

# SINGER®

Annual Report

2020/21

Perfect  
pitch



Singer (Sri Lanka) PLC



## Our Vision

To be the market leader in elevating and enriching lives in Sri Lanka



## Our Mission

Improving the quality of life, creating lifelong partnerships with our customers by providing comforts, services and convenience at great value



## Our Values

- ✓ Lead with Respect
- ✓ Demonstrate Responsibility and Integrity
- ✓ Improve and Innovate Passionately
- ✓ Collaborate for Success
- ✓ Respond with Agility
- ✓ Drive Sustainability

Singer, with a history of a century-and-a-half, is a name that Sri Lankans from all walks of life and all corners of the country will instantly recognise.

Yet we cannot afford to rest on our laurels. Today, the market, economic environment, consumer behaviour, distribution channels, and competitor behaviour are all extremely volatile. We need to constantly feel the pulse of the market and the environment.

The experience of the pandemic has revealed some of our strengths. We have demonstrated leadership strengths, team work, resilience, and agility. Yet the challenges of tomorrow may not be the same as those of today. Singer needs to keep honing its competencies to keep pace with changing demands. We need to keep an eye on long-term sustainability while retaining tactical flexibility to respond to the needs of the moment. Above all, we need to be innovative, and be prepared for whatever challenges that may lie on the horizon.

# Perfect pitch

Despite the COVID-19 chaos it was a pitch perfect performance from Singer. Our agility kept us true to our mission to improve quality of life for a diverse customer base in this era of “new normal”, meeting existing and emerging needs through our multi-product, multi-service portfolio. We stayed close to the customer and wooed new ones by leveraging e-commerce platforms that complemented the store concept. There were many more such initiatives we leveraged in reshaping business.

As the results show, despite the odds, it was a gratifying year for Customer and Company!



**SINGER®**

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# About this Report



Printed Report



<https://www.singersl.com/financial-reports>



## Report period

The Annual Report 2020/21 covers the 12-month period from 1st April 2020 to 31st March 2021. This period is consistent with the Company's usual reporting cycle for financial and sustainability reporting. The previous report was for the period 1st April 2019 to 31st March 2020.

## Report boundary and content

Unless otherwise stated, the annual report is limited to the Company's operations in Sri Lanka. Therefore, the operations of our subsidiaries, Singer Finance (Lanka) PLC, Singer Digital Media (Private) Limited, Singer Business School (Private) Limited, Regnis (Lanka) PLC, Regnis Appliances (Private) Limited, Singer Industries (Ceylon) PLC, Reality Lanka Limited, and Domus Lanka (Private) Limited are included in the Annual Report.

During the year under review, no significant changes in the organisation structure, ownership, supply chain, or topic boundaries took place. No significant changes in reporting or restatements were made of previously reported financial, social or environmental information, other than the

inclusion of GRI disclosures GRI 2017: Tax (2019). Economic, social, and environmental factors that have a material impact on our business and stakeholders have been considered in this report.

## Data measurement techniques and basis of calculation

Financial data presented in this Report have been extracted from Audited Financial Statements. The accounting policies adopted in preparation of the Financial Statements including the basis of preparation and significant assumptions are given on pages 147 to 166. The scope, boundary and measurement methods used in the preparation of this report are the same as those used in our previous Report for the 12 months ended 31st March 2020. The information presented in this Report in respect of prior periods has not been restated.

## Our response to precautionary approach

We are committed to safeguarding the public and the environment in our conduct of business operations. Therefore, we exercise care to keep our customers and

the communities informed of any potential risk they may face as a result of our operations. We follow precautionary approach when we introduce new products. We proactively anticipate any possible health or environmental risks and take suitable measures to minimise them. Our voluntary partnership with the Central Environmental Authority in the National Cooperate E-Waste Management Project was driven by this same conviction and we are forerunners in e-waste collection. We also attempt to increase the recyclable content of all our products and packaging. This is the reason we substituted Styrofoam with natural recycled paper packaging, well before it was regulated.

## Compliance

The Annual Report of Singer (Sri Lanka) PLC for the year 2020/21 adopts the Global Reporting Initiatives 2020 guidelines and covers the economic, social and environmental performance for the year ended 31 March 2021.

Our first Report based on GRI G3 Guidelines was published in 2010. Thereafter, in 2013 we adopted GRI G3.1 Guidelines to report our sustainability performance.

The 2015 Annual Report was based on GRI G4 Guidelines. This report has been prepared in accordance with the GRI Standards – Core option. M/S Ernst and Young provides sustainability assurance for the organisation.

## Comparability

The basis for reporting on subsidiaries, and other entities, leased facilities, outsourced operations as well as any restatements and significant changes from previous reporting periods in the scope, boundary or measurement methods are disclosed where appropriate. They are in compliance with the reporting standards disclosed in the Financial Reports.

## Queries

We will be pleased to respond to any queries on this Report.

You may contact:  
**Finance Division,**  
Singer (Sri Lanka) PLC,  
No. 112, Havelock Road,  
Colombo 5.

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# 05

# Singer at a glance

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# About Singer

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The History of Singer began in 1851 when Sewing machines were introduced to the United States market by Singer Corporation. The next step forward was taken in 1877 when it entered to the Sri Lankan market with the sale of sewing machines. Singer was incorporated as a public limited liability Company in 1974 and became a listed Company in the Colombo stock exchange in 1981. Another landmark event was the commencement of refrigerator manufacturing in 1988, which was a major step in the industrial development of Sri Lanka. This was followed up with the incorporation of the subsidiary finance Company, Singer Finance, in 2004. Other subsidiaries, Regnis Appliances (Private) Limited and Regnis (Lanka) PLC manufacture washing machines and refrigerators. Singer (Sri Lanka) PLC conducts its sales operations only in Sri Lanka.

In September 2017, controlling stake of Singer (Sri Lanka) PLC was acquired by Hayleys PLC, making Hayleys PLC the parent company of Singer.

## Operational structure

The Singer Group consists of the main Company Singer (Sri Lanka) PLC and the following subsidiaries: Singer Finance (Lanka) PLC, Singer Industries (Ceylon) PLC, Regnis Lanka PLC, Regnis Appliances (Private) Limited, Realty (Lanka) Limited, Singer Digital Media (Private) Limited, and Singer Business School (Private) Limited.

The Group's product range includes own-manufactured brands as well as international brands with its operations spreaded across all provinces of Sri Lanka.

## Membership in associations

The Singer Group of Companies is affiliated with various business and public policy associations in our area of business, as well

as community associations. We are members of the following associations:

- The Ceylon Chamber of Commerce
- Sri Lanka – China Business Council
- Import Section of the Ceylon Chamber of Commerce
- Sri Lanka – Canada Business Council
- The Employers' Federation of Ceylon
- CSR Lanka Guarantee Limited
- The Industrial Association of Sri Lanka

## Singer subsidiaries

### Singer Finance (Lanka) PLC

Singer Finance reported a resolute performance amidst a challenging external environment resulting from the pandemic. The loan book of the Company grew by 4.6% to Rs. 21,090 million year on year (YoY) during a period where the industry witnessed declining loan books mainly due to restrictions on vehicle imports and loan to value ratios being made more stringent by the regulator. The restrictions on vehicle imports eventually led to a complete ban of the same. Singer Finance having the expertise and the presence in the second-hand Leasing market was able to somewhat lessen the impact caused by the declining supply of vehicles. The gold loans portfolio of the Company grew by 74.6% to Rs. 2,208 million and was a major contributory factor in sustaining the loan book. The Allowances for impairment charges for loan and other losses increased by 35% to Rs. 482.5 million, although, this is a historically high figure in a given financial year, a very high percentage of this reflects a temporary impairment driven by the financial hardships faced by borrowers which is seen across the financial industry. Profit after tax grew by 5.4% to Rs. 410 million YoY despite the

challenging external environment. Profit growth was supported by a 8% growth in net interest income, a 31% saving in selling expenses, a 18% saving from VAT on Financial Services and Debt Repayment Levy due to discontinuation of the latter and a 21% savings from Income Tax as a result of a Rs. 82.5 million reduction in deferred tax liabilities. A major milestone for the Company was surpassing the Rs. 10 billion mark in fixed deposits closing the year with a 48.3% growth YoY.

Despite the tough operating conditions during the year under review, the Company opened 4 new branches and relocated and upsized 3 window locations to fully fledged branches, the Company which commenced operations in 2004 has now evolved as a medium to large scale Finance Company in the last decade and plans to continue with the expansion strategy in the next year and thereafter as well. Total staff strength grew from 624 to 701 with the majority of the recruitments being for expansion of business and to support the new branch network.

Singer Finance was the financier of Singer Sri Lanka's Mega branch network of 28 branches at the beginning of the financial year, however, towards the end of the financial year the company transferred the financing operation of 17 branches, back to the parent company in order to fall within the new regulation of discontinuing window licenses by the Central Bank of Sri Lanka, the complete transfer will be carried out by the end of the calendar year 2021. Despite this, Singer Finance will continue to synergize with the parent company by financing large group sales, tractors and agro equipment based on an independent credit evaluation criterion. The strategic importance of Singer Finance to the Singer Group has strengthened and will continue to evolve in the years ahead.

## Regnis (Lanka) PLC – Group

The Regnis (Lanka) PLC Group comprises the Company and its fully owned subsidiary Regnis Appliances (Private) Limited. Regnis is the leading manufacturer in Sri Lanka for white goods, and manufactures refrigerators and washing machines which are popular among Sri Lankan consumers. The products are manufactured under SISIL and Singer brands. The Company is responsive to consumer needs, and continues to innovate, improve its technology and introduce new products with value adding features; thereby Regnis has been able to surmount the challenges of intensifying competition and sustain its market position.

Our refrigerator plant converts refrigerators to highly efficient and energy saving R600 GEO and ECO products. This technology has no impact on the ozone layer and is therefore extremely environmentally friendly. In 2019, Regnis launched new large capacity models of smart inverter refrigerators which are compatible with international standards. The advent of the new Silver range of refrigerators has enhanced the visual appeal of Regnis's product range. Regnis has withstood challenges and continued to deliver strong financial performance.

Moving ahead, we intend to rap-up the benefit of government's new initiative on supporting local industries, leveraging our strong position to meet almost 50% of the refrigerator and washing machine demand of the country. Additionally, we look forward to expanding our product portfolio with new product categories, deep freezers and bottle coolers. Given the market potential for these products, we intend to leverage our technology, manufacturing and design capabilities to drive investments. In addition, we will continue to focus on cost efficiencies in every aspect of our processes while delivering environmentally friendly products to the customer.



## Singer Industries (Ceylon) PLC

Singer Industries (Ceylon) PLC, a subsidiary of Singer (Sri Lanka) PLC, is a company engaged in manufacture of sewing machines, refrigerator components, washing machine components, air conditioning brackets, Singer oil bottles, sofa legs, and CCTV accessory kits. The Company's sewing machine product range consists of the traditional product lines, such as straight stitch and zig-zag machines as well as portable and digital sewing machines. The Sewing machines are marketed by the parent Company, Singer Sri Lanka.

The Singer oil bottles and air conditioner brackets are also supplied to the parent Company. The manufacture of washing machine and refrigerator components are subcontracted to Singer Industries by Regnis Group. A new development in the year under review was the manufacture of Sofa legs and CCTV camera components for Singer (Sri Lanka) PLC.

## Singer Digital Media (Private) Limited

The subsidiary was launched in 2012, in partnership with the global mobile phone giant Huawei. It was a testimony to our brand. The main activity of the Company is also selling mobile phones.

In the year under review the Company did receive a boost from the increased demand for digital products as a result of the pandemic. However, recognition has also to be given to the judicious direction of the management and the dedication of the sales force who gave of their best. This contributed to the Company in achieving a revenue of Rs. 10,261.5 million in the year under review, compared with Rs. 8,511.9 million in the previous year.

## Singer Business School (Private) Limited

This subsidiary mainly provides education in fashion designing to young people at an affordable price in a network of centres across the Island. Established in 2015, Singer Business School is the education arm of Singer (Sri Lanka) PLC and aims to provide world-class education to Sri Lankan youth at affordable prices across the island. Coupled with a rich heritage and a wide reach, Singer Business School reaches its students through more than 20 Fashion designing courses. It also provides courses in computer education. The fashion courses have been validated by the Chartered Society of Designers, UK. Currently the School offers more than 20 fashion design courses. These included two diploma courses and seven certificate courses. The course contents include sewing, fashion design and colouring. The programmes have been crafted according to international and industry standards. There is also a path established for students to proceed to a degree programme on completion of the Diploma.

During 2020/21, despite adverse conditions, the school enrolled 5,000 students. Around the same number of students completed their training. Of these 4,000 followed the traditional classroom mode while the remaining 1,000 completed online. The online programmes had two channels; live zoom sessions and recorded trainings that could be retrieved any time the student wished.

## Reality Lanka Limited

The main business line of this Company is renting of Company property and property development.

## Distribution channels

### Singer Plus

Singer Plus is the main distribution channel of Singer (Sri Lanka) PLC. The Channel contributed nearly 51 % of the overall revenue of the company. The channel faced many challenges during the year due to the pandemic. The main challenge was to regulate the hire purchase accounts that went in to arrears. The Singer retail channel grew by 11% in the year despite all of the above issues.

A significant growth was shown for computers and mobile phones with an increased market demand created due to online teaching by schools. Kitchen appliances, sewing machines and refrigerators made a very good progress during the year. Availability of stocks and well planned online promotions helped the channel to grow in sales. The retail channel experienced a negative growth in group sales and outdoor sales due to travel restrictions and new rules imposed by institutions. The life style fair which is the flagship event of the retail channel was not conducted due to Government guidelines. Most of the fairs and outdoor promotions were curtailed in the year but the channel managed to grow business by implementing new initiatives like digital marketing campaigns, SMS campaigns, offering special deals to loyal customers etc.

The Singer Plus retail channel continued its retail shop upgrading despite the disturbances. The presence of Singer Plus is felt in every part and corner of the country with 356 show rooms and 45 Satellite Shops. In the year under review, the channel added a new showroom and upgraded three satellite shops to Singer Plus retail stores. The channel worked on continuous development by focusing on improved merchandising and displays, overall shop administration, staff training and development to serve our customers better.

### Singer Mega

Singer Mega is the network of large showrooms, most of which are located in the Western province. The Mega showrooms showcase the best of Singer's brands, product, merchandising and service strengths. These showrooms conduct a number of customer engagement programmes to draw repeat business as well as new customers.

In 2020/21 the channel recorded an outstanding performance with 32.4% growth over 2019/20. This was an extremely creditable achievement given the headwinds in the operating environment. Mega introduced innovative money reward schemes with seasonal e-catalogues. This enabled customers to shop conveniently and safely at the click of a mouse. Significantly 80% of the sales have been repeat purchases from loyal customers, while attracting a substantial number of new customers.

### Institutional channels

This channel caters to institutional clients such as hotels, hospitals, Government organisations, and private sector companies. However, in the year under review the activities of this channel have been somewhat curtailed due to movement in restrictions. Further, with the pandemic the purchasing behaviour of large corporate entities changed.

Despite this, the channel was still able to enter into new agreements with four large companies to supply items such as deep freezers and air conditioners, which was a major achievement in the circumstances. Nevertheless the channel suffered a contraction in revenue by 16%.

## e-commerce

The Singer e-commerce platform, made a quantum leap this year. The volume of online business grew about five-fold. The exigencies of the pandemic drove customers, who were reluctant to physically visit branches, to take to the online medium. The increasing number of millennials also drove this trend.

In a parallel development, Singer also launched its revamped website. This also reinforced Singer's commitment to provide its customers with a convenient shopping experience. The new website has a sleek design that interacts smoothly with any device; moreover its appeal is enhanced by a faster and more convenient browsing experience. The process of scrolling to locate items and place an online order has been simplified. Security is ensured by secured payment gateways. The revamped website compares favourably with prestigious international e-commerce sites.

The Singer website in the past has conducted many-value adding activities such as competitions, posts, product launches and events. However, in 2020/21 a new turn was taken in the Facebook page. The focus shifted to engaging customers rather than engaging in hard selling. E-commerce will be the trend of the future, and we can expect it to continue to grow exponentially in the future.

## Agro channel

This was initiated in 2013, and marked our entry to the agricultural sector. While it initially distributed only water pumps, it has expanded to cover a wide product range including four wheel/two wheel tractors, combine harvesters, wood working machines, motor bikes and paddy threshers. The introduction of John Deere products have been a great success. We have also introduced low-cost products which have enabled us to be competitive at the lower end of the market.

In 2020/21 the channel received a boost from the increased emphasis given to the agricultural sector due to the impact of the COVID-19 pandemic. The business was extended to more remote areas, and recorded an impressive growth in volume terms as well as revenue terms. Several new products were introduced to the portfolio. We have introduced a number of complementary programmes, which were extended even to remote villages, such as plumber training, tractor free service campaigns, wood working trainings and dealer assistant trainings. The goodwill and positive image of the Company generated by these programmes helped to sustain sales even at a time of adversity. With the introduction of new products which will draw a high demand the channel can be optimistic about continued growth.

## Operations division

The operations division was formed in 2009, as an umbrella organisational unit which will service all channels dealing with the indirect market segment. In 2020/21 the Division covered the following channels – Wholesale, Digital Media – Mobiles and Computer and Security Solutions, and Office Automation. In the year under review the channel showed resilience to overcome market obstacles and recorded a revenue growth of around 40%.

## Wholesale channel

This channel was established to assist dealers to conduct their business in a more organised manner. Previously, they were dependent on suppliers from the informal sector. They have in turn added value to us by strengthening our brand image. From small beginnings the network has grown to over 450 today. Our achievement in this market segment is indeed gratifying when considering that many of our competitors who have attempted to penetrate this market segment have not been successful.

## Digital media


When Singer took its initial steps to enter the digital media market, it leveraged on the considerable knowledge it had already gained of the indirect market segment. Since its inception in 2012, this channel has been carefully steered and has evolved to be a major player in this market segment. Singer was successful in initiating and bringing to market several unique selling propositions. Thereby it has gained the confidence of brand owners.

The digital media channel has been able to overcome both the macro-economic and micro-economic challenges to achieve a turnover of Rs. 8 billion in 2020/21. Helped by the increased demand for digital products owing to the pandemic, and close attention given to product line and brand management, sales of Asus and Dell Computers topped Rs. 5 billion. This was a laudable growth of 150% over the year before. Dell acknowledged our marketing prowess by granting us the exclusive open market Commercial Distributor of Dell Computers status in Sri Lanka. We also received two accolades from Dell for two major computer market segments.

With the increasing momentum towards digitalisation, which will last into the “new normal” beyond the pandemic, and the increasingly large millennial segment of the market we can be confident that greater vistas lie beyond.

## Security solutions and office automation

The security solutions and office automation channel was a new unit added to the Operations Division in the year under review. It augmented the product portfolio in a new direction and was formed in partnership with Dahua Security Camera and Visionic. The Channel, in its first year of operations recorded an impressive turnover exceeding Rs. 300 million. This has been much appreciated by the Dahua brand owner, and they have recognised Singer's strength and the potential of the partnership. Dahua has granted Singer and exclusive partnership of their IMOU Wifi security camera product line. This achievement augurs well for future growth.



XPS 13

SINGER

# Refreshing the Brand

**SINGER®**

Committed to leveraging fresh brand imagery, qualities and strengths to pursue enhanced positioning and growth.

# Our journey

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**1851**

Isaac Merrit Singer incorporated I. M. Singer & Company (Singer) and commenced production of sewing machines in the United States.

**1877**

Singer commenced operations in Sri Lanka by introducing sewing machines.

**1974**

Incorporated as a Limited Liability Company.

**1981**

Listed in the Colombo Stock Exchange.

**1988**

Singer commenced manufacturing refrigerators in Sri Lanka through Regnis (Lanka) PLC.

**1992**

Singer commenced manufacturing of furniture and agricultural products at the Piliyandala factory.

**1996**

Formation of wholesale channel.

**2013**

Subsidiary Company Regnis (Lanka) PLC introduced a range of refrigerators with R600a refrigerant technology (Natural hydro-carbon technology) for the first time in South Asia.

Opened the 400th shop at Kundasale.

**2011**

Singer entered into large scale smart phone business in Sri Lanka.

**2010**

Singer Finance (Lanka) PLC was listed via a Rs. 400 million IPO.

**2004**

Established Singer Finance (Lanka) PLC.

**2001**

First Singer Homes store was opened in Sri Lanka.

**2000**

Acquired the local brand, SISIL.

**1998**

First Singer Mega shop opened in Sri Lanka.

**2016**

Conducted a group restructuring and acquired majority stakes of Regnis (Lanka) PLC and Singer Industries (Ceylon) PLC from its common parent, Retail Holding Sri Lanka BV (Formerly known as Singer (Sri Lanka) BV).

**2017**

Hayleys PLC, acquired a controlling stake of Singer (Sri Lanka) PLC, making Hayleys PLC the parent company of Singer with effect from 15th September 2017.

**2018**

Changed the Financial year end of the Company to 31st March with the approval of Registrar of Companies.

**2019**

Singer Head Office and Registered Office was re-located to No. 112, Havelock Road, Colombo 5.

**2020**

Singer launched the new website offering an unmatched shopping experience and also launched Singer Care App to facilitate on-demand after sales services.



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For the year ended 31st March	Consolidated			Company		
	2021 Rs. '000	2020 Rs. '000	Increased/ (Decreased) %	2021 Rs. '000	2020 Rs. '000	Increased/ (Decreased) %
Revenue – Net	67,412,239	54,751,038	23.1	54,863,686	44,125,911	24.3
Gross Profit	18,511,352	16,383,980	13.0	14,967,093	12,997,736	15.2
Operating Profit	5,382,601	4,122,083	30.6	4,244,716	2,856,515	48.6
Net Finance Cost	1,272,107	3,200,499	(60.3)	1,535,867	2,961,201	(48.1)
Profit/(Loss) Before Tax	3,818,007	610,717	>100.0	2,629,049	(155,686)	<-100.0
Profit for the Year	2,607,521	427,268	>100.0	1,749,176	12,739	>100.0
Total Comprehensive Income for the Year (Net of Tax)	2,809,992	449,249	>100.0	1,802,806	27,262	>100.0
Stated Capital	626,048	626,048	0.0	626,048	626,048	0.0
Revenue Reserves	6,416,501	4,667,856	37.5	3,277,635	2,223,047	47.4
Capital Reserves	1,232,580	1,092,442	12.8	1,170,908	1,142,409	2.5
Statutory Reserve	198,939	182,548	9.0	–	–	–
Non-Controlling Interests	1,778,543	1,619,012	9.9	–	–	–
Total Equity	10,258,638	8,187,907	25.3	5,080,616	3,991,505	27.3
Property, Plant and Equipment – Net	6,805,750	6,911,741	(1.5)	3,578,266	3,651,860	(2.0)
Other Investments	24,990	113,258	(77.9)	24,948	17,020	46.6
Net-current Assets	2,352,145	1,809,520	30.0	1,773,635	3,715,755	(52.3)
Gross Dividends	N/A	N/A	–	713,695	93,907	>100.0
Dividend per Share (Rs.)	N/A	N/A	–	0.63	0.08*	>100.0
Dividend Payout Ratio (%)	N/A	N/A	–	40.65	800.00*	(94.9)
Earnings per Share (Rs.)	2.18	0.25	>100.0	1.55	0.01*	>100.0
Price Earnings Ratio (Times)	N/A	N/A	–	11.23***	2,020.0**	(99.4)
Net Assets per Share (Rs.)*	7.53	5.83	29.2	4.51	3.54*	27.4
Market Price per Share (Rs.) 31st March 2021 – (2020 – 31st March)	N/A	N/A	–	17.40***	20.20**	(13.9)
Net Income to Net Turnover (%)	3.87	0.78	>100.0	3.19	0.03	>100.0
Return on Average Net Assets/Equity (%)	28.27	5.14	>100.0	38.56	0.30	>100.0
Debt Ratio (%)	85.20	87.52	(2.7)	87.97	90.27	(2.5)
Debt to Equity (Times)	3.37	5.32	(36.7)	3.17	6.07	(47.8)
Gearing Ratio (Times)	0.78	0.84	(7.1)	0.77	0.86	(10.5)
Interest Cover (Times)	4.00	1.19	>100.0	2.71	0.95	>100.0
Dividend Cover (Times)	N/A	N/A	–	2.45	0.14	>100.0
Current Ratio (Times)	1.06	1.05	1.0	1.06	1.15	(7.8)
Quick Assets Ratio (Times)	0.63	0.64	(1.6)	0.49	0.58	(15.5)

\* Information for the previous year has been restated to reflect the subdivision of shares in March 2021.

\*\* Market price per share – Before the subdivision of shares.

\*\*\* Market price per share – After the subdivision of shares.

## Growing the business

**Rs. 67,412 million**

Group revenue

**Rs. 3,818 million**

Group profit before tax

**Rs. 2.18**

Earnings per share

**Rs. 0.63**

Dividend per share

Fitch Rating was upgraded to

**AA (lka)** from BBB+ (lka)

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## Revamping the brand

**Introduced 5 new brands**

(Dahua, Epson, Swan, Signature Kitchen , HP)

**Won 7 Awards**

during the year at SLIM Nielsen Awards, Dell Awards and Global Banking and Finance Review Awards.

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## Leveraging data and technology

**Implementation of IFS Solutions**

across five factories

Provided **online payment facility** for lease payments and hire purchases payments

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## Nurturing the customer

**431 shops**

across the country

**Rs. 183 million**

worth of loyalty points were awarded in 2020/21

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## The contribution of our people

Male	Female	Total
<b>2,555</b>	<b>482</b>	<b>3,037</b>

Total training hours

**24,627**

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## Serving society and preserving nature

**Dedicated to improve education and health**

e-waste recycled quantities:

TVs	Refrigerators
<b>25,344</b>	<b>6,116</b>

Washing machines	Others
<b>4,145</b>	<b>633</b>

**Waste disposal**

Total waste

**1,213,389 kg**

Waste recycled

**334,578 kg**

Waste Reused

**643,761 kg**

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# Year at a glance

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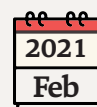
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Singer Commenced business operations of Dahua security camera.



Awarded as the “Retail Brand of the Year – Sri Lanka 2020” by Global Banking and Finance Review.



Singer (Sri Lanka) raised to AA (LKA) in the Revised Fitch Ratings.



Singer launched its new website offering an unmatched shopping experience.



Won the Best Performer award in both Commercial and Consumer segments in the Distributor category and as country's number one computers and accessories provider at Dell Partner Business Conference FY22 for Asia Emerging markets.

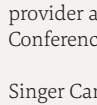


Launched Sony's innovative entertainment solutions in a Virtual event.

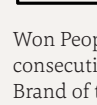
Won Gold award at SLIM Restart Resilience Awards 2020.



Collaborated with Sri Lanka Institute of Marketing (SLIM) to launch an Advanced Certificate course in Retail Services Marketing to Singer sales force.



Singer Care App launched to facilitate on-demand after sales services.



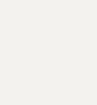
Won People's Brand of the Year for 15th consecutive time, SLIM People's Durables Brand of the Year 2021 and SLIM People's Youth Choice Brand of the Year 2021 at SLIM-Nielsen people's awards.



Partnered with Malaysia's Signature Group to introduce world's leading Kitchen solutions to Sri Lanka.



Singer launched world's best Epson Business Projectors and raised the bar for new DELL laptop line up by unveiling 11th Gen Intel Core Processors.



Held Kedella Exhibition – 2021 at BMICH.

Held the Home and You Exhibition – 2020 at BMICH.

# 15

# Steering the ship

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# Chairman's statement



**The Group's robust corporate governance practices and strong leadership capabilities provided a solid foundation in navigating the unprecedented challenges of the year.**



## Dear Shareholder,

I write to you at the close of what has been a year of unparalleled challenges and volatility for many organisations, communities and governments around the world. In these testing times, Singer has been able to rely on its culture of agility and strength, delivering record profitability through the efforts of a remarkable team that pulled together in exceptionally difficult operating conditions. Against this backdrop, it gives me great pleasure to present our Integrated Annual Report and Financial Statements for the year ending 31st March 2021.

The trajectory of COVID-19 remains uncertain, particularly given the recent resurgence of infections in Sri Lanka and the emergence of new variants. Despite this uncertainty, I am confident that the swift and decisive actions taken this year, as well as strategic changes made to the Group's

operating model and processes over the last several years provide a solid foundation for resilience and long-term success.

## Operating environment

The COVID-19 virus that emerged in China in December 2019, leaped rapidly across borders in ensuing months, sending ripples through the highly connected and globally mobile population. The human, economic and social fallout has been catastrophic, with devastating loss of lives and livelihoods. The global economy entered a recession, GDP growth contracting by 3.3% during the year, while Sri Lanka's economic woes were compounded by significant capital outflows and the drastic drop in tourism earnings, resulting in country's GDP decelerating by 3.6%. The Government introduced supports to pandemic-hit businesses, in the form of debt moratoriums and concessionary funding schemes while an accommodative monetary policy stance led to sustained reductions in market interest rates for most part of the year. Given the significant

pressure on the Sri Lankan Rupee, the government-imposed import restrictions on selected non-essential items and policy impetus was provided to the export and local manufacturing sectors in a bid to bolster foreign exchange income.

Following the outbreak of the first wave of the pandemic in March 2020, the Government imposed early lockdowns and restrictions on mobility, which in turn prevented an escalation of infections. Consumer and investor sentiments improved in the ensuing months, as policy stimuli, roll-out of the vaccination drive and businesses' ability to better adapt to post pandemic realities buoyed hopes of a quick recovery. Accordingly, Sri Lanka's GDP grew by a respective 1.3% during the 3rd and 4th quarters of 2020. While the outbreak of the 3rd wave has delayed hopes of a short-term recovery, the Government's efforts to ensure continuity of economic activity while imposing partial restrictions to curtail the spread of the virus is likely to drive country's economic revival in the medium to long-term.



While the country's retail activity inevitably slowed in the first two quarters of 2020, a gradual recovery was witnessed towards the second half of the year, reflecting pent-up demand as well as improved sentiments in view of the accommodative monetary and fiscal policy stance. The pandemic also resulted in an unprecedented shift to digital platforms, with a new reliance on digital infrastructure and connectivity in facilitating education, work and social interactions. Given heightened concerns on health and safety together with regulations on social distancing, customers also demonstrated increased demand for home appliances, placing higher value on attributes such as convenience and sophistication. Singer's success for the year is partly attributed to its ability to closely track and adapt to consumer behaviour through swift action ranging from widening its portfolio of digital devices portfolio to entering into new product categories.

