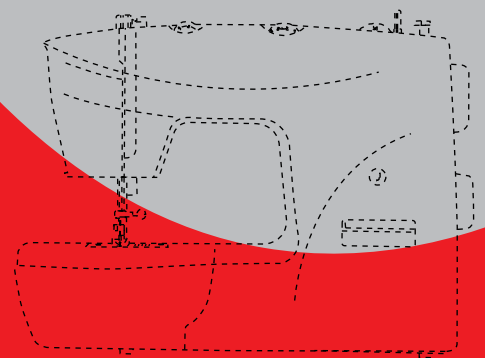
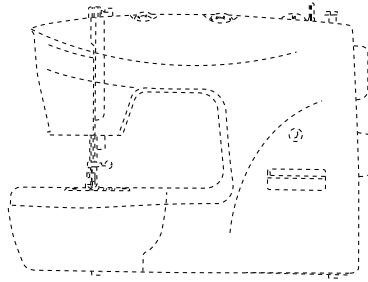


# Stitching the way to creativity







# Stitching the way to creativity

The pandemic which engulfed us in 2020 and thereon has created a renewed interest in sewing. Masks were considered a new-necessity and many turned to the trusted Singer sewing machine to turn out fabric masks both as a hobby and as a home business. During this phase sewing as a hobby and a craft has generated much interest amongst the millennials too. We believe that this momentum will continue to the future. Recognizing this positive trend, we are committed to make the right shifts in the right direction to accommodate the tech – savvy and expressive upcoming generation of crafters and hobbyists to express their creativity through the time-tested and perennial Singer sewing machine.

*Singer Industries (Ceylon) PLC is a limited liability Company incorporated and domiciled in Sri Lanka. Being in operation over five decades the Company is engaged in assembly of sewing machines and manufacture of cabinets and stands for sewing machines. The Company's sole customer is Singer Group.*

---

## OUR VISION

*To manufacture world-class appliances for the home*

## OUR MISSION

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

## OUR OBJECTIVE

- 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 norm

---

## OUR VALUES

### CONSUMERS

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

### SHAREHOLDERS

We provide a reasonable return while safeguarding their investment

### EMPLOYEES

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

### SUPPLIERS

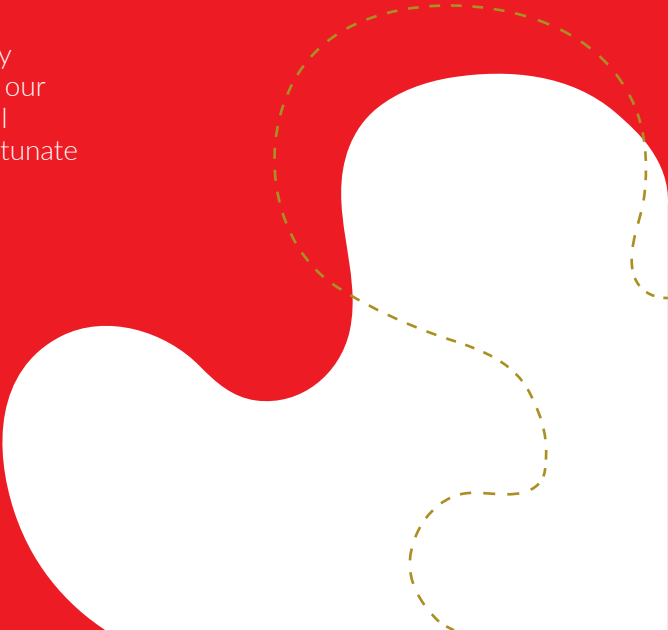
We develop our suppliers to be partners in progress and we share our growth with them

### 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





## CONTENTS

Financial Performance • 4
Chairman's Statement • 6
Group Chief Executive Officer's Message • 8
Board of Directors • 10
Management Discussion and Analysis • 12
Financial Review • 13
Statement of Value Added • 17
Nurturing our Human Resources • 18
Social Responsibility • 22
Environmental Footprint • 23
Outlook • 24
Risk Management Report • 25
Corporate Governance • 28
Audit Committee Report • 35
Remuneration Committee Report • 37
Nomination Committee Report • 38
Related Party Transaction Review Committee Report • 39

## FINANCIAL INFORMATION

# 41

Annual Report of the Board of Directors on the Affairs of the Company • 42
Statement of Directors' Responsibility • 47
Independent Auditor's Report • 48
Statement of Profit or Loss and Other Comprehensive Income • 52
Statement of Financial Position • 53
Statement of Changes in Equity • 54
Statement of Cash Flow • 55
Notes to the Financial Statements • 56
Ten Years at a Glance • 94
Share Information • 96
Notice of Annual General Meeting • 99
Notes • 100
Form of Proxy • 103
Corporate Information • Inner Back Cover

# Financial Performance

		2020/21	2019/20
<b>Financial Performance</b>			
Revenue	Rs. Million	630	542
Gross loss	Rs. Million	(42)	(20)
Interest income	Rs. Million	18	19
Interest expense	Rs. Million	(9)	(10)
Operating (loss)/profit	Rs. Million	(20)	8
Share of profit/(loss) of equity accounted investee	Rs. Million	9	(5)
(Loss)/profit before tax	Rs. Million	(2)	11
Income tax (expenses)/reversal	Rs. Million	(5)	4
(Loss)/profit for the year	Rs. Million	(7)	15
Gross dividend	Rs. Million	Nil	9
<b>Financial Position as at 31 March</b>			
Property, plant and equipment	Rs. Million	1,113	1,120
Non-current assets	Rs. Million	1,511	1,495
Current assets	Rs. Million	465	397
Total assets	Rs. Million	1,976	1,891
Stated capital	Rs. Million	100	100
Interest bearing short term loans & overdrafts	Rs. Million	139	88
Total liabilities	Rs. Million	531	541
<b>Share Information</b>			
Highest value recorded during the year	Rs.	140.00*	78.00*
Lowest value recorded during the year	Rs.	43.00**	50.20*
Total No. of shares	Nos.	20,000,760	10,000,380
Float-adjusted market capitalisation as at 31 March	Rs. Million	110	77
<b>Profitability Ratios</b>			
Net profit margin	%	(1.1)	2.8
ROCE	%	0.4	1.5
Return on total assets	%	(0.4)	0.8
<b>Liquidity Ratios</b>			
Current ratio	Times	1.61	2.13
Quick asset ratio	Times	1.10	1.30
<b>Equity Ratios</b>			
Basic (loss)/earnings per share	Rs.	(0.35)	1.53
Diluted (loss)/earnings per share ***	Rs.	(0.35)	0.76
Dividend per share ***	Rs.	Nil	0.46
Net asset value per share ***	Rs.	72.27	67.52
<b>Debt Ratios</b>			
Gearing ratio	%	8.8	6.1
Interest cover	Times	0.78	2.13

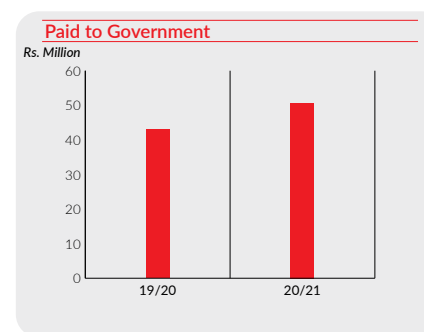
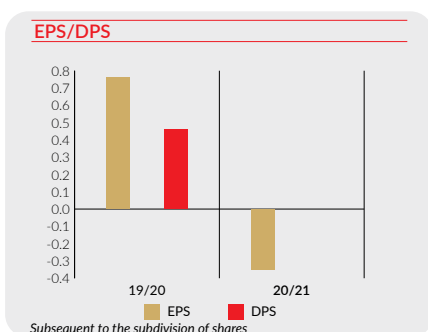
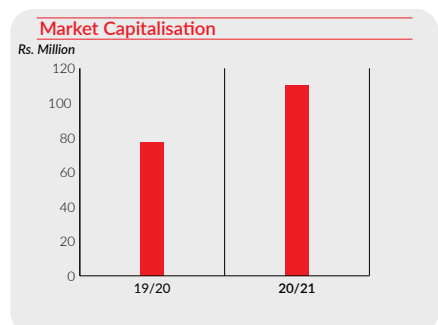
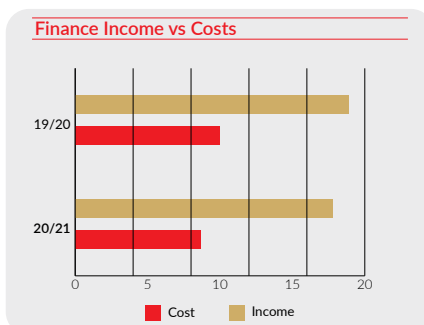
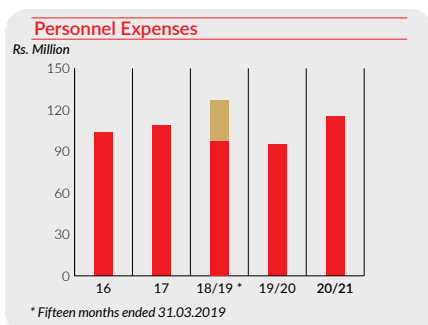
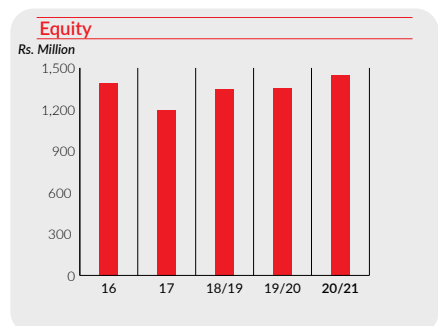
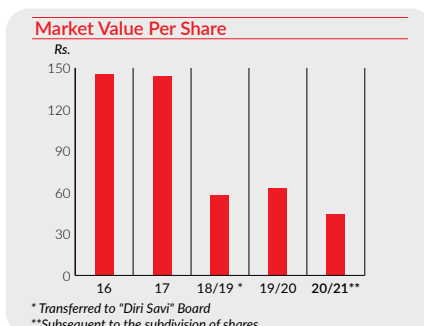
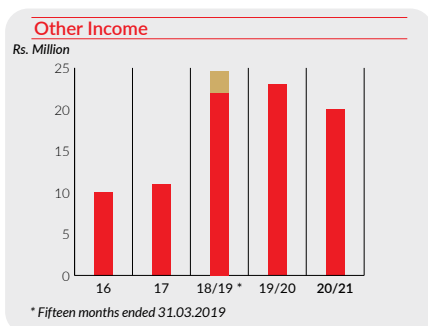
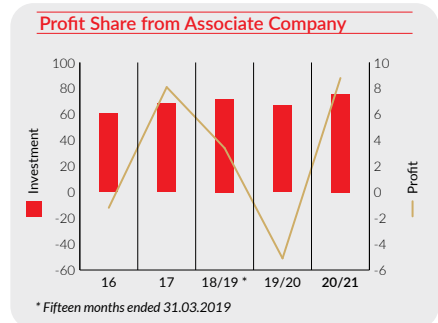
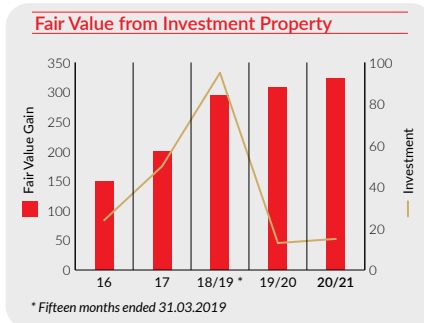
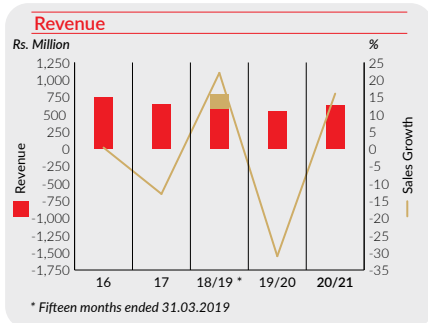
\* Prior to the subdivision of shares

\*\* Subsequent to the subdivision of shares

\*\*\* Restated to reflect the subdivision of shares in March 2021

<b>Revenue Growth</b> <b>16%</b> 2020* -5%	<b>Fair Value Increase</b> <b>Rs. 14.94 Mn</b> 2020 Rs. 13 Mn	<b>Net Assets per Share</b> <b>Rs. 72.27</b> 2020 Rs. 67.52
<b>No of Shareholders</b> <b>1,168</b> 2020 1,051	<b>Debt to Equity Ratio</b> <b>10%</b> 2020 7%	<b>Paid to Government</b> <b>Rs. 50.7 Mn</b> 2020 Rs. 43.0 Mn

\* Comparative year, 2018/19 adjusted for 12 months



## Customer Touch Points

**Singer Shops**  
**431**



**Service Centres**  
**14**



**Sewing Machine Schools**  
**66**



**Sewing Franchisers**  
**350**





*As the undisputed market leader in the sewing machines category, we are confident of our ability to drive shifts in consumer demand, leveraging on the strength of our brand and unmatched geographical reach of our parent entity to drive increased penetration.*

## Chairman's Statement

Dear Shareholder,

The year under review was characterised by unprecedented challenges stemming from the outbreak of the COVID-19 pandemic, which had an inevitable impact on the Company's performance during the year. Against this backdrop, the Company focused attention on safeguarding its employees and other stakeholders while relentlessly exploring ways to respond to the challenges stemming from the operating environment. It is my pleasure to present our Annual Report and Financial Statements for the year ending 31 March 2021.

### Operating Environment

The global outbreak of the COVID-19 pandemic has had devastating consequences across the world, with rippling effects on communities and organisations. Millions have lost lives and livelihoods while socio-economic implications have been deep and far-reaching. As nations struggled to contain rising infections, lockdowns and restrictions on mobility resulted in a sharp fall in economic activity across the world, with the global economy contracting by 3.3% during the year. In Sri Lanka, the drastic drop in tourism earnings together with a deceleration in industrial activity and heightened safety concerns during the first wave resulted in GDP narrowing by 3.6% during the year. The Government introduced comprehensive measures to revive the economy and support pandemic-hit businesses through debt moratoriums, and concessionary funding schemes, in addition to an accommodative monetary policy



which led to sustained reductions in interest rates. The Government also imposed restrictions on the import of non-essential items, in a bid to preserve dwindling forex reserves and defend the Sri Lankan Rupee which was experiencing significant depreciation pressure.

With the extended lockdowns and restrictions during the first wave in March 2020, infections were largely contained, and economic activity posted gradual recovery by the 3rd and 4th quarter of the calendar year 2020. Accordingly, Sri Lanka's GDP grew by a respective 1.3% and 1.3% during last two quarters of the year, indicating improved sentiments and businesses' adaptability in operating under conditions of limited mobility. The country was positioned for near term revival, although the surge in infections with the outbreak of the 3rd wave in May 2021 has once again hampered optimism for a quick recovery. While imposing necessary restrictions to curb the spread of the virus, the Government has made a commitment to support continued economic activity- which in turn is expected to support resilience in businesses to a certain degree.

The Company was impacted by both demand and supply-side dynamics. Despite a decline in demand and reduced customer footfall in the first half of the Financial Year, the 3rd and 4th quarters saw strong growth in demand for consumer durables. As safety concerns prompted families to remain indoors, customers' prevalence towards pursuing hobbies and other interests increased resulting in surge in demand for sewing machines, a trend which was observed both locally and globally. Singer Industries benefited from this surge, with volumes increasing in sewing machine category by 6% during the year, reflecting a pronounced 108% growth in the fourth quarter. On the other hand, in line with the boost in demand for finished products, demand for manufacturing components also surged, thereby resulting in an escalation of input costs, which for the Company was further impacted by the sharp depreciation in the exchange rate.

#### **Safety as a priority**

From the initial outbreak of the pandemic, ensuring employee safety was our foremost priority. Comprehensive measures including safety and hygiene

protocols, employee awareness sessions and social distancing measures were introduced to safeguard our employees, in line with the recommendations of the Health Authorities. We also enabled employees to work from home wherever possible, encouraging them to adapt to new ways of working in these unprecedented times. Despite significant pressure on performance and liquidity, the Company, along with its parent- Singer (Sri Lanka) PLC and ultimate parent- Hayleys PLC made a definitive decision to retain all employees at full remuneration. We also obtained the necessary regulatory approvals to ensure the continuity of our operations during the lockdown period.

#### **Strategy and Performance**

The Company's performance during the year reflected the myriad challenges in the operating environment and despite a commendable 16% growth in revenue, SIC's profitability was affected by pressure on margins. The sharp increase in the cost of components coupled with the depreciation of the exchange rate and an increase in operating costs resulted in the Company incurring a loss of Rs. 6.9 million during the year, compared to a profit of Rs.15.27 million the previous year. As discussed in further detail on the CEO's Message on pages 8 to 9 of this Report, strategic focus was placed on driving demand for our portable line through innovative customer activations and market promotions. As demand for traditional sewing machines gradually decline, we see a clear shift to more portable, smaller varieties and we are keen to capitalise on this opportunity through encouraging the country's youth to pursue sewing as a hobby and outlet for creativity. We therefore see immense potential in promoting more modern, portable models for recreational value among the younger demographic. The Company also continued to pursue increased revenue diversification through component manufacturing.

#### **Effective leadership and governance**

From a Board perspective, we placed focus on ensuring the safety of our employees, while proactively assessing the evolving nature of the pandemic and its implications on the Company's operations. Numerous measures were also implemented to preserve the Company's liquidity position and mitigate the impacts of the weaker financial

performance. The Board continued to maintain a high level of engagement with the business, ensuring that emerging risks were identified, managed and mitigated proactively.

#### **Looking Ahead**

The short-term economic outlook remains clouded by the emergence of the 3rd wave of the pandemic and likelihood of a further escalation in infections over the next few weeks. However, we remain optimistic on the medium-to-long term economic trajectory of the country, given policy stability, improving investor sentiments and businesses' adaptation to the new norms of working. As the undisputed market leader in the sewing machines category, we are confident of our ability to drive shifts in consumer demand, leveraging on the strength of our brand and unmatched geographical reach of our parent entity to drive increased penetration. With government stimulus towards local manufacturing, we are keen to pursue avenues for expanding our manufacturing footprint and will continue to explore revenue diversification. Leadership changes at factory- level also gives reason for optimism and I remain confident of the Company's turnaround in the next financial year.

#### **Appreciation**

I would like to take this opportunity to express my gratitude to my colleagues on the Board for their consistent support and guidance in this extremely challenging year. On behalf of the Board, I would also like to thank Mr. KKLP Yatiwella and Mr. VGK Vidyaratne who resigned from the Board during the year. I take this opportunity to also thank the CEO, Mr.M.H Wijewardene and all employees at Singer Industries (Ceylon) PLC for their loyalty and commitment. I also extend my appreciation to all our customers, suppliers and stakeholders who have partnered us in our journey of growth.

Thank you.

(Sgd.)

**Mohan Pandithage**  
**Chairman**



*Over several decades, our sister entity- the Singer Business School has supported livelihoods and driven socio-economic empowerment through developing sewing skills across the island. With a network of over 66 branches, the Singer Business School caters 5,000+ students in any given year, thereby driving entrepreneurship and youth skill development.*

## Group Chief Executive Officer's Message

Dear Stakeholder,

The global outbreak of the COVID-19 pandemic has had rippling effects across businesses around the world, giving rise to unprecedented complexities and necessitating agility in strategic thinking. For Singer Industries, the external landscape presented numerous challenges, which had a direct bearing on the Company's performance during the year. Despite these pressures, we remain committed to reinventing our product proposition in sewing machines by leveraging on our undisputed market leadership position and strong brand to drive increased penetration and earnings growth.

### Financial Performance

The demand for sewing machines surged globally during the year, as homebound families resorted to crafting and recreational activities such as sewing; demand growth was also triggered by the pandemic-fueled necessity for face masks. Similar dynamics were seen in Sri Lanka, resulting in the Company's revenue increasing by 16% to Rs.630 million during the year, supported by volume growth of 6% in the category of sewing machines. While demand dynamics remained favorable, profitability was impacted by several supply side and pricing challenges; these included difficulties in procuring the required

format of sewing machines which led to a relatively unfavorable product mix, the sharp depreciation of the exchange rate and the global escalation in unit prices given the surge in demand. Given the relatively high price elasticity of sewing machines and the weak consumer sentiments that prevailed, the Company was unable to readily pass on the cost increases to customers, which in turn adversely affected margins. Resultantly, the Company incurred an operating loss of Rs.19.79 million during the year. Overall loss was somewhat eased by the generation of finance income and positive contributions from the equity accounted investee; resultantly loss after tax amounted to Rs.6.92 million compared to a profit of Rs.15.27 million the previous year. Meanwhile, the Company's balance sheet remains strong with equity accounting for 73% of total assets and low levels of borrowing.

### Strategic Focus

Despite the unprecedented challenges of the year and resultant impact on the Company's financial performance, we remained focused on our long-term strategy which seeks to address inevitable shifts in consumer demand. We are cognizant that demand for traditional sewing machines is on the decline and have placed strategic emphasis on reinventing our product proposition through offering a modern, portable range of machines. We aligned our marketing efforts with these aspirations, seeking to drive increased penetration in younger demographics by accenting the experiential value of sewing machines, positioning it as an outlet for creativity and recreation. We continue to leverage the strength of our brand and our parent's extensive geographical reach in driving this proposition and are extremely encouraged by the gradual increase in demand for this product. We firmly believe this is the way forward in reinventing our product offering and are excited by the opportunities presented by this aspiration.

The Company continued to pursue earnings diversification as a measure of countering the gradual decline in revenue from traditional sewing machines. We are in a strong position to expand the range of components manufactured, in parallel to the widening product portfolio of Singer (Sri Lanka) PLC and other entities within the Group. As

demand for consumer durables recorded strong rebound in the 4th quarter of the financial year, the Company increased its production volumes in refrigerator and sofa components, Singer oil bottles and A/C brackets components resulting in revenue from components increasing by 7.7% during the year.

### Our Stakeholder impacts

Following the outbreak of the pandemic in March 2020, we immediately focused on ensuring the safety of our employees through implementing hygiene protocols in line with the guidelines issued by the health authorities. These included regular PCR testing, temperature monitoring, provision of immunity boosting beverages and PPE, among others. The Company, along with its parent entity also made a definitive decision to retain all employees at full remuneration, thereby ensuring the job security and well-being of our team.

As its pioneering product in Sri Lanka, the Singer Group's legacy is deeply rooted in the proposition offered by sewing machines. Over several decades, our sister entity- the Singer Business School has supported livelihoods and driven socio-economic empowerment through developing sewing skills across the island. With a network of over 66 branches, the Singer Business School caters 5,000+ students in any given year, thereby driving entrepreneurship and youth skill development. Singer Industries has been proud to partner the Group in this endeavor and look forward to strengthening this relationship thereby driving both our commercial and social sustainability aspirations. As a responsible corporate entity, we are also keen to mitigate the environmental impacts of our operations and continue to drive energy efficiency programmes across the organisation while optimising the use of input materials.

### Way Forward

Sri Lanka's immediate term economic recovery is tempered by the recent resurgence of infections, following the emergence of a high-transmissible variant. While these dynamics will inevitably impact demand for consumer durables, the medium to long-term outlook remains favorable, supported by a conducive monetary and fiscal policy stance and gradual adaptation to a post-pandemic world. Key downside

risks include the country's weakening external position which could insert further pressure on profitability margins as well as escalations in input prices given the strong rebound in global industrial activity. We remain vigilant on supply side challenges which are likely to persist over the short-term and are currently exploring alternative options in improving our product mix, which will in turn support profitability margins. Strategic emphasis will be placed on expanding our manufacturing footprint by leveraging the current infrastructure to diversify our component manufacturing business. From a Group perspective, plans are in place to strengthen the relationship between Singer Industries and Singer Business School by restructuring reporting structures and aligning the two entities to drive better synergies.

### Appreciation

I would like to extend my gratitude to the Chairman and Board of Directors for their guidance and valuable counsel in what has been an extremely challenging year. I also place on record my appreciation to Mr. VGK Vidyaratne and Mr.KKLP Yatiwella who resigned from the Board and Mr. SD Mayadunne who retired after serving as Deputy Factory Director of Singer Industries (Ceylon) PLC during the year. Mr.Aruna Kolambage was appointed as Factory Manager in August 2020, and I take this opportunity to thank him and the entire team at Singer Industries for their commitment and support. I also extend my appreciation to all stakeholders including our customers, suppliers, and business partners for their patronage and support.

Thank you.

(Sgd.)

**Mahesh Wijewardene**  
Group Chief Executive Officer

## Board of Directors

### **Mohan Pandithage**

*(Chairman and Chief Executive)*

Joined the Board of Singer Industries (Ceylon) PLC in 2017.

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.

### **Mahesh Wijewardene**

*(Group Managing Director /Group CEO)*

Joined the Board of Singer Industries (Ceylon) PLC in 2018.

Mr. Mahesh Wijewardene was appointed to the Group Management Committee and also as an Executive Director and the Chief Executive Officer of Singer Group of Companies with effect from 01 November 2018.

Mr. Wijewardene holds a Master's Degree in Business Administration from the University of Southern Queensland and received the Dean's Award for Outstanding Academic Achievement. He also holds 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 serves as a Director of Singer (Sri Lanka) PLC, Singer Finance (Lanka) PLC, Regnis (Lanka) PLC, Regnis Appliances (Pvt) Limited, Singer Digital Media (Pvt) Limited, Singer Business School (Pvt) Limited, Reality Lanka Limited, Domus Lanka (Pvt) Limited and Equity Investments Lanka Limited.

### **Dilip Wijeyeratne**

*(Independent Non-Executive Director)*

Joined the Board of Singer Industries (Ceylon) PLC in 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, Regnis (Lanka) PLC, Hayleys Fibre PLC and Sampath Bank PLC.

### **Kelum Kospelawatta**

*(Executive Director)*

Joined the Board of Singer Industries (Ceylon) PLC in 2014.

Appointed as Factory Director - Associate Companies on 1 October 2014.

Director of Regnis (Lanka) PLC and Regnis Appliances (Pvt) Ltd.

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

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

### **Sarath Ganegoda**

*(Non-Executive Director)*

Joined the Board of Singer Industries (Ceylon) PLC in 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 as well as overseas.

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

### **Gamini Gunaratne**

*(Independent Non-Executive Director)*

Joined the Board of Singer Industries (Ceylon) PLC in 2017.

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

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

### **Mohamed Hisham Jamaldeen**

*(Independent Non-Executive Director)*

Joined the Board of Singer Industries (Ceylon) PLC in 2017

Mr. Jamaldeen is a finance professional with over 20 years of experience and a seasoned commercial property investor and advisor. 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 Regnis (Lanka) PLC.

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.

