturers, the Group is also pursuing avenues to expand its manufacturing footprint in the country

MANAGING RELATIONSHIPS

Developments in 2020/21	• Priority in ensuring the safety of employees through stringent protocols in our manufacturing facility • Ensured job security of all employees through retaining all at full remuneration • Facilitated work from home arrangements for other employees • Signed a new collective agreement which is expected to foster a productivity-focused, performance-driven culture • Expanded supply chain partners to address challenge of escalating prices
	Implications of COVID-19 • Increased vulnerability to health and safety risks • Additional expenses incurred to safeguard employees, thereby ensuring continuity of operations
KPI	• 12.5% increase in employee remuneration according to the new Collective Agreement • 1,253.5 training hours to employees • Rs. 3,200 million payments to suppliers • Rs. 581.7 million employee payments
Resource allocation and capital trade-off	**Financial Capital** Short-term implications on financial capital to ensure the safety of the people, although this ensured the continuity of operations despite the pandemic that prevailed **Social & Relationship Capital** Expansion of social and relationship capital though widening supplier base
Risks	• Heightened health and safety risks of employees • Implications on continuity of operations
Outlook for 2021/22	• We will continue to proactively ensure the safety of our employees through adherence to stringent health guidelines

SUSTAINABILITY	
Developments in 2020/21	• Aggressive penetration of inverter refrigerators is expected to result in the considerable decline of customers' carbon footprint • Replacement of Styrofoam based packaging with paper pulp thereby leading to reduced waste to landfill • Ongoing efforts to reduce energy and water consumption in operations
KPI	• 11 tons of Styrofoam replaced • 18% reduction in energy intensity (kJ/LKR Mn) • 3% reduction in water intensity (Litres/LKR Mn)
Resource allocation and capital trade-off	**Financial Capital** The shift to Styrofoam is expected to generate long-term savings in financial resources through cost savings.
	Social & Relationship Capital Opportunity propagate sustainable practices through our supply chain.
Outlook for 2021/22	• Further expansion of Styrofoam packaging


SISIL

FINANCIAL CAPITAL

THE GROUP DELIVERED A RESILIENT PERFORMANCE DURING THE YEAR, WITH PROFIT-AFTER-TAX INCREASING BY 74%, WHICH IN TURN ENABLED THE CONTINUE DELIVERY OF SHAREHOLDER COMMITMENTS.

Rs. million	2020/21	2019/20	y-o-y %
Revenue	**5,322.8**	5,041.4	+6
Gross profit	**264.8**	261.6	+1
Operating profit	**221.4**	236.3	-6
Net finance cost	**52.7**	80.4	-34
Pre-tax-profit	**168.7**	156.1	+8
Profit-after-tax	**186.9**	107.9	+74
Total assets	**3,749.4**	3,232.9	+16
Total borrowings	**546.1**	570.8	-4
% Debt to equity	**31%**	37%	-

Revenue growth driven by volume expansion in the refrigerator segment, particularly in the 4th quarter of the year and a richer product mix

Despite numerous external challenges, the Group was able to maintain its GP margin.

Overall profitability supported by the drop in interest expenses and favorable movement in taxes.

LINK TO STRATEGY

In line with the focus on operational excellence, the Group continued to pursue efficiencies and cost rationalisations

RELATED RISKS

Financial risks arising from liquidity, interest and currency risks

The following discussion and analysis should be read in conjunction with the Audited Consolidated Financial Statements of the Group and the Company for the year ended 31st March 2021. In this Report, "Group" refers to Regnis (Lanka) PLC and its fully owned subsidiary Regnis Appliances (Pvt) Ltd.

Basis of Preparation and Comparative Figures

The Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (hereafter, referred to as SLFRSs and LKASs) issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

Revenue

Group revenue increased by 6% to Rs.5.3 bn during the year, a commendable achievement given the adverse market conditions that prevailed for most part of the year. Revenue from refrigerators increased by 16%, supported by volume growth of 6% during the year; the strong performance of the refrigerator line reflects strong growth in no-frost refrigerators as well as customers' increased prevalence of larger capacity, sophisticated products. Washing machines, however, saw volume and revenue declining by 26% and 13% respectively as customers' remained homebound for most part of the year. It is noteworthy that the Group recorded robust volume growth in the fourth quarter of the year, with refrigerator and washing machine volumes increasing by 45% and 11% respectively, signalling considerable upside potential in the next few quarters.

With a share of 74% refrigerators are the largest contributor to the Consolidated revenue followed by washing machines (24%) and others (2%).

Revenue Drivers

Refrigerator annual volume growth: **6%**

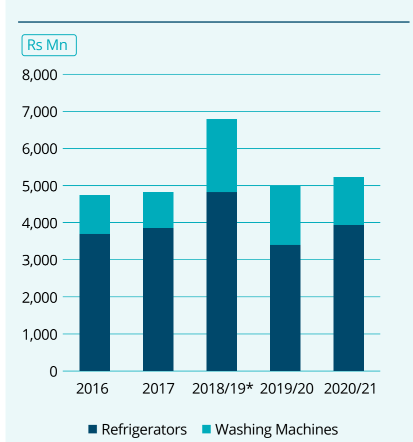
Washers annual volume decline: **26%**

Strong rebound in 4Q

Refrigerator volume: + **45%**

Washing machine volume: + **11%**

Group Revenue trends



* Fifteen months for 2018/19

This moderating reflects the escalation in component prices for washing machines as well as the decline in volumes.

FINANCIAL CAPITAL

Gross Profit

GP margin	2020/21	2019/20
Full year	**5.0%**	5.2%
4th quarter	**8.0%**	6.0%

Gross profit increased by 1.2% during the year; despite the innumerable challenges from the external landscape including the decline in volumes and escalation in component prices of washing machines, the Group was able to maintain its GP margin supported by timely adjustments on factory transfer prices. Input costs escalated by 5%-10% due to disruptions to international supply chains and the global resurgence in industrial activity towards the latter part of the year. Meanwhile, freight rates nearly doubled during the year reflecting disruptions in shipping and logistics which inserted further pressure on margins. The sharp depreciation of the Sri Lankan Rupee towards the latter part of the 4th quarter of the financial year, also adversely affected profitability. These challenges were partly countered by the strong performance in the 4th quarter coupled with the Group's relentless focus on driving cost efficiencies across its manufacturing and other operations, which resulted in savings of Rs.17 mn. Profitability margins recorded significant improvement in the 4th quarter, reflecting a richer product mix given strong demand for no-frost refrigerators. Good volume growth in both product lines also upheld margins given scale efficiencies and better cost absorption.

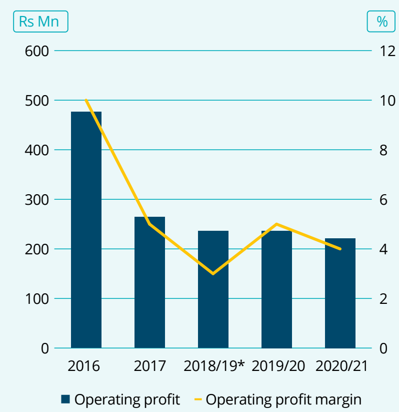
Operating Profit

The Group's operating profit declined by 6% to Rs.221.4 million during the year, mainly due to weaker contributions from Regnis Appliances (Pvt) Ltd which saw operating profit halving compared to the previous year; The Refrigerator segment recorded an 8% decline in operating profit during the year. Selling and Distribution expenses demonstrated a near tripling to Rs.24.6 million compared to the previous year, reflecting a normalisation of warranty costs following a non-recurring provision reversal in 2019/20. Administrative expenses declined by 5% during the year, supported by ongoing focus on cost saving and resource optimisation. Overall the Group's operating profit margin narrowed to 4.2% from 4.7% the previous year.

Refrigerators: 8% decline in operating profit with a share of 79%

Washing machines: 54% reduction in operating profit with a share of 21%

Operating Profitability

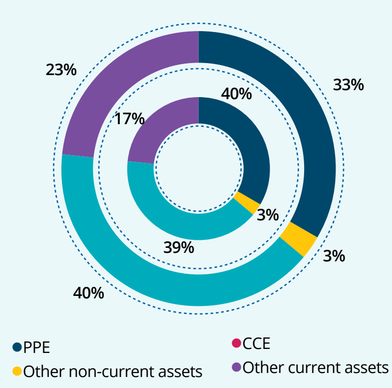


* Fifteen months for 2018/19

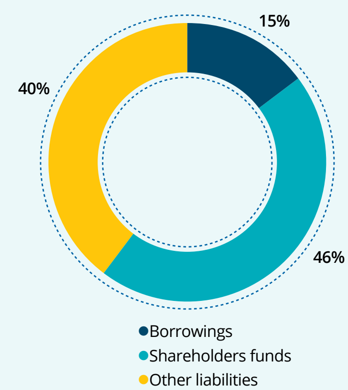
Asset Strength

The Group's financial position remained strong, offering a strong foundation in navigating the complexities presented by the operating environment. Total assets grew by 16% to Rs. 3.6 bn during the year reflecting an increase in current assets as the Group enhanced inventory levels in view of the anticipated increase in seasonal demand. Accordingly, inventory levels increased by 20% and accounted for 40% of total assets as at end-March 2021. Amounts due from related parties increased by 63% to Rs.761.3 million during the year, given the sharp increase in sales during the last quarter of the year.

Asset Composition



Funding Composition

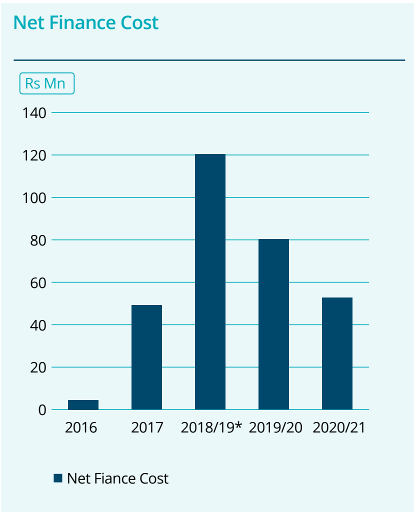


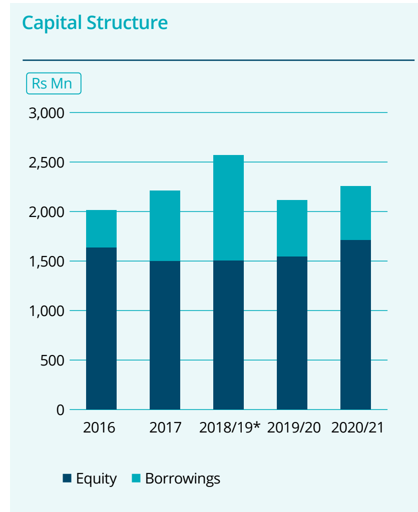
Funding Profile

Shareholder's funds increased by 11% to Rs.1.7 billion and accounted for 46% of consolidated assets as at end-March 2020. Meanwhile borrowings declined by 4% to Rs.546.1 million, reflecting efficient working capital management including enhanced supplier credit periods and close monitoring of supplier advances. Resultantly, the Group's debt to equity ratio declined to 31% from 37% the previous year.

Cashflow

The Group's net operating cash flow amounted to an inflow of Rs. 161.1 million, which supported by the effective working capital management policies adapted during the year. Investments in the new ERP system resulted in a net cash outflow from investing activities amounting to Rs.50.6 million during the year. The Group settled its short-term borrowings supported by healthy cash flow generation in the fourth quarter, resulting in a net cash outflow from financing activities amounting to Rs.85.2 million during the year. Overall, cash and cash equivalents recorded a net inflow of Rs.25.23 million during the year.





* Fifteen months for 2018/19

Shareholder returns

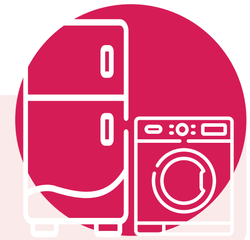
The Group along with its parent entity, engaged in a share subdivision during the year, with each ordinary share split to 2 shares thereby enhancing the liquidity of the share. The Group continued to generate on its stakeholder commitments, with the diluted EPS increasing by 73%, to Rs.8.29 while the dividend per share amounted to Rs.2.60 Meanwhile, the Group's market capitalisation increased by 64% to Rs.1.1billion as at end-March 2021.

Statement of Value Addition

	GROUP				COMPANY			
	2020/21		2019/20		2020/21		2019/20	
	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000
Gross turnover		5,867,571		5,757,677		4,340,798		3,863,671
Other income including finance income		11,175		5,637		25,014		71,695
Less: Cost of materials & other costs		(4,013,448)		(3,826,437)		(2,935,705)		(2,512,334)
		1,865,298		1,936,877		1,430,107		1,423,033
Distribution of Value Added								
Employees	35	646,003	27	519,895	41	581,765	33	463,978
Government	46	860,803	58	1,119,213	39	551,204	50	705,209
Lenders	3	63,674	4	85,084	3	48,220	5	69,136
Community Investment	0	283	0	524	0	258	0	338
Shareholders	3	58,593	4	70,424	4	58,593	5	70,424
Depreciation and amortisation set aside	6	107,675	5	104,262	5	76,385	5	74,816
Profit retained	7	128,266	2	37,475	8	113,681	3	39,132
	100	1,865,298	100	1,936,877	100	1,430,107	100	1,423,033
No.of employees		477		460		410		400
Value Added per employee		3,910		4,211		3,488		3,558

MANUFACTURED CAPITAL

TIMELY AND PROACTIVE EFFORTS IN RECENT YEARS TO STRENGTHEN OUR MANUFACTURING CAPABILITIES AND ELIMINATE BOTTLENECKS ALLOWED THE GROUP TO RAPIDLY RAMP UP CAPACITY TO SERVE THE SURGE IN DEMAND.



VALUE TRANSFORMATION

INPUTS
Rs.1.22 bn Property, Plant and Equipment
2 manufacturing facilities and **3** production lines

VALUE DELIVERED
115,556 Units of refrigerators produced
51,116 Units of washing machines produced
Capacity utilisation rate: **80%**
Savings generated from manufacturing efficiencies: **Rs. 17.6mn**

RELEVANCE TO STRATEGY
Operational excellence driven through ongoing focus on eliminating bottlenecks and enhancing capacity utilisation
Product Development capabilities enhanced through our ongoing investments in our manufacturing capabilities

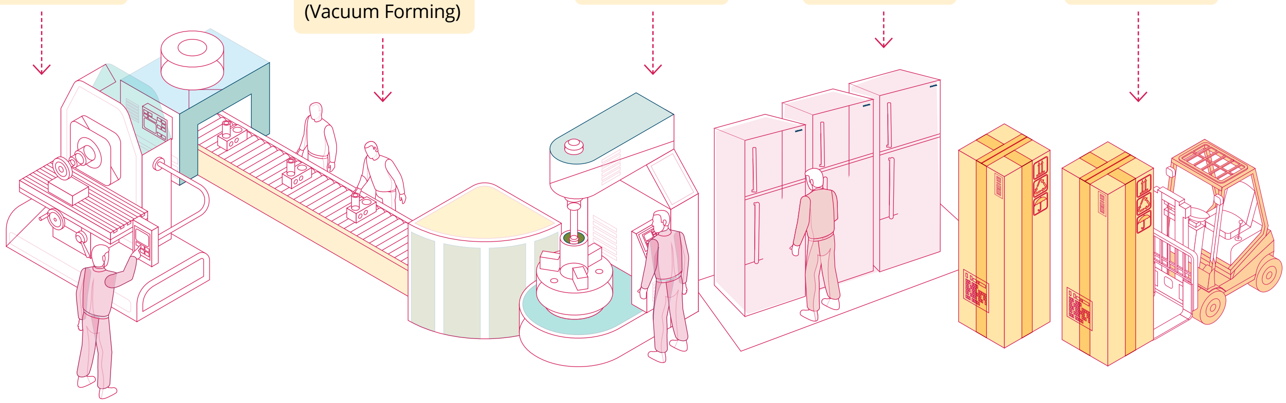
RELEVANCE TO STRATEGY
Machine breakdowns and asset risk could adversely impact continuity of production
1,365 Hrs, which was reduced by **15%**

ISO 9001 : 2015 Certified Manufacturing Facility : Manufacturing facility at Regnis (Lanka)PLC is ISO 9001:2015 certification an internationally recognized standard that endured an evaluation process that included, quality management system development, a management system documentation review, pre-audit, initial assessment, and clearance of non-conformances all of which work to identify corrective actions that eliminate non-conformances in the quality management standard.

Manufacturing Capabilities

Cabinet Making — Inner liner making (Vacuum Forming) — Pu Foaming — Assembly — Packing

Process of Factory



Management Approach		
Daily check list for machine operators	Safety certifications for air receivers and material hoists	Preventive maintenance schedules

The Group's manufacturing facilities (as listed below) enable the production of high-quality refrigerators, washing machines and other items. Physical infrastructure amounts for 32% of the Group's total assets, reflecting its reliance on manufactured capital. The Group has continued to invest in enhancing its manufacturing capabilities, which in turn has allowed it to develop agile production lines which have the capabilities to produce innovative products, in line with the Group's new product development aspirations.

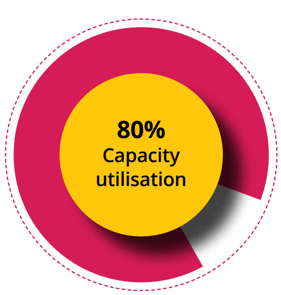
Manufacturing facility	Manufacturing capabilities	Recent developments/commitments
Ratmalana Group Head Office	Two manufacturing lines in place to produce refrigerators	• Improve factory layout to increase efficiency and agility of production lines • Minimising waste and eliminating non-value adding processes • Increased automation to reduce reliance on human capital and improve the efficiency
Panadura	One manufacturing line which produce washing machines	

Given the conditions that prevailed during the year, the Group curtailed capital expansion plans. Routine maintenance resulted in capital expenditure of Rs.60.51 million for the year.

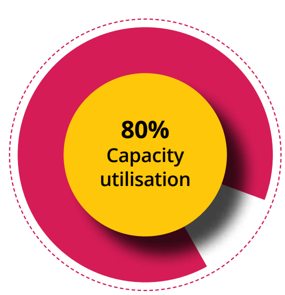
Enhancing Capacity utilisation

In recent years, the Group has placed strategic focus on driving efficiencies through the implementation of Total Productivity Maintenance. Accordingly, emphasis has been placed on minimising waste, identifying and address process bottlenecks and driving improvements in labour efficiency. In addition, the Group also sought to automation and redesign processes and reduce rework thereby reducing waste and scrap.

These efforts augured well during the year, as the Group was able to successfully ramp up capacity within a short period of time with no additional investments in capacity expansions or human capital. This enabled the Group to capitalise on the surge in demand for refrigerators and washing machines, particularly in the fourth quarter of the year.



(2020/21)



(2019/20)

* 100% Capacity utilisation prevailed in 4th quarter due to higher demand .

WAY FORWARD

Given policy impetus towards strengthening local manufacturing, the Group is keen to widen its manufacturing footprint through widening its product portfolio. We are well positioned to leverage our existing manufacturing capabilities and technical knowledge to further strengthen our product offering and will seek to drive continued investments over the medium to long-term.

HUMAN CAPITAL

THE GROUP'S DIVERSE TEAM OF 477 EMPLOYEES ARE OUR MAIN COMPETITIVE STRENGTH, DRIVING THE ORGANISATION TOWARDS SUCCESS THROUGH PROACTIVELY IDENTIFYING AND RESPONDING TO EMERGING CUSTOMER NEEDS THROUGH INNOVATION. THE STRENGTH OF OUR EMPLOYEE PROPOSITION ENABLES US TO ATTRACT AND RETAIN HIGH PERFORMING EMPLOYEES DUE THROUGH A CONDUCIVE WORK ENVIRONMENT.

SNAPSHOT OF OUR HUMAN CAPITAL	2020/2021	
	Regnis	Regnis Appliances
Headcount	410	67
Payments to employees (Rs. million)	581.7	64.2
Retention rate (%)	100%	100%
Promotions (No. of)	35	13
Investment in training (Rs. million) *	0.4	0.1
ERP training hours	1,098	891
Other training hours	155.5	77
Total training hours (Hours)	1,253.5	968.0
Workplace injuries (No. of)	22	12
Union representation (%)	94%	Nil
Instances of disruption to work	Nil	Nil
Female representation	4%	3%

* Training for new ERP system, the cost of training included in the asset value.

VALUE CREATION IN 2020/21

Ongoing employee development with focus on enhancing efficiency and productivity through Total Productivity Maintenance.

Successfully signed a 2-year Collective Agreement, which is expected to nurture a performance-driven culture through enhancing productivity

LINK TO STRATEGY

Driving strong relationships with our employees is critical to the Group's **Relationship Management** pillar

RELATED RISKS

People-related risks

Health and Safety risks

Managing our Human capital

The Group's comprehensive HR policies and procedures have been structured in compliance to all regulatory requirements and industry best practices and are aligned to those of its parent entity. The strong policy frameworks ensure equitable treatment of all employees, creating an inclusive culture in which all employees can thrive.

Talent Recruitment

Our team comprised 477 employees, which includes the leadership and executive team, an in-house technical team, production employees and trainees under a fixed term contract. Our recruitment policy ensures that we identify and recruit the best people through a formal process that avoids any form of discrimination. We ensure the equitable treatment of all our employees when it comes to determining promotions and remuneration as well.

Recruitments were limited given the conditions that prevailed. A definitive decision was also made to retain all employees at full remuneration, thereby ensuring the job security of our human capital.

Management Approach

Relevant policies

- Recruitment policy
- Training and development policy
- Health and safety manual

Team profile

Staff by Gender and Category

2020/21	Permanent		Trainees		Contract	
	Male	Female	Male	Female	Male	Female
Regnis (Lanka) PLC	264	9	129	1	1	6
Regnis Appliances (Private) Ltd	64	1	-	-	1	1

Staff by Gender and Region-wise

2020/21	Total (Permanent + Contract)			
Region	Regnis (Lanka) PLC		Regnis Appliances	
	Male	Female	Male	Female
Western	181	13	57	2
Central	8	-	-	-
Southern	33	1	6	-
Eastern	3	-	-	-
North Central	1	-	-	-
North Western	7	-	1	-
Uva	17	1	-	-
Sabaragamuwa	15	-	1	-
Northern	-	-	-	-
Total	265	15	65	2

* Excluding trainees

Staff by age and category

Company	Category	18-28	29-39	40-50	Above 50	Total
Regnis (Lanka) PLC	Key and Senior	-	-	-	3	3
	Middle Management	-	2	2	3	7
	Junior Management	-	2	-	2	4
	Executives	-	1	1	1	3
	Non-Management	31	95	92	45	263
Regnis Appliances (Private) Ltd	Key and Senior	-	-	1	-	1
	Middle Management	-	1	-	-	1
	Junior Management	-	-	-	-	-
	Executives	1	-	-	-	1
	Non-Management	19	30	12	3	64

Recruitment by gender

Company		Male	%	Female	%	Total
Regnis (Lanka) PLC	2020/21	17	100%	-	-	17
	2019/20	8	89%	1	11%	9
Regnis Appliances (Private) Ltd	2020/21	3	75%	1	25%	4
	2019/20	1	100%	-	-	1

** Excluding trainees*

Recruitment by province

Provence	Regnis (Lanka) PLC		Regnis Appliances (Pvt) Ltd	
	2020/21	2019/20	2020/21	2019/20
Western	5	5	4	1
Central	1	1	-	-
Southern	3	2	-	-
North Central	1	-	-	-
North Western	3	-	-	-
Eastern	2	-	-	-
Sabaragamuwa	2	-	-	-
Uva	-	1	-	-
Northern	-	-	-	-
Total	17	9	4	1

Recruitment by age

Company	Year	Below 30 Years			30-50 Years			Over 50 Years		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
Regnis (Lanka) PLC	2020/21	17	-	17	-	-	-	-	-	-
	2019/20	6	1	7	1	-	1	1	-	1
Regnis Appliances (Private) Ltd	2020/21	3	1	4	-	-	-	-	-	-
	2019/20	1	-	1	-	-	-	-	-	-

Turnover by gender

Company		Male	Female	Total
Regnis (Lanka) PLC	2020/21	17	-	17
	2019/20	6	2	8
Regnis Appliances (Private) Ltd	2020/21	-	-	-
	2019/20	1	-	1

Turnover by age

Company	Year	Below 30 Years			30-50 Years			Over 50 Years		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
Regnis (Lanka) PLC	2020/21	17	-	17	-	-	-	-	-	-
	2019/20	2	2	4	2	-	2	2	-	2
Regnis Appliances (Private) Ltd	2020/21	-	-	-	-	-	-	-	-	-
	2019/20	1	-	1	-	-	-	-	-	-

HUMAN CAPITAL

Turnover by province

Province	Regnis (Lanka) PLC		Regnis Appliances (Pvt) Ltd	
	2020/21	2019/20	**2020/21**	2019/20
Western	**4**	6	-	1
Central	-	-	-	-
Southern	-	1	-	-
North Central	-	-	-	-
North Western	**1**	-	-	-
Eastern	-	-	-	-
Sabaragamuwa	-	-	-	-
Uva	-	1	-	-
Northern	-	-	-	-

Health and Safety

At Regnis, health and safety is of utmost importance to us and we strive to provide a safe and injury-free working environment for all our employees. We understand the hazards present in a manufacturing organization such as ours and ensure that sound and comprehensive health and safety policies and procedures are maintained throughout the organization. In addition to the following health and safety initiatives, employees undergo routine training related to fire safety, first-aid and injury reporting.

Health and safety record 2020/2021

	Regnis Lanka	Regnis Appliances
Workplace injuries	22	12
Lost day rate	nil	nil
Occupational diseases rate	nil	nil
Work-related fatalities	nil	nil

The Group's Health and Safety Manual provides clear guidelines for managing health and safety risks across the organisation. The Manual serves as a blueprint for the Group's H&S Management System and covers all employees within the Organisation.

Hazard analysis: The Manual provides guidance on the identification of hazards including fire precautions, use of electrical equipment, safe use of machinery and chemical safety among others.

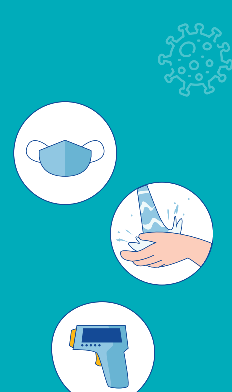
Support from the engineering department when installing and using machinery, provision of protective gear, suitable design and lighting requirements and welfair and first aid facilities among others.

Safety training: We also provide a range of safety related training to employees including first-aid, fire safety and other hazards.

- Insurance scheme which includes 50% coverage of hospitalization medical expenses
- Signages and safety signs in prominent locations
- Scheduled machine maintenance program
- Dedicated fire squad formed by volunteers which conduct quarterly fire squad meetings
- Emergency medical assistance through Katubadde medical centre

Implications of COVID-19 on Health and safety

The unprecedented conditions during the year necessitated relentless focus on ensuring safety of employees, by minimising the risk of cross infection in our facilities. Shift scheduling was a challenge given the arrangement of the production lines, although measures were taken to implement stringent health guidelines and best practices in ensuring the smooth functioning of operations in a safe environment. We also facilitated work from home arrangements for office employees. These efforts enabled the Group to minimise any major disruptions to operations, while continuing to serve the surge in demand towards the latter part of the year.



COVID-19 guidelines

- Established an emergency response team
- Cleaning and disinfecting surfaces at least 2 times a day
- Activities where distancing cannot be maintained were suspended
- Staff were required to wear masks, gloves and other protective gear at all times
- Printed notices of the guidelines to be followed were displayed at prominent locations
- Visitor restrictions, PCR testing for visitors and halted the transfer of security personnel
- Regular temperature checks
- Sinks were installed to wash hands and hand sanitizers were provided to staff.

Training and Development

Training and development is a key area of focus at Regnis, as it enhances the competencies of our employees and drives optimal performance. Our policies ensure that competency gaps and training needs are identified at annual performance appraisals and addressed through training programs. We conduct on-the-job training as well as external training programs. During the year training focus was on the following;

- With the implementation of the new ERP systems, we trained all the clerical, warehouse and maintenance staff
- On-the-job training was arranged throughout the year for around 150 NAITAs within the factory
- TPM related training for factory employees

Performance Management

We offer a host of attractive benefits designed to attract and retain employees in addition to the basic remuneration which is above the industry average. At the factory level the remuneration is determined through a collective agreement negotiated with trade union representatives. During the year, we successfully negotiated a collective agreement which offered a 12.5% increase in salaries. For the other employees, rewards and opportunities for career progression are linked to the performance appraisal, their qualification and skill. The performance appraisal is carried out for 100% of our permanent employees annually, the details of which are below.

Company	By employees category	% receiving performance appraisals	
		Male	Female
Regnis (Lanka) PLC	Non-executive staff	100%	100%
	Executive Staff	100%	100%
Regnis Appliances (Pvt) Ltd	Non-executive staff	100%	100%
	Executive Staff	100%	100%

The Group contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund/ Mercantile Services Provident Society and Employees' Trust Fund respectively in line with regulatory requirements. The Group also maintains a non-contributory defined benefit plan providing for gratuity benefits payable to employees.

Other benefits provided are;

Engagement

We maintained cordial relationships with trade unions and there were no instances of disruption to work on industrial disputes during the period under review. During the year we signed the new collective agreement with the trade union without any issues.

Approximately 99% of our employees are represented through three trade unions and covered by collective agreements. An adequate notice is provided to all employees regarding major operational changes.

The collective agreement also includes a range of health and safety aspects including working conditions, medical benefits, provision of PPE among others.

Company		No of employees unionized
Regnis (Lanka) PLC	CIWU	9
	CMU	152
	ICEU	54
	Total	215
Regnis Appliances (Pvt) Ltd*		

* Non unionized environment

INTELLECTUAL CAPITAL

THE GROUP'S ABILITY TO IDENTIFY EMERGING CUSTOMER NEEDS AND SERVE THESE REQUIREMENTS THROUGH INNOVATIVE PRODUCTS OF INTERNATIONAL QUALITY, ATTETS TO THE STRENGTH OF ITS INTELLECTUAL CAPITAL.

Innovation and Product Development

Over the decades, Regnis along with Singer has maintained its market leadership position despite intensifying competition from international brands; this has been driven by the Group's ability to frequently evolve its product portfolio through innovative offerings, which in turn has sharpened its competitive edge. The conditions that prevailed during the year, were not conducive for new product launches and the Group sought to consolidate its position through seeking increased penetration of its existing product range.

1990 Double door refrigerator

1994 225 ltr chest freezer

1995 Assembly of washing machines-2.5 kg automatic model

1997 CFC free refrigerant introduced

1999 Assembly of whirlpool Semiautomatic washing machine

2001 Manufacture of SISIL Range

2003 Commercial production of no-frost refrigerator

2009 New Pseu door double door refrigerator

2012 Environmentally friendly GEO Series of refrigerators

2013 Introduced a range of refrigerators powered by R600a refrigerant

2017 GEO Smart refrigerator series

2019 Large capacity inverter refrigerators

2020 During the year, the Group marked a key milestone in its innovation journey , winning the coveted award for Innovation, at the Hayleys Group Chairman's Award (2020) for the large-capacity digital inverter series of refrigerators

2020/21 Stainless Steel SV range with new door finishers

PLANS FOR 2021/22

Our innovation is powered by strong Engineering team and strong new market development team combined with Singer Sri Lanka marketing experts, which invested approximately Rs.4 mn in research and development in 2020/21

Introduction of 7kg metal cabinet washing machine manufactured with pre-coated metal sheets (PCM) with glass and plastic doors.

OUR PRODUCT PORTFOLIO

47 models of refrigerators in three variants	12 models of washing machines in four variants

Our Brand

We benefit from the unparalleled strength of the Singer and Sisil brands- much-loved, household brands which are typically associated with quality, trust, and value for money. This has allowed quick market acceptance of our new products, together with increased customer retention given the high-degree of brand loyalty. The Singer brand is frequently recognised among Sri Lanka's leading brands by independent third parties. Accolades received during the year are follows:

SLIM People's Brand of the Year (2020)

SLIM People's Consumer Durables Brand of the Year (2020)

SLIM People's Choice Brand of the Year (2020)

Regnis was awarded the coveted Hayleys Chairman's Award (2020) in the Consumer & Retail Sector for the introduction of " LARGE CAPACITY DIGITAL INVERTER SERIES " of refrigerators.

SOCIAL AND RELATIONSHIP CAPITAL

THE GROUP'S EXTENSIVE MANUFACTURING FOOTPRINT AND UNDISPUTED MARKET LEADERSHIP POSITION HAS ENABLED IT TO DEVELOP IMPACTFUL AND MUTUALLY BENEFICIAL RELATIONSHIPS WITH A UNIVERSE OF STAKEHOLDERS. MAINTAINING THESE RELATIONSHIPS ARE KEY TO DRIVING STRATEGY AND MAINTAINING THE SOCIAL LICENSE TO OPERATE.

SUPPLIERS

154
No. of suppliers supported

Rs. 3,200 Mn
Supplier payments

35%
Spend on local suppliers

17%
SME suppliers

CUSTOMERS

91%
Customer satisfaction

430
Customer contact points

OTHER STAKEHOLDERS

10
Sub-contractors

Rs. 184 Mn
Payment to sub-contractors

122
Indirect employment

Communities in which we operate

LINK TO STRATEGY

Managing Relationships with customers and suppliers ensuring the supply and market acceptance of our goods

RELATED RISKS

Competition can erode our market share if we are not attuned to customer needs

Supplier relationships are vital in ensuring secure access to raw materials

Managing Customer Relationships

The Group caters to an island-wide network of customers through the extensive geographical footprint of its parent entity. As the manufacturing arm of Singer, Regnis does not directly engage with end-consumers as distribution, marketing and after-sales services are provided by the parent company. However, we strive to understand customers' evolving needs which in turn is a key input to our product development process. Given the conditions that prevailed during the year, and restrictions on mobility, the Company was compelled to curtail this engagement to a certain degree. Market insights shared by our Parent entity- which maintains direct engagement with end-users are also shared with the Company, ensuring the development relevant products.

No. of customers with Singer Loyalty Programme:	% share on country total demand:	% share on country total demand:
Reached to 2 mn mark form 1.6 mn	**Refrigerators** **40%**	**Washers** **42%**

ENGAGEMENT METHODS

Refrigerator clinics through branches	Bi-annual interactive sessions with field staff	Customer feedback form at the point of sale	Engagement through the parent entity

Value to Customers in 2020/21

Affordable innovation

Innovation is key to our strategy and has enabled us to maintain our competitive edge despite intensifying competitive pressure from international brands. As a local manufacturer, we also benefit from the import duty structure, which has enabled us to offer superior quality products at competitive price points. In recent years, innovation has centred on the performance and efficiency of the product as well as its design.

Developments/KPI

42%
Growth in the large size inverter refrigerator range

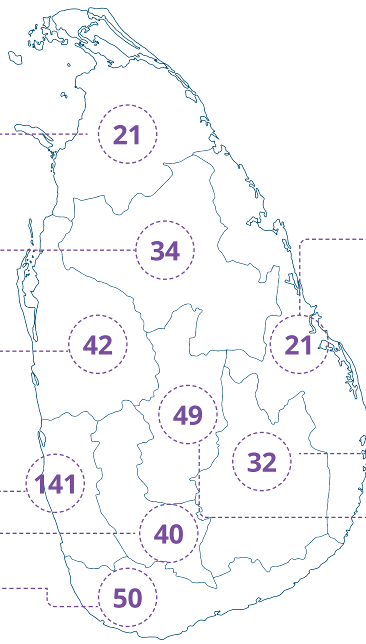
Launch of 16 new door designs featuring

Product accessibility

The Group benefits from the unmatched geographical reach of its parent entity, which has facilitated strong penetration in both urban and rural areas of the country. During the year, our products were sold across 430 customer points in 09 provinces consisting of Singer Mega, Singer Plus and Singer Homes outlets. The Singer Group's efforts to consolidate its distribution network and optimise its footprint to drive volume growth across key product categories augured well for Regnis which saw increased demand for its own products.

430 outlets across 09 provinces

6% increase in revenue



Province	Singer Mega (29)	Singer Plus (356)	Singer Homes (45)
Northern	-	21	-
North Central	-	30	4
North Western	1	35	5
Western	26	112	3
Sabaragamuwa	-	35	5
Southern	-	38	12
Eastern	-	21	0
Uva	-	22	10
Central	2	41	6

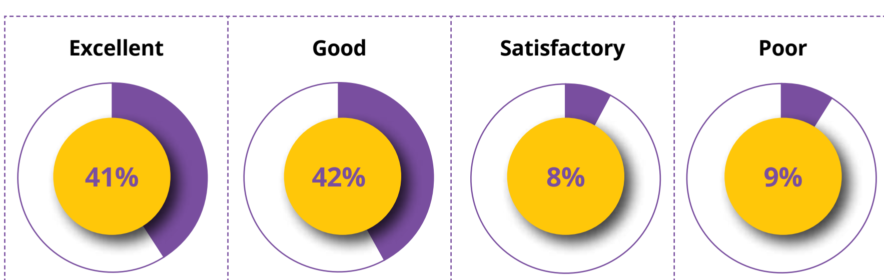
Product responsibility

As a manufacturer of electrical goods, we are aware of the importance of ensuring safety of our products during consumption. We also ensure that our customers are provided with clear and relevant instructions on how to operate them. Comprehensive tests are conducted during and post-production to ensure the quality of all our products while user manuals detailing instructions for installation, maintenance and daily operations in all three languages are provided with all products. During the year, there were no instances of non-compliance pertaining to regulations or standards relating to the health and safety impacts of products/ services or product and service information and labelling. There were also instances of non-compliance relating to marketing communications.

Fully compliant to product, labelling and marketing related regulations and guidelines

Measuring Customer Satisfaction

Regnis measures customer satisfaction through feedback forms which are provided with all products at the point of sale. Customers are also able to put forward their complaints which are handled by respective branch managers of the retail outlet.



SOCIAL AND RELATIONSHIP CAPITAL

Value to Business Partners

The Group's business partners comprise primarily of its supply chain partners which includes local and international parties through which it procures raw materials. Our supply chain is graphically presented below.

No. of suppliers:	Payments to suppliers:	% of local suppliers:
154	Rs. 3,200 Mn	35%

International suppliers

- Steel sheets
- Compressors
- Washing machine kits

Local suppliers

- Packing materials
- Cartons
- Plastic components
- Styrofoam

Sub-contractors

- Component manufacturing
- Powder painting
- Fabrication

Focus in 2020/21

Given escalations in raw material prices, supply chain disruptions and the surge in freight rates during the year, the Group maintained proactive engagement with international suppliers to secure access to stocks.

Focus in 2020/21

In line with the Group's gradual shift to paper pulp packaging from Styrofoam packaging, our suppliers have also made a parallel shift, underscoring our ability to drive sustainable practices across the supply chain

Focus in 2020/21

We engage 10 sub-contractors for component manufacturing, powder painting and fabrication among others. These subcontractors in turn provided employment to 122 persons, including 30 disabled persons. The increase in our production volumes saw parallel increase in subcontractor volumes, thereby driving increased value addition. Sub-contractors are supported through engineering and quality support, financial assistance and provision of moulds and machinery.

Membership of Associations

COLOMBO STOCK EXCHANGE

Colombo Stock Exchange

Central Depository System

The Employers' Federation of Ceylon

Central Environmental Authority

The Institute of Chartered Accountants of Sri Lanka

Board of Investment

Ceylon Chamber of Commerce

Ministry of Commerce and Industries.

Institute of engineers Sri Lanka

Association of Accounting Technicians of Sri Lanka

NATURAL CAPITAL

WE ARE COMMITED TO REDUCING THE ENVIRONMENTAL IMPACTS OF OUR OPERATIONS THROUGH OPTIMISING THE USE OF NATURAL INPUTS AND MANAGING OUTPUTS WHICH INCLUDE THE DISCHARGE OF EMISSIONS AND WASTE MATERIALS

ENERGY USAGE

8.2% decrease in energy consumption

16.8% reduction in energy intensity

Ongoing efforts to drive energy efficiencies across operations

EMISSIONS

89 mt reduction in carbon footprint

16.8% reduction in carbon intensity

RAW MATERIALS

Replaced Styrofoam packaging with paper pulp packaging, thereby reducing the landfill waste of our operations.

11mt of Styrofoam replaced

PRODUCTS AND SERVICES

In addition to pioneering the R600a refrigerant, the Group's efforts to manufacture increasingly energy efficient refrigerators will drive down carbon footprint of customers

Managing Environmental Impacts

The Group's environmental management framework is aligned to that of its parent entity- Singer (Sri Lanka) PLC, which provides guidelines on identifying, measuring and managing environmental impacts. Measures are in place to quantify our impacts by referencing globally accepted environmental standards and reporting tools. Our environmental policy is communicated to all employees and reinforced through training programs, signposts, and written communication.

Management Approach	
Singer (Sri Lanka) PLC Environmental policies	Expert reports from National Engineering Research and Development Centre of Sri Lanka

Energy consumption

The Group's operations are energy intensity and energy sources consistent of electricity and diesel sources; electricity is fully sourced from the national grid. Streamlining manufacturing processes as well as investments in new technology and efforts to instil a culture of energy consciousness have resulted in gradual improvements in the Group's energy efficiency. During the year, the Group continued its initiatives to drive energy efficiencies through using LED lights, creating an energy saving culture, use of electric forklifts, pre-planned maintenance schedules and raising awareness on machine maintenance among others.

46% improvement in diesel intensity

12.8% improvement in electrical intensity

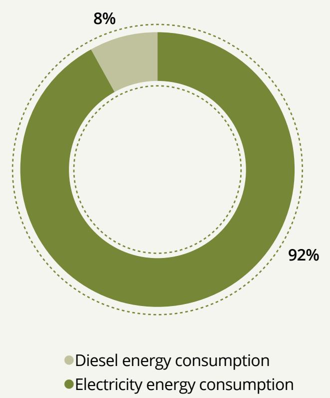
16.8% reduction in total ensergy intensity

Energy consumption for the year is given below:

	2021	2020	Change %
Diesel (litres)	6848	11600	(41%)
Electricity (Kwh)	843,940	876,339	(3.7%)
Diesel energy consumption in kJ (Mn)	253.1	428.7	41%
Electricity consumption in kJ (Mn)	3,038.2	3,154.8	3.7%
Total energy consumption in kJ (Mn)	3,291.3	3,583.6	8.2%
Diesel energy intensity ratio kJ/unit	2,190.3	4,097.9	46.6%
Electricity energy intensity ratio kJ/unit	26,291.8	30,154.5	12.8%
Total energy intensity ratio	28,482.2	34,252.4	16.8%

NATURAL CAPITAL

Energy Consumption



Material consumption

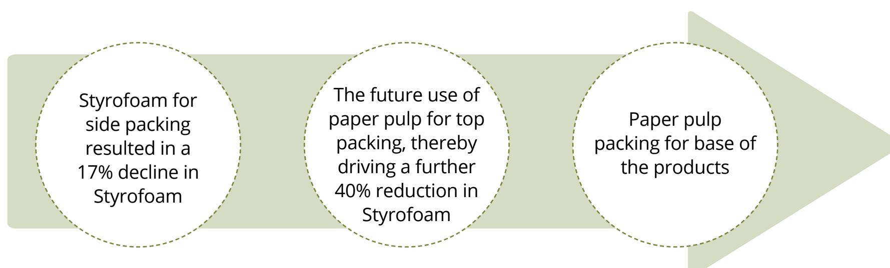
The Group's key raw materials are steel for refrigerators, plastic, chemicals, compressors and packaging materials. Our material consumption agenda centres on reducing plastic usage, optimising chemical usage and using environmentally friendly materials. The Group made considerable progress in replacing Styrofoam packaging, by using paper pulp material for side packing of refrigerators and washing machines. This initiative has led to a near16.9% reduction in the use of Styrofoam, which in turn directly contributes towards reducing waste to landfill. We intend to further expand this program through using paper pulp for other packing components namely top packing and the Refrigerator base of our products.

Water

The Group's water consumption is primarily for the use of employees, since water intensity of our manufacturing operations are relatively low. We rely mainly on ground water sources to fulfil our water requirement and take measures to ensure that this reliance does not lead to water stress in surrounding communities. We encourage employees to optimize the use of water resources and signboards are displayed at user points to reinforce this messaging.

	2021	2020	% yoy
Municipal Lines Water consumption (m3)	6,445	5,544	16%
Ground Water Water consumption (m3)	12,890	11,548	11%
Water consumption per unit	0.17	0.16	6%

Material consumption	Year 2020/21		
MODEL	DIRECT MATERIALS (kg)	PACKING MATERIALS (kg)	TOTAL WEIGHT (kg)
RGS 150	43,371	3,555	46,926
ECO 55	406,708	29,905	436,613
GEO 182 / SM185	148,000	14,000	162,000
ECO 72/ ECO 72WR	488,280	43,820	532,100
GEO 200D/SM205	606,207	53,715	659,921
ECO 192/WR 192	1,523,318	134,978	1,658,295
GEO 242D/SM 255	150,645	14,520	165,165
ECO 245	213,974	20,624	234,598
GEO 260 / SM265	319,010	27,740	346,750
ECO 251/251WR	613,088	53,312	666,400
GEO SM 267NF	6,946	604	7,550
GEO 285	112,560	9,849	122,409
GEO 305	31,800	2,597	34,397
TOTAL	4,663,906	409,218	5,073,124



Waste

Waste arising from our manufacturing operations mainly include forms of solid waste such as metal off cuts, wood pallets, corrugated cartons, Styrofoam, plastic, polythene and paper. We are committed to reducing landfill waste through our operations by re-using, recycling and responsible disposable of all waste. Accordingly, metal off-cuts, plastic, polythene and cardboard are recycled while off-cuts of HIP are re-used within the factory.