## Response to COVID-19

Despite its exceptional challenges, 2020 allowed us to discover the full measure of Singer's resilience and agility as an organisation, attesting to its deep understanding of customer behaviour and market dynamics, sharpened over its nearly 144-year-old legacy. The Board maintained proactive and frequent engagement with the Group's leadership team in monitoring ongoing developments and assessing implications of the pandemic on liquidity, financial performance and stability. With the initial outbreak of the virus, our foremost priority was ensuring the safety of our team and we put in place stringent safety and hygiene protocols in line with the recommendations of the Health Authorities. We also enabled employees to work from home wherever possible and implemented new policies and resources to support our people in working from home. I commend Singer's leadership team and its employees for proactively obtaining the necessary approvals

and swiftly implementing all health guidelines across its extensive network of outlets-which enabled the Group to commence operations as soon as restrictions were lifted.

## Shareholder value

An agile strategy centering on eight must-win battles which included focus on top-line growth, digitalisation, talent management, customer care and after-sales service among others allowed the Group to successfully deliver on its stakeholder commitments during the year. Progress made against these strategic objectives are discussed in further detail in the Group Chief Executive Officer's review on pages 18 to 20 and subsequent sections of this Report. As a result of the Group's unwavering focus on these strategies and the extraordinary efforts of our people, Singer's revenue increased by 23% to a record high of Rs. 67.41 billion. Moreover, the continuous focus on cost efficiencies, optimisation of distribution channels, rationalisation of borrowings and efficient working capital management enabled the Group to deliver a record profit-after-tax of Rs. 2.61 billion compared to Rs. 427.27 million the previous year. Company paid total interim dividends of Rs. 1.30 per share during the financial year and a final dividend of Rs. 0.25 per share. During the year, the Group carried out sub-division of shares, with each ordinary share split into three shares, enhancing the liquidity of the share.

## Effective leadership and governance

The Group's robust corporate governance practices and strong leadership capabilities provided a solid foundation in navigating the unprecedented challenges of the year. Despite the restrictions prevailed, activities of the Board of Directors continued uninterrupted with Board and Sub-Committee meetings shifting to digital platforms. In the immediate aftermath of the

pandemic, the Board strengthened the frequency of engagement, both among Directors and with the Group's leadership team. Key areas of board focus included proactively assessing the evolving nature of the pandemic and its implications on our business, including employee safety, customer behaviour, supply chain implications, maintaining financial liquidity and competition, among others. The Board empowered the leadership team to refine and drive the Group's strategy in order to capitalise on the opportunities presented while effectively managing emerging risks. The Board was also refreshed during the year, and I join my colleagues in welcoming Ms. Gayani De Alwis who was appointed as an Independent Non-Executive Director in May 2020. Ms. De Alwis brings with her extensive experience and skills in supply chain management and her appointment has strengthened both the skill composition and gender representation on the Board.

## Looking ahead

Despite the short-term pressures arising from the 3rd wave of the pandemic in Sri Lanka, I remain optimistic about the future of Singer. This optimism is not only based on the Group's robust strategy, sound operational and financial performance but also its commitment to sustainability and shared value. I am also fully confident of the Singer Team's ability to effectively overcome any challenges arising from a further surge in infections, as I believe they are now better equipped to adapt to increased volatility and uncertainty. The Group will continue to focus on its key strategic imperatives while optimising its distribution network, driving cost efficiencies, widening its product portfolio and leveraging on its unique strengths and capabilities to drive increased customer penetration.

## Appreciation

I would like to take this opportunity to express my gratitude to my colleagues on the Board for their guidance and counsel in what has been an extraordinarily challenging year. On behalf of the Board, I would also like to thank Mr. K.K.L.P. Yatiwella who resigned from the Board during the year. I am extremely proud of the spirit, resilience and untiring efforts of the Singer Team which rallied together in exceptional challenges to deliver the record results set out in this Report. I would like to extend my deepest appreciation to Mr. Dhammika Perera, the leadership team and each and every employee, for their continued commitment to the Group. I also take this opportunity to thank all our customers, suppliers and all stakeholders who have partnered us in our journey of growth.

Thank you.



**Mohan Pandithage**  
Chairman

# Group Chief Executive Officer's review



**The Group continues to leverage on the strength of its brand, fortified and reinforced through an established track record of over 144 years in Sri Lanka's consumer durables market.**



## Dear Stakeholder,

The disruptions and unprecedented uncertainty presented by the COVID-19 pandemic rendered the year under review the most difficult period in living memory, the aftershocks of which are likely to endure for the coming year and beyond. Against this backdrop, the tenacity and enterprising spirit of "Team Singer" propelled the organisation to be bold and agile in a challenging social and macroeconomic environment.

I am extremely pleased to report that the Group achieved the highest ever revenue and profitability in its operating history, delivering a profit-after-tax of Rs. 2.61 billion while consolidating its market leadership position and strengthening brand equity.

The year under review portrayed decisive leadership, a clear plan for action with organisation-wide buy-in and a can-do attitude. As the team swiftly embraced new ways of working, Singer emerged as one of the first companies to fully recommence operations with the gradual opening up of the country following the first wave of

the pandemic. The way in which the team rallied together to achieve common organisational goals has been truly awe-inspiring and I am deeply grateful to all employees for their remarkable efforts in delivering the results set out in this Annual Report.

The human, economic and social implications of the pandemic have been profound, with intolerable harm to communities and economies across the world. As we come to terms with the terrible loss of lives, our thoughts and prayers are with those who have lost loved ones. Despite its unprecedented impacts, the crisis will also be remembered as a time in which the government, businesses and citizens rallied together to combat a common threat, renewing optimism and hope of Sri Lanka's remarkable resilience in the face of adversity.

## Financial Performance 2020/21

The Group's revenue increased by 23% to a record high of Rs. 67.41 billion reflecting strong growth across all key product categories and aggressive efforts to drive volumes across all

channels. Top line growth together with the margin improvements which were driven by relentless focus on driving operational excellence resulted in Group's operating profit increasing by 31% to Rs. 5.38 billion during the year. Meanwhile net finance costs declined by 60% reflecting the overall reduction in lending rates during the year and the Group's successful efforts to rationalise borrowings. Resultantly, the Group delivered a six-fold increase in profit before tax (PBT) to Rs. 3.82 billion while profit after tax (PAT) reached a record high of Rs. 2.61 billion from Rs. 427.27 million the previous year.

The Group's financial position also strengthened during the year as a result of consistent asset growth and a substantial decline in borrowings. Total assets increased by 6% to Rs. 69.30 billion mainly due to the accumulation of higher working capital to support increased operating activity. The decline in borrowings by 35% to Rs. 20.93 billion was primarily driven by the strong operating cash generation and extended credit terms secured with suppliers. The increase in total equity by 25% also strengthened Group's balance sheet with debt to equity ratio nearly halving to two times from the previous year.

The Group's robust performance and the sustainability of future cashflows prompted Fitch Ratings to issue a multi-notch rating upgrade, a remarkable achievement given the macro conditions that prevailed during the year. Accordingly, the Group's credit rating was upgraded to AA (lka) from BBB+ (lka) while the outlook for the rating was stable.

## A bold strategy

The Group's strategy for the year was carefully crafted to drive Group's transformation by effectively addressing legacy issues and weaknesses in our operating model through long-term solutions and sustainable improvements. Accordingly, our strategy centred on eight must-win battles, a holistic framework focusing on our

customer, products and processes. Detailed information on these strategic actions and the progress made during the year are discussed in detail in ensuing sections of this Annual Report, while a high-level overview is presented below.

The pandemic resulted in an unprecedented acceleration of digital adoption and as Sri Lanka's leading consumer durables retailer, we were quick to respond to this requirement through expanding our range of digital devices including laptops, tablets and smart phones. We also expanded our offerings in smart boards and educational panels thereby supporting the ongoing transformation in learning and education. As demand for home appliances strengthened, we consolidated our position in refrigerators and washing machines, leveraging on our domestic production capabilities to manufacture high-capacity refrigerators on par with international standards. The Group also added several new categories to its product portfolio, including agricultural equipment (through the John Deere brand), home surveillance systems and new furniture offerings, among others.

Following the full conversion of SISIL World stores to Singer last year, we made further progress by bringing all categories of Singer outlets (such as Singer Plus and Mega) under a unified Retail channel. This structural change has offered greater efficiency, and accountability across the organisation and more importantly clarity to our end customer. Strategic emphasis was also placed on driving operational excellence, through leveraging digital capabilities to drive productivity. This has freed-up employee time, enabling a sharper focus on value creating activities. Meanwhile new capabilities in business intelligence tools, artificial intelligence and the recent upgrade to the latest version of IFS Enterprise Resource Planning system have offered richer insights into customer behaviour and demand planning, thereby enhancing the quality and effectiveness of management

decisions. The Group's e-commerce platform also performed exceedingly well during the year, as we were able to leverage on the opportunity presented by the growth in online platforms.

## Our united team

Given the conditions that prevailed during the year, we worked hard to ensure that each and every one of our employees felt connected to their colleagues and the leadership team. We maintained a high-level of employee engagement, prioritising their health and safety while ensuring job security and retention of full remuneration in line with Group policy. We facilitated work from home arrangements as much as possible providing the necessary IT infrastructure and resources whilst our field staff adhered to world class health and safety standards towards ensuring safety of themselves and our valued customers.

I am particularly proud of the way the Singer Team adapted to the new normal, discovering faster and leaner ways of working despite extremely stressful conditions. I am determined to harness this potential in building a renewed, more resilient business suited to a world that is likely to never be the same. Our efforts in supporting the Singer family during these difficult times and nurturing a conducive organisational culture have led to a significant improvement in employee satisfaction and loyalty; this was attested by the Group being certified as a Great Place To Work (GPTW) by the Global Authority on Workplace Culture during the year.

## The strength of our brand

The Group continues to leverage on the strength of its brand, fortified and reinforced through an established track record of over 144 years in Sri Lanka's consumer durables market. During the year, we commissioned a comprehensive Brand Health and Equity survey through an independent agency who revealed the brand's highest top-of-mind

recall attribute. The Group also received several accolades during the year including the "Retail brand of the Year in Sri Lanka 2020 – Global Banking and Finance Review", SLIM People's Brand of the Year 2021 for the 15th consecutive year, SLIM People's Durables Brand of the year and the SLIM People's Youth Choice Brand of the Year attesting to the success of its strategy in increasing youth appeal.

## A sustainable business

The year under review has been a stark reminder of the vital interdependencies that exist between people, communities and the environment we live in. As an organisation, Singer has always adopted a shared approach to value creation, embedding the principles of economic, social and environmental sustainability to our strategy and operations. The depth and breadth of our operations places us in a strong position to drive economic value as we have been a catalyst in driving socio-economic empowerment through our 400+ dealer network, 300+ service centres and the Singer Training Academy which offers young entrepreneurs an opportunity to develop their skills. During the year under review, the Group also contributed to the national effort to combat COVID-19 by donating essential medical care equipment to several hospitals, through joint contributions of the Group and employees.

Our environmental aspirations are targeted at driving sustained reductions in our carbon footprint and during the year we focused on enhancing logistical efficiency through detailed analysis of route and load optimisation which resulted in significantly cutting down emission levels. As the market leader in the consumer durables segment, we are also cognisant of the significant role we can play in reducing our customers' carbon footprint by enhancing the energy efficiency of our product range. In 2020/21, we also expanded an initiative to replace Styrofoam packaging material with paper packaging

# Group Chief Executive Officer's review

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in our locally manufactured products such as refrigerators and washing machines. As we propagate this across our product portfolio, this initiative is expected to result in a significant decline in the use of Styrofoam packaging, thereby reducing the use of non-degradable materials and landfill waste.

## Our plans

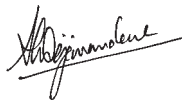
At the time of writing this message, Sri Lanka is seeing an escalation in infections with the outbreak of the 3rd wave. The Government has imposed restrictions on mobility in a bid to counter the rapid spread caused by a new, more transmissible variant of COVID-19 virus. Despite its inevitable implications on demand over the immediate term, we remain optimistic regarding the medium to long-term growth potential of Sri Lanka's consumer durables industry. We are also better equipped to deal with possible disruptions to operations stemming from the 3rd wave, as we are geared to apply our learnings from the 1st and 2nd waves of the pandemic. We will continue to drive our focused strategy in optimising sales channels, driving operational efficiencies and strengthening after-sales care in further consolidating our market leadership position and widening our lead over competitors. We are excited about the upcoming rebranding exercise which will seek to completely refresh the Singer brand and reposition it as a dynamic, future-fit brand with a solid foundation in trust, partnership and stability. We will also place strategic focus on refining our people proposition, with the aim of empowering employees while offering increased opportunities for skill and career growth and attractive reward schemes.

## Appreciation

As we look to 2021/22 with renewed optimism, I would like to extend my deep gratitude to Mr. Dhammika Perera, Mr. Mohan Pandithage and the Board of Directors for their continued guidance and counsel in an extraordinarily difficult year. Team Singer's agility and spirit during the year has reinforced my belief that our people are undoubtedly the most valuable asset and I thank each and every one of you for your untiring efforts. I would also like to place on record my sincere appreciation to Mr. Lalith Yatiwella who resigned from the Board during the year and welcome Ms. Gayani De Alwis who was appointed as an Independent Non-Executive Director in May 2020.

Finally, I wish to thank all our loyal customers, suppliers, business partners and other stakeholders who have partnered us in our journey of growth and look forward to collaborating with you in the future.

Thank you,



**Mahesh Wijewardene**  
Group Chief Executive Officer





# Growing Our Financial Strength

**SINGER®**

Committed to the pursuit of sustained  
growth across key financial indicators.



# Board of Directors

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# 1

## Mohan Pandithage

Executive Chairman  
 (Appointed on 2nd October 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 and 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 – The Institute of Chartered Accountants of Sri Lanka; Honoured 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 and Transport. Member of the Advisory Council, Ministry of Ports and Shipping.

# 2

## Dhammika Perera

Non-Executive Co-Chairman  
 (Appointed on 2nd October 2017)

Mr. Dhammika Perera is a quintessential strategist and a business leader with interests in a variety of key industries including manufacturing, banking and finance, leisure, plantations, and hydropower generation. He has over 30 years of experience in building formidable businesses through unmatched strategic foresight and extensive governance experience gained through membership of the Boards of quoted and unquoted companies.

Mr. Perera is the Chairman of Vallibel One PLC, Royal Ceramics Lanka PLC, Lanka Tiles PLC, Lanka Walltiles PLC, The Fortress Resort PLC, Vallibel Power Erathna PLC, Greener Water Limited, Delmege Limited and LB Microfinance Myanmar Company Limited. He is the Co-Chairman of Hayleys PLC and The Kingsbury PLC, Executive Deputy Chairman of LB Finance PLC, Deputy Chairman of Horana Plantations PLC. He is also an Executive Director of Vallibel Finance PLC and serves on the Boards of Amaya Leisure PLC, Haycarb PLC, Hayleys Fabric PLC and Dipped Products PLC. Also, a Director of Dhammika and Priscilla Perera Foundation.



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## Mahesh Wijewardene

Group Managing Director/Group Chief Executive Officer (Appointed to the Board on 1st June 2006. Appointed as the Managing Director and Group Chief Executive Officer of Singer Group of Companies on 1st November 2018).

Mr. Mahesh Wijewardene was appointed to the Group Management Committee and also as an Executive Director and the Group Chief Executive Officer of Singer (Sri Lanka) PLC and its subsidiary companies with effect from 1st November 2018. He was appointed to the Singer (Sri Lanka) PLC Board on 1st June 2006.

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 Industries (Ceylon) PLC, Singer Finance (Lanka) PLC, Regnis (Lanka) PLC, Regnis Appliances (Private) Limited, Singer Digital Media (Private) Limited, Singer Business School (Private) Limited, Reality Lanka Limited, Domus Lanka (Private) Limited and Equity Investments Lanka Limited.

4

## Deepal Sooriyaarachchi

Independent Non-Executive Director (Appointed on 1st October 2015)

Mr. Deepal Sooriyaarachchi is a Fellow of the Chartered Institute of Marketing UK and holds an MBA from the University of Sri Jaywardenepura and an Accredited Master Coach and a Master Mentor.

He is a renowned Management Consultant, Speaker, Trainer and an Author before embarking on full time consultancy work he was the Managing Director of AVIVANDB Insurance PLC (now known as AIA Insurance). He had received extensive management training and exposure here and overseas including National University of Singapore, Asian Institute of Management and Stanford Business School USA.

Mr. Sooriyaarachchi serves as a Non-Executive Independent Director of AIA Insurance Lanka, Siyapatha Finance, Pan Asian Power PLC, Kelani Cables PLC, Prime Land Residencies Limited, and the Postgraduate Institute of Management (PIM) University of Sri Jaywardenepura. He is a consulting partner of Results Based Leadership Institute USA.

He is a Past President of the Sri Lanka Institute of Marketing, and a Past Commissioner of Sri Lanka Inventors Commission.

5

## Dumith Fernando

Independent Non-Executive Director (Appointed on 2nd October 2017)

Mr. Dumith Fernando is the Chairman of Asia Securities Holdings (Private) Limited, a leading independent Investment Bank in Sri Lanka which offers Investment Banking, Stock Brokerage, Research and Wealth Management services to international and domestic clients. He currently also serves as the Chairman of the Colombo Stock Exchange (CSE).

Mr. Fernando has over 25 years of experience in international and Sri Lankan capital markets, having spent much of his career in New York and Hong Kong with global banks JPMorgan Chase and Credit Suisse. There he held roles across Equities, Investment Banking, Private Equity and Corporate Strategy. Prior to returning to Sri Lanka in 2013, Mr. Fernando was the Managing Director and the Group Chief Operating Officer for Credit Suisse Asia Pacific and a member of that firm's Global Leadership Council.

Mr. Fernando is an Independent Director of CSE-listed Company Union Assurance PLC. He is a member of the Financial System Stability Consultative Committee (FSSCC) of the Central Bank of Sri Lanka and the Economic Policy Steering Committee of the Ceylon Chamber of Commerce.

He holds a BA in Physics and Economics from Middlebury College in the U.S. and an MBA from Harvard Business School.

6

## Mohamed Hisham Jamaldeen

Independent Non-Executive Director (Appointed on 2nd October 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 (Private) Limited, 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, Regnis (Lanka) PLC and Singer Industries (Ceylon) 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.

7

## Dilip Wijeyeratne

Independent Non-Executive (Appointed on 1st April 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 Regnis (Lanka) PLC, Singer Industries (Ceylon) PLC, Hayleys Fibre PLC and Sampath Bank PLC.

## 8

### Sarath Ganegoda

Non-Executive Director  
 (Appointed on 2nd October 2017)

Fellow Member of CA Sri Lanka and Member of Institute of Certified Management Accountants of Australia. Holds an MBA from the Postgraduate Institute of Management, University of Sri Jayawardenepura.

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, Regnis (Lanka) PLC, Singer Industries (Ceylon) PLC, The Kingsbury PLC and Horana Plantations PLC.

## 9

### Gayani de Alwis

Independent Non-Executive Director  
 (Appointed on 15th May 2020)

Ms. Gayani de Alwis is a leading Supply Chain Professional. She was the former Director, Customer Service and Management Committee member of Unilever Sri Lanka Ltd., responsible for Supply Chain. Ms. de Alwis holds an MBA from Postgraduate Institute of Management (PIM) of University of Sri Jayawardenepura, Sri Lanka and MSc from University of Reading, UK.

Ms. de Alwis is the Immediate Past Chairperson of Chartered Institute of Logistics and Transport (CILT), Founding Chairperson and Advisor of Women in Logistics and Transport (WiLAT) Sri Lanka and currently the Global Chairperson of WiLAT. She is a Fellow of Institute of Supply and Materials Management (ISMM), Chartered member of CILT and a Life member of OPA. She is a Board member of Logicare (Private) Limited, Women's Chamber of Industry and Commerce (WCIC) and CSR Lanka (Guaranteed) Ltd. She is also a member of Sri Lanka Institute of Directors (SLID) and is a founding Committee member of Women Directors Forum (WDF) of SLID. She is a member of CCC National Agenda Committee for Logistics and Transport and

Women's Advisory Committee (WAC) member of Ministry of Skills Development, Labour and Vocational Training. She also served as a member of the Health Taskforce of Ministry of Health to improve health sector supply chain and a member of the NHRDC National Taskforce to develop a strategy to increase female labour force participation in public and private sector. She is also a council member of open University of Sri Lanka.

## 10

### Sujeewa Perera

Alternate Director to  
 Mr. Mahesh Wijewardene  
 (Reappointed to the Board on 22nd January 2019)

Mr. Sujeewa Perera is the Factory Director of Singer (Sri Lanka) Factory Complex in Piliyandala.

He joined the Singer Group in September 1994 as an Internal Auditor after completing Articles at KPMG and joined Singer Sri Lanka Factory as an Assistant Accountant in June 1997 and risen through the Corporate Ladder.

Mr. Perera has served on Singer (Sri Lanka) PLC Board previously as an Alternate Director from May 2016 to March 2018.

## 11

### Kawshi Amarasinghe

Alternate Director to  
 Mr. Dhammika Perera  
 (Appointed on 8th August 2019)

Ms. Amarasinghe currently serves as Group Director, International Business Development and CSR at Vallibel One PLC. Prior to joining Vallibel One, she served as an intern at Strategic Policy Division at Department of Community Safety in Queensland, Australia.

Ms. Amarasinghe earned a Bachelor's Degree in International Studies from University of Queensland in Brisbane Australia, followed by a specialisation in French Studies at University of Lausanne, Switzerland.

She completed her Certificate in Management Acceleration at INSEAD Business School in Fontainebleau, France and holds a Certificate in Hotel Revenue Management from Cornell University, USA.

# Management team

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**Janaka Mendis**  
 Director – Credit



**Kapila Perera**  
 Director – Information Technology



**Thulitha Mendis**  
 Director – Commercial



**Jagath Perera**  
 Director – Operations



**Thushan Amarasuriya**  
 Chief Executive Officer –  
 Singer Finance (Lanka) PLC



**Vajira Tennakoon**  
 Director – Sales



**Roshan Kulasuriya**  
 Director – Human Resources  
 and Business Integration



**Shanil Perera**  
 Director – Marketing



**Ramesh Chitrasiri**  
 Director – Finance



**Ananda Manoratne**  
 Deputy Director – Services



**Priyanjith Meegoda**  
 Head of Risk Management



**Mohamed Irzan**  
 Head of Treasury and Investor Relations



**Asantha Karunaratne**  
 Senior Manager –  
 Merchandising and Promotions



**Viresh Gomes**  
 Head of Financial Services



**Indika Gunathilake**  
 Business Development Manager –  
 Singer Mega Channel



**Ransiri Perera**  
 Group Administration Manager



## Management team



**Nandana Wijesundara**  
 Sales Manager –  
 Agro and Transportation



**Hemantha Perera**  
 Senior Manager – Budget and Planning



**Terrence Martyn**  
 Senior Manager –  
 Apparel Solutions



**Piyum Jayatilake**  
 Marketing Manager



**Thanuja Senaviratne**  
 Senior Manager –  
 Information Technology



**Dilanth Dassanayake**  
 Senior Manager – Credit



**Koshitha Peramunugamage**  
 Head of Business Development – B2B



**Rohan Perera**  
 Business Development Manager –  
 Retail (North)



**Nadeera Kuruppuarachchi**  
 Head of Legal



**Saman Serasinghe**  
 Senior Manager – Distribution



**Nishan Ranasinghe**  
 Senior Manager –  
 Revenue and Margin



**Pramila Liyanage**  
 Finance Manager



**Rahula Gaspe**  
 Business Development Manager –  
 E-Commerce



**Indika Perera**  
 Business Development Manager –  
 Whole Sale (South)



**Ranisha Silva**  
 Business Development Manager –  
 Institutional Sales



**Suren Kanishka**  
 Senior Manager –  
 Promotions

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**Upul Peiris**  
Business Development Manager – Retail (South)



**Sampath Jayatilake**  
Senior Manager – Human Resources



**Mohamed Hanas**  
Business Development Manager – Digital Media



**Dr. Mahinda Balasuriya**  
Head of Regulatory and Quality Assurance



**Upali Ganehiarachchi**  
Business Development Manager – Whole Sale (North)



**Manjula Silva**  
Business Development Manager – Retail Operations



**Lasanka Arunajith**  
Head of Logistics



**Darshana Appuhamy**  
Marketing Manager



**Kumari Hiniduma Kapuge**  
Marketing Manager



**Gihan Jayawardana**  
Operations Manager – Furniture



**Nandun Wickramasinghe**  
Senior Manager – Trade Credit

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# Operating environment

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## Global economy

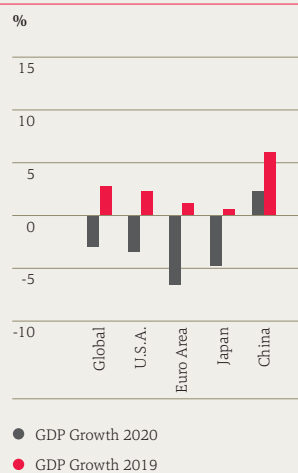
In 2020, the global economy and society was ravaged on a scale which it has never been in recent history, by the COVID-19 pandemic. Restrictions such as lockdowns and curfews curtailed economic activity for months. Some sectors such as travel, tourism, and entertainment came to a virtual standstill and are yet to recover. Supply chains were disrupted and seriously affected some manufacturing industries. Medical services and personnel came under enormous stress and over three million lives were lost. The global economy is estimated to have contracted by 3.3% in 2020.

Governments around the world, especially advanced countries, responded with a plethora of fiscal measures to combat the pandemic. These included relief for income losses, expanding social assistance, helping to reduce retrenchments, debt moratoriums, and injecting liquidity into firms by way of providing credit. However there were constraints to the extent to which emerging and developing economies were able to provide such measures. The stimulus spending per capita in the developed countries has been 580 times that of the least developed countries. This has to be viewed in the context that the ratio of the average per capita income is only 30 times.

Around 95 million people are estimated to have fallen into extreme poverty in 2020. Unemployment and underemployment have greatly increased. Certain groups such as informal sector workers, low-skilled workers, women and youth were especially affected. Income inequality is likely to have increased significantly in both advanced economies and emerging markets. The pandemic has greatly aggravated debt risks in emerging markets and developing economies. If the growth in 2021 and beyond is weak this is likely to further increase debt burdens and constrain borrowers' ability to repay. Globally public debt has increased by 15%.

There was considerable variation in the impact across different countries and regions. In the US the contraction of GDP was 3.5%, whereas it was 6.6% in the Euro area and 4.8% in Japan. China, which grew by 2.3% stood out as a remarkable exception. China's performance is largely attributable to effective containment measures, public investment and liquidity support from the Central Bank. However, here too, export volumes contracted owing to supply chain disruptions and dampened global economic activity. Even the GDP growth was far below the 2019 level of 6.1%.

GDP growth rate for major economies



The IMFs World Economic Outlook of April 2021, forecasts a growth of 6% in 2021, reducing again to 4.4% in 2022. The forecast is based on the expectation of a strong recovery after the slump of 2020; however as the impact of this fades the growth rate can be expected to decline. The recovery is expected to be boosted by the rollout of vaccines, gradual lifting of restrictions and government stimulus. However many uncertainties surround the forecast such as the path the pandemic may take, the speed of vaccine rollout being doubtful in many countries, and the effectiveness of policy support. On the positive side, there has also been an adaptation shown by many sectors to the health situation. Products and services that support working from home

have been in high demand and there has been a release of pent-up demand for durable consumer goods. Industrial production has returned to pre-pandemic levels in advanced countries. As the vaccine rollout comes on stream contact intensive sectors, such as travel are likely to recover.

There are however wide variations in expected recovery across different categories of economies. There are still many uncertainties such as extent of vaccine rollout in emerging and developing countries. The World Economic Outlook (WEO) April 2021 report states that high income countries with only 16% of the world's population have pre-purchased 50% of the planned vaccine production. Mutations of the virus could spark another wave of infections complicating the vaccinations. There is also the possibility that new strains of the virus could be resistant to the vaccine.

The World Bank has expressed the view that policy makers need to put in place drivers of long term and sustainable growth. There is a need to sustain the recovery by shifting from income support to growth-enhancing policies.

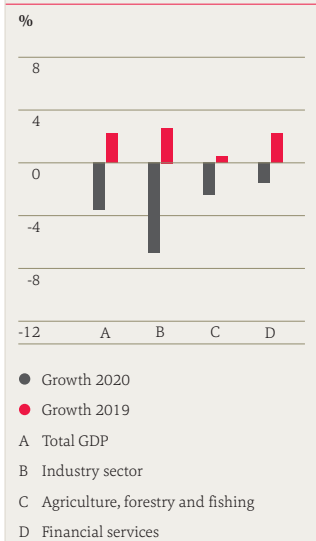
## Sri Lankan economy

In Sri Lanka the pandemic was somewhat effectively controlled in the early stages, by containment measures such as curfews and restrictions on travel. While these prevented the virus spreading widely they had the inevitable impact on the economy. However, there was a setback with the second wave in the last quarter of 2020; the government responded to this with targeted lockdowns rather than island-wide curfews. Sri Lanka's economy reduced to negative 3.6% in 2020, the worst performance since independence. For comparison, in 2019 the economy grew by 2.3% despite the negative effects of Easter Sunday terror attacks.

Construction and manufacturing activities slowed down considerably. The service

sector also contracted significantly due to the impact of the pandemic on transportation, personal services, hospitality, and food and beverage services. Tourism came to a virtual halt. Agriculture benefited from timely policy support and favourable weather conditions which was outweighed by the impact of the pandemic. In quantitative terms the industry sector contracted by 6.9% agriculture, forestry and fishing by 2.4%, and services by 1.5%. In the services sector the contraction in sectors such as transport and hospitality was partially offset by a growth in sectors such as financial services, auxiliary financial services, telecommunication, wholesale and retail trade. Despite the overall recession consumption recorded a modest growth. Total consumption expenditure grew by 2.1% (2019 – 7.4%) while household consumption grew by 1.0% (2019 – 7.3%).

Sri Lanka GDP – Sector wise



The Government responded actively with fiscal measures to alleviate the crisis. Funds were allocated for health measures and cash transfers; tax payments were postponed. With a decline in revenues and increase in expenditure, the fiscal deficit was widened. Public and publicly guaranteed debt is estimated to have increased to 109.7% of GDP. The Central Bank contributed

to relief measures by easing off monetary policy and other measures to increase liquidity in the market. Despite this, bank credit to the private sector remained low. On the other hand credit to the Government and state owned enterprises increased by 80%. While exports declined a drop in imports more than compensated for this, resulting in a narrowing of the current account deficit. The percentage of the population below the poverty line is estimated to have increased from 9.2% in 2019 to 11.7% in 2020.

Despite the pandemic the external sector remained robust. Merchandise exports which slipped in the first half of the year recovered in the second half, attaining pre-pandemic levels by the end of the year. Merchandise imports dropped significantly, reflecting curbs on non-essential imports and lower petroleum prices. As a result of the above, the trade deficit reduced by USD 1,989 million from the 2019 figure, to USD 6,008 million in 2020.