### **Noel Joseph**

*(Independent Non-Executive Director)*

Joined the Board of Singer Industries (Ceylon) PLC in 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 Regnis (Lanka) PLC and is the Managing Partner of Cadteam and Proprietor of N J Consultants.



## Management Discussion and Analysis



### Global Economy

Global economic performance was severely impacted during the last year with the COVID-19 pandemic disrupting economic activity worldwide. The global economy which seemed to be gradually building up at the start of 2020 after years of slow growth, was completely derailed as a result of the mobility restrictions placed across nations worldwide and the consequent reduction in global trade activity with an estimated contraction of 3.3%. (source: IMF). Emerging market economies and low-income developing countries have been hit harder and are expected to suffer more significant losses. Contact intensive sectors such as tourism and travel have faced unprecedented challenges and countries that are largely reliant on these sectors have experienced major setbacks. Over 90 million additional people are estimated to have fallen towards extreme poverty with income inequality likely to experience a notable increase. While the initial contraction in

advanced economies was somewhat less severe during the first half of 2020, the situation worsened as more aggressive second and third waves of the pandemic rampaged across these nations. The global outlook still remains highly uncertain with recovery largely dependent on the course of the pandemic, the success rate of the vaccine rollouts, strength and stability of the health services and strong economic policies coupled with multinational support.

### Local Economy

The Sri Lankan economy, which had been recording subpar growth in the recent years, was met with new and unprecedented challenges brought on by the COVID-19 outbreak which erupted in the country in March 2020. Sri Lanka's economy was estimated to have contracted by 16.4% in 2Q2020 due to a sharp decline in economic activity resultant from the COVID-19 lockdowns, subdued demand from key export

markets as well as adverse weather conditions. Government revenues significantly declined amidst a backdrop of rising pandemic related expenditure leading to a notable economic deflation.

The Sri Lankan Rupee depreciated significantly against the US Dollar falling to Rs. 199.83 as at the end of March 2021 compared to Rs. 188.62 recorded in March 2020 marking a drop of approximately 5.94% within the year. A sharp decline was noted just after the onset of the COVID-19 pandemic in March-April 2020 leading to strict policies being imposed by the government curtailing non-essential imports to contain the escalating pressure on the exchange rate.

Headline inflation remained muted, despite some acceleration in food inflation. The Colombo Consumer Price Index (CCPI) based headline inflation remained broadly within 4%-6% range

over the year. Meanwhile, core inflation remained subdued, highlighting low levels of demand-driven inflationary pressures.

Given the weak economic performance during the year and other concerns regarding the country's mounting debt burden, major rating agencies such as S&P Global, Fitch and Moody's, all downgraded Sri Lanka's sovereign rating in 2020.

Economic activity however began to improve towards the third quarter of the year with the easing of lockdown restrictions only to be disturbed by the second wave of the pandemic. At the time of writing this report the country is facing a new and more severe third wave. In such an uncertain backdrop the path to economic recovery may heavily depend on our access to medical services, the efficiency of the vaccine rollout and strong global support.

### Industry Performance

The global market for sewing machines experienced a notable growth driven by an increase in demand for sophisticated, feature rich sewing machines and the rise of sewing as a leisure pursuit among new sewing enthusiasts. Additionally, as a result of the COVID-19 pandemic an increasing number of people were seen to be purchasing sewing machines with the intention of pursuing self-employment opportunities from the safety of their homes. However, the sudden hike in demand across the globe coupled with the volatile exchange rates led to an upsurge in material costs and freight and clearance costs. Consequently, the industry also experienced delays in receiving material to warehouses ultimately creating a bottleneck in supply against the growing demand.

### Company Performance

The core product category of Singer Industries (Ceylon) PLC (the Company) is sewing machines comprising of the

traditional sewing machines and portable sewing machines. The traditional sewing machines possess two variants: the straight stitch and zigzag sewing machines. In line with the changing market dynamics, evolving trends, widespread application and corporate vision the Company has expanded its sewing machine range with the launch of portable and digital sewing machines tailored to meet the more sophisticated needs of modern customers.

The sewing machines manufactured by the Company are marketed by our parent Company, Singer (Sri Lanka) PLC. Further, the Company manufactures air conditioner brackets, singer oil bottles, furniture components (sofa legs) and CCTV accessory kits to be distributed by its parent company. Additionally, the Company also manufactures washing machine components and refrigerator components as a sub-contract operation to its affiliated company - Regnis Group.

The Company sustained its dominance as the market leader holding a market share of 88% in the local sewing machine industry. Despite encountering exceptionally challenging external conditions at the onset of the COVID-19 pandemic in March-April 2020, with the subsequent upsurge in demand post recommencement of economic activity and renewed strategic focus, the Company was able to outperform its previous years, leading to record breaking sales numbers. The financial performance of the Company, the efforts taken to nurture our workforce, and our social and environmental footprint are discussed in the ensuing sections.

## Financial Review

The Company demonstrated its resilience in the face of a challenging year with volatile external environmental conditions impacting its operations and overall performance. In response to the emerging post COVID-19 business environment, the Company reshaped its short term and long-term strategies in consultation with its parent company, Singer (Sri Lanka) PLC adapting to the needs of stakeholders and realities of the industry dynamics. The Company embarked on several initiatives to enhance its non-core operational activities and upgrade its product portfolio with transformative products with the expectation of improving business performance in the next financial year. The financial review set out herein demonstrates the financial performance and position of the Company for the year ended 31 March 2021.

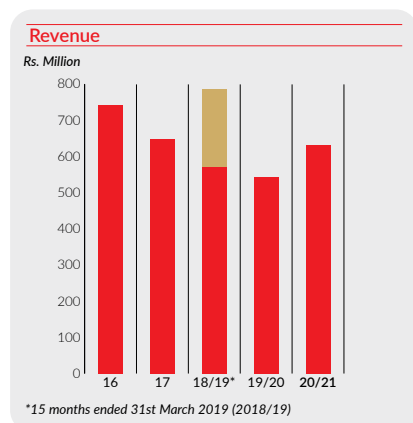


## Management Discussion and Analysis

### Analysis of Performance

#### Revenue

The Company recorded a revenue growth of 16% during the year under review generating a total revenue of Rs. 630 million in comparison to Rs. 542 million generated in the preceding financial year. This revenue target was achieved even after lost of sales in April 2020 & first two weeks of May 2020. The non-core operational activities accounted for 29% of the total revenue, recording Rs. 180 million as at year end, demonstrating its healthy performance and growth potential. The sales of washing machine tubs to Regnis Appliances (Pvt) Ltd contributed largely towards this non-core revenue with a total of Rs. 107 million while the balance Rs. 73 million stemmed from the sale of refrigerator components to Regnis (Lanka) PLC and the supply of air conditioner brackets, CCTV accessory kits, furniture components and singer oil bottles to Singer (Sri Lanka) PLC. As evident, the non-core operational activities have transpired to be a key strength towards the total revenue base of the Company during the current financial year.



#### Gross Profit/(Loss)

In the backdrop of a depreciating Sri Lankan Rupee against the US Dollar and resulting surge in material prices, the Company's cost of sales increased by approximately 5.94% during the current year. The lower product margins of the main product lines coupled with the adverse impacts of the COVID-19 pandemic including the factory closure in April-May 2020 and high lead times of the import's suppliers led to a gross loss of Rs. 42 million compared to the gross loss of Rs. 20 million recorded in the previous financial year.

However, on a positive note, upon implementation of the revised corporate strategies, the Company was able to achieve the planned sales target set for the fourth quarter of the current financial year while even surpassing the profit before tax of the comparative period of 2019/20. This was a notable achievement, as the Company was able to minimize the losses accumulated through the first nine months and witness a sharp turnaround, thus restoring the prospect of future profitability. The subsequent bulk sales orders received through the Company's marketing arm Singer (Sri Lanka) PLC, contributed largely towards accomplishing the above targets during the financial year.

The Company has set an ambitious revenue goal for the upcoming financial year, anticipating a positive shift from the current gross loss position with planned new projects aimed towards improving the Company's profitability.

#### Other Operating Income

The Company's other operating income of Rs. 20.4 million during the year primarily consisted of rental income earned from its investment property (approximately an extent of 50.42 perches). Rental income for the year was Rs. 19.5 million compared to Rs. 20.3 million in previous financial year.

The Company earns rental income by providing warehouse space to its parent company, Singer (Sri Lanka) PLC. Compared to the prior year, a decline of 4% in the annual rental income was noted as a result of a rebate of 15% given to Singer (Sri Lanka) PLC due to the Covid-19 pandemic.

#### Operating Expenses

The administration expenses of the Company for the twelve months ending 31 March 2021 amounted to Rs. 12.4 million compared to Rs. 12 million for the previous financial year, ending 31 March 2020. Selling and distribution costs amounted to Rs. 0.9 million compared to the Rs. 3.3 million reversal in the last financial year which occurred as a result of an over provision made for warranty costs during the last financial year.

#### Finance Costs

The finance costs of the Company reduced to Rs. 8.7 million compared to Rs. 10 million reported in the previous financial year. This was mainly due to the drop in AWPLR during the current financial year.

#### Finance Income and Investment Assets

The Company earned a finance income of Rs 17.8 million for the year under review through the investment of a fixed deposit with an affiliated company, Singer Finance (Lanka) PLC. Compared to the last financial year, the interest income earned dropped by Rs 1.1 million during the current financial year marking a 6% reduction in connection with the declining market rates and drop in interest income from Intercompany receivable balances from Rs. 0.6 million to 0.4 million.

#### Equity Accounted Investee

For the year under review, the share of profit from its associate Company, Reality Lanka Limited amounted to Rs. 8.8 million compared to the loss of 5.1



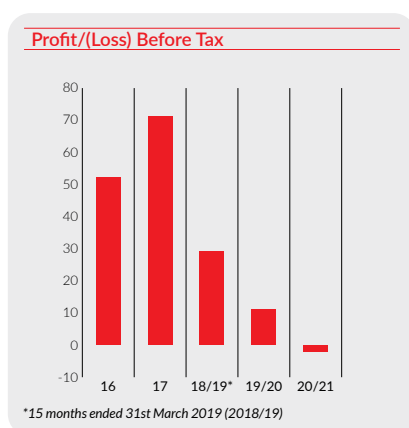
million recorded in the last financial year. During the third quarter of the last financial year the Company's shareholding percentage of Reality Lanka Limited declined from 45% to 29.6% with Reality Lanka Limited issuing Rs. 62 million worth of shares to Singer (Sri Lanka) PLC (SSL) as capitalization of a loan granted by SSL. Hence, the negative contribution during the comparative period was mainly due to the dilution of ownership of the Company.

### Profit/(Loss) Before Tax, Taxation and Profit/(Loss) After Tax

During the financial year 2020/21, the Company's profitability levels were affected by the gross loss position caused by declining profit margins and escalating cost of sales. However, overall loss was somewhat eased by the generation from Company's financial and real estate investment. A loss before tax of Rs. 2 million was recorded during the current financial year as opposed to the profit before tax of Rs. 11 million recorded during the previous year.

The Company reported an income tax expenses of Rs. 5 million mainly due to the 24% tax charged on profit from Investment Income. The Company changed its income tax rate from 28% to 18% as per the guidelines issued by the country's regulatory bodies and contributed Rs. 50.7 million as taxes to the government in 2020/21, through both direct and indirect taxes.

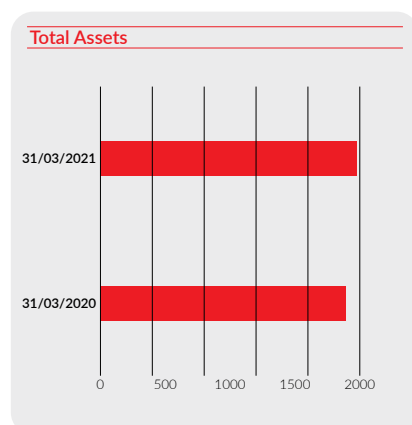
Net loss for the year stood at Rs. 6.9 million compared to the net profit of Rs. 15.3 million recorded in the previous financial year. This is inclusive of a fair valuation gain of Rs. 14.95 million (Rs. 13 million in 2019/20).



### Financial Position

#### Total Assets

As at 31 March 2021, the total assets of the Company stood at Rs. 1,976 million compared to Rs. 1,892 million recorded as at the previous financial year end.

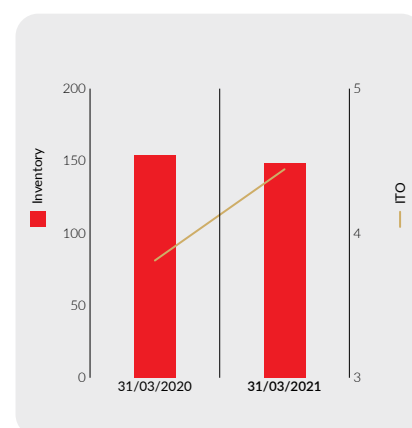


The Company periodically upgrades its equipment to keep abreast of modern technology, improve product quality, achieve operational efficiencies and environment sustainability. Accordingly, during the year, the Company invested in a plastic crusher machine which supports the re-use of scrapped plastic materials generated through the Company's injection molding operation. The Company will also continue its investments on maintaining and improving its existing machines in the upcoming year in pursuit of its strategic

plan of expanding its revenue base from non-core products. A major proportion of the total assets comprised of the non-current assets amounting to Rs. 1,511 million (2019/20: Rs. 1,495 million) depicting a growth of 1% during the year.

As at end of the financial year, total current assets amounted to Rs. 465 million compared Rs. 397 million reported as at 31 March 2020. This increase of Rs. 68 million is mainly attributable to the rise in amounts due from related companies.

The Company was able to improve its inventory turnover ratio (ITO) to 4.44 (times) compared 3.81 (times) recorded during the last financial year.



### Returns to Shareholders

The Board of Directors has approved a subdivision of its ordinary shares by splitting each issued ordinary share into 02 ordinary shares from 04 March 2021.

## Management Discussion and Analysis

For the period ended 31 March	2021	2020
	(Rs.)	(Rs.)
No. of Shares	20,000,760	10,000,380
Dividends per Share	-	0.46*
(Loss)/Earnings per Share	(0.35)*	0.76*
Market Price per Share	44.70*	62.90**
Net Assets per Share	72.27*	67.52*

Float-adjusted market capitalization as at 31 March 2021 was Rs. 109,697,968.36.

\* Subsequent to the subdivision of shares

\*\* Prior to the subdivision of shares.

### Borrowings

The main source of bank borrowings included secured loan facilities and overdraft facilities. Total interest-bearing borrowings amounted to Rs. 138.67 million as at 31 March 2021 denoting a growth of 57% compared to the last financial year end, occurring mainly as a result of additional funds being tied up in the Company's working capital.

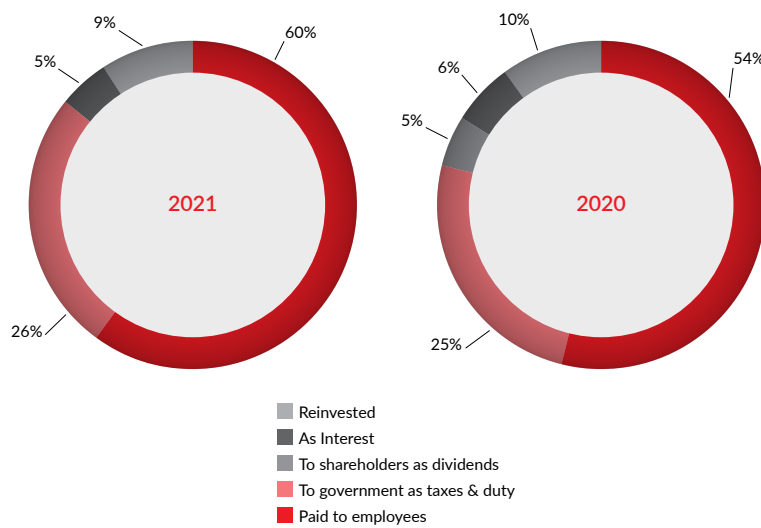
### Financial Reporting

The Company is committed towards inculcating the best practices and policies in financial reporting while ensuring that the Financial Statements reflect a true and fair view of its state of affairs enabling Shareholders and other stakeholders to make a fair assessment of the Company's performance and position.



## Statement of Value Added

For the year ended 31 March	2021	%	2020	%
Turnover	629,615,889		541,892,150	
Other income	20,443,899		23,275,653	
	650,059,788		565,167,803	
Goods and services bought in	457,623,968		390,405,730	
Value added	192,435,820		174,762,073	
<b>Distribution of value added</b>				
Paid to employees	115,641,318	60.1	94,683,246	54.2
To government as taxes & duty	50,709,512	26.4	43,037,390	24.6
To shareholders as dividends	-	0.0	9,200,350	5.3
As Interest	8,705,020	4.5	10,047,415	5.7
Reinvested	17,379,970	9.0	17,793,672	10.2
	192,435,820	100.0	174,762,073	100.0



## Management Discussion and Analysis

### Nurturing Our Human Resources

Caring for our people, inspiring them and empowering them are the key tenets of our approach to managing our human capital. These factors serve as the foundation towards talent attraction, retention, employee productivity and satisfaction and the Company has in place a set of robust systems and processes aimed towards cultivating an environment which values diversity, innovation, excellence and employee welfare.

#### Our Philosophy

The Company considers its Human Capital as the key asset underpinning its success. Management of our human resources is considered as a responsibility of every manager and our philosophy revolves around providing them the necessary guidance and skills to ensure this responsibility is carried out effectively. The human resource activities are centrally coordinated through formalized governance structures and policy frameworks to ensure consistency in the application of policies across all divisions of the Company.

#### Human Resource Governance

The Director-Human Resources holds overall accountability towards ensuring that all human resource activities are carried out in accordance with the set policies and procedures. Accordingly, he holds responsibility towards;

- ❖ Initiation and direction of human resource strategies, plans and policies.
- ❖ Monitoring, reporting and recommending policy actions in response to trends in the country.
- ❖ Interfacing and coordinating between corporate and Company on human resource matters affecting or originating within the Company's operations.
- ❖ Providing guidance and support to all divisions of the Company as required or requested.
- ❖ Auditing the human resource management activities and initiating discussions to develop the function.

Accordingly, the human resource division has been established with the appropriate level of staff based on business requirements, constraints and achievement of management standards. Competent and skilled staff capable of handling all aspects of human resource management including manpower planning, recruitment, appraisal and development, training, salary and benefits, employee relations, industrial relations, communications and related administrative systems steer this division.

#### Our Policy Framework

All key human capital related matters are addressed through a comprehensive set of human resource policies which have been developed under the following guidelines:

- ❖ Recruit, train, develop and retain employees at all levels and positions on the basis of equal opportunity and abide by the employment laws and regulations of the country.
- ❖ Provide a healthy work environment and safe work practices while encouraging employees to maintain their personal health and safety.
- ❖ Provide competitive compensation and conditions of employment based on performance, required knowledge, skills and accountability in line with industry standards.
- ❖ Provide a balanced benefit program on par with competitive practice.
- ❖ Treat employees with consideration, understanding and respect; encourage employees to discuss any job-related or personal problems with their supervisors in confidence and make concerted efforts to resolve grievances promptly.
- ❖ Provide training and educational opportunities based on Company requirements and provide promotions internally where possible on the basis of merit.
- ❖ Encourage greater contribution by maintaining open communication on matters of mutual interest with employees.
- ❖ Seek to optimize manpower efficiency and productivity.
- ❖ Communicate these policies to employees through appropriate application of procedures and in turn convey the Company's expectation that employees will carry out their duties and responsibilities to the best of their ability making a positive contribution.

### Policies applied across the Company

#### Remuneration and benefits

- ❖ Recruitment/transfer
- ❖ Manpower planning/succession planning
- ❖ Organization changes
- ❖ Foreign travel

#### Talent development

- ❖ Training development
- ❖ Performance planning, appraisal development

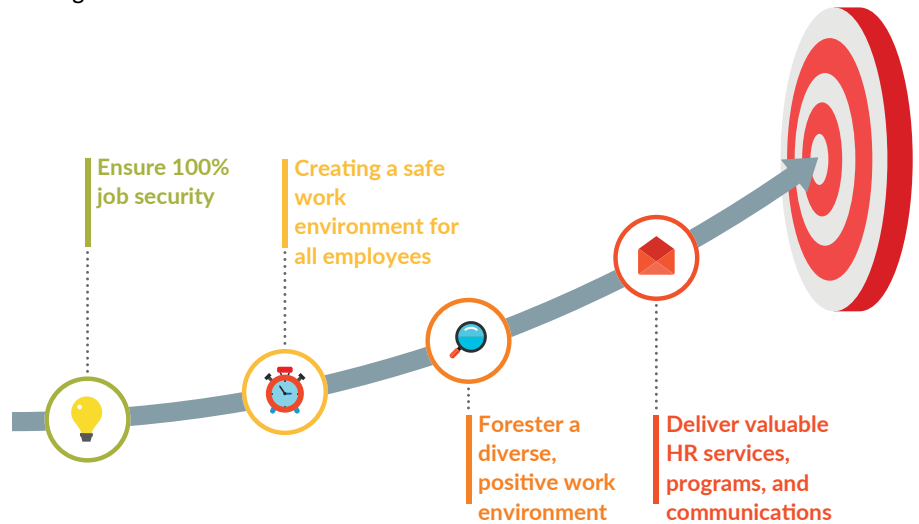
#### Health and safety

- ❖ Occupational health and safety

#### Ethics

- ❖ Complaints
- ❖ Grievances
- ❖ Rules of disciplinary procedure
- ❖ Relative's employment/ business relationship
- ❖ Sexual harassment in the work place

### Strategic Human Resource Goals



### Our Team

As at 31 March 2021, the Company comprised of 75 individuals, from diverse backgrounds. The Company prides itself as an equal opportunity employer and is committed to fostering a diverse and inclusive culture across its gamut of human resource functions including recruitment, promotions, compensation, training, employee policies, legal regulations and legibility of documents.

### Workforce by Age and Region

Region	Gender	
	Male	Female
Western Province	65	1
Southern Province	7	1
Sabaragamuwa Province	-	1

### Workforce by Gender

Employee Type	Male	Female
Managerial	4	-
Executives and junior executives	2	-
All other	66	3

### Workforce by Employment Category

Region	Below 30 Years		30- 50 Years		Above 50 Years	
	Male	Female	Male	Female	Male	Female
Western Province	2	1	14	-	49	-
Southern Province	-	1	2	-	5	-
Sabaragamuwa Province	-	1	-	-	-	-

## Management Discussion and Analysis

### Remuneration and Benefits

Ensuring a fair compensation package is an important element of attracting and retaining the best talent and as an equal opportunity employer we ensure remuneration is based purely on the skills, competence and the performance of employees. Additionally, the Company provides a range of other benefits as outlined below, to all its employees to ensure the workforce is happy and motivated.

- ❖ Medical allowances
- ❖ Housing loans/vehicle loans
- ❖ Education aid scheme
- ❖ Travelling expenses
- ❖ Breakfast, lunch and tea at Company cost
- ❖ Foreign travels
- ❖ Annual trip/Christmas party
- ❖ Support for sports activities including gym membership
- ❖ Employee hire purchase scheme
- ❖ Uniforms and related items
- ❖ Cost of living increase in each year in the month of September
- ❖ Other benefits. Eg. allowance for spectacles.

### Training and Development

Training and development is a key component of the Company's talent development policy which is designed to support the achievement of individual goals and performance while endorsing the Company's vision and goals. Further, the Company strongly believes that investment training is imperative for talent retention and gaining a sustainable competitive advantage and has thus established initiatives and customized training programs to upskill its workforce and create a competent and well-rounded employee base. During the year under review, the Company could not carry out

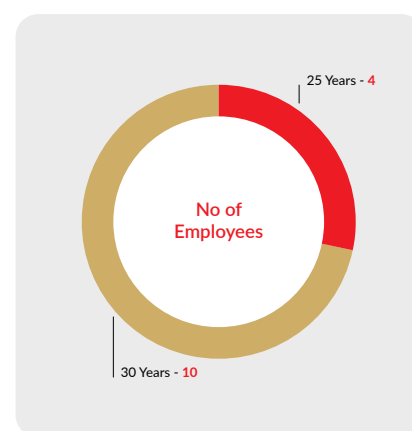
all its training programs as planned due to COVID-19 limitations but where possible arranged for trainings to be carried out online considering the safety of all its employees. In total a cost of Rs. 159,400 was incurred on training programs carried out during the year.

Designation	Training Type	Gender			
		Male	Hours	Female	Hours
Junior Management	Management Development Programme	1	18	-	-
Executives	Management Development Programme	1	18	1	18
Junior Management	TPM Practitioner Certificate Course	1	64	-	-

### Rewards and Recognition

We continued our journey of developing a strong performance driven culture while staying true to our values and carried out our annual performance evaluations of both management and general staff. The evaluations were conducted through the HRIS system implemented to manage all executive level employee performance records while general staff receives increments in line with union's collective agreements, additional rewards were offered based on the achievement of the individual KPI's and goals.

Further, the Company also extended service awards to the loyal and longstanding employees in appreciation of their commitment and dedication to the Company. Accordingly, 14 employees received these long-service awards during the year.



### Health and Safety

The Company recognizes its moral and legal responsibility towards providing a safe and healthy work environment for its employees and is committed to maintain the highest standards of health and safety at all times, at all locations under its purview. In general, the Company focuses on the following health and safety aspects:

- ❖ Implementing risk management procedures to adequately manage any risks to employees, arising from activities related to work.
- ❖ Maintaining safe work procedures, work premises and a secure work environment.
- ❖ Providing adequate facilities to ensure the welfare of all employees.
- ❖ Providing necessary training in relation to occupational health and safety to all employees.

- ❖ Reviewing and evaluating the health and safety management systems and procedures regularly.

Additional focus was placed on ensuring the health and well-being of our employees during the year as a result of the complexities stemming from the COVID-19 pandemic. Safety measures and protocols in line with the regulations issued by the health authorities were implemented swiftly to safeguard our workforce and facilitate business continuity.

Range of measures implemented		
Work environment	Other benefits	Job security
<ul style="list-style-type: none"> <li>❖ Sanitization facilities</li> <li>❖ Temperature checks</li> <li>❖ Beverages to enhance the immune system</li> </ul>	<ul style="list-style-type: none"> <li>❖ Free PCR testing</li> </ul>	<ul style="list-style-type: none"> <li>❖ 100% job security of all employees.</li> <li>❖ No negative adjustments to remunerations/benefits</li> </ul>

### Staff Engagement

Each year the Company arranges a wide variety of employee bonding events and programs to reward employees for their continuous commitment and to keep staff morale high. Sports activities, the annual Christmas party and annual trip are some of the key events hosted each year where employees get the opportunity to relax and enjoy. During the most part of the year under review, with the lockdowns and heightened safety measures and disrupted work-life rhythms, we had to introduce innovative staff engagement methods to make sure our staff was motivated and well-looked after.