Method of disposal	Waste type	Estimated quantity
Factory reuse	HIPS-off cuts	145 mt
Recycled by a third party	Plastics and Polythene	8 mt
	Corrugated carbon	58 mt
	Chemical barrels	2,360 Nos
	Metal sheets	42 mt
	PU foam	15 mt
Municipal garbage collection	Stickers and tapes	Yet to be quantified
	Paper waste	Yet to be quantified
	Food waste	Yet to be quantified
	Other waste	Yet to be quantified

Emissions

The implications of climate change have continued to intensify with climate-related risks and natural disasters frequently recognised among the top risks faced by organisations. For the Group, direct implications of climate change arise from impacts on Sri Lanka's agriculture sector- which affect the demand for our products, particularly in rural areas which rely on earnings from agricultural activities. These impacts are yet to be quantified.

Efforts at reducing energy consumption and driving energy efficiency have directly contributed towards reducing our emission intensity. During the year, the carbon footprint decreased by 89 mt reflecting increased operational activity, while the carbon intensity reduced to 16.8%.

The emission factors are based on the GHG emission factors published by International Civil Aviation Organization [ICAO], Department for Environment, Food & Rural Affairs [DEFRA] and Sustainable Energy Authority Sri Lanka [SEASL]. The annual estimations are based on the factory operation of 6 days per week and 52 weeks per year.

The Reporting Scopes are as follows;

Scope 1: Emissions arising from sources that are owned or controlled by the organisation including diesel consumption of the standby generator, diesel/petrol consumption of staff travelling and factory owned vehicles.

Scope 2: Emissions from the consumption of purchased electricity and water

Scope 3: Employee commuting in public transport, business travel, emissions from the processing of waste products etc

	2020/21	2019/20
Scope 1		
Standby diesel generator	2,054 ltr	4,640 ltr
Scope 2		
Purchased electricity	843,940 Kwh	876,339 Kwh
Water usage from national line	6,444,936 ltr	5,543,949 ltr
Ground water consumption	12,890,064 ltr	11,547,021 ltr
Raw material transport	26,280 km	24,510 km
R600a refrigerant waste	46.2 kg	41.8 kg
Scope 3		
Public transport	-	-
Air travel	-	-

In addition to the emissions arising from our direct operations, our products also consume energy and discharge emissions. As Sri Lanka's largest manufacturer of refrigerators and washing machines, we are aware of the significant impact we can have on reducing customers' carbon footprint through enhancing the energy efficiency of our products. In recent years our product development proposition has centered on inverter refrigerator options, which is expected to be 25% more energy efficient that conventional units.

Key innovations which can contribute towards environmental sustainability are presented below:

1. Pioneered the use of the R600a refrigerants in Sri Lanka, which directly contributing towards reducing the country's overall carbon footprint.
2. Manufacture of semi and fully automatic washing machines have short and smaller pre-set cycles.
3. The adoption of the R600a gas in the manufacture of refrigerators resulted in an estimated energy saving of 30%. Presently, all refrigerators manufactured by the Company use this technology.
4. Most recently the launch of the inverter range of refrigerators have resulted in the reduction in energy consumption and therefore carbon footprint of our customers.

7.5kg CAPACITY
STAINLESS STEEL TUB
SOFT CLOSING GLASS LID
FUZZY CONTROL
POWER MEMORY FUNCTION
5

CORPORATE GOVERNANCE

As a subsidiary of the Singer Group, Regnis (Lanka) PLC's governance framework, structures and processes are aligned to that of the parent entity and ultimate parent- Hayleys PLC and customised to reflect relevant industry dynamics and operating models. The corporate governance framework drives accountability, transparency and integrity at every level of the organisation, ensuring stability during challenging industry conditions. The Board of Directors is the apex governing body and holds responsibility for setting the strategic direction, formulating policies and exercising oversight over the affairs of the Company.

Regnis (Lanka) PLC's governance framework is based on the following internal and external steering instruments;

External Instruments	Internal Instruments	Internal Mechanisms
• Companies Act No 7 of 2007 • Continuing listing requirements of the Colombo Stock Exchange • Integrated Reporting Framework of the International Integrated Reporting Committee • GRI Standards published by the Global Reporting Initiative	• Board Charter • Sub-Committee Terms of Reference • Singer Group policies and procedures • Code of conduct and ethics	• HR and People management • Budgeting • Strategic and corporate planning • Risk Management

Board of Directors

With the resignation of one (1) Director and one (1) Alternate Director on the 31st of March 2021, the Board comprised eight (8) directors consisting of five (5) non-executive directors and three (3) executive directors. Of the non-executive directors, four (4) function in an independent capacity. Please refer to pages 19 to 20 for full profiles of Directors.

Resignations:

- Mr. Lalith Yatiwella, Alternate Director to M H Wijewardena (resigned with effect from 31st March 2021)
- Mr. V G K Vidyaratne (resigned with effect from 31st March 2021)

Board Mandate

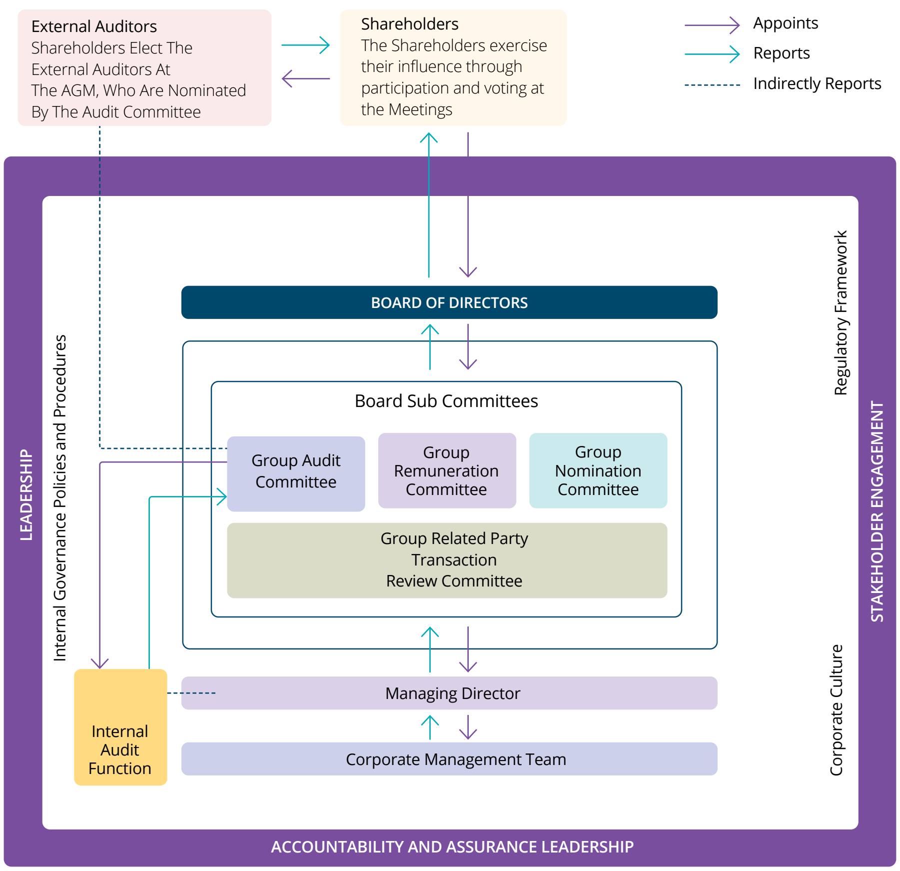
The Board is collectively responsible for the overall stewardship of the Company. The responsibilities of the Board include;

- Setting the strategic agenda to enhance long-term value creation
- Formulating policy
- Setting the risk appetite and ensuring the Group's risk exposure is maintained within the defined parameters
- Ensuring that key management personnel have requisite skills and knowledge to drive the strategic agenda
- Ensuring effectiveness of systems in place to secure integrity of information and internal controls

Sub-Committees

The Board has delegated certain functions warranting greater attention, to 4 Board Sub-Committees with oversight responsibility for same. This enables the Board to allocate sufficient time to matters within its scope, particularly execution of strategy and forward-looking agenda items. As permitted by the Listing Rules, the parent entity's sub-committees function as the Regnis Group's sub-committees. The roles of the committees, composition, meeting attendance during the year and focus areas during the year are given in the respective committee reports from pages 91 to 96 of this Report.

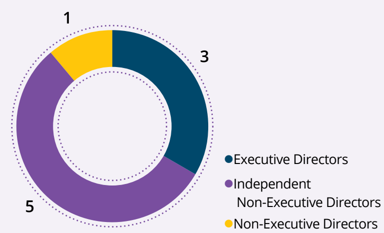
Governance Structure



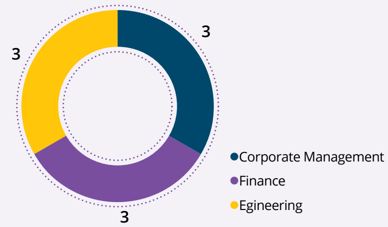
Board Effectiveness

Directors combine a unique depth and breadth of skills which includes entrepreneurial, corporate and academic expertise. Non-executive directors are eminent professionals in their respective fields, bringing diverse perspectives to board deliberations. With the appointment of directors representing the Hayleys Group, the Board's skill set has been enhanced further, with substantial expertise being brought in, in the areas of corporate strategy and financial management. The Board has sufficient financial acumen, with 03 directors holding memberships in professional accountancy bodies.

Board Composition



Board Skills



Role of Chairman and CEO

The role of Chairman and CEO/Managing Director have been segregated, in line with best practices in Corporate Governance ensuring that no one director has unfettered power and authority. The Chairman leads the Board of Directors, ensuring that it conducts its activities in the best interest of the Company. The CEO/Managing Director is accountable to the Board for the exercise of authority delegated by the Board of Directors and for the performance of the Company.

Board appointment and re-election

Directors appointed by the Board to fill casual vacancies during the year retire in terms of the Articles of Association and may offer themselves for re-election at the next Annual General Meeting. Further, at the first and each subsequent AGM, one-third of the Directors or number nearest to one-third (but not greater than) shall retire from office.

Board access to information

Directors are provided comprehensive and timely information to ensure the effective of duties. Quantitative and qualitative information which includes performance against objectives, stakeholder relationships, progress on achieving strategic objectives and risk indicators are furnished to all Directors prior to Board/Sub-Committee meetings. In addition, Directors have open access to KMP to obtain further information or clarify any concerns that may arise. Directors also have unfettered access to the Company Secretary.

Board Activities

Board meetings

The Board convenes at least on a quarterly basis. Given the conditions that prevailed during the year, Board meetings were shifted to digital/hybrid platforms ensuring continuity of Board activities despite the prevalent conditions. The scheduled dates of meetings for the year are approved by the Board in advance and Directors are given adequate notice of any changes to the planned schedule. Meeting agendas and Board papers are circulated to all Board members prior to Board and Sub-committee meetings. In addition to the comprehensive Board papers, Directors are also regularly kept abreast of changes in the economic and industry landscape that could potentially impact the Group's ability to create value. The attendance at Board meetings during the year are given below;

Director	Board Meeting	Audit {1}	Remuneration {1}	Nomination {1}	Related party {1}
Mr. A.M. Pandithage	4/4			-{4}	
Mr. M H Wijewardene	4/4				4/4
Mr. V G K Vidyaratne *(Resigned w.e.f. 31st March 2021)*	4/4				
Mr. S C Ganegoda	4/4				
Mr. D K de S Wijeyeratne	4/4	4/4	3/3		4/4
Mr. M H Jamaldeen	4/4	4/4	3/3	-{4}	
Mr. N L S Joseph	4/4				
Mr. K D G Gunaratne	3/4				
Mr. K D Kospelawatta	4/4				
Mr. D Sooriyaarachchi{2}		4/4	3/3		4/4
Mr. K D D Perera{3}				-{4}	

{1} The Committees of the parent company, Singer (Sri Lanka) PLC functions as the Committee to Regnis (Lanka) PLC.

{2} Independent Non-Executive Director of Singer (Sri Lanka) PLC.

{3} Co-Chairman of Singer (Sri Lanka) PLC.

{4} During the reporting period Nomination Committee meetings were not held whereas appointments were approved by the board via circular resolutions.

Board Focus Areas

Given the unprecedented uncertainty and operating conditions that prevailed during the year, the Board strengthened engagement with the leadership team and the business, ensuring that all emerging risks were proactively identified and managed. Key areas of board focus during the year included the following:

Implications of COVID-19 and response

- Ensuring the stringency of measures in place to safeguard employees
- Disruptions to supply chains and volatility in raw material pricing
- Implementation of measures to recommence manufacturing activities relatively quickly
- Analysis of macro-economic scenarios and potential implications on the Group

Monitoring performance

- Engagement with key management personnel on key aspects relating to performance
- Proactive monitoring of financial, social and environmental performance through financial statements and performance against strategic objectives

New product development

- Exploring avenues to widen the Group's manufacturing footprint through diversifying to new product verticals
- Driving continued innovation in the washing machine and refrigerator range.

Board Remuneration

A formal and transparent procedure is in place for determining remuneration of Directors and developing executive remuneration policy. Remuneration for Non-Executive Directors is determined taking into consideration the time commitment, role and responsibilities of each individual Director as well as industry practice. The Board has delegated this responsibility to the Board HR and Remuneration Committee, the details and composition of which are given on page 93 of this Report. No individual director has the capacity to determine his own remuneration.

The Company's remuneration policy is designed to ensure that highly-skilled individuals are attracted and retained, whilst contributing to sustainably and responsibly enhancing shareholder value. Key considerations when setting remuneration include, the remuneration policies of the parent company, market and industry practice and each employees' level of experience and contribution.

Remuneration of executive directors and employees comprise guaranteed pay and pay for performance, designed to incentivise higher levels of achievement according to agreed criteria. Remuneration of non-executive directors comprise solely of guaranteed remuneration. The remuneration of the Directors is disclosed on page 138 of this Annual Report and the detailed Remuneration Committee Report is given on page 93.

Accountability and Audit

The Board is responsible for presenting a balanced, accurate and understandable assessment of the Company's, performance, financial position and prospects. Interim performance reports are circulated within 45 days of each quarter end whilst other price sensitive information is disclosed to shareholders through the Colombo Stock Exchange. The Company's financial statements are prepared in accordance with the Sri Lanka Financial Reporting Standards laid down by the Institute of Chartered Accountants of Sri Lanka and comply with the requirements of the Companies Act. Our Annual Report conforms to the GRI Standards on sustainability reporting, prescribed by the Global Reporting Initiative and the Integrated Reporting Framework published by the International Integrated Reporting Council.

The following specialised information requirements are also included in this Annual Report.

- The Annual Report of the Board of Directors on the Affairs of the Company on pages 98 to 103 of this Report contains the declarations prescribed by the Code.
- The Statement of Directors' Responsibility is given on pages 104 to 105 of this Report.
- The Independent Auditor's Report on page 107 to 109 of this Report.

The Management Discussion and Analysis as set out from page 14 to page 59 of this Report, includes the following information specified in the Code of Best Practice.

- Industry structure and developments;
- Risks and opportunities arising from the external and internal operating landscape
- Social and environmental protection activities carried out by the Company;
- Financial performance;
- Material developments in human resource/ industrial relations and

Audit Committee

The Board Audit Committee is chaired by a Non-Executive, Independent Director who has substantial and relevant experience in financial management and related areas. The Committees' responsibilities and specific duties are set out in the Audit Committee Charter which empowers it to examine any matters relating to the financial affairs of the Group and to review the adequacy of

CORPORATE GOVERNANCE

the internal control procedures, coverage of internal and external audit programmes, determining appropriate accounting policies and review of significant business risks and control issues. It also reviews the Corporate Audit Report of the Corporate Internal Audits of Singer Asia ltd. The Finance Director of the parent company, Compliance officer, audit staff, representatives of external auditors regularly attend the meetings of the Audit Committee by invitation.

Ethics

All employees are bound to abide by the ethics, values and expectations set out in the Employee Code of Conduct. The Code is made available to all employees to ensure that the highest standards of integrity are maintained in corporate conduct and in interactions with all stakeholders The Code of Conduct addresses a range of key issues including conflict of interest, bribery and corruption, confidentiality, fair dealing and compliance among others. The Code also includes the following;

- Exercise honesty, objectivity and diligence when performing one's duties
- Avoid situations where personal interest could conflict with the interest of the Company and in such situations disclose such interests in advances
- Maintain confidentiality of commercial and price sensitive information
- Work within applicable laws and regulations
- Safeguard the Company's assets
- Avoid conduct that would reflect badly on the person concerned or the Company's image
- Strictly avoid giving or accepting any kind of bribe, either directly or indirectly
- Strictly avoid making contributions for political funds, either directly or indirectly
- Strictly avoid any kind of sexual harassment

Whistleblowing Policy

The Company has a Whistleblowing Policy in place which serves as a channel for early identification of corporate fraud or risk management by ensuring that employees reporting legitimate concerns on potential wrongdoings are guaranteed complete confidentiality. Such complaints are investigated and addressed through a formalised procedure.

Communication with shareholders

The Company's majority shareholder is Singer Sri Lanka PLC who is also the sole retailer of goods manufactured by the Company. There are 5 common directors who sit on the Board of Regnis (Lanka) PLC and that of Singer (Sri Lanka) PLC while the ultimate parent Hayleys PLC and Regnis (Lanka) PLC has 4 Directors in common. Related party transactions between Regnis (Lanka) PLC and its parent entity are detailed on pages 180 to 183 of the financial statements.

The Company maintains a high level of engagement with its shareholders, facilitated through the AGM and dissemination of accurate and relevant information. Channels facilitating shareholder communication include corporate website, announcements to the Colombo Stock Exchange and other press articles. Interim performance reports published to shareholders whilst Annual Reports are provided to all shareholders either in printed or compact disk (CD) form depending on their preferences. Shareholders can direct their questions, comments and suggestions to the Board of Directors or Management team through the Company Secretary, who acts as the contact points for shareholder concerns.

The Annual General Meeting

The Annual General Meeting is used as the main platform for engaging with shareholders and is also the main forum of contact between small shareholders and the Board. In using the AGM constructively towards enhancing its relations with its shareholders, the following procedures are followed;

- Notice of the AGM and all relevant papers released to the shareholders at least 15 working days prior to the AGM in accordance with the rules stipulated by the Securities and Exchange Commission.
- Directors of the Board, including Chairmen of Audit, Remuneration and Nomination Committees are available to clarify any points raised by the shareholders.
- A summary of procedures governing voting at the AGM is provided in the proxy form, which is also circulated to shareholders 15 working days prior to the AGM.

ESG Reporting

The Group adopts an integrated approach to determining strategy, taking into consideration the social and environmental impacts of its decisions. This integrated thinking is reflected in the Group's reporting practices, with the Group preparing its annual report in line with the guidelines prescribed by the Integrated Reporting Framework of the International Integrated Reporting Council. For Sustainability reporting, we have adopted the GRI Standards published by the Global Reporting Initiative. Meanwhile, the material topics which form the anchor of this Report represent economic social and environmental factors.

Key elements of our ESG Reporting include the following;

Category	Element	Page reference
Environment	Sustainable use of resources	57
	Reducing the carbon footprint	57
	Waste management	58
	Environmental impacts of our products	57
Social	Community relationships	54
	Customer relationships	54
	Labour practices	48
	Supplier relationships	54

MANDATORY COMPLIANCE REQUIREMENT

01. Companies Act No 07 of 2007

The Company has disclosed the status of compliance of the following mandatory Disclosure required under Section 168 of the Companies Act No 07 of 2007.

Reference to the Companies Act	Compliance Requirement	Status of Compliance	Comments
Section 168 (1) (a)	The nature of the business of the Company together with any change thereof during the accounting period	✓	Refer item 1.3 on 'Principal Business Activities and Nature of Operations of the parent Company on page 118.
Section 168 (1) (b)	Signed Financial Statements of the Company for the accounting period completed in accordance with Section 152.	✓	The Financial Statements of the Company for the period ended 31st March 2021 have been prepared in accordance with the requirements of the Sri Lanka Accounting Standards (SLFRSs and LKASs) and comply with the requirements of the Companies Act No. 07 of 2007 and which were duly certified by the Chief Financial Officer (the person responsible for the preparation of the Financial Statements in accordance with above requirement) and were signed by two members of the Board as appearing on pages 112 to 183 form an integral part of this Report.
Section 168 (1) (c)	Auditors' Report on the Financial Statements of the Company	✓	Refer pages 107 to 109 for the Independent Auditors' Report.
Section 168 (1) (d)	Any changes in Accounting Policies of the Company	✓	Significant Accounting Policies adopted in the preparation of the Financial Statements of the Company are given on pages 118 to 132.
Section 168 (1) (e)	Particulars of the entries made in the Interests Register of the Company during the accounting period.	✓	The Company maintain Interests Registers. All Directors have made declarations as required by Sections 192 (1) and (2) of the Companies Act aforesaid and all related entries were made in the Interests Registers during the year under review. The Interests Registers are available for inspection by shareholders or their authorized representatives as required by Section 119 (1) (d) of the Companies Act No. 07 of 2007.
Section 168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	✓	Refer Note 9 of the Financial Statements on page 138.
Section 168 (1) (g)	Total amount of donations made by the Company during the accounting period	✓	Refer Note 9 on page 138.
Section 168 (1) (h)	Information on Directorate of the Company during and at the end of the accounting period	✓	Refer the pages 19 to 20.
Section 168 (1) (i)	Separate disclosure on amounts payable to the Auditors as Audit Fees and Fees for other services rendered during the accounting period by the Company	✓	Refer Note 9 on page 138.
Section 168 (1) (j)	Auditors' relationship or any interest with the Company	✓	Auditors do not have any other relationship or interest in contracts with the Company other than being the Auditors for the Company.
Section 168 (1) (k)	Acknowledgment of the contents of this Report/Signatures on behalf of the Board	✓	Refer the pages 104 to 105.

CORPORATE GOVERNANCE

02. Listing Rules of Colombo Stock Exchange ("CSE")

The Company has disclosed the status of compliance of the following mandatory rules issued by the Colombo Stock Exchange ("CSE")

(a) Contents of the Annual Report as per rule 7.6 of the listing rule of CSE

Reference to the Listing Rule	Compliance Requirement	Status of Compliance	Comments
7.6.i	Names of persons who during the financial year were Directors of the entity	✓	Refer the page 99.
7.6.ii	Principal activities of the Company and its subsidiary during the year	✓	The principal activities of the Company and its subsidiary during the year are given in the Annual Report item 1.3 on page 118.
7.6.iii	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held	✓	The 20 largest shareholders together with their shareholding as at 31st March 2021 is provided on item 7 on page 186.
7.6.iv	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement.	✓	Refer item 6 on page 185.
7.6.v	A statement of each Director's holding and Chief Executive Officer's holding in shares of the entity at the beginning and end of each financial year	✓	Refer Item 7.5 on page 100.
7.6.vi	Information pertaining to material foreseeable risk factors of the entity	✓	Risk management section refer on pages 34 to 37.
7.6.vii	Details of material issues pertaining to employees and industrial relations of the entity	✓	The Company did not encounter any relating to employees and industrial relations during the year 2020/21
7.6.viii	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties	✓	Refer Note 12.9 on page 147.
7.6.ix	Number of shares representing the entity's stated capital	✓	Refer Item 23 on page 157.
7.6.x	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings in the given categories	✓	Refer item 6 under Investor relation Information Section on page 185.
7.6.xi	List of ratios and market price of share	✓	Refer page 9 and 193.
7.6.xii	Significant changes in the entity's fixed assets and the market value of land, if the value differs substantially from the book value	✓	Refer Note 12.6 on page 147.
7.6.xiii	If during the year the entity has raised funds either through a public issue, rights issue, and private placement	✓	The Company did not raise funds to increase its Stated Capital during the year.
7.6.xiv (a & b)	Employee Share Option Schemes and Employee Share Purchase Schemes	✓	There are no Employee Share option Schemes or purchase Schemes in the Company.
7.6.xv	Disclosures pertaining to Corporate Governance practices in terms of rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Rules (Relating to Directors)	✓	Disclosures pertaining to directors - refer on page 67 and 68.
7.6.xvi	Details of related party transactions.		Refer Note 38 on pages 180 to 183.

(b) Corporate Governance Compliance as per rule 7.10 and 7.13 of the listing rule of CSE

Reference to the Listing Rule	Compliance Requirement	Status of Compliance	Comments
7.10.1	Non - Executive Directors		
7.10.1 (a)	Two or one third of total number of directors on the Board to be non executive directors, which ever is higher	✓	Refer pages 62 and 99.
7.10.2	Independent Directors		
7.10.2 (a)	One third of non executive directors shall be independent	✓	Refer pages 62 and 99.
7.10.2 (b)	Disclosure relating to non executive Directors' independence.	✓	Each non executive independent directors have submitted a declaration confirming their Independence.
7.10.3	Disclosure Relating to Directors		
7.10.3 (a)	The names of Non-Executive Directors determined to be 'independent'.	✓	The Board has made a determination for the financial year as to the independence or Non-independence of each non-executive director based on such declaration and other information made available to the Board.
7.10.3 (b)	In the event a Director does not qualify as 'independent' against any criteria set out in the Rules, however, if the Board is of the opinion that the Director is nevertheless 'independent', the Board shall specify the criteria not met and the basis for its determination.	✓	Refer page 99.
7.10.3 (c)	A brief resume of each directors, including information on the nature of his/her expertise in relevant functional areas.	✓	Refer pages 19 to 20.
7.10.3 (d)	In the event of an appointment of a new Director, a brief resume of such director shall be submitted immediately to the CSE for dissemination to the public.	✓	A brief resume of each new director was published along with the announcement of appointment on CSE.
7.10.4	Criteria for defining independence		
7.10.4 (a - h)	Requirements for meeting the criteria for an Independent Director.	✓	Refer page 99.
7.10.5	Remuneration Committee		
7.10.5 (a)	Non-Executive Directors, a majority of whom shall be independent, and where both Parent company and the subsidiary are Listed Entities the remuneration committee of the parent company may be permitted to function as the remuneration committee of the subsidiary.	✓	Refer the Remuneration Committee report on page 93.
7.10.5 (b)	Functions- The Committee shall recommend to the Board the remuneration payable to the Executive Directors and Chief Executive Officer.	✓	Refer the Remuneration Committee report on page 93.
7.10.5 (c)	Disclosure In Annual Report, Names of Directors comprising the Remuneration Committee (or persons in the parent company's committee), Statement of remuneration policy, Aggregate Remuneration paid to Executive & Non- Executive Directors.	✓	Refer the Remuneration Committee report on page 93.

CORPORATE GOVERNANCE

Reference to the Listing Rule	Compliance Requirement	Status of Compliance	Comments
7.10.6	Audit Committee		
7.10.6 (a)	Non-Executive Directors, a majority of whom shall be independent, and where both Parent company and the subsidiaries are Listed Entities the Audit committee of the parent company may be function as the Audit committee of the subsidiary. Unless otherwise determined by the Audit Committee. The Chief Executive Officer and the Chief Financial Officer shall attend Audit Committee Meetings. The Chairman or one member of the Committee should be a Member of a recognized professional accounting body.	✓	Refer the Audit committee report on pages 91 to 92. The Chairman of committee is a member of a recognized professional accounting body.
7.10.6 (b)	Functions, 01. Oversee the preparation, presentation and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards. 02. Oversee compliance with financial reporting requirements, information requirements as per related regulations and requirements. 03. Oversee processes to ensure internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards. 04. Assessment of the independence and performance of the external auditors. 05. Make recommendations to the Board on pertaining to appointment, re-appointment and removal of external auditors and approve remuneration and terms of engagement of the external auditors.	✓	Refer the Audit committee report on pages 91 to 92.
7.10.6 (C)	Disclosure in the Annual Report on Audit Committee, - Names of the directors (persons in the parent company's committee). - The Committee shall make a determination of the independence of the auditors and shall disclose the basis for such determination. - A report by the Committee setting out the manner of compliance in relation to the above.	✓	Refer the Audit committee report on pages 91 to 92.
7.13 (a)	As a listed company in the Main Board, the company maintained the minimum public holding under specified criteria.	✓	Refer the Investor Information page 185.

(c) Related Party Transactions as per rule 9 of the listing rule of CSE

Reference to the Listing Rule	Compliance Requirement	Status of Compliance	Comments
9	RELATED PARTY TRANSACTIONS REVIEW COMMITTEE		
9.2.1	Except for the transactions set-out in Rule 9.5 all other Related Party transactions should be reviewed by the Committee.	✓	Refer the Related Party committee report on pages 95 to 95.
9.2.2	The Committee should comprise a combination of non-executive directors and independent non-executive directors. The composition of the Committee may also include executive directors, at the option of the Listed Entity. One independent non-executive director shall be appointed as Chairman of the Committee.	✓	Refer the Related Party committee report on pages 95 to 95.
9.2.3	In a situation where both the parent company and the subsidiary are Listed Entities, the Related Party Transactions Review Committee of the parent company may be permitted to function as the Related Party Transactions Review Committee of the subsidiary.	✓	Refer the Related Party committee report on pages 95 to 95.
9.2.4	The Committee shall meet at least once a calendar quarter. The Committee shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.	✓	Refer the Related Party committee report on pages 95 to 95.
9.3	DISCLOSURES TO SEC		
9.3.1 (a)	Entity shall make an immediate announcement to the Colombo Stock Exchange- of any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements of the latest transaction, if the aggregate value of all non-recurrent Related Party Transactions entered into with the same Related Party during the same financial year amounts to 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements. Listed Entity shall disclose subsequent non-recurrent transactions which exceed 5% of the Equity of the Entity, entered into with the same Related Party during the financial year.	✓	Disclosed
9.3.2	Disclosures in the Annual Report		
9.3.2 (a)	In the case of Non-recurrent Related Party Transactions, if aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets, whichever is lower, of the Listed Entity as per the latest Audited Financial Statements such information must be presented in the Annual Report.	✗	No such transactions during the year.
9.3.2 (b)	In the case of Recurrent Related Party Transactions, if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/income (or equivalent term in the Income Statement and in the case of group entity consolidated revenue) as per the latest Audited Financial Statements, the Listed Entity must disclose the aggregate value of recurrent Related Party Transactions entered into during the financial year in its Annual Report.	✓	Refer Note 38.2.1 on page 181.
9.3.2 (c)	Annual Report shall contain a report by the Related Party Transactions Review Committee, setting out the following - Names of the Directors comprising the Committee; - A statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated the comments/ observations to the Board of Directors. - The policies and procedures adopted by the Committee for reviewing the Related Party Transactions. - The number of times the Committee has met during the Financial Year.	✓	Refer the Related Party committee report on pages 95 to 96.
9.3.2 (d)	A declaration by the Board of Directors in the Annual Report as an affirmative statement of the compliance with these Rules pertaining to Related Party Transactions.		Refer page 101.

CORPORATE GOVERNANCE

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE

03. Code of Best Practice on Corporate Governance issued by CA Sri Lanka

The Company has voluntarily adopted the Code of Best Practice on Corporate Governance 2017 issued by CA Sri Lanka.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
A **A.1**	**DIRECTORS** **The Board** Main Principle Every public company should be headed by an effective Board, which should direct, lead and control the company.		
A.1.1	The Board should meet regularly - at least once every quarter and the Board should be provided information on a regular basis. Following Information to be reported to the Board on a regular basis; Financial and operational results, impact of risk factors, forecast for the next period, compliance with laws and regulations, internal control breaches or frauds, share trading of the Company and related party transactions, and other matters board should be aware of.	✓	Refer page 62. A board pack containing all relevant information is submitted to board of directors.
A 1.2	Board Responsibility		
	Ensuring the formulation and implementation of a sound business strategy.	✓	The Board is responsible for the strategic planning process of the Company. This includes the responsibility for the formulation of the strategic vision and mission of the Company, setting the overall corporate policy and strategy, monitoring performance and reviewing risks and major investments. The Board also takes on the added responsibility of directing Company performance towards achieving the best results possible and increasing shareholder value. The Board sets the broad parameters of the Company's business. The Company's business units are then tasked with their application, in achieving specific targets and objectives.
	Appointing the Chair and the Senior Independent Director if relevant.	✓	Not applicable since Group CEO is the apex Executive in charge of the day-to-day management of operations and business of the Company.
	Ensuring that the CEO and Management Team possess the skill, experience and knowledge to implement strategy.	✓	Key programmes are identified by the Group CEO for each year in line with the Annual Plan after they are discussed at Executive Committee meetings. A review of progress on plan implementation is a key item on the agenda of the monthly Management Review meetings.
	Ensuring the adoption of an effective CEO and Senior Management succession strategy.	✓	Succession planning is given due recognition in the corporate culture. Effective succession planning is a criterion in the performance appraisals of the Senior Management and Key Management.
	Approving budgets and major capital expenditure.	✓	Budgets and major capital expenditure are reviewed and approved by the Board.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
	Determining the matters expressively reserved to the Board and those delegated to the Management including limits of authority and financial delegation.	✓	The Board has agreed and reserved power to determine matters including approving of major capital expenditure, appointing the secretary to the Board and seeking professional advice as and when needed.
	Ensure effective systems to secure integrity of information, internal control and risk management.	✓	The Audit Committee is empowered to review and monitor the financial reporting process of Company, so as to provide additional assurance on the reliability of Financial Statements through a process of independent and objective review The Audit Committee acts as an effective forum in assisting the Board of Directors in discharging their responsibilities on ensuring the quality of financial reporting and related communication to the shareholders and the public.
	Ensuring compliance with laws, regulation and ethical standards.	✓	The Board follows a policy of strict compliance with laws and regulatory requirements and ensures that stakeholder interests are considered in key corporate direction. A compliance checklist is provided to Audit Committee and Board members in every quarter by the Compliance Officer indicating compliance with applicable laws, regulations etc.
	All stakeholders' interests are considered in corporate decisions.	✓	The Board considers the views on all stakeholders when making decisions
	Recognising sustainable business development in corporate strategy, decisions and activities and consider the need for adopting "integrated reporting".	✓	The company adopts "integrated Reporting" in the annual Report
	The Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations.	✓	The Board of Directors are responsible for the preparation of financial statements of the Company whilst the Audit Committee ensures the compliance with the financial regulations of those financial statements. Please refer MD & CFO statement on page 106 for detailed information on this objective.
	Establish a process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks.	✓	Performance and progress of strategy implementation, budgets, plans and risks are monitored through a formal reporting process.
	Ensuring that a process is established for corporate reporting on annual and quarterly basis or more regularly as relevant to the Company.	✓	The Company issues and uploads quarterly and annual financial statements together with the relevant disclosures in the CSE website.
	Fulfilling such other Board functions as relevant to the Organisation.	✓	The Board makes every endeavour to ensure a balanced and objective assessment of the Company's position, performance and prospects.
A 1.3	The Board collectively, and Directors individually, must act in accordance with the laws of the Country and obtain independent professional advice where necessary.	✓	The Board acted in accordance with the law of the country and when ever necessary get advice from the external consultant.

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
A 1.4	All Directors should have access to the advice and service of the company secretary and any question of the removal of the company secretary should be a matter for the board as a whole. The company should obtain appropriate insurance cover as recommended by the nominations committee for the board, directors and key management personnel	✓	The Company Secretary ensures that all Board Terms of Reference are followed and applicable rules and regulations are adhered to. The Company Secretary advices the Board and ensures that the Company complies with its Articles of Association, Companies Act and such regulatory publication, Board procedures and other applicable rules and regulations are followed. All Directors have access to the Company Secretary. The Secretary possesses the required qualifications as set out in the Companies Act.
A 1.5	All Directors should bring independent judgment to bear, in discharging their duties and responsibilities on matters relating to the Board including strategy, performance, resource allocation, risk management, compliance and standards of business conduct.	✓	The Chairman conducts Board meetings in a manner which ensures that there is effective participation from all Directors, their individual contribution and concerns are objectively assessed prior to making key decisions and that the balance of power is maintained. In advance of every Board meeting, each Director receives a comprehensive set of Board papers and any additional information requested by the Directors. It is the Group CEO's duty to ensure that all members are properly briefed.
A 1.6	Every Director should dedicate adequate time and effort to matters of the Board and company, to ensure that the duties and responsibilities owed to the company are satisfactorily discharged	✓	Directors dedicate time and effort by attending Board meetings and Board Sub-Committee meetings
A 1.7	One third of directors can call for a resolution to be presented to the Board where they feel it is in best interest to the company to do so.	✓	This matter is governed as per the Articles of Association Resolution could be passed with majority voting.
A.2	**Chairman and Chief Executive Officer (CEO)** **Main Principle** There should be a clear division of responsibilities at the head of the Company such that no one individual has unfettered powers of decision		
A 1.8	Every Director should receive appropriate training when first appointed to the board of a company and subsequently as necessary	✓	All the Directors have adequate knowledge and experience of the manufacturing industry and the company
A.2.1	The posts of Chairman and CEO/MD vested in one person should be justified and highlighted in the Annual Report	✓	The position of Chairman and Managing Director is segregated. Chairman is Mr. Mohan Pandithage and MD is Mr. Mahesh Wijewardene

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
A.3	**Chairman's Role** Main Principle The Chairman's role in preserving good corporate governance is crucial. As the person responsible for running the Board, the Chairman should preserve order and facilitate the effective discharge of Board functions.		
A.3.1	• The chairman should conduct Board proceeding in a proper manner and ensure, inter-alia, that: • The agenda for board meetings is developed in consultation with the CEO, Directors and the company Secretary • Sufficiently detailed information of matters included in the agenda should be provided to directors in a timely manner • All directors are made aware of their duties and responsibilities • The effective participation of both Executive and non Executive Directors is secured • All Directors are encouraged to seek information considered necessary to discuss matters on the agenda of meetings • A balance between Executive and Non- Executive Directors is maintained • The views of Directors on issues under consideration are ascertained and a record of such deliberations reflected in the minutes • The board is in complete control of the company's affairs and alert to its obligations to all shareholders and other stakeholders	✓	The Chairman of the Company follow all of the responsibilities and duties as listed
A.4	**Financial Acumen** Main Principle The Board should ensure the availability within it of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.		
	The Board should ensure the availability within it, of those with sufficient financial acumen and knowledge to offer guidance on matters of finance	✓	Members of the Board possess the necessary financial knowledge to understand and provide guidance on financial matters of the Company. Please refer profile of board of directors on pages 19 to 20 and 62.

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
A.5	**Board Balance** Main Principle Balance of Executive and Non-Executive Directors		
A.5.1	The Board should include at least three Non-Executive Directors or such number of Non-Executive Directors equivalent to one third of total number of Directors, whichever is higher. In the event the Chairman and CEO is the same person, or if the Chairman is not an independent director, Non-Executive Directors should comprise a majority of the Board.	✓	Refer pages 62 and 99.
A.5.2	Where the constitution of the Board of Directors includes only three Non-Executive Directors, all three Non-Executive Directors should be 'independent'. In all other instances three or two third of Non-Executive Directors appointed to the Board of Directors whichever is higher should be 'independent'.	✓	Refer pages 62 and 99 .
A.5.3	For a director to be deemed Independent such director should be independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment	✓	The Company maintain the 'interest register' required by the companies Act No. 07 of 2007
A.5.4	Non-Executive Director should submit a signed and dated declaration annually of his/her independence or non-independence	✓	Each Non Executive Director submits an annual declaration of his independence
A.5.5	Board should make a determination annually as to the independence or non-independence of each Non-Executive Director and disclosure in the Annual Report.	✓	The Board has determined the independence of Directors based on the declarations submitted by the Non-Executive Directors, as to their independence, as a fair representation and will continue to evaluate their independence on this basis annually.
A.5.6	Appointment of Alternate Director by a Non-Executive Director and appointment of an Alternate Director by an Independent Director should satisfy similar criteria.	✓	Independent Non-Executive Directors have not appointed alternate directors. Alternative Director to the Executive Director is Executives of the parent Company. However, board balance is not affected since the Board complies with Code A.5.2
A.5.7	In the event the Chairman and CEO is the same person, or the Chairman is not an independent Director or the Chairman is the immediately preceding CEO, the Board should appoint one of the independent Non-Executive Directors to be the Senior Independent Director (SID) and disclose this appointment in the Annual Report.	✓	Not applicable since Group CEO is the apex Executive in charge of the day-to-day management of operations and business of the Company.
A.5.8	The Senior independent Director should make himself available for confidential discussions with other Directors who may have concerns which they believe have not been properly considered by the Board Senior Independent Director should participate in all meetings with majority, significant, and minority shareholders and be made aware of their concerns by the company secretary	✗	Not Applicable.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
A.5.9	The Chairman should hold meetings with the Non-Executive Directors as necessary and at least once each year.	✓	The Chairman presides over several Board Sub-Committees consisting of Non-Executive Directors. In addition, the Chairman holds meetings with Non-Executive Directors as and when necessary.
A.5.10	Where Directors have concerns about the matters of the company which cannot be unanimously resolved should be recorded in the Board Minutes	✓	All proceedings at Board meetings are recorded by the Company Secretary
A.6	**Supply of Information** Main Principle The Board should be provided with timely information		
A.6.1	Management has an obligation to provide the Board with appropriate and timely information and Directors should make further inquiries where necessary. The Chairman should ensure all Directors are properly briefed on issues arising at Board meetings	✓	The management provides every quarterly financial and non financial informations to the board and to all other sub committees
A.6.2	The agenda and papers required for Board meetings should be provided to Directors at least seven (7) days before the meeting. The minutes of the meeting should ordinarily be provided to Directors at least two weeks after the meeting date	✓	The agenda and other all relevant documents required for the board meeting and sub committee meetings are circulated no less than seven (7) days before the meetings.
A.7	**Appointments to the Board** Main Principle There should be a formal and transparent procedure for the appointment of new Directors to the Board		
A.7.1	A Nomination Committee should be established to make recommendations to the board on all new Board appointments The Chairman and members of the Nomination Committee should be identified in the Annual Report A separate section of the Annual Report should describe the work of the Nomination Committee including the process it has used in relation to Board appointments.	✓	Please refer page 94.
A.7.2	The Nomination Committee should annually assess Board-composition	✓	Board as a whole annually assessed the composition of the Board to ensure that the combined knowledge and experience of the Board matches the strategic demand facing the Company. The findings of such assessments are taken into account when new Board appointments are considered.
A.7.3	Appointment of a new Director to the Board, the company should be forthwith disclosed to shareholders	✓	All new appointments have been disclosed in the Colombo Stock Exchange

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
A.8	**Re- Election** Main Principle All Directors should be required to submit themselves for re-election at regular intervals		
A.8.1	Non-Executive Directors should be appointed for specified terms subject to re-election and to the provisions in the Companies Act, relating to the removal of director and their re-appointment should not be automatic.	✓	In terms of the Articles of Association, one-third of the Directors, except for Chairman, Managing Director/ CEO, retire by rotation and may offer themselves for re-election at the AGM. By virtue of being the Chairman, Managing Director/CEO are not required to make themselves available for re-election as per the Articles of Association. The Company's Articles of Association provides that any Director appointed by the Board during the period to hold office until the next Annual General Meeting and seek reappointment by the shareholders at the said AGM
A.8.2	All Directors including the Chairman should be subject to election by shareholders at the first opportunity after their appointment, and to re-election thereafter at intervals of no more than three years.	✓	Based on the article and the current composition of the Board, a Director has to come forward for re-election, every three years. The Chairman and Chief Executive Officer does not retire by rotation.
A.8.3	In the event of a resignation of a Director prior to completion of his appointed term, the Director should provide a written communication to the Board of his reasons for resignation.	✓	Written communications are provided to the Board by directors who resign prior to completion of his appointed term
A.9	**Appraisal of Board Performance** Main Principle Boards should periodically appraise their own performance		
A.9.1	The Board should have a formal and rigorous process for annually appraising the board and its committees and should address any matters that may arise from such review	✓	The performance of the Board and the subcommittee is reviewed and evaluated by the Board and Chairman based on a self-appraisal basis
A.9.2	The Board should undertake an annual self-evaluation of its own performance and of its Committees. The evaluation should be carried out by each director individually.	✗	Not Complied.
A.9.3	The Board should have a process to review the participation, contribution and engagement of each director at the time of re-election	✗	Not Complied.
A.9.4	The Board should state how such performance evaluations have been conducted, in the Annual Report.	✗	Not Complied.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
A.10	**Disclosure of Information in respect of Directors** Main Principle Shareholders should be kept advised of relevant details in respect of Directors		
A.10.1	The Annual Report of the Company should set out the following information in relation to each Director: • Name, qualifications and brief profile; • The nature of his/her expertise in relevant functional areas; • Whether Executive, Non-Executive and/or Independent Director Names of listed companies in Sri Lanka in which the Director concerned serves as a Director; • Names of listed companies in Sri Lanka in which the Director serves as a Director; • Names of other companies in which the Director serves as a Director; • The total number of Board seats held by each Director indicating listed and unlisted Companies and whether in an executive or non-executive capacity; • Names of Board Committees in which the Director serves as Chairman or a member; • Number/percentage of Board meetings of the Company attended during the year; • Number/percentage of committee meetings attended during the year • Immediate family and/or material business relationships with other Directors of the Company;	✓	Refer pages 19 to 20. Refer page 62. Not Applicable
A.11	**Appraisal of Chief Executive Officer (CEO)/MD** Main Principle The Board should be required, at least annually, to assess the performance of the Group CEO		
A.11.1	At the commencement of every fiscal year, the Board in consultation with the CEO, should set, in line with the short, medium and long-term objectives of the Company, reasonable financial and non-financial targets that should be met by the Group CEO during the year.	✓	The Annual Business Plan is prepared setting up short-term, medium-term and long-term financial and non-financial goals. The Annual Business Plan is initially approved by the Board.
A.11.2	The performance of the Group CEO should be evaluated by the Board at the end of each fiscal year to ascertain whether the targets set by the Board have been achieved and if not, whether the failure to meet such targets was reasonable in the circumstances.	✓	Assessment of performance of the Group CEO is carried out by the Board at the end of each year to ensure that pre-agreed targets have been achieved or if not whether there are acceptable reasons for not achieving them.