While it is generally agreed that there will be a recovery in 2021, opinions vary as to the extent. The World Bank has forecasted a growth of 3.4%, driven by foreign investments and tourism picking up. Growth will be dampened by the slow global recovery, trade restrictions and the high debt burden. A crucial factor will be the ability of borrowers to repay their debts after the end of moratoriums. Attracting FDI, increasing exports, and stabilising the debt burden are crucial. Macro-economic factors need not necessarily be a constraint on the private sector, if it has the dynamism and agility to swiftly respond to market conditions. Much will depend on how the pandemic and the vaccine rollout play out.

## The consumer durables market

The pandemic had an inevitable impact on household incomes and expenditures. Private consumption grew by only 1% in 2020, compared with 7.3% in 2019. In this situation, households naturally concentrated on essentials and postponed purchasing of non-essentials. Demand for consumer durables is generally considered to be strongly correlated with the disposable income in the country. As per the Central Bank 2020 Report, the expenditure on furnishings, household equipment, and routine household maintenance, fell by 2.3% while those on food and non-alcoholic beverages grew by 11.5%, which demonstrated the trend.

The silver lining was that agriculture was a less affected sector. The rural sector provides a large share of the market for durables, especially electronic products. While some crops such as tea and coconut suffered a decline, paddy performed remarkably well with production increasing by 11.5% over 2019. Paddy farmers, being about two million in number, are the largest occupational group in Sri Lanka's rural society.

At the onset of the pandemic, when stringent lockdowns were imposed, there was a slump in the consumer durables market. At the time there were predictions that the sector would take 12-18 months to recover. Nevertheless, this proved to be untrue and the sector showed a remarkably quick take-off after the lockdown was eased. This could be attributed to a number of reasons. One was the demand for digital products and even some other electronic items induced by the pandemic. The pent-up demand that was released once the lockdowns were eased was another cause, at least temporarily. The robust performance of the agricultural sector could have been the main reason, since the rural agricultural community is the largest consumer group in the durables sector.



# Stakeholders and engagement

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## Stakeholder identification

Our stakeholders are those entities or individuals who have an ability to influence the value creation process of the Company or who are influenced by it. The stakeholders may be significantly affected by our business operations and likewise their actions and attitudes may have a significant impact on our strategies and operations and our ability to achieve our objectives. This is a two-way process and can occur over the short, medium or long term.

We have identified our key stakeholders to be customers, employees, shareholders, suppliers, Government authorities and community. Other important stakeholders include dealers, bankers, financial institutions, depositors, and assurance service providers.

## Stakeholder engagement

Singer conducts a process of continuous dialogue with its stakeholders, both internal and external. Details of the stakeholder engagement are found in the relevant sections throughout this report. Our engagement with stakeholders and reporting conform to GRI standards which cover many important aspects of stakeholder engagement.

Stakeholder	Channels of engagement	Frequency
<b>Customers</b>	Advertising and promotions, Singer outlets, dealers, call centre, field programmes, after sales service, consumer financing, website	Ongoing
<b>Shareholders</b>	Annual General Meeting, Annual Report Quarterly reports and correspondence	Annually Quarterly reports/ correspondence
<b>Suppliers</b>	Visits, consultations, workshops	Ongoing
<b>Government authorities</b>	Tax payments, complying with regulations, inspections (eg. MOH)	Ongoing
<b>Community</b>	CSR projects	Ongoing

Through interactions with stakeholders, we have identified the topics that are of most concern to them which are detailed below.

## Topics of concern to stakeholders

Stakeholder	Concern	Response
<b>Customers</b>	Product availability	Singer ensures products are available throughout its network of outlets.
	Customer Service	Singer ensures its sales staff are knowledgeable, courteous and well trained in customer service.
	Product reliability	Singer deals in reliable international brands and its own products are manufactured according to stringent quality processes which guarantees quality of product.
	After sales service	Singer has an island-wide after sales service network and also call centres which attend to problems on an urgent basis.
	Financing options	Singer offers easy payment options including hire purchase, credit terms and credit card options.
	Safety of customers	All necessary health and safety precautions in place at branches.
	Ease of payment	Singer has introduced online payments and cash-on-delivery options for customers who are reluctant to travel.
<b>Employees</b>	Remuneration and benefits	Singer offers a range of financial and non-financial benefits, competitive with market levels.
	Job satisfaction and motivation	A process of regular appraisals ensure that employees receive regular feedback, are assisted in career management and identifying career path, all of which enhance their satisfaction and motivation.
	Training and continuous career development	We provide employees with necessary training to develop their careers, provide other opportunities for them to enhance their knowledge and grow professionally.
<b>Suppliers</b>	Long term contracts	Singer strives to build a long term relationship with suppliers which gives them confidence.
	Receive prompt payment	Singer effects payments in a timely manner.
<b>Shareholders</b>	Growth in profits	Singer is a growing Company, with increasing profitability, and pays out dividends accordingly.
	Dividend growth	Singer maintains a stable dividend policy.
	Increase in share price	Singer has achieved share price growth above the industry norm over the long term.
<b>Government</b>	Compliance with rules, regulations and statutory obligations	Singer adheres to Government rules and regulations and pays all taxes and other statutory dues on time.
	Creation of job opportunities	Singer, by its operations, generates job opportunities direct and indirect, in all parts of the island. Thereby it helps the economy and society.
<b>Society</b>	Safeguarding the environment	Singer conducts all its activities in an environmentally friendly manner and its products are also designed to be eco-friendly.
	Helping the disadvantaged	Singer carries out many CSR programmes to help vulnerable groups in society.





# Nurturing World Class Talent

**SINGER®**

Committed to sourcing, training, empowering and retaining a highly talented Singer family.

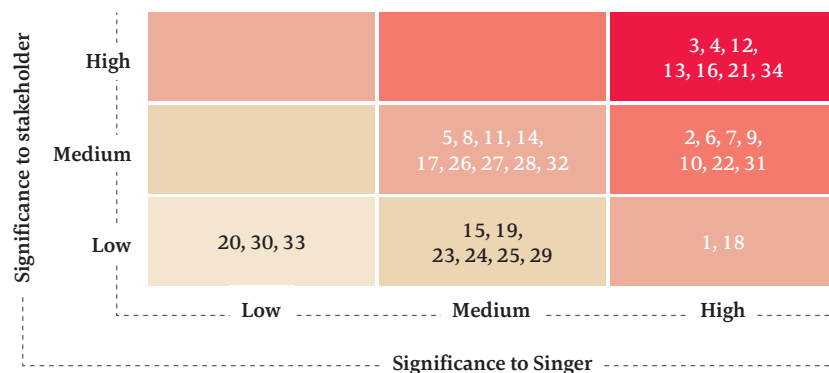
# Materiality

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## Materiality assessment

We consider an aspect to be material if it substantially affects our Company's ability to create value over the short, medium, and long term. This assessment helps us to focus on issues that matter most to us and our stakeholders.

	Category	GRI reference	Material topic	Stakeholder impact	Organisational impact	Overall impact
1	Social	416	Customer health and safety	Low	High	Medium
2	Environmental	302	Energy	Medium	High	High
3	Economical	204	Procurement practices	High	High	Medium
4	Environmental	301	Materials and chemicals	High	High	Medium
5	Environmental	307	Environmental compliance	Medium	Medium	Medium
6	Social	401	Employment	Medium	High	High
7	Environmental	306	Effluents and waste	Medium	High	Medium
8	Social	419	Socio economic compliance	Medium	Medium	Medium
9	Social	403	Occupational health and safety	Medium	High	Medium
10	Social	402	Labour/Management relations	Medium	High	High
11	Environmental	308	Supplier environmental assessment	Medium	Medium	Medium
12	Social	404	Training and education	High	High	High
13	Social	413	Local communities	High	High	High
14	Economical	203	Indirect economic impacts	Medium	Medium	Medium
15	Environmental	303	Water	Low	Medium	Medium
16	Economical	201	Economic performance	High	High	High
17	Social	407	Freedom of association and collective bargaining	Medium	Medium	Medium
18	Social	417	Marketing and labelling	Low	High	High
19	Environmental	305	Emissions	Low	Medium	Low
20	Social	414	Supplier social assessment	Low	Low	Low
21	Economical	202	Market presence	High	High	High
22	Social	405	Diversity and equal opportunity	Medium	High	High
23	Economical	205	Anti-corruption	Low	Medium	Low
24	Economical	206	Anti-competitive behaviour	Low	Medium	Low
25	Environmental	304	Biodiversity	Low	Medium	Low
26	Social	406	Non-discrimination	Medium	Medium	Medium
27	Social	408	Child labour	Medium	Medium	Medium
28	Social	409	Forced or compulsory labour	Medium	Medium	Medium
29	Social	410	Security practices	Low	Medium	Low
30	Social	411	Rights of indigenous people	Low	Low	Low
31	Social	412	Human rights assessment	Medium	High	Medium
32	Social	415	Public policy	Medium	Medium	Medium
33	Social	418	Customer privacy	Low	Low	Low
34	Economical	207	Tax	High	High	High

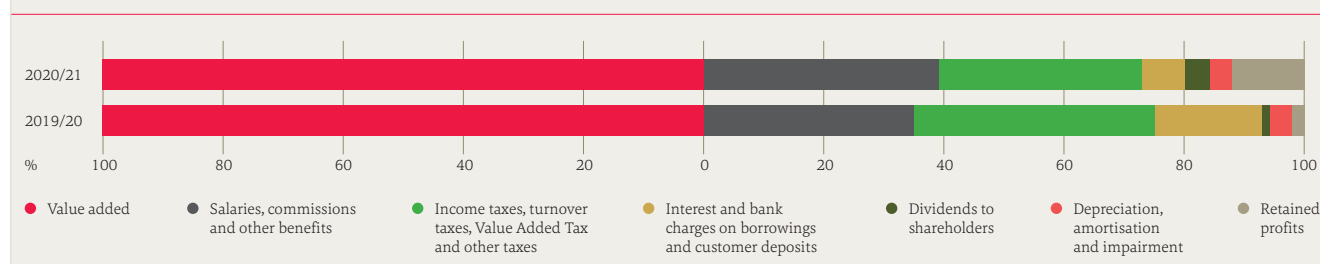


## Economic performance

### Statement of value added – Group

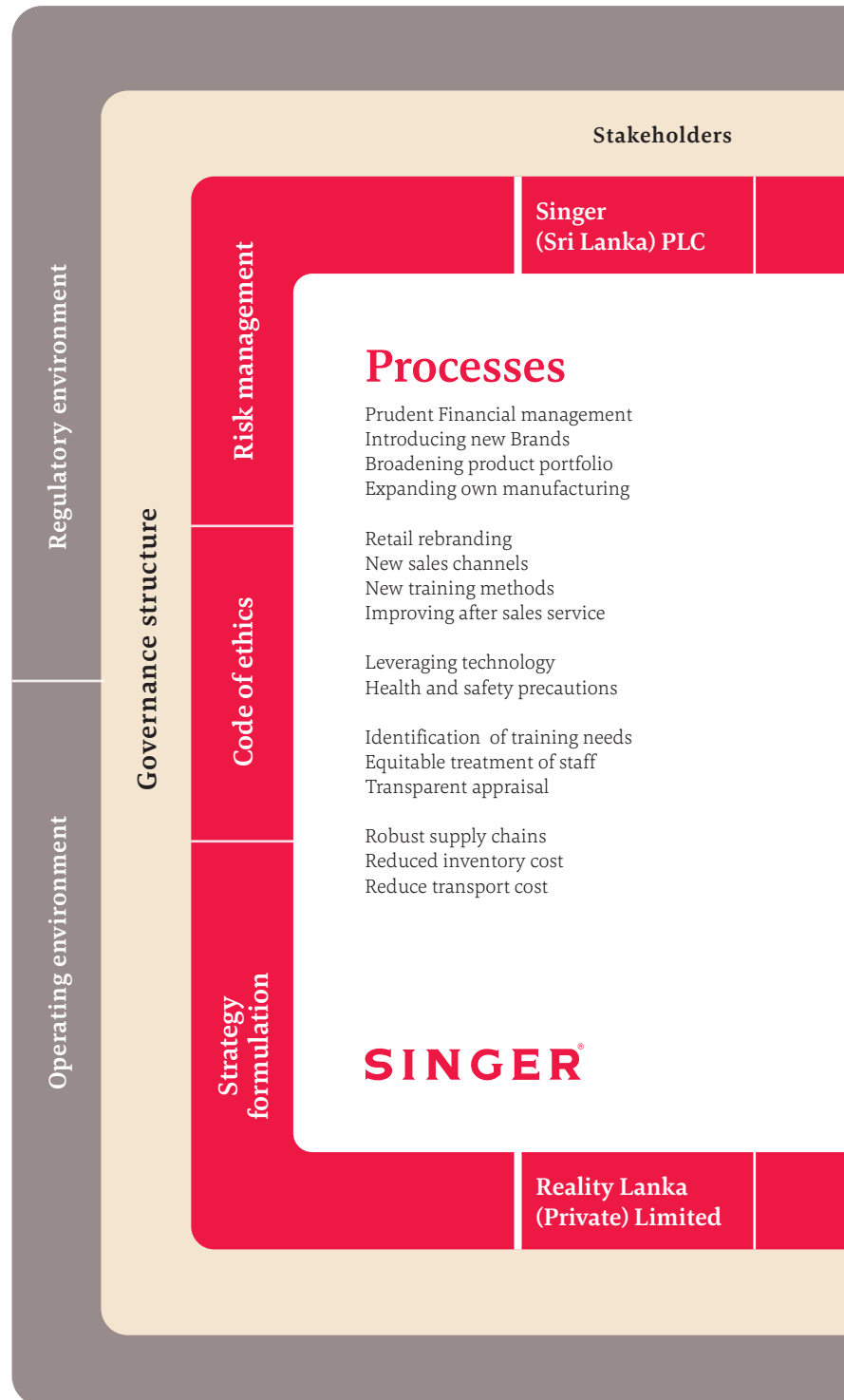
Category	Year ended 31st March 2021 Rs. '000	%	Year ended 31st March 2020 Rs. '000	%
Group revenue – Gross	69,839,519		58,538,612	
Other income	220,853		300,349	
Less – Cost of material and services	51,689,392		41,477,544	
Value added	18,370,980	100.0	17,361,417	100.0
<b>Distribution of value added to employees and dealers</b>				
Salaries, commissions and other benefits	7,115,685	38.7	6,081,450	35.0
<b>To Government</b>				
Income taxes, turnover taxes, Value Added Tax and other taxes	6,304,481	34.3	6,953,957	40.1
<b>To banks, deposit holders and other lenders</b>				
Interest and bank charges on borrowings and customer deposits	1,272,107	6.9	3,200,499	18.4
<b>To suppliers of capital</b>				
Dividends to shareholders	713,695	3.9	93,907	0.5
<b>Retained for reinvestment and future growth</b>				
Depreciation, amortisation and impairment	675,126	3.7	676,262	3.9
Retained profits	2,289,887	12.5	355,342	2.0
Value distributed	18,370,980	100.0	17,361,417	100.0

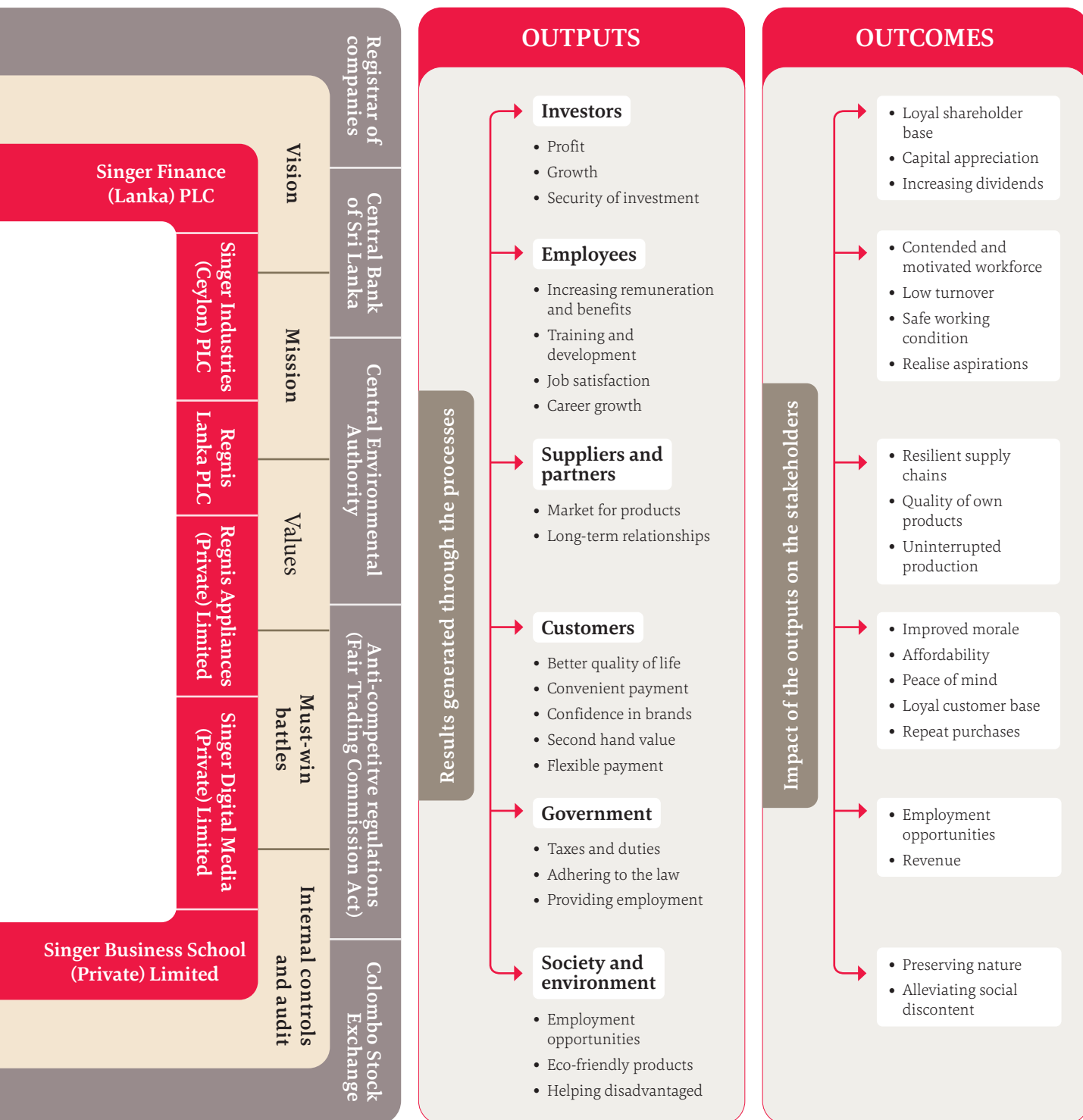
### Source and distribution



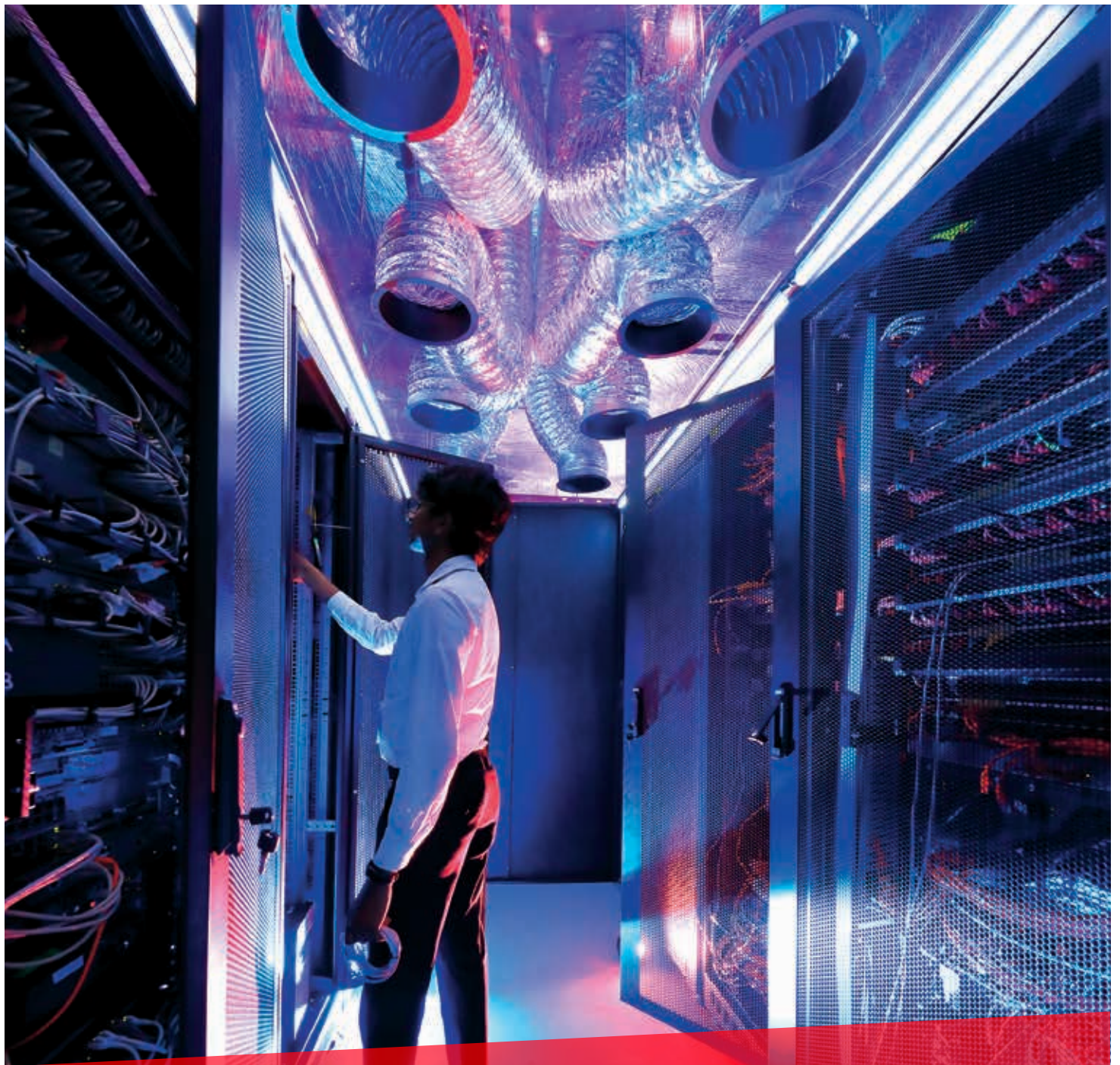
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# Driving Digitalisation and Big Data

Committed to “converting” digitalisation  
and big data into opportunity.

**SINGER®**

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# Management discussion and analysis

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# Growing the business

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

## Basis of preparation and comparative figures

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

## Preface

Singer Group recorded the highest ever revenue and profits during the year under review amidst the lockdowns imposed across the island with the outbreak of first and second waves of COVID-19 pandemic. Prolongation of the pandemic resulted in the company having to encounter numerous challenges in the form of import restrictions, deteriorating foreign exchange rate, disruptions in global shipping lanes and resultant cost escalations.

However, the favourable interest rate regime prevailed during the year under review resulted in partially offsetting the negative financial impact of aforementioned challenges.

Financial results posted during the year reflects the company's agile capabilities to cater to changing consumer needs and effective marketing and sales strategies which stimulated demand across all product channels.

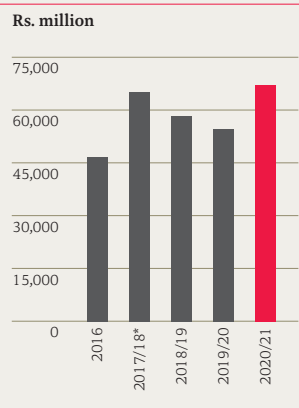
Majority of product categories recorded a year on year growth in volumes with computers, refrigerators, mobile phones, furniture, sewing machines and tractors recording exponential growth.

## Revenue

Singer Sri Lanka Group recorded a revenue of Rs. 67,412.2 million during financial year 2020/21 compared to Rs. 54,751.0 million recorded in the year 2019/20 whilst the Company revenue was at Rs. 54,863.7 million compared to Rs. 44,125.9 million in the prior year.

The outbreak of COVID-19 pandemic brought most activity to a virtual platform specially in the case of IT product segment, which is reflective of the 33.6% contribution to the total revenue amounting to Rs. 22,649.1 million. Home Appliances segment being the second largest contributor recorded a revenue of Rs. 19,963.2 million (29.6% contribution) and Financial Services segment revenue at Rs. 7,644.3 million contributed 11.3% to the topline followed by the Consumer Electronics segment of 10.8%. Subsidiary Company Singer Digital Media (Private) Limited specialising in mobile phone sales contributed Rs. 8,060.9 million to Group revenue whilst Singer Finance (Lanka) PLC contributed Rs. 4,457.1 million.

## Total net turnover



\* 15-months ended 31st March 2018.

## Direct interest cost

Direct interest cost of the Group was at Rs. 1,872.4 million for the year 2020/21 vs Rs. 1,829.1 million recorded in year 2019/20. Direct interest cost included interest on customer deposits and interest on debentures at Singer Finance (Lanka) PLC. Increase in customer deposits at Singer Finance (Lanka) PLC to Rs. 10,643.1 million from Rs. 7,175.5 million recorded in the prior year strengthened the balance sheet position and the funding capacity.

## Gross profit

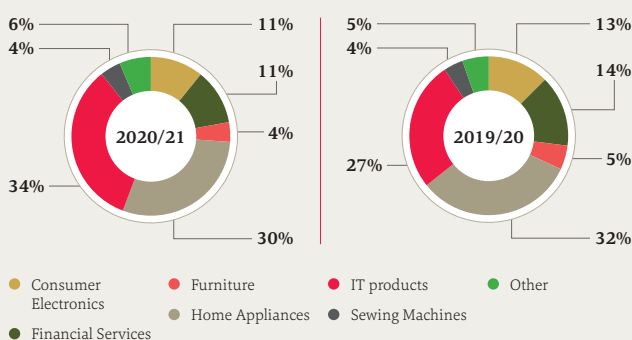
Increase in consolidated gross profit by 13% against the prior year to Rs. 18,511.4 million was driven by the volume increase and the timely revision of prices. The gross profit of the Company during the year under review was at Rs. 14,967.1 million as against Rs. 12,997.7 million in the previous year. However, there was a reduction in gross margin driven by the reduced share of hire purchase interest income and higher revenue contribution from relatively low margin IT products.

## Operating profit

On a cumulative basis Group's operating profit recorded an increase of 30.6% to Rs. 5,382.6 million from Rs. 4,122.1 million recorded in the previous year whilst the operating profit margin increased from 7.5% to 8.0% over the prior year. Group's selling and administrative expenses for the year increased by 7.6% to Rs. 12,429.6 million which was translated into growth in sales as reflected in the reduction in selling expenses as a percentage from revenue from 21.1% to 18.4%. Group EBITDA during the year under review grew by Rs. 1,296.9 million compared to Rs. 5,492.1 million in year 2019/20.

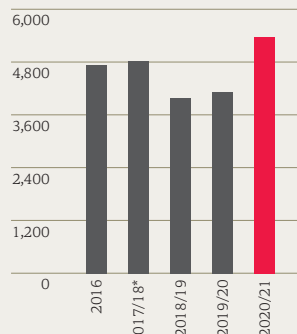
Macro-economic landscape and the impact of COVID-19 pandemic adversely impacted the collection of hire purchase and lease receivables of Singer Finance Company during the first nine months of the financial year. However, focused efforts on collection and monitoring measures during the latter part of the financial year under review resulted in more satisfactory recovery rates. Said improvement in recoveries together with the improved macro-economic forecasts positively impacted the reversal of impairment provisions as those elements are factored in the impairment computation methodology.

## Net turnover analysis



## Operating profit

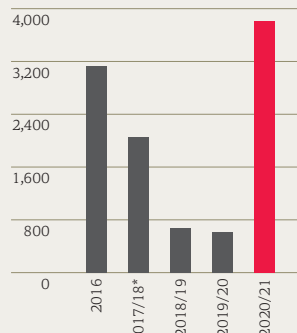
Rs. million



\* 15-months ended 31st March 2018.

## Profit Before Tax

Rs. million



\* 15-months ended 31st March 2018.

## Net finance cost

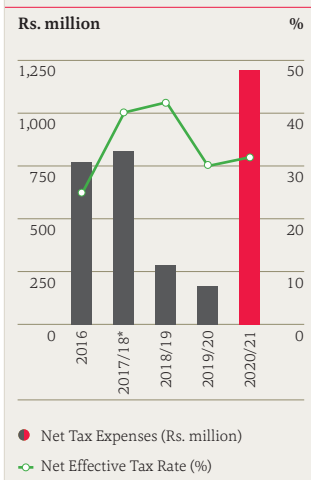
Group finance cost for the year decreased from Rs. 3,455.8 million to Rs. 2,135.7 million on account of the overall reduction in market interest rates, extension of supplier credit periods as well as due to continued rationalisation of borrowings. Group interest cost in the current year included the interest on Lease liability of Rs. 626.6 million due to the SLFRS 16 implementation. The Company finance cost decreased by 35% to Rs. 2,174.9 million for the year. The year on year reduction in finance cost before to SLFRS 16 adjustment was at 47.3% for the group and 41.3% for the company.

Group's and Company's Finance Income increased by Rs. 608.3 million and Rs. 277.0 million respectively as against the previous year primarily due to the recognition of exchange gains as a result of the revaluation of outstanding dollar import bills.

## Taxation

Group's total tax expense for the year was at Rs. 1,210.5 million compared to Rs. 183.4 million recorded in the previous year due to the exponential growth in operating profits from the ordinary course of business. The change of tax rate from 28% to 24% also resulted in the reversal of Deferred tax asset for the financial year under review amounting to Rs. 110.9 million resulting in a higher effective tax rate. Tax on dividend income for the year ended 31st March 2021 was at Rs. 28.6 million compared to Rs. 25.0 million in the prior year, this amount was incurred for the interim dividends received from subsidiary companies during 2020/21.

## Taxation\*\*



\* 15-months ended 31st March 2018.

\*\* Net Tax expenses includes Income Tax, VAT on Financial Services, Deferred Tax and WHT on Dividend.

## Profit for the period

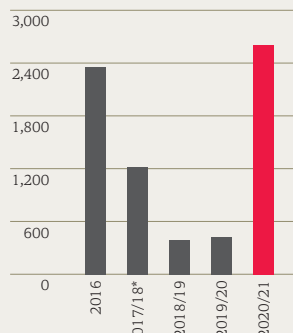
The Group recorded a Profit After Tax of Rs. 2,607.5 million compared to Rs. 427.3 million recorded in the prior year. Profit of the Company increased by Rs. 1,736.4 million to Rs. 1,749.2 million over prior year. Overall growth in profitability was driven by higher volumes sold, healthy gross margins achieved and the reduction in borrowing costs.

In the Group, profit attributable to owners of the Company was at Rs. 2,452.0 million vs Rs. 280.7 million recorded in year 2019/20. Profit attributable to non-controlling interest was at Rs. 155.5 million compared to previous year's figure of Rs. 146.5 million.