### Grievance Handling

The Company fosters a culture of honesty and openness and encourages employees to bring to the attention of management, for corrective action, any complaints or grievances without fear of reprisal. The Company identifies complaints as instances of unfair treatment, fraud, theft, waste or improper, unethical or other behavior on the part of the employees which may bring disrepute or loss to the organization. Grievances are defined as any dissatisfaction or feeling of injustice among employees in connection with one's employment. All such complaints or

grievances should first be discussed with the immediate superiors: line manager, head of department and head of division in writing or verbally. If they cannot reach a resolution at this level these grievances are then directed to the 'Ombudsman Committee' and then to a 3rd level committee appointed by the Chairman. If the issues remain further unresolved the Chairman is notified. However, the 3rd level committee shall bring to the notice of the relevant divisional head and the Ombudsman committee the basic reasons for the grievance with a view to sorting out inter-personal differences between parties, before addressing the problem to Chairman. The human resources manager in the Ombudsman committee acts as committee coordinator.

### Collective Agreements

The Company sustained harmony and maintained cordial relationships with the unions during the year with no instances of industrial disputes. The prevailing collective agreement covering 85.33% of the employees is reviewed every two years to ensure an equitable balance is maintained between the interests of the employees and the Company.





## Management Discussion and Analysis




### Social Responsibility

As a responsible corporate citizen, we are cognizant of our obligation towards our customers, regulators, the community and all other stakeholders. We value our relationships with these key stakeholders and take every measure to ensure that their expectations are met through our value creation process, acknowledging that it is these long-standing relationships that make our business more resilient and sustainable.

#### Customer Centricity

As the manufacturing arm of Singer (Sri Lanka) PLC, Singer Industries (Ceylon) PLC does not directly engage with the end-consumers of its products, as distribution, marketing and after-sales services are provided by the parent company. Nevertheless, understanding evolving customer needs is essential to delivering relevant product solutions and we strive to maintain engagement through numerous platforms.



		
Clinics	Customer hotline	Social media
Our technicians visit selected showrooms in particular areas with prior notification to its customer base and examine and rectify sewing machine issues and conduct minor repairs free of charge. The clinics are also used as a platform to educate customers on the optimum use of their sewing machines. During the year, one such clinic was conducted.	The Company has introduced a hotline number to provide a 24*7 service to customers to resolve any machines issues.	The Company uses social media networks to promote products and also provide technical assistance. Videos on sewing machine related issues are provided through YouTube in Sinhala and Tamil mediums for the convenience of customers.

Product quality is ensured from the inception of the production process, through the entire production process as well as when providing after sales services. The Company provides a warranty of one year, inclusive of required component replacements. Our customer contact points are spread across the island for the ease and convenience of our customers.

Singer Shops  
**431**



Service Centres  
**14**



Sewing Machine Schools  
**66**



Sewing Franchisers  
**350**





### Process Upgrades

As the market leader, the Company takes pride in developing and enhancing its production processes to strengthen its operations and create a sustainable business with a competitive advantage. During the year, the following improvements were carried out to sewing machine operations.

- ❖ Improvements to sewing machine heads as 15NL, MC984, MC3368 etc.
- ❖ Improvements to cabinet plant through productivity enhancements.
- ❖ Improvements to UV operations and sanding operations.

### Community

While carrying on our business operations we aim to create a positive impact on the community through sustainable initiatives that foster good relationships and bring about long-term benefits. Some of the key philanthropic activities carried out during the year are given below:

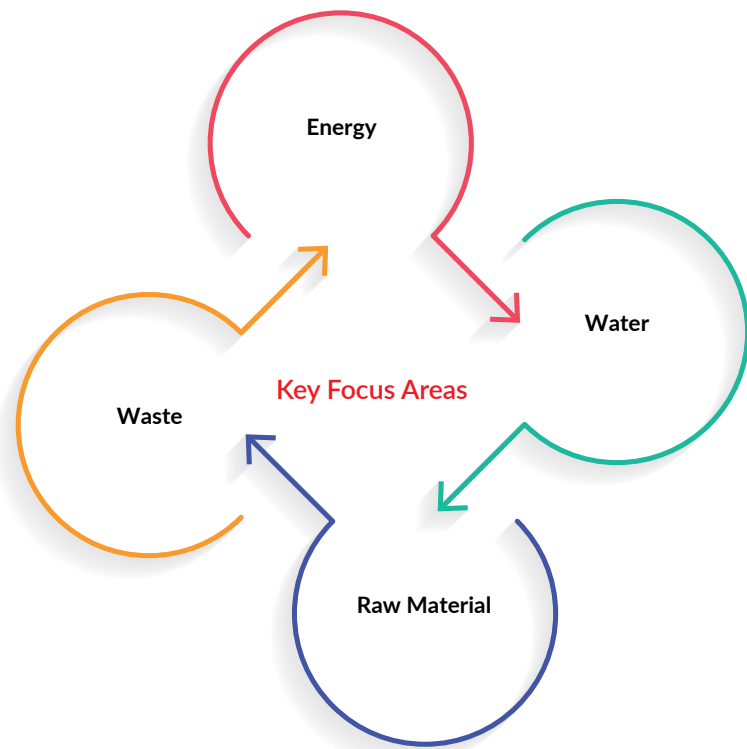
- ❖ Supply of sewing machines to the Colombo Municipal Council with the help of the marketing arm, Singer (Sri Lanka) PLC, at a lower price, to be distributed among self-employed individuals.
- ❖ Provision of its products at cost aiding charity campaigns.

Further, the Company has obtained memberships in the following organizations and adheres to the relevant protocols and guidelines aimed towards supporting and safeguarding the community.

- ❖ Employer's Federation of Ceylon
- ❖ Colombo Stock Exchange
- ❖ Central Depository System
- ❖ Central Environmental Authority
- ❖ Institute of Chartered Accountants of Sri Lanka
- ❖ Ceylon Chamber of Commerce
- ❖ Ministry of Commerce and Industries

## Environmental Footprint

Concern for the planet permeates through the entire value chain of the Company and we place great importance on preserving the scarce natural resources for the future generations. The Company's environmental sustainability ethos is aligned with that of Singer (Sri Lanka) PLC and Hayleys PLC. The Company analyses its sustainability performance on a monthly, quarterly and annual basis while obtaining necessary feedback and guidance from its parent company. A sustainability audit has also been planned for the upcoming financial year to identify any weaknesses or improvements to the existing processes.



### Energy Management

Our primary sources of energy are electricity and diesel with electricity being fully sourced from the national grid. The Group continued to achieve substantial energy efficiencies driven by investments in new technology, increasing awareness and other process enhancements.

Steps taken to reduce the energy consumption:

- ❖ Replace lighting with LED solutions
- ❖ Planned maintenance programs at factories
- ❖ Increased awareness of factory operators on machine maintenance

## Management Discussion and Analysis

- ❖ Use of a small compressor upon analyzing the electricity consumption in daily time slots

invested in a crusher machine to recycle the plastic scrap components for re-use in factory production.

### Water Management

Ground water sources continued to fulfill a major portion of our water requirements with the balance being met through municipal lines. All lines except drinking water lines are connected to ground water and these resources are regularly maintained by the factory maintenance team with utmost priority. Additionally, we also encouraged our employees to optimize the use of water resources.

### Raw Material Management

Material usage increases in line with the factory production and Company takes necessary action to optimize the usage of the same.

Our main raw materials include;

- ❖ Steel
- ❖ Alloy
- ❖ Plastic
- ❖ Plywood
- ❖ Cast iron
- ❖ Chemicals
- ❖ Packing materials etc.

### Waste Management

We have adapted efficient practices to reduce waste generation connected to our operations which are integrated to our systems and processes in our effort to contribute towards sustainable production. Our main forms of waste include saw dust, iron dust, plywood off cuts, food waste, corrugated cartons, styrofoam, plastic, polythene and paper.

During the year, we recycled waste including metal off-cuts, plywood off cuts and cardboard which were categorized and sent to third party recyclers to ensure safe disposal. Further, the Company

## Outlook

Amidst the threat of the COVID-19 pandemic the Company is poised to deliver stronger growth in the upcoming financial year through improved quality and productivity. Continuous engagement is being carried out with our suppliers to improve product quality and address issues along the supply chain. Process improvements are also in the pipeline to enhance productivity of UV operations, sanding operations and assembly line operations. Individual KPI's and goals in line with the Company's vision have been set for the upcoming year and the Company will maintain its efforts to provide a safe and conducive work environment to support its staff to perform to their fullest.

# Risk Management Report

## Managing Risks

Risk is an integral part of any business. Risk can be 'anything' that either prevents an organisation from achieving its objectives and/or disturbs the smooth functioning thereof. Any organisation is exposed to a multitude of risks though the type and magnitude of risks may vary from industry to industry and from organisation to organisation. Therefore, it is a matter of identifying the sources of risk, their likelihood of occurrence and impact and developing a comprehensive framework to address them.

While 'risk' is generally associated with 'downside' and has negative connotations such as losses, failures, break downs etc., proper management of risks has an upside potential as well for organisations.

Given the above, we are mindful of the various risks that our Company is exposed to and have taken suitable and adequate measures to manage them which will help us to meet the expectations of all the stakeholders.

Given the fact that risks can originate at any touch point, risk management is everybody's responsibility - from the Board of Directors to the office assistant. Management, headed by the CEO acts as the first line of defense and bears the primary responsibility for risk management and collaborates with the Company's Strategic Business Units (SBUs) and divisional heads in this regard.

Company has deployed best international practices in its endeavors to manage risks. The Group's system of internal controls covers all policies and procedures, enabling significant strategic and operational risks to be identified and managed. Effective systems and procedures have also been designed to deal with fraud and encourage employees to promptly report any irregularity or fraud.

At strategic level our risk management objectives are,

- ❖ To identify the company's significant risks
- ❖ To formulate the company's risk appetite and ensure that business profile and plans are consistent with it
- ❖ To optimize risk/return decisions by taking them as closely as possible to the business, while establishing strong and independent review and challenge structures
- ❖ To ensure that business growth plans are properly supported by effective risk infrastructure.
- ❖ To manage risk profiles to ensure that specific financial deliverables remain possible under a range of adverse business conditions.
- ❖ To help executives improve the control and coordination of risk taking across the business

## Reporting

Monthly and quarterly reports are produced at each operating unit, that compare the performance of the Company in terms of predetermined performance indicators against plans, past performance and trends, enabling them to monitor risks and initiate necessary corrective action, in case of potentially risky situations. This process ensures the Management Committee is promptly informed of deviations and possible sources of risk.

## Internal, External and Corporate Audit

Internal, external and corporate audits are crucial in the risk management process. These auditors review reports on the Group's operational and financial systems and recommend corrective action to manage any risks that they identify. Audit Committee reviews significant audit findings. A brief description of the risks that the Company is exposed to and risk management measures in place are given below:

## Economic Risk

The company's business operations are sensitive to economic conditions of the country and in particular the level of consumer spending. Apart from that there is stiff competition in the lines of products that we manufacture. In order to mitigate adverse implications of these factors, we are constantly on the move to design and develop products that meet our customers' needs best. At the same time, we have deployed aggressive cost management initiatives so that we will be able to market products with superior value at competitive prices. We continuously look for new sources of supplies and attempt to contain costs through efficient production of goods and enhanced local value addition.

## Asset Risk

This relates to risks that are associated with the physical assets of the Company such as destruction, loss or theft as well as technical and other defects.

We have insured every such asset against all identifiable and insurable risks. The relevant insurance policies are subject to a comprehensive annual review, with modifications being made as deemed necessary. Provisions are made against obsolete inventory identified through periodic verifications.

## Investment Risk

While investing in design and development of new products is an imperative for the Company to remain competitive, it raises fresh risks in terms of risks of failure and potential damage to the image of the Company. To mitigate this risk, the Company engages in a thorough appraisal before any such investment is made. A due diligence study ensures that projected budgets and forecasts can be met and examines the impact of technological and other factors on the investment decision.

## Risk Management Report

### Financial Risk

Financial risk relates to the availability of financial resources for the smooth functioning of the Company's operations and is primarily managed through the Group strength thereby ensuring that cost-effective funding is available at all times while minimising the negative effects of market fluctuations on net income. The main exposures are to liquidity, interest rate and currency risks. Fluctuation in exchange rates also has an impact over the company's business.

### Liquidity Risk

Liquidity issues can have an adverse impact on on-going operations as well as investment decisions. In order to minimise the risk, the Company regularly reviews its liquidity position and reports to the Board. Through continuous rolling forecasts, the future cash requirements are ascertained. The Company has excellent relationships with the banks it deals with and enjoys substantial banking facilities. In addition, treasury of the parent company, Singer (Sri Lanka) PLC also assists the Company by providing funds at competitive rates in times of need.

### Risks from Fiscal Changes

Arising from the overall macroeconomic policies, priorities and revenue considerations, government changes taxes and duty structure applicable to manufacture/sale of products from time to time. This may pose a risk to the Company since it has invested heavily in the infrastructure by setting up factories and generating employment opportunities for many people and hold stocks of substantial value at any given point in time. In order to mitigate this risk, we continue to work with the chambers of commerce, industrial associations and such other organizations to protect the local industries, to voice our concerns regarding possible adverse impacts of sudden changes in taxes and duty structure and lobby for necessary incentives.

### Labour Risk

Labour issues can affect product quality, output, market share as well as the Company goodwill and reputation. Among other issues are the likelihood of labour related litigation and investing in time and resources in recruitment and training. Through collective agreements with the labour unions representing its workers, the Company makes every effort to ensure a contented and motivated workforce at all times. These agreements maintain an equitable balance between the interests of employer and employee and provide a basis for negotiations when issues arise. Procedures have also been laid down to promptly respond to grievances and staff complaints.

Welfare and benefit schemes provide our people with additional material incentives and a sense of community, belonging and ownership.

### Supplier Risk

We procure materials from a large number of suppliers both local and foreign for the production of goods. Dependence on external suppliers exposes the company to possible supply disruption and defective third party manufacturing in both raw materials and components. In order to minimize disruptions to supplies and also to ensure the quality of the materials supplied, we have put in place certain measures including procurement from overseas being done from ISO certified suppliers, maintaining trade agreement with suppliers, maintaining multiple suppliers for raw materials and maintaining a good coordination between suppliers and quality assurance department and frequent visits to the factories of the local suppliers and advising them on quality assurance.

### Marketing Risk

The Company does not undertake marketing of the products to the final consumer on its own. Instead, all the

goods manufactured by the Company are sold to the Singer Group. The risk of depending on few buyers for the Company's products is minimised by entering into a formal marketing agreements with Singer (Sri Lanka) PLC and other affiliate companies. Singer (Sri Lanka) PLC is a highly reputed and respected company among households in Sri Lanka with an unparalleled distribution network and a reputation for after sales service.

### Reputation Risk

Due to operating in the consumer durables production industry and the extensive interaction the products of the Company will have with a vast number of customers, the Company is exposed to reputation risk. Among the specific sources of reputation risk are the environmental effects of the production and related activities and any issues concerning the quality of the products manufactured.

### Other Risks

Apart from the specific risks identified above, the Company is exposed to a number of other risks some of which are natural disasters beyond the control of the Company while others relate to operational matters. These include fire, floods, epidemics like Covid-19, terrorist attacks, machinery break-downs, technical defects, electrical hazards etc. Risk management measures in place to address these situations inter alia include insurance covers against all such perils and regular training of firefighting squads and conducting fire drills.

Special focus on spread of global epidemic Covid-19 in Sri Lanka. Company has ensured to conduct its businesses in line with the health and safety guidelines published by government of Sri Lanka. Impacts to health and safety of employees, financial reporting, supply chain, Company economic sustainability etc. have been assessed.

### Caveat

Though the key sources of risk and their mitigation have been discussed in this document, no assurance can be given that the company is fully protected against all possible risks. The best that can be achieved is reasonable management of risk through a sound operational framework that defines, evaluate and mitigate the negative impacts in a timely manner at multiple levels.

As detailed above, the Company has identified various risks it is exposed to and attempts to mitigate the impact of such risks to the maximum extent practically possible. Taking all these into consideration and by analyzing all the risks and ensuring the best form of protection, the Directors have ensured that the risks the Company faces are adequately assessed and managed and pose no untoward threat to the uninterrupted and profitable continuance of business.

# Corporate Governance

Singer Industries (Ceylon) PLC ensures to comply with established best practices in Corporate Governance and ensures the highest ethical standards in conduct of its business. In dealings with their shareholders, customers, colleagues, suppliers and other stakeholders, the Board adopts core values of ethical standards. The Company believes that the highest standards of integrity are maintained when such standards are maintained in business. We have committed to the highest level of governance and strive to foster a culture that values and rewards ethical standards, personal and corporate integrity and mutual respect. The Board of Directors, led by the Chairman, is responsible for the governance of the Company and reviews and suggests improvements to policies to provide transparency and accountability.

All employees, senior management and the Board of Directors are required to embrace this philosophy in the performance of their official duties and in other situations that could affect the Company's image and it is the duty and the responsibility to uphold and act in the best interest of the Company and its stakeholders in fulfilling its stewardship obligations.

While referred to in detail in subsequent sections of this Annual Report, the Company's governance philosophy is practiced in full compliance with the following Acts, Rules and Regulations:

- ❖ Companies Act No. 07 of 2007
- ❖ Listing Rules of the Colombo Stock Exchange (CSE)
- ❖ The Code of Best Practice on Corporate Governance as jointly published by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

- ❖ Integrated Reporting Framework issued by the International Integrating Reporting Council (IIRC)
- ❖ GRI Standards for Sustainability reporting issued by the Global Reporting Initiative

## Governance Policy and Framework

Governance framework covers both Corporate Governance and Business Governance. Both these governance processes are interdependent and interrelated. The former safeguard and ensures the business performance maintaining a balance between accountability and assurance of the business process while the latter enables the focus on areas of value creation to the business.

We at Singer Industries (Ceylon) PLC believes that, successfully run business enterprises are founded on a set of fundamental qualities those that embed transparency, accountability and responsibility within the core of its business operation. The Company's strong core qualities are translated in to action to ensure that the Company remains law abiding, strictly adhering to the laws and regulations of the country. From the Board of Directors to the production floor we give top priority to business integrity and accountability to stakeholders.

Singer Industries (Ceylon) PLC is fully compliant with the Code of Best Practices on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Securities and Exchange Commission (SEC) as well as the listing rules published in this regard by the Colombo Stock Exchange (CSE). This practice mainly covers the following aspects,

- ❖ Directors and Secretary
- ❖ Director's Remuneration
- ❖ Relationship with Shareholders

- ❖ Accountability and Audit
- ❖ Shareholders

## Board of Directors

### Composition

Singer Industries (Ceylon) PLC is headed by an effective Board of Directors and comprises of Nine (09) Directors including the Chairman and the Chief Executive Officer (CEO). All the Directors are professionals who have acquired a wealth of experience and have proven ability in the fields of Management, Marketing, Finance, Industrial and Economics. The Board of Directors is accountable for the governance of the Company.

The Chairman and the CEO function as Executive Directors. The Board comprises of Five (05) Independent Non-Executive Directors, One (01) Non-Executive Director and Three (03) Executive Directors.

The profiles of the Chairman, CEO and other Directors are provided in the Annual Report on pages 10 to 11.

### Responsibilities of the Board

The Board's main responsibility is creating and delivering sustainable shareholder value, within a robust Corporate Governance structure that maintains investor confidence and business integrity. The extent of compliance with the Code of Best Practice on Corporate Governance issued jointly by CA Sri Lanka and SEC as well as the Listing Rules on Corporate Governance published by the Colombo Stock Exchange (CSE), is discussed in the sections that follow.

Additionally, the Board is committed to a policy of 'responsible governance' through the governance framework of the Parent Company, Singer (Sri Lanka) PLC.

The Board endeavors to exercise effective control over the Company by formulating

and implementing policies and ensuring their effective implementation. It is responsible for the governance of the Company on behalf of Shareholders, within a framework of policies and controls that provide for effective risk assessment and management. The Board also provides leadership and articulates the objectives and strategies of Singer Industries (Ceylon) PLC, for achieving those objectives.

Directors dedicate themselves to the affairs of the Company by attending Board and Board subcommittee meetings and making decisions by circular resolutions. Prior to every Board meeting, each Director receives a comprehensive set of Board papers and any additional information requested by the Directors. It is the CEO's duty to ensure that all members are properly briefed.

The Board makes every effort to ensure due compliance to good governance practices and makes objective assessment of the Company's risks, performance and prospects. These are discussed in detail in the Chairman's Statement on pages 6 to 7, Group Chief Executive Officer's Message on pages 8 to 9, Management Discussion and Analysis on pages 12 to 24, Risk Management Report on pages 25 to 27, Audit Committee Report on pages 35 to 36, Remuneration Committee Report on page 37, Nomination Committee Report on page 38 and Annual Report of the Board of Directors on the Affairs of the Company on pages 42 to 46.

The Company has the adequate number of Board members with the required qualifications and experience from a range of disciplines including financial, marketing etc.

Apart from the above, the Board holds the responsibility for followings,

- ❖ Ensure compliance with legal requirements and ethics

- ❖ Approval of budgets and corporate plans
- ❖ Approval of interim and annual Financial Statements for publication
- ❖ Deciding and approval of investment and divestments

### Board's Independence

None of the Independent Directors have held executive responsibilities in the Company. They have submitted a declaration confirming their independence in accordance with Section 7 of the CSE Listing Regulations on Corporate Governance as at 31 March 2021. The Non-Executive Directors do not have any business interest that could materially interfere with the exercise of their independent judgments. The Board Members are permitted to obtain independent professional advice from a third party including the Company's External Auditors and other professional consultants whenever deemed necessary.

The Directors are required to bring an independent judgment to bear decisions of the Company. Their duties are to be performed without any influence from other persons. The Directors are not a party to any decisions made on areas of personal interests. Transactions of the Directors and their family members (arm's length basis) with the Company is required to be disclosed.

### Board Meetings and Circular Resolutions

The Board convenes at least on a quarterly basis to review the performance of the Company and take strategic decisions or even more frequently if the necessity arises. The scheduled dates of meetings for the year are approved by the Board in advance and the 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.

During the period, the Board met four (04) times. The Board subcommittees also met on a regular basis. Circular resolutions are passed as per the requirements.

Number of Board Meetings held during the period	-	04
Number of Circular Resolutions passed	-	05

### Board Meeting Attendance

The attendance at the Board meetings held during the year on 14 May 2020, 04 August 2020, 09 November 2020 and 10 February 2021 are given below.

#### Name of the Director

Mr. A.M. Pandithage	4/4
Mr. M.H. Wijewardene	4/4
Mr. K.D. Kospelawatta	4/4
Mr. S.C. Ganegoda	4/4
Mr. M.H. Jamaldeen	4/4
Mr. N.L.S. Joseph	4/4
Mr. K.D.G. Gunaratne	3/4
Mr. D.K. De Silva Wijeyeratne	4/4
Mr. V.G.K. Vidyaratne (resigned w.e.f. 31.03.2021)	4/4
Mr. K.K.L.P. Yatiwella (Alternate Director to Mr. M.H. Wijewardene - resigned w.e.f. 31.03.2021)*	-

\*Principal Director present at the meetings



## Corporate Governance

### Division of Responsibilities Between the Board, Chairman and Chief Executive Officer

The positions of the Chairman and Chief Executive Officer are separated, preventing unfettered powers for decision making in one person. The CEO functions as the key decision maker of the Company with the help of the Factory Director and the management team. The Chairman and the Board of Directors play a supervisory and advisory role and set the policy direction for the Company.

Board independence from management is maintained by the presence of Non-Executive and Independent Directors. These Directors provide a mechanism to critically review all aspects of the Company's operations. They ensure that no single individual has unfettered powers of decision making and bring independent judgments to bear on issues of strategy, performance and risk. Both the Chairman and the CEO ensure that good governance is practiced throughout the organization; and that both Executive and Non-Executive Directors have opportunities for effective participation. The CEO also ensures that the Board has full knowledge of the Company's affairs and facilitates effective communication with all of the Company's stakeholders including government agencies, suppliers, shareholders, employees and the general public.

### Strategic Planning and Implementation

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.

The Company's Annual Plan addresses the requirements of the business units and divisions. This ensures that the entire Company follows the set plans and objectives as articulated in the Annual Plan. These in turn become the primary objectives of the Management. The Management has the autonomy and freedom to translate these objectives to specific goals that are achievable. Key programs are identified by the CEO for each year in line with the Annual Plan after they are discussed.

### Company Secretary

Hayleys Group Services (Private) Limited provides Company secretarial services with competent qualified professionals who are registered as Company Secretaries. All Directors have access to the advice and service of the Company Secretaries as necessary.

Hayleys Group Services (Private) Limited functions as the Board Secretaries as well and advises the Board and ensures that matters concerning the Companies Act, Board procedures and other applicable rules and regulations are followed. They ensure that the proper Board procedures are followed and the relevant rules, regulations and requirements are complied with which are relevant to them as individual Directors and collectively to the Board.

### Executive Management

While the Board of Directors is ultimately responsible for the operations and financial soundness of the Company, the day-to-day management of the Company is entrusted to the Factory Director. There is extensive staff participation in decision making at all levels, with strategic recommendations on material matters flowing to the Board for final decision.

### Chairman's Role

The Chairman is responsible for directing the Board and to be effective. In practice, this means taking responsibility for the Board's composition, ensuring that the Board focuses on its key tasks and supports the CEO in managing the day-to-day running of the Company. The Chairman is also the ultimate point of contact for Shareholders, particularly on corporate governance issues.

The Chairman satisfies himself that the information available to the Board is sufficient to make an informed assessment of the Company's affairs as well as to discharge their duties to all stakeholders.

The Chairman conducts Board meetings in a manner which ensures effective participation from all Directors, with their individual contribution and concerns objectively assessed prior to making key decisions while maintaining balance of power.

### Accountability

A balanced and comprehensive review of the financial position, performance and prospects are presented by the Company in its Annual Report. In addition, the Company releases quarterly interim Financial Statements, and other communications on a need basis.

The Company has issued a Code of Ethics applicable to all employees and established a whistle-blowing policy to report violations to the Board Audit Committee. External Auditors, Internal Auditors and Corporate Auditors appointed by the Parent Company also review the financial performance and the effectiveness of internal control systems.

Procedures exist to ensure that Directors are provided with timely information on a quarterly basis or even more frequently and a clear agenda and papers with guidance on contents and presentation



for all meetings to facilitate effective conduct. When the Board finds that the information provided is insufficient or not clear, they call for additional information which is provided.