CORPORATE GOVERNANCE

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
B	**DIRECTORS' REMUNERATION**		
B.1	**Remuneration Procedure**		
	Main Principle		
	Companies should establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his/her own remuneration.		
B.1.1	To avoid potential conflicts of interest, the board should set up a Remuneration Committee to make recommendations to the board,within agreed terms of reference, on the Company's framework of remunerating Executive Directors.	✓	The scope of the Committee is to consider and recommend to the Board remuneration and perquisites of the Chairman, Group CEO, Independent Directors, Executive Directors of the Board of the Company including Key Managers and approve recommendations made by the Group Chief Executive Officer
B.1.2	Remuneration Committees should consist exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom the majority should be Independent. The Chairman should be an independent Non-Executive Director and should be appointed by the Board.	✓	Refer page 93.
B.1.3	The Chairman and Members of the Remuneration Committee should be listed in the Annual Report each year.	✓	Refer page 93.
B.1.4	The Board as a whole, or where required by the Articles of Association the shareholders, should determine the remuneration of Non-Executive Directors, including members of the Remuneration Committee, within the limits set in the Articles of Association. Where permitted by the Articles, the Board may delegate this responsibility to a Subcommittee of the Board, which might include the CEO.	✓	After consideration of the recommendation made by the Group Chief Executive Officer and the ultimate Parent Company, the Committee as a whole decides the remuneration of the Non-Executive Directors. The Non-Executive Directors receive a consolidated fee for being a Director of the Board and either chairing or being a member of a Board Sub-committee. They do not receive any performance/incentive payments.
B.1.5	The Remuneration Committee should consult the Chairman and/or CEO about its proposals relating to the remuneration of other Executive Directors and have access to professional advice from within and outside the Company, in discharging their responsibilities.	✓	The Committee has the authority to seek internal and external independent professional advice on matters falling within its purview, at the Company's expense. Views of the Chairman and Group CEO are obtained as they too assist and participate in its analysis and deliberations to the said Board Subcommittee
B.2	**The Level and Make-up of Remuneration**		
	Main Principle		
	Levels of remuneration should be sufficient to attract Directors needed to run the Company successfully. A proportion of Executive Directors' remuneration should be linked to corporate and individual performance		
B.2.1	The Remuneration Committee should provide the packages needed to attract and retain Executive Directors of the quality required but should avoid paying more than is necessary for this purpose.	✓	The Board Remuneration Committee and also the Board ensure that Executive Director – Group CEO,Executive Directors who are on the Board and Key Management are provided with an attractive remuneration package.
B.2.2	Executive Directors' remuneration should be designed to promote the long-term success of the Company.	✓	Executive Directors' and Key Management's remuneration is designed to promote the long-term success of the Company

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
B.2.3	The Remuneration Committee should judge where to position levels of remuneration of the Company, relative to other companies.	✓	A primary objective of compensation packages is to attract and retain a highly qualified and experienced workforce and reward performances.
B.2.4	The Remuneration Committee should be sensitive to remuneration and employment conditions elsewhere in the Company or Group of which it is a part, specially when determining annual salary increases.	✓	Remuneration and annual salary increases are decided considering industry practices, performance of the Company, each employee's level of experience and contribution bearing in mind the business performance and the long term shareholder returns.
B.2.5	The performance-related elements of remuneration of Executive Directors should be designed and tailored to align their interests with those of the Company and main stakeholders and to give these Directors appropriate incentives to perform at the highest levels. The performance-related elements should be transparent, stretching and rigorously applied.	✓	Objectives for Group CEO, Executive Directors and Key Management are set at the beginning of the year and the remuneration including the performance bonus is decided based upon the degree of achievement of such pre-set targets subject to the remuneration policy.
B.2.6	Executive share options should not be offered at a discount (i.e., less than market price prevailing at the time the exercise price is determined), save as permitted by the Listing Rules of the Colombo Stock Exchange. Shares granted under share options schemes should not be exercisable in less than three years and the Remuneration Committee should consider requiring Directors to hold a minimum number of shares and to hold shares for a further period after vesting or exercise.	✓	Presently the Company does not have an Executive Share Option Scheme.
B.2.7	In designing schemes of performance-related remuneration, Remuneration committees should follow the provisions set out in Schedule E. The schemes should include provisions that would enable the company to recover sums paid or withhold a portion of such performance-related remuneration and specify the circumstances in which a company may not be entitled to do so.	✓	Refer page 93.
B.2.8	Remuneration committees should consider what compensation commitments (including pension contributions) their Directors' contracts of service, if any, entail in the event of early termination. Remuneration Committees should in particular, consider the advantages of providing explicitly for such compensation commitments to apply other than in the case of removal for misconduct, in initial contracts.	✓	Not applicable to the Board except for Group CEO and other Executive Directors (Alternate Directors to the Executive Directors) who are employees of the Company, and their terms of employment are governed by the contract of service/employment.
B.2.9	Where the initial contract does not explicitly provide for compensation legal constraints, tailor their approach in early termination cases to the relevant circumstances. The broad aim should be, to avoid rewarding poor performance while dealing fairly with cases where departure is not due to poor performance.	✗	Not applicable.

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CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
B.2.10	Levels of remuneration for Non-Executive Directors should reflect the time commitment and responsibilities of their role, taking into consideration market practices. Remuneration for Non-Executive Directors should not normally include share options. If exceptionally options are granted, shareholder approval should be sought in advance and any shares acquired by exercise of the options should be held until at least one year after the Non-Executive Director leaves the Board. Holding share options could be relevant to the determination of a Non-Executive Director independence. (as set out in provision A.5.5).	✓	Non-Executive Directors of the Company are paid nominal fees commensurate with their time and role in the Company and taking into consideration market practices. Non-Executive Directors are not included in share options as there is no scheme in existence.
B.3	**Disclosure of Remuneration** Main Principle The Annual Report should contain a Statement of Remuneration Policy and details of remuneration of the Board as a whole		
B.3.1	The Annual Report should set out the names of Directors (or persons in the Parent Company's Committee in the case of a Group Company) comprising the Remuneration Committee, contain a statement of remuneration policy and set out the aggregate remuneration paid to Executive and Non-Executive Directors.	✓	Please refer the Remuneration Committee Report on page 93. Remuneration paid to the Board of Directors is disclosed in Note 9 in the Financial Statements on page 138.
C **C.1**	**RELATIONS WITH SHAREHOLDERS** **Constructive use of the Annual General Meeting (AGM) and conduct of General Meetings** Main Principle Boards should use the AGM to communicate with shareholders and should encourage their participation		
C.1.1	Companies should arrange for the Notice of AGM and related papers to be sent to shareholders at least as determined by statute, before the meeting.	✓	A copy of the Annual Report including Financial Statements, Notice of Meeting and the Form of the Proxy are sent to shareholders 15 working days prior to the date of the AGM, as requested by statute, in order to provide the opportunity to all the shareholders to attend the AGM.
C.1.2	Companies should propose a separate resolution at the AGM on each substantially separate issue and should in particular propose a resolution at the AGM relating to the adoption of the report and accounts. For each resolution, proxy appointment forms should provide shareholders with the option to direct their proxy to vote either for or against the resolution or to withhold their vote. The proxy form and any announcements of the results of a vote should make it clear that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against the resolution.	✓	Company proposes a separate resolution at the AGM on each substantially separate issue. Further, adoption of the Annual Report of the Board of Directors on the affairs of the Company and Audited Financial Statements together with the Report of the Auditors thereon are considered as a separate resolution.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
C.1.3	The Company should ensure that all valid proxy appointments are properly recorded and counted. For each resolution, where a vote has been taken on a show of hands, the Company should ensure that the following information is given at the meeting and made available as soon as reasonably practicable on a website which is maintained by or on behalf of the Company, • the number of shares in respect of which proxy appointments have been validly made; • the number of votes for the resolution; • the number of votes against the resolution; and • the number of shares in respect of which the vote was directed to be withheld. When, in the opinion of the board, a significant proportion of votes have been cast against a resolution at any general meeting, the Board should take steps to understand the reasons behind the vote results and determine if any actions are required.	✓	The Company ensures that all valid proxy appointments received for general meetings are properly recorded and counted.
C.1.4	The Chairman of the Board should arrange for the Chairmen of the Audit, Remuneration, Nomination and Related Parties Transactions Review Committees and the Senior Independent Director where such appointment has been made, to be available to answer questions at the AGM if so requested by the Chairman.	✓	The Chairman of the Company ensures that Chairmen of all Board Subcommittees namely, Audit, Remuneration, Nomination and Related Party Transactions Review Committee are present at the AGM to answer the questions under their purview.
C.1.5	Companies should circulate with every Notice of General Meeting, a summary of the procedures governing voting at General Meetings.	✓	A summary of the procedures governing voting at General Meeting is circulated to shareholders with every Notice of General Meeting.
C.2	**Communication with Shareholders** Main Principle The Board should implement effective communication with shareholders		
C.2.1	There should be a channel to reach all shareholders of the Company in order to disseminate timely information.	✓	The primary modes of communication between Company and the shareholders are the Annual Report and AGM. Information is provided to the shareholders prior to the AGM to give them an opportunity to exercise the prerogative to raise any issues relating to the business of Company, either verbally or in writing prior to the AGM. The Company used the following channels to disseminate timely information; • Shareholders meetings • Financial and other notices as and when required through the • Colombo Stock Exchange • Press notices

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CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
C.2.2	The Company should disclose the policy and methodology for communication with shareholders.	✓	The Company will focus on open communication and fair disclosure, with emphasis on the integrity, timeliness and relevance of the information provided. The Company will ensure information is communicated accurately and in such a way as to avoid the creation or continuation of a false market.
C.2.3	The Company should disclose how they implement the above policy and methodology is implemented.	✓	Soft copy (upon request Printed copies) of Annual Report are provided to all shareholders without charge.
C.2.4	The Company should disclose the contact person for such communication.	✓	Refer to Page inner back cover in Inquiries by Shareholders for more information.
C.2.5	The Company should have a process to make all Directors aware of major issues and concerns of shareholders and this process should be disclosed by the Company.	✓	The Company Secretary shall maintain a record of all correspondence received and will deliver as soon as practicable such correspondence to the Board or individual director/s as applicable. The Board or individual director/s, as applicable, will generate an appropriate response to all validly received shareholder correspondence and will direct the Company Secretary to send the response to the particular shareholder.
C.2.6	The Company should decide the person to contact in relation to shareholders' matters.	✓	Company secretary or Factory Controller can be contacted in relation to shareholders' matters.
C.2.7	The process for responding to shareholder matters should be formulated by the board and disclosed.	✓	Company secretary is assigned to respond to shareholders by the Board and update the board an such matters.
C.3	**Major and Material Transactions** Main Principle Further to compliance with the requirements under the Companies Act, Directors should disclose to shareholders all proposed corporate transactions, which if entered into, would materially alter/vary the Company's net assets base or in the case of a Company with subsidiaries, the consolidated Group net asset base.		
C.3.1	Prior to a company engaging in or committing to a Major Transaction, with a related party, or other involving the acquisition, sale or disposition of greater than one third value of the Company's assets or that of a subsidiary which has a material bearing on the Company and for consolidated net assets of the Company, or a transaction which has or is likely to have the effect of the Company acquiring obligations and liabilities, of greater than one third of the value of the company's assets, the Directors should disclose to shareholders the purpose and all material facts of such transaction and obtain shareholders' approval by ordinary resolution at an EGM. It also applies to transactions or series of related transactions which have the purpose or effect of substantially altering nature of the business carried on by the Company	✓	During the year, there were no major transactions as defined by Section 185 of the Company's Act No. 07 of 2007 which materially affect the Net Assets Base of the Company or Consolidated Group Net Asset Base. In addition, with the CSE Listing Rule on Related Party Transactions came into effect from 2016, all proposed non-recurrent related party transactions disclosed to the CSE.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
C.3.2	The company should comply with the disclosure requirements and shareholder approval by special resolution as required by the rules and regulation of the Securities Exchange Commission (SEC) and by the Colombo Stock Exchange (CSE).	✓	The Company's policy on shareholder communications addresses the need to disclose major and material transactions to shareholders as required by the rules and regulations of the SEC and the CSE.
D	**Accountability and Audit**		
D.1	**Financial and Business Reporting**		
	Main Principle		
	The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.		
D.1.1	The Board should present an annual report including financial statements that is true and fair, balanced and understandable and prepared in accordance with the relevant laws and regulations and any deviation being clearly explained.	✓	The Annual Report presents a fair and balanced view of the Company's financial position, performance and prospects combining narrative and visual elements to facilitate readability and comprehension. All statutory requirements have been complied within the Annual Report and the interim financials have been reviewed and approved by the Board Audit Committee, prior to publication.
D.1.2	The Board's responsibility to present a balanced assessment extends to interim and other price-sensitive public reports and reports to regulators as well as the information required to be presented by statutory requirements	✓	The Board is well aware of its responsibility to present regulatory and statutory reporting in a balanced and understandable manner and a statement to this effect is given in the Statement of Directors' Responsibility on pages 104 to 105 confirming this position. The Company had strictly complied with the requirements of the Companies Act No. 07 of 2007 in the preparation of Quarterly and Annual Financial Statements which are prepared and presented in conformity with Sri Lanka Accounting Standards. Further, Company has complied with the reporting requirements prescribed by the regulatory authority such as the Colombo Stock Exchange. Given below is a table containing the dates on which the Annual and Interim Financial Statements were uploaded to the CSE website/ dispatched to the shareholders in the year under review.
D.1.3	The Board should, before it approves the Company's financial statements for a financial period, obtain from its Chief Executive Officer and Chief Financial Officer a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the system of risk management and internal control was operating effectively.	✓	Please refer to Managing Director's and Chief Financial Officer's Responsibility Statement on page 106.

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CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
D.1.4	The Directors' Report, which forms part of the Annual Report, should contain declarations by the Directors to the effect that: • the Company has not engaged in any activity which contravenes laws and regulations; • the Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested; • the Company has made all endeavours to ensure the equitable treatment of shareholders; • the Directors have complied with best practices of corporate governance • Property. Plant and equipment is reflected at fair value, where it is different from fair value adequate disclosures are made • the business is a going concern, with supporting assumptions or qualifications as necessary; and • they have conducted a review of the internal controls, covering financial, operational and compliance controls and risk management, and have obtained reasonable assurance of their effectiveness and successful adherence therewith, and, if it is unable to make any of these declarations, to explain why it is unable to do so.	✓	The Annual Report of the Board of Directors on the Affairs of the Company given on pages 98 to 103 covers all of these sections
D.1.5	The Annual Report should contain a statement setting out the responsibilities of the Board for the preparation and presentation of Financial Statements, together with a statement by the Auditors about their reporting responsibilities. Further the Annual Report should contain a report/ statement on internal control.	✓	The "Statement of Directors' Responsibility" is given on page 113. The "Independent Auditors' Report" on pages 107 to 109 states the Auditor's responsibility. The Statement on Internal Control is given on pages 104 to 105 in the Statement of Director's Responsibilities.
D.1.6	The Annual Report should contain a "Integrated Performance Review", discussing, among other issues, business model, industry structure and developments, opportunities and threats, risk management, internal control systems and their adequacy, governance, stakeholder relationships, social and environmental protection activities carried out by the Company, financial performance, investment in physical and intellectual capital, human resource/industrial relations activities carried out by the company and prospects for the future. The Integrated Performance Review may be structured based on the integrated reporting framework issued by International Integrated Reporting Council and "a preparer's guide to integrated Corporate Reporting" issued by CA Sri Lanka.	✓	Refer Chairman's Statement on pages 14 to 15. Group Chief Executive Officer's Review on pages16 to 17. Review of Operation on pages 31 to 33.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
D.1.7	In the event the net assets of the Company falling below 50% of the value of the Company's shareholders' funds, the Directors shall forthwith summon an Extraordinary General Meeting of the Company to notify shareholders of the position and of remedial action being taken. The Directors should report periodically to the shareholders progress on these remedial actions.	✓	Likelihood of such occurrence is remote.
D.1.8	The Board should adequately and accurately disclose the Related Party Transactions in its Annual Report, • Each related party to submit signed and dated quarterly declarations mentioning whether they have related party transactions with the Company as defined in this Code, • The Company Secretary keeps a record on related party transactions and make necessary disclosures accordingly, • There should be a process to capture related parties and related party transactions. This process needs to be operationalised and related party transactions should be properly documented, • A record/register either in hard or soft form on related party and related party transaction should be maintained by the Company, • This record should ensure that the company captures information to comply with the respective related party disclosure requirements imposed by SEC/ Accounting Standards/ Auditing Standards and similar regulations.	✓	Each related party has submitted signed and dated declarations mentioning whether they had related party transactions with the company during the period ended 31st March 2021. Related Party Transactions Review Committee reviewed related party transaction which is described in this Annual Report in pages 180 to 183. Related parties and related party transactions are captured and documented by the Company.
D.2	**Risk Management and Internal Control** Main Principle The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The Board should have a process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets. Broadly, risk management and internal control is a process, effected by a company's Board of Directors and Management, designed to provide reasonable assurance regarding the achievement of Company's objectives.		
D.2.1	The Board should monitor the company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness, and report on that review in the Annual Report. The monitoring and review should cover all material controls, including financial, operational and compliance controls.	✓	The Board is responsible for establishing sound framework of risk management and internal controls and monitoring its effectiveness on a continuous basis. The Company employs personnel across different levels of operations to apply these internal controls, while the Internal Audit Department periodically reviews the effectiveness of such controls. The Company has its own internal audit processes, implemented to ensure that effective controls are in place. These processes extend across all Company operations. The internal audit function is headed by the Head of Risk Management, who reports to the Board Audit Committee and Group CEO.

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CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
D.2.2	The Directors should confirm in the Annual Report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The Directors should describe those risks and explain how they are being managed or mitigated.	✓	Refer pages 104 to 105.
D.2.3	Companies should have an internal audit function.	✓	Risk Management and Internal Audit is responsible for internal audit functions.
D.2.4	The Board should require the Audit Committee to carry out reviews of the process and effectiveness of risk management and internal controls, and to document to the Board and Board takes the responsibility for the disclosures on risk management and internal controls.	✓	The Audit Committee monitors, reviews and evaluates the effectiveness of the risk management & internal control system including the internal controls over financial reporting.
D.2.5	Responsibility of Directors in maintaining a sound system of internal controls & the content of statement of controls.	✓	Refer pages 104 to 105.
D.3	**Audit Committee** Main Principle The Board should establish formal and transparent arrangements for considering how they should select and apply accounting policies, financial reporting, determine the structure and content of corporate reporting, implement internal control and risk management principles and for maintaining an appropriate relationship with the Company's Auditors.		
D.3.1	The Board should establish an Audit Committee exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom at least two should be independent. If there are more Non-Executive Directors. The majority should be independent. The committee should be chaired by an Independent Non-Executive Director. The Board should satisfy itself that at least one member of the Audit Committee has recent and relevant experience in financial reporting and control.	✓	"All members of the Board Audit Committee are Independent Non-Executive Directors. Refer the pages 91 to 92.
D.3.2	The Audit Committee should have a written Terms of Reference, dealing clearly with its authority and duties.	✓	Terms of Reference of the Board Audit Committee is clearly defined in the Audit Committee approved by the Board of Directors. This clearly explains the purpose of the Committee, its duties and responsibilities together with the scope and functions of the Committee. The Committee mainly deals with the matters pertaining to statutory and regulatory compliance in financial reporting, matters with regard to the External Auditors, internal audit and risk management procedures of the Company. As stated in the Report of the Audit Committee of the Company it regularly reviews scope, results and effectiveness of the Audit. Please refer the pages 91 to 92.
D.3.3	A separate section of the Annual Report should describe the work of the Committee in discharging its responsibilities.	✓	Please refer to the Audit Committee Report on pages 91 to 92. Disclosure on the independence of the Auditors is found on pages 107 to 109 in the Annual Report of the Board of Directors on the Affairs of the Company on pages 98 to 103.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
D.4	**Related Party Transactions Review Committee** Main Principle Institutional shareholders have a responsibility to make considered use of their votes and should be encouraged to ensure their voting intentions are translated into practice.		
D.4.1	A related party and related party transactions will be as defined in LKAS 24.	✓	Related party and related party transactions are defined as per LKAS 24.
D.4.2	The Board should establish a Related Party Transactions (RPT) review Committee consisting exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom the majority should be independent. Executive Directors may attend by invitation. The chairman should be an Independent Non-Executive Director appointed by the board.	✓	The Committee comprises two Independent Non-Executive Directors and one Executive Director The Committee is chaired by an Independent Non-Executive Director.
D.4.3	RPT Review Committee should have written terms of reference dealing clearly with its authority and duties which should be approved by the Board.	✓	Please refer to the Related Party Transactions Review Committee Report on pages 95 to 96.
D.5	**Code of Business Conduct & Ethics** Main Principle Companies must adopt a Code of Business Conduct & Ethics for Directors, Key Management Personnel & and all other employees.		
D.5.1	All companies must disclose whether they have a Code of Business Conduct and Ethics for directors and key management personnel and if they have such a code, make an affirmative declaration in the Annual Report that all Directors and Key Management Personnel have declared compliance with such code, and if unable to make that declaration, state why they are unable to do so. Each company may determine its own policies in the formulation of such a code, but all companies should address the following important topics in their respective codes: • Conflict of interest; • Bribery and corruption; • Entertainment and gift; • Accurate accounting and record keeping; • Fair and transparent procurement practices; • Corporate opportunities; • Confidentiality; • Protection and proper use of company assets including information assets; • Compliance with laws, rules and regulations (including insider trading laws); and • Encouraging the reporting of any illegal, fraudulent or unethical behaviour.	✓	Company has an internally Developed Code of Conduct. All employees including Directors, Key Managers and Senior Managers are bound by the Company's written Code of Ethics. The Company has implemented a formal whistle-blowing procedure and encourages any employee who suspects wrong doing at work, whether by Management, peers or any other employee, to raise their concerns.

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CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
D.5.2	The company should have a process in place to ensure that material and price sensitive information is promptly identified and reported in accordance with the relevant regulations.	✓	The Company has a process in place to ensure that material and price sensitive information is promptly identified and reported in accordance with the relevant regulations.
D.5.3	The Company should establish a policy, process for monitoring and disclosure of shares purchased by any Director, Key Management Personnel or any other employee involved in financial reporting.	✓	The policy in place and any share transaction done by Board Director need to be immediately disclosed to the Company Secretary and Company Secretary will inform such transactions to the Colombo stock Exchange. Refer to Investor Information on page 185.
D.5.4	The Chairman must affirm in the Company's Annual Report that a code of conduct and ethics has been introduced company wide and the procedure for disseminating, monitoring and compliance with that code. He must also disclose that he is not aware of any violation of any of the provisions of the code of business conduct and ethics.	✓	Please refer Chairman's Statement on pages 14 to 15 in this Report.
D.6	**Corporate Governance Disclosures** Main Principle Directors should be required to disclose the extent to which the Company adheres to established principles and practices of good Corporate Governance.		
D.6.1	The Directors should include in the Company's Annual Report, a Corporate Governance Report setting out the manner and extent to which the Company has complied with the principles and provisions of this Code.	✓	This Report from pages 61 to 90 sets out the manner and extent to which Regnis Lanka PLC has complied with the principles and provisions of the Code.
E **E.1**	**Institutional Investors** **Shareholder Voting** Main Principle Institutional shareholders have a responsibility to make considered use of their votes and should be encouraged to ensure their voting intentions are translated into practice.		
E.1.1	A listed Company should conduct a regular and structured dialogue with shareholders based on a mutual understanding of objectives. Arising from such dialogue, the Chairman should ensure the views of shareholders are communicated to the Board as a whole.	✓	In order to avoid conflict of interest by nurturing the mutual understanding, the Board carries out dialogues with its shareholders at General Meetings. Please refer to Stakeholder Engagement section in page 28.
E.2	Evaluation of Governance Disclosures		
E.2.1	When evaluating Companies' governance arrangements, particularly those relating to Board structure and composition, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention.	✓	The Institutional Investors are at liberty to give due weight to matters relating to the Board structure and composition, when they consider resolutions relating to Board structure and composition.
F	**Other Investors**		
F.1	Investing/ Divesting Decision		
	Individual shareholders, investing directly in shares of companies should be encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions.	✓	The information disseminated by the Company is adequate for individual shareholders to undertake an analysis of the Company and/or seek independent investment advice regarding the prospects of the Company.

CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
F.2	Shareholder Voting		
	Individual shareholders should be encouraged to participate in General Meetings of companies and exercise their voting rights.	✓	Individual shareholders are encouraged to participate in General Meeting of the Company and exercise their voting rights.
G	**Internet of things and Cyber Security**		
G.1	The Board should have a process to identify how in the organisation's business model, IT devices within and outside the organisation can connect to the organisation's network to send and receive information and the consequent cyber security risks that may affect the business. Internal and external parties could have computing devices embedded in everyday objects which may enable them to interconnect with the Company's network to send and receive data. Such access could be authorised or unauthorised.	✓	The board assigned this responsibility to the Information Technology Division and Director – IT is mainly assigned to complete this task. IT policy and Cyber security policies have been developed and needs to be presented to the Board for approvals.
G.2	The Board should appoint a Chief Information Security Officer (CISO) with sufficient expertise, authority and budgetary allocation to introduce and implement a cyber security risk management policy which should be approved by the Board. The policy should include a robust cyber security risk management process, incident response system, vendor management system, disaster recovery plan and a governance structure to monitor effective implementation, reporting and the need for cyber security insurance.	✓	Director IT is appointed as a Chief Information Security Officer. IT policy and cyber security policy has been developed.
G.3	The Board should allocate regular and adequate time on the Board meeting agenda for discussions about cyber-risk management: The matters taken up for the discussion on the board meeting agenda may include; Potential cyber security risks in the Company's business model. CISO's security strategy and status of the current projects. Compliance with the cyber security risk management process and incident report. Findings and recommendations from independent reviewers.	✗	Not Complied. IT policies and Cyber security policies are to be Presented to the Board. Board expects to implement it in the year 2022.
G.4	The Board should ensure the effectiveness of the cyber security risk management through independent periodic review and assurance. The scope and the frequency of the independent periodic reviews could be determined based on the industry vulnerability, company's business model and incident findings.	✓	Security assessment has been carried out and corrective actions are taken.
G.5	The Board should disclose in the annual report, the process to identify and manage cyber security risks.	✓	IT Risk assessments are carried out according to ISO 27001:2013 and ISO 31000:2018 standards, at least annually to identify the risks on the IT environment of SSLP. Identified risks will be evaluated and proper measures are taken by the SSLP IT team to mitigate or minimise the threats. The Board of Directors shall be updated regarding the controls in place to mitigate cyber risks, and on possible cyber risks that the company is exposed to.

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CA Sri Lanka Code Reference	Requirement of the Code	Status of Compliance	Compliant with the Code
H	**ENVIRONMENT, SOCIETY AND GOVERNANCE (ESG)** Main Principle Company's annual report should contain sufficient information to enable investors and other stakeholders to assess how ESG risks and opportunities are recognized, managed, measured and reported		
H.1.1	Companies should provide information in relation to: The relevance of environmental, social and governance factors to their business models and strategy. How ESG issues may affect their business. How risks and opportunities pertaining to ESG are recognised managed, measured and reported.	✓	Risk Management on pages 34 to 37. Refer pages 39 to 40, 58 to 59
H.1.2	Environmental Factors		
H.1.2.1	Environmental governance of an organisation should adopt an integrated approach that takes into consideration the direct and indirect economic. Social, health, and health and environmental implications of their decisions and activities, including: pollution prevention sustainable resource use (e.g: water, energy) climate change protection of environment bio-diversity restoration of natural resources	✓	Refer pages 58 to 59, 64
H.1.3	Social Factors		
H.1.3.1	Social governance of an organisation should include its relationship with the community, customers, employees, suppliers, outsourced providers and any other party that can influence or be influenced by the organisation's business model.	✓	Refer pages 58 to 59, 28
H.1.4	Governance		
H.1.4.1	Companies should establish a governance structure to support its ability to create value and manage risks in the short, medium and long-term, recognising managing and reporting on all pertinent aspects of ESG.	✓	Risk Management on pages 34 to 37. Refer page 64.
H.1.5	Board's role on ESG Factors		
H.1.5.1	ESG reporting is a Board's responsibility and it is designed to add value by providing a credible account of the Company's economic, social and environmental impact. ESG reporting and disclosure should be formalised as part of the Company's reporting process and take place on a regular basis. ESG reporting should link sustainable issues more closely with strategy. ESG reporting may be built on a number of different guidelines, such as, Integrated Reporting Framework The Global Reporting Initiative Guidelines	✓	The company follows ESG reporting and is disclosed in line with Global Reporting Initiatives (GRI) guidelines version G4 in this annual report and described from pages 189 to 192.

AUDIT COMMITTEE REPORT

Dilip Kumar de Silva Wijeyeratne
Chairman - Audit Committee

Mr. Wijeyeratne is an Associate Member of The Institute of Chartered Accountants of Sri Lanka (ACA), Fellow Member of The Chartered Institute of Management Accountants, UK, (FCMA) and a Graduate Member of The Australian Institute of Company Directors (GAICD) experience in audit and advisory services.

Preamble

The Audit Committee of the parent company, Singer (Sri Lanka) PLC functions as the Committee to Regnis (Lanka) PLC. The Committee is empowered to review and monitor the financial reporting process of Regnis Group so as to provide additional assurance on the reliability of the Financial Statements through a process of independent and objective review. As such, the Audit Committee acts as an effective forum in assisting the Board of Directors in discharging their responsibilities on ensuring the quality of financial reporting and related communications to the Shareholders and the Public.

Composition of the Committee and Attendance

The Audit Committee consists of three Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director. Brief profiles of the Directors are given on pages 19 to 20 of this Annual Report.

Active Status	Name	Directorship Status	Attended
Active	Mr. D K de S Wijeyeratne (Chairman)	Independent-Non Executive Director	4/4
Active	Mr. D Sooriyaarachchi	Independent-Non Executive Director	4/4
Active	Mr. M H Jamaldeen	Independent-Non Executive Director	4/4

Secretary to the Committee

Hayleys Group Services (Private) Limited functions as the Secretary to the Committee.

Attendees by invitation

The Finance Director/Compliance Officer, Head of Risk Management, Audit Staff, Representatives of External Auditors and when necessary, the Chairman, the Group Chief Executive and relevant Operational Directors and Managers attend the meetings by invitation.

ACTIVITIES IN 2020/21

1. Meetings of the Committee

During the reporting period, four Audit Committee meetings were held to discuss the Reports of the Internal and External Auditors and Interim Financial Statements. The Financial Statements for the 12 months period ended 31st March 2021 were also discussed at the meeting held on 13th May 2021. The minutes of the meetings were tabled at the meetings of the Board of Directors for information and necessary action.

2. Financial Reporting

The Committee along with the Board, internal audit and external audit reviewed the Interim Financial Statements and the Annual Financial Statements to ensure compliance with mandatory, statutory and other regulatory requirements laid down by the authorities and the appropriateness and changes in accounting policies and material judgmental matters prior to publication.

3. Internal Audit Risk and Control

The Committee provided a forum for the impartial review of the reports of internal and external audits and to take into consideration findings and recommendations stated therein relating to significant business risks and control issues and also monitors the effectiveness of the internal audit function.

The Committee reviewed the Group audit plan for the year and agreed its budget and resource requirements. It reviewed interim and year-end summary reports and management's responses. The Committee carried out an evaluation of the performance of the internal audit function and is responsible for effectiveness of the internal control systems to ensure that processes are in place to safeguard the assets of the organization and to ensure that the financial reporting system can be relied upon in preparation and presentation of Financial Statements.

The Committee ensured that the Internal Audit Function is independent of the activities it audited and that it was performed with impartiality, proficiency and due professional care.

4. External Audit

The External Audit approach and scope was reviewed and discussed by the Committee with the External Auditors and Management prior to the commencement of the audit. The External Auditors informed the Committee on an ongoing basis regarding

AUDIT COMMITTEE REPORT

matters of significance that were pending resolution. Before the conclusion of the audit, the Committee met with the External Auditors without Management being present. External Auditors discussed the audit issues with the Audit Committee and the Management to agree on audit issues.

The Committee reviewed the audited financial statements with the external auditor who is responsible for expressing an independent opinion on its conformity with the Sri Lanka Accounting Standards. (SLFRS's & LKAS's).

The Committee reviewed the External Auditors Management Letter and the Management's responses thereto before it was submitted to the Board.

5. Sri Lanka Accounting Standards

Committee reviewed the revised policy decisions relating to adoption of new and revised Sri Lanka Accounting Standards (SLFRS/LKAS) applicable to the Group companies and made recommendations to the Board of Directors.

The Committee would continue to monitor the compliance with relevant Accounting Standards and keep the Board of Directors informed at regular intervals.

The Committee has pursued the support of Messrs KPMG to assess and review the existing SLFRS policies and procedures adopted by the Group.

6. Cyber security Reviews

The Committee assessed the actions taken to mitigate the cyber security risk of the Company. The Committee emphasised the importance of maintaining sound controls to protect cyber attacks.

Compliance with Rules and Regulations

The Committee reviews the Compliance Officer's report on the Regnis Group's compliance with the applicable laws and regulations, including any internal policy codes of conduct of its employees.

Independence of the External Auditors

The Audit Committee undertook the annual evaluation of the independence and objectivity of the external auditor and the effectiveness of the audit process. The Audit Committee pre-approves the audit and non-audit services provided by Messrs. KPMG, in order to ensure that the provision of such services does not impair KPMG's independence and objectivity.

Corporate Governance

The Company is fully compliant with the applicable rules on corporate governance under the listing rules of the Colombo Stock Exchange (CSE). In addition, the Company is in substantially compliant with the Code of Best Practice on Corporate Governance 2017 issued by CA Sri Lanka.

Re Appointment of External Auditors

The Audit Committee recommended to the Board of Directors that Messrs KPMG, Chartered Accountants be reappointed as the External Auditors for the financial year 2021/22, subject to the approval of the shareholders at the Annual General Meeting (AGM) and the required resolution will be put to the shareholders at the AGM.

I wish to thank all members who served in the Committee during the period and for their contribution to the deliberations of the Committee.

(Sgd.)
Dilip Kumar de Silva Wijeyeratne
Chairman - Audit Committee

Colombo
13th May, 2021

REMUNERATION COMMITTEE REPORT

Mohamed Hisham Jamaldeen
Chairman - Remuneration Committee

He is a Fellow of the Association of Certified Chartered Accountants, UK and holds a Degree in Engineering and Business from the University of Warwick, UK.

Preamble

The Remuneration Committee of the parent Company Singer (Sri Lanka) PLC functions as the Committee to the Company and consists of three independent Non- Executive Directors. Brief profiles of the Directors are given on pages 19 to 20 of this Annual Report.

Composition of the Committee and Attendance

Active Status	Name	Directorship Status	Attended
Active	Mr. M H Jamaldeen (Chairman)	Independent-Non Executive Director	3/3
Active	Mr. D Sooriyaarachchi	Independent-Non Executive Director	3/3
Active	Mr. D K de S Wijeyeratne	Independent-Non Executive Director	3/3

The Chairman of the Company participated as an observer to the Committee. Group CEO assist the Committee by providing the relevant information and participate in its analysis and deliberations except when their own compensation packages are reviewed.

Secretary to the Committee

Finance Director functions as the Secretary to the Committee.

Responsibilities and Duties of the Committee

The scope of the Committee is to look into fees, remuneration and perquisites of Independent Directors, Executive Directors of the Company and Key Management and approve recommendations made by the Group CEO.

The Committee also reviews the policies pertaining to the remuneration and perquisites of the executives of the Group.

Remuneration Policy

A primary objective of compensation packages is to attract and retain a highly qualified and experienced workforce, and reward performance. These compensation packages should provide compensation appropriate for each business within the Group and commensurate with each employee's level of experience and contribution, bearing in mind the business performance and long-term shareholder returns.

Meetings of the Committee

The Committee meets from time to time and reviews the Group's remuneration and fee structures to assure alignment with strategic priorities and with compensation offered by competitor companies.The Committee met thrice during the period.

I wish to take this opportunity to thank all members who served in the Committee during the period and for their contribution to the deliberations of the Committee.

(Sgd.)
Mohamed Hisham Jamaldeen
Chairman - Remuneration Committee

Colombo
17th May, 2021

NOMINATION COMMITTEE REPORT

Mohan Pandithage
Chairman - Nomination Committee

Fellow of the Chartered Institute of Logistics & Transport (UK). Honorary Consul of the United Mexican States (Mexico) to Sri Lanka. Council Member of the Employers' Federation of Ceylon. Member of the Advisory Council of the Ceylon Association of Shipping Agents. Recipient of the Best Shipping Personality Award by the Institute of Chartered Shipbrokers; Leadership Excellence Recognition – Institute of Chartered Accountants of Sri Lanka; Honored with Lifetime Achievement Award at the Seatrade – Sri Lanka Ports, Trade and Logistics; Lifetime Award for the Most Outstanding Logistics and Transport Personality of the Year – Chartered Institute of Logistics & Transport. Member of the Advisory Council, Ministry of Ports and Shipping.

Preamble

The Nomination Committee of the parent Company Singer (Sri Lanka) PLC functions as the Committee to the Company. Brief profiles of the Directors are given on pages 19 to 20 of this Annual Report.

Composition of the Committee and Attendance

Active Status	Name	Directorship Status	Attended
Active	Mr. A.M. Pandithage (Chairman)	Executive Director	{1}
Active	Mr. K.D.D. Perera	Non-Executive Director	{1}
Active	Mr. M.H. Jamaldeen	Independent-Non Executive Director	{1}

{1} *During the reporting period Nomination Committee meetings were not held whereas appointments were approved by the board via circular resolutions.*

The Chairman of the Company participated as an observer to the Committee. Group CEO assist the Committee by providing the relevant information and participate in its analysis and deliberations except when their own compensation packages are reviewed.

Responsibilities and Duties of the Committee

- Consideration of making any appointment of new Directors or re-electing current Directors.
- Provide advice and recommendations to the Board on any such appointment.
- Review criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment to the Board and Key Management Personnel in the Company.
- Consider if a Director is able to and has been adequately carrying out his or her duties as a Director taking into consideration the Director's number of listed Company Boards on which the Director is represented and other principal commitments.
- Review the structure, size, compensation and competencies of the Board and make recommendations to the Board with regard to any changes.
- Recommend the requirements of new expertise and succession arrangements for retiring Directors.
- Recommend on any other matter referred to it by the Board of Directors.

Meetings of the Committee

The Board appointments during the period were approved via circular resolutions and therefore no physical meetings were held due to prevailing situation.

Re-election of Directors at the Annual General Meeting

In terms of Article 24 (4) of the Articles of Association of the Company, Messrs. N.L.S. Joseph and K.D.G. Gunaratne retire by rotation and being eligible offers themselves for re-election and the shareholders will be requested to re-elect them at the forthcoming Annual General Meeting.

Appointment of Over 70 Years Director

The Nomination Committee has recommended that Mr. A.M. Pandithage be appointed to the Board subject to the shareholders' approval at the forthcoming Annual General Meeting in pursuant to Section 211 of the Companies Act No. 07 of 2007.

The above recommendation was approved by the Board.

I wish to take this opportunity to thank all members who served in the Committee and for their contribution to the deliberations of the Committee during the period.

(Sgd.)
Mohan Pandithage
Chairman - Nomination Committee

Colombo
17th May, 2021

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

Deepal Sooriyaarachchi
Chairman - Related Party Transactions Review Committee

Preamble

The parent Company Singer (Sri Lanka) PLC established the Related Party Transactions Review Committee (RPTRC) in terms of the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka (the "Code") and Section 9 of the Listing Rules of the Colombo Stock Exchange (the "Rules").

Parent Company's Related Party Transactions Review Committee (RPTRC) functions as the RPTR Committee to the Company.

Composition of the Committee and Attendance

Active Status	Name	Directorship Status	Attended
Active	Mr. D. Sooriyaarachchi (Chairman)	Independent-Non Executive Director	4/4
Active	Mr. D.K. de S. Wijeyeratne	Independent-Non Executive Director	4/4
Active	Mr. M.H. Wijewardene	Executive Director	4/4

Mr. J A Setukavalar (Resigned w.e.f. 22nd March 2021) - Independent - Non executive Director of Singer Finance (Lanka) PLC, attended meetings by invitation

Mr. D.T.R. De Silva (Appointed w.e.f. 09th March 2021) - Independent-Non-Executive Director of Singer Finance (Lanka) PLC, attends meetings by invitation

The above composition is in compliance with the "Listing Rules of the Colombo Stock Exchange" and "Code of Best Practice on Corporate Governance", issued by The Institute of Chartered Accountants of Sri Lanka. The Committee appointed by and responsible to the Board of Directors comprises two Independent Non – Executive Directors and one Executive Director.

Brief profiles of the members are given on pages 19 & 20 of the Annual Report.

Secretary to the Committee

Hayleys Group Services (Private) Limited functions as the Secretary to the Related Party Transactions Review Committee.

Responsibilities and Duties of the Committee

The mandate of the Committee is derived from the Code and the Rules and is as follows:

- To review in advance all proposed related party transactions of the Group 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.
- Seek any information the Committee requires from Management, employees or external parties with regard to any transaction entered into with a related party.
- Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary including obtaining appropriate professional and expert advice from suitably qualified persons.
- To recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- To monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.
- Meet with the Management, Internal Auditors/External Auditors as necessary to carry out the assigned duties.
- 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.
- 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 assets of the related party transaction.

Policies and Procedures Adopted by the RPTRC for Reviewing Related Party Transactions (RPTs)

Relevant information to capture RPTs are fed into the Company Data Collection System.

All officers concerned are informed of the applicable regulatory requirements relating to the reporting of RPTs.

Key Management Personnel (KMPs) and their Close Family Members (CFMs) are

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

identified half yearly together with their NIC numbers and business registration numbers. This information is in the system.

Systems are updated with KMP and their CFM details on a half yearly basis or as and when the need arises in the event of a material change.

Data is extracted from the system, verified and validated.

All Managers are advised to report RPTs to the Finance Director who has been identified as the Focal Point, for this purpose.

Data is shared with the Finance Director and the Company Secretaries to meet the regulatory requirements if required.

Task of the Committee

The Committee reviewed the related party transactions and their compliances in Singer Group Companies including Regnis (Lanka) PLC and communicated to the Board.

The Committee in its review process recognised the adequacy of the content and quality of the information forwarded to its members by the Management and in compliance with rule 9.3 of the CSE Listing Rules.

Meetings of the Committee

During the year ended 31st March 2021, the Committee met four times.

Reporting to the Board

The minutes of the RPTRC meetings are tabled at the Board meetings enabling all Board members to have access to same.

Disclosures

A detailed disclosure of all the related party transactions including Recurrent and Non Recurrent related party transactions which are required to be disclosed under section 9.3.2 of the listing rules of the Colombo Stock Exchange has been made in Note 38.2.1 to the financial statements given in page 180 to this report.

I wish to take this opportunity to thank all members who served in the Committee and for their contribution to the deliberations of the Committee during the period.