Meanwhile the Group's Other Comprehensive Income (OCI) amounted to Rs. 202.5 million mainly consisting of deferred tax rate adjustment on revaluation reserves. Accordingly, the Group's total comprehensive income amounted to Rs. 2,810.0 million during the year under review.

## Profit after Tax

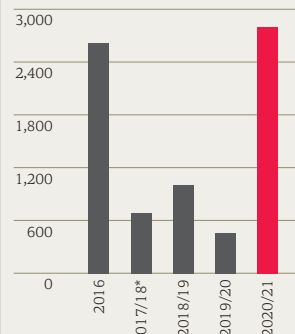
Rs. million



\* 15-months ended 31st March 2018.

## Total comprehensive income

Rs. million



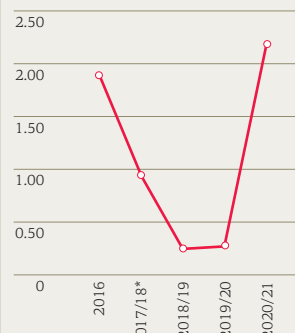
\* 15-months ended 31st March 2018.

## Earnings per share

Group earnings per share (EPS) for the year under review was at Rs. 2.18 vs. Rs. 0.25 in the prior year. Earnings per share of the Company for the year was at Rs. 1.55 vs. Rs. 0.01 in the year 2019/20. Group and the Company EPS for the prior year has been restated based on the post subdivisions of three ordinary shares for one ordinary share held.

## Earnings per share\*\*

Rs.



\* 15-months ended 31st March 2018.

\*\* Information for the previous years have been restated to reflect the subdivision of shares in March 2021.

# Growing the business

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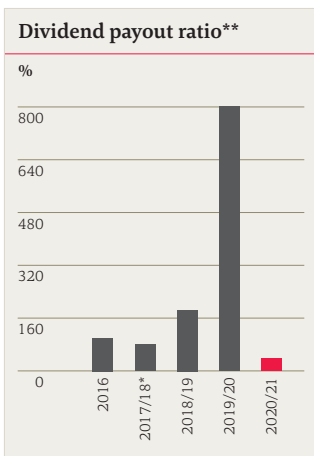
## Dividend

Company paid a total interim dividend of Rs. 714.9 million during the financial year and the proposed final dividend is at Rs. 0.25 per share amounting to Rs. 281.7 million which stands at a healthy dividend payout ratio of 40.6%.



\* 15-months ended 31st March 2018.

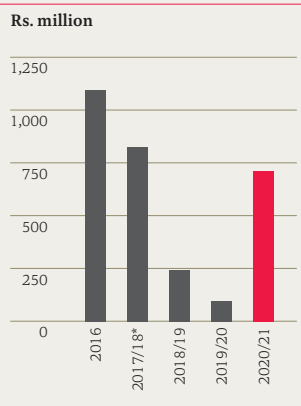
\*\* Information for the previous years have been restated to reflect the subdivision of shares in March 2021.



\* 15-months ended 31st March 2018.

\*\* Information for the previous years have been restated to reflect the subdivision of shares in March 2021.

## Dividends paid



\* 15-months ended 31st March 2018.

## Solvency

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

## Return on equity

Return on Group equity for the year under review was at 28.3%, well above the prior year figure of 5.1%. Return on equity of the Company was at 38.6%, compared to 0.3% in 2019/20.

## Return on equity



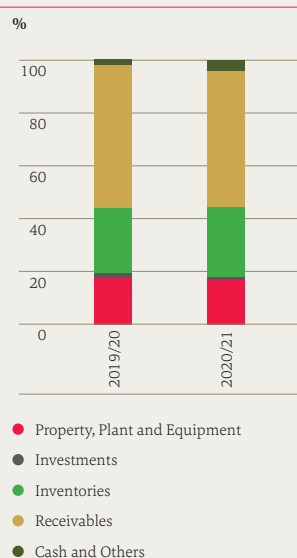
\* 15-months ended 31st March 2018.

## Total assets

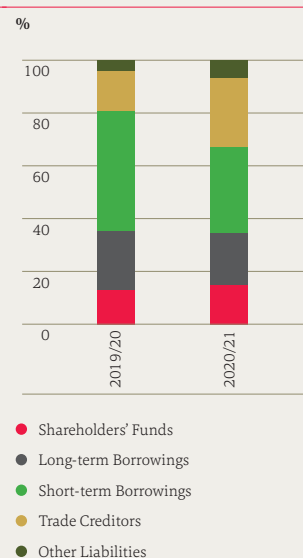
Group's total assets increased by 5.6% to Rs. 69,303.6 million compared to 31st March 2020 with non-current assets increased by 1.8% and current assets increased by 7.8%. Group's total asset base comprised of 35% of non-current assets (2019/20 – 36%) and 65% of current assets (2019/20 – 64%). Group Inventories increased by Rs. 2,133.2 million to Rs. 18,180.7 million against 31st March 2020.

This increase was driven by the increase in operational activities across the company and other subsidiary companies.

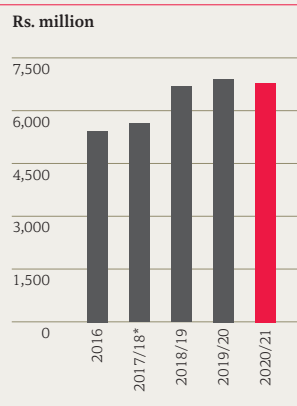
## Financial position structure – assets



## Financial position structure – equity and liabilities



## Growth in property, plant and equipment



\* 15-months ended 31st March 2018.

## Net assets per share\*\*



\* 15-months ended 31st March 2018.

\*\* Information for the previous years have been restated to reflect the subdivision of shares in March 2021.



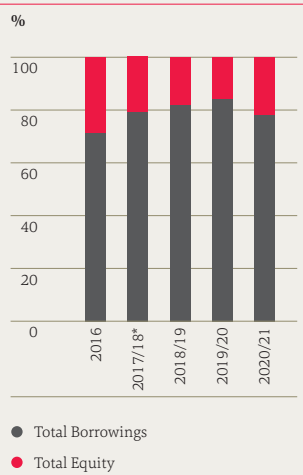
## Total liabilities

Total liabilities of the Group represented 28% (2019/20 – 31%) of long-term liabilities and 72% (2019/20 – 69%) of current liabilities. Long-term liabilities of the Group decreased by Rs. 1,100.1 million to Rs. 16,467.8 million. This reduction can be primarily attributable to the reduction in Interest-Bearing Loans and Borrowings by Rs. 1,046.2 million. Total interest-bearing loans and borrowings of the Company as at 31st March 2021 decreased by Rs. 7,629.4 million to Rs. 11,132.7 million. Total borrowings of the Company represented 24% (2019/20 – 30%) of long-term borrowings and 76% (2019/20 – 70%) of short-term borrowings. Management initiated several strategies to reduce the leverage over the medium to long term towards enhancing overall profitability.

## Total equity

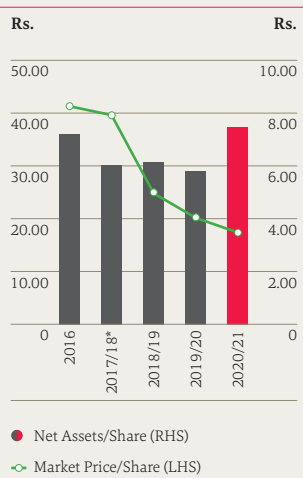
Total assets base, funded by 14.8% of Group equity including non-controlling interest, increased by 25.3% over 2019/20 to stand at Rs. 10,258.6 million as at 31st March 2021. The change over prior year was mainly due to the Rs. 2,809.9 million total comprehensive income, which was partially offset by the payment of interim dividend of Rs. 739.3 million. Company has proposed a final dividend of Rs. 0.25 per share for the financial year 2020/21.

## Capital structure



- \* 15-months ended 31st March 2018.  
\*\* Total borrowings includes total interest bearing loans and borrowings, total other financial liabilities, total lease liability and bank overdraft.

## Net assets per share\*\* Vs. Market price per share\*\*\*



- \* 15-months ended 31st March 2018.  
\*\* Information for the previous years have been restated to reflect the subdivision of shares in March 2021.  
\*\*\* Market price per share – Before the subdivision of shares.

## Cash flow

Cash and cash equivalents in the Statements of Cash Flows comprise cash net of outstanding bank overdrafts. Group's net increase in cash and cash equivalents was at Rs. 2,004.3 million to Rs. 153.5 million during the financial year ending 31st March 2021. Group net operating cash inflow was Rs. 11,487.7 million compared to Rs. 770.5 million inflows in prior period. Net cash flow from investing activities of the Group decreased over prior year by Rs. 437.0 million mainly due to the reduction in acquisition of Property, Plant and Equipment and purchase of marketable securities by Singer Finance (Lanka) PLC. Group's net settlement of interest-bearing loans and borrowings was Rs. 10,384.2 million and the increase of customer deposits to Rs. 3,451.1 million resulted in a increase in net outflow from financing activities from Rs. 626.0 million to an outflow of Rs. 8,991.4 million.

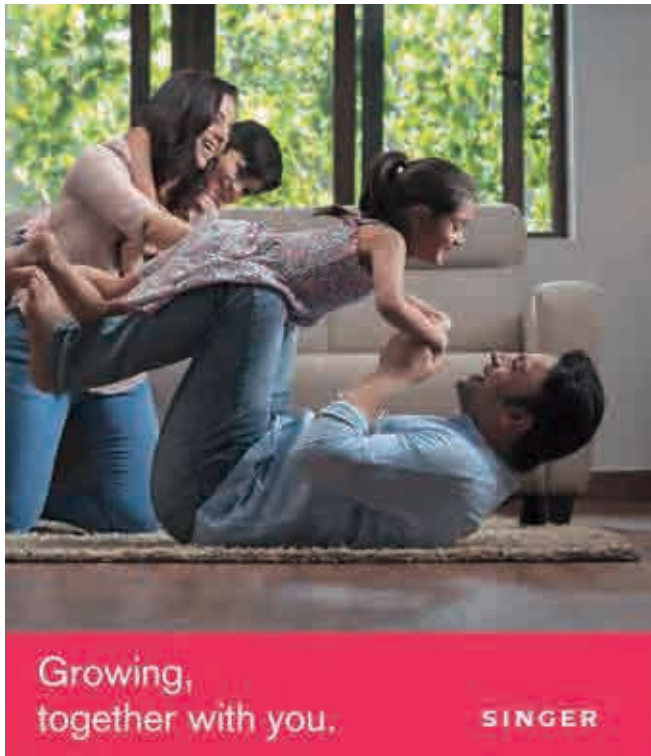


# Taking Customer Care to another level

Committed to the realisation that taking  
customer care to another level is always possible.

**SINGER®**

# Revamping the brand



Growing,  
together with you.

SINGER

The Singer brand is one that has been built up over almost one and a half centuries. From its beginnings as a sewing machine company to a retail brand today possesses a broad product portfolio encompassing consumer electronics, refrigerators, air conditioners, kitchen appliances, agricultural equipment, CCTVs, laptops, mobile phones, and furniture. Most of the products we distribute are from internationally renowned brands. The Singer brand today signifies good living standards, aesthetics, reliability, professionalism and customer care. Singer's motivation and vision are to elevate and enrich the lifestyle of all Sri Lankans, leveraging on the strength of its brand heritage and the trust of consumers it has built through generations. This has given the Company the ability to move into adjacent businesses and new product lines with confidence.

## Brand and product portfolio

A birds' eye view of some of the brands and products is given below.

### SINGER

A unique feature of SINGER is that Singer is a Retail brand, a product brand. From a product brand point of view, SINGER as a brand has the highest contribution across almost all categories in the company accounting for more than one third of the revenue. SINGER is the market leader in product categories such as TV's, Sewing Machines, Washing machines and small appliances.

### SISIL

This brand launched in the 1960s, was purchased by Singer in year 2000. SISIL is the first refrigerator to be manufactured in Sri Lanka. From the inception, SISIL was successful in competing with

international brands which is valid for today as well given the features, service excellence and durability. Being the best selling refrigerator and deep freezer brand in the market is a reflection of SISIL's ability to innovate and timely respond to customer needs. SISIL and Singer Refrigerators are manufactured by our subsidiary Regnis (Lanka) PLC and Regnis Appliances (Private) Limited manufactures washing machines.

Regnis seeks to constantly expand its product portfolio by way of introducing new technology, manufacturing processes, and innovative designs. In the latter part of 2019, new large capacity models of inverter refrigerators were launched under SINGER brand which were on a par with international brands and were well received by consumers. Another design innovation, which carried visual appeal, was the introduction of new silver range of refrigerators.

### Huawei

Huawei is the leading smart phone brand in Sri Lanka. The brand currently has a share of 23% in the mobile phone market. Singer has been the exclusive national distributor for Huawei mobile phones since its entry into Sri Lankan market in 2012.

### Dell

Singer first partnered with Dell in 2014, and has since shown an exponential growth in sales resulting in a growth in market share. Singer has now acquired a 35.6% market share for Dell laptops in Sri Lanka. Singer also accounts for 70% of Dell's total revenue in Sri Lanka. Singer offers the complete range of Dell products ranging from basic laptops to the award winning XPS13 range (recognised as the best laptop in 2020) and other gaming laptops. The "Dell Mobile Connect" software provides a seamless connection between users' laptops and their smartphones.

In January 2021, Singer introduced its new Dell laptop line-up powered by Intel's 11th Gen Processors recently, which took user experiences to a different level. The new laptop range is powered by the powerful 11th Gen Intel Core Processors. This provides users with increased speed and greater efficiency.

Expanding its existing Dell product line-up, Singer has also introduced the new Dell 3000 series. Offering a rich set of features, the Dell 3000 series laptops have undergone a drastic design overhaul and is now equivalent to the 10th Gen 5000 series in aesthetics.

### Sony

Sony is a household name as a producer of audio, TV, Video, and gaming products. Singer was appointed as the exclusive distributor for Sony electronics in Sri Lanka in December 2014. We are the retail distributor of a wide range of Sony products including LED TVs, smart TVs, 4K TVs, high-tech audio systems, and other electronic products.

In 2019/20 a novel entertainment product portfolio was launched through a high profile virtual event which drew a massive audience. The portfolio included 4K UHD Android Television series, new range of Sony Audio systems, Active Noise Cancellation powered Headphones and a range of Sony Sound Bars. The 4K UHD X75H Android TV series utilises Sony's signature tri-luminous display bringing vivid colours and fine details while the Bass Reflex speaker delivers impressive low-end sound which will be appreciated by movie audiences. The Sony 1000XM4 Active Noise Cancellation headphones, also introduced, are considered to be the world's market leaders in the active noise cancellation category the launch event was compered by a high-profile tech YouTuber.



# Revamping the brand

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Launching of Sony Entertainment Product Portfolio

## Samsung

Samsung's partnership with Singer goes back to 2001 and remains a key brand in the portfolio. Samsung is one of the world's leading consumer electronics and appliance brands. The Samsung product range includes TVs, refrigerators, mobile phones and a host of others. The Samsung brand has continued to dominate the market with its up-to-date technology in many product categories. Samsung products are popular among consumers irrespective of social status or gender.

help to enhance the living standards and comfort levels of Sri Lankan families.

## TCL

TCL, which has a history of nearly four decades, is a popular and well reputed brand both in China and the USA. Its range of consumer electronic and appliance products include TVs, washing machines, refrigerators, washers, dryers and air conditioners. TCLs Blu-Ray players and cell phones are widely sold across the world.

## Hitachi

Hitachi which has a brand reputation built up through over a century, is a leader in home appliances and electronics. Hitachi products feature human friendliness, quality materials and environmentally friendly designs. Singer range of Hitachi products includes inverter refrigerators, domestic inverter air conditioners, and vacuum cleaners.

## Moulinex

Moulinex is a popular French Brand which is well reputed for its kitchen appliances. The Company regularly introduces new products which are very well accepted by housewives, for efficiency and effectiveness of food preparation.

## Tefal

Tefal is an internationally reputed French Brand, with a wide product range, which has also selected Singer as a distributor. The products we distribute include kitchen appliances, irons, vacuum cleaners and fans. Tefal is an acknowledged leader in the

cookware category which delivers value in the form of excellent performance and durability to the customer.

## Kenwood

Kenwood is Europe's leading food preparation brand, which Singer began distributing in 2008. The range of products Singer offers include blenders, smoothie makers, choppers, sandwich makers, juicers, kitchen chef, food processors, hand beaters, irons, and vacuum cleaners.

## Prestige

Prestige is a UK based company with a history of over eight decades, and Singer is its sole agent in the Sri Lankan market. Prestige supplies high quality cookware, pressure cookers and electrical items. The Company maintains an exemplary level of quality which enables it to offer a lifetime guarantee for certain products.

## Skyworth

Skyworth is a company specialising in high-tech consumer electronics. Singer is an authorised dealer to the Brand which has shown steadily increasing sales over the last few years.

## Nikai

Singer launched the Nikai brand in the Sri Lankan market in August 2018 with a range of kitchen appliances, audio-visual equipment and home appliances. Nikai is a versatile brand that caters to diverse needs of the family. Reliability is the fundamental strength of the brand.

## Unic

Unic brings a wide range of products including televisions, rice cookers, and air conditioners to Sri Lankan consumers. The brand continues to grow its market share in Sri Lanka.

## Asus

Asus is a computer hardware giant and well reputed as a notebook manufacturer. Singer is the exclusive Large Format

Retailer for Asus laptops in Sri Lanka. Asus is a future-focused company. It is the world's leading motherboard manufacturer and gaming laptop brand and among the top three consumer notebook vendors. Asus offers a wide range of laptops at a wide price range to cater to the requirements of different consumers.

## Indesit

This brand has become a well-known name for home appliances including free standing gas cookers, hoods and hobs, dishwashers and washing machines. Singer is the sole and exclusive distributor for the Brand. We thereby bring Western quality products to Sri Lankan consumers at moderate prices which are affordable to them.

## Farmmaster

Singer has been dealing in agricultural equipment, which has greatly benefited Sri Lankan farmers over a long period. One of them was the Minitiller which has been extensively used by upcountry farmers who cultivate a variety of crops including paddy, vegetables and potatoes. This is used for ploughing and other related operations.

The Vikyno Farmmaster, introduced in 2013, became the highest selling two-wheel tractor in 2015. The Farmmaster Combine Harvester is a versatile equipment which handles a variety of crops and harvesting operations.

## John Deere

Singer introduced John Deere tractors to the market in August 2019. SINGER currently carries four tractor models in the portfolio. Within just one year of operations SINGER was able to gain a share of 8% of the market placed at No. 4. for its highest quality and performance.

## Kito

Kito is a furniture brand which Singer introduced in 2018/19. Its products bring a sleek appearance to display units. Kito offers smart

**SINGER®**

**SISIL**

**HITACHI**

**SAMSUNG**

**PHILIPS**

**Panasonic**

**TCL**  
The Creative Life

**Whirlpool**  
CORPORATION

**Welling**

**a/hua**  
TECHNOLOGY

**KENWOOD**

**Rowenta**

**Prestige**

**HUAWEI**

**ZOJE**

**DELL**

**UNIC**

**Moulinex**  
cooking made easy

**USHA**

**NIKAI®**

**KÄRCHER**

**SIGNATURE  
KITCHEN**

**Tefal**  
Ideas you can't live without.

**imou**

**SKYWORTH**

**ASUS®**

**SONY®**

**Safari**

**beko**

**Indesit**

**QUANTUM  
FITNESS**

**KDK**

**SHARP**

**MITSUBISHI**  
HEAVY INDUSTRIES, LTD.

**REGNIS**

**YAMAHA**

**Symphony**

**CASIO®**

**JOHN DEERE**

**SINGER  
FURNITURE**

**acer**

**HÄFELE**

**Apple**  
Authorized  
Reseller

**Canon**

**BUDRY**  
ELECTRONICS

**Swan**  
designed for life

**EPSON**  
EXCEED YOUR VISION

**hp**

**SINTEK**

**BLACK+  
DECKER®**

**SALTER®**

**LIDA**  
Since 1960  
WOODWORKING MACHINERY

**THERMOS®**

**LITRO  
GAS**

**Hindustan Unilever**  
**pureit**

**කාන් මාස්ටර්**



# Revamping the brand

and user-friendly wall storage solutions which are aesthetic in appearance.

## Mitsubishi

Singer has partnered with Mitsubishi Heavy Industries for air conditioner sales in Sri Lanka since 2015. Mitsubishi Heavy Industries is a global leader in air conditioners with a capacity of over 20 million units. Its product range covers industrial, commercial and residential air conditioners; all the categories include single and multi-split, Inverter and non-inverter types. With the rapidly increasing number of condominiums and office buildings there is a growing demand for more efficient inverter type air conditioners. We plan to introduce residential air conditioners through Singer's B2B channel and also Variable Refrigerant Flow (VRF) type commercial solutions through Singer's Industrial AC Division.

## Whirlpool

Whirlpool is one of the world's leading manufacturer of major home appliances and every Second, two Whirlpool products are sold in the world. Singer - Whirlpool partnership started way back in 1997 and the Whirlpool brand is comprise of refrigerators, washing machines and microwaves. The brand contributes to Singer Sri Lanka's product portfolio by providing the latest technology, state of the art designs for an affordable pricing.

## Canon

Singer introduced Canon printers to its brand portfolio by partnering with Metropolitan in 2018. In addition to the existing inkjet and laser printers Singer introduced laser multifunction printers for small and medium enterprises (SME) through OMNI channel in the Singer website. With this step Singer now offers the widest range of Canon printers, from home printers to industry models. The range now includes 20 models catering to all customer categories.

## Welling

Singer has been marketing Welling fans for over a decade as the authorised distributor. Welling has been an entry level brand distributed through wholesalers and retailers. We have introduced new fan models, which are well placed to capture a larger market share with excellent performance. Welling brand is the highest unit contributor in the fan product category.

## The following new brands were added to the portfolio this year.

### Signature Kitchen

This brand is the benchmark of designer kitchens in Malaysia. Signature products synergise modern designs with convenient kitchen planning concepts. The interplay of colour, material, and design results in a new ambience combined with convenience and ease of use.

The brand owner, Signature Group, is the largest kitchen cabinet and wardrobe manufacturer in Malaysia. Under an agreement with the Malaysian company, Singer has acquired exclusive rights to manufacture, promote, market and sell Signature products. Singer will manufacture Signature Kitchen products at our state-of-the art factory and will have the capability to cater to the growing B2B segment covering high rises and apartments.



World class signature lifestyle solutions from Singer

## Dahua

Zhejiang Dahua Technology Co., Ltd. (Dahua Technology) is a world-leading video-centric smart IoT solution and service provider. Since 2014, Dahua Technology has been estimated to be the world's second largest supplier of video surveillance equipment, and has been ranked 2nd on the a&s Security 50 list for three consecutive years.

Singer tied up with Dahua in 2019 and plans to explore emerging opportunities in CCTV surveillance and video IoT technologies, machine vision, video conferencing systems etc., enabling safer smarter living.

## Epson

During the year Singer was appointed as a Tier I partner for Epson projectors. Epson is the leading projector brand in the world with a global market share of 41.4% in 2019 and South Asian market share of 44.4% in the same year. Epson products are of the highest quality derived from cutting edge Japanese technology. This proprietary technology enables delivery of images superior to those of all the competitors in the market.

## Swan

The addition of the Swan brand enhanced our product range with a diversity of kitchen appliances and other household products. These included kettles, toasters, cookware sets, microwave ovens, coffee machines, irons and standing fans. With SWAN, Singer will enter the "Retro" consumer durables segment, which is untouched. We are really excited by the opportunity that this partnership will unlock, as we continue to position Singer as a progressive brand that caters to different consumer segments.



## HP

In 2020, Singer partnered with Trident Corporation, a leader in the IT hardware, software, and printing solutions, to become of a provider of the HP Printer range to Sri Lankan consumers. HP is the world's No.1 printer and printing equipment manufacturer with a 42% global share. HP printers are reputed the known world over for their reliability, efficiency, low maintenance costs, and the high quality. HP products cater to the requirements of a wide range of users, both home and institutional. The printer range includes entry level colour printers, mid-range all-in-one printers which support wireless connectivity, and the HP Smart Tank family which supports mobile printing. All these printers are light weight and portable. Laser printers which utilise cutting edge technology complete the range.

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## Accolades

Singer was the proud recipient of number of awards during the year which emphasise its positioning as the brand of choice Sri Lanka. Notable awards won during the year comprised of “People’s Brand of the Year” and the “People’s Durable Brand of the Year” for the 15th consecutive year. These awards are based on an island-wide survey covering all districts and including 5,000 males and females aged 15 to 60 and is conducted by the Sri Lanka Institute of Marketing (SLIM) in partnership with AC Nielsen.

Singer also received the Gold Award under the Restart Resilience Large Organisation category in the SLIM Restart Resilience Awards 2020 organised by the Sri Lanka Institute of Marketing (SLIM).

Singer also sealed two awards at the Dell Partner Business Conference FY22 in the Asia-emerging markets category. Singer was recognised as the Best Performer in both Commercial and Consumer segments in the Distributor category. This reflects the phenomenal growth Singer has achieved in its retail and commercial segments through its showroom and dealer network.

Singer was honoured with the first ever Sri Lanka’s “Retail Brand of the Year” tribute from one of the most prestigious global awarding bodies, the British based “Global Banking and Finance Review Awards 2020”.



Continuing the journey – People’s Brand of the year



Restart Resilience award at SLIM Brand Excellence Awards Ceremony

## Rebranding

Singer is in the process of carrying out a rebranding process which was initiated in the year under review but was slowed down by the pandemic. As per the rebranding exercise our showrooms will undergo a notable facelift inspired by some of the world’s largest retailers and will be based on a zonal concept which will evolve our brand in to a future fit one.

Going beyond the look and feel of our brand we are also in the process of revamping our approach to customer service and customer care. Programmes are being carried out in this regard by the Human Resources and Sales Divisions to motivate and train the staff. The model which is ready for implementation will be rolled out in 2021/22 and expected to have a multiplier effect on top line growth.



Battaramulla branch – retail re-branding

## Future proofing brand SINGER

The strength behind SINGER has been its brand heritage and trust built through generations and as a result its ability to expand to new businesses.

With over 430 retail outlets, 350 dealer points and other Omni channel customer touchpoints established across every corner of the island, Singer also has a formidable market presence that enables the brand to reach its customers. Singer products have become so ubiquitous in Sri Lankan homes that the brand has become a household name. The fact that Singer empathises with the needs and aspirations of consumers contributes to its brand strength which is augmented by our easy payment plans and competitive pricing.

Singer is however, well aware that it cannot be complacent because of its brand heritage and that the brand should evolve as the

market and consumer behaviour evolves. A brand that intends to remain strong should be unique to its consumers.

A recent Equity study done by SINGER clearly indicates the path the brand should take, we are excited about what the future holds for this iconic brand. We are confident that the brand will go forward building on past performance and our evolutionary strategy.

## Highly reputed suppliers

As part of our agenda to deliver the best products to our customers, we ensure sourcing is done only from reputed suppliers. Taking into consideration the suppliers’ ranking in the industry, we visit their factories and evaluate their credibility before entering into business agreements with them. Some of our original equipment manufacturing sources include Dell, Huawei, Beko, TCL, Skyworth, Welling, John Deere.

# Leveraging data and technology

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Signing of agreement with IFS to upgrade ERP system application.

A large and diversified business such as Singer, operating in a highly competitive industry and a fast moving environment naturally has complex information requirements. A diverse range of users and decision makers require accurate, detailed and real-time information. Information technology, systems and processes have been one of the main competitive advantages which made us the market leader.

Singer first introduced the IFS ERP system in 2010. It was at the time the largest ERP system deployed in South Asia. The system connected all outlets as a single business unit. It freed many middle level managers to attend to strategic matters by automating many of the routine procedures. Inventory could be transferred to saleable locations without loss of control. As a result when new shipments were received the inventory could be swiftly sold. The system enabled the entire business process to work in unison, bringing savings to all aspects. It also gave the Singer Head Office total visibility to the entire business and also facilitated easy expansion of the branch network.

A major step forward was taken in the year under review when the ERP system was extended to cover the manufacturing operations. The IFS solution was implemented across five factories- Singer Solid Furniture, Singer Modular Furniture, Singer Agro and Domestic Water Pumps as well as Regnis Lanka's - refrigerator manufacturing and washing machine manufacturing branches. What was remarkable was that due to the pandemic the operation had to be carried out online and remotely. This was a truly a daunting task, was yet executed successfully. This illustrates the potential of technology to ensure business continuity in turbulent times. It is also a testament to the competence and dedication of our IT team.

Leveraging technology has been an enabler of business continuity during turbulent times. Further developments such as big data, is expected to play an important role in the future. We are looking forward to building an even more robust IT eco-system. This is expected to take Singer to a higher degree of automation including the use of robotics. The astute

application of technology will take Singer to its next stage of growth and enable effective responses to rapidly changing market dynamics.

The IT Division had to face unprecedented and unforeseen challenges due to the pandemic. Arrangements had to be made for a number of staff to work from home without compromising IT security. Laptops and VPN access had to be provided for these staff and virtual meetings had to be set up. Due to the restrictions on mobility, it became imperative to swiftly provide online payment facility for lease payments and hire purchase payments.

A Transport optimisation system and an inventory optimisation and replenishment system were also implemented. These brought results by way of improved efficiency, reduced costs and helped in coping with the pent-up demand after the lockdown. A Service Franchise System did the same for the backlog of repairs and services. The Singer website was revamped, which enabled handling of the increased online orders, also a consequence of the pandemic.

Leveraging technology has been an enabler of business continuity during turbulent times. Big data is expected to play an important role in the future. We are looking forward to building an even more robust IT eco system which will take Singer to its next stage of growth and stay relevant to changing market dynamics.





# Pursuing Excellence across Manufacturing and the Supply Chain

**SINGER®**

Committed to optimisation of all parameters  
that influence factory and production.

# Nurturing the customer

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From its beginnings as a sewing machine Company, Singer has today evolved into a popular household brand known mostly for home appliances and electronics. Singer's motivation and vision is to elevate and enrich the lives of all Sri Lankans. We fervently believe that every purchase made by a customer at one of our sales outlets, is for him or her a step towards a more comfortable life style. Singer has achieved a high degree of market penetration and the majority of homes will possess an electronic product or appliance from Singer. Singer offers customers attractive easy-payment plans as well as affordable prices, which have made our products within the reach of Sri Lankans from all walks of life.

In the year under review, we faced major challenges in catering to customer needs which were brought about by the COVID-19 pandemic, lockdowns and restrictions on travel. Customer requirements and preferences changed, both in the most sought-after products as well as in route-to market.