### Audit Committee

The Audit Committee of the parent Company, Singer (Sri Lanka) PLC functions as the Audit Committee to the Company. The Board has delegated some responsibilities to the Audit Committee, which include the following:

- ❖ Ensuring that good financial reporting systems are in place.
- ❖ Verifying the effectiveness of the internal control systems and make sure the internal controls within the Company is designed to provide reasonable, though not absolute, assurance to the Directors and assist them to monitor the financial position of the group.
- ❖ Complying with the applicable laws and regulations.
- ❖ Periodically reviewing the risk assessment processes and organizational risk profile.
- ❖ Assessing the independence and evaluating the performance of external auditors.

The Audit Committee is empowered to review and monitor the financial reporting process of the Company so as to provide additional assurance on the reliability of 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 communication to the Shareholders and to the public.

As at period-end, the Audit Committee comprised of three (03) Independent Non-Executive Directors of the Board.

The Company Secretaries function as the Secretaries to the Committee. The Chief Financial Officer/Compliance Officer, Audit Staff of Singer and Hayleys PLC, representatives of External Auditors and when necessary, the Group Chief Executive Officer, Group Finance Director, Hayleys Group Chief Financial Officer (CFO), and relevant operational Directors and Managers attend the meetings by invitation.

The Audit Committee's authority, responsibilities and specific duties have been formalized through an Audit Committee Charter. The Audit Committee is empowered, among the other duties, to examine any matters relating to the financial affairs of the Company, adequacy of the internal control procedures, coverage of internal and external audit programs, disclosure of Accounting Policies and compliance with Statutory and Corporate Governance requirements.

The Committee held four (04) meetings during the period under review to discuss the Reports of the Internal and External Auditors and Quarterly Financial Statements for the period.

The detailed Report of the Audit Committee is given on pages 35 to 36.

### Remuneration Committee

The Remuneration Committee of the parent Company, Singer (Sri Lanka) PLC function as the Remuneration Committee to the Company. As at period-end, the Remuneration Committee comprised of three (03) Independent Non-Executive Directors of the Company. The Chairman and the Group CEO participates by invitation. The Committee is Chaired by an Independent Non-Executive Director. The Singer Group Finance Director functions as the Secretary of the Committee. The Group CEO and the Singer Group Finance Director assist the Committee by providing relevant information and participating in analysis

and deliberations.

The scope of the Committee is to ascertain the fees, remuneration and perquisites of the Chairman, CEO, Independent Directors and the Executive Directors of the Company. The Committee also approves the recommendations made by the CEO of Singer Group. Board makes the final decision based on the considerations of such recommendations.

The Committee also reviews the policies pertaining to the remuneration and perquisites of the Executives of the Company.

The remuneration of the Directors is disclosed on pages 69 and 91 of this Annual Report and the detailed Remuneration Committee Report is given on page 37.

### Internal Control

The Company's Directors are responsible for instituting a system of internal controls to ensure the effective implementation of all policies and decisions of the Board. This framework is designed to provide reasonable but not absolute assurance that all aspects are safeguarded.

The Company employs personnel across different levels of operations to apply these internal controls, while the Singer Group Internal Audit Department reviews the effectiveness of such controls.

The Company's operations are also subject to review by the Corporate Internal Audit Division.

### Relations with Shareholders

The Board uses the Annual General Meeting (AGM) to communicate with Shareholders and encourage their participation. Those unable to attend may appoint proxies. Each substantially separate issue is proposed as a separate resolution at the AGM including the

## Corporate Governance

proposal for the adoption of the report and accounts. The Chairman ensures that the Audit Committee is available to answer any question at the AGM, if required. The Company Secretaries ensure that all Shareholders' queries are answered whenever required.

### Investor Relations

The feedback from shareholders is valued highly by the Board in its quest to continuously improve corporate governance practices. It is the policy of the Board that Shareholders should have equal access to information. The Board has adopted a policy of free disclosure of all material information of the Company to its Shareholders.

The Company also welcomes the active participation of Shareholders at Annual General Meetings and solicits their views at all times, promoting healthy dialogue. Where applicable, the Company implements Shareholders' suggestions, mainly those presented at the AGMs. Through the quarterly and annual publications of Financial Statements, meetings and other forms of communication, the Board and the management constantly interact with the Shareholders and inform them of the continuous progress of the Company.

### Financial Reporting, Transparency and Supply of Information

Financial Statements are prepared and presented in accordance with the new Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka. Financial information is circulated as appropriate within and outside the organization.

The Board receives a standard set of documents, which are timely, accurate, relevant and comprehensive. These papers include a detailed analysis of financial and non-financial information. The Board may call for additional

information or clarify issues with any member of the management team. All Directors are adequately briefed on matters arising at Board meetings. The Secretary and Compliance Officer ensure that Board papers are circulated in advance prior to Board meetings.

The timely publication of quarterly and annual Financial Statements, with comprehensive details beyond the statutory requirements, has been a salient feature of our financial reporting system. The Financial Statements included in this annual report has been audited by the External Auditors, Messrs. KPMG, Chartered Accountants.

### Compliance with Law

The Company has established procedures to ensure compliance with all applicable statutory and regulatory requirements. The Chief Financial Officer of the Company act as Compliance Officer and is responsible for ensuring proper compliance with applicable laws and regulations. A compliance checklist is provided to the Board Audit Committee and Board members in every quarter by the Compliance Officer indicating compliance with applicable laws, regulations etc.

The Company has also issued a Code of Ethics and Human Resources Policies and Procedures applicable to all employees.

### Material Issues Pertaining to Employees and Industrial Relations

The Company did not encounter any material issues pertaining to employees and industrial relations during the financial year 2020/21.

The following table presents the details of the Company's compliance with Section 7 of the CSE Listing Rules on Corporate Governance as at 31 March 2021.

Rule No.	Corporate Governance Rule Requirement	Status of Compliance	Details of Compliance
	<b>Board of Directors</b>		
7.10.1	Number of Non-Executive Directors - One-third of the total number of Directors, subject to a minimum of two.	Complied	The Board comprise nine (09) Directors, of which Six (06) are Non-Executive Directors
7.10.2	Number of Independent Directors - One-third of Non-Executive Directors, subject to a minimum of two.	Complied	Five (05) Non-Executive Directors are independent.
7.10.3	Disclosure Relating to Directors' independence.	Complied	Five (05) Independent Non-Executive Directors have submitted a declaration confirming their independence.
<b>7.10.5</b>	<b>Remuneration Committee</b>		
7.10.5 (a)	Number of Independent Non-Executive Directors in the Committee to be:  ❖ a minimum of two (where a Company has only two Directors on the Board), or  ❖ in all other instances majority of whom are to be independent.	Complied	The Committee comprise of three (03) Directors of whom all are Independent Non-Executive Directors
	Separate Committee to be formed for the Company or the listed Parent's Remuneration Committee to be used.	Complied	The Parent Company's Committee functions as the Committee to the Company.
	Chairman of the Committee to be a Non-Executive Director.	Complied	The Chairman of the Committee is an Independent Non-Executive Director.
7.10.5. (b)	Functions of the Committee.	Complied	The Remuneration Committee Report on page 37 sets out the functions of the Committee.
<b>7.10.6</b>	<b>Audit Committee</b>		
7.10.6. (a)	Number of Independent Non-Executive Directors in the Committee to be:  ❖ a minimum of two (where a company has only two Directors on the Board), or  ❖ in all other instances majority of whom are to be independent.	Complied	The Committee comprises of three (03) Directors from whom all are Independent Non-Executive Directors.
	Separate Committee to be formed for the Company or the listed Parent's Committee to be used.	Complied	The Parent Company's Committee functions as the Committee to the Company
	Chairman of the Committee to be a Non-Executive Director.	Complied	The Chairman of the Committee is an Independent Non-Executive Director.
	Chairman or one member of the Committee to be a member of a recognized professional accounting body.	Complied	The Chairman of the Committee is a member of a recognized professional accounting body.
	CEO and CFO to attend committee meetings, unless otherwise determined by the Audit Committee.	Complied	CEO and CFO attend by invitation.
7.10.6. (b)	Functions of the Committee.	Complied	The Audit Committee Report on page 35 to 36 sets out the functions of the Committee.

## Corporate Governance

The following table presents the details of Related Party Transactions as per Section 9 of the listing rule of CSE.

Rule No	Related Party Transaction Requirement	Status of Compliance	Details of Compliance
9.2.1 & 9.2.3	Separate Committee to be formed for the Company or the listed Parent's Committee to be used.  Functions of the Committee.	Complied	The Parent Company's Committee functions as the Committee to the Company.  The functions of the Committee are stated in the Report of the Related Party Transaction Review Committee on pages 39 to 40.
9.2.2	Composition	Complied	The Committee comprises two (02) Independent Non-Executive Directors and one (01) Executive Director  Please refer the Report of the Related Party Transaction Review Committee on pages 39 to 40.
9.2.4	Related Party Transactions Review Committee Meetings	Complied	Met four (04) times during the financial year 2020/21.
9.3.1	Immediate Disclosures	Complied	Please refer Note 33 of the Notes to the Financial Statements on page 91.
9.3.2(a) & (b)	Disclosure of Non-Recurrent and Recurrent Related Party Transactions	Complied	Please refer Note 33.3.1 of the Notes to the Financial Statements on pages 92 to 93.
9.3.2(C)	The Report by the Related Party Transaction Review Committee	Complied	Please refer the Report of the Related Party Transaction Review Committee on pages 39 to 40.
9.3.2(d)	A Declaration by the Board of Directors	Complied	Please refer the Report of the Directors on page 47 for an affirmative statement of compliance of the Board.

### Transparency and Business Ethics

We ensure the transparency in all public disclosures, as well as in the way business and communication take place with all stakeholders. A 'Whistle Blowing Policy', was introduced in 2009 and this has immensely increased the level of transparency at all levels. The written Code of Ethics which bound all employees include the following aspects;

- ❖ Exercise honesty, objectivity and diligence when performing ones duties.
- ❖ Avoid situations where personal interest might conflict with the interest of the Company; and if so, disclose such interest in advance.
- ❖ Maintain confidentiality of commercial and price sensitive information.
- ❖ Work within applicable laws and regulations.

- ❖ Safeguard the Company's assets.
- ❖ Avoid conduct that will 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.

The whistle blowing procedure introduced by the Company encourages any employee who suspects wrong doing at work, whether by management, peers or any other employee, to raise their concerns.

### Other Policies

In addition, the Company implements policies covering the following areas:

- ❖ Recruitment and selection.
- ❖ Financial integrity.
- ❖ Use of Company property including computers.
- ❖ Non-harassment in the workplace.
- ❖ Environment, safety and health.
- ❖ Security of IT system.

# Audit Committee Report

## Preamble

The Committee is empowered to review and monitor the financial reporting process of Singer Industries (Ceylon) PLC 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.

Audit Committee of the Parent Company, Singer (Sri Lanka) PLC act as the Audit Committee of the Company.

## Composition of the Committee

As at period-end, the Audit Committee comprised of three (03) Independent Non-Executive Directors of the Board namely;

Mr. D.K. De Silva Wijeyeratne - Chairman  
Mr. D. Sooriyaarachchi  
Mr. M.H. Jamaldeen

The brief profiles of the Directors is given on pages 10 to 11 of this Annual Report.

Hayleys Group Services (Private) Limited functions as the Secretary to the Committee. The Group Finance Director of the Parent Company, Compliance Officer, Internal Audit Staff, the Group Chief Executive Officer and when necessary the representatives of External Auditors and relevant Managers attend the meetings by invitation.

## Responsibilities and Duties of the Committee

The Audit Committee's authority, responsibilities and specific duties have been formalised through an Audit Committee Charter. By this, the Audit Committee is empowered among other things, to examine any matters relating to the financial

affairs of Singer Industries (Ceylon) PLC and to review the adequacy of the internal control procedures, coverage of internal and external audit programmes, disclosure of Accounting Policies and compliance with statutory and Corporate Governance requirements.

## Internal Audit Risk and Control

The Committee provides 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.

The Committee 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.

## Financial Reporting

The Committee along with the Board, Internal Audit and External Audit review the annual and quarterly financial results to ensure compliance with mandatory, statutory and other regulatory requirements laid down by the authorities, prior to publication.

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

## Meetings of the Committee

During the period, four (04) Audit Committee meetings were held to discuss the reports of the Internal and External Auditors and quarterly accounts. The final accounts were also discussed at the meeting held on 13 May 2021. The minutes of the meetings were tabled at the meetings of the Board of Directors for information and necessary action.

## Attendance

The attendance of the Committee Members at the Audit Committee meetings held on 11 May 2020, 29 July 2020, 05 November 2020 and 08 February 2021 are given below.

Name of the Committee Member	Attendance
Mr. D.K. De Silva Wijeyeratne	4/4
Mr. D. Sooriyaarachchi	4/4
Mr. M.H. Jamaldeen	4/4

## External Auditors

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 matters of significance that were pending resolution. Before the conclusion of the audit, the

## Audit Committee Report

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 Audit Committee has recommended to the Board of Directors that Messrs. KPMG, Chartered Accountants be re-appointed as the External Auditors of the Company for the financial year 2021/22 as a deemed provision in terms of Section 158 of the Companies Act No. 7 of 2007, 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.

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

### Conclusion

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.)

**D. K. De Silva Wijeyeratne**  
*Chairman - Audit Committee*

Colombo.  
13 May 2021.

# Remuneration Committee Report

The Remuneration Committee of the Parent Company, Singer (Sri Lanka) PLC functions as the Committee to the Company.

## Composition of the Committee

The Remuneration Committee comprises of three (03) Independent Non-Executive Directors. The following Directors serve on the Committee.

Mr. M.H Jamaldeen - Chairman  
Mr. D. Sooriaarachchi  
Mr. D.K. De Silva Wijeyeratne

The brief profiles of the Directors is given on pages 10 to 11 of this Annual Report.

Mr. Lalith Yatiwella, Group Finance Director functions as the Secretary to the Committee (resigned w.e.f. 31 March 2021).

The Chairman and the 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.

## The Scope of the Committee

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

Remuneration and perquisites of the Group CEO is reviewed and approved by the Ultimate Parent Company's Remuneration Committee (Hayleys PLC) and it is not under the scope of the Board Remuneration Committee of the Company.

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

## Remuneration Policy

A primary objective of compensation packages is to attract and retain a highly qualified and experienced work force, and reward performances. 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

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.

## Attendance

The Committee met three (03) times on 23 September 2020, 05 November 2020 and 07 November 2020 during the period.

Name of the Committee Member	Attendance
Mr. M.H Jamaldeen	3/3
Mr. D. Sooriaarachchi	3/3
Mr. D.K. De Silva Wijeyeratne	3/3

## Conclusion

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.)

**M.H. Jamaldeen**  
*Chairman - Remuneration Committee*

Colombo.  
17 May 2021.

## Nomination Committee Report

The Nomination Committee of the Parent Company, Singer (Sri Lanka) PLC functions as the Committee for the Company.

### Composition of the Committee

The Nomination Committee comprises of one (01) Independent Non-Executive Director and one (01) Non-Executive Director and one (01) Executive Director. The following Directors serve on the Committee.

Mr. A.M. Pandithage\* - Chairman  
Mr. K.D.D. Perera\*\*  
Mr. M.H. Jamaldeen\*\*\*

\*Executive

\*\*Non-Executive

\*\*\*Independent Non-Executive

Brief profiles of the Directors are given on pages 10 to 11 of the Annual Report.

### The 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 Directors' 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 by the Board of Directors.

### Meetings

During the reporting period, Nomination Committee meetings were not held, whereas the appointments were approved by the Board via circular resolutions.

### Re-election of Directors at the Annual General Meeting

In terms of Article 24 (4) of the Articles of Association of the Company, Mr. N.L.S. Joseph retires by rotation and being eligible himself for re-election and the shareholders will be requested to re-elect him at the forthcoming Annual General Meeting.

In terms of Article 24 (4) of the Articles of Association of the Company, Mr. K.D.G. Gunaratne retires by rotation and being eligible himself for re-election and the shareholders will be requested to re-elect him at the forthcoming Annual General Meeting.

### Re-appointment of a Director under Section 211 of the Companies Act No. 07 of 2007

The Nomination Committee has recommended that Mr. A.M. Pandithage be re-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 notwithstanding the age limit of seventy years stipulated by Section 210 of the Companies Act.

The above recommendation was approved by the Board.

### Conclusion

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.)

**A.M. Pandithage**

*Chairman - Nomination Committee*

Colombo.  
17 May 2021.



# Related Party Transaction Review Committee Report

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

## Composition of the Committee

The Related Party Transactions Review Committee comprises of two (02) Independent Non-Executive Directors and one (01) Executive Director. The following Directors serve on the Committee.

Mr. D. Sooriyaarachchi \* - Chairman  
Mr. D.K. De Silva Wijeyeratne \*  
Mr. M.H. Wijewardene \*\*

Mr. J.A. Setukavalar \* (resigned w.e.f. 22.03.2021) Represents Singer Finance (Lanka) PLC participated the meetings by invitation.

Mr. D.T.R. De Silva \* (appointed on 09.03.2021) Represents Singer Finance (Lanka) PLC participated the meetings by invitation.

\* Independent Non-Executive  
\*\* Executive

The above composition is in compliance with the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

Brief profiles of the members are given on pages 10 to 11 of this Annual Report.

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

## The Duties of the Committee

- ❖ 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 the 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 asset 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 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 Singer Industries (Ceylon) PLC.

The Committee in its review process recognized the adequacy of the content and quality of the information forwarded to its members by the management and in compliance with the Listing Rule 9 of the Colombo Stock Exchange.

## Related Party Transaction Review Committee Report

### Meetings

The Committee met four (04) times during the period under review.

### Attendance

The attendance of the Committee Members at the meetings held on 11 May 2020, 29 July 2020, 05 November 2020 and 26 March 2021 are given below.

Name of the Committee Member	Attendance
Mr. D. Sooriyaarachchi	4/4
Mr. D.K. De Silva Wijeyeratne	4/4
Mr. M.H. Wijewardene	4/4
Mr. J.A. Setukavalar (by Invitation) (resigned w.e.f. 22.03.2021)	3/3
Mr. D.T.R. De Silva (by Invitation) (appointed on 09.03.2021)	1/1

### Reporting to the Board

The Minutes of the RPTRC meetings are tabled at 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 33 to the Financial Statements given in pages 91 to 93 to this report.

### Conclusion

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.)

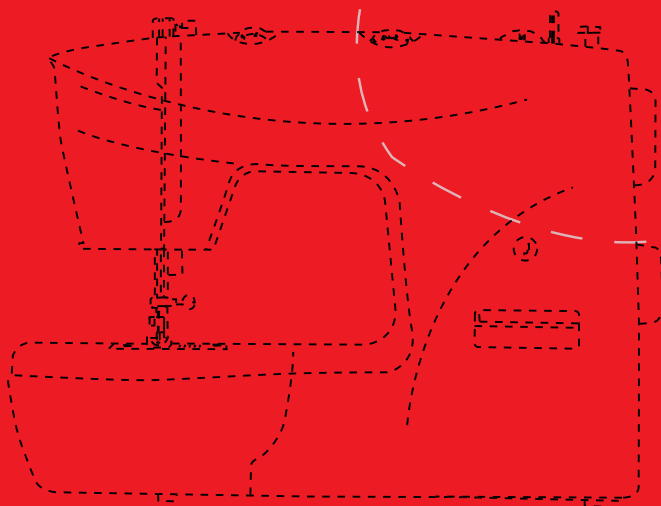
**D. Sooriyaarachchi**

*Chairman - Related Party Transactions Review Committee*

Colombo.

13 May 2021.

# FINANCIAL INFORMATION



	2020/21	2019/20
<b>Interim Financial Statements</b>		
For the three months ended 30 June (unaudited)	<b>4 August 2020</b>	7 August 2019
For the six months ended 30 September (unaudited)	<b>9 November 2020</b>	8 November 2019
For the nine months ended 31 December (unaudited)	<b>10 February 2021</b>	11 February 2020
For the twelve months ended 31 March (unaudited)	<b>17 May 2021</b>	15 May 2020
<b>Annual Report and Annual General Meeting</b>		
Annual Report Approved	<b>17 May 2021</b>	14 May 2020
Annual General Meeting	<b>28 June 2021</b>	24 July 2020

# Annual Report of the Board of Directors on the Affairs of the Company

The Board of Directors of Singer Industries (Ceylon) PLC has pleasure in presenting their Report on the affairs of the Company together with the audited Financial Statements of the Company for the year ended 31 March 2021.

The details set out herein provide the pertinent information required by the Companies Act No. 7 of 2007, the Colombo Stock Exchange Listing Rules and are guided by recommended best accounting practices.

## Review of the Year

The Chairman's Statement (on pages 6 to 7), and the Group Chief Executive Officer's Message on (pages 8 to 9), describes the Company's affairs and mentions important events that occurred during the year and up to the date of this Report. The financial review on pages 13 to 16 elaborates the financial results of the Company. These reports together with the audited Financial Statements reflect the state of the affairs of the Company.

## Principal Activities

The principal activities of the Company are the assembly of sewing machines and the manufacture of cabinets and stands for sewing machines.

## Financial Statements

The Financial Statements prepared in compliance with the requirements of Section 151 of the Companies Act No. 07 of 2007 duly certified by the Chief Financial Officer (CFO) and approved by the Board of Directors are given on pages 52 to 93 in this Annual Report. The Financial Statements are prepared in accordance with SLFRS/LKASs, the Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka to coverage with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).

## Independent Auditor's Report

The Company's Auditors Messrs. KPMG, Chartered Accountants performed the audit on the Financial Statements for the year ended 31 March 2021 and the independent Auditor's Report on the Financial Statements is given on pages 48 to 51 in this Annual Report.

## Accounting Policies

The Accounting Policies adopted in preparation of the Financial Statements are provided in details in the Notes to the Financial Statements on pages 56 to 65. The Company has consistently applied the Accounting Policies as set out in Note 3 to all periods presented in these Financial Statements.

## Property, Plant & Equipment

During the year under review, the Company invested a sum of Rs. 1,662,268/- (2019/20 Rs. 6,850,018/-) in property, plant & equipment.

Details of property, plant and equipment and their movements are given in Note 11 to the Financial Statements respectively.

## 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. The company review its freehold land & building once in every three years and investment property in annually. The details of the revaluation are given in Note 11 and 12 to the Financial Statements on pages 72 to 76 in this Report.

## Investments

The Company has invested Rs. 54 Mn (2019/2020 - Rs. 54 Mn) in the Stated Capital of Reality Lanka Ltd. and accounted as an Equity Accounted Investee.

Details of the investment in Equity Accounted Investee are given in Note 13 to the Financial Statements on pages 76 to 78.

## Directors' Responsibility

The Statement of the Directors' Responsibility is given on page 47 of this Annual Report.

## Corporate Governance

The Company has complied with Corporate Governance rules laid down under the Listing Rules of the Colombo Stock Exchange. The Corporate Governance Section on pages 28 to 34 describes the good Corporate Governance principles adopted by the Company.

## Profit and Appropriations

For the year ended 31 March	31.03.2021	31.03.2020
	Rs.	Rs.
Company profit before income tax expense after deducting all expenses, known liabilities and depreciation amounts to	(1,957,786)	11,350,895
From this has to be deducted the income tax expense (Refer Note 9)	(4,961,999)	3,919,130
To this has to be added the Other Comprehensive Income	3,013,113	2,006,075
Making a profit for the year attributable to equity holders of	(3,906,672)	17,276,100
To this has to be added the balance brought forward from previous year of	476,379,204	464,615,891
To this has to be added the transfer from revaluation reserve	4,408,251	3,687,563
To this has to be added the transfer from Investment Property to retained earnings	-	-
Leaving a total available for appropriation of:	476,880,783	485,579,554
Following appropriation has been proposed:		
Proposed dividend – No proposed dividend 2020/21 (2019/20 – Rs. 0.92)	-	9,200,350
Balance to be carried forward by the Company of	476,880,783	476,379,204

## Reserves

Company Reserve and Retained Earnings as at 31 March 2021 amounted to Rs. 1,345 million vs Rs. 1,251 million as at 31 March 2020.

The break-up and the movement are shown in the Statement of Changes in Equity in the Financial Statements.

## Stated Capital

As per the Companies Act No. 07 of 2007, the Stated Capital of the Company was Rs. 100,003,800/- as at 31 March 2021 (Rs. 100,003,800/- as at 31 March 2020). The details are given in Note 22 to the Financial Statements on page 80.

## Events Occurring after the Reporting Date

No circumstances have arisen since the Statement of Financial Position date, which would require adjustments to the Interim Financial statements.

## Ultimate Parent Company

Singer (Sri Lanka) PLC is the parent Company of Singer Industries (Ceylon) PLC. Hayleys PLC is the ultimate parent Company of Singer Industries (Ceylon) PLC with effect from 15 September 2017.

## Statutory Payments

The declaration relating to statutory payments is made in the Statement of Directors' Responsibility on page 47.

## Directors' Interests & Interest Register

Details of transactions with Director-related entities are disclosed in Note 33 to the Financial Statements on pages 91 to 93 and have been declared at the Board meeting, pursuant to Section 192 (2) of the Companies Act No. 07 of 2007. Directors' interest in shares are given in the later part of this Report.

## Directors' Remuneration

Aggregate remuneration paid to the Executive and Non-Executive Directors during the financial year is given in Note 33.2 to the Financial Statements on page 91.

## Directors' Indemnity and Insurance

The ultimate parent of the Company, Hayleys PLC has obtained a Directors' and Officers' Liability insurance from a reputed insurance company in Sri Lanka providing worldwide cover to indemnify all past, present and future Directors and Officers of the Group.

## Board Committees

### Audit Committee

The Audit Committee of the parent Company, Singer (Sri Lanka) PLC functions as the Audit Committee to Singer Industries (Ceylon) PLC.

The members and the composition of the members are given on pages 35 to 36 under the Audit Committee Report.

The Report of the Audit Committee on pages 35 to 36 set out the manner of compliance by the Company in accordance with the requirements of the Rule 7.10 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance.

### Remuneration Committee

Remuneration Committee of the parent Company, Singer (Sri Lanka) PLC functions as the Remuneration Committee of Singer Industries (Ceylon) PLC.

The members and the composition of the members are given on page 37 under the Report of the Remuneration Committee.

The Report of the Remuneration Committee on page 37 contains a statement of the remuneration policy. The details of the aggregate remuneration paid to the Executive and Non-Executive

## Annual Report of the Board of Directors on the Affairs of the Company

Directors during the financial year are given in Note 33.2 on page 96 to the Financial Statements.

### Nomination Committee

Nomination Committee of the parent Company, Singer (Sri Lanka) PLC functions as the Nomination Committee of Singer Industries (Ceylon) PLC.

The members and the composition of the members are given on page 38 under the Report of the Nomination Committee

The Report of the Nomination Committee on page 38 set out the manner of compliance by the Company in accordance with the requirements of the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

### 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 Singer Industries (Ceylon) PLC.

The members and the composition of the members are given on pages 39 to 40 under the Report of the Related Party Transactions Review Committee.