(Sgd.)
Deepal Sooriyaarachchi
Chairman - Related Party Transactions Review Committee

Colombo
17th May, 2021

365 DAYS RESULTS

FINANCIAL CALENDAR 2020/21

Annual General Meeting (AGM) Calendar

	2020/21	2019/20
Annual report and accounts approved	**17th May 2021**	14th May 2020
Annual general meeting held/to be held	**28th June 2021**	23rd July 2020

Interim Financial Statements

(In terms of Rule 7.4 of the Colombo Stock Exchange)

	2020/21	2019/20
For the three months ended 30th June (Unaudited)	**04th August 2020**	07th August 2019
For the six months ended 30th September (Unaudited)	**09th November 2020**	08th November 2019
For the nine months ended 31st December (Unaudited)	**10th February 2021**	11th February 2020
For the twelve months ended 31st March (Unaudited)	**17th May 2021**	15th May 2020

Dividend Calendar

	2020/21	2019/20
Dividend paid	16th April 2021	26th May 2020

Proposed Financial Calender

	2021/22
For the three months ended/ending 30th June	August 2021
For the six months ended/ending 30th September (unaudited)	November 2021
For the nine months ended/ending 31st December (unaudited)	February 2022
For the twelve months ended/ending 31st March (unaudited)	May 2022
Annual general meeting	June 2022

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Annual Report of the Board of Directors on the Affairs of the Company and Statement of Compliance of the Contents of the Annual Report as Required by Section 168 of the Companies Act No. 07 of 2007.

1. PREFACE

The Directors have pleasure in presenting to the shareholders their report on the affairs of Regnis (Lanka) PLC together with the Audited Financial Statements of the Company and the audited consolidated financial statements of the Group for the year ended 31st March 2021 and the Independent Auditors' Report on those Financial Statements conforming to all relevant statutory requirements. This Report provides the information as required by the Companies Act No. 07 of 2007, and amendments thereto, the Listing Rules of the Colombo Stock Exchange (CSE) and the recommended best practices.

This Report was approved by the Board of Directors on 17th May 2021. The appropriate number of copies of the Annual Report has been submitted to the CSE and will be submitted to the Sri Lanka Accounting and Auditing Standards Monitoring Board within the statutory deadlines.

The Regnis (Lanka) PLC was incorporated on 3rd June 1987 under the Companies Act No 17 of 1982 and was re-registered as per the requirements of the Companies Act No. 07 of 2007 on 3rd September 2008, under the Registration No. PQ 191. The registered office of the Company is situated at No. 52, Ferry Road, Off Borupana Road, Ratmalana, Sri Lanka.

The ordinary shares of the Company are quoted on the Main Board of the CSE.

Singer (Sri Lanka) PLC is the parent company of Regnis (Lanka) PLC which has the direct holding of 58.29% of the Group.

As required under Section 168 of the Companies Act No. 07 of 2007, the information is disclosed in page 65 in this Report prepared for the year ended 31st March 2021.

2. REVIEW OF BUSINESS

2.1 Vision, Mission and Corporate Conduct

The Company's Vision and Mission Statements are exhibited on page 3 of the Annual Report.

2.2 Principal Activity

The principal activities of the Company are the manufacture of Refrigerators and Bottle Coolers.

Principal activities of the Subsidiary, Regnis Appliances (Private) Ltd are manufacture and assembly of Washing Machines and producing Plastic Components for Refrigerators.

The details of the Group and its main activities are described in Integrated Performance Review on pages 24 to 25.

2.3 Review of Operations of the Company

The Company's sense of innovation has brought in a lot of momentum into its business, further driving brand loyalty amongst customers and stakeholders who feel pride in associating with Company/Group.

More details provided in the Chairman's statement on pages 14 to 15, the Chief Executive Officer's review on pages 16 to 17 and Management Discussion and Analysis on pages 24 to 59 the Company's affairs and the Group business and mention important events that occurred during the year, and up to the date of this Report. These reports together with the audited financial statements reflect the state of affairs of the Company/Group.

3. INDEPENDENT AUDITOR'S REPORT

The Auditor's Report on the financial statements is given on page 107 to 109 in this Annual Report.

4. FINANCIAL STATEMENTS

The financial statements for the year ended 31st March 2021 are in accordance with the Sri Lanka Accounting Standards, SLFRSs/LKASs, issued by The Institute of Chartered Accountants of Sri Lanka and the requirements of Section 151 (and Section 153 for consolidated entity) of the Companies Act No. 07 of 2007.

The financial statements duly signed by the Directors are provided on page 113 in this Annual Report.

4.1 Accounting Policies

The accounting policies adopted in preparation of the financial statements and the changes thereto are provided in the Notes to the financial statements on pages 118 to 132. The Group has consistently applied the accounting policies as set out in Note 4 to all periods presented in these consolidated financial statements.

5. CORPORATE GOVERNANCE

The Company has complied with the following mandatory rules issued by the Colombo Stock Exchange ("CSE"), relevant provision of Companies Act No. 07 of 2007 and Code of best practice on Corporate Governance laid down by the Institute of Chartered Accountants of Sri Lanka.

1. Requirements mentioned in Section 168 of the Companies Act No. 07 of 2007 in page 65.

2. Content of the Annual Report as per rule 7.6 of the listing rules of CSE in page 66.

3. Requirements on Corporate Governance as per rule 7.10 of the listing rules of CSE in pages 67 to 68.

4. Requirements on Related Party Transactions as per rule 9 of the listing rules of CSE in page 69.

5. Code of best practices on Corporate Governance 2017 issued by CA Sri Lanka in pages 70 to 90.

6. FUTURE OUTLOOK

The Company is more energised about the economy's future outlook and industry's future prospects with the Government articulating its goals to achieve GDP growth of 5.3% in 2021 and 5% in 2022, while advance economies, emerging and developing economies as a whole is expected to grow 6% in 2021 and 5.1% in 2022. Further expect US$4,250 per capita income in 2021, advancements in the consumer durable goods sector to be uptick in the post COVID-19 era.

7. DIRECTORS OF THE COMPANY

7.1 Information on Directors as at 31st March 2021

The Board of Directors of the Company as at 31st March 2021 consisted of nine Directors with wide commercial and financial knowledge and experience as detailed in the 'Board of Directors Profiles' on pages 19 to 20.

The names of the Directors of the Company who held the office during the year and as at the end of March 2021, as required by the Section 168 (1) (h) of the Companies Act No. 07 of 2007, are given below:

Name of the Director	Executive/Non-Executive	Independent/Non-Independent
Mr. A M Pandithage	Executive	Non-Independent
Mr. M H Wijewardene (CEO)	Executive	Non-Independent
Mr. S C Ganegoda	Non-executive	Non-Independent
Mr. M H Jamaldeen	Non-executive	Independent
Mr. D K de Silva Wijeyeratne	Non-executive	Independent
Mr. N L S Joseph	Non-executive	Independent
Mr. K D G Gunarathne	Non-executive	Independent
Mr. V G K Vidyaratne *Resigned w.e.f. 31st March 2021*	Non-executive	Independent
Mr. K D Kospelawatta	Executive	Non-Independent

Mr. L. Yatiwella (Alternate Director to Mr. M H Wijewardene) resigned w.e.f. 31st March 2021

Mr. M. Irzan (Alternate Director to Mr. K D Kospelawatta

The names of the Directors of the Subsidiary Regnis Appliances (Pvt) Ltd who held the office during the year and as at the end of March 2021,

Name of the Director

Mr. A M Pandithage

Mr. M. H. Wijewardene (CEO)

Mr. S C Ganegoda

Mr. N M P Fernando

Mr. K D Kospelawatta

7.2 Independence of Directors

In accordance with Rule 7.10.2 (b) of Colombo Stock Exchange (CSE) Listing Rules, independent Directors have submitted signed and dated declaration as per the specimen given in Appendix 7A of Continuing Listing requirements of CSE.

Although, Mr. M.H. Jamaldeen serves on the Board of Singer (Sri Lanka) PLC, the Parent Company, Hayleys PLC, the Ultimate Parent Company and Singer Industries (Ceylon) PLC the Board of Directors of the Company has determined that Mr. M.H. Jamaldeen nevertheless be independent as the objectivity of his role is not compromised by being on other Boards of the Group.

Although, Mr. D K de Silva Wijeyeratne serves on the Board of Singer (Sri Lanka) PLC, the Parent Company and Singer Industries (Ceylon) PLC the Board of Directors of the Company has determined that Mr. D K de Silva Wijeyeratne nevertheless be independent as the objectivity of his role is not compromised by being on other Boards of the Singer Group.

Although, Mr. N L S Joseph serves on the Board of Singer Industries (Ceylon)PLC the Board of Directors of the Company has determined that Mr. N L S Joseph nevertheless be independent as the objectivity of his role is not compromised by being on other Boards of the Singer Group.

Although, Mr. K D G Gunarathne serves on the Board of Hayleys PLC, the Ultimate Parent Company and Singer Industries (Ceylon)PLC the Board of Directors of the Company has determined that Mr. K D G Gunarathne nevertheless be independent as the objectivity of his role is not compromised by being on other Boards of the Singer Group.

Although, Mr. V G K Vidyaratne serves on the Board of Singer Industries (Ceylon)PLC the Board of Directors of the Company has determined that Mr. V G K Vidyaratne nevertheless be independent as the objectivity of his role is not compromised by being on other Boards of the Singer Group.

7.3 New Board Appointments during the year

No new appointments during the year.

7.4 Resignation and Re-election

Non-executive Independent Director Mr. V G K Vidyaratne resigned from the Board with effect from 31st March 2021.

Mr. L. Yatiwella (Alternate Director to Mr M H Wijewardene) resigned w.e.f. 31st March 2021

Notice has been given pursuant to Section 211 of the Companies Act No 07 of 2007, of the intention to propose an ordinary resolution for re-election of Mr. A.M. Pandithage, who is 70 years of age notwithstanding the age limit of 70 years stipulated by Section 210 of the Companies Act No. 07 of 2007.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

In terms of Article 24 (4) of the Article of Association of the Company, Messrs. N L S Joseph and Mr. K D G Gunaratne retire by rotation and being eligible, offers themselves for re-election.

7.5 Disclosure of Directors' dealing in shares

Shareholdings of the Directors and Executive Officer at the beginning of the year and as at the end of the period ended 31stMarch 2021 are stated below:

Name of the Director	Shareholding 31st March 2021 (Number of Shares)	Shareholding 1st April 2020 (Number of Shares)
Mr. A M Pandithage	-	-
Mr. M H Wijewardene (CEO)	-	-
Mr. S C Ganegoda	-	-
Mr. M H Jamaldeen	-	-
Mr. D K de Silva Wijeyeratne	-	-
Mr. N L S Joseph	-	-
Mr. K D G Gunarathne	-	-
Mr. V G K Vidyaratne - Resigned w.e.f. 31st March 2021	120,310	60,155
Mr. K D Kospelawatta	-	-
Mr. L Yatiwella		
(Alternate Director to Mr. M H Wijewardene) resigned w.e.f. 31st March 2021	-	-
Mr. M Irzan (Alternate Director to Mr. K D Kospelawatta)		

Directors' shareholding has increased consequent to the sub-division of shares on 4th March 2021.

7.6 Directors interest register

In terms of the Companies Act No 07 of 2007 an Interest Register was maintained during the accounting period under review. All the Directors of the Company have disclosed their interest in other Companies to the Board and those interests are recorded in the Directors interest register. Confirming to the provisions of the Companies Act no 7 of 2007. There were no share transactions by the Directors during the financial year in the Company and the Subsidiary.

7.7 Directors interest in contracts or proposed contracts

Details of transactions with Director-related entities are disclosed in Note 38 to the financial statements on pages 112 to 183 and have been declared at the quarterly Board meeting, pursuant to Section 192 (1) & 192 (2) of the Companies Act No. 07 of 2007.

The Directors have also disclosed transactions, if any, that could be classified as Related Party Transactions in terms of the Sri Lanka Accounting Standard – LKAS 24 on "Related Party Disclosures". Please refer Note 38 to the Financial Statements on pages 180 to 183 for those transactions disclosed by the Directors.

7.8 Directors fees and remuneration

Executive Directors remuneration is structured within an established framework by the Board's Remuneration Committee to whom this task has been entrusted. The Directors are of the opinion that the framework assures appropriateness of remuneration and fairness for the Company. The total remuneration of the Executive Directors for the reporting period ended 31st March 2021 is given on Note 9 and page 138 includes the value of perquisites granted to them as part of their terms of service.

The total Directors fees of Non-Executive Directors for the reporting period ended 31st March 2021 is given in Note 9 and page 138 is determined according to the scales of payment decided upon by the Board. The Board is satisfied that the payment of remuneration is fair to the Company.

7.9 Directors' Indemnity and insurance

Directors and Officers of the Company and Subsidiary are covered in respect of Directors' and Officers' liability by the Insurance Policy obtained by the Ultimate Parent Company, as per the provisions in Article 44.

7.10 Statutory Payments

The declaration relating to Statutory Payments is made in the Statement of Directors' Responsibility on pages 104 to 105.

7.11 Directors' responsibility for financial reporting

The Directors are responsible for the preparation of Financial Statements of the Company in conformity with the requirements of relevant Sri Lanka Financial Reporting Framework and Sri Lanka Accounting Standards (Mandated by the Act No. 15 of 1995 and the Companies Act No. 07 of 2007) which reflect a true and fair view of the financial position and performance of the Company. The "Statement of Directors' Responsibility" appearing on pages 104 to 105.

7.12 Directors' Declaration on Corporate Governance

The Directors declare that having considered all information and explanations made available to them that –

- The Company complied with all applicable laws and regulations in conducting its business;
- They have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested;
- The Company has made all endeavours to ensure the equitable treatment of shareholders;
- The business is a going concern with supporting assumptions or qualifications as necessary: and
- They have conducted a review of internal controls covering financial, operational and compliance controls and risk management and have obtained a reasonable assurance of their effectiveness and successful adherence herewith.

The measures taken and the extent to which the Company has complied with the Code of Best Practice on Corporate Governance 2017 issued by CA Sri Lanka.

8. BOARD COMMITTEES

8.1 Audit Committee

The Audit Committee of the parent company, Singer (Sri Lanka) PLC functions as the Committee to Regnis (Lanka) PLC.

The members and the composition of the members are given on Pages 91 to 92 under the Audit Committee Report.

The Report of the Audit Committee on Pages 91 to 92 sets out the manner of compliance by the Company in accordance with the requirements of the Rule 7.10 of the Rules of the Colombo Stock Exchange on Corporate Governance.

8.2 Remuneration Committee

Remuneration Committee of the parent company, Singer (Sri Lanka) PLC functions as the Remuneration Committee of Regnis (Lanka) PLC.

The members and the composition of the members are given on Page 93 under the Report of the Remuneration Committee.

The Report of the Remuneration Committee on page 93 contains a statement of the remuneration policy. The details of the aggregate remuneration paid to the Executive and Non-Executive Directors during the financial year are given in Note 9 on page 138 to the financial statements.

8.3 Board Nomination Committee

The Nomination Committee of the parent company, Singer (Sri Lanka) PLC functions as the Nomination Committee to Regnis (Lanka) PLC.

The members and the composition of the members are given on page 94 under the Report of the Nomination Committee of Regnis (Lanka) PLC.

The Report of the Board Nomination Committee on page 94 sets out the manner of compliance by the Company in accordance with the requirements of the Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka.

8.4 Related Party Transactions Review Committee

Related Party Transactions Review Committee of the parent company, Singer (Sri Lanka) PLC functions as the Related Party Transactions Review Committee of Regnis (Lanka) PLC.

The members and the composition of the members are given on Page 95 under the Report of the Related Party Transactions Review Committee.

The Related party Transactions of the company during the financial year have been reviewed by the Related Party Transactions Review Committee and are in accordance with the requirements of the rule 9.3.2 of the CSE Listing Rules.

The Report of the Board-Related Party Transactions Review Committee on pages 95 to 96 sets out the manner of compliance by the company.

9. A SYNOPSIS OF THE COMPANY'S PERFORMANCE IS PRESENTED BELOW

For the year ended 31st March	Page Reference	2020/21 Rs.'000	2019/20 Rs.'000
Group Profit Before Taxation (PBT)	112	**168,718**	155,996
Income Tax Reversal/(Expenses)	112	**18,140**	(48,097)
Profit After Tax (PAT)	112	**186,859**	107,899
Other Comprehensive income net of tax	114	**(2,490)**	4,026
To this has to be added the profit brought forward from the previous year	114	**901,102**	854,043
And adjustments due to realization of Revaluation Surplus	114	**5,558**	5,558
Leaving a total available for Appropriations of	114	**1,091,028**	971,526
Interim Dividend for the period – Rs. 2.60 per share (2019/20 – Rs.6.25)	114	**(58,592)**	(70,424)
Leaving a balance to be carried forward by the Group of	114	**1,032,436**	901,102
Balance to be carried forward by the Company of	115	**828,528**	711,551

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

9.1 Financial Performance Analysis -2020/21

The Profit Before Tax of the Group amounted to Rs. 168.7 million. (Rs. 155.9 million In 2019/20), an Increase of 8.2%. Further, the Profit After Tax of the Group amounted to Rs. 186.8 million (Rs. 107.8 million in 2019/20), reflecting an improvement of 73.2%. Information on the movement of reserves is given in the Statement of Changes in Equity on page 114 to 115 to the Financial Statements.

9.2 Reserves

The summary of Group and the Company reserves given below:

Particulars	GROUP		COMPANY	
	As at 31st March 2021	As at 31st March 2020	As at 31st March 2021	As at 31st March 2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Stated Capital	211,192	211,192	211,192	211,192
Revaluation Reserve	460,665	425,097	460,665	425,097
Available-for-Sales Reserve /FVOCI	6,789	4,441	6,789	4,441
Retained Earnings	1,032,436	901,102	828,528	711,551
Total	1,711,083	1,541,832	1,507,175	1,352,281

Information on the movement of reserves is given in the Statement of Changes in Equity on pages 114 to 115 to the Financial Statements.

9.3 Property, Plant and Equipment and Intangible Assets

During the period under review, the Group and Company invested a sum of Rs. 60,513,037/- (2019/20 Rs. 42,556,969/-) and Rs. 46,147,583/- (2019/20 Rs. 28,096,573/-).

Details of Property, Plant & Equipment and Intangible Assets and their movements are given in Notes 12 and 14 to the financial statements respectively.

Details of Freehold Land and Building are given in Note 12.9 to the financial statements.

9.4 Market value of properties

The Freehold Property of the Company is valued by an Independent Qualified Valuer, when there is a substantial difference between the fair value and the carrying amount of the Freehold Property. Company reviews its assets once in each reporting date.

The most recent valuation was carried out on 30th March 2019. The details of the valuation are given in Note 12.11 to the financial statements on page 148 in this Report.

9.5 Investments

Investments Details of long term investments are given in Notes 15 and 16 to the financial statements on pages 151 to 152.

9.6 Taxation

Income taxes are computed based on rates enacted or substantively enacted as at the Reporting Date. The income tax rate applicable to the Company and the subsidiary's operations for the year under review is 18%. (2019/21 -Company 28% and Subsidiary 20%)

Deferred income tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date are given in note 10.1 on page 139.

9.7 Stated Capital

As per the terms of the Companies Act No. 07 of 2007, the Stated Capital of the Company was Rs. 211,192,425/- as at 31st March 2021 and was unchanged during the 12 months period. Details are given in Note 23 to the Financial Statements on page 157.

The ordinary shares of the company were subdivided by splitting each issued ordinary share into two (02) ordinary shares from 4th March 2021. Consequently the total number of existing issued Ordinary Shares were increased from 11,267,863 to 22,535,726 without changing the Stated Capital of the Company which will remain at Rs. 211,192,425/-.

9.8 Dividend

In terms of Article 7 of the Articles of Association of the Company, The of Regnis (Lanka) PLC was paid the interim dividend of Rs. 2.60 per ordinary share for the year year 2021 or for the year ended 31st March 2021 and made an announcement to CSE on March 26, 2021 which was paid to the shareholders on April 16, 2021.

The directors have confirmed that the Company satisfied the solvency test requirement under Section 56 of the Companies Act No. 07 of 2007. A Solvency Certificate from the Auditors has been obtained in respect of the interim dividend paid.

9.9 Intangible Assets

The carrying value of intangible assets of the group and the company as at the Reporting Date amounted to Rs. 37.3 million and Rs.23.6 million respectively. Movement of intangible assets from the balance as at 01st April 2020 to the balance as at 31st March 2021, additions and disposals made, together with the amortisation charge for the year, are set out in Note 14 to the Financial Statements on page 150.

9.10 Donations

The Company and the Group has not made donations to the approved charity during the financial year.

9.11 Commitments & Contingencies

Details of capital commitments as at 31st March 2021 are provided in note 15 on pages 178 to 179.

9.12 Events after the Reporting Period

No circumstances have arisen since the reporting date, which would require adjustment or disclosure except for the details given in Note 38 to the Financial Statements on page 180.

10. GOING CONCERN

The Directors are of the opinion, based on their knowledge of the company, key operations and specific inquiries that the Company and the group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern even in the COVID 19 pandemic situation.

11. EXTERNAL AUDITOR

11.1 Appointment of Auditor

The Financial Statements for the period under review were audited by Messrs KPMG, Chartered Accountants who offer themselves for reappointment for the ensuing year. As recommended by the Audit Committee, The Directors propose the reappointment of Messrs KPMG, Chartered Accountants as Auditors of the Company for the year 2021/22 subject to the approval of the shareholders at the Annual General Meeting.

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 Auditors.

11.2 Auditors' Remuneration

The audit and non-audit fees paid to the Auditors by the company and the Group are disclosed in Note 9 on page 138 in this Annual Report.

11.3 Auditors' Independence

Independence Confirmation has been provided by Messers. KPMG as required by the Section 163 (3) of the Companies Act No 07 of 2007, in connection with the audit for the year ended 31st March 2021 confirming that KPMG is not aware of any relationship with or interest in the Company or its subsidiary audited by KPMG that in their judgement, may reasonably be thought to have a bearing on their independence within the meaning of the Code of Professional Conduct issued by CA Sri Lanka.

The Directors are satisfied as the Group Audit Committee has assessed each service, having regard to auditor independence requirements of applicable laws, rules and regulations, and concluded in respect of each non-audit service or type of non-audit service that the provision of that service or type of service would not impair the independence of Messrs. KPMG.

12. SUSTAINABILITY

The Company is adopting sustainability practices and sustainability reporting. The Company has considered the sustainability aspects when formulating its business strategies and details of which are presented on pages 187 to 192.

13. ENVIRONMENTAL PROTECTION

The Company, to the best of their knowledge has not engaged in any activity, which was detrimental to the environment.

14. HUMAN RESOURCES

A brief description of the Company's HR Policy and the Remuneration Methodology given in the Remuneration Committee Report on page 93.

The Company policy is to respect the merits of the individuals and provide career opportunities, irrespective of gender, race or religion.

The number of persons employed by the Group and Company as at 31st March 2021 was 477 (2019/20 - 460) and 410 (2019/20 – 400) respectively.

15. NOTICE OF MEETING

The Annual General Meeting of Regnis (Lanka) PLC, will be held on Monday 28th June 2021 at 11.30 A.M. Via online meeting platform. The Notice of the Annual General Meeting of the Shareholders is on page 198.

16. ACKNOWLEDGEMENT OF THE CONTENTS OF THE REPORT

As required by the Section 168 (1) (k) of the Companies Act No. 07 of 2007, the Board of Directors does hereby acknowledge the contents of this Annual Report.

For and on behalf of the Board,

(Sgd.)
A M Pandithage
Chairman

(Sgd.)
M H Wijewardene
Director/Group Chief Executive Officer

(Sgd.)
Hayleys Group Services (Private) Limited
Company Secretaries
Regnis (Lanka) PLC

Colombo
17th May, 2021

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Statement sets out the responsibility of the Directors, in relation to the Financial Statements of the Regnis (Lanka) PLC. The responsibilities of the External Auditors in relation to the Financial Statements are set out in the 'Auditors' Report given on pages 107 to 109.

In terms of Sections 150 (1), 151, 152(1) and 153 of the Companies Act No. 07 of 2007, the Board of Directors of the Company and the Group is responsible for ensuring that the Company and the Group keeps proper books of account of all the transactions and prepare Financial Statements for the twelve months that give a true and fair view of the financial position of the Company and the Group as at the end of each financial year and of the profit or loss of the Company and the Group for the financial period and place them before a general meeting.

The Financial Statements comprise of the Statement of Financial Position as at 31st March 2021, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended and Notes thereto.

Accordingly, the Directors confirm that the 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 31st March 2021; and
- The Statement of Profit or Loss and Other Comprehensive Income of the Company and the Group for the financial year ended.

Compliance Report

The Board of Directors also wishes to confirm that:

a) Appropriate Accounting Policies have been selected and applied in preparing the Financial Statements are provided on pages 118 to 132 based on the latest financial reporting framework on a consistent basis, while reasonable and prudent judgements and estimates have been made so that the form and substance of transactions are properly reflected and material departures, if any, have been disclosed and explained.

b) The Financial Statements for the year ended 31st March 2021, prepared and presented in this Annual Report in agreement with the underlying books of account and are in conformity with the requirements of the following:

- Sri Lanka Accounting Standards (SLFRSs/LKASs)
- Companies Act No. 07 of 2007 and amendments thereto.
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.
- Statement of Recommended Practice (SoRP).
- Listing Rules of the Colombo Stock Exchange (CSE) and;
- Code of Best Practice on Corporate Governance 2017 issued by CA Sri Lanka.

c) The Directors have taken appropriate steps to ensure that the Company and the Group maintains proper books of account and review the financial reporting system directly by them at their regular meetings and also through the Audit Committee, the Report of the said Committee is given on pages 91 to 92.

The Board of Directors also approves the Interim Financial Statements prior to their release, following a review and recommendation by the Audit Committee.

d) The Proper accounting records which correctly record and explain the Company and the Group's transactions have been maintained as required by the Section 148 (1) of the Companies Act to determine at any point of time the Company's financial position, with reasonable accuracy, enabling preparation of the Financial Statements, in accordance with the Companies Act to facilitate proper audit of the Financial Statements.

e) The Board of Directors accept responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report.

f) They have taken reasonable measures to safeguard the assets of the Company and the Group and to prevent and detect frauds and other irregularities. In that context, the Directors have instituted an effective and comprehensive system of internal controls comprising of internal checks, internal audit and financial and other controls required to carry on the business in an orderly manner and safeguard its assets and secure as far as practicable, the accuracy and reliability of the records.

g) The Board of Directors declared an interim Dividend of Rs. 2.60 per ordinary share for the year 2020/21 in terms of the Articles of Association of the Company and in line with Section 56 of the Companies Act No 7 of 2007 (Act) which was paid to the shareholders on April 16, 2021. The Directors have confirmed that the Company satisfies the solvency test requirement under Section 56 of the Companies Act No. 07 of 2007 for the interim dividend paid. A solvency certificate was obtained from the Auditors in respect of the interim dividend.

h) As required by Sections 166 (1) and 167 (1) of the Companies Act, they have prepared this Annual Report in time and ensured that a copy thereof is sent to every shareholder of the Company, who have expressed desire to receive a hard copy within the stipulated period of time as required by the Rule No. 7.5 (a) and (b) on Continuing Listing Requirements of the Listing Rules of the CSE.

i) That all shareholders in each category have been treated equitably in accordance with the original terms of issue.

j) That the Company and the Group have met all the requirements under the Section 07 on Continuing Listing Requirements of the Listing Rules of the CSE, where applicable.

k) After considering the financial position, operating conditions, regulatory and other factors and such matters required to be addressed in the 'Code on Corporate Governance' issued by the CA Sri Lanka, the Board of Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future. For this reason, we continue to adopt the Going Concern basis in preparing the Financial Statements.

l) The Financial Statements of the Company and the Group have been certified by the Chief Financial Officer, the officer responsible for their preparation, as required by the Sections 150 (1) (b) of the Companies Act No. 07 of 2007 and also have been signed by two Directors of the company on page 113 as required by the Sections 150 (1) (c) of the Companies Act No. 07 of 2007 an other regulatory requirements.

m) The external Auditors, Messrs. KPMG Chartered Accountants who will be reappointed in terms of the Section 158 of the Companies Act No. 07 of 2007 as the Auditors of the Company at the Annual General Meeting were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The report of the Auditors, shown on pages 107 to 109 sets out their responsibilities in relation to the Financial Statements. The Board has recommended that Messes KPMG be reappointed as Auditors for the year 2021/22.

n) The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and the Group, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and the Group, and all other known statutory dues as were due and payable by the Company and the Group as at the reporting date have been paid or, where relevant, provided for.

Accordingly, The Directors are of the view that they have discharged their responsibilities as set out in this Statement.

By order of the Board

(Sgd.)
Hayleys Group Services (Private) Limited
Company Secretaries
Regnis (Lanka) PLC

Colombo
17th May, 2021

MANAGING DIRECTOR'S/CEO AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

The Financial Statements of the Regnis (Lanka) PLC (the Company) as at 31st March 2021 are prepared and presented in conformity with the requirements of the following:

- Sri Lanka Accounting Standards Issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- Companies Act No. 07 of 2007
- Statement of Recommended Practice (SoRP)
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- Listing Rules of the Colombo Stock Exchange (CSE)
- Code of Best Practice on Corporate Governance 2017 issued by CA Sri Lanka.

The formats used in the preparation of the Financial Statements and disclosures made comply with the specified formats prescribed in the SORP. The Company presents the financial results to its shareholders on a quarterly basis.

The significant accounting policies used in the preparation of the Financial Statements are appropriate and are consistently applied unless otherwise stated in the notes accompanying the Financial Statements. Application of Significant Accounting Policies and Estimates that involve a high degree of judgment and complexity were discussed with the Audit Committee and Company's External Auditors. Comparative information has been restated to comply with the current presentation, where applicable. We confirm that to the best of our knowledge, the Financial Statements,

Significant Accounting Policies and other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of the operations and the Cash Flows of the Company during the twelve months under review. We also confirm that the Company has adequate resources to continue in operation and are not aware of any material uncertainties due to the COVIDE-19 pandemic and applied the Going Concern basis in preparing these Financial Statements.

We are responsible for establishing, implementing and maintaining Internal Controls and Procedures within the company. We ensure that effective Internal Controls and Procedures are in place, ensuring material information relating to the entity are made known to us for safeguarding assets, preventing and detecting fraud and/or error as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. We have evaluated the Internal Controls and Procedures of the entity for the financial period under review and are satisfied that there were no significant deficiencies and weaknesses in the design or operation of the Internal Controls and Procedures, to the best of our knowledge.

We confirm, based on our evaluations that there were no significant deficiencies and material weaknesses in the design or operation of internal controls and fraud that involves management or other employees. The Group's Internal Audit Department also conducts periodic reviews to ensure that the Internal Controls and Procedures are consistently followed.

The Financial Statements of the Company were audited by Messrs. KPMG, Chartered Accountants and their Report is given on pages 107 to 109. The Audit Committee pre-approves the audit and non-audit services provided by Messrs. KPMG, in order to ensure that the provision of such services does not impair KPMG's independence and objectivity. The Board Audit Committee (BAC), inter alia, reviewed all the Internal and External Audit and Inspection Programmers, the efficiency of Internal Control Systems and procedures and also reviewed the quality of Significant Accounting Policies and their adherence to Statutory and Regulatory Requirements.

The continuous inspection and audit functions, engagement of firms of Chartered Accountants and effective functioning of the BAC, ensure that the Internal Controls and Procedures are followed consistently. To ensure complete independence, the External Auditors and the Internal Auditors have full and free access to the members of the BAC to discuss any matter of substance. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal control and accounting.

It is also declared and confirmed that the entity have complied with and ensured compliance with the guidelines for the audit of listed companies where mandatory compliance is required. We confirm that to the best of our knowledge.

a) The company has complied with all applicable laws and regulations and guidelines and there is no material litigation against the company.

b) All taxes, duties, levies and all statutory payments by the company and all contributions, levies and taxes payable on behalf of and in respect of the employees of the company as at 31st March 2021 have been paid, or where relevant provided for.

(Sgd.)
Mahesh Wijewardene
Managing Director / Chief Executive Officer

(Sgd.)
Kanchana Atukorala
Chief Financial Officer

Colombo
17th May, 2021

INDEPENDENT AUDITOR'S REPORT

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
+94 - 11 244 6058
Internet : www.kpmg.com/lk

To the Shareholders of Regnis (Lanka) PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Regnis (Lanka) 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 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2021, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 Company financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Carrying value of inventories

Refer Note 4.9 Significant Accounting Policy & Note 18 to the Financial Statements

Risk Description	Our Responses
The Group/ the Company has recognized a total inventory provision of Rs. 63.6 Mn (the Company Rs. 45.1 Mn) in relation to the total inventory value of Rs.1.57 Bn (the Company Rs. 1.08 Bn) as at 31st March 2021. The Group/ the Company has significant levels of inventories and judgments are taken regarding categorization of inventories into obsolete and/or slow moving and which should be therefore be considered for provision. Estimates are then involved in arriving at provisions against cost in respect of slow moving and obsolete inventories and arrive at valuation based on lower of cost and net realizable value. Further, COVID 19 outbreak resulted in interruption in business activities and resulted in loss of income for some of the individuals/ business which would adversely affect the ability to sell its inventories with a reasonable margin which has potential impact on the Net realizable value adjustments. Given the level of judgments and estimates involved carrying value of inventory has been considered as a key audit matter.	Our audit procedures included: • Challenging the management with regard to the calculation methodology, the basis for provision and the process with respect to inventory provision. • Testing the design, implementation and operating effectiveness of the key control's management has established for provision computations and to ensure the accuracy of the inventory provision. • Performing the observations of inventory physical verifications in order to identify the existence and any damaged, obsolete inventory. • Assessing the adequacy of, and movements in, inventory provisions held, by recalculating a sample of items included within the provision to ensure appropriate basis of valuation. • On a sample basis, assessing, whether inventories were stated at the lower of cost or net realizable value at the reporting date by comparing the sales prices of inventories subsequent to the reporting date where available and with the latest prices and checked whether there were any considerably low margin products which would potentially have an effect of the net realizable value. • Evaluating the appropriateness of the assumptions used in management assessment of provision for slow moving inventory to ensure that management assessment is adequate based on our knowledge and information of the client and the industry.

INDEPENDENT AUDITOR'S REPORT

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.

- 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

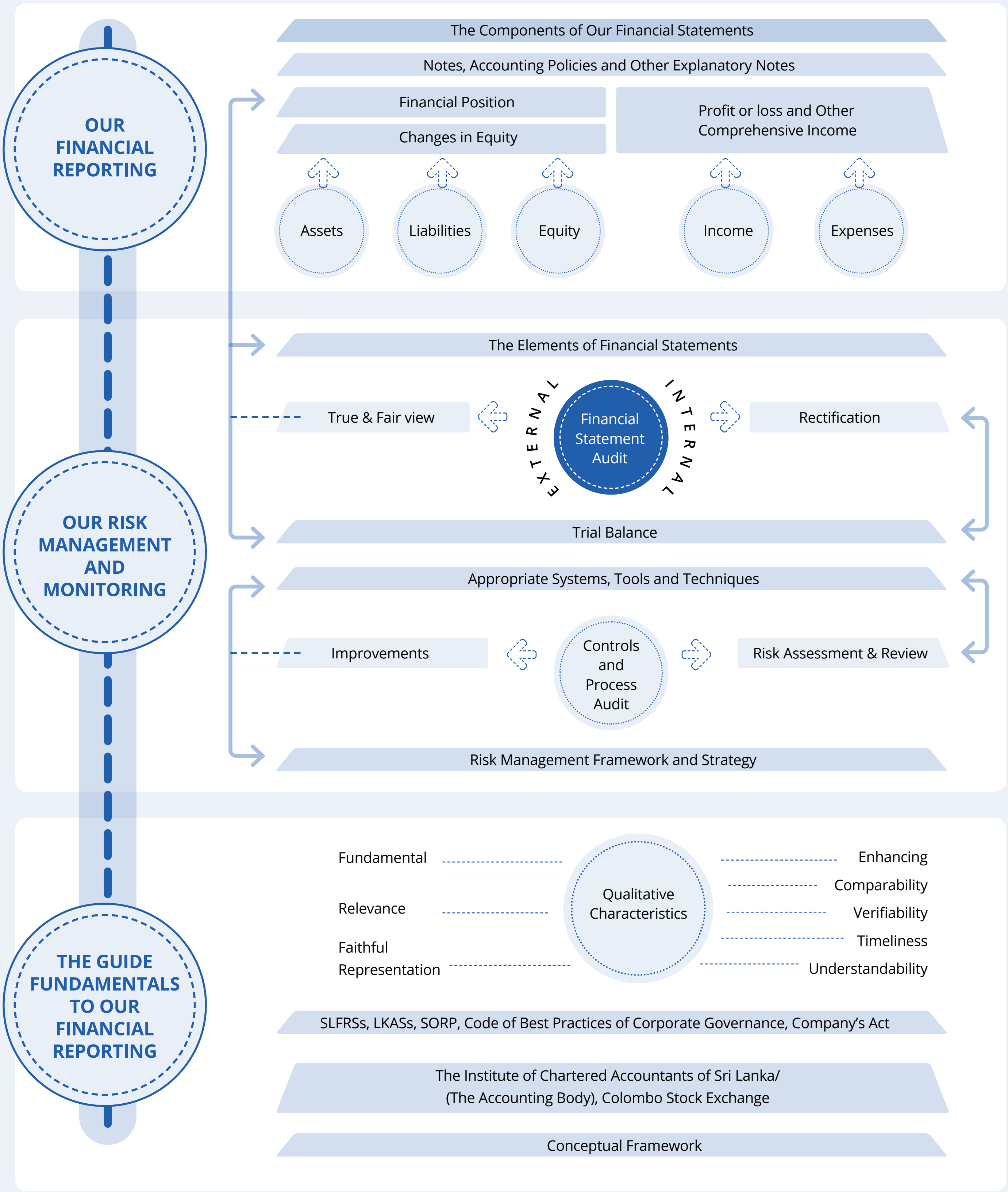
As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3707.

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka
17 May 2021

FINANCIAL REPORTING MATRIX

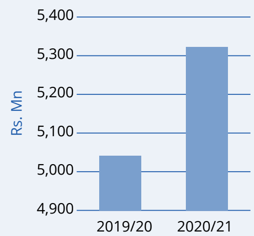


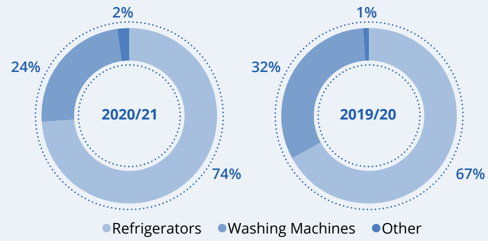
FINANCIAL STATEMENTS HIGHLIGHTS

REVENUE

2020/21 ⌃ 6% Rs. Mn 5,323

2019/20 Rs. Mn 5,041

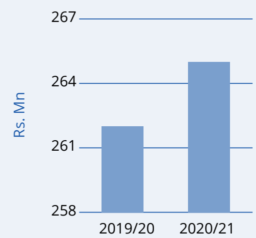




GROSS PROFIT

2020/21 ⌃ 1% Rs. Mn 265

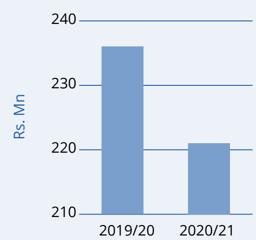
2019/20 Rs. Mn 262

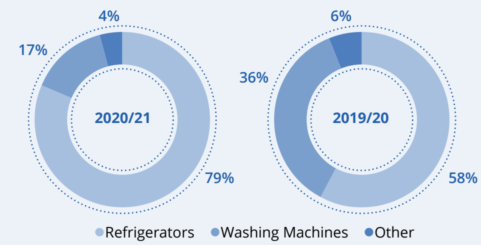


OPERATING PROFIT

2020/21 ⌄ 6.4% Rs. Mn 221

2019/20 Rs. Mn 236

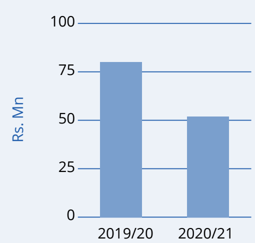


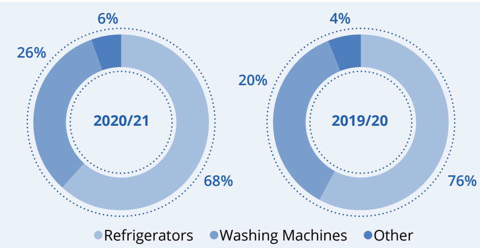


FINANCE COST

2020/21 ⌄ 34% Rs. Mn 52

2019/20 Rs. Mn 82

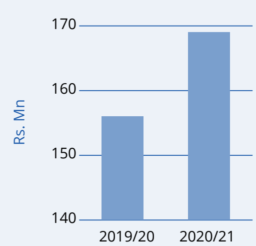


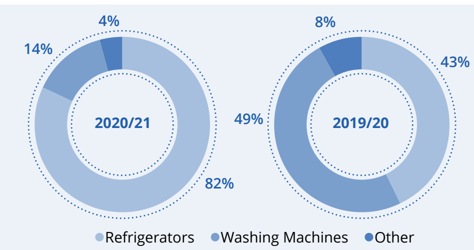


PROFIT BEFOR TAXATION

2020/21 ⌃ 8.2% Rs. Mn 169

2019/20 Rs. Mn 156

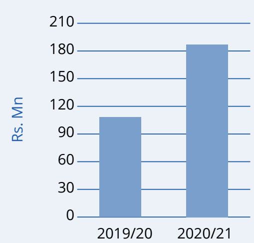




PROFIT AFTER TAX

2020/21 ⌃ 73% Rs. Mn 187

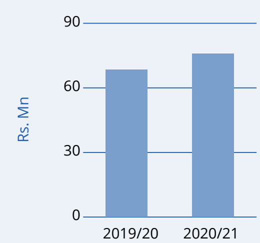
2019/20 Rs. Mn 108



NET ASSET PER SHARE

2020/21 ⌃ 8.2% Rs. Mn 75.9

2019/20 Rs. Mn 68.4



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		GROUP		COMPANY	
For the year ended 31st March		2021	2020	2021	2020
	Note	Rs.	Rs.	Rs.	Rs.
Revenue	5	5,322,786,389	5,041,418,186	3,941,940,210	3,395,816,829
Cost of sales		(5,057,958,710)	(4,779,789,206)	(3,741,679,631)	(3,243,321,829)
Gross profit		264,827,679	261,628,980	200,260,579	152,495,000
Other income	7	209,163	1,950,798	12,209,163	63,598,298
Administrative expenses		(18,989,744)	(20,067,472)	(16,208,985)	(16,726,693)
Selling and distribution (expenses)/ reversal	9.2	(24,619,610)	(7,145,002)	(11,870,282)	839,837
Operating profit		221,427,488	236,367,304	184,390,475	200,206,442
Finance cost	8.1	(63,674,424)	(85,084,327)	(48,219,952)	(69,136,404)
Finance income	8.2	10,965,508	4,712,920	12,805,056	8,096,602
Net finance cost		(52,708,916)	(80,371,407)	(35,414,896)	(61,039,802)
Profit before tax	9	168,718,572	155,995,897	148,975,579	139,166,640
Income tax reversal/ (expense)	10	18,140,481	(48,097,065)	23,298,150	(29,610,554)
Profit for the year		186,859,053	107,898,832	172,273,729	109,556,086
Other comprehensive income Items that will not be reclassified to profit or loss					
Re-measurement (loss)/ gain defined benefit obligation	26.5	(3,035,995)	5,539,414	(2,757,467)	5,059,127
Deferred tax on re-measurement on defined benefit obligation	10.3	546,479	(1,512,614)	496,344	(1,416,556)
Impact on deferred tax rate change on revaluation reserve	10.3	41,125,720	-	41,125,720	-
Items that may be reclassified subsequently to profit or loss					
Net change in fair value of equity securities - FVOCI					
Change of fair value and loss on deemed disposal of FVOCI investment	16.1	2,864,195	(1,672,611)	2,864,195	(1,672,611)
Deferred tax on equity investments at FVOCI – change in fair value	10.3	(515,555)	-	(515,555)	-
Other comprehensive income for the year, net of tax		40,984,844	2,354,189	41,213,237	1,969,960
Total comprehensive income for the year, net of tax		227,843,897	110,253,021	213,486,966	111,526,046
Profit attributable to:					
Owners of the Company		186,859,053	107,898,832	172,273,729	109,556,086
Non-Controlling Interest		-	-	-	-
		186,859,053	107,898,832	172,273,729	109,556,086
Total comprehensive income attributable to:					
Owners of the Company		227,843,897	110,253,021	213,486,966	111,526,046
Non-Controlling Interest		-	-	-	-
Total comprehensive income for the year, net of tax		227,843,897	110,253,021	213,486,966	111,526,046
Earnings per share – Diluted/ Basic (Rs.)	11.1	8.29	4.79	7.64	4.86
Dividend per share (Rs.)	33	-	-	2.60	6.25

The accounting policies and notes on page 118 to 183 form an integral part of these financial statements.
Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

		GROUP		COMPANY	
As at 31st March		2021	2020	2021	2020
	Note	Rs.	Rs.	Rs.	Rs.
Assets					
Non-current assets					
Property, plant and equipment	12	1,215,769,017	1,281,801,477	1,132,818,246	1,184,029,761
Right of use asset	13	12,303,518	27,067,741	-	-
Intangible assets	14	37,359,709	2,687,539	23,614,420	2,640,289
Investment in subsidiary	15	-	-	150,000,000	150,000,000
Investment in equity securities	16	25,304,702	22,440,507	25,304,702	22,440,507
Pre-paid operating leases	17	60,616,573	61,917,822	-	-
Other receivables	19.1	4,772,065	10,924,553	3,541,269	5,808,921
Total non-current assets		1,356,125,584	1,406,839,639	1,335,278,637	1,364,919,478
Current assets					
Inventories	18	1,514,618,324	1,263,068,695	1,041,802,189	856,175,699
Trade and other receivables	19.2	92,933,493	34,628,781	72,986,847	29,567,423
Amounts due from related parties	20	761,289,161	466,328,024	585,030,201	417,501,306
Income tax recoverable	30.1	4,984,024	45,193,790	4,984,024	39,749,876
Prepayments	21	13,278,862	10,699,176	10,275,163	8,463,192
Cash and cash equivalents	22.1	6,146,597	6,130,008	5,840,159	4,532,532
Total current assets		2,393,250,461	1,826,048,474	1,720,918,583	1,355,990,028
Total assets		3,749,376,045	3,232,888,113	3,056,197,220	2,720,909,506
Equity					
Stated capital	23	211,192,425	211,192,425	211,192,425	211,192,425
Reserves	24	467,454,424	429,537,564	467,454,424	429,537,564
Retained earnings		1,032,436,199	901,102,050	828,527,904	711,550,686
Total equity attributable to owners of the Company		1,711,083,048	1,541,832,039	1,507,174,753	1,352,280,675
Non-current liabilities					
Deferred tax liabilities	25	146,690,679	249,482,186	141,179,563	240,350,074
Employee benefits	26	146,039,975	126,522,268	138,735,216	120,792,281
Lease liability	32.4	-	13,071,159	-	-
Total non-current liabilities		292,730,654	389,075,613	279,914,779	361,142,355
Current liabilities					
Trade and other payables	27	1,001,373,876	574,134,628	685,029,041	402,002,213
Amounts due to related parties	28	46,924,946	55,946,922	106,574,340	132,637,472
Provisions	29	68,647,249	9,684,317	53,321,203	348,420
Current tax liabilities	30.2	3,284,617	-	-	-
Dividends payable	31	64,778,376	75,739,760	64,778,376	75,739,760
Lease liability	32.4	14,443,169	15,601,494	-	-
Loans and borrowings	32.1	515,085,933	514,633,270	334,923,508	344,570,846
Bank overdraft	22.2	31,024,177	56,240,070	24,481,220	52,187,765
Total current liabilities		1,745,562,343	1,301,980,461	1,269,107,688	1,007,486,476
Total liabilities		2,038,292,997	1,691,056,074	1,549,022,467	1,368,628,831
Total equity and liabilities		3,749,376,045	3,232,888,113	3,056,197,220	2,720,909,506

The accounting policies and Notes on page 118 to 183 form an integral part of these financial statements.
I certify that the financial statements have been prepared in accordance with the requirements of the Companies Act No. 07 of 2007.