As a result of the trend towards working-from-home and learning-from-home sales of digital items such as laptops and mobile phones boomed. Kitchen appliances were another high-growth product line. This could be attributed to inability or reluctance of consumers to eat out and also due to spending more time at home. Sales of traditional products such as TVs and refrigerators recorded a modest increase. Only the Sales of motor cycles were badly affected by the restrictions on imports. Furniture sales slipped in the first half of the year as consumers tended to postpone purchasing; nevertheless even this picked up in the second half. On the other hand our agricultural products, such as John Deere Tractors and two-wheel Farm Master tractors performed notably well. This could have been a result of increased emphasis on agriculture; what is more likely is that it was organic growth stemming from the fact that there was a natural surge for agriculture.



The change in route to market manifested itself by a shift towards e-commerce and away from purchasing from outlets. This was due to an inability or reluctance to travel to outlets in the pandemic conditions. Around 50 shops were closed during the lockdown period; the Western Province was the most heavily affected area. Some of our traditional selling methods, such as mobile sales operations and bulk sales were also disrupted as we could not gain physical access. Closed door operations were conducted for certain institutional customers who had urgent requirements.

A significant number of customers overcame their reluctance to purchase online or to use credit cards. A cash-on-delivery option was also provided for those who were still wary of credit cards. Total online sales increased five or six fold during the year. Whilst, the online sales does not account for a very significant percentage of total sales, it sets a trend for the future. All necessary health and safety precautions to safeguard customers who came to the outlets such as wearing masks, distancing, temperature checks and sanitising were implemented.

While overall purchasing power of our customers was not affected by the pandemic, there were serious problems in certain specific areas where livelihoods were heavily tourism-dependent. Singer took a compassionate approach in such situations. We initiated relief

measures for these customers such as moratoriums on payment, and discounts. We also faced problems in visiting institutions and residences for collections as we did previously. On line payment systems were introduced to alleviate the situation.

There were no major changes to the physical distribution infrastructure during the year. We have a total of 430 shops and 15 service centres. We also have a total of 350 dealers. A significant change that happened during the year was that there was increased purchase of digital products by dealers. This can be attributed to the fact that due to restrictions on travel and also due to import restrictions dealers were unable to purchase through grey channels as they did previously, and were

forced to source from authorised distributors. This development however, was largely limited to digital products.

A cornerstone of our approach to marketing this year was to engage with the consumer rather than take a "hard sell" approach. We felt that this would be more likely to bring results when customers are living through a stressful milieu. To this end, we emphasised on enhancing user experiences and enriching the consumers' life style-from making cooking more enjoyable for the entire family or by simplifying daily household chores, to facilitating the tools to make working from home more engaging. Our approach is evident in the increased emphasis on digital advertising and social media and the way we leveraged these channels. We are very conscious of the fact that social media is a double edged sword. While it can be a very effective medium it also can make one very vulnerable. However Singer has taken a firm decision not to be deterred by the negatives and focus on tapping the tremendous potential of this medium. The theme of engaging the customer is reflected, as an example, in our Facebook page. There we have featured many activities such as cooking which will empathise with the customer in the current situation. The use of digital media is also cost-effective in reaching our audience.





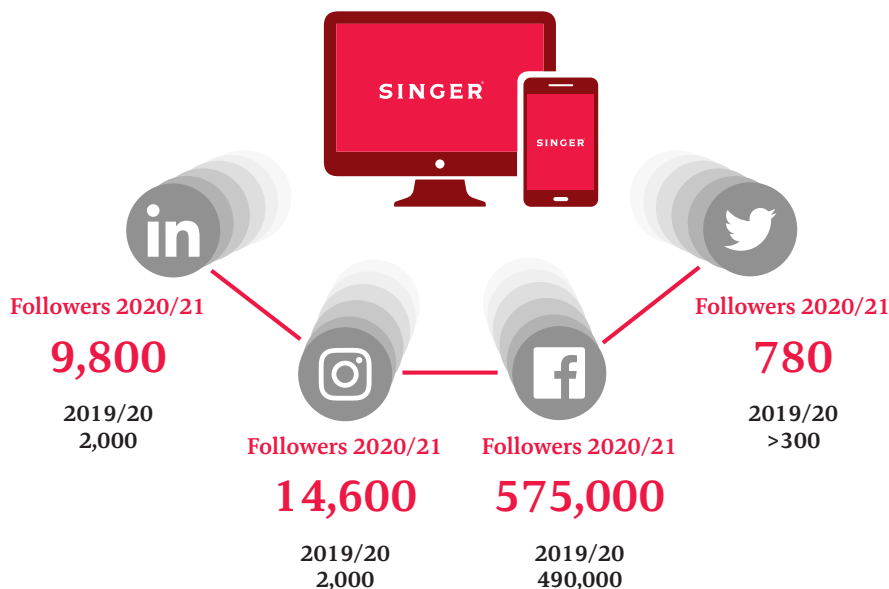
Another pioneering innovation is our partnership with Anoma Wijethunge, the founder of Anoma's Kitchen, which was established through a formal MOU. Anoma's Kitchen is a Youtube channel, focused on the culinary arts, popular among both local and overseas cooking enthusiasts, which has a subscriber base exceeding 450,000. With this partnership we were able to leverage the popularity of a cooking channel to publicise Singer's range of kitchen appliances. The channel, in addition to the cookery instruction it provides, features more than 10 versatile kitchen appliances from well-known brands which are in Singer's product range. The channel will educate the audience on how to make the best use of their kitchen appliances, including tips for long-term use. This will enable households to be more efficient and productive in the kitchen; this will improve their quality of life especially in the present socio-economic conditions when many are so pressed for time. Singer partnership with Anoma's Kitchen is one that is beneficial for both parties as well as to the huge viewer base.

Another similar partnership we have embarked on, is the one we have entered into with Dushanthi Madanayake, a very experienced cake specialist and proprietor of White Flower Cakes and Weddings (Private) Limited, a well-known cake supplier. Dushanthi conducts many TV programmes which demonstrate cake making and cookery, in addition to conducting classes and demonstrations. Some of the classes are conducted at her own cake academy.

The agreement with Dushanthi is for a two year period, during which she will be promoting awareness of Singer's range of baking equipment through all her channels. Kenwood chef, Beko Ovens, Beko Built-in products, and Moulinex mixtures are among the products that Dushanthi displays. The very popular built-in kitchen concept will also be publicised. Students who follow courses from Dushanthi's Academy will be entitled to special discounts and vouchers which will add value to the partnership.



All our social media channels have shown very impressive growth during the year.



The content has been purposefully tailored to each channel. For example on LinkedIn we gave prominence to public relations articles. Our social media presence has undoubtedly contributed to increasing product awareness and driving sales.

## Singer the fourth most visible brand on the internet

Given the widespread use of the web today, maintaining the online visibility of a brand is essential for any company that intends to remain competitive in the marketplace. Customers are more likely to remember highly visible brands, and such brands will have an edge over the competition at the time of a purchase decision or when making a recommendation.

The Asia Pacific Institute of Digital Marketing, a pioneering institution in digital marketing knowledge in Sri Lanka, conducted the Digital Outlook 2021 survey. The objective of this survey was to provide a more comprehensive picture of digital marketing in Sri Lanka than has been available hitherto. An important finding of this survey was to identify the 25 most visible brands on the internet in Sri Lanka. The methodology followed was to ask respondents to "name three Sri Lankan brands that

you remember seeing advertising on internet media". Singer was able to secure the fourth slot on the web.

Our e-commerce site was revamped in May 2021 and launched the following month. This proved very timely in view of the pandemic. The site is now state-of-the art and compares very favourably with other similar sites. This positively helps us to drive conversions online.

# Nurturing the Customer

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A new distribution channel we are introducing is the innovative concept of Omni-channel. Under this concept branches will be able to access and sell products of which they do not physically hold inventory. However branches will have access to the product virtually and be able to demonstrate to

the customers. When a customer desires to purchase the product, the branch will be empowered to order the item direct to the outlet. This will eliminate the cost of carrying inventory, which is constantly increasing.



## Contact centre



Call centre statistics	
Total In Bound Calls	Total Out Bound Calls
196,104	81,230

Providing an uninterrupted service to customers during a pandemic was a major challenge to businesses globally. In a time when businesses were encouraged to work virtually, "Work from home" was not only a new concept but a challenging one especially to departments that operate in a live environment such as Contact Centres. Furthermore, crowded workspaces that are common in such working environments were not compatible with the need for social distancing. At a time when lockdowns and social distancing were a part of day-to-day life, customers reached out to and were relying on Contact Centres more than ever.

Despite challenges, Singer Contact Centre was able to provide an uninterrupted service to its customers during 2020/21. Certain challenges were faced by the Division during the first wave of COVID-19. However, during the second wave we brought in a multi-channel strategy to facilitate customers which provided multiple communication methods to customers to reach Singer. As a strategic move, Contact Centre took the initiative to promote its social media channels (Eg: Facebook Messenger) as an alternative mode of communication for customers to reach Singer. Furthermore, a dedicated WhatsApp service was enabled to provide an interrupted service to customers and reduce the surge on incoming call volumes.

As a result of the lockdown, customer buying behaviour changed from physical stores to virtual platforms. As a result, Singer experienced a 600% growth in online sales during the last financial year 2020/21. Contact Centre held the key responsibility in processing online orders, escalating successful sales to respective delivery channels, managing abandoned cart customers and assisting online

customers. We were able to support the business to meet this sudden and unexpected demand, by ensuring online orders were processed without a delay, coordinating deliveries with respective channels and handling customer inquiries end to end. Despite the challenges, Singer was able to maintain a satisfactory delivery performance by end of 2020.

Net Promoter Score (NPS) is one of the key KPI's in the industry to monitor customer satisfaction levels, which reveals the extent to which customers would recommend the service of a company. A NPS between 30-70 reveals that customers had a "great" experience whilst a score between 70-100 is considered to be an "excellent" experience. Singer Contact Centre was able to achieve a NPS of 79% in 2020/21 revealing that we were able to provide an "excellent" experience to our customers despite many challenges faced during the year.

In 2020 we were able extended our service to customers from a simple Contact Centre to a Customer Experience Centre by taking the ownership to extensively support customers through various communication channels, such as live chat service through Web and WhatsApp. We also handle the company's social media customer inquiries and abandoned carts. Shopping cart abandonment (or abandoned cart) is when an online shopper adds items to their cart but leaves the site before completing the transaction. Contact Centre was given the responsibility to convert these lost sales to successful sales. We were able to achieve a successful sale conversion rate of 8% which brought in a revenue of Rs. 63,472,731/- to the business during 2020/21. Furthermore, Contact Centre was able to identify that seven day delivery was one of the major reasons for customers to



abandon the cart. As a solution in early 2021, company took over the challenge to expedite its delivery performance by changing the existing delivery period of seven days to five days. This challenge was successfully achieved as the company is now delivering over 85% of its online orders within three days.

Creating a fun filled work environment for employees is important, as contact centre's are considered to be stressful work environments. We at Contact Centre make it a custom to celebrate special occasions such as birthdays, anniversaries, milestones and festivals in the department. This keeps the employees of the Department constantly motivated and actively engaged in their duties.

## After sales services

We are also adding more value to our after-sales service. Several initiatives were mounted to this end. A new app was introduced in the year under review where customers can raise any concerns they have. This enables the necessary service to be provided in the shortest possible time. This would have very high impact in terms of ensuring repeat purchases. One area where results are already clearly discernible is the reduction in the number of calls coming to our call centre.

There were several other initiatives taken to upgrade the after-sales service. Among them were implementing Business Intelligence Dashboards; restructuring of Service Division to improve supervision; providing product technical training to technicians; and training Branch Sales Assistants to handle service complaints and systems. A reward system was also introduced for best performing service centres and proper attire was also introduced for service staff. The initiatives taken have resulted in significant improvements to the after sales service. Customer satisfaction level has reached 91% and overall pending repairs has reduced to 1.5%.



## Product responsibility

A combination of the highest customer utility, the highest safety standards, and maximum environmental and climate compatibility are what constitute product responsibility for Singer.

We strive to continuously provide consumers with products and services of world class standards. Therefore, the safety of our products is of paramount importance through all stages of their life cycle, including production, product use, disposal, and recycling.

We adopt the same considerations where product sourcing is concerned, where we measure for environmental compatibility and energy efficiency through the entire product life cycle.

We inform our customers about the properties of our products, conditions of usage, and actively ensure product safety throughout their entire life cycle to minimise adverse impacts on people and the environment.

Approximately 17% of the revenue of Singer is generated from products manufactured in our state-of-the-art local factories. The factories are certified by

ISO Standards and are manned by the country's most qualified and skilled production managers, engineers, and manual workforce, who are capable of producing advanced and innovative products.

We use customer feedback and market trends to develop new products with the support of our long-standing third party local suppliers. Customers are assured about the quality of our products which are subject to stringent quality assurance by our Quality Assurance Division, manned by professional engineers. From sample evaluations to post-sale evaluations, our products are continuously enhanced with a lengthy life cycle.

## Kedella exhibition



Singer participated in the Kedella Trade Show held in March 2021 at the BMICH. The exhibition included over 200 stalls and a range of Singer products were exhibited.

## Customer loyalty programme

The Singer Customer Loyalty Programme is a state of the art, flexible and convenient program for its customers. Singer awards Loyalty Points for their customers on their purchases, timely monthly instalments on Singer Easy Payment Plans and utility bill payments including Credit Card Payments. One Loyalty Point is equivalent to Rs. 1/- and the members can redeem the points against their next purchases from any Singer Showroom or any sales channel across the Island.

Singer's Information System (ERP) facilitates to record Loyalty Points earned and redeemed in a customer invoice and transmits the details via SMS to the Loyal Customer' mobile phones. The one time Password (OTP) assures secure transaction and hassle free shopping experience and eliminates the need for customers to carry too many plastic cards in their wallets.

During the last financial year, there were many customer engagements which took place while sending reminders of points accumulated to the Loyalty Customer base.

## Nurturing the Customer

The customers are informed quarterly on their expiration of points and urged to utilise them. At the end of 2020/21, total customer enrolments reached the 2 million mark from 1.6 million at the beginning of the year. Rs. 183 million worth of Loyalty Points were awarded during the year under review and Rs. 42.5 million worth of Loyalty Points were redeemed by our Loyal Customers. The Loyal Customers possess Rs. 458 million worth of points as at 31st March 2021. Since we have started to revamp the existing program to offer a superior and more modern program, the Loyal Customers can expect more benefits in the coming years.

### Singer express pay

When it comes to improving its service to customers, Singer takes a holistic view and seeks to be innovative and break the boundaries of tradition.

The Singer Express Pay Service is another value adding service that Singer provides to customers. It affords similar services to those which banks provide, enabling a wide range of payments to be made at over 350 Singer outlets across the island. The payments include Credit Cards, Mobile Phones Reload and Bills, Insurance Premiums, Lease Rentals, Utility Bills, EzCash and Mcash Top-ups and Withdrawals. Customers can avail themselves of the service on extended timing on weekdays and weekends; they can make the payments at their convenience without being dependent on their banks or service providers operating hours.

The Singer Express Pay Service has been enhanced with tie-ups with many insurance companies including AIA Insurance, Union Assurance, Sri Lanka Insurance, Allianz Insurance, MBSL Insurance, Janashakthi Insurance, Coop Insurance and HNB Assurance. The service has also been extended to accepting lease rentals of our own Singer Finance, Citizens Development Bank and Central Finance Leases. These partnerships it has developed with other institutions demonstrates

Singer's commitment to leveraging the expertise and professionalism of such institutions to broaden and deepen its customer relationships.

Singer Express Pay has also introduced wider options for money transfers, such as its agreement with Western Union Money Transfer to enable foreign remittances, with NDB Bank acting as the principal agent. Singer has also entered into an agreement with Nations Trust Bank to enable 15 different foreign remittances to be effected from Singer outlets. This is scheduled to be implemented in Q3 2021 after the necessary system development is completed.

Singer Express Pay is an example of how Singer strives to be innovative and assist customers by bringing more convenience to their day-to-day lives. In this we have evolved to thinking far beyond our traditional products and services and we intend to continue this trend into the future.

### Looking ahead

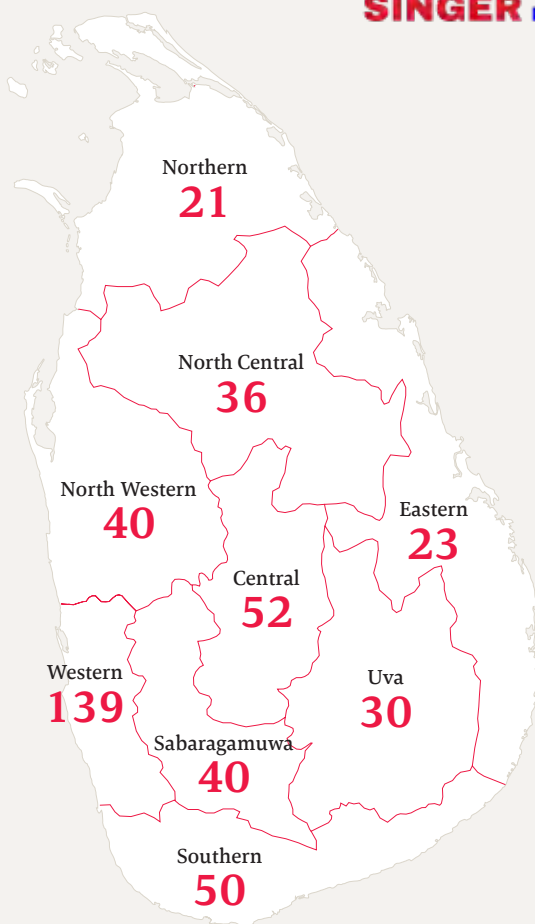
Looking to the future, we are in a scenario where the market as well as consumer behaviour is rapidly evolving and changing and is hard to predict. We need to constantly feel the pulse of the market, keep an eye on the competition, and ride on trends that are visible at a particular time. It is still not clear what the post-pandemic "new normal" will be or when it will emerge. While having long term plans may help, it is necessary to have short-term tactical flexibility to address changes as they unfold.

### Our retail presence

up to March 2021

**SINGER**  
**Mega**  
THE BIG EXPERIENCE

**SINGER** Plus



Province	Singer Mega	Singer Plus	Approved Dealers	Total
Central	2	40	10	52
Eastern	-	22	1	23
North Central	-	33	3	36
North Western	1	35	4	40
Northern	-	20	1	21
Sabaragamuwa	-	36	4	40
Southern	-	38	12	50
Uva	-	22	8	30
Western	26	111	2	139
<b>Total</b>	<b>29</b>	<b>357</b>	<b>45</b>	<b>431</b>

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# The contribution of our people

## Nurturing our human capital

The nature of our business makes it people-centric where majority of our staff are in customer facing roles and need to develop the skills and attributes to fulfil these roles. Singer is well aware that to obtain the best talent and retain them we have to provide a satisfying and rewarding work environment for them. We have to continuously

upgrade the competencies and skills of our team so that they will be prepared to take on any challenge as they unfold. All employees of the organisation are full time employees.

Singer's HR policies and programmes have earned the employees' trust, loyalty and

satisfaction which have in turn led to enhanced productivity, efficiency as well as better customer care. This has been reflected in the repeated recognition of our company as a "great place to work".

## The profile of our workforce

### Staff by gender and category

2020/21 Company	Permanent		Contract	
	Male	Female	Male	Female
Singer (Sri Lanka) PLC	1,458	252	152	52
Singer Finance (Lanka) PLC	523	152	20	6
Singer Industries (Ceylon) PLC	70	-	2	3
Regnis Lanka PLC	264	9	1	6
Regnis Appliances (Private) Limited	64	1	1	1

### Staff by gender and province

2020/21 Province	Total (Permanent + Contract)											
	Singer (Sri Lanka) PLC		Singer Finance (Lanka) PLC		Singer Industries (Ceylon) PLC		Regnis Lanka PLC		Regnis Appliances (Private) Limited		Singer Group	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Western	811	212	248	91	65	1	181	13	57	2	1,362	319
Central	216	37	56	10	-	-	8	-	-	-	280	47
Southern	144	29	57	20	7	1	33	1	6	-	247	51
Eastern	59	1	8	4	-	-	3	-	-	-	70	5
North Central	71	4	32	5	-	-	1	-	-	-	104	9
North Western	83	7	75	21	-	-	7	-	1	-	166	28
Uva	69	6	16	-	-	-	17	1	-	-	102	7
Sabaragamuwa	110	5	33	7	-	1	15	-	1	-	159	13
Northern	47	3	18	-	-	-	-	-	-	-	65	3



# The contribution of our people

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## Staff by age and category

Company	Category	18-28	29-39	40-50	> 50	Total
<b>Singer (Sri Lanka) PLC</b>	Key and Senior	–	6	21	17	44
	Middle Management	–	29	45	17	91
	Junior Management	19	111	42	14	186
	Executives	13	36	15	3	67
	Non-Management	450	583	365	128	1,526

Company	Category	18-28	29-39	40-50	> 50	Total
<b>Singer Finance (Lanka) PLC</b>	Key and Senior	–	1	5	1	7
	Middle Management	–	8	9	1	18
	Junior Management	–	24	33	1	58
	Executives	3	32	12	1	48
	Non-Management	299	241	27	3	570

Company	Category	18-28	29-39	40-50	> 50	Total
<b>Singer Industries (Ceylon) PLC</b>	Key and Senior	–	–	–	1	1
	Middle Management	–	–	–	1	1
	Junior Management	–	2	–	–	2
	Executives	–	1	–	–	1
	Non-Management	6	–	13	51	70

Company	Category	18-28	29-39	40-50	> 50	Total
<b>Regnis Lanka PLC</b>	Key and Senior	–	–	–	3	3
	Middle Management	–	2	2	3	7
	Junior Management	–	2	–	2	4
	Executives	–	1	1	1	3
	Non-Management	31	95	92	45	263

Company	Category	18-28	29-39	40-50	> 50	Total
<b>Regnis Appliances (Private) Limited</b>	Key and Senior	–	–	1	–	1
	Middle Management	–	1	–	–	1
	Junior Management	–	–	–	–	–
	Executives	1	–	–	–	1
	Non-Management	19	30	12	3	64

## Recruitment

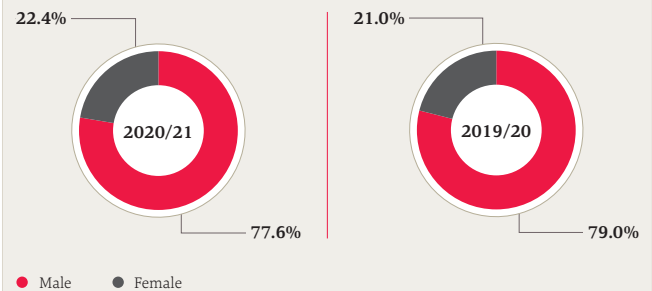
When recruiting we pay attention not only to the requirements of the open/vacant position but also to a person's future potential. We do not limit ourselves to considering a prospect's paper qualifications and skill sets but the competencies required for the position. The hiring process focuses on both behavioural and functional competencies along with various assessments for varied roles of the organisation.

Some statistical details of recruitment are shown below.

## Recruitment by gender

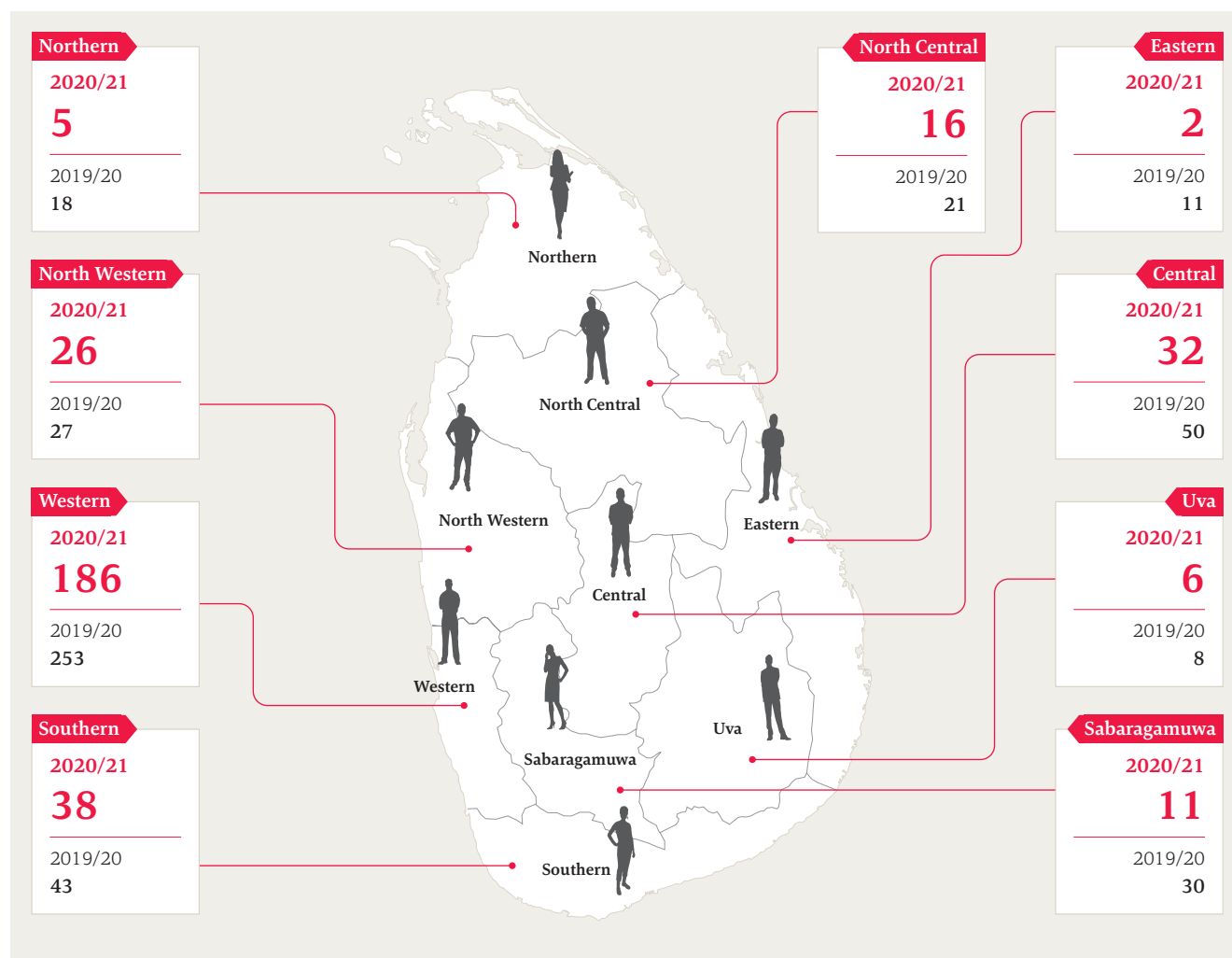
		Male	Female	Total
<b>Singer (Sri Lanka) PLC</b>	2020/21	85	25	110
	2019/20	210	59	269
<b>Singer Finance (Lanka) PLC</b>	2020/21	142	46	188
	2019/20	141	41	182
<b>Singer Industries (Ceylon) PLC</b>	2020/21	3	–	3
	2019/20	–	–	–
<b>Regnis Lanka PLC</b>	2020/21	17	–	17
	2019/20	8	1	9
<b>Regnis Appliances (Private) Limited</b>	2020/21	3	1	4
	2019/20	1	–	1

## Recruitment by gender



## Recruitment by province

Province	Singer (Sri Lanka) PLC		Singer Finance (Lanka) PLC		Singer Industries (Ceylon) PLC		Regnis Lanka PLC		Regnis Appliances (Private) Limited		Total	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Western	74	147	102	100	1	–	5	5	4	1	186	253
Central	7	35	24	14	–	–	1	1	–	–	32	50
Southern	14	21	20	20	1	–	3	2	–	–	38	43
North Central	3	12	12	9	–	–	1	–	–	–	16	21
North Western	6	14	17	13	–	–	3	–	–	–	26	27
Eastern	–	10	–	1	–	–	2	–	–	–	2	11
Sabaragamuwa	2	20	6	10	1	–	2	–	–	–	11	30
Uva	2	5	4	2	–	–	–	1	–	–	6	8
Northern	2	5	3	13	–	–	–	–	–	–	5	18



# The contribution of our people

## Recruitment by age

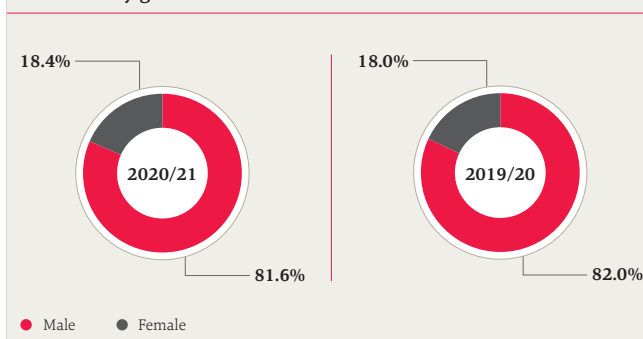
Company		Below 30 Years			30-50 Years			Over 50 Years		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
Singer (Sri Lanka) PLC	2020/21	65	21	86	20	4	24	–	–	–
	2019/20	148	44	192	63	10	73	3	1	4
Singer Finance (Lanka) PLC	2020/21	98	34	132	44	11	55	–	1	1
	2019/20	106	34	140	34	7	41	1	–	1
Singer Industries (Ceylon) PLC	2020/21	1	–	1	1	–	1	1	–	1
	2019/20	–	–	–	–	–	–	–	–	–
Regnis Lanka PLC	2020/21	17	–	17	–	–	–	–	–	–
	2019/20	6	1	7	1	–	1	1	–	1
Regnis Appliances (Private) Limited	2020/21	3	1	4	–	–	–	–	–	–
	2019/20	1	–	1	–	–	–	–	–	–

## Employee turnover

Employee turnover costs can range between 10% and 30% of an employee's annual salary. This includes both direct expenses such as recruitment and indirect expenses such as loss of productivity, and institutional knowledge. While turnover or loss of valued talent, can never be completely eliminated, it can be reduced by managers who take effort to groom their subordinates. When managers recognise that

the talents of an employee include leadership potential, they can build skills and leadership training into their day-to-day functions. Staff will then be motivated as they will realise they are valued by the company. A culture of continuous learning, innovation, and team building is vital for building a contented workforce and a resilient organisation. So is a focus on employee's progression and career development.