The Related Party Transactions Review Committee assists the Board in reviewing all related party transactions in accordance with the requirements of the Code of Best Practice on related party transactions and in accordance with the requirements of Section 9 of the Listing Rules of the Colombo Stock Exchange. The Board confirms that the related party transactions in compliance with the CSE Listing Rules.

### Share Information and Substantial Shareholdings

The distribution of shareholding, public holding percentage, market value of

shares, top twenty largest Shareholders and the percentage held by each of them are disclosed on pages 96 to 98.

### Subdivision of Shares

The ordinary shares of the company were subdivided by splitting each issued ordinary share into 2 ordinary shares from 04 March 2021. Consequently the total number of existing issued Ordinary Shares were increased from 10,000,380 to 20,000,760 without changing the Stated Capital of the Company which will remain at Rs.100,003,800/-.

The earnings per share, dividends per share, dividend pay-out and net asset value per share are given in financial performance on page 4 and ten year at a glance on pages 94 to 95 in this Annual Report.

### Directorate and Shareholdings

The names of the Directors of the Company as at 31 March 2021 and their brief profiles are given on pages 10 and 11 in this Annual Report.

In terms of Article 24 (4) of the Articles of Association of the Company, Mr. N.L.S. Joseph retires by rotation and being eligible himself for re-election.

In terms of Article 24 (4) of the Articles of Association of the Company, Mr. K.D.G. Gunaratne retires by rotation and being eligible himself for re-election.

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

Mr. V.G.K. Vidyaratne who served as an Independent Non-Executive Director and Mr. K.K.L.P. Yatiwella who served as an Alternate Director (Alternate Director to Mr. M.H. Wijewardene) resigned with effect from 31 March 2021.

Shareholdings of the Directors and the Chief Executive Officer at the beginning of the year and as at the end of the year are as follows:

Name of the Director	No. of Shares	
	As at 31.03.2021	As at 01.04.2020
Mr. A.M. Pandithage	-	-
Mr. S.C. Ganegoda	-	-
Mr. V.G.K. Vidyaratne (resigned w.e.f. 31.03.2021)	520	260
Mr. M.H. Jamaldeen	-	-
Mr. N.L.S. Joseph	-	-
Mr. K.D.G. Gunaratne	-	-
Mr. K.D. Kospelawatta	1,040	520
Mr. D.K. De Silva Wijeyeratne	-	-
Mr. M.H. Wijewardene	-	-
Mr. K.K.L.P. Yatiwella (Alternate Director to Mr. M.H. Wijewardene) (resigned w.e.f. 31.03.2021)	-	-

The Directors' shareholding increased as a result of subdivision of shares made on 04 March 2021 splitting each issued ordinary share into 2 ordinary shares.

### Independence of Directors

In accordance with Rule 7.10.2 (b) of the Colombo Stock Exchange (CSE) Listing Rules, Mr. S.C Ganegoda, Mr. M.H. Jamaldeen, Mr. V.G.K. Vidyaratne, Mr. N.L.S. Joseph, Mr. K.D.G. Gunaratne and Mr. D.K. De Silva Wijeyeratne who are Non-Executive Directors of the Company, has submitted signed and dated declaration as per the specimen given in Appendix 7 A of Continuing Listing requirements of CSE.

Although, Mr. M.H. Jamaldeen has not met the criteria mentioned in item (g) of Rule 7.10.4 of the CSE Rules, the Board of Directors of the Company is of the opinion that ;

- (i) Mr. M.H. Jamaldeen is nevertheless independent on the following basis:
  - a) His high standing in society and business sector.
  - b) His experience and knowledge particularly in the field of Economics will continue to be an asset to the Company.
  - c) He does not participate in executive decision making.

Although, Mr. V.G.K. Vidyaratne has not met the criteria mentioned in items (g) of Rule 7.10.4 of the CSE Rules, the Board of Directors of the Company is of the opinion that;

- (ii) Mr. V.G.K. Vidyaratne is nevertheless independent on the following basis:
  - a) His high standing in business sector.
  - b) His experience and knowledge particularly in the field of Engineering will continue to be an asset to the Company.
  - c) He does not participate in executive decision making.

Although, Mr. N.L.S. Joseph has not met the criteria mentioned in items (g) of Rule 7.10.4 of the CSE Rules, the Board of Directors of the Company is of the opinion that;

- (iii) Mr. N.L.S. Joseph is nevertheless independent on the following basis:
  - a) His high standing in business sector.
  - b) His experience and knowledge particularly in the field of Accounting will continue to be an asset to the Company.
  - c) He does not participate in executive decision making.

Although, Mr. K.D.G. Gunaratne has not met the criteria mentioned in items (g) of Rule 7.10.4 of the CSE Rules, the Board of Directors of the Company is of the opinion that;

- (iv) Mr. K.D.G. Gunaratne is nevertheless independent on the following basis:
  - a) His high standing in business sector.
  - b) His experience and knowledge particularly in the field of Accounting will continue to be an asset to the Company.
  - c) He does not participate in executive decision making.

Although, Mr. D.K. De Silva Wijeyeratne has not met the criteria mentioned in items (g) of Rule 7.10.4 of the CSE Rules, the Board of Directors of the Company is of the opinion that;

- (v) Mr. D.K. De Silva Wijeyeratne is nevertheless independent on the following basis:
  - a) His high standing in business sector.
  - b) His experience and knowledge particularly in the field of Accounting will continue to be an asset to the Company.

- c) He does not participate in executive decision making.

### Independent Non-Executive Directors

Mr. M.H. Jamaldeen  
 Mr. V.G.K. Vidyaratne (resigned w.e.f. 31.03.2021)  
 Mr. N.L.S. Joseph  
 Mr. K.D.G. Gunaratne  
 Mr. D.K. De Silva Wijeyeratne

### Employment

The number of persons employed by the Company as at 31 March 2021 was 75 (31 March 2020 - 80).

### Donations

During the year, donations amounting to Rs. 67,766/- (2019/2020 - Rs. 30,000/-) were made by the Company.

During the year no donations were paid to Government approved Charities by the Company.

### Auditors

The Financial Statements for the year under review were audited by Messrs. KPMG, Chartered Accountants.

M/s KPMG, Chartered Accountants are deemed re-appointed as Auditors for the year 2021/22 in terms of Section 158 of the Companies Act No. 7 of 2007.

A resolution proposing the Directors be authorized to determine the Auditors' remuneration will be put to the Shareholders at the Annual General Meeting.

The audit related fees paid to the Auditors by the Company are disclosed in Note 8 on page 69 in this Annual Report.

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an Auditor) with the Company other than those disclosed above. The Auditors also do not have any interest with the Company.



## Annual Report of the Board of Directors on the Affairs of the Company

The Audit Committee reviews the appointment of the Auditors, its effectiveness and its relationship with the Company including the level of audit and non-audit fees paid to the Auditors. Details on the work of the Audit Committee are set out in the Audit Committee Report.

### Notice of Meeting

The Annual General Meeting will be held on online meeting platform on Monday, 28 June 2021 at 2.00 p.m.

The Notice of the Annual General Meeting of the Shareholders is on page 99.

For and on behalf of the Board,

(Sgd.)  
**A.M. Pandithage**  
*Chairman*

(Sgd.)  
**M.H. Wijewardene**  
*Managing Director*

(Sgd.)  
**Hayleys Group Services (Private) Limited**  
*Company Secretaries for*  
**Singer Industries (Ceylon) PLC**

Colombo  
17 May 2021.

## Statement of Directors' Responsibility

The Directors are responsible under Sections 150 (1), 151, 152 (1) & 153 of the Companies Act No. 07 of 2007, to ensure compliance with the requirements set out therein to prepare Financial Statements for the twelve months financial period ended 31 March 2021 giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit & loss of the Company and the Group for the financial year.

The Directors are also responsible, under Section 148, for ensuring that proper accounting records are kept to enable, determination of financial position with reasonable accuracy, preparation of Financial Statements and audit of such Statements to be carried out readily and properly.

The Board accepts responsibility for the integrity and objectivity of the Financial Statements presented for the year ended 31 March 2021. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected.

They also confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs/ LKASs), Companies Act No. 07 of 2007 and the listing rules of the Colombo Stock Exchange. Further, the Financial Statements provide the information required by the Companies Act and the listing rules of the Colombo Stock Exchange.

The Directors are of the opinion, based on their knowledge of the Company, key operations and specific inquiries that adequate resources exist to support the Company on a going concern basis over the next year. These Financial Statements have been prepared on that basis.

The Directors have taken reasonable measures to safeguard the assets of the Company and the Group and, in that context, have instituted appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities.

The external Auditors, Messrs. KPMG, Chartered Accountants who will be reappointed 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 48 to 51 sets out their responsibilities in relation to the Financial Statements.

The Board has recommended that Messrs. KPMG, Chartered Accountants be reappointed as Auditors for the year 2021/22.

### Compliance Report

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government that were due in respect of the Company and its Subsidiaries as at the balance sheet date have been paid or where relevant, provided for.

By order of the Board

(Sgd.)

**Hayleys Group Services (Private) Limited**  
**Secretaries**

Colombo,  
17 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](http://www.kpmg.com/lk)

## TO THE SHAREHOLDERS OF SINGER INDUSTRIES (CEYLON) PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the Financial Statements of Singer Industries (Ceylon) PLC ("the Company") 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 and other explanatory notes set out on pages from 56 to 93.

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

#### Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of

Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG, a Sri Lankan Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

M.R. Mihular FCA	P.Y.S. Perera FCA	C.P. Jayatilake FCA
T.J.S. Rajakarier FCA	W.W.J.C. Perera FCA	Ms. S. Joseph FCA
Ms. S.M.B. Jayasekara FCA	W.K.D.C. Abeyrathne FCA	S.T.D.L. Perera FCA
G.A.U. Karunaratne FCA	R.M.D.B. Rajapakse FCA	Ms. B.K.D.T.N. Rodrigo FCA
R.H. Rajan FCA	M.N.M. Shameel FCA	Ms. C.T.K.N. Perera ACA
A.M.R.P. Alahakoon ACA		

**Principals** - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. P.M.K. Sumanasekara FCA, W.A.A. Weerasekara CFA, ACMA, MRICS



## 01. Carrying value of inventory

Refer to Note 3.10 for accounting policy and Note 14 to these Financial Statements.

Risk Description	Our response
<p>As at 31 March 2021, the Company has recognized a total inventory provision of Rs.11,310,771/- in relation to the total gross inventory value of Rs. 159,196,798/-.</p> <p>The Company has significant levels of inventories and judgments are taken with regard to categorization of inventories into obsolete and/or slow moving and which should be considered for the provision of impairment. 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.</p> <p>Further, COVID-19 outbreak resulted in interruption in business activities and resulted in loss of income for some of the individuals which would adversely affect the ability to sell its inventories with a reasonable margin which has potential impact on the net realizable value adjustments.</p> <p>Given the level of judgments and estimates involved, carrying value of inventory has been considered as a key audit matter.</p>	<p>Our audit procedures included;</p> <ul style="list-style-type: none"> <li>❖ Challenging the management with regard to the calculation methodology, the basis for provision and the process with respect to inventory provision.</li> <li>❖ 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.</li> <li>❖ Performing the observations of inventory physical verifications in order to identify the existence and any damaged, obsolete inventory.</li> <li>❖ 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.</li> <li>❖ Evaluating, on a sample basis, 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 prior to the business interruption and checked whether there were any considerably low margin products which would potentially have an effect of the net realizable value.</li> <li>❖ 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.</li> </ul>

## Independent Auditor's Report



### 02. Fair Valuation of Investment Property

Refer to Note 3.3 for accounting policy and Note 12 to these financial statements

Risk Description	Our response
<p>The Company has recognized Rs. 14,945,000/- as a fair value gain on investment property based on the fair valuation carried on investment property amounting to Rs 322,945,000/- as at 31 March 2021.</p> <p>Management's assessment of fair value of this investment property is based on valuations performed by a qualified independent property valuer in accordance with recognized industry standards.</p> <p>Estimating the fair value is a complex process which involves a significant degree of judgment and estimates in respect of price per perch of the land, value per square feet, diversity of locations and nature of the properties.</p> <p>We identified assessing the fair value of investment property owned by the Company as a key audit matter due to the complexity of the valuation method, subjectivity of the significant judgments and estimations involved.</p>	<p>Our audit procedures included;</p> <ul style="list-style-type: none"> <li>❖ Assessing the objectivity, independence, competence and qualifications of the external valuer.</li> <li>❖ Obtaining and inspecting the valuation reports prepared by independent valuer engaged by the Company.</li> <li>❖ Assessing the reasonableness of the data and appropriateness of the key assumptions used against externally published market comparable or industry data where available.</li> <li>❖ Discussions with the management and the external valuer in relation to the possible impact on the key assumptions and the resulting valuation due to COVID 19 pandemic.</li> <li>❖ Assessing the adequacy of the disclosures in the financial statements.</li> </ul>

### 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 other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

In preparing the Financial Statements, management is responsible for assessing

the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material 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'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- ❖ Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

## Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March		2021	2020
	Note	Rs.	Rs.
Revenue	5	629,615,889	541,892,150
Cost of sales		(671,469,341)	(561,876,339)
<b>Gross loss</b>		<b>(41,853,452)</b>	<b>(19,984,189)</b>
Other income	6	20,443,899	23,275,653
Change in fair value of investment property	12	14,945,000	13,000,000
Administrative expenses		(12,385,683)	(12,003,992)
Distribution costs	8.2	(936,028)	3,301,306
<b>Operating (loss)/profit</b>		<b>(19,786,264)</b>	<b>7,588,778</b>
Finance income	7.1	17,761,579	18,881,735
Finance cost	7.2	(8,705,020)	(10,047,415)
<b>Net finance income</b>	7	<b>9,056,559</b>	<b>8,834,320</b>
Share of profit/(loss) of equity accounted investee (net of income tax)	13.2.1	8,771,919	(5,072,203)
<b>(Loss)/profit before taxation</b>	8	<b>(1,957,786)</b>	<b>11,350,895</b>
Income tax (expense)/reversal	9	(4,961,999)	3,919,130
<b>(Loss)/profit for the year</b>		<b>(6,919,785)</b>	<b>15,270,025</b>
<b>Other comprehensive income</b>			
Remeasurement of defined benefit liability	25	3,674,528	2,786,215
Related tax	9.3	(661,415)	(780,140)
Deferred tax reversal on land and building (rate changed to 18%)		108,041,803	-
Other comprehensive income for the year		111,054,916	2,006,075
<b>Total comprehensive income for the year</b>		<b>104,135,131</b>	<b>17,276,100</b>
<b>Diluted (loss)/earnings per share</b>	10.2	<b>(0.35)</b>	<b>0.76</b>

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the Financial Statements set out on pages 56 to 93.



# Statement of Financial Position

As at 31 March		2021	2020
	Note	Rs.	Rs.
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	1,112,733,010	1,119,774,231
Investment property	12	322,945,000	308,000,000
Investment in equity accounted investee	13	75,658,504	66,886,585
<b>Total non-current assets</b>		<b>1,511,336,514</b>	<b>1,494,660,816</b>
<b>Current assets</b>			
Inventories	14	147,886,027	154,325,582
Amount due from related companies	15	117,090,135	53,125,995
Other receivables	17	2,058,551	2,544,669
Prepayments	18	1,089,363	3,310,353
Income tax recoverable	19	12,134,788	14,307,570
Investments in fixed deposits	20	177,966,419	160,586,449
Cash and cash equivalents	21	6,640,862	8,589,712
<b>Total current assets</b>		<b>464,866,145</b>	<b>396,790,330</b>
<b>Total assets</b>		<b>1,976,202,659</b>	<b>1,891,451,146</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Stated capital	22	100,003,800	100,003,800
Capital reserves	23.1	807,088,999	703,455,447
Revenue reserves	23.1	538,365,033	547,063,804
<b>Total equity</b>		<b>1,445,457,832</b>	<b>1,350,523,051</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liability	24	187,202,717	296,855,927
Retirement benefit obligation	25	55,003,505	58,091,087
<b>Total non-current liabilities</b>		<b>242,206,222</b>	<b>354,947,014</b>
<b>Current liabilities</b>			
Trade and other payables	26	125,904,978	91,205,086
Amounts due to related companies	16	2,814,214	4,118,388
Provisions	27	13,898,133	297,533
Income tax payable	19.1	5,062,039	-
Dividend payable	28	2,191,420	2,034,882
Interest - bearing short term borrowings	29	96,000,000	70,000,000
Bank overdrafts	21.2	42,667,821	18,325,192
<b>Total current liabilities</b>		<b>288,538,605</b>	<b>185,981,081</b>
<b>Total liabilities</b>		<b>530,744,827</b>	<b>540,928,095</b>
<b>Total equity and liabilities</b>		<b>1,976,202,659</b>	<b>1,891,451,146</b>

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the Financial Statements set out on pages 56 to 93.

I certify that the Financial Statements of the Company comply with the requirements of the Companies Act No. 07 of 2007.

(Sgd.)

**G.V. Madushanka**  
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.)

**Mohan Pandithage**  
Director

Colombo  
17 May 2021

(Sgd.)

**M.H.Wijewardene**  
Director

## Statement of Changes in Equity

	Attributable to owners of the Company				
	Capital	Revaluation	Revenue Reserve	Retained	Total Equity
	Stated Capital	Reserve	General Reserve	Earnings	
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1 April 2019	100,003,800	707,143,010	61,484,250	480,316,488	1,348,947,548
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	-	15,270,025	15,270,025
<b>Other comprehensive income</b>					
Remeasurements of defined benefit liability	-	-	-	2,786,215	2,786,215
Related tax	-	-	-	(780,140)	(780,140)
Total other comprehensive income	-	-	-	2,006,075	2,006,075
Total comprehensive income for the year	-	-	-	17,276,100	17,276,100
<b>Transaction with the owners of the Company recognised directly in the equity</b>					
Dividend of Rs. 1.57 cents per share for 2018 and 2019	-	-	-	(15,700,597)	(15,700,597)
<b>Total transaction with the owners of the Company</b>	-	-	-	(15,700,597)	(15,700,597)
Realisation of revaluation surplus	-	(3,687,563)	-	3,687,563	-
Balance as at 31 March 2020	100,003,800	703,455,447	61,484,250	485,579,554	1,350,523,051
Balance as at 1 April 2020	100,003,800	703,455,447	61,484,250	485,579,554	1,350,523,051
<b>Total comprehensive income for the year</b>					
Loss for the year	-	-	-	(6,919,785)	(6,919,785)
<b>Other comprehensive income</b>					
Remeasurement of defined benefit liability	-	-	-	3,674,528	3,674,528
Related tax	-	-	-	(661,415)	(661,415)
Income tax on other comprehensive income	-	108,041,803	-	-	108,041,803
Total other comprehensive income	-	-	-	3,013,113	3,013,113
Total comprehensive income for the year	-	108,041,803	-	(3,906,672)	104,135,131
<b>Transaction with the owners of the Company recognised directly in the equity</b>					
Dividend of Rs. 0.92 per share for 2019 and 2020	-	-	-	(9,200,350)	(9,200,350)
<b>Total transactions with the owners of the Company</b>	-	-	-	(9,200,350)	(9,200,350)
Realisation of revaluation surplus	-	(4,408,251)	-	4,408,251	-
<b>Balance as at 31 March 2021</b>	<b>100,003,800</b>	<b>807,088,999</b>	<b>61,484,250</b>	<b>476,880,783</b>	<b>1,445,457,832</b>

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the Financial Statements set out on pages 56 to 93.

Figures in brackets indicate deductions.

# Statement of Cash Flow

For the year ended 31 March		2021	2020
	Note	Rs.	Rs.
<b>Cash flows from operating activities</b>			
(Loss)/profit before income tax expense		(1,957,786)	11,350,895
<b>Adjustments for;</b>			
Share of profit of equity accounted investee	13.2	(8,771,919)	(1,408,900)
Loss on deemed disposal of equity accounted investee	13.2	-	6,481,103
Depreciation on property, plant and equipment	11.2	8,683,723	8,800,207
Change in fair value of investment property	12	(14,945,000)	(13,000,000)
Gain from disposal of property, plant and equipment	6.8	(20,935)	(2,539,227)
Finance income	7.1	(17,761,579)	(18,881,735)
Finance cost	7.2	8,705,020	10,047,415
Provision for bonus	27	17,845,819	(492,977)
Provision for warranty	27	315,713	(3,858,246)
Provision for retiring gratuity	25	7,652,034	7,952,991
Impact to employee benefit obligation due to staff transfers	25	5,627,171	-
Provision/(reversal) of impairment on inventories	14.1	381,132	(5,091,492)
<b>Operating profit/(loss) before working capital changes</b>		<b>5,753,393</b>	<b>(639,966)</b>
Decrease/(increase) in inventories		6,058,423	(8,875,404)
Decrease in other receivables		486,118	1,463,963
(Increase)/decrease in amount due from related companies		(63,964,140)	31,578,385
Decrease in pre-payments		2,220,990	1,537,440
Increase in trade and other payables		34,699,892	46,352,375
Decrease in amount due to related companies		(1,304,174)	(1,241,729)
<b>Cash (used in)/generated from operating activities</b>		<b>(16,049,498)</b>	<b>70,175,064</b>
Interest paid		(8,705,020)	(9,803,136)
Retiring gratuity paid	25	(12,692,259)	(812,826)
Bonus paid	27	(4,277,269)	(8,181,259)
Amount incurred on warranty claims	27	(283,663)	(312,726)
Income tax paid	19	-	(4,202,603)
<b>Net cash flow (used in)/generated from operating activities</b>		<b>(42,007,709)</b>	<b>46,862,514</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	11.1	(1,662,268)	(6,850,018)
Proceed from disposal of property, plant and equipment		40,701	2,539,227
Interest received		381,609	312,302
<b>Net cash flows used in investing activities</b>		<b>(1,239,958)</b>	<b>(3,998,489)</b>
<b>Cash flows from financing activities</b>			
Dividend paid		(9,043,812)	(15,527,601)
Proceeds from interest - bearing short term borrowings	29	369,019,000	286,000,000
Repayment of interest - bearing short term borrowings	29	(343,019,000)	(276,000,000)
<b>Net cash flows generated from/(used in) financing activities</b>		<b>16,956,188</b>	<b>(5,527,601)</b>
<b>Net changes in cash and cash equivalents</b>		<b>(26,291,479)</b>	<b>37,336,424</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>(9,735,480)</b>	<b>(47,071,904)</b>
<b>Cash and cash equivalents at the end of the year</b>	21	<b>(36,026,959)</b>	<b>(9,735,480)</b>

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the Financial Statements set out on pages 56 to 93.

# Notes to the Financial Statements

## 1. CORPORATE INFORMATION

### 1.1. Reporting Entity

Singer Industries (Ceylon) PLC ('Company') is a limited liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 2, 5th Lane, Ratmalana and the principal place of business is situated at the same place.

### 1.2. Principal Activities and Nature of Operations

The Company is engaged in assembly of sewing machines, manufacture of cabinets and stands for sewing machines.

### 1.3. Parent Enterprise and Ultimate Parent Enterprise

Singer (Sri Lanka) PLC is the parent Company of Singer Industries (Ceylon) PLC. On 15 September 2017, Hayleys PLC with parties acting in concert acquired 61.73% of Singer (Sri Lanka) PLC. Accordingly, Hayleys PLC became the ultimate parent Company of Singer Industries (Ceylon) PLC with effect from 15 September 2017.

Subsequently, Hayleys PLC with parties acting in concert issued a notice of mandatory offer in line with terms of Rule 31(1) (a) of takeovers and mergers code 1995, to purchase 108,201,585 Ordinary shares carrying voting rights of Singer (Sri Lanka) PLC at a price of Rs.47/- per share (excluding 35,562,883 shares held by Retail Holding (Sri Lanka) BV. After exercising the mandatory offer, Hayleys PLC together with its group companies holds 80.96% (approx.) of Singer (Sri Lanka) PLC.

On 15 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.

### 1.4. Number of Employees

The number of employees at the end of the period was 75 (2020 – 80).

### 1.5. Responsibilities for Financial Statements and approval of Financial Statements

The Financial Statements of Singer Industries (Ceylon) PLC, for the period ended 31 March 2021, were approved by the Board of Directors at the Board meeting held on 17 May 2021.

The Board of Directors is responsible for preparation and presentation of the Financial Statements of the Company as per the provision of the Company act No 07 of 2007 and Sri Lanka accounting standards. The Directors' responsibility over Financial Statements are set out in detail in the statement of Directors' responsibility.

## 2. BASIS OF ACCOUNTING

### 2.1. Statement of Compliance

The Financial Statements have been prepared in accordance with new Sri Lanka Accounting Standards (SLAS), prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS), promulgated by the Institute of Chartered Accountants of Sri Lanka and complies with the requirements of the Companies act No 07 of 2007.

### 2.2. Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional currency.

### 2.3. Basis of Measurement

The Financial Statements have been prepared on the historical cost basis, except for the following material items in the statements of Financial Position.

- Land and buildings are measured at fair value.

- Defined benefit plan which are measured at the present value of employee benefits.
- Investment property measured at fair value.

## 2.4. Use of Estimates and Judgments

In preparing these Financial Statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

### A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the Financial Statements is included in the following notes:

Note 13 – Equity-accounted investees: whether the Company has significant influence over an investee.

### B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 March 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 11	Property, plant and equipment
Note 12	Investment property
Note 14	Provision for inventories
Note 25	Measurement of defined benefit obligations: key actuarial assumptions
Note 27	Provisions
Note 31	Contingencies
Note 34	Coronavirus (Covid-19) pandemic disclosure

## 2.5. Measurement of Fair Values

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

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

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

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

Level 1:	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2:	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3:	Inputs for the asset or liability that are not based on observable market data. (Unobservable inputs).

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

The Company recognizes 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 assumptions made in measuring fair values is included in Note 11, Note 12 and Note 25.

## 2.6. Going Concern

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

Further information about the Covid19 is included in Note 34.

## 2.7. 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.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

### 3.1. Foreign Currency

#### 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 Company'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 was determined. Foreign exchange differences arising on translation are recognized in the profit or loss.

### 3.2. Property, Plant and Equipment

#### (a) Recognition and Measurement

Items of property, plant and equipment are measured at cost / valuation 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 recognized in profit or loss.

#### Cost model

The Company applies the cost model to property, plant and equipment except for freehold land and buildings.

#### Revaluation Model

The Company applies the revaluation model to the entire class of free hold 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

## Notes to the Financial Statements

by professionally qualified valuer. The Company revalues its land and buildings once in every three years.

Increases in the carrying amount on revaluation is recognized 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 recognized as an expense. In these circumstances the increase is recognized 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 recognized in Statement of 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.