(Sgd.)
Kanchana Atukorala
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.
Signed for and on behalf of the Board,

(Sgd.)
A M Pandithage
Chairman

(Sgd.)
M H Wijewardene
Director/ Group Chief Executive Officer

Colombo
May 17, 2021

STATEMENT OF CHANGES IN EQUITY

GROUP	Note	Stated Capital Rs.	Revaluation Reserve Rs.	FVOCI Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 31st March 2019		211,192,425	430,654,557	6,113,118	854,635,296	1,502,595,396
Impact of adoption of SLFRS 16, net of tax	-	-	-	-	(592,235)	(592,235)
Restated Balance as at 1st April 2019		211,192,425	430,654,557	6,113,118	854,043,061	1,502,003,161
Total comprehensive income						
Profit for the year		-	-	-	107,898,832	107,898,832
Other comprehensive income						
Re-measurement of defined benefit obligation	26.3	-	-	-	5,539,415	5,539,415
Change of fair value and loss on deemed disposal of FVOCI investment	17.1	-	-	(1,672,611)	-	(1,672,611)
Related taxes						
Deferred tax on re-measurement on defined benefit obligation	10.3	-	-	-	(1,512,614)	(1,512,614)
Total other comprehensive income, net of tax	26.3 10.3 25 16.2	-	-	(1,672,611)	4,026,801	2,354,190
Total comprehensive income for the year, net of tax		-	-	(1,672,611)	111,925,633	110,253,022
Transaction with owners of the Company, recognised directly in equity						
Final dividend 2019/20					(70,424,144)	(70,424,144)
Total transaction with owners of the Company		-	-	-	(70,424,144)	(70,424,144)
Realisation of revaluation surplus	24.1	-	(5,557,500)	-	5,557,500	-
Balance as at 31st March 2020		211,192,425	425,097,057	4,440,507	901,102,050	1,541,832,039
Total comprehensive income						
Profit for the year		-	-	-	186,859,053	186,859,053
Other comprehensive income						
Re-measurement of defined benefit obligation	26.3	-	-	-	(3,035,995)	(3,035,995)
Change of fair value of FVOCI investment	17.1	-	-	2,864,195	-	2,864,195
Related taxes						
Deferred tax on re-measurement on defined benefit obligation	10.3	-	-	-	546,479	546,479
Deferred tax on equity investments at FVOCI – change in fair value	10.3			(515,555)	-	(515,555)
Impact on deferred tax rate change on revaluation reserve	10.3	-	41,125,720	-	-	41,125,720
Total other comprehensive income, net of tax	26.3 10.3 16.2	-	41,125,720	2,348,640	(2,489,516)	40,984,844
Total comprehensive income for the year, net of tax		-	41,125,720	2,348,640	184,369,537	227,843,897
Transaction with owners of the Company, recognised directly in equity						
Final dividend 2020/21		-	-	-	(58,592,888)	(58,592,888)
Total transaction with owners of the Company		-	-	-	(58,592,888)	(58,592,888)
Realisation of revaluation surplus	24.1	-	(5,557,500)	-	5,557,500	-
Balance as at 31st March 2021		211,192,425	460,665,277	6,789,147	1,032,436,199	1,711,083,048

The accounting policies and notes on page 118 to 183 form an integral part of these financial statements.
Figures in brackets indicate deductions.

COMPANY	Note	Stated Capital Rs.	Revaluation Reserve Rs.	FVOCI Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01st April 2019		211,192,425	430,654,557	6,113,118	663,218,673	1,311,178,773
Total comprehensive income						
Profit for the year		-	-	-	109,556,086	109,556,086
Other comprehensive income						
Re-measurement of defined benefit obligation	26.3	-	-	-	5,059,127	5,059,127
Change of fair value and loss on deemed disposal of FVOCI investment	16.1	-	-	(1,672,611)	-	(1,672,611)
Related taxes						
Deferred tax on re-measurement on defined benefit obligation	10.3	-	-	-	(1,416,556)	(1,416,556)
Total other comprehensive income, net of tax	26.3 10.3 16.2	-	-	(1,672,611)	3,642,571	1,969,960
Total comprehensive income for the year, net of tax		-	-	(1,672,611)	113,198,657	111,526,046
Transaction with owners of the Company, recognised directly in equity						
Final dividend 2019/20					(70,424,144)	(70,424,144)
Total transaction with owners of the Company		-	-	-	(70,424,144)	(70,424,144)
Realisation of revaluation surplus	24.1	-	(5,557,500)	-	5,557,500	-
Balance as at 31st March 2020		211,192,425	425,097,057	4,440,507	711,550,686	1,352,280,675
Total comprehensive income						
Profit for the year		**-**	**-**	**-**	**172,273,729**	**172,273,729**
Other comprehensive income						**-**
Re-measurement of defined benefit obligation	26.3	**-**	**-**	**-**	**(2,757,467)**	**(2,757,467)**
Change of fair value of FVOCI investment	16.1	**-**	**-**	**2,864,195**	**-**	**2,864,195**
Related taxes						
Deferred tax on re-measurement on defined benefit obligation	10.3	**-**	**-**	**-**	**496,344**	**496,344**
Deferred tax on equity investments at FVOCI - change in fair value	10.3	**-**	**-**	**(515,555)**	**-**	**-**
Impact on deferred tax rate change on revaluation reserve	10.3	**-**	**41,125,720**	**-**	**-**	**41,125,720**
Total other comprehensive income, net of tax	26.3 10.3 16.2	**-**	**41,125,720**	**2,348,640**	**(2,261,123)**	**41,213,237**
Total comprehensive income for the year, net of tax		**-**	**41,125,720**	**2,348,640**	**170,012,606**	**213,486,966**
Transaction with owners of the Company, recognised directly in equity						
Final dividend 2020/21					**(58,592,888)**	**(58,592,888)**
Total transaction with owners of the Company		**-**	**-**	**-**	**(58,592,888)**	**(58,592,888)**
Realisation of revaluation surplus	24.1	**-**	**(5,557,500)**	**-**	**5,557,500**	**-**
Balance as at 31st March 2021		**211,192,425**	**460,665,277**	**6,789,147**	**828,527,904**	**1,507,174,753**

The accounting policies and notes on page 118 to 183 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

		GROUP		COMPANY	
For the year ended 31st March		2021	2020	2021	2020
	Note	Rs.	Rs.	Rs.	Rs.
Cash flows from operating activities					
Profit before income tax expense		168,718,572	155,995,897	148,975,579	139,166,640
Adjustments for:					
Depreciation of property, plant and equipment	12	90,710,885	89,314,004	75,534,863	74,401,991
Depreciation of right of use asset	13	14,764,223	13,138,105	-	-
Amortisation of intangible assets	14	1,162,443	508,512	850,111	414,012
Amortisation of lease assets	17	1,301,249	1,301,250	-	-
Gain on disposal of property, plant and equipment	7	-	(1,315,666)	-	(1,313,166)
Provision for inventories	9	34,223,246	18,670,426	35,279,891	3,580,041
Interest expense	8.1	63,674,424	85,084,327	48,219,952	69,136,404
Interest income	7&8.2	(10,965,508)	(4,799,724)	(12,805,056)	(8,096,602)
Dividend income	7	-	-	(12,000,000)	(61,650,000)
Provision/transfer for employee benefits	26.3	20,494,221	19,544,057	19,093,281	18,326,903
Operating profit before working capital changes		384,083,755	377,441,188	303,148,621	233,966,223
Increase in inventories	18	(285,772,474)	(200,467,562)	(220,906,388)	(109,437,832)
(Increase)/decrease in trade and other receivables	19&8.2	(51,108,679)	2,365,055	(40,347,056)	(8,642,873)
(Increase)/decrease in due from related parties	20	(294,961,137)	446,817,754	(155,528,895)	267,797,708
(Increase)/decrease in prepayments	21	(2,579,686)	3,224,654	(1,811,971)	2,571,833
Increase in trade and other payables	27	427,239,248	81,059,575	283,026,828	98,043,182
(Increase)/decrease in due to related parties	28	(9,021,976)	6,463,931	(26,063,132)	15,321,916
Increase/(decrease) in provisions	29	58,962,932	(55,170,429)	52,972,783	(44,652,740)
Cash generated from operations		226,841,983	661,734,166	194,490,790	454,967,417
Interest paid	8	(61,764,371)	(88,364,211)	(48,352,358)	(71,739,336)
Employee benefits paid	26.3	(4,012,509)	(6,263,073)	(3,907,813)	(6,216,817)
Income tax paid	30	-	(28,638,100)	-	(16,423,215)
Net cash flows from operating activities		161,065,103	538,468,782	142,230,619	360,588,049
Cash flows from investing activities					
Acquisition of property, plant and equipment, capital work-in progress	12	(24,678,425)	(42,556,563)	(24,323,348)	(28,096,573)
Acquisition of intangible assets	14.2	(35,834,613)	-	(21,824,235)	-
Proceeds from disposal of property, plant and equipment	7	-	1,313,166	-	1,313,166
Interest income received	7&8.2	9,921,963	3,540,260	12,000,340	7,080,747
Dividend income received	7	-	-	-	61,650,000
Net cash flows (used in)/ generated from in investing activities		(50,591,075)	(37,703,137)	(34,147,243)	41,947,340
Cash flows from financing activities					
Proceeds from short-term borrowings	32.2	3,458,763,480	2,106,293,680	2,601,314,112	1,336,635,726
Repayment of short-term borrowings	32.2	(3,411,986,622)	(2,447,770,318)	(2,564,829,044)	(1,638,468,154)
Repayment of related company borrowings	32.3	(46,000,000)	(104,000,000)	(46,000,000)	(104,000,000)
Payment of finance lease liability	32.4	(16,464,132)	(13,497,248)	-	-
Dividend paid	31&33	(69,554,272)	(32,107,250)	(69,554,272)	(32,107,250)
Net cash flows used in financing activities		(85,241,546)	(491,081,136)	(79,069,204)	(437,939,678)
Net increase/(decrease) in cash and cash equivalents		25,232,482	9,684,509	29,014,172	(35,404,289)
Cash and cash equivalents at the beginning of the year	22	(50,110,062)	(59,794,571)	(47,655,233)	(12,250,944)
Cash and cash equivalents at the end of the year	22	(24,877,580)	(50,110,062)	(18,641,061)	(47,655,233)

The accounting policies and notes on page 118 to 183 form an integral part of these financial statements.
Figures in brackets indicate deductions.

FINANCIAL STATEMENTS TABLES OF CONTENTS

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

1.1 Reporting entity

Regnis (Lanka) PLC ('Company') is a Public limited liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company and the principal place of business are situated at No. 52, Ferry Road, Off Borupana Road, Ratmalana, Sri Lanka.

In the Report of the Directors and in the Financial Statements, "the Company" refers to Regnis (Lanka) PLC as the Holding Company and "the Group" refers to the Consolidated Financial Statements of Regnis (Lanka) PLC and its Subsidiary, Regnis Appliances (Pvt) Limited

The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka.

1.1.2 Consolidated financial statements

The Consolidated Financial Statements of Regnis (Lanka) PLC as at and for the year ended 31st March 2021 comprise the Company and its Subsidiary namely Regnis Appliances (Pvt) Limited

1.2 Subsidiary - Regnis Appliances (Private) Ltd

A fully-owned Subsidiary, Regnis Appliances (Private) Ltd., was incorporated on 18 January 2010 under the Companies Act No. 07 of 2007 and commenced its commercial operations On 1 October 2010.

Financial statements of the Company and the subsidiary are prepared for a common financial period, which ends on 31 March.

1.3 Principal activities and nature of operations parent company and subsidiary

Parent Company

The principal activities of Regnis (Lanka) PLC are manufacturing of refrigerators and bottle coolers.

Subsidiary

Principal activities of Regnis Appliances (Private) Ltd. are manufacturing and assembling of washing machines, producing plastic components for refrigerators and plastic chairs.

1.4 Parent enterprise and ultimate parent enterprise

The Company's Parent undertaking as at 31st March 2021 is Singer (Sri Lanka) PLC.

After getting necessary regulatory approval, Singer (Sri Lanka) PLC acquired 58.29% stake in Regnis (Lanka) PLC on 23rd February 2016 from then common parent, Retail Holdings (Sri Lanka) B.V - formally Singer (Sri Lanka) B.V., making Regnis (Lanka) PLC and Regnis Appliances (Private) Ltd. subsidiaries of Singer (Sri Lanka) PLC.

On 15th September 2017, Hayleys PLC with its Group Companies acquired 61.73% of Singer (Sri Lanka) PLC. Accordingly, Hayleys PLC became the ultimate parent company of Regnis (Lanka) PLC with effect from 15th September 2017. Consequent to the mandatory offer was made by Hayleys PLC on 31st October 2017, Hayleys' PLC together with group companies holds 80.96% of Singer (Sri Lanka) PLC.

On 15th October 2018, Hayleys PLC with parties acting in concert purchased the balance 35,562,883 (9.47% ordinary shares held by Retail Holding (Sri Lanka) BV in Singer (Sri Lanka) PLC at a price of Rs.47/- per share upon Retail Holding (Sri lanka) BV exercising their option to sell its shares to Hayleys PLC as previously agreed. After accepting this offer, Hayleys' PLC together with its group Companies hold 90.43% (80.96% previously) of Singer (Sri Lanka).

1.5 Number of employees

The permanent number of employees of the Group at the end of the year 31st March 2021 was 338 (2020 – 320), Company – 273 (2020 – 260).

1.6 Responsibilities for financial statements & approval of financial statements

The Board of Directors is responsible for preparation and presentation of the financial statements of the Company as per the provision of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards. The Directors responsibility over financial statements is set out in detail in the Statement of Director's Responsibility. The financial statements for the year ended 31 March 2021 were approved by the Board of Directors at the board meeting held on 17th May 2021.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The Consolidated Financial Statements of the Group and the separate Financial Statements of the Group have been prepared and presented in accordance with the Sri Lanka Accounting Standards (hereinafter referred to as SLFRSs / LKASs) issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirements of the Companies Act No. 07 of 2007.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the Statement of Financial Position:

- Investment classified as FVOCI is measured at fair value.
- Land and building are measured at fair value.
- Defined benefit plans which are measured at the present value of the Employee Benefits.

Where appropriate, specific policies are explained in the succeeding notes. No adjustments have been made for inflationary factors in the Consolidated Financial Statements

2.3 Functional and presentation currency

These consolidated financial statements are presented in Sri Lankan Rupees, which is the functional currency of the Company and its Subsidiary.

2.3.1 Rounding

The amounts in the Financial Statements have been rounded-off to the nearest rupees thousands, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 1 on "Presentation of Financial Statements" (LKAS 1)

2.4 Use of estimates and judgments

The preparation of Financial Statements in conformity with SLFRS/LKAS's requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Judgements and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgements and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period and any future periods.

2.4.1 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the period ending 31st March 2021 is included in the following notes:

Note 13- Valuation of Land and Building,

The Group measures the freehold land/ Building (classified as property, plant and equipment) at revalued amounts, with changes in fair value being recognised in OCI. The freehold lands/ Buildings were valued by reference to transactions involving properties of a similar nature, location and condition. The Group engaged a valuation specialist to assess fair values as at 31 March 2019 for the freehold lands/ Buildings

Note 27 - measurement of defined benefit obligations: key actuarial assumptions

The present value of the employee benefit obligations is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates. Further details about employee benefit obligation are provided in Note 26 to the Financial Statements.

Note 26 - recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised

Note 19 - Provision for Inventories

Note 30 - Provisions

Note 36 - Contingencies

2.5 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, Group assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

NOTES TO THE FINANCIAL STATEMENTS

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other, than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly. (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data. (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumption made in measuring fair value is included in Note 12.10, 12.11 and Note 34.

2.6 Materiality and aggregation

Each material class of similar items is presented separately in the Consolidated Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on "Presentation of Financial Statements".

2.7 Offsetting

Assets and liabilities or income and expenses, are not offset unless required or permitted by Sri Lanka Accounting Standards

2.8 Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. The assessment includes the existing and anticipated effects of the COVID-19 pandemic on the significant assumptions that are sensitive or susceptible to change or are inconsistent with historical trends. As the economic effects of COVID-19 continue to evolve, management considered a range of scenarios to determine the potential impact on underlying performance and future funding requirements. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis (Refer Note 36 on page 179).

2.9 Comparative information

Comparative information including quantitative, narrative and descriptive information as relevant is disclosed in respect of previous period in the Financial Statements. The presentation and classification of the Financial Statements in the previous year are amended, where relevant for better presentation and to be comparable with those of the current year

In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements

2.10 Current versus non-current classification

The Group presents assets and liabilities in the Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in a normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.
A liability is current when:

- It is expected to be settled in a normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period the Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities

3 CHANGES IN ACCOUNTING POLICIES

The Group has initially adopted Definition of a Business (Amendments to IFRS 3) and Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) from 1 January 2020. A number of other new standards are also effective from 1 January 2020 but they do not have a material effect on the Group's financial statements

The Group applied Definition of a Business (Amendments to IFRS 3) to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business or a group of assets.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Other significant accounting policies not covered with individual notes.

Following accounting policies, which have been applied consistently by the Group, are considered to be significant but not covered in any other Sections.

Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current

A liability is current when it is:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current

4.1 Basis of consolidation

Business consolidation

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an Input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

4.1.1 Subsidiaries

Subsidiaries' are entities controlled by the Group. The Group 'controls' an entity if it is exposed to, 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 entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

NOTES TO THE FINANCIAL STATEMENTS

4.1.2 Non–controlling Interests

Non–controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a Subsidiary that do not result in a loss of control are accounted for as equity transactions.

Company owns 100% of its Subsidiary Regnis Appliances (Private) Ltd and accordingly there is no non-controlling interest.

4.1.3 Loss of control

When a Company loses control over a Subsidiary, it derecognises the asset and liabilities of subsidiary, and any related Non Controlling Interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

4.1.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

4.2 Foreign currency

4.2.1 Foreign currency transactions

Transactions in foreign currency are translated to Sri Lanka Rupees at the foreign exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Foreign exchange differences arising on the settlement or reporting of the Group's monetary items at rates different from those which were initially recorded are dealt with in the profit or loss

Non-monetary assets and liabilities that are denominated in foreign currencies that are stated at historical cost at the reporting date are translated to functional currency at the foreign exchange rate prevailing at the date of initial transaction.

Non-monetary assets and liabilities that are stated at fair value, denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the dates that the value were determined. Foreign exchange differences arising on translation are recognized in the profit or loss.

4.3 Financial Instruments

Financial assets recognition and initial measurement

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

Receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction value.

Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) - debt investment; fair value through other comprehensive income (FVOCI) - equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets -Assessment whether contractual cash flows are solely payments of principal and interest.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows
- terms that may adjust the contractual coupon rate, including variable rate features
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Group financial assets classified and measured at amortized cost are limited to its other receivables, short term investments, amounts due from related party and cash & cash equivalent.

Group's investment in equity Investments are classified as FVOCI.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition. Financial Asset at amortized cost comprises Amount due from related parties, other receivable and cash and cash equivalent.

Financial liabilities

Classification, subsequent measurement and gain and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held – for – trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial; liabilities comprise retirement benefit obligation, Trade and Other payable, Amount due from related parties and Bank Overdrafts.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously

Non-derivative financial liabilities measurement

A financial liability is classified as at Fair Value through Profit or Loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

The Group classifies non derivative financial liabilities in to other financial liability category.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group has the following non-derivative financial liabilities: trade and other payables, bank overdrafts, loans and borrowings and financial guarantees.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Bank overdrafts, if any, which form an integral part of cash management, are included as a component of cash and cash equivalents for the purposes of the Statement of Cash Flows. In the Statement of Financial Position, bank overdrafts are included under liabilities.

4.4 Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

4.5 Impairment

Non derivative financial assets

Financial assets

The Group recognises loss allowances for ECLs on:

- Financial assets measured at amortised cost;
- Debt investments measured at amortized cost
- Equity investments measured at FVOCI

  The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.
- Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.
- 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).
- The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of measurement of ECLS.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;

  the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market tor a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due.

Non-financial assets

The carrying amount of the Group's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash-Generating Unit (CGU). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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, an appropriate valuation model is used.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.6 Property, plant and equipment

The Group applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services or for administration purpose and are expected to be used for more than one year.

4.6.1 Recognition and measurement

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

Items of property, plant and equipment are measured at cost/ fair value, less accumulated depreciation and any accumulated impairment losses.

If a significant part of an item of Property, Plant and Equipment has different useful lives, then they are accounted for as separate items (major components) of Property, Plant and Equipment. Any gain or loss on disposal of an item of Property, Plant and Equipment is recognised in profit or loss.

Cost model

The Group applies the cost model to Property, Plant and Equipment except for freehold land and buildings. The cost of property, plant & equipment includes expenditure that is directly attributable to the acquisition of the asset. The cost of self- constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and includes the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Revaluation model

The Group applies the revaluation model to the entire class of freehold land and buildings. A revaluation is carried out when there is a substantial difference between the fair value and the carrying amount of the property, and is undertaken by professionally qualified valuers. Revaluation policy of the Group on land and buildings has been changed from every two (02) years cycle to three (03) years to be in line with the parent Company's revaluation policy.

Increases in the carrying amount on revaluation is recognised in other comprehensive income and accumulated in equity in the revaluation reserve unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognised as an expense. In these circumstances the increase is recognised as income to the extent of the previous write down.

Decreases in the carrying amount on revaluation that offset previous increases of the same individual assets are charged against revaluation reserve directly in equity. All other decreases are recognised in profit or loss.

The relevant portion of the revaluation reserve is transferred to retained earnings as the asset is depreciated with the balance being transferred on ultimate disposal.

4.6.2 Subsequent expenditure

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

4.6.3 Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives are as follows:

Buildings	over 40 years
Machinery and Equipment	over 12 years
Tools, Dies and Gauges	over 10 years
Furniture and Fittings	over 10 years
Motor Vehicles	over 07 years
EDP Equipment	over 05 years
Leasehold Improvement	over leasehold Period/useful life

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

4.6.4 Derecognition

An item of property, plant and equipment is derecognised upon disposal of or when no future economic benefits are expected from its use or disposal. Gain and losses arising on derecognition of the assets are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within 'other income' in profit or loss. Gains are not classified as Revenue.

4.7 Intangible assets

4.7.1 Recognition and measurement

An intangible asset is recognised if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 38 on 'Intangible Assets'. Intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

4.7.2 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.4.7.3 Amortization

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful life of intangible assets with finite life is as follows:

Computer Software (Without Windows & Office Packages)	10 years
Windows and Office Packages	5 years
Leasehold rights	50 years

4.7.4 Derecognition

Intangible assets are de-recognised on disposal or when no future economic benefits are expected from its use. Gains or losses arising from de-recognition 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.

4.8 Leases

Definition of a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in SLFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

NOTES TO THE FINANCIAL STATEMENTS

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in right-of-use assets and lease liabilities in the statement of financial position.

Short term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4.8.2 PRE-PAID OPERATING LEASES

The non-current and current portion of pre-paid operating lease solely consists of the operating lease paid in advance for the land acquired by the group from Board of investment (BOI) in Sri Lanka during the year. The group amortise the lease hold land over the lease period of fifty (50) years, on straight line basis.

Leased assets

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.

If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate. Other leases are operating leases and, except for investment property, the leased assets are not recognised in the Group's statement of financial position. Investment property held under an operating lease is recognised in the Group's statement of financial position at its fair value.

4.9 Inventories

Inventories are measured at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of each category of inventory is determined on the following basis:

Raw Materials	At actual cost
Finished Goods and Work-in-Progress	At the cost of direct materials, direct labour and an appropriate proportion of production overheads based on normal operating capacity
Goods-in-Transit	At actual cost
Allowance for Impairment	All inventory items are tested for impairment periodically

4.10 Provisions

A provision is recognised in the Statement of Financial Position when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably in accordance with LKAS 37 – "Provisions, Contingent Liabilities and Contingent Assets".

The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at the date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined based on the present value of those cash flows.

4.10.1 Warranties

A provision for warranties is recognised when the underlying products are sold. The provision is based on the historical warranty data and a weighting of all possible outcomes against their associated probabilities.

4.11 Employee benefits

4.11.1 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

4.11.2 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Employees are eligible for Employees' Provident Fund Contributions Mercantile Services Provident Society and Employees' Trust Fund contributions in line with respective statutes and regulations. The Group contributes 12%, 12% and 3% of gross emoluments of employees to Employees' Provident Fund Mercantile Services Provident Society and Employees' Trust Fund respectively and is recognised as an expense in profit or loss in the periods during which services are rendered by employees.

4.11.3 Defined benefit plans

The Group net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefits that employees have earned in current and prior periods and discounting that amount.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in OCI. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking in to account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss. The liability is not externally funded.

4.12 Revenue recognition

Performance obligations and revenue recognition policies

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized.

As per the standard, revenue is measured based on the consideration specified in a contact with a customer.

NOTES TO THE FINANCIAL STATEMENTS

Sale of goods

Revenue is recognised when the goods are delivered to its Customers as the performance obligations will be satisfied on delivery.

Disaggregation of revenue

SLFRS 15 requires an entity to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group's contracts with customers are similar in nature and revenue from these contracts are not significantly affected by economic factors apart from exports sales. The Group believes objective of this requirement will be met by using one type of category – Product type. (Refer Note 6 (b))

4.13 Finance Income and finance cost

The Group's finance income and costs include

- interest income;
- interest expense;
- The reclassification of net gains previously recorded in OCI
- Interest income or expense is recognised using the effective interest method.

4.14 Dividend income

Dividend income is recognised in profit or loss on the date the entities right to receive dividend is established.

4.15 Other income and expenses

Gains and losses on disposal of property, plant & equipment and other non-current assets including investments are recognised by comparing the net sales proceeds with the carrying amount of the corresponding asset and are recognised net within 'other income' or 'other expenses' in profit or loss.

4.16 Expenditure recognition

Expenses are recognised in Profit and Loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

For the purpose of presentation of statement of profit or loss and other comprehensive income, the Directors are of the opinion that 'function of expenses method' presents fairly the elements of the Group's performance, and hence such presentation method is adopted.

4.17 Income tax

Income tax expense comprises current and deferred tax.

It is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity or in OCI.

4.17.1 Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

4.17.2 Deferred income tax

Deferred income tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

4.18 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.19 Segmental operation

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating results are reviewed regularly by the Group Chief Executive Officer to make decisions regarding resources to be allocated to the segments and to assess its performance and for which discrete finance information is available.

Segment results that are reported to the Group CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire Property, Plant and Equipment and intangible assets other than goodwill.

Segment information is presented in the respective Notes to the Financial Statements.

4.20 All material post reporting date events have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the Financial Statements.

4.21 The Cash Flow Statement has been prepared using the indirect method.

4.2 Standards Issued but not yet effective

4.2.1 SLFRS 17 - Insurance contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace IFRS 4 Insurance Contracts (SLFRS 4). SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

The amendments are effective for reporting periods beginning on or after 1 January 2023, with early application permitted. Pending the completion of detail review of the above amendment the extent of the probable impact is not reasonably estimable

4.2.2 Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 – Interest rate benchmark reform (Phase 1 & 2)

The amendments to SLFRS 9 & LKAS 39 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

IBOR reforms Phase 2 include number of reliefs and additional disclosures. Amendments supports companies in applying SLFRS when changes are made to contractual cashflows or hedging relationships because of the reform.

These amendments to various standards are effective for the annual reporting periods beginning on or after 01 January 2021. Pending the completion of detail review of the above amendment the extent of the probable impact is not reasonably estimable.

4.2.3 Amendments to SLFRS 16 - COVID – 19 related rent concessions

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 Pandemic.

As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from Covid-19 related rent concession the same way it would account for the change under SLFRS16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 01 June 2020. This amendment is not expected to have a material impact on the Financial Statements of the Group in the foreseeable future.

4.2.4 Amendments to SLFRS 3

The amendments update SLFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to SLFRS 3 a requirement that, for obligations within the scope of LKAS 37, an acquirer applies LKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

4.2.5 Property, plant and equipment: Proceeds before intended Use – amendments to LKAS 16

In March 2021, the ICASL adopted amenments to LKAS16-Property, Plant and Equipment — 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

NOTES TO THE FINANCIAL STATEMENTS

condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises 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. Pending the completion of detail review of the above amendment the extent of the probable impact is not reasonably estimable

4.2.6 Onerous Contracts – Costs of fulfilling a contract – amendments to LKAS 37

In March 2021, the ICASL adopted amendments to 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. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

4.2.7 Amendments to LKAS 1: Classification of liabilities as current or non-current

In March 2021 , ICASL adopted amendments to paragraphs 69 to 76 of LKAS 1 which specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively. Pending the completion of detail review of the above amendment the extent of the probable impact is not reasonably estimable

4.2.8 Amendments to references to the conceptual framework in SLFRS standards

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group

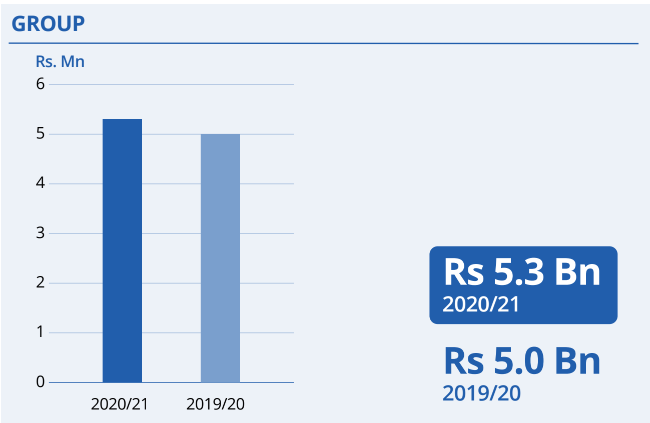
4.2.9 Amendments to LKAS 1 and LKAS 8 definition of material

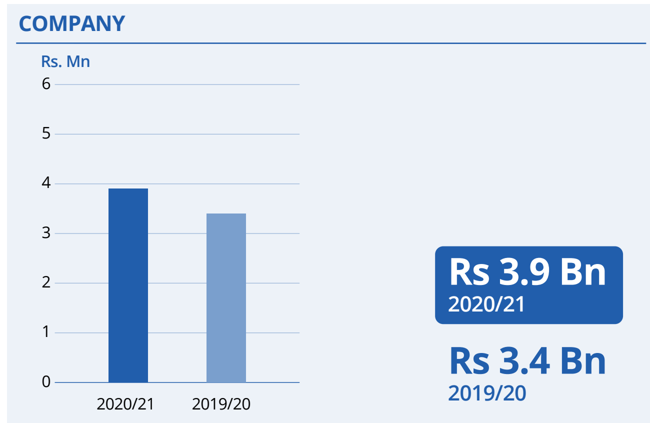
The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

5 REVENUE

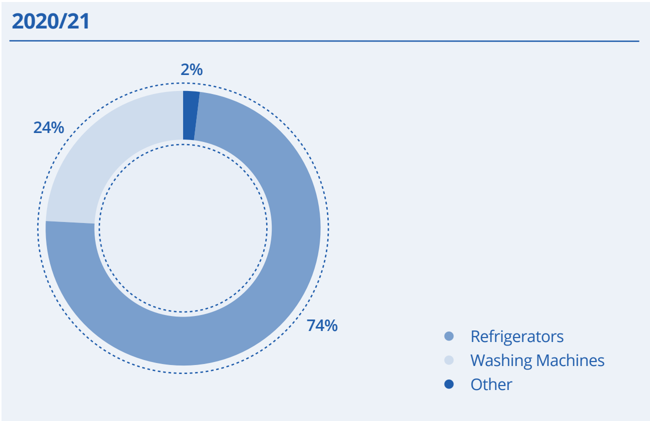
Revenue is recognised when the goods are delivered to its customers as the performance obligations will be fulfilled on delivery

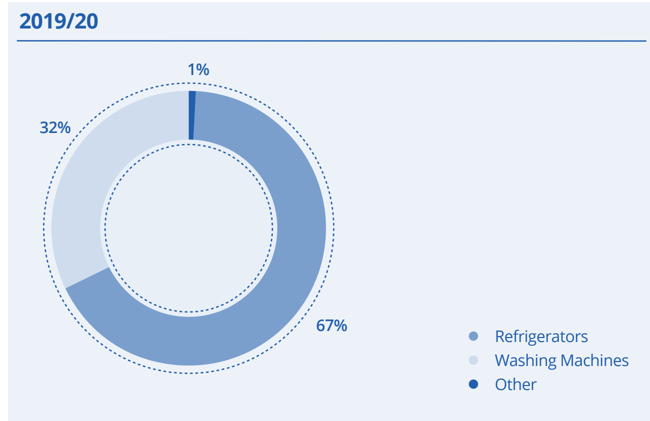
Total revenue



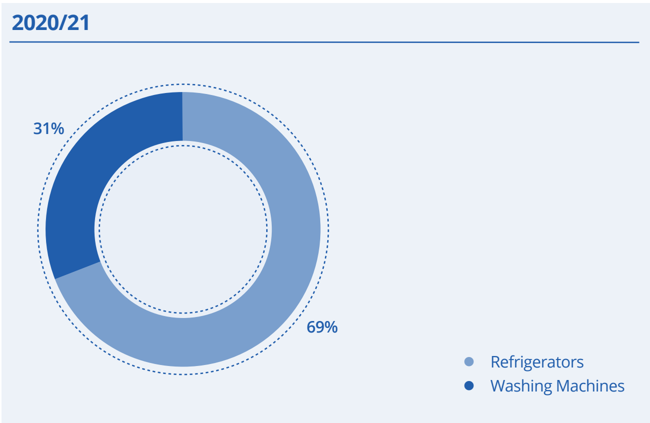


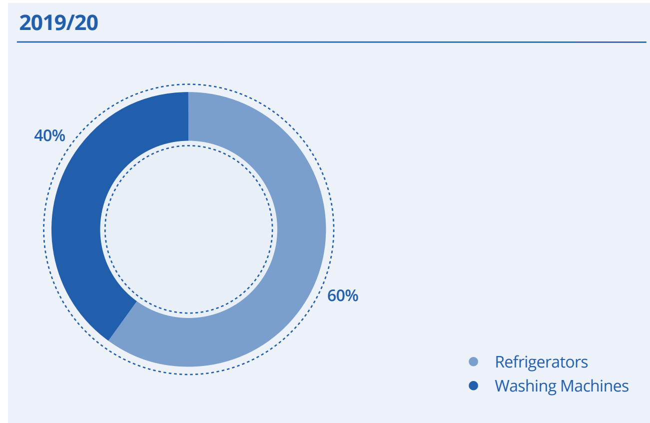
Revenue by segment





Sales volume





NOTES TO THE FINANCIAL STATEMENTS

5 REVENUE STREAMS (CONTD.)

The Group generates revenue primarily from the sale of refrigerators, washing machines and others to its parent company.

	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Sale of goods-gross	5,751,125,829	5,752,159,319	4,257,295,427	3,863,615,754
Sales taxes (Note 5.1)	(428,339,440)	(710,741,133)	(315,355,217)	(467,798,925)
Sale of goods-net (Note 5.2)	5,322,786,389	5,041,418,186	3,941,940,210	3,395,816,829

5.1 Sales taxes

Nation building tax	-	64,682,897	-	42,822,679
Value added tax	425,990,066	636,523,824	315,355,217	424,971,280
Excise duty	2,349,374	9,534,412	-	4,966
Total	428,339,440	710,741,133	315,355,217	467,798,925

5.2 Disaggregation of net revenue from contracts with customers

In the following table,revenue from contracts with customers is disaggregated by major products.

	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Refrigerators	3,941,940,210	3,395,816,829	3,941,940,210	3,395,816,829
Washing machines	1,291,281,745	1,598,575,623	-	-
Others	89,564,434	47,025,734	-	-
Revenue from contract with customers	5,322,786,389	5,041,418,186	3,941,940,210	3,395,816,829

- Disaggregated revenue and the revenue presented in segment analysis are presented same

5.3 Contract balances

The following table provides information about receivables from contracts with customers.

Receivables which are included in ‘amounts due from related parties’

	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Singer (Sri Lanka) PLC (Note 20)	752,971,919	452,441,095	571,562,508	360,171,164
Singer Industries (Ceylon) PLC (Note 20)	8,317,242	13,886,929	-	-
Total	761,289,161	466,328,024	571,562,508	360,171,164

6 OPERATING SEGMENTS

6.1 Segmental Information - Group

The Group has three reportable segments, as described below. These three different segments are managed separately because they require different marketing strategies.

The following summary describes the operations in each of the Group's reportable segments.

Reportable Segments	Operations	Location
Refrigerators	* Manufacture of refrigerators and bottle coolers	Regnis (Lanka) PLC
Washing machines	* Manufacture and assembly of fully auto and semi auto washing machines	Regnis Appliances (Pvt) Ltd
Other	* Production of plastic chairs and plastic components for refrigerators	Regnis Appliances (Pvt) Ltd

Inter-segment revenue includes sale of plastic components of refrigerators manufactured at Regnis Appliances (Pvt) Ltd to Regnis (Lanka) PLC and transfer of raw materials.

6.2 Information about reportable segments

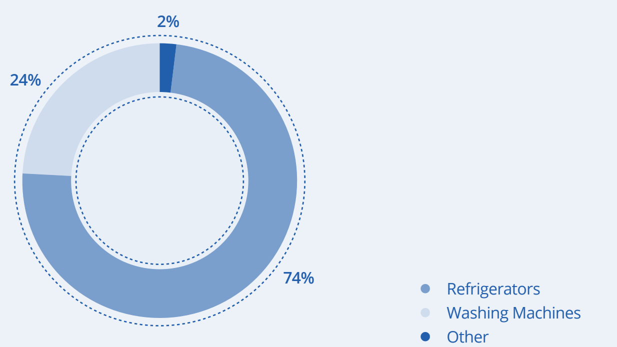
Information regarding the results of each reporting segments are included below. Performance is measured based on segment profit before tax. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results.

	Refrigerators		Washing machines		Other		Total	Total
	2021	2020	2021	2020	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
External revenue	3,941,940,210	3,395,816,829	1,291,281,745	1,598,575,623	89,564,434	47,025,734	5,322,786,389	5,041,418,186
Inter segment revenue	-	-	-	-	258,381,034	230,758,084	258,381,034	230,758,084
Reportable segment revenue (Note 6.3)	3,941,940,210	3,395,816,829	1,291,281,745	1,598,575,623	347,945,468	277,783,818	5,581,167,423	5,272,176,270
Reportable segment results from operating activities	174,731,934	137,951,775	36,783,868	83,845,697	9,911,687	14,569,832	221,427,489	236,367,304
Net finance income (Note 6.4)	(35,414,896)	(61,039,802)	(13,623,159)	(16,469,676)	(3,670,861)	(2,861,929)	(52,708,916)	(80,371,407)
Reportable segment profit before tax	139,317,038	76,911,973	23,160,709	67,376,021	6,240,826	11,707,903	168,718,573	155,995,897
Property, plant and equipment	1,132,818,246	1,184,029,761	62,213,076	73,328,785	20,737,694	24,442,931	1,215,769,016	1,281,801,477
Right of use asset	-	-	9,691,950	23,060,523	2,611,568	4,007,218	12,303,518	27,067,741
Leasehold right	-	-	47,749,985	52,751,258	12,866,588	9,166,564	60,616,573	61,917,822
Other segment assets	1,778,050,649	1,188,108,661	432,039,618	348,357,978	219,145,371	297,063,919	2,429,235,638	1,833,530,558
Reportable segment assets	2,910,868,895	2,372,138,422	551,694,629	497,498,551	255,361,221	334,680,632	3,717,924,746	3,204,317,598
Long-term investments	-	-	-	-	-	-	25,304,702	22,440,507
Cash and cash equivalents	-	-	-	-	-	-	6,146,597	6,130,008
Total Assets	-	-	-	-	-	-	3,749,376,045	3,232,888,106
Reportable segment liabilities	1,024,024,717	760,756,771	306,380,518	217,260,316	82,556,509	37,753,234	1,412,961,744	1,015,770,321
Bank overdraft	24,481,220	52,187,765	5,154,137	3,452,385	1,388,820	599,920	31,024,177	56,240,070
Lease liability	-	-	11,377,434	24,371,755	3,065,734	4,300,898	14,443,168	28,672,653
Loans and borrowings	334,923,508	344,570,846	180,162,025	170,062,424	-	-	515,085,532	514,633,270
Dividends payable	-	-	-	-	-	-	64,778,376	75,739,760
Total Liabilities	-	-	-	-	-	-	2,038,292,997	1,691,056,074
Capital expenditure	46,147,583	28,096,573	11,316,216	12,319,215	3,049,239	2,140,775	60,513,038	42,556,563
Depreciation and amortisation	76,384,974	74,816,003	23,665,377	22,084,402	7,888,449	7,361,467	107,938,800	104,261,872

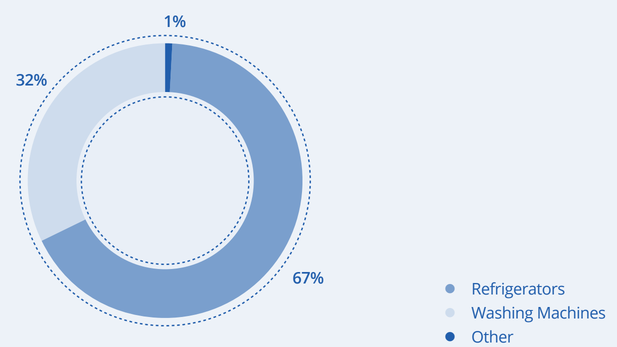
NOTES TO THE FINANCIAL STATEMENTS

6 OPERATING SEGMENTS (CONTD.)

Segmental revenue 2020/21



Segmental revenue 2019/20



		GROUP	
		2021	2020
		Rs.	Rs.
6.3	**Reconciliation of segmental revenue**		
	Total reportable segment revenue	**5,581,167,423**	5,272,176,270
	Elimination of inter-segment revenue	**(258,381,034)**	(230,758,084)
	Total revenue	**5,322,786,389**	5,041,418,186
6.4	**Reconciliation of segmental net finance cost**		
	Net finance cost for segments	**(52,708,916)**	(80,371,407)
	Total net finance cost	**(52,708,916)**	(80,371,407)

6.5 Segmental information - Company

The Company, Regnis (Lanka) PLC, does not have different segments for the Refrigerators and Bottle Coolers because, they require same technology and market strategies. The segment is managed as one SBU (Strategic Business Unit) and CEO being the chief operating decision maker considers the products manufacture by the Company within Refrigerator segment and make assessment of the performance and make decision about resource allocation as whole.