### Turnover by gender



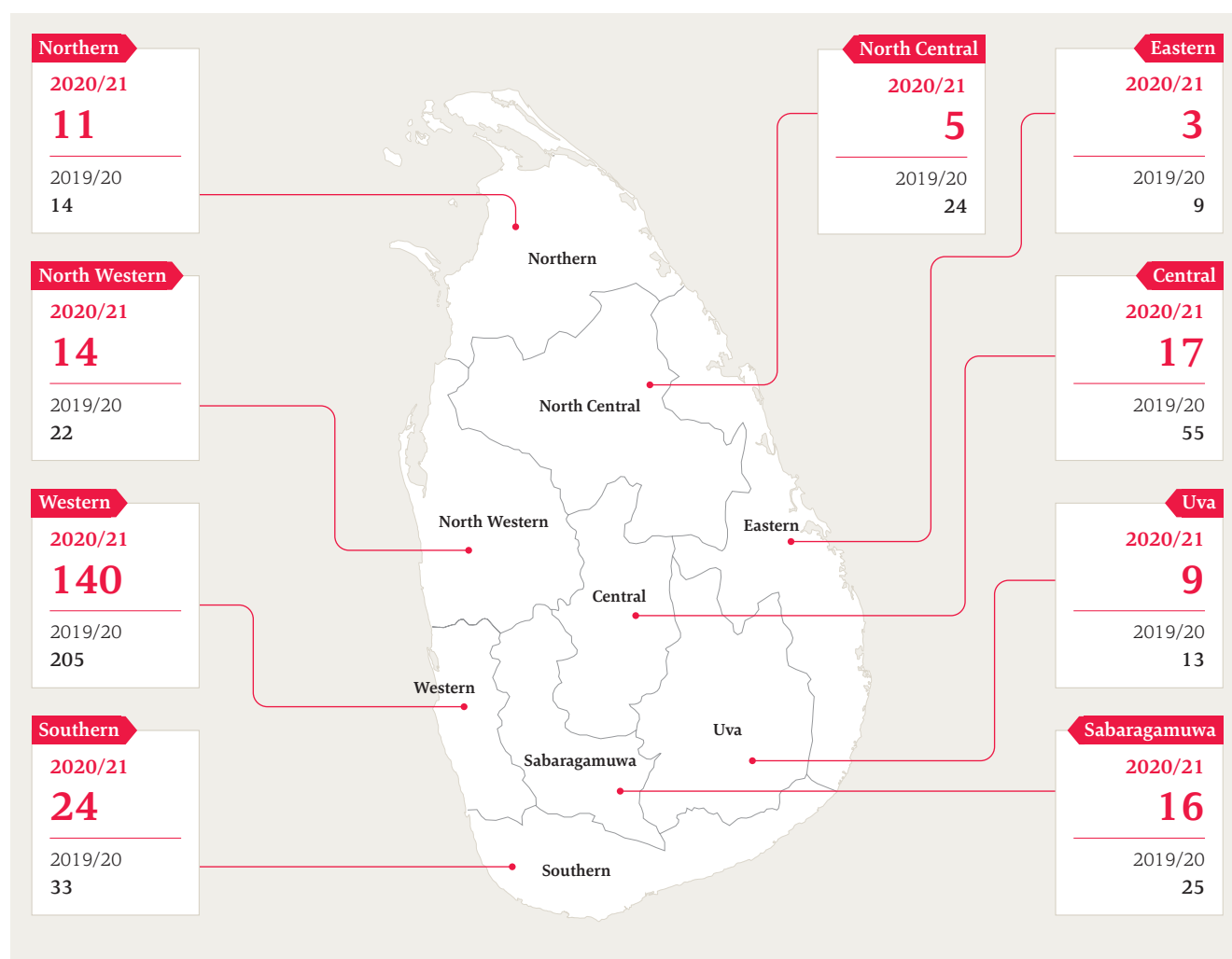
Some statistical details of turnover are given below.

## Turnover by gender

Company		Male	Female	Total
Singer (Sri Lanka) PLC	2020/21	106	13	119
	2019/20	241	52	293
Singer Finance (Lanka) PLC	2020/21	80	29	109
	2019/20	76	17	93
Singer Industries (Ceylon) PLC	2020/21	5	1	6
	2019/20	4	1	5
Regnis Lanka PLC	2020/21	4	1	5
	2019/20	6	2	8
Regnis Appliances (Private) Limited	2020/21	–	–	–
	2019/20	1	–	1

## Turnover by province

Province	Singer (Sri Lanka) PLC		Singer Finance (Lanka) PLC		Singer Industries (Ceylon) PLC		Regnis Lanka PLC		Regnis Appliances (Private) Limited		Total	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Western	66	157	64	37	6	4	4	6	-	1	140	205
Central	8	49	9	5	-	1	-	-	-	-	17	55
Southern	15	18	9	14	-	-	-	1	-	-	24	33
North Central	2	17	3	7	-	-	-	-	-	-	5	24
North Western	6	8	7	14	-	-	1	-	-	-	14	22
Eastern	2	8	1	1	-	-	-	-	-	-	3	9
Sabaragamuwa	11	20	5	5	-	-	-	-	-	-	16	25
Uva	7	9	2	3	-	-	-	1	-	-	9	13
Northern	2	7	9	7	-	-	-	-	-	-	11	14





# The contribution of our people

## Turnover by age

Company		Below 30 Years			30-50 Years			Over 50 Years		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
Singer (Sri Lanka) PLC	2020/21	64	7	71	30	4	34	12	2	14
	2019/20	108	30	138	98	22	120	35	–	35
Singer Finance (Lanka) PLC	2020/21	48	27	75	31	2	33	1	–	1
	2019/20	46	10	56	30	7	37	–	–	–
Singer Industries (Ceylon) PLC	2020/21	–	–	–	–	–	–	5	1	6
	2019/20	–	1	1	1	–	1	4	–	4
Regnis Lanka PLC	2020/21	–	–	–	2	–	2	2	1	3
	2019/20	2	2	4	2	–	2	2	–	2
Regnis Appliances (Private) Limited	2020/21	–	–	–	–	–	–	–	–	–
	2019/20	1	–	1	–	–	–	–	–	–

## Labour practices

We comply with all statutory provisions regarding working conditions and remuneration across the Group. We ensure that when significant operational changes are made that affect employees, a minimum notice period is given to the employees and their representatives to express their ideas and give alternative suggestions.

## Diversity

The composition of our employee network is diverse in terms of locality of residence, ethnicity, religion and gender. Our wide sales network has ensured that many of our employees are from provincial or rural backgrounds. The company practice of extending equal opportunity is ensured and safeguarded through established policies on recruitment and selection, grievance handling and sexual harassment.

Singer believes that diversity and inclusiveness promotes richness in the workplace. Human talent is not bound by where it comes from nor its gender. Therefore, as a diverse workplace we have in place many policies and practices to ensure this inclusivity.

The policy on recruitment and selection, stresses on the need to look for competent people without discrimination based on the

background and gender among others. The company focuses on aspects such as knowledge, skills, experience and culture fit when selecting its employees. We take measures to ensure that gender discrimination is absent throughout our recruitment process.

We also have in place a policy on sexual harassment that keeps employees updated on applicable protocols in the event of an offense. This policy is updated to include the changes to social demographics and harassment of any nature is not tolerated. Their right to a mentally and physically safe work environment is ensured through this policy.

As a company Singer extends its support in offering employment to differently abled people, wherever it can be facilitated. We have on board a Contact Centre Officer who is a polio victim who works from his home in Gampaha.

The company organises religious ceremonies covering all religions when they celebrate the beginning of work year. Singer encourages diversity across ethnicities and religions through the celebration of various festivals that encompass decorations and other activities.

The Singer workforce by category and gender is given below.

2020/21 Company	Designation	Male	Female
Singer (Sri Lanka) PLC	Managerial	286	35
	Executives and Junior Executives	56	11
	All Others	1,268	258
Singer Finance (Lanka) PLC	Managerial	76	7
	Executives and Junior Executives	34	14
	All Others	433	137
Singer Industries (Ceylon) PLC	Managerial	4	–
	Executives and Junior Executives	2	–
	All Others	66	3
Regnis Lanka PLC	Managerial	12	2
	Executives and Junior Executives	2	1
	All Others	251	12
Regnis Appliances (Private) Limited	Managerial	2	–
	Executives and Junior Executives	1	–
	All Others	62	2

## The contribution of our people

### Training, development and growth

Training and development is an ongoing process at Singer and is a vital element of our growth. The highly competitive business environment we are working in today, increasing complexity, and the digitalisation make continuous learning a necessity for survival. The shelf life of knowledge is becoming shorter and this creates a need for continuous updating.

Learning and development at Singer will focus on bridging the gap between the level

of operational and service performance and those necessary to attain organisational goals. At the same time we do not forget the development of the individual. Our people's development programmes focus on both soft skills and hard skills. The areas covered include leadership development, customer service, internalising core values, functional and business knowledge, and product-related knowledge. We are constantly introducing new products where the sales staff require the competence and confidence to demonstrate to customers and handle after-sales service.

External training is conducted by outside training partners and enables employees to remain current with industry best practices. Line managers are empowered to request any specific programmes that are appropriate for their staff.

Customised training programmes are organised by the HR Division tailored to specific job roles. A number of significant projects were also executed during the year notwithstanding the pandemic situation. Despite the daunting situation the projects were completed. A dedicated approach to develop the call centre has yielded impressive results. The net promoter score has improved from 63% in June 2020 to 91% by March 2021.

### Training time and costs

Details of training programmes:

	Number of trainings	Total training hours	Total number of participants	Investment (Rs.)	Average training hours per person
<b>General trainings</b>	14	711	255	304,998	2.8
<b>Operational trainings</b>	40	6,220	1110	1,552,620	5.6
<b>Product trainings</b>	19	2,013	267	242,028	7.5
<b>Sales skill development trainings</b>	56	7,919	981	2,330,232	8.1
<b>SRA certificate training</b>	197	7,572	2,433	653,372	3.1
<b>Advanced certificate training</b>	19	192	51	1,096,340	3.8



Empowering the front liners

### Employees' progression and career development

At Singer we believe we benefit by facilitating employees to realise their personal and career goals. Having a purpose increases the commitment, productivity and efficiency. As a responsible employer we encourage employees to avail themselves of opportunities for career growth and provide all possible assistance. Whatever the operational difficulties of the moment maybe, we do not stint in terms of time and money to provide development and training opportunities. This we have amply demonstrated in the context of the pandemic.

Singer Learning and Development Interventions are planned at different levels such as organisational level, department level, team level and individual level. The ultimate goal of all these interventions are to assist the employees to achieve organisational goals while developing themselves. Thus these trainings will fall into categories of task based technical knowledge, skill development trainings for all levels, soft skill development trainings, professional development trainings and leadership development trainings for identified segments. In the 2020/21 some of these types had to be curtailed due to the exigencies of the pandemic. However we compensated by expanding on-line training.

Total training hours was 24,627 and total cost was Rs. 6,179,590.

The corresponding figures for 2019/20 were 67,656 training hours and total cost Rs. 19,345,213.

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Details of training hours by category and gender are shown below.

2020/21 Company	Designation	Male			Female		
		Total Head Count	Hours	Average Training Hours	Total Head Count	Hours	Average Training Hours
Singer (Sri Lanka) PLC	Managerial	286	997	3.49	35	49	1.40
	Executives and Junior Executives	56	234	4.18	11	22	2.00
	All Others	1,269	10,037.5	7.91	257	1,942.5	7.56
Singer Finance (Lanka) PLC	Managerial	79	383.75	4.86	7	21	3.00
	Executives and Junior Executives	34	2	0.06	14	-	-
	All Others	433	1,453.5	3.36	137	125	0.91
Singer Industries (Ceylon) PLC	Managerial	4	18	4.50	-	-	-
	Executives and Junior Executives	2	18	9.00	-	18	-
	All Others	66	-	-	3	-	-
Regnis Lanka PLC	Managerial	12	256.5	21.38	2	18	9.00
	Executives and Junior Executives	2	21	10.50	1	11.5	11.50
	All Others	249	205	0.82	6	30	5.00
Regnis Appliances (Private) Limited	Managerial	2	10	5.00	-	-	-
	Executives and Junior Executives	1	5	5.00	-	-	-
	All Others	62	75	1.21	2	-	-

## Sewing machine training

Singer Conducted sewing machine training for the shop assistants in Maharagama, Nittambuwa, Ambalangoda and Kalutara districts. Eighteen (18) participants attended each program. Three trainers conducted this program. We divided the participants into three groups and one instructress guided them. First, we demonstrated to them systematically how to carry out threading and use all other features of machines. Then we allowed them to stitch to experience the differences between various machine models. They were very enthusiastic to finish the given sample. The District Manager organised this program very well and the Branch Manager helped us to provide all the machines to the premises where we held the program. These Programs were conducted by Sewing Educational Services Manager and Sewing Demonstrator of the retail channel.



Shop assistant training on sewing machines

## Developing the front line

Singer is a Company with a Vision of “Enriching and elevating the life styles of Sri Lankans”. With this purpose in mind, we developed the “Passion to Serve” intervention to instil the commitment to service excellence in sales staff. The programme is built on a framework of seven emotions and seven actions, which are crucial to serving the customers. The programme was delivered to all categories of sales staff: retail sales, wholesale sales, service centre and call centre staff both online and physical. The effectiveness was also measured

through a robust evaluation mechanism through an island wide mystery shopper program.

In order to empower the sales staff to deliver the best customer service, the Learning and Development has initiated many organisational development interventions and driving them with the support of the sales management. The success of these interventions has been evident in the achievements of the Company in the past year.

Our front end sales staff needs to be constantly developed not only in their product knowledge

but also in all aspects of customer relations. In 2020/21 new developments took place in digitising sales and service processes. The learning and development process was taken to a new level by the introduction of a new version of our Learning Management System (LMS). The introduction of the system has resulted in seamless communication between the front-line sales staff and the Learning and Development staff. The existing system was further developed with enriched and more structured content for sales staff. LMS now contains nearly 400 videos which communicate essential knowledge and skills, which are viewed by over 3,000 users. Incentives have been put in place for staff to use and learn from LMS. The LMS is used not only as a learning tool but also as an engagement tool. A social wall has been introduced which enables staff to make posts, share experiences and engage in collective learning.

Singer also designed and delivered programs for its sales staff to obtain work-related qualifications from

## The contribution of our people

courses affiliated by professional bodies. An “Operational Skills Development programme” was introduced with the endorsement of Tertiary and Vocational Education Commission (TVEC). A total of 50 participants, including Branch Managers, Sales Agents and Sales Staff have completed the programme and were awarded the certification at the “Singer Retail Award Ceremony”.

Singer launched an Advanced Certificate in Retail Services Marketing Services, in partnership with the Sri Lanka Institute of Marketing (SLIM). This programme is a six months duration course specially crafted with the vision of building strategic, dynamic, and qualified professional retail leaders who would drive the company to its vision. Program Consists of five modules and a total of 60 learning hours per participant. There are 19 sessions planned for the program including two practical sessions. The first batch of 51 participants has now completed almost 90% of the program and are presently awaiting their project based evaluations. This qualification will upgrade the knowledge and skills of the Singer sales team with the best practices and up-to-date industry knowledge about the field. Through this initiative, we look forward to the sales personnel being able to deliver a superior customer experience. It will also contribute to the career growth of the staff, by grooming them to become future leaders.

### Crafting training programmes

Training and development needs are reviewed on a regular basis considering the roles of the individuals and their need for career growth. Training needs of individuals are identified at performance appraisals. They are then forwarded to the Training and Development Division to be incorporated in the annual training plans.

Employee development needs and programmes are carefully tailored to the job roles and the level in the organisation. In the case of different levels of management; at senior leadership and department heads level priority is given to strategic competencies; for middle managers the focus is on the team and individual development.

For Directors the subjects emphasised include the overall picture of the business, its strategies, processes and risks, laws and regulations, tax laws and accounting standards. Middle management programs deal mainly with problems, systems, and process improvements associated with managing day to day operations; championing innovation; developing others; and facilitating change. A programme is also in place for newly appointed middle managers

to help them understand their roles, and how these mesh with the rest of the organisation.

A “Managing from the Middle” programme was conducted in collaboration with the Hayleys Group Learning and Development Initiatives. In the context of the pandemic situation the delivery was mainly through the online platform but was followed up with in-house knowledge sharing sessions.

In creating the programmes, Learning and Development at Singer has taken the first step to talk in business language. Thus most of the programmes are customer centric and delivering values whilst there are post evaluations to measure the learning and development impact such as mystery shopper audits, post trainee feedback and post programme assessments. The findings support the further improvements of next phase of training. In collaboration with external partnerships Learning and Development has introduced coaches and mentors to some departments to understand their development needs and work with them closely to improve.

### Managing performance

A more transparent performance management process is essential to drive a high performance culture. It provides a framework to create a link to organisational purpose and our team members effort which through specific objective and deliverables. It also assists managers to identify when they need corrective action to keep activities on track. It also enables career management for employees, and enhances motivation of employees. The performance appraisal system through management by objectives is the methodology that has been used to set standards, measure and manage performance. This has been applied at all levels.

All employees of the Group excluding interns, trainees, and temporary employees undergo semi-annual performance

appraisals. In the course the feedback sessions during the course of the year or bi annual feedback sessions, both Supervisor and the team member could discuss the areas which require support and work towards the end results with corrective action plans. Evaluation methods such as “mystery shopper” and “call centre complaint” are used to gauge employee skill levels and identify skill gaps.

With digitalisation being a main strategic thrust of the Company, the Human Resources Division resolved to move the Performance Management System for Executive Grades and above online. This was implemented together with the Hayleys Group in partnership with Oracle Cloud Solutions. The system is based on a system of Key Performance Indicators (KPIs) for each job. This was first implemented at the management level to build a strong leadership team. It will then be extended to the non-executive levels; the managers who have experienced the system will be able to drive it better. The results of both online and manual appraisals will be used to determine increments, promotions, and required training. Divisional Heads play an active role in presenting detailed requirements.

From what is gleaned at the appraisals, Divisional Heads are required to submit detailed training requirements at the end of the third quarter of each year, which are incorporated into the training plan for the following year. Training requirements are then scheduled after determining whether training is to be conducted internally or externally.

All employees of the Group undergo performance appraisals excluding interns, trainees, and temporary employees. The process facilitates career management, mapping development paths, and enhancing the effectiveness and motivation of our employees. It helps to achieve better results, manage employees effectively, and identify the training needs of individuals.





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## Internship programme

Students, while they follow higher education, should be prepared for their future job roles. Today, the trend is away from the traditional higher education model and moving to experiential learning, which underscores the importance of internships for students. When taking interns the Company should ensure a good fit between the individual and organisation's culture and values.

Singer works with state and private sector organisations to provide the "Singer Experience" through internships. This gives young people at the onset of their careers an insight into Singer's business model, vision, strategies, policies and processes. Our programme gives opportunities for young people who are following local and overseas degrees and professional qualifications. The interns are given an opportunity to serve Singer for a period. Students following degrees in marketing, finance, supply chain and human resources management degrees are eligible for the programme. They get a comprehensive insight into Company's operations and in-depth practical training within their specialised areas.

## Employee facilities

Our employees enjoy a range of non-monetary benefits including 42 days leave per annum, 3-day excursions, uniforms, staff discounts for Singer products, loans, and sports activities. Some of these facilities are common to all staff, while some vary according to grade and job function.

## Parental leave

All female employees are entitled to maternity leave. The details of numbers who availed themselves of the leave are given below.

2020/21 Company	Total employees took maternity leave	Total employees returned to work after maternity leave ended	Total employees who returned to work and still employed 12 months after returning
Singer (Sri Lanka) PLC	14	13	13
Singer Finance (Lanka) PLC	5	5	5
Singer Industries (Ceylon) PLC	-	-	-
Regnis Lanka PLC	-	-	-
Regnis Appliances (Private) Limited	1	-	1

## Employee benefits

Our permanent employees receive a wide range of monetary and non-monetary benefits.

Medical expenses are reimbursed up to a certain amount which is dependent on employee grade. Any expenses exceeding this amount will be split between the Company and the employee equally but the Company may at its discretion bear the full amount. For management staff we also provide cover for hospitalisation and OPD treatment for their immediate family members. All female employees are entitled to maternity leave according to statutory provisions.

Accident coverage is extended to all staff members who incur accidents either at the workplace or during official travel. Travel facilities are provided to employees who have to travel for official purposes. These include vehicle maintenance, transport allowances and reimbursement of travel expenses. Field staff and base staff employees receive travel benefits according to their grade and responsibilities. Expenses incurred by employees staying in Company-approved hotels in the course of official travel are reimbursed.

All staff members are able to purchase products marketed by Singer at discounted prices and easy payment terms.

## Professional subscriptions

Professional subscriptions are paid to employees who are members of professional associations, as part of a Company benefit scheme. This will be a motivating factor for our professional employees.

## Educational aid scheme

We believe in a continuous learning culture, both for the organisation as a whole and for its employees. As such we have on offer an educational aid scheme that allows employees to obtain financial assistance subjected to a pre-determined limit for studies done in one's field of work and that which adds value to the current position or in the case of those identified to be promoted, for the next position. We accommodate courses in Diploma, Degree level and MBA levels.

## Loans

Employees who have completed five years of service are eligible to apply for a loan from the Company for the purpose of covering the initial costs of building a house until such time that they receive a loan from a financial institution. The Company also provides distress loans for emergencies and, low interest/interest free loans for the purchase of vehicles.

## Death donations

As a compassionate employer we understand the emotional and financial stress employees undergo in the event of the bereavement of a family member. The Company supports the employee in such a situation. Death donations are given in the event of the death of an employee or the spouse, parent, child, or unmarried sibling of an employee. The amount may vary from Rs. 25,000 to Rs. 50,000. In the event of the death of an employee the Company also grants a six month salary payment to the family to alleviate the loss of income.

## Employee engagement and recognition

Singer strives to create a great work culture and environment for its employees through a range of team activities that encompass inter-Departmental activities. These include recreational and cultural activities which also draw in families of staff members. Family outings, parties, and children's art competitions are some of the popular activities, though in 2020/21 they were hampered due to the pandemic. Flexi hours have been introduced in certain locations to improve work-life balance.

Due to the COVID-19 pandemic, Singer (Sri Lanka) PLC was unable to have the Christmas party in the usual manner as in the previous years. In conformance with guide lines provided by the health authorities, Management decided to restrict giving Christmas gifts to children below 12 years.

Adhering to the health guidelines, we selected gift items from suppliers and all items were delivered to the Head Office. Every gift item was neatly gift wrapped with a greeting card and was delivered before the Christmas. A Total of 1,003 gifts were delivered and another 520 gifts were sent through courier service to Showrooms and Service Centres island wide, while 483 gifts were hand delivered to respective locations in Colombo and Greater Colombo.

## The contribution of our people

We are proud of our record of developing and recognising talent. Three of our Directors originally joined the Company in the junior grades and gradually made their way up the ranks. The Company has initiated many initiatives which help uplift employee morale. These include, establishing the world's first Corporate Rotaract Club, having an active Corporate Toastmasters Club, and holding inter-departmental competitions including a novel talent show titled "Singer Got Talent".

### Singer (Sri Lanka) toastmasters club

Toastmasters International is a non-profit educational organisation that teaches public speaking and leadership skills through a worldwide network of clubs. The Singer Sri Lanka Toastmasters Club has nurtured, supported, and empowered our membership in developing their communication and leadership skills since its inception in 2011 through many modes. These include initiating educational meetings that are centred around important concepts and celebrations that forces its membership to expand their thought processes and form more holistic perceptions about the world around them. These include meetings around themes such as the current pandemic, *Awurudu* celebration, Women's day, the world of books. This expands their ability to think out of the box and creatively, thus leading to greater self-confidence and personal growth.

Our Toastmasters club also provides ample opportunities for interacting and networking through joint meetings with other clubs and participation at conferences and contests. The recent pandemic curtailed our ability to meet each other in person for meetings which was quite a challenge at first as we were not accustomed to online meetings. However, the club pushed itself to gather members to continue interactions and keep the member development in process

over the digital platform. Even the Toastmaster Council meetings and trainings by Toastmasters Division were organised and executed through digital means. As such our members did not lose out on the learning experience. The club was able to evolve in the way it operates and help people who wish to develop themselves. Singer Sri Lanka Toastmasters Club will continue to empower and enrich our members with the core values of respect, integrity, service and excellence.

### Rotaract club

Singer Sri Lanka created history by becoming the first ever-corporate organisation to initiate a Rotaract Club. The club caters to a youth audience between the ages of 18 and 30 years and provides opportunity for "Self-Development – Fellowship through Service". With organisational performance being evaluated in the aspects of People, Profit and Planet (Triple bottom line), Rotaract enables the youth employees of the Company to grow in the aspects of Professional Development, International Relations, Communication and Network, by continuously making them thrive beyond the confinements of their job function. The functioning of this club can be elaborated as a continuous training for the members conducted through "Human Conditioning". Subsequently all this is achieved by carrying out service projects spanning from Community Service to Environmental Conservation.



Our Rotaract club members serving the community

We have built an open culture within our Company which encourages dialogue and communication. Staff members are free to express opinions and communicate their suggestions to management. Employees can also communicate with the Board through the respective divisional heads. Monthly management review meetings, sales review meetings, and operational meetings are held where the relevant Divisional Heads and senior managers are present. Singer also has a formal procedure for handling grievances which any employee may use without fear of reprisals.

### Occupational health and safety

We have a systematic health and safety policy in the Group which has taken into account the diversity of our work situations. We are extremely conscious of the need to keep our employees healthy and safe. A range of measures, including hygiene and accident-safety practices are implemented by our Safety and Health committee. The COVID-19 pandemic brought about a host of new challenges where new precautions became imperative. Measures such as social distancing, sanitising, and wearing masks had to be introduced in showrooms, factories, and offices.

The Committee plays both a proactive role and a reactive role in health and safety. It assists in

the development of health and safety standards as well as in their monitoring and review. When there are proposed changes to workplace policies, practices and processes the committee looks into them from the perspective of health and safety standards. A robust health and safety system requires the worker participation and the Committee actively promotes the themes of health and safety among employees.

The record of workplace First Aid Cases is given below.

Company	Employees		Total loss of man days of work
	Male	Female	
<b>Singer (Sri Lanka) PLC</b>	<b>11</b>	<b>-</b>	<b>11</b>
<b>Singer Industries (Ceylon) PLC</b>	<b>13</b>	<b>-</b>	<b>36</b>
<b>Regnis Lanka PLC</b>	<b>17</b>	<b>-</b>	<b>40</b>
<b>Regnis Appliances (Private) Limited</b>	<b>6</b>	<b>-</b>	<b>31</b>

### Promoting health and safety during the pandemic

Singer values all employees of our supply chain. Therefore, the management team took bold decisions supporting employee wellbeing in difficult situations such as the COVID-19 global pandemic. Entire nation as a whole was affected both economically as well as socially because of the lockdown last year. To overcome these difficulties a relief allowance was given to Branch Managers to support his/her subordinates, who are indirect employees of the organisation. In addition, dues from employees to the company were not deducted during this period, and salaries were also paid without any pay cuts.

# The contribution of our people

The company also steps in with similar supportive measures in various other disasters.

Considering employee health and safety, work rosters and work from home opportunity were provided with all required resources.

Considering safety of employees as well as the society during COVID-19, the company encouraged employees who have their own mode of transportation to assist their peers and subordinates to travel between work and home safely.

Various workshops were conducted according to the safety guidelines to create and increase awareness of COVID-19 pandemic. Coordinators were appointed for each department and comprehensive guidance was given on how act if an employee is found to be sick (suspected COVID-19 patients).

The employees who were identified as close contacts of COVID-19 patients were arranged facilities to self-quarantine and their medical examination costs were borne by the company. Company also sent medical officers for routine checks for the employees who were unable to step out from their residence.

The employees, who were detected positive with COVID-19, were provided with better locations for quarantine and medical treatments. Company went an extra mile to collaborate with medical officers to ensure proper facilities for quarantine in accordance with health and safety guidelines imposed by the government. All staff were equipped with necessary personal protective equipment and sanitisation for safety.

Singer has continued to reach out to employees in the provision of dry rations, clothes, bedding and

other essential goods and funds to rebuild their residences, which were destroyed during floods that kept affecting people in the past years.

## Collective bargaining

Many Singer employees are covered by collective bargaining agreements, depending on the unions to which they are affiliated.

Three separate previous Memorandums of Settlement (MOS) were signed in 2018. Details were as follows:

- Commercial and Industrial Workers Union Clerical Branch – applicable to clerical allied and technical grade employees.
- Commercial and Industrial Workers Union Non-clerical Branch – applicable to manual workers.
- Inter-Company Employees Union – applicable to manual workers attached to our factories

A new agreement was signed in December 2020, for the upcoming two years, between the management and the factory employees of Singer Factory Complex, Piliyandala. This was signed in the presence of the representatives of the Inter-Companies Employees Union in December 2020. Another agreement was entered into between the Regnis Factory Management and the Branch Union of CMU, on 5 October, 2020 also for a two-year period. Around 39% of Singer employees are covered by these collective agreements. Besides these collective agreements, the Management and branch unions have regular dialogues to discuss any issues and arrive at amicable solutions. The relationship between the two parties prevents any concerns from escalating into serious disputes.

The percentages of employees covered by such agreements, by the respective companies are shown below:

Company	Percentage of Employees Covered By Collective Bargaining Agreements
<b>Singer (Sri Lanka) PLC</b>	<b>44.21</b>
<b>Singer Finance (Lanka) PLC</b>	<b>-</b>
<b>Singer Industries (Ceylon) PLC</b>	<b>85.00</b>
<b>Regnis Lanka PLC</b>	<b>93.75</b>
<b>Regnis Appliances (Private) Limited</b>	<b>-</b>

## Human rights

Singer recognises the importance of human rights, and ensures that they are preserved in our work practices. There have been no operations and suppliers at significant risk for incidents of child labour/forced or compulsory labour. We have also eliminated sexual harassment in the work place. During the year under review there were no cases of alleged human rights violations/grievances.

There were also no material issues pertaining to employees and industrial relations of the Group and the Company which should be disclosed as per the CSE listing rules.

## Gender parity

Gender parity is today recognised as an important aspect of human rights. Issues such as discrimination against women in employment and violence against women have brought the issue to the forefront. The theme today is prominent at all economic, social, business, and financial forums.

## Policies and enablers

Valuing diversity is inbuilt into the Group's culture. We believe that a diverse workforce is a stronger workforce and is beneficial to the Company. Our human resources policies have been tailored to ensure fair and equal treatment for all members of our team. Ensuring gender parity is a key aspect of diversity and human rights. Our policies promote equal treatment

for women in recruitment, training and career opportunities. We are also very concerned about sexual harassment and have in place a dedicated mechanism to address harassment-related complaints. Female employees may use this mechanism and be assured of being given a fair hearing for their grievances in a conducive atmosphere.

International Women's Day is an event held to celebrate the economic, social, cultural, and political achievements of women. It also serves to create platforms to promote gender equality. The Company celebrated Women's Day internally in March 2021. At this event, the Company's achievements in unleashing the talents of women were celebrated. The Group CEO emphasised that at Singer success is no longer measured by one's physical abilities. A person's distinctive capabilities to innovate that can touch and empower the lives of others count for much more.

## Composition

The Singer Group has substantial numbers of female staff at all levels. The percentages of the different categories of staff is given below.

Staff category	% of female staff
Managerial	<b>10.2</b>
Executive and Junior Executive	<b>21.0</b>
Others	<b>16.0</b>

## The contribution of our people

The percentage of female staff at middle and senior levels is continuing to increase.