### (b) Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of day-to-day servicing of Property, Plant & Equipment are recognized in Statement of Profit or Loss as incurred.

### (c) 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 recognized in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings	over 40 years
Machinery & Equipment	over 12 years
Motor Vehicles	over 05 years
Computers & Other Equipment	over 05 years
Furniture & Fixtures	over 10 years

Depreciation of an asset begins when it is available for use and ceases at the earliest of the date that the asset is classified as held for sale and the date that the asset is derecognized.

Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted if appropriate.

### 3.3. Investment Property

Investment property is property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in Statement of Profit or Loss.

The Company values its investment property at the end of each financial year.

### 3.4. Interest in Equity Accounted Investees

Associates are those entities in which the Company has significant influence, but not control or joint control over the financial and operating policies.

Interests in associates are accounted for using equity method. They are recognized initially at cost, which include transaction costs. Subsequent to initial recognition, the Financial Statements include the share of the profit or loss of the equity

accounted investees, until the date on which significant influence ceases.

When the Company's holding percentage increases or decreases on investment of equity accounted investee Company recognizes gain or loss in profit or loss as disposal gain or loss of equity accounted investee.

## 3.5. Financial Instruments

### (a) Financial Assets

#### I. 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 recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company 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 price.

#### II. 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 Company 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 Company 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 Company 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.

Company's investment in equity Investments are classified as FVTPL.

### III. Financial assets - Business model assessment

The Company 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 Company'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 Company'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.

### IV. 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 Company 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 Company 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 Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment



## Notes to the Financial Statements

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 paramount, 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.

### V. 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.

Financial assets at amortized cost comprises amounts due from related parties, other receivables, investment in fixed deposits and cash & cash equivalents.

### VI. Derecognition

The Company derecognizes 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 derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

#### (b) Financial liabilities

#### I. 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 obligations, trade and other payable, amount due to related parties, dividend payable and bank overdraft.

### II. Derecognition

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

On derecognition of financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

### III. Offsetting

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

### 3.6. Impairment of Assets

#### (a) Financial Assets

The Company recognises loss allowances for ECLs on:

- ❖ Financial assets measured at amortised cost;
- ❖ Debt investments measured at FVOCI; and
- ❖ Contract assets.

The Company 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 Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 12 months past due.

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

- ❖ The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- ❖ The financial asset is more than 12 months 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 Company is exposed to credit risk.

#### I. 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 Company expects to receive).

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

#### II. Credit-impaired financial assets

At each reporting date, the Company 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 12 months past due;
- ❖ The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- ❖ It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- ❖ The disappearance of an active market for a security because of financial difficulties.

#### III. 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.

#### IV. Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when there are no realistic prospect of recovering of the assets based on historical experience of recoveries of similar assets. For corporate customers, the Company 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 Company 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 Company's procedures to recovery of amounts due.

#### (b) Non-Financial Assets

The carrying amount of the Company'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, then the asset's recoverable amount is estimated. For Intangible Assets that have indefinite useful lives or that are not yet available for use the recoverable amount is estimated each year at the same time.

## Notes to the Financial Statements

The recoverable amount of an asset or cash-generating unit 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.

For the purpose of impairment testing assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflow from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash generating unit or 'CGU'). An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in Statement of Profit or Loss.

In respect of other assets impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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 amortization if no impairment loss had been recognized.

### 3.7. Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and in hand balances. Cash and bank balances are stated at recoverable values. There were no cash and cash equivalents held by the Companies that were not available for use. Bank overdrafts and short-term borrowings that are repayable on demand and forming an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

### 3.8. Stated Capital

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

### 3.9. Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risk specific to the liability. The unwinding of the discount is recognized as finance cost.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

### Warranties

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

### 3.10. Inventories

Inventories are measured at the lower of cost and net realizable value, after making due allowances for obsolete and slow-moving items. Net realizable 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 on first-in first-out basis
Finished Goods & Work-in-Progress	At the cost of direct materials, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity
Goods-in-Transit	At actual cost
Inventory Provision	Specific provisions are made giving consideration to the condition of inventory held by the Company

### 3.11. Employee Benefits

#### (a) Defined Benefit Plans

The Company 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 discounting that amount. Company is liable to pay retirement benefit under the payment of Gratuity Act No. 12 of 1983.

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 recognized immediately in Other Comprehensive Income. The Company determine 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 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 recognized in profit or loss.

The liability is not externally funded.

#### **(b) Defined Contribution Plans - Employees' Provident Fund and Employees' Trust Fund**

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 Service Provident Society Contribution and Employees' Trust Fund Contributions are in line with respective Statutes and Regulations. The Company contributes 12% of the gross emoluments of employees to Employees' Provident Fund & Mercantile Service Provident Society Contribution. And the Company contributes 3% of gross emoluments of employees to Employees' Trust Fund. The above contributions are recognized as expenses in Statement of comprehensive income in the periods during which services are rendered by employees.

#### **(c) Short-Term Benefits**

Short-term employee benefits and obligations are measured on an undiscounted basis and are expensed as the related services are provided.

### **3.12. 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 consolidation specified in a contract with a customer.

Revenue is recognized when the goods are delivered to customer as the performance obligation 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 Company'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 Company believes objective of this requirement will be met by using one type of category – Product type. (Refer Note 5.B)

### **3.13. Finance Income and Finance cost**

- a) Finance income comprises interest income of funds invested. Interest income is recognized as it accrues in profit or loss using the effective interest method.
- b) Finance cost comprises interest expenses on borrowings.
- c) Borrowings cost that are not directly attributable to the acquisition construction or production of qualifying assets is recognized in profit or loss using the effective interest method.
- d) Foreign currency gains and loss are reported on a net basis.

### **3.14. Dividend Income**

Dividend income is recognized in Statement of Profit or Loss on the date the entity's right to receive payment is established.

### **3.15. Rental Income**

Rental income from investment property is recognized as revenue on a straight-line basis over the term of the lease.

### **3.16. Others**

Gain and losses of a revenue nature on the disposal of property plant and equipment and other noncurrent assets including investment are recognized by comparing the net sale proceeds with the carrying amount of the corresponding assets and are recognized net within other income in Statement of Profit or Loss.

### **3.17. Expenditure Recognition**

Expenses are recognized in profit or loss on the basis of direct association between the costs incurred and earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant & 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 Comprehensive Income, the Directors are of the opinion that function of expenses method presents fairly the elements of the Company's performance, and hence such presentation method is adopted.

### **3.18. Income Tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized either in equity or other comprehensive income respectively.

#### **(a) Current Tax**

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted at the reporting date and any adjustments to tax payable in respect of prior period. The amount of current tax payable or receivable is

## Notes to the Financial Statements

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.

Current tax assets and liabilities are offset only if certain criteria are met.

### (b) Deferred Income Tax

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

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans of the Company.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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 Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale and the Company has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

### 3.19. Earnings per Share (EPS)

The Company presents basic 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 no. of ordinary shares outstanding during the year.

### 3.20. Leases

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

#### 3.20.1. Company as a lessee

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

##### 3.20.1.1. Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is

calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

##### 3.20.1.2. Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

### 3.20.1.3. Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the low value assets recognition exemption to leases that are considered to be low-value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### 3.20.1.4. Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

## 4. NEW STANDARDS AND INTERPRETATION NOT YET ADOPTED AS AT REPORTING DATE

The following amended standards and the interpretations are not expected to have a significant impact on the Company financial statements.

- ❖ SLFRS 17 - Insurance contracts
- ❖ Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 – Interest rate benchmark reform (Phase 1 & 2)
- ❖ Amendments to SLFRS 16 - COVID – 19 related rent concessions
- ❖ Onerous Contracts – Costs of fulfilling a contract – amendments to LKAS 37
- ❖ Amendments to SLFRS 3
- ❖ Amendments to LKAS1 and LKAS 8 definition of material
- ❖ Amendments to references to the conceptual framework in SLFRS standards
- ❖ Property, plant and equipment: Proceeds before intended Use – amendments to LKAS 16
- ❖ Amendments to LKAS 1: Classification of liabilities as current or non-current

## Notes to the Financial Statements

### 5. REVENUE

Revenue is recognized when the goods are delivered to customer as the performance obligation will be satisfied on delivery.

#### A. Revenue streams

The Company generates revenue primarily from the sale of sewing machines, cabinets and stands to its parent company.

For the year ended 31 March	2021	2020
	Rs.	Rs.
Sale of goods (net of taxes)	629,615,889	541,892,150
	629,615,889	541,892,150

The Company is engaged in assembly of sewing machines and manufacture of cabinets and stands all of which are sold to Singer (Sri Lanka) PLC. Furthermore the Company is manufacturing washing machine components to Regnis Appliance (Pvt) Ltd and refrigerator components to Regnis (Lanka) PLC.

#### B. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major products.

For the year ended 31 March	2021	2020
	Rs.	Rs.
<b>Major products</b>		
1. Sewing machines	449,646,676	374,826,616
2. Washing machine tubs	106,984,285	122,898,868
3. Other component assembling	72,984,928	44,166,666
	629,615,889	541,892,150

All the above revenue are recognized at a point of time.

#### C. Contract balances

The following table provides information about receivables from contracts with customers.

As at 31 March	2021	2020
	Rs	Rs
Receivables, which are included in amount due from related companies -		
Singer (Sri Lanka) PLC, Regnis (Lanka) PLC and Regnis Appliance (Pvt) Ltd	117,090,135	53,125,995
	117,090,135	53,125,995

All the revenue are derived through sales to the related parties.

Disaggregation of revenue disclosed above and the revenue information provided on segment information are same.



## 5.1. Operating segments

### 5.1.1. Segmental information

The Company 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 reportable segments,

Reportable segments	Operations
Sewing machines	Assembly of sewing machines and manufacture of cabinets and stands
Washing machine tub assembly	Assembly of washing machine tubs
Components	Manufacture of washing machine components, singer oil bottle, A/C brackets components and refrigerator components

### 5.1.2. 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.

For the year ended 31 March	Sewing Machines		Washing Machines Tub				Total	
	Assembly		Other Components				Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Reportable segment revenue	449,646,676	374,826,616	106,984,285	122,898,868	72,984,928	44,166,666	629,615,889	541,892,150
Reportable segment results from operating activities	(14,130,564)	5,249,155	(3,362,080)	1,721,103	(2,293,620)	618,520	(19,786,264)	7,588,778
Net finance income/(cost)	6,467,835	6,110,696	1,538,890	2,003,587	1,049,834	720,037	9,056,559	8,834,320
Reportable segment profit before tax (Note 5.1.3 )	(7,662,729)	11,359,851	(1,823,190)	3,724,690	(1,243,786)	1,338,557	(10,729,705)	16,423,098
Property, plant and equipment	-	-	-	-	-	-	1,112,733,010	1,119,774,231
Other segment assets	611,913,108	527,827,159	145,592,284	173,064,979	99,323,395	62,195,065	856,828,787	763,087,203
Reportable segment assets	611,913,108	527,827,159	145,592,284	173,064,979	99,323,395	62,195,065	1,969,561,797	1,882,861,434
Cash and cash equivalents	-	-	-	-	-	-	6,640,862	8,589,712
	-	-	-	-	-	-	1,976,202,659	1,891,451,146
Capital expenditure	1,662,268	6,850,018	-	-	-	-	1,662,268	6,850,018
Depreciation and amortization	8,683,723	8,800,207	-	-	-	-	8,683,723	8,800,207

## Notes to the Financial Statements

	Sewing Machines		Washing Machines Tub Assembly		Other Components		Total	Total
	2021	2020	2021	2020	2021	2020	2021	2020
For the year ended 31 March	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Reportable segment liabilities								
Bank overdraft	-	-	-	-	-	-	42,667,821	18,325,192
Interest - bearing short term borrowings	-	-	-	-	-	-	96,000,000	70,000,000
Trade and other payable	-	-	-	-	-	-	130,967,017	91,205,086
Provisions	-	-	-	-	-	-	13,898,133	297,533
Amount due to related companies	-	-	-	-	-	-	2,814,214	4,118,388
Dividend payable	-	-	-	-	-	-	2,191,420	2,034,882
	-	-	-	-	-	-	288,538,605	185,981,081

## 5.1.3. Reconciliation of Segment Profit Before Tax

For the year ended 31 March	2021	2020
	Rs.	Rs.
Reportable segment profit before tax	(10,729,705)	16,423,098
Share of profit/(loss) of equity accounted investee	8,771,919	(5,072,203)
(Loss)/profit before taxation	(1,957,786)	11,350,895

Unallocated assets and liabilities comprise mainly of assets and liabilities that cannot be attributable to a particular segment.

## 6. OTHER INCOME

For the year ended 31 March	2021	2020
	Rs.	Rs.
Rental income - from Singer (Sri Lanka) PLC	19,487,650	20,153,900
Gain on disposal of property, plant & equipment	20,935	2,539,227
Other related parties	935,314	582,526
	20,443,899	23,275,653

## 7. NET FINANCE INCOME

For the year ended 31 March	2021	2020
	Rs.	Rs.
<b>7.1. Finance income</b>		
Interest income from fixed deposits - related companies	17,379,970	18,304,833
Other interest income - related companies	364,584	576,902
Interest income - miscellaneous	17,025	-
	<b>17,761,579</b>	18,881,735
<b>7.2. Finance cost</b>		
Interest expense on bank overdraft	(2,456,805)	(2,178,851)
Interest expense on short term borrowings	(6,248,215)	(7,868,564)
	<b>(8,705,020)</b>	(10,047,415)
<b>Net Finance Income</b>	<b>9,056,559</b>	8,834,320

For the year ended 31 March	2021	2020
	Rs.	Rs.
<b>8. PROFIT BEFORE TAXATION</b>		
<b>Stated after charging all expenses including the following :</b>		
Non-executive directors' fees	2,700,000	2,700,000
Directors emoluments	1,094,760	1,105,260
Auditor's remuneration	645,000	615,000
Fee related to other audit services	489,872	417,000
Depreciation on property, plant and equipment	8,683,723	8,800,207
Gain on disposal of property, plant and equipment	20,935	2,539,227
Originating /(reversal) of impairment of inventories	381,132	(5,091,492)
Personnel costs (Note 8.1)	115,641,318	94,683,247
Legal and professional fees	323,234	1,284,418
Donations	67,766	30,000
<b>8.1. Personnel Cost</b>		
Salaries, wages and other related cost	83,935,827	80,355,324
Bonus	17,845,819	-
Defined benefit plan costs - retiring gratuity	7,652,034	7,952,991
Defined contribution plan costs - EPF, ETF and MSPS	6,207,638	6,374,932
	<b>115,641,318</b>	94,683,247
<b>8.2. Distribution cost/(reversal)</b>		
Transport charges	620,315	556,940
Warranty cost	315,713	(3,858,246)
	<b>936,028</b>	(3,301,306)

## Notes to the Financial Statements

For the year ended 31 March	2021	2020
	Rs.	Rs.
<b>9. INCOME TAX EXPENSE</b>		
<b>Current tax expense</b>		
Current year (Note 9.1)	7,233,790	-
Under/(over) provision in respect of previous year	1,031	(1,425,604)
	7,234,821	(1,425,604)
<b>Deferred tax expense</b>		
Reversal and origination of temporary differences	(2,272,822)	(2,493,526)
	(2,272,822)	(2,493,526)
Income tax expense in statement of profit or loss	4,961,999	(3,919,130)
<b>9.1. Reconciliation between accounting profit and taxable profit</b>		
(Loss)/profit before tax	(1,957,786)	11,350,895
Adjustment to the profit with respect of the reporting period change (Note 9.1.1)	-	(2,621,443)
<b>Adjusted (loss)/profit before tax</b>	(1,957,786)	8,729,452
Share of profit of equity accounted investee	(8,771,919)	(2,637,971)
Change in fair value of investment property	(14,945,000)	(26,350,000)
Non-business income - interest income	(17,761,579)	(18,740,517)
Non-business income - other income	(20,443,899)	(22,762,820)
Tax losses b/f	16,015,290	-
Others (adjusted as per income tax return)	(7,950,605)	-
Aggregate disallowed items	34,986,889	30,756,027
Aggregate allowable expenses	(29,889,267)	(26,512,798)
<b>Taxable income from business activities</b>	(50,717,876)	(57,518,627)
Taxable income from business activities	-	(57,518,627)
Non-business income - interest income	17,761,579	18,740,517
Non-business income - other income	20,443,899	22,762,820
Tax loss utilised during the year	(8,064,685)	-
<b>Taxable income</b>	<b>30,140,793</b>	<b>(16,015,290)</b>
	2021	2020
	Rs.	Rs.
Statutory tax rate %	24%	28%
Taxation on investment income	7,233,790	-
	7,233,790	-

Company liable for income tax rate at 24% on the profit of investment income.

**9.1.1.** The reporting period of Singer Industries (Ceylon) PLC has changed from 31 December to 31 March in order to align with the parent and ultimate parent company's reporting period with the approval of Registrar of the Company.

At the same time, Company has requested and it has been approved by the Commissioner General of Inland Revenue to change the income tax assessment period to be in line with the financial reporting period.

Approval for the tax year change has been received since financial year 2020/21.

Year of assessment	Basis of statutory income calculation
2017/18	On the basis of profit for the period from 01.01.2017 to 31.12.2017
2018/19	On the basis of profit for the period from 01.01.2018 to 31.12.2018
2019/20	On the basis of profit for the period from 01.01.2019 to 31.12.2019
2020/21	On the basis of profit for the period from 01.04.2020 to 31.03.2021

## 9.2. Accumulated tax losses

For the year ended 31 March	2021	2020
	Rs.	Rs.
Tax losses brought forward	16,015,290	-
Adjustment based income tax return	(7,950,605)	-
Loss incurred during the year	50,717,876	16,015,290
Tax loss utilised during the year	(8,064,685)	-
Tax loss carried forward	50,717,876	16,015,290

## 9.3. Tax recognised in other comprehensive income

For the year ended 31 March	2021			2020		
	Rs.			Rs.		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Deferred tax reversal on land and building (rate changed to 18%)	-	108,041,803	108,041,803	-	-	-
Defined benefits plan actuarial gain/(loss)	3,674,528	(661,415)	3,013,113	2,786,215	(780,140)	2,006,075
	3,674,528	107,380,388	111,054,916	2,786,215	(780,140)	2,006,075

## 9.4. Applicable Tax Rates

For the period ended 31 March 2021, Singer Industries (Ceylon) PLC is liable to income tax at 18% (2019/20 - 28%) in terms of Inland Revenue Act No 24 of 2017 and amendments thereto. However, due to tax losses and profit from investment income has been taxed at 24%.

## 10. EARNINGS PER SHARE

### 10.1. Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year as per the requirement of the Sri Lanka Accounting Standard (LKAS 33) - 'Earning per share'.

The following reflects the income and share data used in the earnings per share computations.

For the year ended 31 March	2021	2020
	Rs.	Rs.
(Loss)/profit for the year (Rs.)	(6,919,785)	15,270,025
Weighted average number of ordinary shares	20,000,760	10,000,380
(Loss)/earnings per share (Rs.)	(0.35)	1.53

## Notes to the Financial Statements

## 10.2. Diluted earnings per share

Diluted earnings per share is calculated by dividing profit for the year attributable to the ordinary shareholders by the weighted average number of ordinary shares after adjustment for the effects of all dilutive potential ordinary shares.

For the year ended 31 March	2021	2020
	Rs.	Rs.
(Loss)/profit for the year (Rs.)	(6,919,785)	15,270,025
Weighted average number of ordinary shares	20,000,760	20,000,760
(Loss)/earnings per share (Rs.)	(0.35)	0.76

The ordinary shares of the company were subdivided by splitting each issued ordinary share into 2 ordinary shares from 04 March 2021. Consequently, the total number of existing issued Ordinary Shares were increased from 10,000,380 to 20,000,760 without changing the Stated Capital of the Company which will remain at Rs.100,003,800/-.

## 11. PROPERTY, PLANT AND EQUIPMENT

## 11.1. Gross carrying amounts

	At cost			At valuation		
	Machinery and equipment	Motor vehicles	Computers and other equipment	Furniture and fixtures	Freehold land	Buildings on freehold land
						Total
<b>Balance as at 1 April 2019</b>	69,510,919	8,358,890	7,011,562	5,471,498	952,100,000	162,900,000
Additions/transfers	5,459,333	-	745,660	22,500	-	-
Disposals	-	(5,400,000)	-	(58,121)	-	-
Capital WIP	622,525	-	-	-	-	-
<b>Balance as at 31 March 2020</b>	75,592,777	2,958,890	7,757,222	5,435,877	952,100,000	162,900,000
Additions /transfers	928,475	-	705,648	28,145	-	-
Disposals	-	-	(159,158)	-	-	-
<b>Balance as at 31 March 2021</b>	76,521,252	2,958,890	8,303,712	5,464,022	952,100,000	162,900,000
						1,208,247,876

### 11.2. Accumulated depreciation and impairment losses

	Machinery and Equipment	Motor Vehicles	Computers and Other Equipment	Furniture and Fixtures	Freehold Land	Buildings on Freehold Land	Total
<b>Balance as at 1 April 2019</b>	63,837,262	8,358,890	6,021,447	5,410,850	-	-	83,628,449
Charge for the year	1,426,636	-	428,089	26,911	-	6,918,571	8,800,207
Reversed on disposal	-	(5,400,000)	-	(58,121)	-	-	(5,458,121)
<b>Balance as at 1 March 2020</b>	65,263,898	2,958,890	6,449,536	5,379,640	-	6,918,571	86,970,535
Charge for the year	1,375,748	-	377,055	12,349	-	6,918,571	8,683,723
Reversed on disposal	-	-	(139,392)	-	-	-	(139,392)
<b>Balance as at 31 March 2021</b>	66,639,646	2,958,890	6,687,199	5,391,989	-	13,837,142	95,514,866
<b>Carrying amount</b>							
<b>As at 31 March 2021</b>	9,881,606	-	1,616,513	72,033	952,100,000	149,062,858	1,112,733,010
As at 31 March 2020	10,328,879	-	1,307,686	56,237	952,100,000	155,981,429	1,119,774,231

Property, plant and equipment includes fully depreciated assets of Rs.76,401,391 as at 31.03.2021 (Rs.75,800,499 for the year ended 31.03.2020). There were no capitalized borrowing cost with respect of the additions.

### 11.3. Information on the freehold land and building of the Company.

Location	Valuation of land	Valuation of building	Extent (perches)	Floor area (sq. ft.)	Number of buildings	Accommodation
No 2, 5th Lane, Ratmalana	952,100,000	162,900,000	362.3	75,365	8	Factory

### Land carried at revalued amount

Location	Last revalued date	Extent	Value per perch (Rs.)	Carrying amount as at 31 March 2021
Zone 2	30 March 2019	135P	3,000,000	405,000,000
Zone 3	30 March 2019	185P	2,500,000	462,500,000
Zone 4	30 March 2019	42.3P	2,000,000	84,600,000
				<b>952,100,000</b>



## Notes to the Financial Statements

### Building carried at revalued amount

Location	No. of sqft	Value per sqft	Depreciation %	Revalued amount
Building 01	14,450	3,000	12.5%	37,931,250
Building 02	8,800	2,400	50.0%	10,560,000
Building 03	6,600	2,400	50.0%	7,920,000
Building 04 - ground floor	13,300	3,250	37.5%	27,015,625
Building 04 - upper floor	13,300	3,750	37.5%	31,171,875
Building 05	4,000	2,850	35.0%	7,410,000
Building 06	1,890	2,000	32.5%	2,551,500
Building 07	8,000	2,500	35.0%	13,000,000
Building 08 - ground floor	2,525	2,700	40.0%	4,090,500
Building 08 - upper floor	2,500	2,500	40.0%	3,825,750
Building improvement				17,500,000
Total amount				162,976,500
Total amount taken to books				162,900,000

11.4. The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less depreciation is as follows:

Class of asset	Cost	Depreciation if assets were carried at cost	Net carrying amount	Net carrying amount
			2021	2020
	Rs.	Rs.	Rs.	Rs.
Land	340,583	-	340,583	340,583
Buildings	47,544,272	27,544,282	19,999,990	21,188,596
	47,884,855	27,544,282	20,340,573	21,529,179

11.5. During the financial year, the Company acquired property, plant and equipment to the aggregate value of Rs. 1,662,268/- (2020 - Rs. 6,850,018/-). Cash payment amounting to Rs. 1,662,268/- (2020 - Rs. 6,850,018/-) was made during the year for purchase of property, plant and equipment.

### 11.6. Land and building at fair value

#### (a) Reconciliation of carrying amount

As at 31 March	2021	2020
	Rs.	Rs.
Balance at the beginning	1,108,081,429	1,115,000,000
Depreciation charge	(6,918,571)	(6,918,571)
Balance at the end	1,101,162,858	1,108,081,429

#### (b) Measurement of fair value

##### Fair value hierarchy

The freehold land and building were valued on 30 March 2019 by Messrs. Chulananda Wellappili is an independent valuer who is holding a degrees of B.Sc Estate Management and Valuation, M.Sc Town and Country Planning and PG.Dip in Regional Planning. Further, he is Graduate Member of Valuers 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 Valuation of UK.

### (c) Valuation techniques and significant unobservable inputs

The fair value measurement for freehold land and building of Rs.1,115 million has been categorized as a Level 3 fair values based on the inputs to the valuation obtained for the purpose of revaluing the related land and buildings.

The following table shows the valuation techniques used in measuring the fair value of freehold land and building, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurements
Land value is based on the market price of the respective land.	Market value of land (price per perch). Valuer has used a range of prices for respective lands based on their recently transacted cost.	Market value per perch would increase/ (decrease) if market value per perch was higher/lower
Contractor's 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 of it would have constructed in current period, and deduct margin for usage of the property based on their period of construction.	Construction cost per square feet of a building. Depreciation rate for the usage of assets. (Note 11.3)	Cost per square feet would increase/ (decrease) or/and depreciation rate for usage lower/(higher)

## 12. INVESTMENT PROPERTY

As at 31 March	2021	2020
	Rs.	Rs.
Balance at the beginning of the year	308,000,000	295,000,000
Change in fair value during the year	14,945,000	13,000,000
Balance at the end of the year	322,945,000	308,000,000

Investment property comprises a property at No 435, Galle Road, Ratmalana to the extent of 50.42 perches, that is leased to Singer (Sri Lanka) PLC at an arm's length price decided by the management. Subsequent renewals are negotiated with the lessee and historically the average renewal period is 06 years. No contingent rents are charged.

There are no identified operational expenses with respect to the investment property.