7 OTHER INCOME

ACCOUNTING POLICY

DIVIDEND INCOME

Dividend income is recognised in profit or loss on the date the entities right to receive dividend is established.

OTHER INCOME

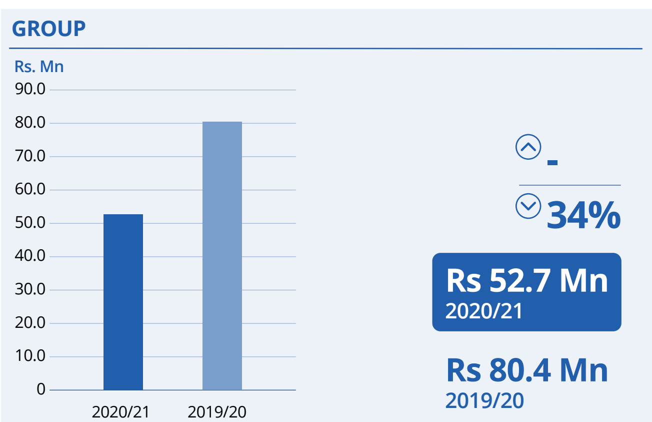
Gains and losses on disposal of property, plant and equipment and other non-current assets including investments are recognised by comparing the net sales proceeds with the carrying amount of the corresponding asset and are recognised net within 'other income' or 'other expenses' in profit or loss.

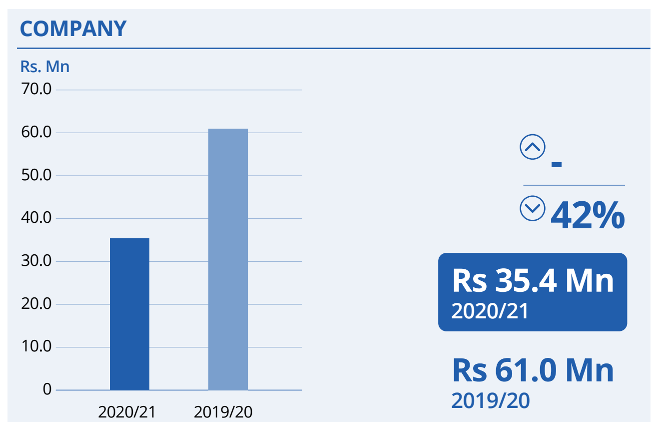
	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Interest income - from loans given to Company employees	136,579	86,804	136,579	86,804
Gain on sale of property, plant and equipment	-	1,315,666	-	1,313,166
Dividend income-unquoted	-	-	12,000,000	61,650,000
Miscellaneous income	72,584	548,328	72,584	548,328
Total	209,163	1,950,798	12,209,163	63,598,298

8 NET FINANCE COST

ACCOUNTING POLICY

The Group's finance income and cost include,
Borrowing cost on working capital financing
Borrowing cost on capital expenditure
Interest income or expenses with related parties
Interest income or expenses on corporate guarantees
Unwinding interest income on interest free employee loans





8.1 Finance cost

	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Interest on short term borrowings	56,601,291	62,247,496	40,161,069	45,735,605
Interest on lease liabilities (Note 13.2)	2,234,648	1,223,762	-	-
Interest expenses on related party payables	4,838,485	21,613,069	8,058,883	23,400,799
	63,674,424	85,084,327	48,219,952	69,136,404
8.2 Finance income				
Interest income on related party receivables	9,921,963	3,453,456	7,900,339	2,980,746
Interest income on corporate guarantee issued to subsidiary	-	-	4,100,001	4,100,001
Unwinding interest income on interest free employee loans	1,043,545	1,259,464	804,716	1,015,855
	10,965,508	4,712,920	12,805,056	8,096,602
Net finance cost	(52,708,916)	(80,371,407)	(35,414,896)	(61,039,802)

NOTES TO THE FINANCIAL STATEMENTS

9 PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is stated after charging all expenses including the following:

	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Depreciation on property, plant and equipment (Note 12.3 & 12.5)	90,710,885	89,314,004	75,534,863	74,401,991
Amortisation of intangible assets (Note 14)	1,162,443	508,512	850,104	414,012
Amortisation of lease assets (Note 17)	1,301,249	1,301,250	-	-
Depreciation of right of use assets (Note 13.1)	14,764,223	13,138,105	-	-
Provision for inventories (Note 18.2)	34,223,246	18,670,426	35,279,891	3,580,041
Personnel cost (Note 9.1)	646,002,834	519,895,183	581,765,402	463,977,570
Legal and professional fees	9,892,497	8,727,752	9,892,497	8,727,752
Auditors' remuneration				
- Statutory audit	1,091,000	1,015,000	751,000	715,000
- Audit-related services	847,157	664,030	336,787	420,582
- Non-audit services	1,021,680	1,021,680	1,021,680	1,021,680
Gain on property plant and equipment	-	(1,315,666)	-	(1,313,166)
Donations	258,080	524,986	233,080	338,764
Executive directors' emoluments (Note 38.4)	17,106,966	15,875,514	17,106,966	15,875,514
Non-executive directors' fees	2,699,750	2,751,000	2,699,750	2,751,000
Selling and distribution expenses/ (reversal) (Note 9.2)	24,619,610	7,145,002	11,870,282	(839,837)

9.1 Personnel cost

Salaries	523,357,053	468,412,100	471,879,042	417,675,182
Defined contribution plan- EPF,ETF and MSPS	30,513,137	27,968,365	27,184,416	24,749,297
Bonus	72,124,552	3,970,661	64,094,792	3,226,188
Defined benefit plan cost - recognised in profit or loss (Note 26)	20,008,092	19,544,057	18,607,152	18,326,903
Total	646,002,834	519,895,183	581,765,402	463,977,570

9.2 Selling and distribution expenses/ (reversal)

Outside transport	9,253,378	5,320,706	5,359,778	1,846,843
Product warranty cost	15,366,232	(5,980,592)	6,510,504	(9,409,009)
Advertising - internal	-	7,804,888	-	6,722,329
Total	24,619,610	7,145,002	11,870,282	(839,837)

10 INCOME TAX (REVERSAL)/ EXPENSE

ACCOUNTING POLICY

Income tax expense comprises current and deferred tax and is recognised in the income statement. Current tax and deferred tax relating to items recognised directly in equity is recognised in equity and for items recognised in other comprehensive income shall be recognised in other comprehensive income.

CURRENT TAX

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

DEFERRED INCOME TAX

Deferred income tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	Rs.	Rs.	**Rs.**	Rs.
Current tax expense				
Current year (Note 10.2)	**46,747,233**	34,113,354	**38,075,902**	18,782,923
Over provision in respect of previous years	**(3,252,850)**	(155,992)	**(3,310,050)**	(155,992)
WHT on dividend received from subsidiary	**-**	2,100,000	**-**	-
	43,494,383	36,057,362	**34,765,852**	18,626,931
Deferred tax expense				
(Reversal)/ origination of temporary difference (Note 25)	**(61,634,864)**	12,039,703	**(58,064,002)**	10,983,623
	(61,634,864)	12,039,703	**(58,064,002)**	10,983,623
Income tax (reversal)/ expense in statement of profit or loss	**(18,140,481)**	48,097,065	**(23,298,150)**	29,610,554

10.1 Deferred tax has been computed using the enacted tax rates of 18% applicable for both Group and Company

During the year 2020/21 new corporate tax law was enacted, including a decrease in the corporate tax rate from 28% to 18% for Regnis (Lanka) PLC and 20% to18% for Regnis Appliances (Pvt) Ltd.

This change resulted in a gain of Rs. 37.3 million related to re-measurment of deferred tax assets and liabilities of the Group financial statement.

NOTES TO THE FINANCIAL STATEMENTS

10 INCOME TAX (REVERSAL)/ EXPENSE (CONTD.)

10.2 Reconciliation between accounting profit and the taxable profit

	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Profit before tax	168,718,572	155,995,897	148,975,579	139,166,640
Aggregate disallowable expenses	197,192,385	144,595,900	141,294,587	97,826,681
Aggregate tax deductible expenses	(144,797,787)	(239,421,185)	(100,070,712)	(194,286,452)
Investment income- (Dividend from subsidiary)	-	-	12,000,000	48,750,000
Tax loss claimed for the year	-	(3,461,590)	-	-
Taxable income	221,113,170	57,709,022	202,199,454	91,456,869
Tax at 28%	-	11,957,923	-	11,957,923
Tax at 24%	1,368,325	-	-	-
Tax at 20%	-	15,330,431	-	-
Tax at 18%	43,698,908	-	36,395,902	-
Tax at 14%	1,680,000	6,825,000	1,680,000	6,825,000
Tax on profit for the year	46,747,233	34,113,354	38,075,902	18,782,923
Effective tax rate (%)	21	59	19	21

10.3 Deferred tax recognised in other comprehensive income

Group	2021			2020		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
	Rs	Rs	Rs	Rs	Rs	Rs
Defined benefit plan actuarial gain or (losses)	(3,035,995)	546,479	(2,489,516)	5,539,415	(1,512,614)	4,026,801
Deferred tax on investment in equity securities	2,864,195	(515,555)	2,348,640	-	-	-
Impact on deffered tax rate change on revaluation reserve	-	41,125,720	41,125,720	-	-	-
	(171,800)	41,156,644	40,984,844	5,539,415	(1,512,614)	4,026,801

Company	2021			2020		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
	Rs	Rs	Rs	Rs	Rs	Rs
Defined benefit plan actuarial gain or (losses)	(2,757,467)	496,344	(2,261,123)	5,059,127	(1,416,556)	3,642,571
Deferred tax on Investment in equity securities	2,864,195	(515,555)	2,348,640	-	-	-
Impact on deffered tax rate change on revaluation reserve	-	41,125,720	41,125,720	-	-	-
	106,728	41,106,509	41,213,237	5,059,127	(1,416,556)	3,642,571

10.4 Applicable tax rates

On instruction by the Ministry of Finance, the Inland Revenue Department notified by way of Press notice dated 12th February 2020, a new concessionary income tax rate of 18% on the gains and profits from manufacturing (The rate applicable previously was 28%) pending formal amendments being made to the Inland Revenue Act No. 24 of 2017, with the same to be implemented with effect from 1st January 2020. The amending legislation enacting the above was subsequently certified by parliament on 13th May 2021, before these financial statements were authorized.

Name of the entity	Taxable income source	Applicable tax rate 2020/21	Applicable tax rate 2019/20
Regnis (Lanka) PLC	Income from business	**18%**	28%
	Income from investment	**14%**	14%
	Income from non business	**24%**	28%
Regnis Appliances (Pvt) Ltd	Income from business	**18%**	20%
	Income from non business	**24%**	28%

Tax loss movement for the year ended 31st March 2020/21 is as follows.

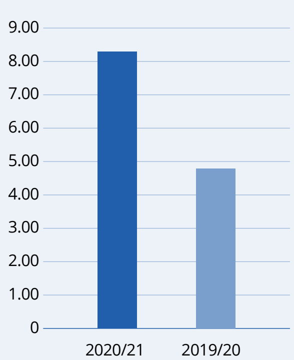
	GROUP		COMPANY	
	2021	2020	**2021**	2020
	Rs.	Rs.	**Rs.**	Rs.
Balance at the beginning of the year	**-**	3,461,500	**-**	-
Incurred during the year	**-**	-	**-**	-
Claimed during the year	**-**	(3,461,500)	**-**	-
At the end of the year	**-**	-	**-**	-

11 EARNINGS PER SHARE (EPS)

ACCOUNTING POLICY

The calculation of diluted earnings per share is based on the profit attributable to owners of the company and the weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares.

GROUP



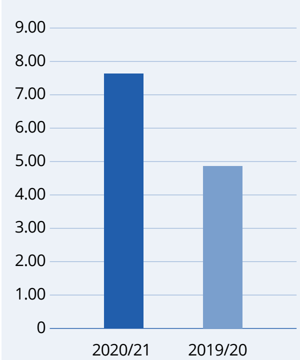
73%

-

Rs 8.29
2020/21

Rs 4.79
2019/20

COMPANY



57%

-

Rs 7.64
2020/21

Rs 4.86
2019/20

NOTES TO THE FINANCIAL STATEMENTS

11 EARNINGS PER SHARE (EPS) (CONTD.)

11.1 Profit attributable to ordinary shareholders

	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Amounts used as the numerators				
Profit for the year (Rs.)	186,859,053	107,898,832	172,273,729	109,556,086
Profit for the year, attributable to ordinary shareholders (Rs.)	186,859,053	107,898,832	172,273,729	109,556,086
Weighted average number of ordinary shares				
Number of ordinary shares used as denominators				
Weighted average number of ordinary shares prior share split	-	11,267,863	-	11,267,863
Weighted average number of ordinary shares subsequent to share split	22,535,726	22,535,726	22,535,726	22,535,726
Basic/diluted earnings per share (Rs.)	8.29	4.79	7.64	4.86

The ordinary shares of the company were subdivided by splitting each issued ordinary share into two (02) ordinary shares from 04th March 2021. Consequently the total number of existing issued ordinary shares were increased from 11,267,863 to 22,535,726 without changing the stated capital of the Company which will remain at Rs. 211,192,425/-.

Weighted average number of ordinary shares as at 31st March 2020 has been adjusted based on post sub - division of two (02) ordinary shares for every one ordinary shares held.

12 PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

Recognition and measurement

Items of property, plant and equipment are initially measured at cost which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses. If significant part of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Basis of recognition

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

Basis of measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and subsequent costs (excluding the costs of day - to - day servicing) as explained in below. The cost of self-constructed assets includes the followings;

- The cost of materials and direct labour;
- Any other costs directly attributable to bringing the asset to a working condition for its intended use.
- When the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- Capitalised borrowing costs.

Subsequent measurement - Cost model

The Company applies the cost model to all property, plant and equipment except for freehold land and freehold building and records at cost of purchase together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

Subsequent measurement - Revaluation model

The Company applies the revaluation model for the entire class of freehold land and freehold building for measurement after initial recognition. Such properties are carried at revalued amounts, being their fair value at the date of revaluation, less any subsequent accumulated depreciation on buildings and any accumulated impairment losses charged subsequent to the date of valuation. Freehold land and buildings of the Company are revalued by independent professional valuers every three years or more frequently if the fair values are substantially different from their carrying amounts to ensure that the carrying amounts do not differ from the fair values at the reporting date. On revaluation of an asset, any increase in the carrying amount is recognised in revaluation reserve in equity through OCI or used to reverse a previous loss on revaluation of the same asset, which was charged to the Income Statement. In this circumstance, the increase is recognised as income only to the extent of the previous write down in value. Any decrease in the carrying amount is recognised as an expense in the income statement or charged to revaluation reserve in equity through OCI, only to the extent of any credit balance existing in the revaluation reserve in respect of that asset. Any balance remaining in the revaluation reserve in respect of an asset, is transferred directly to retained earnings on retirement or disposal of the asset.

Subsequent costs

The cost of replacing a component of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in income statement as incurred.

Repairs and maintenance

Repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess of the most recently assessed standard of performance of the existing assets will flow to the Company and the renovation replaces an identifiable part of the asset. Major renovations are depreciated during the remaining useful life of the related asset.

Capital work in progress

Capital work - in - progress is stated at cost. These are expenses of a capital nature directly incurred on property, plant and equipment, awaiting capitalisation.

Useful economic life, residual values and depreciation

Depreciation

The Company provides depreciation from the date the assets are available for use up to the date of disposal, at the following rates on a straight-line basis over the periods appropriate to the estimated useful lives of the different types of assets. Depreciation on revalued classes of assets is based on the remaining useful life of the assets at the time of the revaluation. Land is not depreciated.

Depreciation is recognised as an expense in the Income statement in cost of sales expenses.

Useful economic lives, depreciation rate and residual values

The estimated useful lives of the property, plant and equipment for the current and comparative period are as follows:

Class of Asset	Depreciation percentage per annum	Estimated useful life	Residual values
Freehold building	2.50%	40 Years	Nil
Machinery and equipment	8.33%	12 Years	Nil
Tools, dies and gauges	10%	10 Years	Nil
Furniture and fittings	10%	10 Years	Nil
EDP equipment	20%	5 Years	Nil
Motor vehicles	14.29%	7 Years	Nil
Improvement on leasehold premises	-	Over leasehold period/useful life	Nil

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

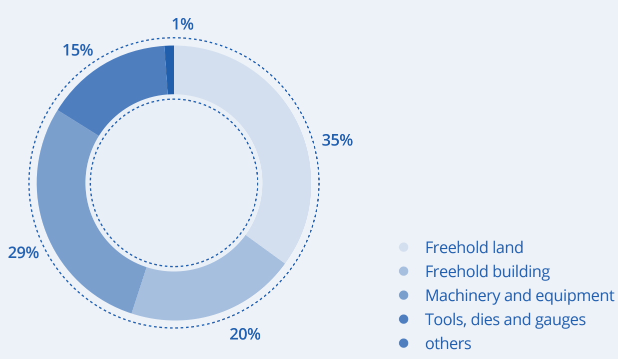
12 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Derecognition

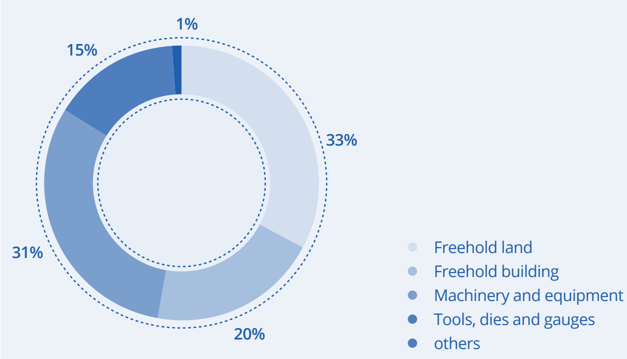
An item of property, plant and equipment is derecognised upon disposal of or when no future economic benefits are expected from it's use or disposal. Gain and losses arising on derecognition of the assets are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within 'other income' in profit or loss.

Property, plant and equipment - cost vs carrying value- Group

2020/21

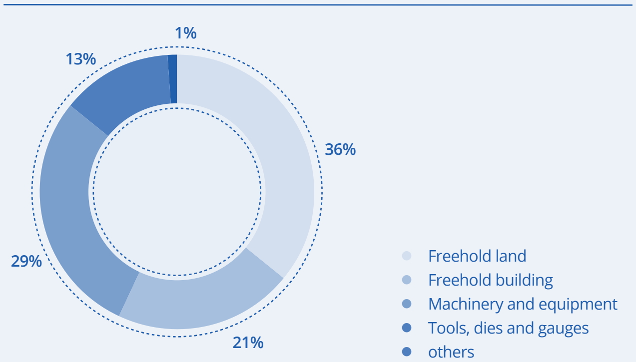


2019/20

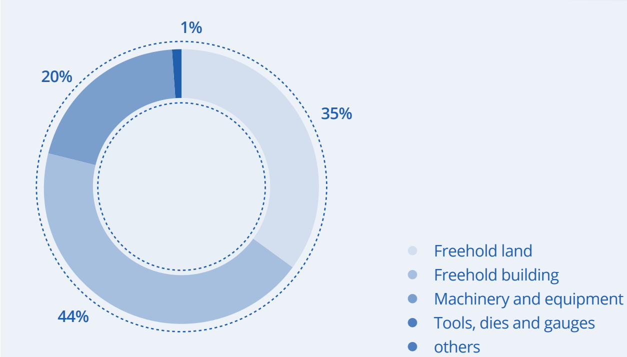


Property, plant and equipment - cost vs carrying value- Company

2020/21



2019/20



12.1 Reconciliation of gross carrying amount of property, plant and equipment- Group

	Freehold land	Freehold building	Machinery and equipment	Tools, dies and gauges	Furniture and fittings	EDP equipment	Motor vehicles	Improvement on leasehold premises	Leasehold asset	Capital Work-in-progress	Total
Cost /Revaluation	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April 2019	423,000,000	257,098,799	688,211,522	333,775,908	9,618,181	18,789,630	8,819,601	5,946,295	1,377,866	5,801,262	1,752,439,064
Additions	-	515,120	700,000	28,364,445	299,419	2,186,259	-	-	-	43,124,811	75,190,054
Disposals	-	-	-	(55,076,230)	-	-	-	-	-	-	(55,076,230)
Transfers	-	-	-	-	-	-	-	-	-	(32,633,491)	(32,633,491)
Balance as at 31st March 2020	423,000,000	257,613,919	688,911,522	307,064,123	9,917,600	20,975,889	8,819,601	5,946,295	1,377,866	16,292,582	1,739,919,397
Balance as at 1st April 2020	423,000,000	257,613,919	688,911,522	307,064,123	9,917,600	20,975,889	8,819,601	5,946,295	1,377,866	16,292,582	1,739,919,397
Additions	-	-	290,000	13,019,210	434,307	537,200	-	-	-	31,477,594	45,758,311
Disposals	-										-
Transfers	-									(21,079,886)	(21,079,886)
Balance as at 31st March 2021	423,000,000	257,613,919	689,201,522	320,083,333	10,351,907	21,513,089	8,819,601	5,946,295	1,377,866	26,690,290	1,764,597,822

12.2 Accumulated depreciation and impairment losses-Group

	Freehold land	Freehold building	Machinery and equipment	Tools, dies and gauges	Furniture and fittings	EDP equipment	Motor vehicles	Improvement on leasehold premises	Leasehold asset	Total
Cost /Revaluation	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April 2019	-	-	249,321,824	141,876,465	5,979,481	14,239,551	5,942,419	5,946,295	574,111	423,880,146
Depreciation	-	11,125,933	48,221,960	26,355,502	784,197	2,002,829	708,761	-	114,822	89,314,004
Disposals	-	-	-	(55,076,230)	-	-	-	-	-	(55,076,230)
Transfers	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March 2020	-	11,125,933	297,543,784	113,155,737	6,763,678	16,242,380	6,651,180	5,946,295	688,933	458,117,920
Balance as at 1st April 2020	-	11,125,933	297,543,784	113,155,737	6,763,678	16,242,380	6,651,180	5,946,295	688,933	458,117,920
Depreciation	-	11,177,445	48,203,496	28,019,069	884,163	1,894,069	417,822	-	114,821	90,710,885
Disposals	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March 2021	-	22,303,378	345,747,280	141,174,806	7,647,841	18,136,449	7,069,002	5,946,295	803,754	548,828,805
Carrying value as at 31st March 2020	423,000,000	246,487,986	391,367,738	193,908,386	3,153,922	4,733,509	2,168,421	-	688,933	1,281,801,477
Carrying value as at 31st March 2021	423,000,000	235,310,541	343,454,242	178,908,527	2,704,066	3,376,640	1,750,599	-	574,112	1,215,769,017

* There was no any borrowing cost capitalised in respect of PPE addtions.

* Capital work-in-progress represent cost incurred on building and machinery.

NOTES TO THE FINANCIAL STATEMENTS

12 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

12.3 Reconciliation of gross carrying amount of property, plant and equipment- Company

	Freehold land	Freehold building	Machinery and equipment	Tools, dies and gauges	Furniture and fittings	EDP equipment	Motor vehicles	Capital Work-in-progress	Total
Cost /Revaluation	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs
Balance as at 1st April 2019	423,000,000	257,098,799	555,640,199	285,927,420	8,519,336	16,029,748	8,819,601	5,181,547	1,560,216,650
Additions	-	515,120	540,000	15,747,347	299,419	802,748	-	25,049,560	42,954,194
Disposals	-	-	-	(55,076,230)	-	-	-	-	(55,076,230)
Transfers	-	-	-	-	-	-	-	(14,858,025)	(14,858,025)
Balance as at 31st March 2020	423,000,000	257,613,919	556,180,199	246,598,537	8,818,755	16,832,496	8,819,601	15,373,082	1,533,236,589
Balance as at 1st April 2020	423,000,000	257,613,919	556,180,199	246,598,537	8,818,755	16,832,496	8,819,601	15,373,082	1,533,236,589
Additions	-	-	290,000	13,019,210	434,307	537,200	-	31,122,517	45,403,234
Disposals	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	(21,079,886)	(21,079,886)
Balance as at 31st March 2021	423,000,000	257,613,919	556,470,199	259,617,747	9,253,062	17,369,696	8,819,601	25,415,713	1,557,559,937

12.4 Accumulated depreciation and impairment losses

	Freehold land	Freehold building	Machinery and equipment	Tools, dies and gauges	Furniture and fittings	EDP equipment	Motor vehicles	Total
Cost /Revaluation	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs
Balance as at 1st April 2019	-	-	173,018,885	132,934,841	5,472,443	12,512,477	5,942,421	329,881,067
Depreciation	-	11,125,933	39,955,627	20,529,652	674,312	1,407,706	708,761	74,401,991
Disposals	-	-	-	(55,076,230)	-	-	-	(55,076,230)
Balance as at 31st March 2020	-	11,125,933	212,974,512	98,388,263	6,146,755	13,920,183	6,651,182	349,206,828
Balance as at 1st April 2020	-	11,125,933	212,974,512	98,388,263	6,146,755	13,920,183	6,651,182	349,206,828
Depreciation	-	11,177,445	39,864,841	22,022,432	793,293	1,259,030	417,822	75,534,863
Disposals	-	-	-	-	-	-	-	-
Balance as at 31st March 2021	-	22,303,378	252,839,353	120,410,695	6,940,048	15,179,213	7,069,004	424,741,691
Carrying value as at 31st March 2020	423,000,000	246,487,986	343,205,687	148,210,274	2,672,000	2,912,313	2,168,419	1,184,029,761
Carrying value as at 31st March 2021	423,000,000	235,310,541	303,630,846	139,207,052	2,313,014	2,190,483	1,750,597	1,132,818,246

* There was no any borrowing cost capitalised in respect of PPE addtions.

* Capital work-in-progress represent cost incurred on building and machinery.

12.5 The carrying amount of the revalued assets that would have been included in the financial statements had the assets been carried at cost would amount to Rs. 76,475,233/-.

	Cost	Accumulated depreciation	Carrying amount
	Rs	Rs	Rs
Land	11,742,796	-	11,742,796
Building	111,983,241	(47,250,804)	64,732,437
Total carrying amount	123,726,037	(47,250,804)	76,475,233

12.6 During the year, Group and the Company acquired property, plant and equipment amounting to Rs.14,280,717/- (2019-20 - Rs.32,065,243/-) and Rs.14,280,717/- (2019-20 - Rs.17,904,634/-) respectively.

Group and the Company made cash payments of Rs.24,678,425/- (2019-20 - Rs.42,553,494/-) and Rs.24,323,348/- (2019-20 - Rs.28,096,573/-) respectively during the year for the purchase of property, plant and equipment.

12.7 The amount of the Property,plant and equipment includes fully-depreciated assets value would be as follows.

	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Fully depreciated asset	147,908,587	140,959,832	127,009,195	121,981,317

12.8 Lands and buildings were revalued during the financial year 2018/19 by Messrs Chulananda Wellappili, an Independent valuer, who is holdings a degrees of B.Sc state management and valuation. M.Sc Town and Country planning and PG.Dip in Regional planning. Further, he is a graduate member of Institute of valuers of Sri Lanka, A member of Institute of Town and Country Planning Sri Lanka, senior certified valuer of international Real Estate Institute of USA. A corporate member of Institute of Revenues, Rating and Valuations of UK. The results of such revaluation were incorporated in these financial statements from its effective date which is 31st March 2019. Such assets were valued on contractors method for existing use basis. The surplus arising from the revaluation was transferred to a revaluation reserve.

12.9 Information on the Freehold land and building of the Company

	Extent (Perches)	Number of buildings in each location	Buildings (Square Feet)	Cost or revaluation of Land	Cost or revaluation of buildings	Total value
				Rs.	Rs.	Rs.
No.52, Ferry Road , Off Borupona Road, Ratmalana.	705	18	123,910	423,000,000	257,098,799	680,098,799

NOTES TO THE FINANCIAL STATEMENTS

12 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

12.10 Property, plant and equipment at fair value

Reconciliation of carrying amount - Land and building

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	Rs.	Rs.	**Rs.**	Rs.
Balance as at 1st April	**669,487,986**	680,098,799	**669,487,986**	680,098,799
Additions	**-**	515,120	**-**	515,120
Change in fair value	**-**	-	**-**	-
Depreciation	**(11,177,445)**	(11,125,933)	**(11,177,445)**	(11,125,933)
Balance as at 31st March	**658,310,541**	669,487,986	**658,310,541**	669,487,986

12.11 Measurement of fair value

(a) Fair value hierarchy

The fair value of property was determined by external independent property valuer having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for all of properties has been categorised as level 3 fair value based on the input to the valuation technique used.

(b) Valuation techniques and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable Inputs and fair value measurements
Contractors method: The contractor's method works on the basis that a property's value can be equated to its cost. Valuer assess the cost of the building if it would have constructed in current year, and deduct margin for usage of the property based on their year of construction. Land value is based on the market prices of each land respectively. Value of property is considered as summation of land and building value.	Market value of land (Price per Perch). * Valuer has used range of prices for respective lands based on their recently transacted cost. * Construction cost per Square feet of a building. * Depreciation rate for the usage of assets.	The estimated fair value would increase (decrease) if – * Market value per perch was higher (lower) * Cost per square feet was higher (lower) * Depreciation rate for usage lower (higher)

13 RIGHT OF USE ASSETS

ACCOUNTING POLICY

Definition of a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in SLFRS 16.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Short term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Information about leases for which the Group is a lessee is presented below.

Nature of the leasing activities

The Regnis Appliances (Pvt) Ltd has lease contract for its factory premises made for two years of lease term and have extension options.

13.1 Reconciliation of carrying amounts

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	Rs.	Rs.	**Rs.**	Rs.
Balance as at 1st April	**27,067,741**	10,677,401	**-**	-
Addition to ROU assets	**-**	29,528,445	**-**	-
Depreciation charge for the year	**(14,764,223)**	(13,138,105)	**-**	-
Balance as at 31st March	**12,303,518**	27,067,741	**-**	-

13.2 Amounts recognised in profit or loss

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	Rs.	Rs.	**Rs.**	Rs.
Interest expense on lease liabilities	**2,234,648**	1,223,762	**-**	-
Depreciation of right-of-use assets	**14,764,223**	13,138,105	**-**	-
Total	**16,998,871**	14,361,867	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

13 RIGHT OF USE ASSETS (CONTD.)

13.3 Amounts recognised in profit or loss

The Group has classified the principal portion of lease payments within financing activities and the interest portion within operating activities. During the period the Group has not received cash from leases as the Group is the lessee.

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	Rs.	Rs.	**Rs.**	Rs.
Total cash out flow for leases (Note 32.4)	**16,464,132**	13,497,248	**-**	-
Total	**16,464,132**	13,497,248	**-**	-

Impairment of ROU assets

As at the reporting date, no impairment loss has been recognized by the Group in respect of impairment of right of use assets.

Lease liabilities and related disclosures

The information relating to the movement of lease liabilities, maturity analysis and other disclosures relating to lease liabilities are provided in Note 32.4 respectively.

14 INTANGIBLE ASSETS

ACCOUNTING POLICY

Recognition

An intangible asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard LKAS 38 on 'Intangible assets'.

Basis of measurement - Software

Software acquired by the Group is initially measured at cost and subsequently stated at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation expenditure

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

Intangible asset	Estimated useful life	Residual value	Amortisation method
ERP System	10 Years	Nil	Straight-line basis over the estimated useful life of the ERP system, from the date that it is available for use
Computer Packages	10 Years	Nil	Straight-line basis over the estimated useful life of the software, from the date that it is available for use

14.1 Software

	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Cost				
Balance at the beginning of the year	5,085,074	5,085,074	4,140,074	4,140,074
Acquired during the year	35,834,613	-	21,824,235	-
Balance at the end of the year	40,919,687	5,085,074	25,964,309	4,140,074
Amortisation				
Balance at the beginning of the year	2,397,535	1,889,023	1,499,785	1,085,773
Amortisation charge for the year	1,162,443	508,512	850,104	414,012
Balance at the end of the year	3,559,978	2,397,535	2,349,889	1,499,785
Carrying amount				
Balance at the beginning of the year	2,687,539	3,196,051	2,640,289	3,054,301
Balance at the end of the year	37,359,709	2,687,539	23,614,420	2,640,289

14.2 During the year, Group and the Company acquired Intangible asset amounting to Rs.35,834,613/- (2019-20 - Rs. Nil) and Rs.21,824,235/- (2019-20 - Rs. Nil) respectively.

Group and the Company made cash payments of Rs.35,834,613/- (2019-20 - Rs. Nil) and Rs.21,824,235/- (2019-20 - Rs. Nil) respectively during the year for the purchase of Intangible asset.

15 INVESTMENT IN SUBSIDIARY

	Country of incorporation	Holding as at 31.03.2021	No. of shares 31.03.2021	Cost 2021	Cost 2020
		%		Rs.	Rs.
Regnis Appliances (Pvt) Ltd	Sri Lanka	100	15,000,000	150,000,000	150,000,000
Carrying amount as at the end of the year		100	15,000,000	150,000,000	150,000,000

16 INVESTMENT IN EQUITY SECURITIES - UNQUOTED

Equity investments at fair value through other comprehensive income (FVOCI)

The effect of applying SLFRS 9 in the Company's financial instruments is described in Note 4.3.

With the adoption of SLFRS 9, the Company classified its investments in equity shares in Reality Lanka (Pvt) Ltd under fair value through other comprehensive income category.

16.1 Reality (Lanka) Limited

	Holding 31.03.2021	Holding 31.03.2020	Carrying value 31.03.2021	Change in fair value	Carrying value 31.03.2020
	%	%	Rs.	Rs.	Rs.
Total gross carrying amount of investments in equity accounted investees	9.9	9.9	25,304,702	2,864,195	22,440,507

NOTES TO THE FINANCIAL STATEMENTS

16 INVESTMENT IN EQUITY SECURITIES - UNQUOTED (CONTD.)

16.2 Non-Quoted - Related Entities - Group/Company

Movements of FVOCI investment during the year

	Carrying Amount 2021	Carrying Amount 2020
	Rs.	Rs.
Balance as at beginning of the year	22,440,507	24,113,118
Change in fair value of FVOCI investment	2,864,195	456,645
Loss on deemed disposal	-	(2,129,256)
Total carrying amount of investment	25,304,702	22,440,507

Reality (Lanka) Limited has obtained an inter-company loan from Singer (Sri Lanka) PLC and as per the accounts as at 31.03.2019 of Reality (Lanka) Limited, such loan balance of Rs.62,150,770/- has been capitalized by issuing 6,215,077 shares at Rs.10/- per share on 20th October 2019 after obtaining the approvals from the Board and the Shareholders of Reality (Lanka) Limited. Accordingly, the Company's holding of the Investment, Reality Lanka Limited has been reduced from 15% to 9.9% with effect from the said date.

17 PRE-PAID OPERATING LEASES - LEASEHOLD RIGHT

ACCOUNTING POLICY

The non-current and current portion of pre-paid operating lease solely consists of the operating lease paid in advance for the land acquired by the group from Board of investment (BOI) in Sri Lanka.

Amortisation

Amortisation is calculated to write off the cost of leasehold assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful life of leasehold assets with finite life is as follows:

	Period	% Per Annum
Leasehold right	50	2

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

The non-current and current portion of pre- paid operating lease solely consists of the operating lease paid in advance for the land acquired by the group from Board of investment (BOI) in Sri Lanka. The Group amortise the leasehold land over the lease period of 50 years, on straight line basis. The Reconciliation of pre paid operating lease is as follows:

	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Balance at beginning of the year	61,917,822	63,219,072	-	-
Amortisation	(1,301,249)	(1,301,250)	-	-
Balance at end of the year	60,616,573	61,917,822	-	-

18 INVENTORIES

ACCOUNTING POLICY

Inventories are measured at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

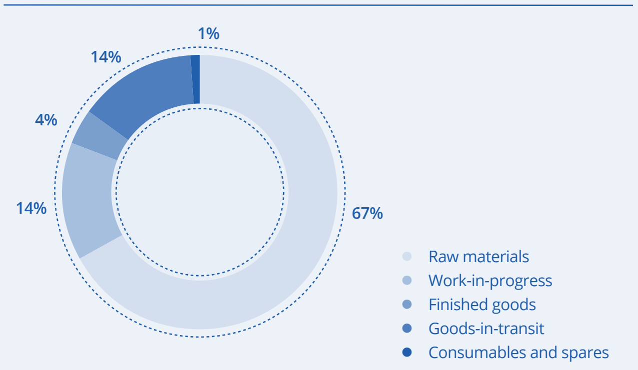
The cost of each category of inventory is determined on the following basis:

Inventory item	Cost recognition criteria
Raw materials	At actual cost
Finished goods and Work-in-progress	At the cost of direct materials, direct labour and an appropriate proportion of production overheads based on normal operating capacity
Goods-in-transit	At actual cost

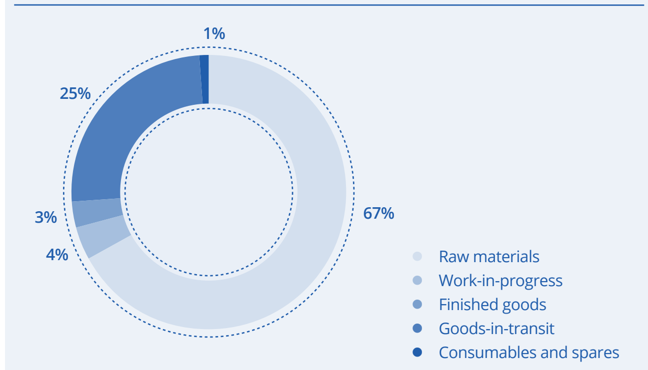
All inventory items are tested for impairment periodically

GROUP

2020/21

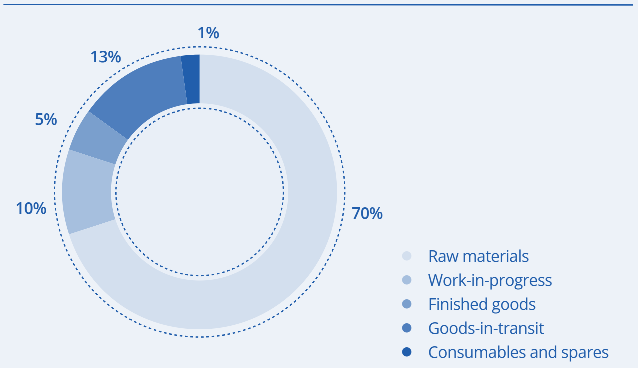


2019/20

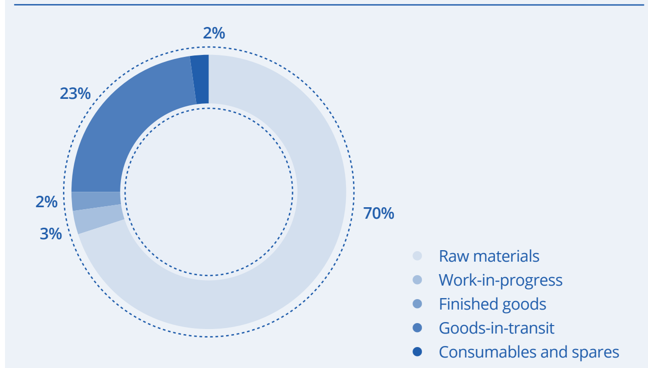


COMPANY

2020/21



2019/20



NOTES TO THE FINANCIAL STATEMENTS

18 INVENTORIES (CONTD.)

18.1 Summery of inventories

		GROUP		COMPANY	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
Raw materials	at cost	1,059,320,473	862,928,801	761,826,767	609,376,932
Work-in-progress	at cost	226,057,937	52,567,960	113,400,903	27,283,672
Finished goods	at cost	63,751,767	38,106,761	58,392,470	14,198,802
Goods-in-transit	at cost	212,910,448	324,051,637	137,068,278	200,310,040
		1,562,040,625	1,277,655,159	1,070,688,418	851,169,446
Consumables and spares	at cost	16,231,089	15,176,251	16,231,089	15,176,251
		1,578,271,714	1,292,831,410	1,086,919,507	866,345,697
Less: Provision for inventories		(63,653,390)	(29,762,715)	(45,117,318)	(10,169,998)
Total inventories		1,514,618,324	1,263,068,695	1,041,802,189	856,175,699

Raw materials, consumables and changes in work-in-progress and finished goods recognised as cost of sales by the Group and Company amounted to Rs. 4,140,353,097/- (2019-20-Rs. 4,001,297,649/-) and Rs.2,974,725,219/- (2019-20-Rs.2,610,364,829/-) respectively.

18.2 Provision for Inventory

	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Balance at beginning of the year	29,762,716	16,268,359	10,169,998	11,766,027
Charge for the year	34,223,246	18,670,414	35,279,891	3,580,028
Utilised during the year	(332,572)	(5,176,058)	(332,571)	(5,176,057)
Balance at end of the year	63,653,390	29,762,715	45,117,318	10,169,998

18.3 There were no inventories pledged as securities for bank facilities obtained by the Group/Company as at 31st March 2021.

19 TRADE AND OTHER RECEIVABLES

		GROUP		COMPANY	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
19.1	**Non-Current**				
	Operating lease deposits (Note 19.4)	-	3,579,160	-	-
	Loans to Company employees (Note 19.3)	4,772,065	7,345,393	3,541,269	5,808,921
		4,772,065	10,924,553	3,541,269	5,808,921
19.2	**Current**				
	Advances and trade and other receivables	82,551,505	29,301,108	71,133,765	27,206,818
	Other taxes recoverable (Note 19.5)	4,551,715	2,688,738	-	-
		87,103,220	31,989,846	71,133,765	27,206,818
	Loans to company employees (Note 19.3)	2,251,113	2,638,935	1,853,082	2,360,605
	Rent deposits (Note 19.4)	3,579,160	-	-	-
		92,933,493	34,628,781	72,986,847	29,567,423
	Total	97,705,558	45,553,334	76,528,116	35,376,344

		GROUP		COMPANY	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
19.3	**Loans to Company employees**				
	Summary				
	Balance at the beginning of the year	9,984,328	10,014,227	8,169,526	8,168,537
	Loans granted during the year	-	1,686,440	-	1,686,440
	Unwinding of interest	1,043,545	1,259,464	804,716	1,015,855
	Less: Recoveries	(4,004,695)	(2,975,803)	(3,579,891)	(2,701,306)
	Balance at the end of the year	7,023,178	9,984,328	5,394,351	8,169,526
	Current/Non-current distinction				
	Amount receivable within one year	2,251,113	2,638,935	1,853,082	2,360,605
	Amount receivable after one year	4,772,065	7,345,393	3,541,269	5,808,921
		7,023,178	9,984,328	5,394,351	8,169,526
19.4	**Operating lease deposits**				
	Summary				
	Balance at the beginning of the year	3,579,160	3,579,160	-	-
	Deposits during the year	-	-	-	-
	Balance at the end of the year	3,579,160	3,579,160	-	-
	Current/Non-current distinction				
	Amount receivable within one year	3,579,160	-	-	-
	Amount receivable after one year	-	3,579,160	-	-
		3,579,160	3,579,160	-	-
19.5	**Other taxes recoverable**				
	Value added tax (VAT)	4,551,715	2,688,738	-	-
		4,551,715	2,688,738	-	-

20 AMOUNTS RECEIVABLE FROM RELATED PARTIES

		GROUP		COMPANY	
		2021	2020	2021	2020
	Relationship	Rs.	Rs.	Rs.	Rs.
Singer (Sri Lanka) PLC	Parent Company	752,971,919	452,441,095	571,562,508	360,171,164
Regnis Appliances (Pvt) Ltd	Subsidiary	-	-	13,467,693	57,330,142
Singer Industries (Ceylon) PLC	Related Company	8,317,242	13,886,929	-	-
		761,289,161	466,328,024	585,030,201	417,501,306

Group exposure to credit risks relating to trade and other receivables are disclosed in note 34.1 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

21 PREPAYMENTS

	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Pre-paid rent	1,458,608	1,389,150	-	-
Pre-paid employee benefit	1,961,595	3,053,245	1,509,455	2,420,249
Other prepayments	9,858,659	6,256,781	8,765,708	6,042,943
Total	13,278,862	10,699,176	10,275,163	8,463,192

22 CASH AND CASH EQUIVALENTS

ACCOUNTING POLICY

Cash and cash equivalents comprise cash in hand and demand deposits, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Bank overdrafts, if any, which form an integral part of cash management, are included as a component of cash and cash equivalents for the purposes of the statement of cash flows. In the statement of financial position, bank overdrafts are included under liabilities.