Out of the total staff the percentage of women works out to 18%.

In 2020/21, 24% of the staff recruited were female. This is a tribute to our gender parity policy. We also recruit substantial numbers of women in fields such as IT, production and engineering which shows that we have a welcoming attitude to women in all fields. Considering the province-wise breakup women are well represented in several provinces though there is variation between provinces.

In 2020/21 the number of women who left employment was about 20% of that of male employees which is below the general ratio.

### Gender gap

Singer also gives equal career opportunities for women and an important aspect of this is the opportunities women are given to participate in training which is shown below quantitatively.

Training programme	Female participants (%)
External trainings	8
General trainings	20
Operational trainings	19
Product trainings	27
Passion to serve trainings	16
SRA certificate trainings	12
Advanced certificate training	15
Selling skills development trainings	47
Customer Care training	10

The above figures show that the number of women participants in training compares favourably with the percentage of women in general which shows equal opportunities are given to women.

Our fair treatment of women is also shown by our record in maternity leave. Out of 20 employees who availed themselves of maternity leave 18(90%) returned to work at the end of the leave. Even more significantly, all those who returned were still in service at the end of one year.

### Responsible branding

Our advertising and communication policies are gender-neutral and women are frequently featured in our advertisements. A large percentage of the purchasers of our electronic products are women, which shows that our advertising appeals to customers or potential customers of both sexes.

### Non-discrimination

There were no incidents of discrimination reported in the Company in the year under review.

### Public policy

Singer refrains from making any financial contributions to any political party. When Government budget proposals are being formulated the Company is invited to submit proposals for consideration.

### Employee recognition

Singer has many ways of appreciating its employee's performance and extra work, which is dedicated to the organisation. Marketing convention is one such event organised to appreciate the accomplishments of employees of the Singer retail sales channel. Awards such as Presidents Club Award, Diamond Club Award and various other category awards such as Best Approved Dealer, Best Area Manager, Best Area, Best Manager, Best District Manager, Best Executive Retail Manager, Best Zonal Manager and overall Winner are given out to appreciate the outstanding contributions of the employees. The selection criteria enable all sales employees to qualify for the awards given that they are outstanding performers.

### Singer annual marketing convention

The annual Singer Marketing Convention is usually conducted as a grand event at the end of each year. This event could not be conducted in the usual manner due to the prevailing pandemic situation and it was a major challenge to modify it to suit the prevailing conditions.

To conform to local health regulations, the management decided to conduct it with the participation of a minimum number of people. Arrangements were made to hold the event virtually at eleven dispersed locations island- wide representing all areas. The event was pre-recorded and was streamed simultaneously online to all locations with a limited number attending at each location. The Group CEO and Sales Director addressed the event virtually and awards presentations were done with the presence of Key Managers at all eleven locations.

This event was a great success, despite the unusual manner in which it was conducted, and received very good feed back from the sales staff. It was the first ever virtual awards ceremony organised in the country as well.

Singer also recognises the performance of the wholesale dealers all over the country who are scaling brands- an easy way to expand into the booming B2B market. There are several categories included in the event such as the Best Dealer, Top Ten Dealers, Best Zonal Managers- Wholesale Channel, Best Area Manager Wholesale Channel and Best Area.

Singer has always recognised its employees with outstanding service. Service Awards recognises the service of the employees who have worked in the organisation throughout a long period dedicating their sweat and workmanship to the organisations success. This event is organised annually and approximately more than 270 employees received awards at the last event. The awards are given starting from the 5th year to continuous service period and goes on up to 35 years and beyond.



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Singer Annual marketing convention

In order to recognise the outstanding contribution to the branch office operation throughout their service, singer introduced the Service Awards for sales staff. The sales staff who have completed three and five years respectively will be recognised with a token of appreciation every year.

We practice a non-discriminatory policy in our treatment of employees. There is no disparity between the remuneration of male and female employees of the same level.

## Grievance handling

Though grievance handling is a mandatory component of an organisation, we at Singer take a lot of effort to ensure that our employees have a happy and comfortable working environment. All department heads as well as Human Resources team members prioritise the addressing of these concerns while maintaining the confidentiality of the employee concerned.

Singer does have a formalised procedure in place for handling grievances. In 2020/21 there were no work-related grievances which were reported through the procedure.

## Equal remuneration

Singer follows a non-discriminatory policy and so we do not discriminate on the basis of gender in remuneration. This is ensured by our transparent performance evaluation system.

## In the face of adversity

In the year under review the main challenge human resources function had to face was to overcome the obstacles brought about by COVID-19 pandemic. While our team members had great difficulties in coming to work, continuity of the business had to be ensured for all stakeholders. Other than in the Western Province, where curfews prevailed for close to two months, most of the 430 outlets were functioning on a continuous basis. Many of the supporting functional units such as warehouse and distribution, commercial, finance and human resources had a vital role to play in sustaining the business and physical presence of the staff was necessary. There were however certain divisions that worked remotely with the assistance of necessary arrangements made by our IT Division. Even where the lockdown situation prevailed, product distribution to organisations that had urgent requirements for items such as refrigerators and air conditioners was carried out through a closed-door operation.

While technology played an important role in overcoming the difficulties, even more important was the close liaison between

management and the front-line workers. The entire leadership felt the pulse of the situation constantly and was available 24X7 to address any issues. Regular meetings and follow-ups were conducted to ensure that operations flowed smoothly. In certain instances curfew passes had to be obtained for employees to access their work locations. Negotiating with the relevant authorities was required for this as our business was not classified as an essential service. We also had to obtain necessary approvals from Ministry of Health confirming that we were complying with health and safe standards. The Company as a whole demonstrated a high level of resilience to the vicissitudes of the situation.

## Business integration

At the beginning of the year under review we drew up a strategic direction for the company and identified various strategies to align with the direction. The strategy was encompassed in the eight “must-win” battles. We also made some structural changes to achieve a smooth execution of the strategy and ensure that all those in key positions are clear on the roles they are playing and deliverables. They need to clearly understand the journey to promote integration of the must win battles. We developed a Performance Management System (PMS) with the assistance of Oracle to build the alignment at all levels. The PMS gives visibility to the goal alignment, and facilitated cascading the must-win battles goals and deliverables to 400 employees across the company who are accountable.

# The processes that deliver



Production of furniture

In common with all other aspects of Singer's operations, manufacturing faced serious headwinds due to COVID-19 pandemic. The production facility encountered significant challenges due to the island-wide lockdowns imposed during the months of April and May 2020. This resulted in production practically coming to a complete halt. Production gradually returned to normalcy with the opening up of the country despite facing localised lock downs and restrictions in public transport facilities.

Production of furniture, which is our main manufacturing product line, for the year was only about 5% less than that of 2019/20. However, even this slippage was due to dampened demand, and not due to any constraints in production.

COVID-19 pandemic also resulted in interruptions in the supply chain driven by disruptions to manufacturing facilities globally and disturbances encountered in global shipping lanes and hub ports. Aggressive bulk buying strategies enabled to overcome these challenges and brought about a significant competitive advantage.

From a business continuity point of view, the manufacturing arm strictly followed health and safety protocols prescribed by the Ministry of Health and provided the workforce with necessary personal protective equipment in addition to carrying out regular temperature checks and disinfection activities.

Despite the challenging circumstances the product development pipeline contributed approximately 10 new sofa models to the product portfolio in addition to introducing a new line of office furniture manufactured out of laminated particle boards.

During the year under review the area used for upholstery was enhanced by 10,000 square meters by moving to a new location.

Strengthening our commitment towards delivering a superior product, the Company entered into a strategic partnership with "Signature Malaysia" to offer high quality kitchens with a global standard which will be expanded into other categories of modular furniture.

With the implementation of IFS manufacturing ERP system and focussed plans towards developing a world class workforce the manufacturing unit is well positioned to embark on its growth journey.

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## Singer Business School

Singer Business School's CSR activities during the year were focussed on imparting fashion design related skills to those from disadvantaged areas of the country. The Schools' lecturers showed their commitment by participating, even venturing to remote areas of the Northern Province to conduct hands-on training. An evaluation conducted before the training unearthed the hidden potential of many of the residents of the Province, especially women, to learn advanced apparel making techniques. The identified persons were trained in fashion designing and fabric colouring in addition to basic tailoring practice.

One focus area of the Governments Skills Development Programme for 2019-20 was tourism and hospitality. With this in mind, the School's panel who were the only available resource persons, contributed their time to build capacity for thematic training under the "Fashion Tourism" initiative. This initiative was also conducted in the hinterlands of the Northern Province. The lecturers supported training on the 'Strategic Use of Colours in Tourism Industry for the Clothing Sector' conducted at workshops held in Jaffna, Mullativu, and Vavuniya districts. A total of 80 weavers and tailors, including 75 women, were instructed on colour palettes, visual clutter in designs and colour schemes at these workshops. In another initiative, where again the beneficiaries were mainly women from the Northern Province, the training covered tailoring using fashion mood board collage, capturing the feel of a specific brand, collection, or customer and adapting to the collage.

The next step was to take the training beyond individuals. A program on fashion design, colouring and sewing for the Micro Small and Medium Scale Enterprise sector was the theme at a workshop on Tailoring Tourism Based Products held in Vavuniya where 24 women tailors participated. The participants were educated on many techniques including the importance of proper fabric cutting. Something very striking about the above programmes was that in all of them the Singer Business School lecturers were the only resource persons.

## Lending a hand in the crisis

Today the nation, in common with most of the world, is in a crisis situation. The COVID-19 pandemic has caused death, suffering, and economic disruption on a scale unprecedented in recent times. Singer staff and the Company joined hands to make a contribution to alleviate the crisis. In April 2020, Singer employees contributed one day's remuneration to this cause. The Group matched the total contributed by the employees to double the amount. This salutary joint effort is indeed a tribute to the culture we have built.

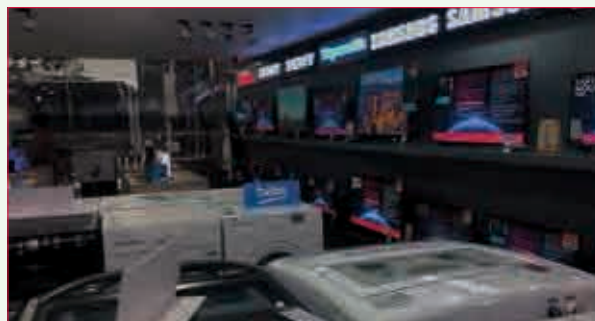
## Assisting a disadvantaged region

Singer also played its part in alleviating the difficulties residents of the Northern Province face due to insufficient facilities. A 43" TV was donated to the recently created COVID-19 ward at the Jaffna hospital. A refrigerator was donated to the medical ward of Point Pedro Base Hospital.



## Rotaract club

The Singer Rotaract Club, which was the first such club globally, continues with its commitment to serving the community. The club, which recently marked its seventh anniversary, has conducted several projects to benefit the under privileged. Other staff members also lent a hand to these programmes. The club's activities were constrained by restrictions on movement and mass gatherings. Nevertheless the club was able to complete many activities that benefited the community.



## Earth hour celebration

Earth hour is a global movement which inspires people to take collective action on environmental issues and save nature. As a symbolic gesture Earth Hour invites participants to reduce electricity consumption for one hour on a particular day. Singer showed its commitment to the environment by participating; in all retail branches of Singer half of the lights and air conditioners were switched off from 5.30pm to 6.30pm.

Our contribution to the environment;  
Saved 2,500 kWh of electricity and 9,000 MJ of Energy. We also reduced carbon footprint by 5,200 kgCO<sub>2</sub>e.





### Religious activities

In 2020/21 Singer was unable to conduct the customary overnight Pirith ceremony owing to the pandemic. Instead a “*Seth Pirith*” ceremony was held with the participation of priests from the Gangarama Temple on the 4th January 2021. Christian prayers, Islamic prayers, and a Hindu ceremony were conducted the following day at the Head Office.

### Donation to Abhayagiri vihare

Being conscious of the fact that the major archaeological sites in Sri Lanka are frequented by pilgrims in large numbers, Singer donated two 60,000 BTU air conditioners to the “*Budu Ge*” of the Abhayagiri Vihare. The donation was greatly appreciated by the monks of the temple, as it would give relief to pilgrims from the intense heat at mid-day.

### Donation to Dambulla rock temple

Digital media channel carried out a CSR project at Dambulla rock temple where they repaired and renovated the “*Pin Thaliya*” the water from which is used to devotees to water the flowers in the temple.

### Donation to National Hospital

Being well aware of the tremendous pressure that hospitals and medical staff are in the current situation, Singer made several donations to the National Hospital of Sri Lanka (NHSL) to relieve the hardships of both patients and staff. These included donation and installation of inverter air conditioners to the fledgling Medical Care Intensive Unit; a sewing machine; bed linen and thermometers.

Singer donated a sewing machine on the request of the staff of Ward 48 of the National Hospital of Sri Lanka (NHSL). Due the COVID-19 pandemic the medical staff needed to wear yellow coloured safety jackets in order to treat patients with maximum safety. The machine was required as they wish to stitch safety jackets in-house.

Singer South Area Team and Singer South area dealers also made a very valuable donation to the NHSL. Bed linen, pillows, pillow cases and thermometers to the value of Rs. 350,000 were donated to the NHSL patients who were afflicted by COVID-19.



### Plant a tree

Singer Toastmasters Club sponsored a tree planting event at the Gangarama Meditation Centre, Horana. The event was conducted by Toastmaster Area C2, with the participation of Singer Toastmasters Club and other Toastmasters clubs in the same area. The Divisional Director of Division C, graced the occasion with his participation.

### Donation of CRRT machine

Chronic kidney disease (CKD) has been a major health issue in Sri Lanka which has caused a great deal of suffering and loss of human life. The Singer Corporate Social Responsibility Project, “Singer Thirst for Life” has chosen this problem as a key area to address. We made our contribution by way of donating a Continuous Renal Replacement Therapy machines (CRRT) which is an essential equipment to treat patients. The donations were made after identifying government hospitals which badly need such machines. The “Thirst for Life” project recently donated two CRRT machines to the National Hospital of Sri Lanka (NHSL).

“Thirst for life” project was started in 2013 by donating two dialysis CRRT machines to the Polonnaruwa Hospital. So far Singer has donated a total of 10 CRRT machines.



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## Ensuring social compliance

### Customer privacy

During the year, the Group did not encounter any complaints that were found to be justifiable regarding violations of customer privacy or losses of customer data.

### Health and safety of products

There were no incidents of non-compliance with regulations or voluntary codes connected with the health and safety of our products and services during the year. The Company does not engage in the sale of banned products.

There were no incidents of non-compliance with regulations or voluntary codes regarding product and service information and labelling during the year.

### Social and economic area

There were no incidents of non-compliance with laws and regulations in the social and economic area.

### Anti-competitive behaviour, anti-trust and monopoly practices

The Company did not encounter any legal action for anticompetitive behaviour, antitrust, and monopoly practices during 2020/21. We always obtain the necessary local authority approval and strictly adhere to rules and regulations pertaining to display of materials, audio/video materials, and branding among other factors, when conducting our marketing/sales promotional activities.

### Marketing communications

There were no incidents of non-compliance with regulations and voluntary codes pertaining to any aspect of marketing communications, including advertising, promotions and sponsorships during the year.

## Product and service usage

The Company was not subject to monetary fines for non-compliance with laws and regulations concerning the provision and use of products and services and labelling during the year nor was it found to have violated any such laws and regulations.

The Group is very conscious of the importance of bio-diversity and its preservation. Thus, as a policy, the Group does not own, lease, or manage, any operational sites in close proximity to protected areas or areas of high biodiversity. Singer Group takes all possible steps to prevent harming the natural environment in its activities.

## Safeguarding the environment

### Sustainable eco-practices

While Singer aspires to retain its position as the leading brand in consumer durables in Sri Lanka. We also care deeply about the impact we are having on the environment. We constantly evaluate our work processes to minimise any environmental damage. We also seek to dispose of waste and discharges in an environmentally friendly manner, and promote recycling. The products we sell are increasingly eco-friendly.

The concern we have for the environment is demonstrated by the operations of our factory in Piliyandala. The factory is licensed under the Environment Protection Licenses (Section 23B of the National Environment Act No. 47 of 1980) and has acquired the licenses and certifications required to comply with Central Environmental Authority (CEA) regulations. Our Regnis (Lanka) PLC refrigerator plant converts refrigerators to R600 high-efficiency and energy-saving GEO and ECO products, and is well ahead in the region for implementation of practices that have zero impact on the ozone. The personnel of the factory take

great care to preserve the pristine environment in the locality. Noise pollution, air pollution, and water pollution are controlled with solid waste management and chemical management practices followed with energy and resource conservation kept in mind. We also follow all local and international guidelines for the transport, handling and storage of hazardous materials. The furniture and agro factory are subject to two environmental audits per year for renewal of CEA certification.

All out internal production processes are carried out in conformance to CEA guidelines. We have installed whatever equipment necessary to reduce air, toxic and dust pollution. The removal of solid waste such as saw dust is carried out in an environmentally safe manner by approved third party contractors in consultation with relevant authorities. Solid waste collected is not dumped recklessly but is handled in an authorised manner by approved parties.

### Saw dust waste collection

We take pains to reduce, reuse, and recycle waste products such as saw dust, smoke, paint fumes, wood cut-offs, particle boards, They are diverted into water troughs and thereafter collected, treated and disposed of in an eco-friendly manner. A dust collection system is installed in our sofa factory which prevents air pollution through a fine filtration process. The recycling of dust is handled by a third party service provider who arranges it to be used as a fuel. The process supports our supplier as well as disposing of our waste in a productive manner.

### e-waste collection

As a major retailer of electrical and electronic products we recognise that e-Waste is a growing problem and one that is causing increasing concern. We have fulfilled our social obligation in this regard by placing e-waste collection bins at major sales points. Awareness was raised through below-the-line promotions

such as public relations articles, print advertisements, posters and billboards.

In 2010 Singer signed an MOU with the Central Environmental Authority to assist local governments to handle e-waste on a national scale. Singer Group's e-waste policies processes are in conformance with UNBASEL conventions and regulations. We strive to make recycling e-waste as easy as purchasing it.

We believe that we have an extended producer responsibility; we practice e-waste recycling to take accountability for the disposal of materials which our processes generate, but which are no longer useful to our consumers. We continually increase our e-waste recycling capacity and expenditure on same.

Singer Sri Lanka PLC has been granted a license by the Central Environmental Authority as a scheduled waste management collector for electrical and electronic waste. This license has been issued under the Scheduled Waste Management License (National Environment Act No. 47 of 1980 as amended by Act No. 56 of 1988 and Act No. 53 of 2000). This covers the functions of collection, storage and transport. The terms and conditions under which the license is granted have been clearly spelt out. This includes transport, vehicles, storage condition, personnel, maximum quantities that may be stored, health and safety precautions.

### e-waste recycled quantity

The following quantities of e-waste have been recycled in the year under review.

Item	Quantity (No. of Units)
Televisions	25,344
Refrigerators	6,116
Washing Machines	4,145
Others	633

## Solid waste

All industrial operations generate large quantities of solid waste. Some waste which is bio-degradable is not hazardous and is easily disposable. Some types of waste, such as e-waste can be extremely hazardous and needs careful disposal. Singer, due the nature of its operations, generates large quantities of hazardous waste. We seek to minimise the impact of this waste by reducing, recycling and reusing waste as much as possible.

The quantities of solid waste for the entire Group is shown below.

### Hazardous (kg)

**181,883**

2020/21

**260,222**

2019/20

### Non-Hazardous (kg)

**1,031,865**

2020/21

**830,111**

2019/20

## Solid waste disposal

There are number of solid waste disposal methods such as open burning, landfills, incineration and composting. Some such as open burning are not considered suitable at present. Composting is a good solution but is practical only with organic waste. The ideal solution, from an environmental standpoint is to simply reduce the amount of waste, which can be done by reducing waste, salvaging, recycling and reuse. At Singer, we seek to maximise these methods of dealing with waste.

## Effluents

Industrial processes inevitably result in the discharge of many substances that could be potentially harmful if not disposed off carefully. Water is consumed in many of our industrial operations, and this results in contaminated waste water being released as a result of substances being dissolved or suspended or the water being used for cleaning. This water could be harmful to the environment, especially to natural water if not disposed of properly.

## Details of water discharge

Company	Type	Litres	
		2020/21	2019/20
Singer (Sri Lanka) PLC	Municipality Sewerage, Drainage Lines	<b>76,611,674</b>	68,190,489
	To Ground Water Through Soakage Pits	<b>16,057,000</b>	13,380,000
Singer Finance (Lanka) PLC	Municipality Sewerage, Drainage Lines	<b>35,815,109</b>	49,342,011
Singer Industries (Ceylon) PLC	Municipality Sewerage, Drainage Lines	<b>814,800</b>	807,200
	To Ground Water Through Soakage Pits	<b>814,800</b>	876,400
Regnis Lanka PLC	Municipality Sewerage, Drainage Lines	<b>19,335,000</b>	17,448,800
	To Ground Water Through Soakage Pits	<b>19,335,000</b>	17,448,800
Regnis Appliances (Private) Limited	Municipality Sewerage, Drainage Lines	<b>4,089,000</b>	3,919,400
	To Ground Water Through Soakage Pits	<b>1,083,000</b>	4,924,600
<b>Total</b>		<b>173,955,383</b>	176,337,700

## Trade-in offers

We not only incorporate environmentally friendly practices in our own systems and processes but we strive to instil them in our customers as well. Our customers can avail themselves of our trade-in offers where they can not only dispose off their old electronic products but claim discounts on new ones. This will also motivate customers to switch to more environmentally friendly new models.

This is a reflection of our customer orientation as well the socially responsible approach we take.

We do not take a narrow approach that our responsibility ends with the sale. We try to ease the path for our customers to move to superior products. This also gives us an opportunity to safeguard the

environment by moving to more eco-Friendly Products, resulting in a win-win situation.

## Promoting R600a gas refrigeration

The Singer subsidiary Regnis has contributed to our environmental efforts by manufacturing the Singer GEO Smart and SISIL ECO energy efficient refrigerators. The Singer GEO was a pioneer in that it was the first refrigerator range to use R600a gas technology. This is a substitute for the HFC refrigerants that are damaging to the ozone layer and is 100% environmentally friendly. This switch was made about 20 years before it becomes mandatory under the Montreal protocol. The Company has phased out manufacturing of other gas refrigerators and switched completely to using R600a.

Singer promotes inverter-technology based products that can consume 30%-50% less energy than non-inverter based products. While this technology is more costly we promote it as it will reduce electricity bills for our customers and cause less environmental damage.

## Energy efficient inverter technology

Singer promotes inverter-technology based products that can consume 30-50% less energy than non-inverter based products. While this technology is more costly we promote it as it will reduce electricity bills for our customers and cause less environmental damage.

Company	Total waste		Recycled		Reused		% recycled		% reused	
	2020/21 kg	2019/20 kg	2020/21 kg	2019/20 kg	2020/21 kg	2019/20 kg	2020/21 kg	2019/20 kg	2020/21 kg	2019/20 kg
Singer (Sri Lanka) PLC	<b>877,493</b>	900,502	<b>108,430</b>	105,700	<b>587,180</b>	535,540	<b>12.4</b>	11.7	<b>66.9</b>	59.5
Singer Industries (Ceylon) PLC	<b>6,3042</b>	69,302	<b>18,665</b>	35,857	<b>3,010</b>	2,809	<b>29.6</b>	51.7	<b>4.8</b>	4.1
Regnis Lanka PLC	<b>209,177</b>	56,334	<b>149,561</b>	50,415	<b>52,056</b>	–	<b>71.5</b>	89.5	<b>24.9</b>	–
Regnis Appliances (Private) Limited	<b>63,042</b>	64,194	<b>57,922</b>	47,211	<b>1,515</b>	450	<b>91</b>	73.5	<b>2.4</b>	0.7

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## Promoting R410a and R32 gas in air conditions

Global warming has become a matter of universal concern. Choice of technology and materials can contribute greatly to reducing harmful environmental impacts. We have endeavoured to make a contribution to this end in our air conditioner product line. Our new products use inverter technology which vary the cooling capacity, thereby consuming less power. We have also changed to eco-friendly refrigerants such as R32 and R410a, which have less propensity to damage the Ozone layer. Both these changes contribute to alleviating global warming.

## Promoting solar energy

Solar energy has been widely accepted as one of the most effective solutions to halt global warming. It has also been accepted as the most suitable and environmentally friendly solution for Sri Lanka in the long term. “Sooriyabala Sangramaya”, is a solar power generation project, which is implemented by the Sri Lanka Solar Energy Authority (SLSEA under the auspices of the Ministry of Power and Energy. Singer has partnered with SLSEA in this project, which we see as the most appropriate solution to satisfy the solar power needs of Sri Lankans, both individuals and organisations.

This initiative has developed and implemented a range of solar power solutions for different scales of users, from homes to large factories. The initiative maintains the highest technical standards, using only A-grade panels which carry a 25-year guarantee and the most efficient inverters which carry a 10-year guarantee. Singer uses the highest quality brands and most efficient products to construct the solar power solutions, which guarantee high quality, efficiency and reliability. The solar power systems we provide also come with a long-term guarantee.

Promoting solar renewable energy also helps in achieving Goal 7 of the United Nation’s Sustainability Development Goals. The objective of Goal 7 is to ‘Ensure access to affordable, reliable, sustainable, and modern energy for all’. The world has depended on fossil fuels to supply most of its energy needs. However burning these fuels is the main source of greenhouse gases which cause global warming. There is an urgent need to develop and promote other clean technologies which can take us on a more sustainable development path. Solar energy is an ideal solution.

## Our achievement in natural resources

### Raw material usage

In accordance with our environmental policy we continually strive to reduce dependence on non-renewable materials, and increase the use of renewables. We have also implemented plans to increase the efficiency of use of materials, thereby reducing consumption. Responsible consumption and production is one of the key areas we look at in building a sustainable business. We also strive to increase the use of eco-friendly and recycled materials.

The use of renewable and non-renewable materials by our Group of Companies is shown below.

Company	Type	Material	Unit	Amount	
				2020/21	2019/20
<b>Singer (Sri Lanka) PLC</b>	Non-Renewable	Edge bands	m	820,412	878,437
		Engines	Nos	48,000	90,500
		Motors	Nos	486,730	533,820
		Pu form	kg	197,983	217,033
	Renewable	Casting	kg	141,778	145,536
		Corrugated cartoons	Nos	92,055	97,826
		MDF	kg	60,150	86,550
		Partition board	kg	1,727,880	1,658,124
<b>Singer Industries (Ceylon) PLC</b>	Non-Renewable	Timber	sq.ft	987,316	1,160,410
		Alloy	kg	26,932	24,394
		Plastic	kg	192,384	201,735
		Polythene	kg	1,080	1,080
	Renewable	Steel	kg	670,516	654,240
<b>Regnis Lanka PLC</b>	Non-Renewable	Timber	Sg ft	138,327	129,758
		Evaporator Plate	Nos.	115,556	78,129
		Hermetic Compressor	Nos.	115,556	78,129
		Isocyanate	kg	302,185	269,204
		Polyol	kg	254,307	247,527
	Renewable	Steel Sheet	kg	1,426,439	1,285,580
		Corrugated Cartoons	kg	21,930	–
		HIPS (Plastic)	kg	39,584	–
<b>Regnis Appliances (Private) Limited</b>	Renewable	ABS (Plastic)	kg	157,926	164,209
		GPPS (Plastic)	kg	99,634	126,449
		PP (Plastic)	kg	726,390	697,083

The degree of use of recycled materials in the respective companies is shown below.

Company	Recycled materials used (%)	
	2020/21	2019/20
<b>Singer (Sri Lanka) PLC Factory Complex</b>	<b>9.6</b>	15
<b>Singer Industries (Ceylon) PLC</b>	<b>5.67</b>	–
<b>Regnis Lanka PLC</b>	<b>31.36</b>	34.94
<b>Regnis Appliances (Private) Limited</b>	<b>1.146</b>	0.745

## Energy consumption

The Singer Group derives the bulk of its energy from electricity through the national grid. However fossil fuels are used in very limited quantities. We always seek to maximise energy efficiency.

Company	Source	UOM	Amount		Energy (GJ)	
			2020/21	2019/20	2020/21	2019/20
<b>Singer (Sri Lanka) PLC</b>	Diesel	Litre	<b>18,900</b>	18,200	<b>683</b>	657
	Electricity	KWh	<b>14,063,370</b>	14,798,434	<b>50,641</b>	53,274
	Petrol	Litre	<b>3,584</b>	320	<b>118</b>	11
<b>Singer Finance (Lanka) PLC</b>	Electricity	KWh	<b>1,068,876</b>	1,175,082	<b>3,848</b>	4,230
<b>Singer Industries (Ceylon) PLC</b>	Diesel	Litre	<b>1,800</b>	–	<b>65</b>	–
	Petrol	Litre	<b>951</b>	–	<b>31</b>	–
	Electricity	KWh	<b>319,680</b>	355,280	<b>1,151</b>	1,279
<b>Regnis Lanka PLC</b>	Diesel	Litre	<b>6,248</b>	6,620	<b>226</b>	239
	Electricity	KWh	<b>843,940</b>	876,339	<b>3,038</b>	3,153
<b>Regnis Appliances (Private) Limited</b>	Diesel	Litre	<b>2,940</b>	2,520	<b>106</b>	91
	Electricity	KWh	<b>962,154</b>	1,182,531	<b>3,464</b>	4,257

## Details of energy intensity

Company	Total Energy (GJ)		Energy intensity (GJ/Rs. million)	
	2020/21	2019/20	2020/21	2019/20
<b>Singer (Sri Lanka) PLC</b>	<b>51,441</b>	53,942	<b>0.704</b>	1.111
<b>Singer Finance (Lanka) PLC</b>	<b>3,848</b>	4,230	<b>0.816</b>	0.920
<b>Singer Industries (Ceylon) PLC</b>	<b>1,247</b>	1,279	<b>1.981</b>	2.360
<b>Regnis Lanka PLC</b>	<b>3,264</b>	3,394	<b>0.828</b>	1.008
<b>Regnis Appliances (Private) Limited</b>	<b>3,570</b>	4,348	<b>1.571</b>	1.978

The following are some of the important initiatives taken to enhance electricity efficiency and reduce consumption.

- Replacement of CFL lamps with LED in manufacturing facilities.
- Optimisation of production processors to control and shift peak demand.
- Use of energy efficient air conditioning in retail showrooms.
- Heat load reducing applications in retail showrooms.



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Company		Total Energy (GJ)	Reduction Percentage
Singer (Sri Lanka) PLC	2020/21	51,441	4.64
	2019/20	53,942	
Singer Finance (Lanka) PLC	2020/21	3,848	9.04
	2019/20	4,230	
Singer Industries (Ceylon) PLC	2020/21	1,247	2.50
	2019/20	1,279	
Regnis Lanka PLC	2020/21	3,264	3.83
	2019/20	3,394	
Regnis Appliances (Private) Limited	2020/21	3,570	17.90
	2019/20	4,348	

## Water

Water is also a valuable resource. If steps to conserve water are not taken the region may be faced with a serious water shortage in a few years.