### 12.1. Information on the investment property

#### Land and building value

Location	Valuation of land	Valuation of building	Floor area (sq.ft.)	Accommodation
No 435, Galle Road, Ratmalana	252,100,000	70,845,000	12,440	Singer (Sri Lanka) PLC

#### Land value

Location	Last revalued date	Extent	Value per perch (Rs.)	Fair value as at 31 March 2021
No 435, Galle Road, Ratmalana	29.03.2021	50.42	5,000,000	252,100,000

#### Building value

Location	No of sqft	Value per sqft	Depreciation %	Revalued amount
No 435, Galle Road, Ratmalana	12,440	6,700	15%	70,845,800
Total amount taken to books				70,845,000

## Notes to the Financial Statements

Rental income recognized is disclosed under other income.

### Measurement of fair value

#### (I). Fair value hierarchy

The fair value of the investment properties are valued by Messrs. Chulananda Wellappili is an independent valuer who is holding a degrees of B.Sc Estate Management and Valuation, M.Sc Town and Country Planning and PG.Dip in Regional Planning.

Further, he is graduate member of valuers 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 Valuation of UK.

#### (II). Valuation technique and significant unobservable inputs

The fair value measurement of the investment property of Rs.322,945,000 has been categorised as Level 3 fair value based on the inputs to the valuation techniques used. The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable Inputs and fair value measurements
Land value is based on the market price of the respective land.	Market value of land (price per perch). Valuer has used a range of prices for respective lands based on their recently transacted cost.	Market value per perch would increase/ (decrease) if market value per perch was higher/lower.
Contractor's 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 of it would have constructed in current year, and deduct margin for usage of the property based on their year of construction.	Construction cost per square feet of a building. Depreciation rate for the usage of assets.	Cost per square feet would increase/ (decrease) or/and depreciation rate for usage lower/(higher).

### 13. EQUITY ACCOUNTED INVESTEE

#### 13.1. Investment in associate (Non quoted)

	Holding	Holding	Carrying value	Share of profit net of dividends received for the year	Carrying value
	31.03.2021	31.03.2020	31.03.2021		31.03.2020
	%	%	Rs.	Rs.	Rs.
Reality (Lanka) Limited	29.6	29.6	75,658,504	8,771,919	66,886,585
Total gross carrying amount of investment			75,658,504	8,771,919	66,886,585

### 13.2. Movements of investment in associate during the year

For the year ended 31 March	2021	2020
	Rs.	Rs.
<b>Reality (Lanka) Limited</b>		
Balance brought forward	12,886,585	17,958,788
Current year share of profit (Note 13.3)	8,771,919	1,408,900
Loss on deemed disposal (Note 13.6)	-	(6,481,103)
Current year retained profit	21,658,504	12,886,585
Add: cost of equity accounted investee	54,000,000	54,000,000
Total carrying amount of investment	75,658,504	66,886,585
<b>13.2.1. Share of profit/(loss)</b>		
Share of profit and loss on deemed disposal before income tax	11,541,998	(5,072,203)
Income tax expense	(2,770,079)	-
Share of profit/(loss) net of income tax	8,771,919	(5,072,203)

13.3. The share of equity accounted investee profits is based on the audited financial statements,

For the year ended 31 March	Ownership	2021
	%	Rs.
Profit from 1 April 2020 to 31 March 2021	29.6%	8,771,919
Share of profit		8,771,919

For the year ended 31 March	Ownership	2020
	%	Rs.
Profit from 1 April 2019 to 19 October 2019	45%	735,880
Profit from 20 October 2019 to 31 March 2020	29.6%	673,020
Share of profit		1,408,900

### 13.4. Summary of financial information of equity accounted investees

As at 31 March	2021	2020
	Rs.	Rs.
Non-current assets	265,233,500	233,750,625
Current assets	12,896,323	9,083,001
Total assets	278,129,823	242,833,626
Total liabilities	22,526,768	16,865,431
Net assets	255,603,055	225,968,195
Share of investment	29.6%	29.6%
	75,658,504	66,886,585

## Notes to the Financial Statements

### 13.5. Nature and business activities of the equity accounted investee

Reality (Lanka) Limited is a Company incorporated on 29 September 2006 and operating in Sri Lanka. The Company's registered office is at No.112, Havelock Road, Colombo 05 and the principal business is situated at the above address.

The principal activity of the Company is renting of Company property and property development.

Parent company of Reality Lanka Limited is Singer (Sri Lanka) PLC. The Company's ultimate parent undertaking and controlling party is Hayleys PLC.

#### Shareholding of Reality (Lanka) Limited is as follows,

Singer (Sri Lanka) PLC – 60.5%  
Singer Industries (Ceylon) PLC – 29.6%  
Regnis (Lanka) PLC – 9.9%

### 13.6. Deemed disposal loss recognized on investment of equity accounted investee

During the last financial year, Reality (Lanka) Limited has issued 6,215,077 no of shares to Singer (Sri Lanka) PLC at Rs. 10/= per share, the parent Company of Reality (Lanka) Limited.

The Company and Regnis (Lanka) PLC has not subscribed for those shares. As a result, the Company's holding has decreased from 45% to 29.6% as at 20 October 2019.

Accordingly a loss of Rs. 6,481,103 has been recognised in profit or loss as deemed disposal loss of equity accounted investee.

## 14. INVENTORIES

As at 31 March	2021	2020
	Rs.	Rs.
Raw materials	77,158,074	68,729,629
Work in progress	25,059,320	33,598,486
Finished goods	12,288,073	6,625,801
Spare parts and consumables	8,021,832	7,986,507
Goods in transit	36,669,499	48,314,798
	159,196,798	165,255,221
Less : Impairment of inventories (Note 14.1)	(11,310,771)	(10,929,639)
	147,886,027	154,325,582
<b>14.1. Impairment of inventories</b>		
Balance as at the beginning of the year	10,929,639	16,021,131
Provision/(reversal) for the year	381,132	(5,091,492)
Balance as at the end of the year	11,310,771	10,929,639

## 15. AMOUNTS DUES FROM RELATED COMPANIES

As at 31 March		2021	2020
	Relationship	Rs.	Rs.
Singer (Sri Lanka) PLC	Parent Company	98,475,745	29,789,146
Regnis (Lanka) PLC	Related Company	300,163	665,344
Singer Finance (Lanka) PLC	Related Company	-	879,644
Regnis Appliance (Pvt) Ltd	Related Company	18,314,227	21,791,861
		117,090,135	53,125,995

**16. AMOUNT DUE TO RELATED COMPANIES**

As at 31 March		2021	2020
	Relationship	Rs.	Rs.
Hayley's PLC	Ultimate parent Company	562,457	614,706
Advantis Freight (Pvt) Ltd	Related Company	2,251,757	3,503,682
		2,814,214	4,118,388

**17. OTHER RECEIVABLES**

As at 31 March		2021	2020
		Rs.	Rs.
<b>17.1. Current</b>			
Deposits and advances		2,058,551	2,544,669
		2,058,551	2,544,669
<b>17.2. Loans to company officers:</b>			
Balance as at the beginning of the year		-	1,088,176
Less: loans recovered during the year		-	(1,088,176)
Balance as at the end of the year		-	-

**18. PREPAYMENTS**

As at 31 March		2021	2020
		Rs.	Rs.
Other prepayments		1,089,363	3,310,353
		1,089,363	3,310,353

**19. INCOME TAX RECOVERABLE**

As at 31 March		2021	2020
		Rs.	Rs.
Balance at the beginning of the year		14,307,570	7,855,599
Withholding tax on fixed deposit		-	823,764
Payment made during the year		-	4,202,603
Set off against tax payable		(2,171,751)	-
(Over)/under provision adjustment		(1,031)	1,425,604
Balance at the end of the year		12,134,788	14,307,570
<b>19.1. Income tax payable</b>			
Balance at the beginning of the year		-	-
Current tax expense for the year		7,233,790	-
Set off against tax receivable		(2,171,751)	-
Balance at the end of the year		5,062,039	-

## Notes to the Financial Statements

### 20. INVESTMENT IN FIXED DEPOSITS

As at 31 March	2021	2020
	Rs.	Rs.
Singer Finance (Lanka) PLC	177,966,419	160,586,449
	177,966,419	160,586,449

Maturity : 27.01.2022 and 06.03.2022

Rate : 7.01% p.a

### 21. CASH AND CASH EQUIVALENTS

#### Components of cash and cash equivalents

As at 31 March	2021	2020
	Rs.	Rs.
<b>21.1. Favorable cash and cash equivalents balance</b>		
Cash in hand	175,750	175,750
Cash at bank	6,465,112	8,413,962
	6,640,862	8,589,712
<b>21.2. Unfavorable cash and cash equivalent balances</b>		
Bank overdraft (Note 21.2.1)	(42,667,821)	(18,325,192)
<b>Total cash and cash equivalents for the purpose of cash flow statement</b>	<b>(36,026,959)</b>	<b>(9,735,480)</b>

#### 21.2.1. Details of bank overdraft

As at 31 March			2021		2020
	Bank	Nominal interest rate	Total facility	Carrying amount	Carrying amount
		(%)	Rs.	Rs.	Rs.
Bank overdraft	Seylan Bank	5.72% (Monthly AWPLR)	25,000,000	(15,000,000)	(11,849,913)
Bank overdraft	Commercial Bank	7.10% (Market rate)	25,000,000	(27,667,821)	(6,475,279)
<b>Total bank overdraft</b>			<b>50,000,000</b>	<b>(42,667,821)</b>	<b>(18,325,192)</b>

Above figures depict the book overdraft amount as carrying amount.

### 22. STATED CAPITAL

#### 22.1. Issued and fully paid

Issued and fully paid	Par value	Balance at the beginning of the year	Issued for cash during the year	Share split during the year	Balance at the end of the year	Balance at the end of the year
					31.03.2021	31.03.2020
Weighted average number of ordinary shares	Rs.10/-	10,000,380	-	10,000,380	20,000,760	10,000,380
		10,000,380	-	10,000,380	20,000,760	10,000,380
		Rs.	Rs.	Rs.	Rs.	Rs.
Value of ordinary shares	Rs.10/-	100,003,800	-		100,003,800	100,003,800
		100,003,800	-	-	100,003,800	100,003,800



The holders of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share at a meetings of the Company.

**22.1.1.** The ordinary shares of the company were subdivided by splitting each issued ordinary share into 2 ordinary shares from 4 March 2021. Consequently the total number of existing issued ordinary shares were increased from 10,000,380 to 20,000,760 without changing the stated capital of the Company which will remain at Rs. 100,003,800.

## 22.2. Shares held by group companies

The shares of the Company held by the group companies are as follows.

	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Held by group companies	%	%	Number	Number
Singer (Sri Lanka) PLC	87.72	87.72	17,544,628	8,772,314
			17,544,628	8,772,314

## 23. RESERVES

As at 31 March	2021	2020
	Rs.	Rs.
<b>23.1. (a) Capital reserves</b>		
Revaluation reserve (Note 23.1.1)	807,088,999	703,455,447
<b>(b) Revenue reserves</b>		
General reserves (Note 23.1.2)	61,484,250	61,484,250
Retained earnings	476,880,783	485,579,554
	538,365,033	547,063,804
	1,345,454,032	1,250,519,251
<b>23.1.1. Revaluation reserve</b>		
<b>On property, plant and equipment</b>		
Balance as at beginning of the year	703,455,447	707,143,010
Deferred tax reversal on land and building (rate changed to 18%)	108,041,803	-
Realisation of revaluation surplus	(4,408,251)	(3,687,563)
Balance as at the end of the year	807,088,999	703,455,447

The above revaluation surplus consists of net surplus resulting from the revaluation land and building as described in Note 11.6 to the financial statements.

## 23.1.2. General reserve

General reserve which is a revenue reserve represents the amounts set aside by the Directors for general application.

As at 31 March	2021	2020
	Rs.	Rs.
The movement of general reserve is as follows:		
Balance at the beginning of the year	61,484,250	61,484,250
Balance at the end of the year	61,484,250	61,484,250

## Notes to the Financial Statements

### 24. DEFERRED TAX LIABILITIES

As at 31 March	2021	2020
	Rs.	Rs.
Balance at the beginning of the year	296,855,927	298,569,313
Deferred tax on retirement benefit obligation	661,415	780,140
Deferred tax reversal on land and building (rate changed to 18%)	(108,041,803)	-
Recognized on other comprehensive income	(107,380,388)	780,140
Recognized on profit or loss	(2,272,822)	(2,493,526)
Balance at the end of the year	187,202,717	296,855,927

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	2021	2020
	Rs.	Rs.
Deferred tax assets (Note 24.1)	(23,567,452)	(23,893,394)
Deferred tax liabilities (Note 24.1)	210,770,169	320,749,321
	187,202,717	296,855,927

The deferred tax liability recognized on temporary differences are as follows,

As at 31 March	2021		2020	
	Temporary differences	Tax effect	Temporary differences	Tax effect
Surplus on revaluation of land	951,759,417	171,316,695	951,759,417	266,492,637
Property, plant and equipment	150,883,189	27,158,974	155,202,445	43,456,684
Changes in fair value	122,945,000	12,294,500	108,000,000	10,800,000
Provision for retiring gratuity	(55,003,505)	(9,900,631)	(58,091,087)	(16,265,504)
Tax losses carried forward	(50,717,876)	(9,129,218)	(16,015,290)	(4,484,281)
Provision for bonus	(13,568,550)	(2,442,339)	-	-
Provision for warranties	(329,583)	(59,325)	(297,533)	(83,309)
Provision for inventories	(11,310,771)	(2,035,939)	(10,929,639)	(3,060,299)
Net deferred tax		187,202,717		296,855,927

**24.1.** As per the Inland Revenue Act No. 24 of 2017, business income includes gains from realization of capital assets and liabilities of a business. Accordingly, the gain from the realization of an asset or liability shall be the amount by which the sum of the consideration received for the asset or liability exceeds the acquiring cost of the asset or liability at the time of realization. The Company has recognized a revaluation reserve on freehold land (capital assets of the Company) amounting to Rs. 951,759,417 as at 31 March 2019 (2017- Rs. 830,089,417) which was the amount by which the sum of the carrying value of the freehold land exceeds the acquiring cost of the lands based in the revaluation carried out and accounted for as at the balance sheet date. Hence, the Company has recognized a deferred tax liability of Rs. 266,492,637 as at 31 March 2019 (2017- 232,425,037) on revaluation reserve of the freehold land which is computed at the corporate tax rate of 28%. With the change of the corporate tax rate to 18%, the Company has recognized a deferred tax liability of Rs. 171,316,695 as at 31 March 2021 on the revaluation reserve of the free hold land.

**24.2.** The Company has recognized deferred tax on revaluation of its land and building classified as investment property (investment assets) at the rate of 10% as per the Inland Revenue Act No. 24 of 2017. Accordingly, the Company has recognized deferred tax liability of Rs. 1,494,500 as at 31 March 2021 (Rs.1,300,000 as at 31 March 2020) on the revaluation gain reported during the period.

**24.3.** The tax effect of tax losses carried are recognized as deferred tax assets as management considered it probable that future taxable profits will be available against which these tax losses can be utilized in the future.

## 25. RETIREMENT BENEFIT OBLIGATIONS

As at 31 March	2021	2020
	Rs.	Rs.
Balance at the beginning of the year	58,091,087	53,737,137
Transfer in	6,113,300	-
Transfer out	(486,129)	-
Actuarial gain	(3,674,528)	(2,786,215)
Current service cost	1,842,925	2,041,906
Interest cost	5,809,109	5,911,085
Benefits paid	(12,692,259)	(812,826)
Balance at the end of the year	55,003,505	58,091,087

### 25.1. Amount charge to Financial Statement

For the year ended 31 March	2021	2020
	Rs.	Rs.
Amount charged to income statement	7,652,034	7,952,991
Amount charged to other comprehensive income	(3,674,528)	(2,786,215)
Net charge during the financial year	3,977,506	5,166,776

The expense is recognised under cost of sales in the income statement and other comprehensive income.

The Company 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.

As at 31 March 2021, the gratuity liability was actuarially valued under the projected unit credit ( PUC ) method by a professionally qualified actuary Pushpakumar Gunasekera of Smiles Global (Pvt) limited who is a qualified Actuary and a member of Associate of the institute of Actuaries Of Australia (AIAA).

The key assumptions used by the actuary include the following :

		2021	2020
(a) Discount rate		8% p.a	10% p.a
(b) Salary increment rate		7% p.a	9% p.a
(c) Assumptions regarding future mortality (basis)		A67/70	A67/70
(d) Retirement age	Males	60 years	60 years
	Females	60 years	60 years
(e) Staff turnover rate		5% p.a.	4% p.a.

## Notes to the Financial Statements

### 25.2. Sensitivity of assumptions used

Effect on the defined benefit obligation liability if one percentage point change in the assumptions would have the following effects,

	Effect	Effect
For the year ended 31 March	2021	2020
	Rs. (000)	Rs. (000)
<b>(A) Discount rate</b>		
Increase by one percentage point - (increase)/decrease	(2,111)	(2,136)
Decrease by one percentage point - decrease/(increase)	2,277	2,311
<b>(B) Salary increment rate</b>		
Increase by one percentage point - (decrease)/increase	2,163	2,215
Decrease by one percentage point - increase/(decrease)	(2,043)	(2,084)

### 26. TRADE AND OTHER PAYABLES

As at 31 March	2021	2020
	Rs.	Rs.
Trade payables	117,803,996	82,369,581
Accrued expenses	8,100,982	8,835,505
	125,904,978	91,205,086

### 27. PROVISIONS

	Warranties	Bonus	Total	Total
As at 31 March	2021			2020
	Rs.	Rs.	Rs.	Rs.
Balance at the beginning of the year	297,533	-	297,533	13,142,741
Provision made during the year	315,713	17,845,819	18,161,532	(4,364,083)
Provision utilised during the year	(283,663)	(4,277,269)	(4,560,932)	(8,481,125)
Balance at the end of the year	329,583	13,568,550	13,898,133	297,533

**Warranties :** A provision of Rs. 315,713/- has been recognised for expected warranty claims in product sold during the current financial year. The provision has been made based on actual average historical claims development during previous years.

**Bonus :** Rs.17,845,819/- provision has been recognised for the period ended 31 March 2021

### 28. DIVIDENDS PAYABLE

As at 31 March	2021	2020
	Rs.	Rs.
Balance at beginning of the year	2,034,882	1,861,886
Additions (declared dividends) - 2019/20 -Rs. 0.92 (2018/19 - Rs. 1.57)	9,200,350	15,700,597
Payments	(9,043,812)	(15,527,601)
Balance at end of the year	2,191,420	2,034,882

## 29. INTEREST BEARING SHORT TERM LOANS

As at 31 March	2021	2020
	Rs.	Rs.
<b>Term loans (secured)</b>		
Balance at beginning of the year	70,000,000	60,000,000
Loans obtained during the year	369,019,000	286,000,000
Repayment of term loans during the year	(343,019,000)	(276,000,000)
Balance at end of the year (Note 29.1)	96,000,000	70,000,000

### 29.1. Interest - bearing short term borrowings

As at 31 March	2021			2020		
	Amount repayable within 1 year	Amount repayable after 1 year	Total	Amount repayable within 1 year	Amount repayable after 1 year	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank loans	96,000,000	-	96,000,000	70,000,000	-	70,000,000
	96,000,000	-	96,000,000	70,000,000		70,000,000

Facility type	Bank/ Institution	Nominal interest rate	Balance	Balance
			31.03.2021	31.03.2020
Short term loan	Commercial Bank	5.98% (AWPLR+Margin)	21,000,000	20,000,000
Short term loan	Seylan Bank	5.72% (AWPLR)	75,000,000	50,000,000
<b>Total</b>			<b>96,000,000</b>	<b>70,000,000</b>

Interest rates are determined by the bank based on the prevailing market rates at the time of granting each loan.

Short term bank loans are repayable within one year.

## 30. FINANCIAL INSTRUMENTS- FAIR VALUES AND RISK MANAGEMENT

### 30.1. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- (1) Credit risk
- (2) Liquidity risk
- (3) Market risk

This note presents the information about the Company's exposure to each of the above risks. The Company's objective is to set the policies and procedures for measuring and managing the risk and the Company's capital management.

#### 30.1.1. Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, 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 Company's activities. The Company, through its training and management standards and

## Notes to the Financial Statements

procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company 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 Company. The Company 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.

### 30.1.2. Credit risk

Credit risk is the financial loss incurred to the Company as a result of the customer or counter-party to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's receivables from customers and investment in fixed deposits.

#### 30.1.2.1. Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period is as follows.

As at 31 March	2021	2020
	Rs.	Rs.
Related party receivables	117,090,135	53,125,995
Other receivables	2,058,551	2,544,669
Bank balances	6,465,112	8,413,962
Investment in fixed deposits	177,966,419	160,586,449
<b>Total</b>	<b>303,580,217</b>	<b>224,671,075</b>

#### Aging analysis of related party receivable

	Total	Neither past due nor impaired (0 - 30 days)	Past due but not impaired (31 to 60 days)
<b>As at 31.03.2021</b>			
Amount due from related companies	117,090,135	112,614,770	4,475,365
<b>As at 31.03.2020</b>			
Amount due from related companies	53,125,995	35,975,042	17,150,953

#### (a) Receivables from related companies

The Company's principal customers, Singer (Sri Lanka) PLC, Regnis Appliance (Pvt) Ltd and Regnis (Lanka) PLC settle dues on a one month credit term.

#### (b) Loans given to employees

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 housing/vehicle loans granted.

#### (c) Cash and cash equivalents

The Company held cash and cash equivalents of Rs.6,640,862/- (including cash in hand amount of Rs.175,750/-) and fixed deposit of Rs.177,966,419/- as at 31 March 2021. The cash and cash equivalents balances are held with reputed commercial banks.

### 30.1.3. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

In order to minimize the risk, the Company regularly reviews its liquidity position and reports to the Board. Further 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 Company.

The Company also maintains excellent relationships with banks, with which it has dealings and enjoy substantial banking facilities. The Company aims to maintain banking facilities in excess of expected funding requirements. The table below highlights the lines of credit and utilized facilities as at 31 March 2021.

Lines of credit	Facility Amount	31.03.2021 Utilization	31.03.2020 Utilization
	Rs.	Rs.	Rs.
Short-term loan	115,000,000	96,000,000	70,000,000
Overdraft	50,000,000	42,667,821	18,325,192
Total borrowing facility Vs. utilization	165,000,000	138,667,821	88,325,192
Letter of credit facility Vs. utilization	255,000,000	210,523,851	76,543,324

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.

Following are the remaining contractual maturities of financial liabilities, including estimated interest payments as at the end of the reporting period:

As at 31 March 2021	Contractual		
	Carrying amount	cash flow total	1 - 6 month
	Rs.	Rs.	Rs.
Overdraft	42,667,821	42,667,821	42,667,821
Trade payable	117,803,996	117,803,996	117,803,996
Other payable	8,100,982	8,100,982	8,100,982
Interest - bearing short term borrowings	96,000,000	96,000,000	96,000,000
Amount due to related companies	2,814,214	2,814,214	2,814,214

As at 31 March 2020	Contractual		
	Carrying amount	cash flow total	1 - 6 month
	Rs.	Rs.	Rs.
Overdraft	18,325,192	18,325,192	18,325,192
Trade payable	82,369,581	82,369,581	82,369,581
Other payable	8,835,505	8,835,505	8,835,505
Interest - bearing short term borrowings	70,000,000	70,000,000	70,000,000
Amount due to related companies	4,118,388	4,118,388	4,118,388



## Notes to the Financial Statements

Gross inflows/outflows disclosed in the previous table represent 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.

### 30.1.4. Market risk

Market risk refers to losses arising due to changes in market prices, such as foreign exchange rates and interest rates that would impact Company'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 optimizing returns.

#### (1) Currency risk

The Company is exposed to currency risk through import credit obtained at differently-denominated currencies the Company transacts in. The primary denominations of currencies in which these transactions are conducted are US\$, Singapore Dollars and CNY.

Given below is the summary of the import credit exposure as at 31 March 2021.

Trade payable US\$ 476,845.5 and CNY 118,750 (2020 - US\$ 221,547.70 and CNY 971,350)

On reporting date spot rate was US\$ 1 = LKR 199.83 (2020 - US\$ 1 = LKR 188.62)

During the financial period, average rate was US\$ 1 = LKR 188.79 (2020 - US\$ 1 = LKR 179.47)

At 31 March 2021, the post-tax profit and shareholder equity would be Rs.5,998,586/- higher/lower based on the appreciation/depreciation of the Sri Lankan Rupee by 6.72% against the US\$, due to the US\$ denominated trade payables.

	Equity		Profit or Loss	
	Appreciation	Depreciation	Appreciation	Depreciation
	Rs.	Rs.	Rs.	Rs.
31 March 2021 US\$ (6.72% movement)	(5,998,586)	5,998,586	(5,998,586)	5,998,586

At 31 March 2020, the post-tax profit and shareholder equity would be Rs. 1,493,163/- higher/lower based on the appreciation/depreciation of the Sri Lankan Rupee by 3.71% against the US\$, due to the US\$ denominated trade payables.

	Equity		Profit or Loss	
	Appreciation	Depreciation	Appreciation	Depreciation
	Rs.	Rs.	Rs.	Rs.
31 March 2020 US\$ (3.71% Movement)	(1,493,163)	1,493,163	(1,493,163)	1,493,163

#### (2) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term debt obligations with floating rates. The Company manages its interest rate risk by monitoring and managing cash flows, negotiating favorable rates on borrowings and deposits including and maintaining an appropriate combination of fixed and variable rate debt.

Interest bearing assets - Investment in fixed deposits

Interest bearing liabilities - Bank overdraft

- Short term 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 Company interest bearing financial assets and liabilities were,

As at 31 March	2021	2020
	Rs.	Rs.
<b>Fixed rate instruments</b>		
Financial assets	177,966,419	160,586,449
Financial liabilities	-	-
	177,966,419	160,586,449
<b>Variable rate instruments</b>		
Financial assets	-	-
Financial liabilities	138,667,821	88,325,192
	138,667,821	88,325,192

The interest rates are negotiated on the strength of the Singer group and thereby ensuring the availability of cost-effective funding all the times, while minimizing the negative effect of market fluctuations. In addition, Company has considerable banking facilities with several reputed banks which have enabled the Company to negotiate competitive rates.

During the financial year consecutive reductions in policy rates and monetary easing policies by Central Bank of Sri Lanka to encourage banks and finance companies to reduce lending rates.

### (3) Sensitivity Analysis

If interest rates had been higher/lower by 5 basis points and all other variables were held constant, the profit before tax for the year ended 31 March 2021 would decrease/increase by Rs. 41,500 (2019/20 Rs. 32,500). A fluctuation in interest rates is possible due to Company's exposure to variable rates of interest.