Components of cash and cash equivalents

		GROUP		COMPANY	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
22.1	**Favourable cash and cash equivalent balances**				
	Cash at bank	5,996,597	5,976,273	5,740,159	4,432,532
	Cash in hand	150,000	153,735	100,000	100,000
	Cash and cash equivalents	6,146,597	6,130,008	5,840,159	4,532,532
22.2	**Unfavourable cash and cash equivalent balances**				
	Bank overdraft (Note 22.2.1)	(31,024,177)	(56,240,070)	(24,481,220)	(52,187,765)
	Total cash and cash equivalents for the purpose of statement of cash flows	(24,877,580)	(50,110,062)	(18,641,061)	(47,655,233)
22.2.1	**Bank/Institution**				
	Commercial Bank	23,441,115	12,171,362	23,441,115	12,171,362
	Hatton National Bank	-	4,052,305	-	
	National Development Bank	307,433	35,204,433	-	35,204,433
	Sampath Bank	6,235,524	-	-	
	Seylan Bank	1,040,105	4,811,970	1,040,105	4,811,970
		31,024,177	56,240,070	24,481,220	52,187,765

23 STATED CAPITAL

ACCOUNTING POLICY

Ordinary shares in the Company are recognised at the amount paid per ordinary share net of directly attributable issue cost.

23.1 Number of shares - Ordinary shares

	At the beginning of the year 01.04.2020	Issued for cash during the year	Issued for non-cash consideration (share subdivision)	At the end of the year 31.03.2021
Ordinary shares - Numbers	11,267,863	-	11,267,863	22,535,726
	11,267,863	-	11,267,863	22,535,726
Ordinary shares - Value (Rs.)	211,192,425	-	-	211,192,425
	211,192,425	-	-	211,192,425

The holders of ordinary shares are entitled to receive dividend as declared from time to time are entitled to one vote per share at a meeting of the Company.

23.2 Shares held by Group Companies

The shares of the Company held by the Group Companies as at 31 March are as follows:

	COMPANY			
	2021		2020	
	Number	%	Number	%
Singer (Sri Lanka) PLC	13,137,154	58.29	6,568,577	58.29
	13,137,154		6,568,577	

The ordinary shares of the company were subdivided by splitting each issued ordinary share into two (02) ordinary shares from 4th March 2021. Consequently the total number of existing issued Ordinary Shares were increased from 11,267,863 to 22,535,726 without changing the Stated Capital of the Company which will remain at Rs. 211,192,425/-.

24 RESERVES

24.1 Revaluation Reserve

	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Revaluation reserve relates to the surplus on revaluation of land and buildings				
The movement of revaluation reserve as follows:				
Balance at the beginning of the year	425,097,057	430,654,557	425,097,057	430,654,557
Deferred tax effect on tax rate change	41,125,720	-	41,125,720	-
Realisation of revaluation surplus	(5,557,500)	(5,557,500)	(5,557,500)	(5,557,500)
Balance at the end of the year	460,665,277	425,097,057	460,665,277	425,097,057

The revaluation reserve relates to freehold land and buildings as at the date of revaluation.

NOTES TO THE FINANCIAL STATEMENTS

24 RESERVES (CONTS.)

24.2 Fair value through other comprehensive income

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	Rs.	Rs.	**Rs.**	Rs.
Balance at the beginning of the year	**4,440,507**	6,113,118	**4,440,507**	6,113,118
Surplus/(deficit) during the year	**2,348,640**	(1,672,611)	**2,348,640**	(1,672,611)
Balance at the end of the year	**6,789,147**	4,440,507	**6,789,147**	4,440,507
Total reserves	**467,454,424**	429,537,564	**467,454,424**	429,537,564

With the adoption of SLFRS 09 the Group and Company has classified its available for sales financial assets to fair value through other comprehensive income (FVOCI) category.

25 DEFERRED TAX LIABILITIES

ACCOUNTING POLICY

Deferred income tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities

Deferred tax assets and liabilities are offset only if certain criteria are met.

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	Rs.	Rs.	**Rs.**	Rs.
Balance at the beginning of the year	**249,482,186**	236,077,928	**240,350,074**	227,949,895
Origination/(reversal) of temporary difference:				
Recognised in profit or loss	**(61,634,863)**	12,039,703	**(58,064,002)**	10,983,623
Amount (originating)/reversal during the year-recognised in statement of other comprehensive income				
Deferred tax on re-measurement (losses)/gain on defined benefit obligation	**(546,479)**	1,512,614	**(496,344)**	1,416,556
Deferred tax on equity investments at FVOCI – change in fair value	**515,555**	-	**515,555**	-
Deferred tax adjustment on SLFRS 16 initial adoption	**-**	(148,059)	**-**	-
Impact on deferred tax rate change on revaluation reserve	**(41,125,720)**	-	**(41,125,720)**	-
Balance at the end of the year	**146,690,679**	249,482,186	**141,179,563**	240,350,074

25.1 Potential impact from change in corporate income tax rate

On instruction by the Ministry of Finance, the Inland Revenue Department notified by way of Press notice dated 12th February 2020, a new concessionary income tax rate of 18% on the gains and profits from manufacturing (The rate applicable previously was 28%) pending formal amendments being made to the Inland Revenue Act No. 24 of 2017, with the same to be implemented with effect from 1st January 2020. The amending legislation enacting the above was subsequently certified by parliament on 13th May 2021, before these financial statements were authorized.

	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Deferred tax assets	40,199,526	45,443,439	31,065,880	33,821,839
Deferred tax liabilities	186,890,205	294,925,625	172,245,442	274,171,913
Net deferred tax liabilities	146,690,679	249,482,186	141,179,562	240,350,074

25.2 Recognised deferred tax assets and liabilities - Group

	2021		2020	
	Assets	Liabilities	Assets	Liabilities
	Rs.	Rs.	Rs.	Rs.
Property, plant and equipment	-	110,133,716	-	174,156,792
Revaluation of land	-	74,026,297	-	115,152,017
Fair value change of FVOCI investment	-	515,555		
Right of use asset	-	2,214,637	-	5,413,550
Employee benefits obligation	26,287,196	-	34,967,836	-
Provision for bonus	1,029,972	-	-	203,266
Provision for warranty	8,019,234	-	2,070,445	-
Provision for inventory	2,263,354	-	2,945,029	-
Lease liability	2,599,771	-	5,460,129	-
	40,199,526	186,890,205	45,443,439	294,925,625
Net deferred tax liabilities	-	146,690,679	-	249,482,186

Recognised deferred tax assets and liabilities - Company

	2021		2020	
	Assets	Liabilities	Assets	Liabilities
	Rs.	Rs.	Rs.	Rs.
Property, plant and equipment	-	97,703,590	-	159,019,896
Revaluation of land	-	74,026,297	-	115,152,017
Fair value change of FVOCI investment	-	515,555	-	-
Employee benefits obligation	24,972,339	-	33,821,839	-
Provision for warranty	6,290,518	-	-	-
Provision for inventory	(196,976)	-	-	-
	31,065,880	172,245,442	33,821,839	274,171,913
Net deferred tax liabilities	-	141,179,562	-	240,350,074

NOTES TO THE FINANCIAL STATEMENTS

26 EMPLOYEE BENEFITS

ACCOUNTING POLICY

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

26.1 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the income statement in the periods when they incurred.

Employees are eligible for Employees' Provident Fund contributions, Mercantile Services Provident Society and Employees' Trust Fund contributions in line with respective rules and regulations. The Group contributes 12%, 12% and 3% of gross emoluments of employees to Employees' Provident Fund, Mercantile Services Provident Society and Employees' Trust Fund respectively and is recognised as an expense in profit or loss in the periods during which services are rendered by employees.

Following contributions have been made to Employees' Provident Fund, Mercantile Services Provident Society Fund and Employees' Trust Fund during the year.

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	Rs.	Rs.	**Rs.**	Rs.
Employees' Provident Fund (EPF)				
Employer's contribution (12%)	**16,952,042**	15,948,021	**14,749,558**	13,799,896
Employees' contribution (8%)	**11,301,362**	10,632,014	**9,833,039**	9,199,931
Mercantile Services Provident Society (MSPS)				
Employer's contribution (12%)	**7,173,822**	6,427,301	**6,713,388**	5,999,590
Employees' contribution (12%)	**7,173,822**	6,427,301	**6,713,388**	5,999,590
Employees' Trust Fund (ETF) (3%)	**6,031,538**	5,593,041	**5,365,736**	4,949,810

26.2 Defined benefit plans - Provision for employee benefits

The Group net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefits that employees have earned in current and prior periods and discounting that amount. The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method, recommended by the Sri Lanka Accounting Standard – LKAS 19 on 'Employee Benefits'. Under the payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service the liability is not externally funded. Recognition of actuarial gain/(Losses) re-measurement of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in OCI. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability, taking in to account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

The Group maintains a non-contributory defined benefit plan providing for gratuity benefits payable to employees which is expressed in terms of final monthly salary and service.

Valuation of employee benefit obligation

As at 31st March 2021, the gratuity liability was actuarially valued by a professionally qualified actuary Mr. Pushpakumara Gunasekera, Actuary/ Associate of the Institute of Actuaries of Australia (AIAA) of Smiles Global (Pvt) Limited.

26.3 Actuarial assumptions

Actuarial assumptions	Criteria	Description
Demographic assumptions	Mortality - In service	A1967/70 Mortality table issued by the Institute of Actuaries, London (ultimate mortality table)
	Staff withdrawal rate	The staff turnover rate at an age represents the probability of an employee leaving within one year of that age due to reasons other than death, ill health and normal retirement. The withdrawal rate of Regnis (Lanka) PLC 4% (2020 4%), Regnis Appliances (Pvt) Ltd 3% (2020 6%)
	Normal retirement age	The employees who are aged over the specified retirement age have been assumed to retire on their respective next birthdays. Management Staff 60 years, Non-management Staff 55 years
Financial assumptions	Rate of discount	Change in economic environment causes an increase in corporate bond yields which is used as the discount rate for valuation will decrease the value of liabilities and vice versa 2020 8% p.a (2019 10% p.a)
	Salary increases	A salary increment of 7% p.a. (2019/20 – 9% p.a.) has been used in respect of the active employees

26.4 Movement in the present value of employee benefits

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	Rs.	Rs.	**Rs.**	Rs.
Present value of unfunded gratuity	**146,039,975**	126,522,268	**138,735,216**	120,792,281
Total present value of the obligation	**146,039,975**	126,522,268	**138,735,216**	120,792,281
Provision for employee benefits movement in the present value of employee benefits				
Balance at the beginning of the year	**126,522,268**	118,780,699	**120,792,281**	113,741,322
Current service costs	**7,355,864**	6,478,181	**6,527,923**	5,815,358
Interest costs	**12,652,228**	13,065,876	**12,079,229**	12,511,545
Adjustment due to transfer of employees	**486,129**	-	**486,129**	-
Actuarial loss/(gain) on obligation	**3,035,995**	(5,539,415)	**2,757,467**	(5,059,127)
Benefits paid during the year	**(4,012,509)**	(6,263,073)	**(3,907,813)**	(6,216,817)
Balance at the end of the year	**146,039,975**	126,522,268	**138,735,216**	120,792,281

NOTES TO THE FINANCIAL STATEMENTS

26 EMPLOYEE BENEFITS (CONTD.)

26.5 Expenses recognised in income statement

	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Interest cost	12,907,170	13,174,368	12,079,229	12,511,545
Current service costs	7,100,922	6,369,689	6,527,923	5,815,358
Total expenses recognised in income statement	20,008,092	19,544,057	18,607,152	18,326,903

26.6 Actuarial losses/ (gains) recognised in statement of profit or loss and other comprehensive income

Actuarial losses/ (gains) due to changes in assumptions	159,831	(114,863)	331,148	(159,989)
Actuarial losses/ (gains) due to changes in experience	2,876,164	(5,424,551)	2,426,319	(4,899,138)
Total actuarial losses/ (gains)	3,035,995	(5,539,414)	2,757,467	(5,059,127)

26.7 Maturity analysis of the payments

Within next 12 months	18,591,745	13,123,149	17,965,773	13,123,149
Between 1 to 2 years	17,281,802	5,816,794	17,281,802	5,695,045
Between 2 to 5 years	35,818,357	37,470,381	35,138,121	37,086,277
Between 5 to 10 years	55,985,114	52,893,006	50,136,602	50,122,596
Beyond 10 years	18,362,957	17,218,940	18,212,918	14,765,216
Total	146,039,975	126,522,268	138,735,216	120,792,283

The required accounting provision of the Group as at 31 March 2021 has been determined based on the recommendation of this report.

26.8 Sensitivity of assumptions used

Effect on the defined benefit obligation liability is one percentage point change in the assumptions, would have the following effects.

		Effect			
		2021		2020	
		Group	Company	Group	Company
		Rs.	Rs.	Rs.	Rs.
(a)	Discount rate				
	Increase by one percentage point - (Decrease)	(7,698,612)	(6,815,105)	(6,413,191)	(5,942,008)
	Decrease by one percentage point - Increase	7,053,764	6,291,404	7,085,559	6,541,482
(b)	Salary increment rate				
	Increase by one percentage point - Increase	7,157,918	6,399,884	6,895,504	6,360,030
	Decrease by one percentage point - (Decrease)	(7,958,122)	(7,063,399)	(6,352,103)	(5,879,978)

27 TRADE AND OTHER PAYABLES

ACCOUNTING POLICY

TRADE PAYABLES

Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

OTHER PAYABLES

Other liabilities include accruals, advances and liabilities for government institutions and these liabilities are recorded at the amounts that are expected to be paid.

	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Trade payables	892,214,486	516,129,547	620,412,913	369,752,657
Sundry creditors and accrued expenses (Note 27.1)	89,372,228	40,363,640	45,155,723	18,488,570
Value added tax ,excise duty and nation building tax payable	19,787,162	17,641,441	19,460,405	13,760,986
Total trade and other payable	1,001,373,876	574,134,628	685,029,041	402,002,213

27.1 Sundry creditors and accrued expenses

Sundry creditors	1,303,909	1,465,393	1,123,524	569,494
Accrued expenses	88,068,319	38,898,247	44,032,199	17,919,076
Total	89,372,228	40,363,640	45,155,723	18,488,570

28 AMOUNTS DUE TO RELATED PARTIES

28.1 Amounts due to Related Parties - Trade

		GROUP		COMPANY	
		2021	2020	2021	2020
	Relationship	Rs.	Rs.	Rs.	Rs.
Regnis Appliances (Pvt) Ltd	Subsidiary	-	-	90,569,875	113,725,697
Singer Industries (Ceylon) PLC	Related entity	24,080,430	35,918,921	300,163	240,126
		24,080,430	35,918,921	90,870,038	113,965,823

28.2 Amounts due to Related Parties - Non Trade

Singer (Sri Lanka) PLC	Parent	19,314,752	19,234,973	15,111,239	17,952,027
Hayleys PLC	Ultimate parent	678,562	367,811	593,063	294,405
Singer Industries (Ceylon) PLC	Related entity	2,851,202	425,217	-	425,217
		22,844,516	20,028,001	15,704,302	18,671,649
Total		46,924,946	55,946,922	106,574,340	132,637,472

The Group exposure to required risk related to trade and other payable is disclosed in Note 34.1 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

29 PROVISIONS

ACCOUNTING POLICY

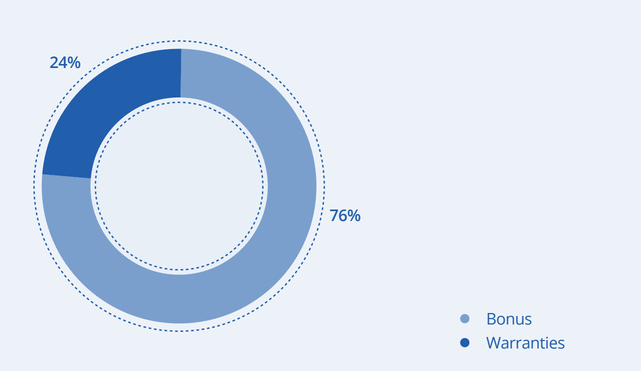
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

WARRANTY

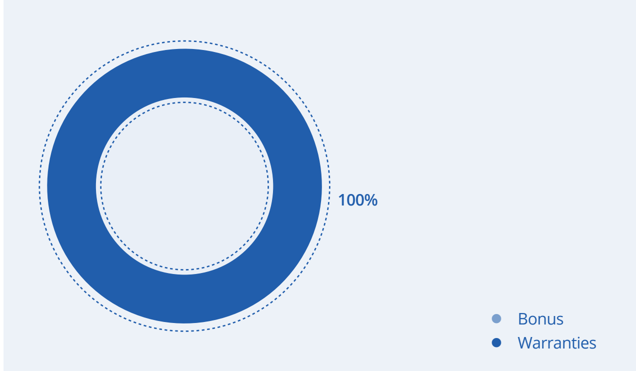
Warranty provision has been recognized for the expected warranty claims on products manufactured at Regnis. The provision is based on last twelve months warranty claims received and the current annual turnover.

GROUP

2020/21

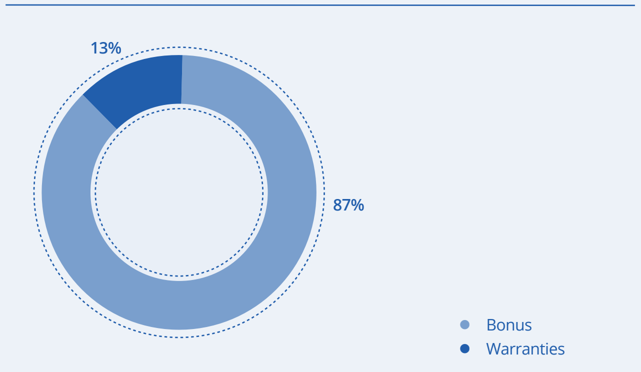


2019/20

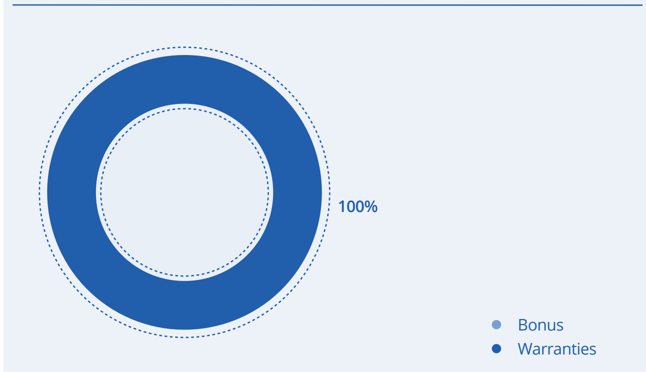


COMPANY

2020/21



2019/20



29.1 Provisions - Group

	2021			2020
	Warranties	Bonus	Total	Total
	Rs.	Rs.	Rs.	Rs.
Balance at the beginning of the year	18,174,490	(8,490,173)	9,684,317	64,854,746
Provision made during the year	15,366,230	72,124,552	87,490,782	(2,009,930)
Utilised during the year	(17,208,793)	(11,319,057)	(28,527,850)	(53,160,499)
Balance at the end of the year	16,331,927	52,315,322	68,647,249	9,684,317

Warranties: A provision of Rs.15,366,230/- has been recognised for expected future warranty claims for products sold.

Bonus: A provision of Rs.72,124,552/- has been recognised for expected bonus payable for all employees employed as at 31st March 2021.

29.2 Provisions - Company

	2021			2020
	Warranties	**Bonus**	**Total**	Total
	Rs.	**Rs.**	**Rs.**	Rs.
Balance at the beginning of the year	**7,822,264**	**(7,473,844)**	**348,420**	45,001,160
Provision made during the year	**6,510,502**	**64,094,792**	**70,605,294**	(6,182,820)
Utilised during the year	**(7,604,816)**	**(10,027,695)**	**(17,632,511)**	(38,469,920)
Balance at the end of the year	**6,727,950**	**46,593,253**	**53,321,203**	348,420

Warranties: A provision of Rs.6,510,502/- has been recognised for expected future warranty claims for products sold.

Bonus: A provision of Rs.64,094,792/- has been recognised for expected bonus payable for all employees employed as at 31st March 2021.

30 INCOME TAX

30.1 Income tax recoverable

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	Rs.	Rs.	**Rs.**	Rs.
Income tax recoverable	**4,984,024**	45,193,790	**4,984,024**	39,749,876

30.2 Income tax payable

Income tax payable	**3,284,617**	-	**-**	-

30.3 Income tax (recoverable)/payable

Balance at the beginning of the year	**(45,193,790)**	(52,613,052)	**(39,749,876)**	(41,953,592)
Tax on profit for the year (Note 11.1)	**46,747,233**	34,113,354	**38,075,902**	18,782,923
Over provision in respect of previous year	**(3,252,850)**	(155,992)	**(3,310,050)**	(155,992)
WHT on dividend received from subsidiary	**-**	2,100,000	**-**	-
Current tax expense for the year (Note 11)	**43,494,383**	36,057,362	**34,765,852**	18,626,931
Payments made during the year	**-**	(28,638,100)	**-**	(16,423,215)
Net income tax recoverable	**(1,699,407)**	(45,193,790)	**(4,984,024)**	(39,749,876)
Income tax recoverable	**(4,984,024)**	(45,193,790)	**(4,984,024)**	(39,749,876)
Income tax payable	**3,284,617**	-	**-**	-
	(1,699,407)	(45,193,790)	**(4,984,024)**	(39,749,876)

31 DIVIDENDS PAYABLE

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	Rs.	Rs.	**Rs.**	Rs.
Balance at the beginning of the year	**75,739,760**	37,422,866	**75,739,760**	37,422,866
Final dividends - Rs. 2.60 paid on 16th April 2021(2020 Rs.6.25)	**58,592,888**	70,424,144	**58,592,888**	70,424,144
Dividend claimed during year	**(69,554,272)**	(32,107,250)	**(69,554,272)**	(32,107,250)
Unclaimed dividend as at end of the year	**64,778,376**	75,739,760	**64,778,376**	75,739,760

NOTES TO THE FINANCIAL STATEMENTS

32 LOANS AND BORROWINGS

32.1 Payable within one year

	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Short-term bank loans (Note 32.2)	514,570,173	467,793,315	334,527,703	298,042,635
Loan from related Company (Note 32.3)	-	46,000,000	-	46,000,000
Interest payable	515,760	839,955	395,805	528,211
Total	515,085,933	514,633,270	334,923,508	344,570,846

32.2 Short-Term Loans

	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Balance at the beginning of the year	467,793,315	809,269,953	298,042,635	599,875,063
Obtained during the year	3,458,763,480	2,106,293,680	2,601,314,112	1,336,635,726
Repayments during the year	(3,411,986,622)	(2,447,770,318)	(2,564,829,044)	(1,638,468,154)
Balance at the end of the year	514,570,173	467,793,315	334,527,703	298,042,635

32.3 Loan from Related Company -Singer (Sri Lanka) PLC

Balance at the beginning of the year	46,000,000	150,000,000	46,000,000	150,000,000
Repayments during the year	(46,000,000)	(104,000,000)	(46,000,000)	(104,000,000)
Balance at the end of the year	-	46,000,000	-	46,000,000

32.4 Lease liabilities

Please refer Note 4.8 for accounting policy relating to leases under SLFRS 16.

	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Lease liabilities as at 1st April	28,672,655	11,417,694	-	-
Recognition of new lease agreement during the period	-	29,528,445	-	-
Payment of lease liabilities	(16,464,132)	(13,497,248)	-	-
Accrual interest	2,234,648	1,223,764	-	-
Cumulative lease liabilities as at 31st March	14,443,171	28,672,655	-	-
Maturity analysis – Contractual cash flows				
Current/Non-current distinction				
Less than one year	14,443,169	15,601,494	-	-
Between one and five years	-	13,071,159	-	-
More than five years	-	-	-	-
	14,443,169	28,672,653	-	-

32.5 Group

Terms and conditions of outstanding loans were as follows

	Lender	Carrying amount	
		2021	2020
		Rs.	Rs.
Short- term	Hatton National Bank	200,000,000	115,000,000
	National Development Bank	140,000,000	70,000,000
	Sampath Bank	46,000,000	45,000,000
Trust receipt	Commercial Bank	-	169,635,093
	Hatton National Bank	53,608,953	56,673,222
	Sampath Bank	74,961,221	-
	Seylan Bank	-	11,485,000
Related company loan	Singer (Sri Lanka) PLC	-	46,000,000
Interest payable		515,360	839,955
Loans and borrowings		515,085,534	514,633,270

Securities for the above facilities are as follows.

- Corporate Guarantee executed by Singer (Sri Lanka) PLC for Rs. 455.50 Mn for the facilities granted to Regnis (Lanka) PLC .
- Corporate Guarantee executed by Regnis (Lanka) PLC for Rs. 410.0 Mn for the facilities granted to Regnis Appliances (Pvt) Ltd.

32.6 Company

	Lender	Carrying amount	
		2021	2020
		Rs.	Rs.
Short- term	Hatton National Bank	200,000,000	50,000,000
	Seylan Bank	50,000,000	-
	Sampath Bank	-	25,000,000
Trust receipt	Commercial Bank	-	169,635,093
	Hatton National Bank	53,608,953	41,922,538
	Sampath Bank	30,918,751	-
	Seylan Bank	-	11,485,000
Related company loan	Singer (Sri Lanka) PLC	-	46,000,000
Interest payable		395,805	528,211
Loans and borrowings		334,923,509	344,570,842

Securities for the above facilities are as follows.

- Corporate Guarantee executed by Singer (Sri Lanka) PLC for Rs. 455.50 Mn for the facilities granted to Regnis (Lanka) PLC ..
- The Group’s exposure to credit risk and liquidity risk is given in Note 36 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

33 DIVIDENDS

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	Rs.	Rs.	**Rs.**	Rs.
Dividends - Rs.2.60 paid on 16th April 2021(2019/20- Rs.6.25)	**58,592,888**	70,424,144	**58,592,888**	70,424,144
	58,592,888	70,424,144	**58,592,888**	70,424,144

33.1 Under the Inland Revenue Amendment Act, No. 24 of 2017, a Withholding tax of 14% has been imposed on dividends declared from 01st April 2018. In case of any dividend paid to the shareholder of Company prior to April 01, 2019, out of dividend received by the Company from other company on which tax had been deducted prior to April 01, 2018 in accordance with the provisions of the Inland Revenue Act No 10 of 2006, such dividend shall not be subjected to tax under the provisions of the Inland Revenue Act No 24 of 2017.

33.2 Compliance with Article 7 of the Articles of Association of the Company and Section 57 of the Companies Act No 7 of 2007

In terms of Article 7 of the Articles of Association of the Company, a final dividend of Rs. 2.60 per share was paid on 16th April 2021 respectively for the twelve months financial period ended 31st March 2021. The Board signed a Certificate of Solvency stating that the Company would satisfy the Solvency Test immediately after the said distribution is made in accordance with Section 57 of the Companies Act No. 07 of 2007.

The Board of Directors obtained a Certificate of Solvency from the Auditors prior to the date of dispatch of the dividend payment.

34 FINANCIAL INSTRUMENTS

34.1 Financial risk management -Overview

The Group has exposure to the following risks arising form financial instrument.

- Credit risk
- Market risk
- Liquidity risk

The note presents information about Group's exposure to each of above risks, the Group's objectives, policies and processes measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Group's risk management policies are established to identify and analyses the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The board of directors oversees how management monitor compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

34.1.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party to a financial instrument fail to meet contractual obligations. Credit risk arises principally from the Group's receivables from related parties and placement of deposits.

Guarantees

The Group policy is to provide financial guarantees only to the affiliate companies.

The Company has provided financial guarantees to the wholly-owned subsidiary.

Details of the guarantees are given in Note 32.7 to this report.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting date was :

	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Trade and other receivables (Note 19.2)	97,705,558	45,553,334	76,528,116	35,376,344
Amounts due from related parties (Note 20)	761,289,161	466,328,024	585,030,201	417,501,306
Cash at bank (Note 22.1)	5,996,597	5,976,273	5,740,159	4,432,532
Investment in equity securities-FVOCI (Note 16.1)	25,304,702	22,440,507	25,304,702	22,440,507
Total	890,296,018	540,298,138	692,603,178	479,750,689

Trade and other receivables

The maximum exposure to credit risk for related party and trade other receivables at the end of the reporting date was:

	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Trade and other receivables	97,705,558	45,553,334	76,528,116	35,376,344
Amounts due from related parties (Note 20)	761,289,161	466,328,024	585,030,201	417,501,306
Total	858,994,719	511,881,358	661,558,317	452,877,650

Maximum exposure to credit risk for receivables at the reporting date by type of counter-party was:

	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Singer (Sri Lanka) PLC	752,971,919	452,441,095	571,562,508	360,171,164
Singer Industries (Ceylon) PLC	8,317,242	13,886,929	-	-
Regnis Appliances (Pvt) Ltd	-	-	13,467,693	57,330,142
Loans to company employees (Note 19.3)	7,023,178	9,984,328	5,394,351	8,169,526
Advances, trade and other receivables	86,130,665	32,880,268	71,133,765	27,206,818
Other taxes recoverable	4,551,715	2,688,738	-	-
Total	858,994,719	511,881,358	661,558,317	452,877,650

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL INSTRUMENTS (CONTD.)

The Group's principal customer, Singer (Sri Lanka) PLC, settles dues on a four-week credit term.

Loans are given to permanent confirmed employees and are deducted from the salaries as per the terms of granting the loan.

Company has adequate security over the vehicle loans granted.

The credit quality of financial assets which are neither past due nor impaired can be assessed by reference to historical information on counter-party default rates. All receivables of the Company has a history of zero defaults. None of the above assets are impaired.

Cash at bank

Both the Group/Company held cash at bank of Rs.5,996,597/- and 5,740,159/- respectively- as at 31 March 2021. The cash at bank are held with reputed commercial banks.

	GROUP		COMPANY	
Fitch rating	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
AA-	804,150	264,252	804,150	264,252
AA-	465,938	187,543	465,938	187,543
AA-	60,501	65,804	60,501	65,804
A+	373,909	806,621	373,909	695,413
AA-	1,854,206	1,110,822	1,597,768	1,110,822
AA-	682,743	-	682,743	-
A+	1,143,272	430,045	1,143,272	430,045
AA-	100,000	1,532,532	100,000	99,999
A+	501,121	504,121	501,121	504,121
A	10,757	-	10,757	
A	-	1,074,533	-	1,074,533
Total bank balance	5,996,597	5,976,273	5,740,159	4,432,532

34.1.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations related to its financial liabilities, through settlement by cash or financial assets. Liquidity risk is managed by the Group by ensuring as much as possible, sufficient liquidity to meet liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or tarnishing the Group's reputation.

Liquidity issues can have an adverse impact on ongoing operations as well as investment decisions of the Group. In order to minimise the risk, the Company regularly reviews its liquidity position and reports to the Board. Future cash requirements are ascertained through continuous rolling forecasts. Further, the expected cash inflows from trade receivables, outflows from trade payables and imports are closely monitored by the Group.

The Group also maintains excellent relationships with banks, it has dealings with and enjoys substantial banking facilities. The Group aims to maintain banking facilities in excess of expected funding requirement. The table below highlights the lines of credit and utilised facilities as at 31st March 2021.

	GROUP		COMPANY	
	2021		2020	
	Facility amounts	Utilisation	Facility amounts	Utilisation
	Rs.	Rs.	Rs.	Rs.
Short-term loans	926,000,000	386,000,000	690,000,000	250,000,000
Import loans	739,042,470	128,570,173	695,000,000	84,527,703
Bank overdraft	260,000,000	31,024,177	195,000,000	24,481,220
	1,925,042,470	545,594,350	1,580,000,000	359,008,923
Letter of credit facility vs utilisation	1,514,957,530	1,033,469,822	1,100,000,000	513,589,243
Total borrowings with Letter of credit	3,440,000,000	1,579,064,172	2,680,000,000	872,598,166

In addition, the treasury of the parent Company, Singer (Sri Lanka) PLC also assists the Company by providing funds at competitive rates in times of need.

This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

Group		Contractual cash flows					
31st March 2021	Carrying amount	Total	1 Month	2 Months	3-12 Months	1-2 Years	Over 2 Years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs
Bank loans	515,085,933	516,311,909	516,311,909	-	-	-	-
Bank overdraft	31,024,177	31,024,177	31,024,177	-	-	-	-
Trade and other payables	1,001,373,876	1,001,373,876	1,001,373,876	-	-	-	-
Amounts due to related parties	46,924,946	46,924,946	46,924,946	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL INSTRUMENTS (CONTD.)

Group		Contractual cash flows					
31st March 2020	Carrying amount	Total	1 Month	2 Months	3-12 Months	1-2 Years	Over 2 Years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs
Bank loans	514,633,270	517,068,640	517,068,640	-	-	-	-
Bank overdraft	56,240,070	56,240,070	56,240,070	-	-	-	-
Trade and other payables	574,134,628	574,134,628	574,134,628	-	-	-	-
Amounts due to related parties	55,946,922	55,946,922	55,946,922	-	-	-	-

Company		Contractual cash flows					
31st March 2021	**Carrying amount**	**Total**	**1 Month**	**2 Months**	**4-12 Months**	**1-2 Years**	**Over 2 Years**
	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs**
Bank loans	**334,923,508**	**336,149,884**	**336,149,884**	**-**	**-**	**-**	**-**
Bank overdraft	**24,481,220**	**24,481,220**	**24,481,220**	**-**	**-**	**-**	**-**
Trade and other payables	**685,029,041**	**685,029,041**	**685,029,041**	**-**	**-**	**-**	**-**
Amounts due to related parties	**106,574,340**	**106,574,340**	**106,574,340**	**-**	**-**	**-**	**-**

Company		Contractual cash flows					
31st March 2020	Carrying amount	Total	1 Month	2 Months	3-12 Months	1-2 Years	Over 2 Years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs
Bank loans	344,570,846	347,006,216	347,006,216	-	-	-	-
Bank overdraft	52,187,765	52,487,765	52,487,765	-	-	-	-
Trade and other payables	402,002,213	402,002,213	402,002,213	-	-	-	-
Amounts due to related parties	132,637,472	132,637,472	132,637,472	-	-	-	-

Gross inflows/outflows disclosed in the previous table represents the contractual undiscounted cash flows obtained on variable interest rates. Interest payments of these loans indicated in the table above reflect the present market interest rates at the period end and may vary according to changes in the market interest rates.

34.1.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that would impact Group's income or the value of investment in financial instruments. The objective of managing market risk is to manage and control market risk exposures within acceptable parameters, while optimising returns.

a) Currency risk

The Group is exposed to currency risk on purchases that are denominated in a currency other than the respective financial currencies of Group entities. The currency in which these transactions primarily are denominated in US Dollars. The currency risk is limited by the short-term nature of the period between the dates of the purchase and settlements of the related liability.

	GROUP		COMPANY	
As at 31st March	**2021**	2020	**2021**	2020
	USD	USD	**USD**	USD
Trade payables	**3,616,780**	2,241,454	**2,451,422**	1,565,032
Net exposure	**3,616,780**	2,241,454	**2,451,422**	1,565,032

On reporting date Book rate was USD 1 = LKR 199.83 (2019 - USD 1 = LKR 189.91)

Sensitivity Analysis

Group

At 31 March 2021, the pre-tax profit and shareholder equity of the Group would be (Rs. '000) 43,364 (2020- 17,027), (higher/lower) based on the appreciation/depreciation of the Sri Lankan Rupee by 6% (2020- 4%) against the US$, due to the US$ denominated trade payables.

	Equity		Profit and loss	
As at 31st March 2021	**Appreciation**	**Depreciation**	**Appreciation**	**Depreciation**
	USD	**USD**	**USD**	**USD**
USD (6% movement)	**(43,364)**	**43,364**	**(43,364)**	**43,364**

	Equity		**Profit and loss**	
As at 31st March 2020	Appreciation	Depreciation	Appreciation	Depreciation
	USD	USD	USD	USD
USD (4% movement)	(17,027)	17,027	(17,027)	17,027

Company

At 31 March 2021, the pre-tax profit and shareholder equity of the Company would be (Rs. '000) 29,392 (2020 - 11,899), (higher/lower) based on the appreciation/depreciation of the Sri Lankan rupee by 6% (2020-4%) against the USD, due to the USD denominated trade payables.

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL INSTRUMENTS (CONTD.)

	Equity		Profit and loss	
As at 31st March 2021	Appreciation	Depreciation	Appreciation	Depreciation
	USD	USD	USD	USD
USD (6% movement)	(29,392)	29,392	(29,392)	(29,392)

	Equity		Profit and loss	
As at 31st March 2020	Appreciation	Depreciation	Appreciation	Depreciation
	USD	USD	USD	USD
USD (4% movement)	(11,899)	11,899	(11,899)	11,899

(b) Interest rate risk

The Group adopts a policy of ensuring borrowings are maintained at manageable levels while optimising returns. Interest rates are negotiated leveraging on the strength of the Singer Group and thereby ensuring the availability of cost-effective funding at all times, while minimising the negative effect of market fluctuations. In addition, Company has considerable banking facilities with several reputed banks which has enabled the Company to negotiate competitive rates.

The Group manages its Interest rate risk by monitoring and managing cash flows, negotiating favourable rate on borrowings and deposits including and maintaining and appropriate combination of fixed and variable rate debt.

Interest bearing assets	No such assets
Interest bearing liabilities	Bank overdrafts
	Short term loans
	Import loans

The borrowings are denominated in Sri Lankan rupees which is the functional currency.

Profile

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	Rs.	Rs.	**Rs.**	Rs.
Fixed rate instruments				
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-
	-	-	-	-
Variable rate instruments				
Financial assets	-	-	-	-
Financial liabilities	**546,110,110**	570,873,340	**359,404,728**	396,758,611
	546,110,110	570,873,340	**359,404,728**	396,758,611

Cash flow sensitivity for variable rate instruments

A reasonably possible change of 100 basis points in interest rate at the reporting date would have increased/ decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant:

	GROUP		COMPANY	
Profit or loss equity net of tax	1% Increase	1% Decrease	1% Increase	1% Decrease
	Rs.	Rs.	Rs.	Rs.
As at 31st March 2021				
Variable rate instruments	**5,461**	**(5,461)**	**3,594**	**(3,594)**
Cash flow sensitivity (net)	**5,461**	**(5,461)**	**3,594**	**(3,594)**
As at 31st March 2020				
Variable rate instruments	5,709	(5,709)	3,968	(3,968)
Cash flow sensitivity (net)	5,709	(5,709)	3,968	(3,968)

34.1.4 Capital management

The Board's policy is to maintain a strong capital base to maintain confidence of the investors, creditors and the market while sustaining future development of the business. Capital consists of total equity. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Board of Directors seek to maintain a balance between higher returns facilitated through a higher level of borrowings and the benefits and security afforded by a sound capital position.

The capital structure of the Group consists of net debt (borrowings as detailed in Notes 22.2.1& 32.1 offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings as detailed in Notes 23 and 24). The capital structure of the Group is reviewed by the Board of Directors. The gearing ratios are given below:

The gearing ratio at the end of the reporting period is as follows:

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	Rs.	Rs.	**Rs.**	Rs.
Total borrowings (Note 32.1 & 22.2.1)	**546,110**	570,873	**359,405**	396,759
Equity	**1,711,083**	1,541,832	**1,507,175**	1,352,281
Equity + Borrowing	**2,257,193**	2,112,705	**1,866,579**	1,749,039
Gearing Ratio	**24%**	27%	**19%**	23%

(1) Debt is defined as long and short-term borrowings as described in Notes 22.2.1 & 32.1

(2) Equity includes all capital and reserves of the Group and Company in Note 23 & 24

34.2 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL INSTRUMENTS (CONTD.)

34.2.2 Group

In Rs '000	Note	Loans and receivables	FVOCI	Other financial liabilities	Total carrying amount	Fair value			
						level 1	Level 2	Level 3	Total
As at 31st March 2021									
Cash and cash equivalents	22.1	6,147	-	-	6,147	-	-	-	-
Trade and other receivables	19.1 ,19.2	97,706	-	-	97,706	-	-	-	-
Amounts due from related parties	20	761,289	-	-	761,289	-	-	-	-
Investment in equity securities	16	-	25,305	-	25,305	-	-	25,305	25,305
		865,141	25,305	-	890,446	-	-	25,305	25,305
Bank loans	32.1	-	-	(515,086)	(515,086)	-	-	-	-
Trade and other payables	27	-	-	(1,001,374)	(1,001,374)	-	-	-	-
Amounts due to related parties	28	-	-	(46,925)	(46,925)	-	-	-	-
Bank overdraft	22.2	-	-	(31,024)	(31,024)	-	-	-	-
Dividends payable	31	-	-	(64,778)	(64,778)	-	-	-	-
		-	-	(1,659,187)	(1,659,187)	-	-	-	-

In Rs '000	Note	Loans and receivables	FVOCI	Other financial liabilities	Total carrying amount	Fair value			
						Level 1	Level 2	Level 3	Total
As at 31st March 2020					6,130	-	-	-	-
Cash and cash equivalents	22.1	6,130	-	-	45,553	-	-	-	-
Trade and Other receivables	19.1 ,19.2	45,553	-	-	466,328				
Amounts due from related parties	20	466,328			22,441	-	-	22,441	22,441
Investment in equity securities	16	-	22,441	-	540,452	-	-	22,441	22,441
		518,011	22,441	-	-	-	22,441	22,441	25,305
Bank loans	32.1	-	-	(514,633)	(514,633)	-	-	-	-
Trade and other payables	27	-	-	(574,135)	(574,135)	-	-	-	-
Amounts due to related parties	28			(55,947)	(55,947)				-
Bank overdraft	22.2	-	-	(56,240)	(56,240)	-	-	-	-
Dividends payable	31	-	-	(75,740)	(75,740)	-	-	-	-
Current tax liabilities	30	-	-	-	-	-	-	-	
		-	-	(1,276,695)	(1,276,695)	-	-	-	-

The management assessed that cash and short -term deposits, trade and other receivables, trade payables, bank overdrafts and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable and willing parties, other than in a forced sale or on liquidation.

34.2.1 Company

In Rs '000	Note	Loans and receivables	FVOCI	Other financial liabilities	Total carrying amount	Fair Value Level 1	Level 2	Level 3	Total
As at 31st March 2021									
Cash and cash equivalents	22.1	5,840	-	-	5,840	-	-	-	-
Trade and Other receivables	19.1 ,19.2	76,528	-	-	76,528	-	-	-	-
Amounts due from related parties	20	585,030			585,030				
Investment in Equity Securities	16	-	25,305	-	25,305	-	-	25,305	25,305
		667,398	25,305	-	692,703	-	-	25,305	25,305
Bank loans	32.1	-	-	(334,924)	(334,924)	-	-	-	-
Trade and other payables	27	-	-	(685,029)	(685,029)	-	-	-	-
Amounts due to related parties	28			(106,574)	(106,574)				
Bank overdraft	22.2	-	-	(24,481)	(24,481)	-	-	-	-
Dividends payable	31	-	-	(64,778)	(64,778)	-	-	-	-
		-	-	(1,215,786)	(1,215,786)	-	-	-	-

In Rs '000	Note	Loans and receivables	FVOCI	Other financial liabilities	Total carrying amount	Fair value Level 1	Level 2	Level 3	Total
As at 31st March 2020					4,533	-	-	-	-
Cash and cash equivalents	22.1	4,533	-	-	35,376	-	-	-	-
Trade and Other receivables	19.1 ,19.2	35,376	-	-	417,501				
Amounts due from related parties	20	417,501			22,441	-	-	22,441	22,441
Investment in Equity Securities	16	-	22,441	-	479,851	-	-	22,441	22,441
		457,410	22,441	-					
Bank loans	32.1	-	-	(344,571)	(344,571)	-	-	-	-
Trade and other payables	27	-	-	(402,002)	(402,002)	-	-	-	-
Amounts due to related parties	28			(132,637)	(132,637)				
Bank overdraft	22.2	-	-	(52,188)	(52,188)	-	-	-	-
Dividends payable	31	-	-	(75,740)	(75,740)	-	-	-	-
Current tax liabilities	30	-	-	-	-	-	-	-	-
		-	-	(1,007,138)	(1,007,138)	-	-	-	-

The management assessed that cash and short -term deposits, trade and other receivables, trade payables, bank overdrafts and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable and willing parties, other than in a forced sale or on liquidation.

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL INSTRUMENTS (CONTD.)

Reconciliation of fair value measurements of level 3 financial instrument

The Group and Company Equity Investments at fair value through other comprehensive income (FVOCI) instruments classified as Level 3 within the fair value hierarchy.

	Investment in Equity Security			
	GROUP		COMPANY	
	2021	2020	2021	2020
	Rs '000	Rs '000	Rs '000	Rs '000
Balance as at 1st April	22,441	24,113	22,441	24,113
Deemed disposal loss	-	(2,129)	-	(2,129)
Fair value gain	2,864	457	2,864	457
Balance as at 31st March	25,305	22,441	25,305	22,441

The fair value through other comprehensive income (FVOCI) is determined by considering Regnis (Lanka) PLC's, share of the investee's net assets (Note 16)

35 COMMITMENTS AND CONTINGENCIES - GROUP/COMPANY

35.1 Finance Commitments

Document credit are effected for foreign purchases of the Group amounting to Rs.654,410,643/- (2019/20- Rs. 469,099,977/-).

Document credit are effected for foreign purchases of the Company amounting to Rs. 417,087,519/- (2019/20- Rs. 379,753,070 /-).

35.2 Lease commitment - Group

(a) The land and buildings of Regnis Appliances (Pvt) Ltd

Lease unexpired period details are as follows:

Location of premises	Unexpired Period as at 31st March 2021
Moratuwa	Twenty one months

Lease rentals are payable as follows :

As at 31st March	2021	2020
	Rs. Mn	Rs. Mn
Within one year	4.38	4.17
Between one to five years	6.13	-

35.3 Contingencies

35.4.1 Corporate guarantees were given to banks on behalf of Regnis Appliances (Pvt) Ltd amounting to Rs. 410 Mn for the purpose of obtaining banking facilities.

35.4.2 The Company cleared a shipment of imported goods during the year 2008 on provision of a bank guarantee amounting to Rs. 6,522,083/- to the Director of Customs. The bank guarantee relates to alleged additional duty payable on imports which is contested by the Company. The customs inquiry initiated in 2008 is still pending. The management is of the opinion that there is no basis that the Company is liable for the additional duty and hence, no provision is made in the financial statements.

Other than the above, Company does not have significant contingencies as at the reporting date.

35.5 Capital commitments

There were no material capital commitments as at the reporting date.

36 DISCLOSURE REGARDING IMPACT OF COVID-19

The outbreak of the COVID-19 pandemic and the measures adopted by Government to mitigate the pandemic's spread and economic stability have moderately impacted the Company and the Group.

Company and the Group have evaluated the resilience of its businesses considering factors such as profitability, cash reserves, effective working capital management, strong net asset position and potential sources of financing facilities.

The impact of COVID-19 on the country's economy and how businesses and consumers respond is uncertain. There could be a possible increase in credit risk due to the loss of income by some of the businesses and the individuals which would delay the settlements of customer dues as well as some of the customers may default its settlements.

However, Regnis Group has very limited risk on recoverability of trade receivable balances as all receivables are from the parent company, Singer (Sri Lanka) PLC and other affiliate companies of Singer Group.

The Company and the Group have negotiated financial liabilities with better terms and has adopted a control over the expenditure. Therefore, the Group is confident that there are no material uncertainties that may cast significant doubt on its ability to continue as going concern which arise due to the liquidity risk.

The Regnis Group imports substantial amount of its products which are subject to foreign exchange volatilities and resultant cost escalations. Towards mitigating this risk Group Treasury is deeply analysing the foreign exchange market and working closely with relevant financial institutions and other stakeholders including the parent and ultimate parent company. Based on these proactive analysis and other stakeholder interactions, the Regnis group is implementing various foreign exchange management tools and other related businesses strategies to lessen possible financial impacts.

Further, the Regnis Group has evaluated all guidelines issued by the Government as well as international best practices and the Singer Group of Companies have developed health and safety guidelines to ensure suitable working arrangements and safe conditions for employees, customers and other stakeholders.

While there is uncertainty over the extent of the impact and longevity of the Covid-19 outbreak, the Company has so far coped well with the challenges and are confident that through our operating model and financial strength we are well placed. Nevertheless, Group envisages that no impact on the business continuity and expect to manage supply chain challenges effectively to provide continuous resource requirements for production as well as to fulfill the consumer demand to continue for a foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

37 EVENTS OCCURRING AFTER THE REPORTING DATE

No circumstances have arisen since the reporting date, which would require adjustments to or disclosure except for the following:

The Regnis (Lanka) PLC was paid the interim dividend of Rs. 2.60 per ordinary share for the year ended March 31, 2020/21 and made an announcement to CSE on March 26, 2021 which was paid to the shareholders on April 16, 2021.

The Regnis Appliances (Pvt) Ltd was paid the final dividend of Rs. 0.80 per ordinary share for the year ended March 31, 2020/21, which was paid on April 7, 2021.

38 RELATED PARTY DISCLOSURES

The company carries out transanctions in the ordinary course of its business on an arm's length basis with parties who are defined as "Related Parties" in Sri Lanka Accounting Standard (LKAS 24) "The Related Parties discloures, the details are as follows".

38.1 Parent and ultimate controlling party

Singer (Sri Lanka) PLC is the parent company of Regnis (Lanka) PLC which holds 58.29% of the company. The Hayleys PLC is the ultimate parent company of Regnis (Lanka) PLC.

On 15th October 2018, Hayleys PLC purchased the balance 35,562,883 (9.47%) Ordinary shares held by Retail Holdings (Sri Lanka) BV in Singer (Sri Lanka) PLC at a price of Rs.47/- per share upon Retail Holdings (Sri Lanka) BV exercising their option to sell its shares to Hayleys PLC as previously agreed.

After accepting this offer, Hayleys PLC together with its group Companies holds 90.43% (80.96% previously) of Singer(Sri Lanka) PLC.

38.2 Transactions with Parent Company and Subsidiary Company

(a) During the year Company had following transactions with its Parent Company:

Singer (Sri Lanka) PLC

Principal activities	Nature of transaction	2021	2020
		Rs.	Rs.
The principal activities of the Company were marketing domestic and industrial sewing machines, appliances, furniture, agricultural equipment, personal computers and manufacturing furniture and agricultural equipment.	Corporate guarantees obtained on behalf of the Company	**455,500,000**	455,500,000
	Revenue	**3,931,147,224**	3,387,927,202
	Sales taxes	**314,502,360**	466,736,626
	Non-trade settlement	**88,408,814**	106,257,602
	Funds received for sales	**4,035,783,499**	4,181,482,128
	Expenses reimbursed	**87,450,674**	86,679,453
	Purchase of fixed asset	**116,869**	361,145
	Interest expense	**5,802,248**	15,642,776
	Interest expenses on Corporate Guarantee	**2,277,504**	2,280,206
	Balance receivable	**556,451,268**	342,219,168
	Loans settled	**46,000,000**	104,000,000
	Loan payable	**-**	46,000,000

(b) During the year Company had following transactions with its Subsidiary Company:
Regnis Appliances (Pvt) Ltd

Principal activities	Nature of transaction	2021 Rs.	2020 Rs.
Manufacture and assembly of washing machines, plastic chairs and producing plastic components for refrigerators.	Corporate guarantees given	**410,000,000**	410,000,000
	Purchases	**279,072,312**	262,954,789
	Sale of raw materials	**6,008,454**	2,972,895
	Funds paid	**302,228,133**	249,626,627
	Non-trade settlement	**66,121,029**	14,611,648
	Expenses reimbursed	**3,829,857**	4,314,885
	Dividends received	**12,000,000**	61,650,000
	Interest expense	**3,679,731**	2,524,504
	Interest income on corporate guarantee	**4,100,001**	4,100,001
	Balance payable	**77,102,182**	56,395,555

38.2.1 Recurrent related party transactions

Name of the related party	Nature of transaction	Value of the related party transaction entered into during the financial year Rs.	Aggregate value of related party transaction as a % of net consolidated revenue	Aggregate value of related party transaction as a % of net company revenue	Term and condition of the related party transaction/ The rationale for entering into the transaction
Singer (Sri Lanka) PLC Parent Company	Sales	3,931,147,224	74%	**100%**	Arm's length transaction on normal commercial terms
	Sales taxes	314,502,360	6%	**8%**	
	Funds received for sales	4,035,783,499	76%	**102%**	
Regnis Appliances (Pvt) Ltd Subsidiary	Purchases	279,072,312	5%	**7%**	Arm's length transaction on normal commercial terms

38.3 Transactions with related entities

	Relationship
Singer Industries (Ceylon) PLC	Related entity
Reality (Lanka) Ltd	Related entity
Hayleys PLC	Ultimate parent

NOTES TO THE FINANCIAL STATEMENTS

38 RELATED PARTY DISCLOSURES (CONTD.)

Transactions with related entities

Name of the Company and Relationship	Nature of Transaction	2021	2020
		Rs.	Rs.
Singer Industries (Ceylon) PLC	Purchases	1,897,877	2,597,894
Related entity	Expenses reimbursed	464,809	99,257
	Interest expense	3,557	16,790
	Non-trade settlement	-	350,323
	Funds paid	1,801,805	2,458,573
	Balance payable	300,163	665,343
Hayleys PLC	Expenses reimbursed	5,887,972	3,683,159
Ultimate parent	Funds paid	5,589,314	3,419,423
	Balance payable	593,063	294,405
Reality (Lanka) Ltd Related entity	Change of fair value & loss on deemed disposal of FVOCI Investment	642,245	(1,672,611)

38.4 Transactions with Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Accordingly the key management personnel includes the board of directors of the Company, it's parent Company and its ultimate parent entity.

(i) Loans to Directors

No loans have been given to the Directors of the Company.

(ii) Key management personnel compensation

Key management personnel comprises the Directors of the Company

	2021	2020
	Rs.	Rs.
Short-term employment benefits	17,106,966	15,875,514

In addition to their salaries, the Company provides non-cash benefits to the key management personnel and contributes to a post-employment defined benefit plan on their behalf. Directors' emoluments are disclosed in Note 9 to the financial statements.

No other transactions were carried out with key management personnels of the Company and the Group.

Terms and conditions of transactions with related parties:

Transactions with related parties are carried out at terms equivalent to those that prevailing arm's length transactions. Outstanding current account balances at the year end are unsecured, and the settlements will be made in cash subject to the following credit periods.

	2021	2020
Singer (Sri Lanka) PLC	4 weeks	4 weeks
Regnis Appliances (Pvt) Ltd	8 weeks	8 weeks
Singer Industries (Ceylon) PLC	4 weeks	4 weeks

The related party borrowings are at pre-determined interest rates and terms. (March 2021- 4.85%)

38.5 The fully-owned subsidiary, Regnis Appliances (Pvt) Ltd had the following transaction with the Affiliate Companies, Singer (Sri Lanka) PLC, Singer Industries (Ceylon) PLC and Hayleys PLC.

Name of the company and relationship	Nature of transaction	2021	2020
		Rs.	Rs.
Singer (Sri Lanka) PLC Intermediate parent			
	Sales	1,351,652,741	1,641,710,601
	Sales taxes	110,669,572	234,477,288
	Non-trade settlement	14,000,000	20,543,934
	Funds received	1,373,216,009	2,002,567,252
	Expenses incurred	18,926,883	16,436,073
	Purchase of fixed assets	-	339,263
	Rent charged	102,687	81,861
	Interest Income	1,933,499	144,714
	Balance receivable	177,205,900	90,990,293
Singer Industries (Ceylon) PLC Related entity	Sales of raw materials	22,141,365	2,821,015
	Sales taxes	1,771,309	444,629
	Non trade settlement	-	439,648
	Purchases including taxes	115,493,048	140,214,901
	Funds Paid	106,461,462	131,765,578
	Funds received	10,011,288	
	Expenses incurred	1,020,953	25,118
	Interest expenses	371,208	408,780
	Balance payable	18,314,227	21,791,866
Hayleys PLC Ultimate parent	Secretarial Fee	1,193,502	931,695
	Expenses paid	1,181,410	858,289
	Balance payable	85,498	73,406

Terms and conditions of transactions with related parties:

Transactions with related parties are carried out at terms equivalent to those that prevail in arm's length transactions. Outstanding current account balances at the year end are unsecured, and the settlements will be made in cash subject to the following credit periods.

	2021	2020
Singer (Sri Lanka) PLC	4 weeks	4 weeks
Singer Industries (Ceylon) PLC	4 weeks	4 weeks

The related party borrowings are at pre-determined interest rates and terms. (March 2021 -4.85%)

INVESTOR INFORMATION

1 GENERAL

Value - Ordinary Shares	Rs. 211,192,425/-
Number of Shares - Ordinary Shares	22,535,726
Voting Rights	One vote per ordinary Share

Sub-division of ordinary shares (Voting)

The ordinary shares of the company were subdivided by splitting each issued ordinary share into two (02) ordinary shares from 4th March 2021. Consequently the total number of existing issued Ordinary Shares were increased from 11,267,863 to 22,535,726 without changing the Stated Capital of the Company which will remain at Rs. 211,192,425/-.

2 STOCK EXCHANGE LISTING

The Issued Ordinary Shares of Regnis (Lanka) PLC are listed with the Colombo Stock Exchange of Sri Lanka.

3 DISTRIBUTION OF SHAREHOLDINGS

	As at 31st March 2021			As at 31st March 2020		
	Number of shareholders	Number of shares	%	Number of shareholders	Number of shares	%
Less than 1001 shares	1,262	364,316	1.62	1,293	363,485	3.23
1001 to 10,000	720	2,297,733	10.20	360	1,152,992	10.23
10001 to 100,000	121	3,725,815	16.53	79	1,840,961	16.34
100001 to 1,000,000	10	1,409,670	6.25	5	1,341,848	11.91
Over 1,000,000 shares	2	14,738,192	65.40	1	6,568,577	58.29
	2,115	22,535,726	100.00	1,738	11,267,863	100.00

	As at 31st March 2021					
	Number of Shareholders		Number of shares		No of holdings %	
	Non - resident	Resident	Non - resident	Resident	Non - resident	Resident
Less than 1001 shares	7	1,255	2,634	361,682	0.01	1.60
1001 to 10,000	6	714	27,786	2,269,947	0.13	10.07
10001 to 100,000	2	119	47,700	3,678,115	0.21	16.32
100001 to 1,000,000	-	10	-	1,409,670	-	6.26
Over 1,000,000 shares	-	2	-	14,738,192	-	65.40
	15	2,100	78,120	22,457,606	0.35	99.65

4 SHARE INFORMATION

	2021	2020
	Rs.	Rs.
Closing pPrice for the year ended 31.03. 2021 and 31.03.2020	49.10 **	59.80 *
Highest value per share during the period	160.00 *	98.00 *
Lowest value per share during the period	40.00 **	54.00 *

* Prior to the sub-division of shares

** Subsequent to the sub-division of shares

Share trading for the period

	As at 31st March 2021	As at 31st March 2020
No of transactions	12,992	3,235
No of shares Traded	6,056,378	1,494,903
Value of shares Traded (Rs.)	602,254,097	112,737,943

5. DIRECTORS' AND CEO'S SHAREHOLDINGS

	As at 31st March 2021	As at 31st March 2020
	No. of shares	No. of shares
MR. A. M. PANDITHAGE	NIL	NIL
MR. M. H. WIJEWARDENE	NIL	NIL
MR. S. C. GANEGODA	NIL	NIL
MR. V. G. K.VIDYARATNE - Resigned w.e.f. 31st March 2021	120,310	60,155
MR. M. H. JAMALDEEN	NIL	NIL
MR. N. L S JOSEPH	NIL	NIL
MR. K. D. G. GUNARATNE	NIL	NIL
MR. K. D. KOSPELAWATTA	NIL	NIL
MR. D. K. DE SILVA WIJEYERATNE	NIL	NIL
MR. A. C. M. IRZAN (ALTERNATE TO MR K. D. KOSPELAWATTA)	NIL	NIL
MR. K. K. L. P. YATIWELLA (ALTERNATE TO MR M.H.WIJEWARDENE) - Resigned w.e.f. 31st March 2021	NIL	NIL

6. ANALYSIS OF SHARES

	As at 31st March 2021			As at 31st March 2020		
Class of member	Number of shareholders	Number of shares	%	Number of shareholders	Number of shares	%
Individual	1,994	6,123,393	27.2	1,624	2,903,215	25.77
Company	121	16,412,333	72.8	114	8,364,648	74.23
Total	2,115	22,535,726	100.0	1,738	11,267,863	100.00
Shares held by public	2,113	9,278,262	41.17%	1,736	4,639,131	41.17%

Float adjusted market capitalisation Rs. 455,562,664/-

The Company complies with option 5 of the Listing Rules 7.13.1 (a) - which requires a minimum public Holding of 20% for a Company having a float adjusted market capitalisation of less than Rs.2.5Bn.

INVESTOR INFORMATION

7. TWENTY LARGEST SHAREHOLDERS AS AT 31ST MARCH 2021

	Name	No of shares	%
1	SINGER (SRI LANKA) PLC	13,137,154	58.29
2	SEYLAN BANK PLC/CHANNA NALIN RAJAHMONEY	1,601,038	7.10
3	UNION INVESTMENTS PRIVATE LTD	249,200	1.11
4	MR.SUBRAMANIAM VASUDEVAN	240,000	1.06
5	MR.ILANGAGE DESHAPRIYA RANASINGHE PERERA	125,252	0.56
6	MR.AZEEZ JALALUDDIN RUMY	123,800	0.55
7	MR.VIDYARATNE GANITAGURUGE KULATUNGE VIDYARATNE	120,310	0.53
8	MR.PRIYANKA MANJULA PATHIRAJA/MRS. D.A.O. KANDAMUDALI	117,082	0.52
9	MRS.SONALI ROSHINI PERERA	116,564	0.52
10	PEOPLE'S LEASING & FINANCE PLC/MR.D.M.P.DISANAYAKE	111,484	0.49
11	MR.DUELEEP FAIRLIE GEORGE DALPETHADO/MRS. H.A.K.D. DALPETHADO	103,582	0.46
12	MR.NIHAL SAMARASURIYA/MRS. C. SAMARASURIYA	102,396	0.45
13	PEOPLE'S LEASING & FINANCE PLC/MR.H.A.D.U.G.GUNASEKERA	100,000	0.44
14	MR.ABEYSIRI HEMAPALA MUNASINGHE	93,844	0.42
15	MR.MOHOMAD HAFEEZ GHULAM HUSSAIN	89,210	0.40
16	PEOPLE'S LEASING & FINANCE PLC /MRS. C.M.DISSANAYAKE	80,000	0.35
17	MRS.HENE KANKANAMGE SANDAMINI RUKMAL PERERA	79,444	0.35
18	RICHARD PIERIS FINANCIAL SERVICES (PVT) LTD/W.P.A.S.PERERA	75,352	0.33
19	MR.ELMO FAVIAN WEERACKOON	75,174	0.33
20	MR.KISHORE SHASHI NIKHIL HIRDARAMANI	70,400	0.31
	SUB TOTAL	16,811,286	74.60

8. TWENTY LARGEST SHAREHOLDERS AS AT 31ST MARCH 2020

	Name	No of shares	%
1	SINGER (SRI LANKA) PLC	6,568,577	58.29
2	SEYLAN BANK PLC/CHANNA NALIN RAJAHMONEY	800,519	7.10
3	BNYM RE-MILLVILLE OPPORTUNITIES MASTER FUND, LP	154,996	1.38
4	MR. DUELEEP FAIRLIE GEORGE DALPETHADO/MRS. H.A.K.D. DALPETHADO	146,742	1.30
5	UNION INVESTMENTS PRIVATE LTD	124,600	1.11
6	MR. MILINDA RANJAN PERERA	114,991	1.02
7	Mr. AZEEZ JALALUDDIN RUMY	77,110	0.68
8	MR. VIDYARATNE GANITAGURUGE KULATUNGE VIDYARATNE	60,155	0.53
9	MR. PRIYANKA MANJULA PATHIRAJA/MRS. D.A.O. KANDAMUDALI	59,085	0.52
10	Mrs. SONALI ROSHINI PERERA	58,282	0.52
11	MR. ELMO FAVIAN WEERACKOON	56,351	0.50
12	J.B. COCOSHELL (PVT) LTD	48,965	0.43
13	TRADING PARTNERS (PVT) LTD	48,584	0.43
14	MRS. LILANI IRANDATHIE PERERA	47,989	0.43
15	MR. ABEYSIRI HEMAPALA MUNASINGHE	46,922	0.42
16	MR. SHYAMSUNDER RAMANATHAN	39,177	0.35
17	RICHARD PIERIS FINANCIAL SERVICES (PVT) LTD/W.P.A.S.PERERA	37,676	0.33
18	MR. KISHORE SHASHI NIKHIL HIRDARAMANI	35,200	0.31
19	HATTON NATIONAL BANK PLC/ROMANI KUMAR EARDLEY PATRICK DE SILVA	35,000	0.31
20	MR. ILANGAGE DESHAPRIYA RANASINGHE PERERA	34,054	0.30
	SUB TOTAL	8,594,975	76.28

INDEPENDENT ASSURANCE REPORT

Building a better working world

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Independent Assurance Report to Regnis (Lanka) PLC on the Sustainability Reporting Criteria Presented in the Integrated Annual Report- 2020/21

Introduction and scope of the engagement

The management of Regnis (Lanka) PLC ("the Company") engaged us to provide an independent assurance on the following elements of the sustainability reporting criteria presented in the annual report- 2020/21 ("the Report").

- Limited assurance on other information presented in the Report, prepared in accordance with the requirements of the Global Reporting Initiative GRI Standards: 'In accordance' – Core guidelines.

Basis of our work and level of assurance

We performed our procedures to provide limited assurance in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE 3000): 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information', issued by the Institute of Chartered Accountants of Sri Lanka ("ICASL").

The evaluation criteria used for this limited assurance engagement are based on the Sustainability Reporting Guidelines ("GRI Guidelines") and related information in particular, the requirements to achieve GRI Standards 'In accordance' - Core guideline publication, publicly available at GRI's global website at "www.globalreporting.org".

Our engagement provides limited assurance as well as reasonable assurance. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with SLSAE-3000 and consequently does not enable to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an opinion providing reasonable assurance.

Management of the Company's responsibility for the Report

The management of the Company is responsible for the preparation of the self-declaration, the information and statements contained within the Report, and for maintaining adequate records and internal controls that are designed to support the sustainability reporting

process in line with the GRI Sustainability Reporting Guidelines.

Ernst & Young's responsibility

Our responsibility is to express a conclusion as to whether we have become aware of any matter that causes us to believe that the Report is not prepared in accordance with the requirements of the Global Reporting Initiative, GRI Standards: 'In accordance' - Core guidelines. This report is made solely to the Company in accordance with our engagement letter dated 1st June 2021. We disclaim any assumption of responsibility for any reliance on this report to any person other than the Company or for any purpose other than that for which it was prepared. In conducting our engagement, we have complied with the independence requirements of the Code for Ethics for Professional Accountants issued by the ICASL.

Key assurance procedures

We planned and performed our procedures to obtain the information and explanations considered necessary to provide sufficient evidence to support our limited assurance conclusions. Key assurance procedures included:

- Interviewing relevant company personnel to understand the process for collection, analysis, aggregation and presentation of data.
- Reviewing and validation of the information contained in the Report.
- Checking the calculations performed by the Company on a sample basis through recalculation.
- Reconciling and agreeing the data on financial performance are properly derived from the Company's audited financial statements for the year ended 31 March 2021.
- Comparison of the content of the Report against the criteria for a Global Reporting Initiative, GRI Standards: 'In accordance' – Core guidelines.

INDEPENDENT ASSURANCE REPORT

Our procedures did not include testing electronic systems used to collect and aggregate the information.

Limitations and considerations

Environmental and social performance data are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

Conclusion

Based on the procedures performed, as described above, we conclude that;

- Nothing has come to our attention that causes us to believe that other information presented in the Report are not fairly presented, in all material respects, in accordance with the Company's sustainability practices and policies some of which are derived from Sustainability Reporting Guideline, GRI Standards- 'In accordance' Core.

Ernst & Young
1st June 2021
Colombo

GRI CONTEXT INDEX

GRI Standard	Disclosure	Page number	Reference
GRI 101: Foundation 2016 (does not include any disclosures)			
General Disclosures			
GRI 102: General Disclosures 2016	102-1 Name of Organisation	6	About this report
	102-2 Activities, brands, products and services	24	Our business
	102-3 Location of headquarters	47	Manufactured capital
	102-4 Location of operations	47	Manufactured capital
	102-5 Ownership and legal form	47	Manufactured capital
	102-6 Markets served	55	S & R capital
	102-7 Scale of the organisation	9 24	Our business, Snapshot of 2020/21
	102-8 Information on employees and other workers	48	Human capital
	102-9 Supply chain	54	S & R capital
	102-10 Significant changes to the organisation and supply chain	6	About this report
	102-11 Precautionary principle or approach	39	Strategic imperatives
	102-12 External initiatives	6	About this report
	102-13 Membership of associations	56	S & R capital
	102-14 Statement from senior decision maker	14, 16	Chairman & Group CEO's statement
	102-16 Values, principles, norms and standards of behaviour	64	Corporate Governance
	102-18 Governance Structure	61	Corporate Governance
	102-40 List of stakeholder groups	28	Stakeholder Dynamics
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	102-42 Identifying and selecting stakeholders	28	Stakeholder Dynamics
	102-43 Approach to stakeholder engagement	28	Stakeholder Dynamics
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	102-45 Entities included in the consolidated financial statements	24	Our business
	102-46 Defining report content and topic boundary	6, 29	About this report, Materiality
	102-47 List of material topics	29	Materiality
	102-48 Restatement of information	6	About this report
	102-49 Changes in reporting	6	About this report
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GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	57	Natural Capital
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GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	57	Natural Capital
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GRI 302: Energy 2016	302-1 Energy consumption within the organization	57	Natural Capital
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GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	57	Natural Capital
	103-2 The Management Approach and its components	57	Natural Capital
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GRI Standard	Disclosure	Page number	Reference
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GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	48	Human Capital
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GRI CONTEXT INDEX

GRI Standard	Disclosure	Page number	Reference
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DECADE AT A GLANCE

Period Ended	31st March 2021 (12 Months) Group Rs.	31st March 2020 (12 Months) Group Rs.	31st March 2019 (15 Months) Group Rs.	31st December 2017 (12 Months) Group Rs.	31st December 2016 (12 Months) Group Rs.	31st December 2015 (12 Months) Group Rs.	31st December 2014 (12 Months) Group Rs.	31st December 2013 (12 Months) Group Rs.	31st December 2012 (12 Months) Group Rs.	31st December 2011 (12 Months) Group Rs.
Revenue * *	**5,322,786**	5,041,418	6,844,458	4,867,250	4,791,256	4,148,657	3,194,513	2,492,702	2,494,531	2,340,675
Profit/(Loss) before taxation * *	**168,719**	155,996	115,862	215,119	471,750	456,431	200,357	122,485	99,395	117,086
Taxation	**18,140**	(48,097)	(24,690)	(60,003)	(121,426)	(112,292)	(46,159)	(22,686)	(18,364)	(33,493)
Profit/(Loss) after taxation * *	**186,859**	107,899	91,171	155,117	350,324	344,139	154,198	99,799.00	81,031	83,593
Profit from discontinued										
operations (net of tax)	**-**	-	-	-	-	-	-	8,047	6,224	-
Profit/(Loss) for the Year	**186,859**	107,899	91,171	155,117	350,324	344,139	154,198	107,845	87,255	83,593
Property plant and equipment	**1,215,769**	1,281,801	1,328,559	1,097,046	979,596	695,121	631,731	620,909	572,417	480,072
Intangible assets	**37,360**	2,688	3,196	3,832	2,183	983	1,140	638	732	827
Available for sale financial asset	**25,305**	22,441	24,113	22,850	20,181	20,562	20,696	19,960	19,749	15,582
Investment in subsidiary	**-**	-	-	-	-	-	-	-	-	100,000
Current assets	**2,393,250**	1,826,048	2,143,016	1,770,302	1,629,151	1,125,579	864,937	839,326	1,100,954	792,605
Current liabilities	**1,745,562**	1,301,980	1,712,946	1,184,847	838,968	431,812	361,908	452,124	781,124	645,619
Net current assets	**647,688**	524,068	430,070	585,454	790,183	693,767	503,030	387,202	319,830	146,986
Long term loans	**-**	-	-	-	-	-	41,250	110,500	75,250	47,250
Share Capital & Reserves										
Stated capital	**211,192**	211,192	211,192	211,192	211,192	211,192	211,192	211,192	211,192	100,123
Capital reserves	**467,454**	429,538	436,768	328,951	416,768	308,548	314,130	290,289	294,987	251,505
Revenue reserves	**1,032,436**	901,102	854,635	956,991	1,004,618	748,310	473,254	334,816	251,461	192,168
Share Holders Funds	**1,711,083**	1,541,832	1,502,595	1,497,134	1,632,579	1,268,050	988,577	836,298	757,641	543,796
Basic earnings per share from										
continuing operations	**8.29 *****	9.6 ***	8.09	13.77	31.09	30.54	13.68	8.86	8.11	8.64
Basic earnings per share after										
discontinued operations	**-**	-	-	-	-	-	13.68	9.57	8.73	-
Net assets per share										
at year end (Rs)	**79.93 *****	64.8 ***	133.35	132.87	144.88	112.53	88.62	74.22	67.24	56.3
Return on Average Net										
Assets %	**11**	7	6.0	9.91	24.16	30.4	16.8	13.5	13.40	16.20
Dividends (Rs) *	**58,593**	70,424	82,255	118,313	208,455	101,411	78,875	2,2536	28,170	28,975
Dividend cover *	**3.19**	1.5	1.11	1.31	1.68	3.4	1.95	4.8	3.1	1.44
Dividend per share (Rs.) *	**2.60**	6.25	7.30	10.50	18.50	9.00	7.00	2.00	2.50	6.00
Others										
Annual sales growth (%)	**6.0**	(26.3)	40.62	1.59	15.49	30	28	-	19.65	14.89
Inflation rate (%)	**4.7**	4.5	3.7	7.7	3.75	0.93	3.3	6.9	7.6	6.7
Current ratio	**1.37**	1.4	1.25	1.49	1.94	2.62	2.39	1.86	1.41	1.22
Investment in fixed assets (Rs.000)	**60,513**	42,553	171,699	176,859	216,420	108,966	28,416	80,117	72,206	21,410
Price earnings ratio (Times)	**5.92**	6.2	7.74	8.58	4.42	5.79	5.64	6.8	6.90	20.86
Market value of share	**49.10 *****	59.8	62.6	118.1	137.5	176.7	77.1	65	60	180.25

* Includes authorised final dividends.
** 2012 and 2013 constitute results from continuing operations
*** Subsequent to the sub - division of shares

GLOSSARY OF FINANCIAL TERMS

A

ACCOUNTING POLICIES

Specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

AMORTISATION

The expense of writing off over a fixed period, the initial value of an intangible asset such as goodwill, patents etc.

ASSET TURNOVER

Total revenue divided by average total assets Available-for-Sale All assets not in any of the three categories namely held to maturity fair value through profit or loss and loan and receivables. It is a residual category does not mean that the entity stands ready to sell these all the time.

AWPLR

The Average Weighted Prime Lending Rate is Calculated by the Central Bank weekly, monthly and half yearly based on commercial banks Lending rates offered to their prime customers.

B

BORROWINGS

All interest bearing liabilities.

C

CAPITAL EMPLOYED

Total assets less interest free liabilities, deferred income and provisions.

CAPITAL RESERVES

Reserves identified for specific purposes and considered not available for distribution.

CAPITAL EXPENDITURE

The total of additions to property, plant & Equipment, intangible assets, investment Property and the purchase of outside Investments.

CAPITAL RESERVES

Reserves identified for specific purposes and Considered not available for distribution.

CREDIT RISK

Risk that the counterparty to a transaction fails to meet its contractual obligations in accordance to the agreed terms and conditions.

CARRYING AMOUNT

The amount at which as asset is recognised in the statement of financial position.

CASH EQUIVALENTS

Liquid investments with original maturity periods of three months or less.

CONTRACT

An agreement between two or more parties that has clear economic consequences that the parties have little, if any discretion to avoid usually because the agreement is enforceable by law.

CONTINGENT LIABILITIES

Conditions or situations at Reporting date the financial effect of which are to be determined by future events which may or may not occur.

CURRENT RATIO

Current assets divided by current liabilities. A measure of liquidity.

D

DEBT

Total liabilities, excluding deferred income.

DEBT RATIO

Total liabilities divided by total assets.

DEFERRED TAXATION

The net tax effect on items which have been included in the Income Statement, which would only qualify for inclusion on a tax return at a future date.

DIVIDEND COVER

Profit attributable to ordinary shareholders divided by gross dividend. Measures the number of times dividend is covered by distributable profit.

DIVIDEND PAYOUT

Dividend per share divided by earnings per share.

DIVIDENDS PER SHARE (DPS)

Dividends paid and proposed, divided by the number of issued shares, which ranked for those dividends.

DIVIDEND YIELD

Dividend per share divided by the market value of a share.

E

EARNINGS PER SHARE

Profits attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.

EFFECTIVE RATE OF INTEREST

Total long-term and short-term interest divided by average long-term and short-term liabilities at the beginning and end of the year.

EQUITY

Shareholders' funds.

F

FINANCIAL ASSET

Any asset that is cash or an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity or a contractual right to exchange financial instruments with another entity under conditions that are potentially favorable.

FINANCIAL LIABILITY

A contractual obligation to deliver cash or another financial asset to another entity or exchange financial instruments with another entity under conditions that are potentially unfavorable.

FAIR VALUE

Fair value is the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transactions.

FINANCIAL INSTRUMENTS

Financial instrument is any contract that gives rise to both a financial assets in one entity and a financial liability or equity instrument in another entity.

G

GEARING

Proportion of borrowings to capital employed.

GROSS DIVIDEND

Portion of profits inclusive of tax withheld, distributed to shareholders.

H

HELD-TO-MATURITY

Debt assets acquired by the entity with positive intention to be held-to-maturity.

I

INTANGIBLE ASSETS

An identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services for rental to others or for administrative purposes.

INTEREST COVER

Profit before tax plus net finance cost divided by net finance cost. Measure of an entity's debt service ability.

IMPAIRMENT

This occurs when recoverable amount of an asset is less than its carrying value.

L

LIQUIDITY RISK

The risk of an entity having constrains to settle its financial liabilities. Loans and receivables A financial asset with fixed and determinable payments that are not quoted in an active market and do not qualify as trading assets.

M

MARKET CAPITALISATION

Number of shares in issue multiplied by the market value of a share at the reported date.

N

NET ASSETS PER SHARE

Shareholders' funds divided by the weighted average number of ordinary shares in issue. A basis of share valuation.

NON-CONTROLLING INTEREST

Equities in a subsidiary not attributable, directly or indirectly, to a parent.

NET PROFIT MARGIN

Net profit for the period divided by the revenue.

P

PRICE EARNINGS RATIO

Market price of a share divided by earnings per share as reported at that date.

Q

QUICK ASSET RATIO

Total current assets less inventories divided by total current liabilities.

R

RELATED PARTIES

Parties who could control or significantly influence the financial and operating policies of the business.

RETURN ON AVERAGE NET ASSETS EQUITY

Attributable profits divided by average shareholders' funds/total equity.

REVALUATION SURPLUS

Surplus amount due to revaluing assets in accordance with its fair value.

REVENUE RESERVES

Reserves considered as being available for distributions and investments.

S

SEGMENT

Constituent business units grouped in terms of similarity of operations and location.

T

TOTAL EQUITY

Total of share capital, reserves, retained earnings and non-controlling interest.

V

VALUE ADDITION

The quantum of wealth generated by the activities of the Group measured as the difference between turnover and the cost of materials and services bought in.

W

WORKING CAPITAL

Capital required to finance the day-today operations.

NOTES

NOTES

NOTICE OF ANNUAL GENERAL MEETING

REGNIS (LANKA) PLC
Company Number PQ 191

NOTICE IS HEREBY GIVEN THAT THE THIRTY FOURTH ANNUAL GENERAL MEETING OF REGNIS (LANKA) PLC, WILL BE HELD ON MONDAY 28TH JUNE 2021 AT 11.30 A.M. VIA ONLINE MEETING PLATFORM.

1. To receive, consider and adopt the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2021 with the Report of the Auditors thereon.

2. To re-elect as a Director Mr. N.L.S.Joseph, who retires by rotation at the Annual General Meeting in terms of Article 24(4) of the Article of Association of the Company.

3. To re-elect as a Director Mr. K.D.G.Gunaratne, who retires by rotation at the Annual General Meeting in terms of Article 24(4) of the Article of Association of the Company.

4. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. A. M. Pandithage, in terms of Section 211 of the Companies Act No.07 of 2007, who retires having attained the age of seventy years.

   Ordinary Resolution

   'That Mr. Abeyakumar Mohan Pandithage, who has attained the age of seventy years be and is hereby re-appointed a Director for a further period of one year and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the appointment of the said Director.'

5. To authorise Directors to determine contributions to charities for the financial year 2021/22.

6. To reappoint Messrs. KPMG, Chartered Accountants as the Auditors of the Company for the year 2021/22 and to authorise the Directors to determine their remuneration.

By Order of the Board
REGNIS (LANKA) PLC

(Sgd.)
HAYLEYS GROUP SERVICES (PVT) LTD
Secretaries

Colombo
25th May 2021

Notes:

1. A Shareholder is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Shareholder of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited with the Company Secretaries, Hayleys Group Services (Pvt) Ltd, No.400, Deans Road, Colombo 10, or emailed to regnisagm@secretarial.hayleys.com not less than 48 hours before the time fixed for the Meeting.

2. Please refer the Circular to shareholders dated 25th May 2021 and follow the instructions to join the meeting virtually.

FORM OF PROXY

REGNIS (LANKA) PLC

Company Number PQ 191

I/We* .... (full name of shareholder**) NIC No./Reg. No. of Shareholder (**) .... of .... Shareholder/Shareholders* of REGNIS (LANKA) PLC hereby appoint:

(1) ....(full name of proxyholder**)
NIC No. of Proxyholder (**) .... of .... or, failing him/them

(2) ABEYAKUMAR MOHAN PANDITHAGE (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our* proxy to attend and vote as indicated hereunder for me/us* and on my/our* behalf at the Thirty Fourth Annual General Meeting of the Company to be held on Monday, 28th June 2021 at 11.30 a.m. and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

		For	Against
1.	To adopt the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2021 with the Report of the Auditors thereon.	☐	☐
2.	To re-elect as a Director Mr. N.L.S.Joseph, who retires by rotation at the Annual General Meeting in terms of Article 24(4) of the Article of Association of the Company.	☐	☐
3.	To re-elect as a Director Mr. K.D.G.Gunaratne, who retires by rotation at the Annual General Meeting in terms of Article 24(4) of the Article of Association of the Company.	☐	☐
4.	To propose the Ordinary Resolution as set out in the Notice for the re-appointment of Mr. A.M. Pandithage as a Director, in terms of Section 211 of the Companies Act No.07 of 2007,who retires having attained the age of seventy years.	☐	☐
5.	To authorise Directors to determine contributions to Charities for the financial year 2021/22.	☐	☐
6.	To reappoint Messrs. KPMG, Chartered Accountants as the Auditors of the Company for the Year 2021/22 and to authorise the Directors to determine their remuneration.	☐	☐

*** The proxy may vote as he thinks fit on any other resolution brought before the meeting of which due notice has been given.

As witness my/our* hands this .... day of 2021

Witnesses:

Signature :..

Name :..

Address :..

NIC No. :..

....

Signature of the shareholders

Note:

(a) *Please delete the inappropriate words.
(b) A shareholder entitled to attend and vote at the Annual General meeting of the Company, is entitled to appoint a proxy to attend and vote instead of him/her and the proxy need not be a shareholder of the company.
** Full name of shareholder/proxy holder and their NIC Nos and Witness are mandatory. Your Proxy Form will be rejected if these details are not completed.
(c) A shareholder is not entitled to appoint more than one proxy to attend on the same occasion.
(d) Instructions are noted below.
(e) This Form of Proxy is in terms of the Articles of Association of the Company.
(f) Please refer the 'Circular to Shareholders' dated 25th May 2021 and follow the instructions to join the meeting virtually.

INSTRUCTIONS FOR COMPLETION

1 To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, Hayleys Group Services (Pvt) Ltd at No.400, Deans Road, Colombo 10, Sri Lanka or be emailed to regnisagm@secretarial.hayleys.com not less than forty eight (48) hours before the start of the Meeting.

2. In perfecting the Form of Proxy, please ensure that all requested details are filled in legibly including mandatory details. Kindly Sign and fill in the date of signing.

3. If you wish to appoint a person other than the Chairman of the Company (or failing him, one of the Directors) as your proxy, please insert the relevant details at overleaf. The proxy need not be a member of the Company.

4. Please indicate with an X in the space provided how your proxy is to vote on the resolutions. If no indication is given, the proxy in his discretion will vote as he thinks fit. Please also delete (***) if you do not wish your proxy to vote as he thinks fit on any other resolution brought before the meeting.

5. In the Case of a Company /Corporation the proxy must be under its common seal which should be affixed and attested in the manner prescribed by its Articles of Association or by a duly authorized director. In the case of the individual shareholders, the signature of the shareholder should be witnessed by any person over 18 years of age.

6. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.

7. In case of Marginal Trading Accounts (slash accounts), the form of Proxy should be signed by the respective authorised Fund Manager/Banker with whom the account is maintained.

CORPORATE INFORMATION

GENERAL

Name of the Company
Regnis (Lanka) PLC

Legal Form
A Public Limited Liability Company quoted in the Colombo Stock Exchange. Incorporated on 3rd June 1987 under the Company Act no. 17 of 1982 and re registered under the Companies Act No. 07 of 2007

Company Registration
Number PQ 191

Accounting Year End
March 31

Registered Office
No 52, Ferry Road, Off Borupana Road,
Ratmalana, Sri Lanka.
Tel: 0112622641, 0112635408
Fax: 0114216003, 0112622032

Tax Payer Identification Number (TIN)
134001488

Company Secretary/ Registrars
Hayleys Group Services (Private) Limited
Tel: 0112627650

Auditors
KPMG Chartered Accountants
No 32A, Sir Mohamed Macan Markar
Mawatha, Colombo 3.

Banks
Commercial Bank
National Development Bank
Hatton National Bank
Sampath Bank
Seylan Bank
People's Bank
DFCC Vardhana Bank
Cargills Bank

Legal Advisors
Neelakandan & Neelakandan
Attorneys -at-law
M&N Building (5th Floor)
No. 02 Deal Place, Colombo 03.

Management Team
Mr. K D Kospelawatta
Mr. K G G Perera
Mr. W K A P Wettewa
Ms. S Edirisinghe
Mr. M Ranasinghe
Mr. E N P Soysa
Mr. K K Atukorala
Mr. M. D D Prabhath
Mr. A Amarasinghe
Mr. A S Kendasinghe
Mr. A A K Maduranga
Mr. M De S Seneviratne
Ms. S Fernando
Mr. D W P Kandage
Mr. Y C Withanachchi
Mr. R G L S Rajapaksha
Ms. S A W M R S C Aranwela
Mr. I K C A P Iluppitiya
Mr. D H S R Madhusankha
Mr. O S Kapilasiri

BOARD OF DIRECTORS AND SUB-COMMITTEES

Board of Directors
Mr. A M Pandithage - Chairman
Mr. M H Wijewardene -
Managing Director/ CEO
Mr. V G K Vidyaratne -
Resigned w.e.f. 31st March 2021
Mr. S C Ganegoda
Mr. M H Jamaldeen
Mr. N L S Joseph
Mr. K D G Gunaratne
Mr. D K De S Wijeyeratne
Mr. K D Kospelawatta
Mr. L Yatiwella (Alternate Director to
Mr. M H Wijewardene) - *Resigned w.e.f. 31st March 2021*
Mr. M Irzan (Alternate Director to
Mr. Kelum Kospelawatta)

Board Sub-Committees
Board Nomination Committee
Board Nomination Committee of the Parent Company, Singer (Sri Lanka) PLC functions as the Board Nomination Committee of Regnis (Lanka) PLC
Mr. A M Pandithage - Chairman
Mr. K D D Perera
Mr. M H Jamaldeen

Board Audit Committee
Board Audit Committee of Parent Company, Singer (Sri Lanka) PLC functions as the Board Audit Committee of Regnis (Lanka) PLC
Mr. D K De S Wijeyeratne - Chairman
Mr. D Sooryaarachchi
Mr. M H Jamaldeen

Related Party Transactions Review Committee
RPT Review Committee of Parent Company, Singer (Sri Lanka) PLC functions as the RPT Review Committee of Regnis (Lanka) PLC
Mr. D Sooriyaarachchi - Chairman
Mr. D K De S Wijeyeratne
Mr. M H Wijewardene

Board Remuneration Committee
Remuneration Committee of Parent Company, Singer (Sri Lanka) PLC functions as the Remuneration Committee of Regnis (Lanka) PLC
Mr. M H Jamaldeen - Chairman
Mr. D D Sooryaarachchi
Mr. D K De S Wijeyeratne
Mr. A M Pandithage (Observer)

PARENT, SUBSIDIARY AND RELATED COMPANIES

Parent Company
Singer (Sri Lanka) PLC

Subsidiary Company
Regnis Appliances (Pvt) Ltd

Related Companies
Singer Industries (Ceylon) PLC
Reality (Lanka) Ltd

For any clarification on this report,
Please write to:
The Chief Financial Officer
Regnis (Lanka) PLC
No. 52, Ferry Road,
Off Borupana Road,
Ratmalana, Sri Lanka
Tel: 0112622641, 0112635408
Fax: 0114216003, 0112622032

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REGNIS (LANKA) PLC,
No 52,Ferry Road Off Borupana Road Rathmalana.