	Current year	Last year	Base point	Change %	Expected sensitivity
<b>2021</b>	<b>96,000,000</b>	<b>70,000,000</b>	<b>5</b>	<b>0.05</b>	<b>41,500</b>
2020	70,000,000	60,000,000	5	0.05	32,500

### 30.2. 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 Company consists of debt and equity of the group (comprising issued capital, reserves, retained earnings as detailed in Note 22 and 23). The capital structure of the Company is reviewed by the Board of Directors. The gearing ratio is given below:

#### (1) Gearing ratio

	31.03.2021	31.03.2020
	Rs.	Rs.
Total borrowings	138,667,821	88,325,192
Total debt	138,667,821	88,325,192
Equity	1,445,457,832	1,350,523,051
Debt to equity ratio	8.8%	6.1%

## Notes to the Financial Statements

### 30.3. Financial Instruments-Fair value

#### Accounting classifications and fair values

Fair value of financial assets and liabilities are not categorized into the fair value hierarchy as it was assumed that the carrying value of such assets and liabilities are a reasonable approximation to the fair value as majority of such assets and liabilities are with shorter maturity periods and has entered in to the transactions with normal market interest rates and terms.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows,

	Note	Financial assets at amortized cost	Financial liabilities at amortized cost	Total carrying amount
<b>31 March 2021</b>				
<b>Financial Assets not measured at fair values</b>				
Cash and cash equivalents	21	6,640,862	-	6,640,862
Amount due from related companies	15	117,090,135	-	117,090,135
Other receivables	17	2,058,551	-	2,058,551
Investments in fixed deposits	20	177,966,419	-	177,966,419
		303,755,967	-	303,755,967
<b>Financial liabilities not measured at fair values</b>				
Trade and other payables	26	-	125,904,978	125,904,978
Amounts due to related companies	16	-	2,814,214	2,814,214
Bank overdraft	21	-	42,667,821	42,667,821
Dividend payable	28	-	2,191,420	2,191,420
		-	173,578,433	173,578,433
<b>31 March 2020</b>				
<b>Financial Assets not measured at fair values</b>				
Cash and cash equivalents	21	8,589,712	-	8,589,712
Amount due from related companies	15	53,125,995	-	53,125,995
Other receivables	17	2,544,669	-	2,544,669
Investments in fixed deposits	20	160,586,449	-	160,586,449
		224,846,825	-	224,846,825
<b>Financial Liabilities not measured at fair values</b>				
Trade and other payables	26	-	91,205,086	91,205,086
Amounts due to related companies	16	-	4,118,388	4,118,388
Bank overdraft	21	-	18,325,192	18,325,192
Dividend payable	28	-	2,034,882	2,034,882
		-	115,683,548	115,683,548

## 31. COMMITMENTS AND CONTINGENCIES

### 31.1. Capital expenditure commitments

The Company does not have significant capital commitments as at the reporting date.

### 31.2. Contingencies

#### 31.2.1. Finance commitments

Document credit are affected for foreign purchases of the Company amounting to Rs.210,523,851/- (2020-Rs.76,543,324/-) on the basis that the Company is liable for the additional duty. Hence, no provision is made in the Financial Statements. Other than the above, the Company does not have any significant contingencies as at the reporting date.

## 32. EVENTS OCCURRING AFTER THE REPORTING DATE

The Company does not have events after the reporting date which require adjustment or disclosures in these Financial Statements.

## 33. RELATED PARTY DISCLOSURE

The Company carries out transactions 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 Standards (LKAS 24) "Related party disclosures", The details are as follows.

### 33.1. Parent and ultimate controlling party

Singer (Sri Lanka) PLC is the parent Company of Singer Industries (Ceylon) PLC. The Hayleys PLC is the ultimate parent Company of Singer Industries (Ceylon) PLC. On 15 September 2017, Hayleys PLC with parties acting in concert acquired 61.73% of Singer (Sri Lanka) PLC. Accordingly, Hayleys PLC became the ultimate parent Company of Singer Industries (Ceylon) PLC with effect from 15 September 2017. Subsequently, Hayleys PLC with parties acting in concert issued a notice of mandatory offer in line with terms of Rule 31(1) (a) of takeovers and mergers code 1995, to purchase 108,201,585 ordinary shares carrying voting rights of Singer (Sri Lanka) PLC at a price of Rs.47/- per share (excluding 35,562,883 shares held by Retail Holding (Sri Lanka) BV. After exercising the mandatory offer, Hayleys PLC together with its group companies holds 80.96% (approx.) of Singer (Sri Lanka) PLC. On 15 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.

### 33.2. Transactions with key management personnel ("KMP")

According to Sri Lanka Accounting Standard (LKAS) 24 Related Party Disclosure, Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity . Accordingly, the Directors (including Executives and Non-Executive Directors) of the Company and their immediate family members have been classified as key personnel of the Company .

#### (a) Compensation of key management personnel

For the year ended 31 March	2021	2020
	Rs.	Rs.
Short term employee benefits - Directors emoluments	1,094,760	1,105,260
- Non-executive directors fees	2,700,000	2,700,000

In addition to their salaries the Company provides non-cash benefits to key management personnel and contribute to a post employment defined benefit plan on their behalf . Directors emoluments are disclosed in Note 8 to the financial statements.

#### (b) Loans to Directors

No loans have been given to the Directors of the Company .

## Notes to the Financial Statements

### 33.3. Other related party transactions

#### (a) Transactions with related entities

Name of the Company and relationship	Nature of transaction	2021	2020
		Rs.	Rs.
Singer (Sri Lanka) PLC (Parent Company)	Sales (gross)	562,303,887	474,030,745
	Net finance charge	(10,182)	(161,723)
	Expenses reimbursed	(26,653,105)	(22,524,242)
	Lease rental received	21,340,076	24,805,094
	Purchases- fixed assets	(284,159)	(266,834)
	Purchases- materials	(156,658)	(684,370)
	Management fee	(146,513)	(196,096)
	Non trade settlement	11,260,948	-
	Trade settlements	(498,967,695)	(512,700,000)
Regnis (Lanka) PLC (Related Company)	Sales	1,897,877	2,697,151
	Expenses reimbursed	(464,809)	-
	Interest income	3,557	16,790
	Trade debtors settlement	(1,801,806)	(2,458,572)
	Non-trade debtors settlement	-	(350,323)
Singer Finance (Lanka) PLC (Related Company)	Investment in fixed deposits	177,966,419	160,586,449
	Interest received on fixed deposits	17,379,970	17,793,672
	WHT refund receivable	-	879,644
Regnis Appliances (Pvt) Ltd (Related Company)	Purchases - raw materials	(23,912,668)	(3,265,644)
	Sales (gross)	115,493,046	140,214,896
	Trade settlements	(106,461,461)	(131,765,578)
	Expenses reimbursed	1,020,953	(25,118)
	Interest on due balance	371,208	408,780
	Settlements	10,011,288	(439,648)
Hayleys PLC (Ultimate Related Company)	Management fee	(4,789,256)	(3,880,739)
	Expenses reimbursed	(276,766)	(133,682)
	Settlements	5,118,271	3,426,679
Advantis Freight (Pvt) Ltd (Related Company)	Service obtained	14,839,457	12,885,367
	Settlements	(16,091,382)	(10,506,796)

Closing balances of the related parties are disclosed in the respective notes.

#### 33.3.1. Recurrent and non-recurrent related party transactions

##### Recurrent related party transaction

(Aggregate value of the transaction exceeds 10% of gross revenue/income)

Name of the related party	Transaction	Value of the transaction entered into during the financial year	Value of the related party transaction as a % of revenue	Terms and conditions of the related party transaction/ the rationale for entering into the transaction
		Rs.	%	
Singer (Sri Lanka) PLC	Sales (gross)	562,303,887	89%	On commercial terms.
	Trade settlement	498,967,695	79%	
Regnis Appliances (Pvt) Ltd	Sales (gross)	115,493,046	18%	On commercial terms.
	Trade settlement	106,461,461	17%	

### Non-recurrent related party transaction

(Aggregate value of the transaction exceeds 10% of the equity or 5% of the total assets whichever is lower)

Name of the related party	Transaction	Value of the transaction entered into during the financial year Rs.	Value of the related party transaction as a % of equity %	Value of the related party transaction as a % of total assets %	Terms and conditions of the related party transaction/ the rationale for entering into the transaction
Singer Finance (Lanka) PLC	Investment in fixed deposits	177,966,419	12%	9%	On commercial terms.

### Terms and conditions of transactions with related parties:

Transactions with related parties are carried out in the ordinary course of the business. Outstanding current account balances at the year end are unsecured, and the settlements will be made in cash subject to the following credit period.

	Credit period
Singer (Sri Lanka) PLC	30 Days
Regnis Appliances (Pvt) Ltd	30 Days
Regnis (Lanka) PLC	30 Days
Hayleys PLC	30 Days
Advantis Freight (Pvt) Ltd	45 Days

The related party borrowings are at pre-determined interest rates and terms.

## 34. CORONAVIRUS (COVID-19) PANDEMIC DISCLOSURE

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.

Company has 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, Company has very limited risk on recoverability of trade receivable balances as all receivables are from the affiliate companies of Singer Group.

The Company has negotiated financial liabilities with better terms and has adopted a control over the expenditure. Therefore, the Company 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 Company imports substantial amount of its products which are subject to foreign exchange volatilities and resultant cost escalations. Towards mitigating this risk, Company is deeply analyzing the foreign exchange market and working closely with relevant financial institutions and other stakeholders including the parent company. Based on these proactive analysis and other stakeholder interactions, Company is implementing various foreign exchange management tools and other related businesses strategies to lessen possible financial impacts.

Further, the Company has evaluated all guidelines issued by the government as well as international best practices and the Singer Group has 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, Company envisages that no impact on the Company 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.

## Ten Years at a Glance

	2020/21	2019/20	2018/19*	2017	2016	2015	2014	2013	2012	2011
Trading Results	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Turnover - Net	629,616	541,892	786,935	646,579	743,206	740,052	715,416	588,404	745,998	713,560
Profit/(Loss) before Taxation	(1,958)	11,351	29,013	70,931	51,865	(4,867)	9,243	20,339	37,830	46,002
Taxation	(4,962)	3,919	(7,984)	(2,522)	(9,847)	3,256	(1,242)	(6,965)	(5,156)	484
Profit/(Loss) from Continuing Operations	(6,920)	15,270	21,029	68,409	42,018	(1,611)	8,001	13,374	32,674	46,486
Discontinued Operations (Net of Income Tax )	-	-	-	-	-	-	-	-	-	4,980
Profit/(Loss) for the year	(6,920)	15,270	21,029	68,409	42,018	(1,611)	8,001	13,374	32,674	51,466
Paid Up Capital	100,004	100,004	100,004	38,463	38,463	38,463	38,463	38,463	38,463	38,463
Capital Reserves	807,089	703,455	707,143	655,523	890,077	542,454	545,131	472,632	475,185	401,717
Revenue Reserves	538,365	547,064	541,801	503,844	459,229	408,275	406,973	396,471	387,085	384,577
	1,445,458	1,350,523	1,348,948	1,197,830	1,387,769	989,192	990,567	907,565	900,733	824,757
Long Term Loans										
Deferred Liabilities	187,203	296,856	298,569	238,641	54,365	52,747	56,410	54,581	46,822	43,847
	1,632,661	1,647,379	1,647,517	1,436,471	1,442,134	1,041,939	1,046,977	962,146	947,555	868,604
<b>ASSETS EMPLOYED</b>										
Current Assets	464,866	396,790	386,096	350,017	378,549	372,692	368,279	344,747	346,188	330,556
Current Liabilities	288,539	185,981	174,313	78,795	104,484	132,388	138,167	116,621	138,392	113,709
Working Capital	176,327	210,809	211,783	271,222	274,065	240,304	230,113	228,126	207,796	216,847
Fixed Assets	1,112,733	1,119,774	1,121,724	947,370	956,574	613,340	626,867	556,624	563,276	487,897
Investment Property	322,945	308,000	295,000	200,000	150,000	126,000	126,000	113,445	113,445	100,840
Investments	75,659	66,887	71,959	68,549	60,542	61,685	62,088	59,870	59,246	52,746
Other Receivables	-	-	788	853	953	609	1,910	4,081	3,793	3,747
Deferred Tax Asset	-	-	-	-	-	-	-	-	-	6,526
	1,687,664	1,705,470	1,701,254	1,487,994	1,442,134	1,041,939	1,046,977	962,146	947,555	868,604

\*Fifteen month ended 31 March 2019 (2018/19)



	2020/21	2019/20	2018/19*	2017	2016	2015	2014	2013	2012	2011
Trading Results	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b>Earnings/(Loss) per Share</b>										
From Continuing Operations (Rs)*	(0.35)	0.76	2.10	6.48	10.92	(0.42)	2.08	3.48	8.49	12.09
From Continuing Operations before change in Fair value of Current Investment*	(1.09)	0.11	(0.53)	1.84	4.68	(0.42)	2.08	3.48	5.22	(2.21)
After Discontinued Operations (Rs)*	(0.35)	0.76	2.10	6.48	10.92	(0.42)	2.08	3.48	8.49	13.38
Net Assets per Share at year end (Rs) *	72.27	67.52	134.89	311.42	360.81	257.18	257.54	235.96	234.18	214.43
Return on Average Net Assets (%)	(0.49)	1.13	1.65	5.29	3.54	(0.16)	0.84	1.48	3.92	6.31
<b>DIVIDENDS</b>										
Dividends (Rs)	-	9,200	15,701	51,156	25,001	-	-	1,923	5,769	33,655
Dividend per Share (Rs)*	-	0.46	1.57	13.30	6.50	-	-	0.50	1.50	8.75
Dividend Cover*	-	1.66	1.34	1.33	1.68	-	-	6.95	5.66	1.53
<b>OTHERS</b>										
Annual Sales Growth (%)	16.19	(31.14)	21.71	(13.00)	0.43	3.44	21.59	(21.13)	4.55	7.44
Inflation Rate (%)	4.70	4.20	3.30	7.10	3.75	4.00	5.00	6.90	7.60	6.70
Current Ratio	1.61	2.13	2.21	4.44	3.62	2.82	2.67	2.96	2.50	2.90
Investment in Fixed Assets (Rs.000)	1,662	6,850	7,491	182	231	67	1,637	1,165	7,452	468
Price Earnings Ratio (Times)*	(127.71)	82.76	27.62	21.05	13.32	(440.99)	95.18	33.76	17.08	18.98
Market Value of Share	44.70*	62.90**	58.00	144.00	145.50	184.70	198.00	117.50	145.00	254.00

**Notes:** Applicable to current financial year & comparative year

\* Adjusted/post to the subdivision of shares

\*\* Prior to the subdivision of shares

# Share Information

## General

	31 March 2021	31 March 2020
Stated Capital	Rs. 100,003,800/-	Rs. 100,003,800/-
Number of Shares - Ordinary Shares	20,000,760	10,000,380
Voting Rights	One Vote per Ordinary Share	One Vote per Ordinary Share
Subdivision	Two (2) ordinary shares for every one (1) existing ordinary share held on 04 March 2021.	

## Stock Exchange Listing

The ordinary voting shares of the Company were transferred to the 'Diri Savi' Board of CSE with effect from 15 October 2018. In terms of the option 2 of Section 7.13.1 (b) the Company is in compliance with the minimum public holding of 10%.

Float-adjusted market capitalization was Rs. 109,697,968/- as at 31.03.2021.

## Distribution of Shareholdings - 31 March 2021

Category	2021			2020		
	No. of Holders	Total Holdings	%	No. of Holders	Total Holdings	%
1 to 1,000	764	215,412	1.07	828	210,078	2.10
1,001 to 10,000	364	917,613	4.59	203	503,504	5.04
10,001 to 100,000	35	767,710	3.84	19	514,484	5.14
100,001 to 1,000,000	4	555,397	2.78	-	-	0.00
Over 1,000,000 Shares	1	17,544,628	87.72	1	8,772,314	87.72
	1,168	20,000,760	100.00	1,051	10,000,380	100.00

Category	2021					
	No. of Holders		No. of Holdings (Shares)		Percentage	
	Foreign	Local	Foreign	Local	Foreign	Local
1 to 1,000	6	758	2,214	213,198	0.01	1.06
1,001 to 10,000	12	352	31,102	886,511	0.16	4.43
10,001 to 100,000	1	34	10,400	757,310	0.05	3.79
100,001 to 1,000,000	-	4	-	555,397	-	2.78
Over 1,000,000 Shares	-	1	-	17,544,628	-	87.72
	19	1,149	43,716	19,957,044	0.22	99.78

Category	No. of Holders		No. of Holdings (Shares)		Percentage	
	Foreign	Local	Foreign	Local	Foreign	Local
Individuals	19	1,097	43,716	1,989,460	0.22	9.95
Institutions	-	52	-	17,967,584	-	89.83
	19	1,149	43,716	19,957,044	0.22	99.78

### Directors' Shareholding as at 31 March 2021

Name Of Director	CDS	Non - CDS
Mr. A.M. Pandithage	Nil	Nil
Mr. M.H. Wijewardene	Nil	Nil
Mr. V.G.K. Vidyaratne (resigned w.e.f. 31.03.2021)	390	130
Mr. K.D. Kospelawatta	1,040	Nil
Mr. S.C. Ganegoda	Nil	Nil
Mr. M.H. Jamaldeen	Nil	Nil
Mr. N.L.S. Joseph	Nil	Nil
Mr. K.D.G. Gunaratne	Nil	Nil
Mr. D.K. De Silva Wijeyeratne	Nil	Nil
Mr. K.K.L.P. Yatiwella (Alternate Director to Mr. M.H. Wijewardene) (resigned w.e.f. 31.03.2021)	Nil	Nil

The Directors' shareholding increased as a result of the subdivision of shares made on 04 March 2021 splitting each issued ordinary share into 2 ordinary shares.

### Analysis of Shares

	2021			2020		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Shares held by Public	1,165	2,454,572	12.27%	1,048	1,227,286	12.27

### Twenty Largest Shareholders as at 31 March 2021

Name	No. of Shares	%
1 Singer (Sri Lanka) PLC	17,544,628	87.72
2 Mr. U.I. Suriyabandara	170,301	0.85
3 Union Investments (Pvt) Ltd	165,360	0.83
4 J.B. Cocoshell (Pvt) Ltd	117,862	0.59
5 Mrs. S.N. Senanayake	101,874	0.51
6 Mr. G.C. Goonetilleke	63,260	0.32
7 Mr. A.L.M. Hussain	52,000	0.26
8 Mrs. C.D.D. Kumari	50,300	0.25
9 Mr. S. Ramanathan	45,196	0.23
10 Mrs. Z.T. Jafferjee	43,798	0.22
11 Dr. D. Jayanthan	40,400	0.20
12 Mr. S. Nishyanthan	31,200	0.16
Mr. W.D.D.R. Mahatantila	31,200	0.16
13 Mr. S. Aravinthan	26,520	0.13
14 Mrs. M.J. Thambinayagam	26,000	0.13
The Incorporated Trustees of the Church of Ceylon	26,000	0.13
15 Mr. A.M.R. Adasooriya	23,260	0.12
16 Miss S.N. Dias	22,440	0.11
17 Mr. L.N.S.K. Samarasinghe	21,340	0.11
18 Mr. R.E. Rambukwelle	16,000	0.08
19 Mr. K.T. Gulamhusein	15,600	0.08
Dr. M.P. Panditaratne	15,600	0.08
20 Mr. N.W.W. Kankanamge	15,162	0.08
<b>Total</b>	<b>18,665,301</b>	<b>93.32</b>

There were no Non-Voting shares as at 31.03.2021.

## Share Information

For the year ended 31 March	2021	2020
	Rs.	Rs.
Last Traded Price	44.70**	62.90*
Highest Value per Share	140.00* (22 January 2021)	78.00* (03 December 2019)
Lowest Value per Share	43.00** (24 March 2021)	50.20* (10 March 2020)

\* prior to the subdivision of shares

\*\* subsequent to the subdivision of shares

### Share Trading for the period ended

	No. of Transactions	No. of Shares	Value of Shares
	Traded	Traded	Traded
			Rs.
2021 (12 Months)	2,033	412,945	36,789,526
2020 (12 Months)	648	92,282	5,957,489
2019 (15 Months)	695	80,136	8,026,846

### Twenty Largest Shareholders as at 31 March 2020

Name	No. of Shares	%
1 Singer (Sri Lanka) PLC	8,772,314	87.72
2 J.B. Cocoshell (Pvt) Ltd	84,219	0.84
3 Union Investments (Pvt) Ltd	82,680	0.83
4 Mr. U.I. Suriyabandara	79,843	0.80
5 Mr. G.C. Goonetilleke	31,630	0.32
6 Mr. A.L.M. Hussain	26,000	0.26
7 Mrs. C.D.D. Kumari	25,150	0.25
8 Mrs. Z.T. Jafferjee	21,899	0.22
9 Dr. D. Jayanththa	20,200	0.20
10 Mr. S. Ramanathan	17,329	0.17
11 Mr. S. Nishyanthan	15,600	0.16
Mr. W.D.D.R. Mahatantila	15,600	0.16
12 Mr. S. Aravinthan	13,260	0.13
13 Mrs. M.J. Thambinayagam	13,000	0.13
The Incorporated Trustees of the Church of Ceylon	13,000	0.13
14 Miss S.N. Dias	11,699	0.12
15 Mr. A.M.R. Adasooriya	11,630	0.12
16 Mr. A.N. Majeed	10,730	0.11
17 Mr. L.N.S.K. Samarasinghe	10,670	0.11
18 Mr. A.R. Jayasinghe	10,345	0.10
19 Mrs. J. Shakeila	10,000	0.10
20 Mr. W.A.S.P. Weerasinghe	8,632	0.09
<b>Total</b>	<b>9,305,430</b>	<b>93.05</b>

# Notice of Annual General Meeting

**SINGER INDUSTRIES (CEYLON) PLC - COMPANY NUMBER: PQ 104**

**NOTICE IS HEREBY GIVEN THAT THE FIFTY EIGHT ANNUAL GENERAL MEETING OF SINGER INDUSTRIES (CEYLON) PLC WILL BE HELD ON MONDAY, 28TH JUNE 2021 AT 2.00 P.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 31 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 Articles 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 Articles 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 authorize the Directors to determine contributions to Charities for the financial year 2021/22.
6. To authorize the Directors to determine the remuneration of the Auditors, M/s KPMG, Chartered Accountants, who are deemed to have been reappointed as Auditors in terms of Section 158 of the Companies Act No. 07 of 2007 for the financial year 2021/22.
7. To consider any other business of which due notice has been given.

By Order of the Board

**SINGER INDUSTRIES (CEYLON) PLC**  
**HAYLEYS GROUP SERVICES (PRIVATE) LIMITED**  
*Secretaries*

Colombo  
 02 June 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, Sri Lanka or must be emailed to [sinindagm@secretarial.hayleys.com](mailto:sinindagm@secretarial.hayleys.com) not less than forty eight (48) hours before the time fixed for the meeting.
2. Please refer the "Circular to Shareholders" dated 02 June 2021 and follow the instructions to join the meeting virtually.

## Notes



Notes



# Form of Proxy

## SINGER INDUSTRIES (CEYLON) PLC - Company Number: PQ 104

I/We\* .....  
 (full name of Shareholder\*\*) NIC No./Reg. No. of Shareholder (\*\*) ..... of  
 ..... being Shareholder/Shareholders\* of Singer Industries (Ceylon) 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 Fifty Eight Annual General Meeting of the Company to be held on Monday, 28 June 2021 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 Directors and the Statement of Accounts for the year ended 31 March 2021 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
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 Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
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 Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
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.	<input type="checkbox"/>	<input type="checkbox"/>
5. To authorize the Directors to determine contributions to Charities for the financial year 2021/22.	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorize the Directors to determine the remuneration of the Auditors, M/s KPMG, Chartered Accountants, who are deemed to have been re-appointed as Auditors in terms of Section 158 of the Companies Act No. 07 of 2007 for the financial year 2021/22.	<input type="checkbox"/>	<input type="checkbox"/>

(\*\*) 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.

### Witness:

Signature : .....

Name : .....

Address : .....

NIC No. : .....

Signature of Shareholder

### Notes:

(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 on the reverse hereof.

(e) This Form of Proxy is in terms of the Articles of Association of the Company.

## Form of Proxy

### INSTRUCTIONS AS TO 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 must be emailed to [sinindagm@secretarial.hayleys.com](mailto:sinindagm@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 (1) 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 authorized Fund Manager/Banker with whom the account is maintained.

# Corporate Information

## Directorate

Mr. A. M. Pandithage - Chairman  
Mr. M. H. Wijewardene - Chief Executive Officer  
Mr. M. H. Jamaldeen  
Mr. S. C. Ganegoda  
Mr. V. G. K. Vidyaratne (resigned w.e.f. 31.03.2021)  
Mr. N. L. S. Joseph  
Mr. K. D. Kospelawatta  
Mr. K. D. G. Gunaratne  
Mr. D. K. De Silva Wijeyeratne  
Mr. K. K. L. P. Yatiwella (Alternate Director to Mr. M. H. Wijewardene, resigned w.e.f.31.03.2021)

## Company Secretary

Messrs. Hayleys Group Services (Private) Limited,  
No. 400, Deans Road, Colombo 10.

## Management Team

Mr. K. D. Kospelawatta – Factory Director/General Manager Factories  
Mr. I. A. S. Kolambage – Factory Manager  
Mr. I. Herath – Manager Human Resources  
Mr. G. V. Madushanka – Manager Financial Reporting  
Mr. S. Satheeswararaja – Assistant Manager Financial Reporting  
Mr. K. R. Madushanka – Assistant Factory Engineer  
Mrs. B. A. G. R. Kulatilleka – Commercial Executive  
Mr. H. B. N. Ratnasiri – Stores Executive  
Mr. G. P. H. Wijesinghe – Factory Operational Executive

## Status of the Company

A public limited liability company quoted in the Colombo Stock Exchange incorporated on 3rd December 1963 and re-registered under the Companies Act No. 07 of 2007.

## Company Registration No.

PQ 104

## Tax Registration Number

104021263

## Registered Office

No. 2, 5th Lane, Ratmalana.  
Tel: 2 634 416, 2 637 746  
Fax: 2 637 766

## Registrars

Messrs. Hayleys Group Services (Private) Limited  
No. 400, Deans Road, Colombo 10.

## Auditors

Messrs. KPMG  
Chartered Accountants  
No. 32A,  
Sir Mohamed Macan Markar Mawatha,  
Colombo 03.

## Bankers

Seylan Bank PLC  
Commercial Bank of Ceylon PLC  
People's Bank  
Hatton National Bank PLC

## Lawyers

Messrs. Neelakandan & Neelakandan  
Attorneys-at-Law  
PO Box 749,  
M&N Building (5th Floor),  
No. 2, Deal Place,  
Colombo 03.

This Annual Report is conceptualised, designed and produced by Redworks.



**REDWORKS**

Member of the Ogilvy Group



**SINGER**

**INDUSTRIES (CEYLON) PLC**

No. 2, 5th Lane, Ratmalana, Sri Lanka