Company		Source	Litres	Total (Litres)
Singer (Sri Lanka) PLC	2020/21	Municipal lines	71,725,694	78,985,694
		Ground water	7,260,000	
	2019/20	Municipal lines	71,180,489	78,176,489
		Ground water	6,996,000	
Singer Finance (Lanka) PLC	2020/21	Municipal lines	35,815,117	35,815,117
	2019/20	Municipal lines	49,342,011	49,342,011
Singer Industries (Ceylon) PLC	2020/21	Municipal lines	203,700	814,800
		Ground water	611,100	
	2019/20	Municipal lines	201,799	807,100
		Ground water	605,301	
Regnis Lanka PLC	2020/21	Municipal lines	6,444,936	19,335,000
		Ground water	12,890,064	
	2019/20	Municipal lines	5,543,979	17,091,000
		Ground water	11,547,021	
Regnis Appliances (Private) Limited	2020/21	Municipal lines	4,546,999	4,737,000
		Ground water	190,001	
	2019/20	Municipal lines	4,831,011	5,288,000
		Ground water	456,989	

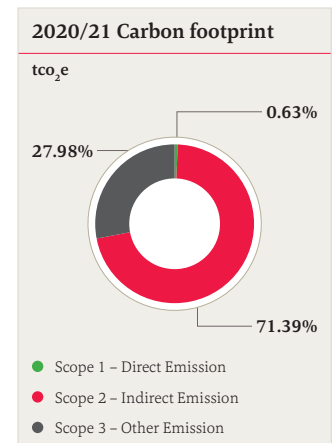
Details of our water consumption and intensity are given below.

Company	Water consumption (Litres)		Water intensity (Litres/Rs. million)	
	2020/21	2019/20	2020/21	2019/20
Singer (Sri Lanka) PLC	78,985,694	78,176,489	1,081	1,611
Singer Finance (Lanka) PLC	35,815,117	49,342,011	7,598	10,730
Singer Industries (Ceylon) PLC	814,800	807,100	1,294	1,489
Regnis Lanka PLC	19,335,000	17,091,000	4,905	5,074
Regnis Appliances (Private) Limited	4,737,000	5,288,000	2,085	2,406

## Carbon footprint

During the year Singer Group carbon footprint has been reduced by 9.25%. Some of the initiatives mentioned above to reduce energy consumption have contributed to reduce Carbon footprint as well.

The Group's total emissions by scope are as follows.



## Emission details by Company

Company	Emissions – 2020/21			Emissions – 2019/20			Total	
	Scope 1 (tco <sub>2</sub> e)	Scope 2 (tco <sub>2</sub> e)	Scope 3 (tco <sub>2</sub> e)	Scope 1 (tco <sub>2</sub> e)	Scope 2 (tco <sub>2</sub> e)	Scope 3 (tco <sub>2</sub> e)	2020/21 (tco <sub>2</sub> e)	2019/20 (tco <sub>2</sub> e)
Singer (Sri Lanka) PLC	61	8,736	3,868	57	9,181	4,741	12,666	13,978
Singer Finance (Lanka) PLC	–	664	–	–	729	–	664	729
Singer Industries (Ceylon) PLC	19	199	16	2	220	6	234	228
Regnis Lanka PLC	21	524	31	19	544	10	576	573
Regnis Appliances (Private) Limited	8	598	1	7	734	–	607	741

## Details of emissions intensity

Company	Emissions (kgco <sub>2</sub> e)		Energy Intensity (kgco <sub>2</sub> e/Rs. million)	
	2020/21	2019/20	2020/21	2019/20
Singer (Sri Lanka) PLC	12,665,870	13,977,950	173.341	287.987
Singer Finance (Lanka) PLC	664,070	729,120	140.879	158.559
Singer Industries (Ceylon) PLC	233,660	228,440	371.147	421.560
Regnis Lanka PLC	576,300	572,680	146.197	170.022
Regnis Appliances (Private) Limited	606,960	740,990	267.127	337.116

The calculation of carbon footprint is based on the IPCC 2006 guide line for Greenhouse Gas inventories.  
Source: <https://ghgprotocol.org/calculation-tools>

The initiatives mentioned above (energy section) have aided to reduce the carbon footprint of the organisation.

Company	2020/21 Emissions (kgco <sub>2</sub> e)	2019/20 Emissions (kgco <sub>2</sub> e)	Reduction %
Singer (Sri Lanka) PLC	12,665.87	13,977.95	9.39
Singer Finance (Lanka) PLC	664.06	729.12	8.92
Singer Industries (Ceylon) PLC	233.68	228.44	-2.29
Regnis Lanka PLC	576.3	572.68	-0.63
Regnis Appliances (Private) Limited	606.96	740.99	18.09

## Government assistance

The Group did not receive any financial assistance from the Government during the year.

## Ensuring environmental compliance

No non-compliances with environmental laws and regulations have been identified in 2020/21. The Singer Group exercises regular monitoring of environmental performance and reports on it regularly. Singer Sustainability maintains a record of any complaints of non-compliances and investigates them carefully. However, in 2020/21 no cases of actual non-compliances were found in any areas of the Group's operations.

# Serving society and preserving nature

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## Supply chain

Details of suppliers and payments of Singer Group of companies are set out in the following table.

Supplier title	Singer (Sri Lanka) PLC		Singer Industries (Ceylon) PLC		Regnis Lanka PLC		Regnis Appliances (Private) Limited	
	Number of suppliers	Payments (Rs.)	Number of suppliers	Payments (Rs.)	Number of suppliers	Payments (Rs.)	Number of suppliers	Payments (Rs.)
Small scale suppliers	291	2,448,536,139	45	58,097,342	96	509,197,417	72	78,419,845
Large scale suppliers	163	37,243,458,958	13	350,157,883	57	2,653,032,181	15	1,865,133,368
Sub contractors	7	96,495,000	3	14,239,725	8	37,580,300	3	32,191,490
B2B suppliers	-	-	2	23,981,249	-	-	-	-
Others	-	-	-	-	-	-	-	-

Geographical breakdown of suppliers and payments is given below.

Company		Payment (Rs.)
Singer (Sri Lanka) PLC	International	34,621,800,532
	Local	5,166,689,565
Singer Industries (Ceylon) PLC	International	257,370,434
	Local	189,105,764
Regnis Lanka PLC	International	2,350,611,898
	Local	849,198,000
Regnis Appliances (Private) Limited	International	1,703,063,985
	Local	272,680,718

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# Stewardship

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# Corporate governance

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Group/Company ensures to comply with established best practices in corporate governance and ensures the highest ethical standards in conduct of its business. The Board adopts core values and standards which set out the conduct of staff in their dealings with shareholders, customers, colleagues, suppliers and other stakeholders. Once the core values are set and communicated to all levels of the Organisation, the Group/Company is of the belief that the highest standards of integrity will be maintained in business.

## Governance policy and framework

Governance framework covers both corporate governance and the business governance. Corporate governance and business governance are interrelated processes and one process is always linked to and dependent on the other process. Business governance enables us to focus on areas of value creation to the business. Corporate governance process is to safeguard and ensure that the Group/Company achieve business performance maintaining a balance between accountability and assurance of the business process. Thus, we believe our business governance and corporate governance are interlinked to each other.

In line with the above governance framework, the Group/Company 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 operations. Translated into action, the Group's/Company's strong core qualities and guiding corporate governance functions ensure that we remain "law abiding", strictly adhering to the laws and regulations of the country. Business integrity and accountability to stakeholders are top of the mind factors that we inculcate right across – from the Board of Directors to the shop floor.

## Statement of compliance

Singer Group is fully-compliant with the Code of Best Practice on Corporate Governance issued in year 2017 by The Institute of Chartered Accountants of Sri Lanka as well as the Rules on Corporate Governance published by the Colombo Stock Exchange, except which are specifically mentioned in the corporate governance report. In addition to the above, our Subsidiary Company Singer Finance (Lanka) PLC is fully-compliant with the requirement set out by the Finance Companies Act No. 78 of 1988 and subsequent amendments and Finance Companies Corporate Governance Direction No. 3 of 2008 issued by the Central Bank of Sri Lanka (CBSL).

The following development took place during the financial year under review:

- Ms. H.M.G. de Alwis (appointed to the Board as an Independent Non-Executive Director with effect from 15th May 2020).
- Mr. K.K.L.P. Yatiwella (Ceased to be Alternate Director to Mr. S.C. Ganegoda with effect from 31st March 2021).

## Minimum public holding

The Company has been transferred to the Second Board with effect from 10th February 2020 due to the non-compliance of minimum public holding requirement in terms of Rule 7.13.1 of the CSE Listing Rules. Consequent to the transfer to the Second Board, the Company is evaluating all possible proposals to take remedial action in order to comply with the minimum public holding requirement.

The public holding of the Company as at 31st March 2021 was 7.72%, which is below the minimum requirement of 20% as specified by the Listing Rules [Rule 7.13.1 (a)] of the Colombo Stock Exchange (CSE).

## Business governance

Business governance (performance governance) is linked from Company's Vision Statement to Final Objective level at grass root level. Business governance process is started at the point of preparing the annual plan and the annual plan is focused on future strategic direction, long-term objectives, medium-term objectives and short-term set targets. Annual plan is initially approved by the Parent Company and subsequently reviewed and approved by the Board. The Group CEO and Executive Committee review the strategic plan and budgets against the actual performance on a monthly basis and at more frequent intervals,

as needed and the Chairman and the Board of Directors review actual performance at each Board meeting.

## IT governance

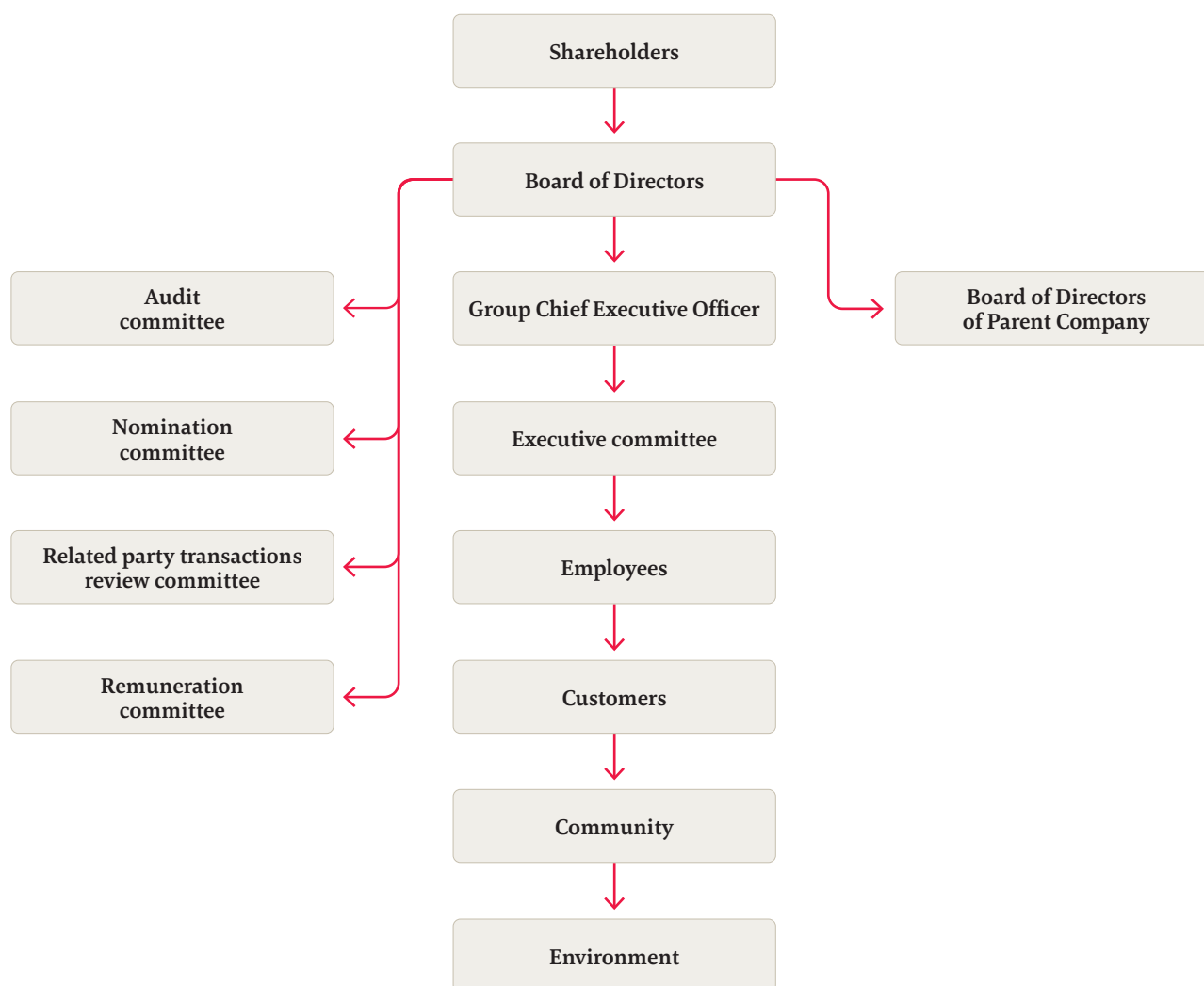
IT governance process of the Company ensures that IT objectives are aligned with the business objectives that will meet its strategic and operational objectives. IT governance is an integral part of the corporate governance process and deals primarily on optimising the linkage between Strategic Directions and Information Management of the Company. Competent and dedicated resources are deployed to support this need. Company investment in IT resources covers resources operated and managed centrally and resources deployed in various places. IT resources include ERP system, other related business systems, internet, emails and other Company-wide data communication systems.

Impact of the IT governance to diverse functional areas of the Company is driven by certain core objectives which are set below:

Compliance	Investing in licensed software deployed in compliance with Intellectual Property Law with a view to educate and mandate compliance to such laws throughout the Company.
Operational efficiency	Streamlining of inventory management, logistic management and credit management process so that integrity is maintained across the value chain through near real-time processing.
Prudent capital expenditure	All major IT investments are carefully evaluated by the IT team and built into the business plan and carefully scrutinised at the planning level and approval is granted by the Board.
Customer convenience	Ensuring process efficiencies to increase the contribution to customer convenience.
Green IT	Protecting the environment by reducing print through migration to emails, SMS, social media and soft copies.

## Governance structure

External regulations	Internal regulations
Companies Act No. 07 of 2007.	Articles of Association of the Company
Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 continuous Listing Requirements of the Colombo Stock Exchange.	Singer Finance Manual
Code of Best Practice on Corporate Governance issued in year 2017 by The Institute of Chartered Accountants of Sri Lanka.	Code of Ethics, Human Resources Policies and Procedures
Directives/Regulations of the Securities and Exchange Commission of Sri Lanka.	Information Technology and Other Internal Manuals
In case of Subsidiary Company Singer Finance (Lanka) PLC, requirements set out by the Finance Companies Act No. 78 of 1988 and subsequent amendments and Finance Companies Corporate Governance – Direction No. 3 of 2008 issued by the Central Bank of Sri Lanka.	Standing Instructions, Policy and Procedures (P&P)



As diagrammatically presented above, Group governance structure is set up to create a distinction between the functions of the Board and Management team but ensuring effective co-operations and communication between two groups. Group Chief Executive Officer exercises triangular linking role between the Board, Executive Management Committee and other Stakeholders, i.e. shareholders, employees, customers, community and environment. Group's Chief Executive Officer is the main communication link with the Board and Executive Management Committee. He also acts as a de facto officer to maintain a fair role on behalf of shareholders, employees, customers, community and environment.

## Business ethics

The Group enshrines the highest ethical standards in the conduct of its business affairs and its Board of Directors are tasked with ensuring that the resultant regime of exemplary governance across all aspects of business are in the best interests of the stakeholders. Ethically correct conduct comprising integrity, honesty, fair play and loyalty pervade all Group actions.

Transparency is fostered in all public disclosures, as well as in the way business and communication take place with all stakeholders. A "whistle-blowing policy" introduced internally in 2009 has increased the level of transparency towards a wider dimension.

All employees are bound by the Company's written Code of Ethics that includes the following aspects:

- Exercise honesty, objectivity and diligence when performing one's 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 Company has implemented a formal whistle-blowing procedure and encourages any employee who suspect wrongdoing at work, whether by Management, peers or any other employee, to raise their concerns.

## Other policies

In addition, the Company implements policies covering:

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

## Responsibility to customers

The Company maintains an island-wide network of outlets and provides a wide choice of products and brands to its customers, complemented by easy payment opportunities. Outstanding customer care and world class after-sales service are two of seven propositions substantiating our claim to be a world-class company. What is salient about the widespread nature of our distribution is that in most instances, a consumer living in any part of the country need not travel more than 10 km to obtain goods and services from the Company.

Products sold by the Company are of the highest quality and are rigorously tested prior to introduction. The Company extends warranties on its products. It maintains an island-wide network of service centers and franchise agents to facilitate product repairs. Customer grievances, if any, are handled promptly and solutions provided with exchange of merchandise in the unlikely event of a manufacturing defect.

Among developments relevant to customer relations in the year under review was the growing popularity of our Contact Centre established in 2006 to deal with customer complaints and product performance issues as well as to provide customer-related information. In addition to this, the Company conducts customer-loyalty programmes and Customer-Service Clinics across the country where any customer can relate their grievances or obtain service for their product on site.

Toward serving our differently-abled customers, wheelchair ramps and other such infrastructure modifications and facilities are being added to Company's retail outlets progressively as part of routine showroom renovations.

## Environment

Social responsibility is regarded as a fundamental aspect of the Company's strategy and it is one of the core values of the business. As stated in our value statement "we make every effort to ensure that the environment is protected and conserved for future generations" and in line with this core value, the Company is committed to minimise any adverse impact the activities of the business may have on the environment. Further to that, this core value encourages and ensures our products, processes and business do not unnecessarily damage the environment.

## Code of best practice on corporate governance

We set out below the corporate governance practices adopted and practiced by the Company, the extent of adoption of the Code of Best Practice on Corporate Governance issued in year 2017 by The Institute of Chartered Accountants of Sri Lanka and the Rules set out in Section 7.10 of the Colombo Stock Exchange Listing Rules on Corporate Governance.

## Section A

This section covers Company's extent of adherence to the requirements of the Code of Best Practice on Corporate Governance issued in year 2017 by The Institute of Chartered Accountants of Sri Lanka covering following eight fundamental aspects:

- Directors
- Director Remuneration
- Relationship with Shareholders
- Accountability and Audit
- Institutional Investors
- Other Investors
- Internet of things and cyber-security
- Environment, society and governance

These are discussed in the sections that follows.

## A. Directors

### A.1 – The Board

#### Main principle

Every public company should be headed by an effective Board, which should direct, lead and control the company.

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Board Meeting	A.1.1	The Board should meet regularly, at least once in every quarter.	The Board meets at least four times a year and additional meetings are held as necessary. The Board Subcommittees also met on a regular basis. Circular Resolutions are passed as per the requirements. The Board met four times during the period ended 31st March 2021. Details of the meetings and attendance of the members are set out on page 116. The meetings convened by the Board Subcommittees during 2020/21 are also provided on page 116.	✓
		The regularity of Board meetings and the structure and process of submitting information should be agreed to and documented by the Board.	A board pack containing all relevant information is submitted to the Board of Directors.	✓
Responsibility of the Board	A.1.2	Board should be responsible for matters including:  Ensuring the formulation and implementation of a sound business strategy.	The Board is responsible for the strategic planning process of the Company. This includes the responsibility for the formulation of the strategic vision and mission of the Company, setting the overall corporate policy and strategy, monitoring performance and reviewing risks and major investments. The Board also takes on the added responsibility of directing Company performance towards achieving the best results possible and increasing shareholder value. The Board sets the broad parameters of the Company's business. The Company's business units are then tasked with their application, in achieving specific targets and objectives.	✓
		Appointing the Chair and the Senior Independent Director if relevant.	Not applicable since Group CEO is the apex executive in charge of the day-to-day management of operations and business of the Company.	✓
		Ensuring that the CEO and Management Team possess the skill, experience and knowledge to implement strategy.	The profile of the Group CEO is provided in this Annual Report on page 24.  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 Group CEO. There is extensive staff participation in decision-making at all levels, with strategic recommendations on material matters flowing to the Board for final decision.  The Group CEO chairs the Executive Committee. The Executive Management Committee, comprising all Key Managers who are divisional heads and two Deputy Directors and Group CEO meets every week for performance review and decision-making.  The Company's Annual Plan addresses the requirements of all 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 Committee which is represented by all Heads of Divisions, and are shared with Divisional Heads and Heads of all SBUs. The Management Committee together with the Heads of Divisions and SBUs have the autonomy and freedom to translate these objectives to specific goals that are achievable.  Key programmes are identified by the Group CEO for each year in line with the Annual Plan after they are discussed at Executive Committee meetings. A review of progress on plan implementation is a key item on the agenda of the monthly Management Review meetings.	✓
		Ensuring the adoption of an effective CEO and Senior Management succession strategy.	Succession planning is given due recognition in the corporate culture. Effective succession planning is a criterion in the performance appraisals of the Senior Management and Key Management.  Addition to that, as part of the development and succession programme, the "3x3x3" initiative seeks to ensure that all positions of Key Managers, Senior Managers, Middle Managers and Junior Managers have been identified and are groomed for succession.	✓



Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
		Approving budgets and major capital expenditure.	Budgets and major capital expenditure are reviewed and approved by the Board.	✓
		Determining the matters expressly reserved to the Board and those delegated to the Management including limits of authority and financial delegation.	The Board has agreed and reserved power to determine matters including approving of major capital expenditure, appointing the Secretary to the Board and seeking professional advice as and when needed.  Limits of authority and financial delegation are agreed by the Board in order to manage affairs efficiently.	✓
		Ensure effective systems to secure integrity of information, internal control and risk management.	The Board has delegated this responsibility to the Audit Committee.  The Audit Committee is empowered to review and monitor the financial reporting process of Singer Group 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 the public.  Audit Committee framework, composition, responsibilities and duties are given in the Audit Committee Report on page 118.  Risk Management framework is given in the Risk Management Report appearing from pages 123 to 127.	✓
		Ensuring compliance with laws, regulation and ethical standards.	The Board follows a policy of strict compliance with laws and regulatory requirements and ensures that stakeholder interests are considered in key corporate direction.  A compliance checklist is provided to Audit Committee and Board members in every quarter by the Compliance Officer indicating compliance with applicable laws, regulations etc.  The Company has also issued a Code of Ethics and Human Resources Policies and Procedures applicable to all employees.	✓
		All stakeholders' interests decisions.	The Board adopted core values and standards which set out the conduct of staff in their dealings with shareholders, customers, community, environment, suppliers and other stakeholders. Once the core values are set and communicated to all levels of the Organisation, there is a belief that the highest standards of integrity are maintained in business.  The Board relies on the integrity and due diligence of Key Managers, Senior Managers, Auditors and Advisors to oversee the Group's overall performance objectivities, financial plans and annual budgets, investments, financial performance reviews, risk management and corporate governance practices.	✓
		Recognising sustainable business development in corporate strategy, decisions and activities and consider the need for adopting "integrated reporting".	Development of sustainable value is embedded in the corporate strategies.	✓
		The Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations.	The Group enshrines the highest ethical standards in the conduct of its business affairs and its Board of Directors are tasked with ensuring that the resultant regime of exemplary governance across all aspects of business are in the best interests of stakeholders. Ethically correct conduct comprising integrity, honesty, fair play and loyalty pervade all Group actions.  Accounting policies are reviewed annually in light of changing business requirements, evolving international and local accounting standards and industry best practice. As mentioned above, significant emphasis is placed on compliance with applicable regulations. Group continues to adopt same accounting policies adopted in year 2019/20 and which are given as part of the Financial Reports on pages 147 to 166 and the related changes to significant accounting policies are described in Note 2.13.	✓

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
		Establish a process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks.	Performance and progress of strategy implementation, budgets, plans and risks are monitored through a formal reporting process.	✓
		Ensuring that a process is established for corporate reporting on annual and quarterly basis or more regularly as relevant to the Company.	The Board ensures compliance to annual and quarterly corporate reporting requirements.	✓
		Fulfilling such other Board functions as relevant to the Organisation.	The Board makes every endeavour to ensure a balanced and objective assessment of the Company's position, performance and prospects.  Members from professional accounting bodies are on the Board ensuring financial and economic acumen, knowledge and other Board members from the professional marketing bodies ensure stimulation of marketing knowledge of the Board members.	✓
Compliance with laws and seeking independent professional advices	A.1.3	The Board collectively, and Directors individually, must act in accordance with the laws of the country and there should be a procedure agreed by the Board of Directors to obtain independent professional advice where necessary, at the Company's expense.	As mentioned above, there is a significant emphasis across the organisation to ensure compliance with applicable laws and regulations.  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 at the expense of the Company.	✓
Company Secretary	A.1.4	All Directors should have access to the advice and service of the Company Secretary, who is responsible to the Board in ensuring, that the Board procedures are followed and that the applicable rules and regulations are complied with. Any question of the removal of the Company Secretary should be a matter for the Board as a whole.	The Company Secretary ensures that all Board Terms of Reference are followed and applicable rules and regulations are adhered to. The Company Secretary advises the Board and ensures that the Company complies with its Articles of Association, Companies Act and such regulatory publication, Board procedures and other applicable rules and regulations are followed. All Directors have access to the Company Secretary. The Secretary possesses the required qualifications as set out in the Companies Act.	✓
		The Company should obtain appropriate insurance cover as recommended by the Nomination Committee for the Board, Directors and Key Management Personnel.	Insurance cover has been obtained.	✓
Independent judgement of Directors	A.1.5	All Directors should bring independent judgement to bear on issues of strategy, performance, resource allocation, risk management, compliance and standards of business conduct.	The Chairman conducts Board meetings in a manner which ensures that there is effective participation from all Directors, their individual contribution and concerns are objectively assessed prior to making key decisions and that the balance of power is maintained.  In advance of every Board meeting, each Director receives a comprehensive set of Board papers and any additional information requested by the Directors. It is the Group CEO's duty to ensure that all members are properly briefed.  None of the Independent Directors have held executive responsibilities in the Company, and have submitted a declaration confirming their independence in accordance with Section 7 of the CSE Listing Rules on Corporate Governance as at 31st March 2021.	✓

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Dedication of adequate time and effort by the Directors	A.1.6	Every Director should dedicate adequate time and effort to matters of the Board and the Company, to ensure that the duties and responsibilities owned to the Company are satisfactorily discharged.	The Board met on four occasions during the year.  The Board is satisfied that the Chairman and the Non-Executive Directors committed sufficient time during 2020/21 to fulfil their duties.	✓
	A.1.7	One-third of Directors can call for a resolution to be presented to the Board where they feel it is in the best interest to the Company to do so.	As per Articles of Association, resolutions could be passed with majority voting.	✓
Training for new and existing Directors	A.1.8	Every Director should receive appropriate training when first appointed to the Board of a company, and subsequently as necessary. The training curricular should encompass both general aspects of directorship and matters specific to the particular industry/company concerned. A Director must recognise that there is a need for continuous training and expansion of the knowledge and skill required to effectively perform his duties as a Director. The Board should regularly review and agree on the training and development needs of the Directors.	The Directors are given the opportunities to familiarise and obtain an in-depth understanding of the Company's business, its strategies, risks and processes at their discretion.  Training is provided to Executive Directors and Alternate Directors to equip themselves to discharge their responsibilities effectively. This includes training provided by principles, external and in-house training. Training and development needs are reviewed on a regular basis.  Directors are briefed on changes in laws and regulations, tax laws and accounting standards from time to time either during the Board meetings or at specially convened sessions.	✓

## A.2 Chairman and Group Chief Executive Officer (Group CEO)

### Main Principle

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Separation of the roles of Chairman and Group CEO	A.2.1	The positions of Chairman and Group CEO are separated to ensure a balance of power and authority and to prevent any one individual from possessing unfettered decision-making authority.	Although Chairman acts as Executive Chairman, the Chairman's and Group CEO's functions are separated to ensure a balance of power of authority and this dual panel structure has been continued throughout the year 2020/21.  The Chairman of the Board of Directors functions in an executive capacity. The Group Chief Executive Officer functions as an Ex-Officio Director of the Board and is the apex executive in charge of the day-to-day management of operations and business of the Company, while providing the link between the, Board of the Parent Company and Divisional Heads (Key Management).	✓

## A.3 Chairman's role

### Main principle

The Chairman's role in preserving good corporate governance is crucial. As the person responsible for running the Board, the Chairman should preserve order and facilitate the effective discharge of Board functions.

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Role of Chairman	A.3.1	The Chairman should conduct Board proceedings in a proper manner and ensure, <i>inter alia</i> , that –		
		<ul style="list-style-type: none"> <li>The agenda for Board meetings is developed in consultation with the CEO, Directors and the Company Secretary taking into consideration matters relating to strategy, performance, resource allocation, risk management and compliance.</li> </ul>	<ul style="list-style-type: none"> <li>Agenda for Board meetings is developed in consultation with the Group CEO, Directors, CFO and the Company Secretary.</li> </ul>	✓
		<ul style="list-style-type: none"> <li>Sufficiently detailed information of matters included in the agenda should be provided to Directors in a timely manner.</li> </ul>	<ul style="list-style-type: none"> <li>Required information are provided to Directors in a timely manner.</li> </ul>	✓
		<ul style="list-style-type: none"> <li>All Directors are made aware of their duties and responsibilities and the Board and Committee structures through which it will operate in discharging its responsibilities.</li> </ul>	<ul style="list-style-type: none"> <li>All Directors are aware of their duties and responsibilities and Chairman and Group CEO provide a comprehensive overview of the Company and its operations once a new Director is appointed to the Board.</li> </ul>	✓
		<ul style="list-style-type: none"> <li>The effective participation of both Executive and Non-Executive Directors is secured.</li> </ul>	<ul style="list-style-type: none"> <li>The Chairman is responsible for leading the Board and for its effectiveness. In practice, this means taking responsibility for the Board's composition, ensuring that the Board focuses on its key tasks and supports the Group 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.</li> </ul>	✓
		<ul style="list-style-type: none"> <li>All Directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Company.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>	✓
		<ul style="list-style-type: none"> <li>All Directors are encouraged to seek information considered necessary to discuss matters on the agenda of meetings and to request inclusion of matters of corporate concern on the agenda.</li> </ul>	<ul style="list-style-type: none"> <li>Necessary information and presentations are done if necessary to the agenda items. All Directors are free to communicate with Divisional Heads and Head of Risk Management to call additional information necessary.</li> </ul>	✓
		<ul style="list-style-type: none"> <li>A balance of power between Executive and Non-Executive Directors is maintained.</li> </ul>	<ul style="list-style-type: none"> <li>The Chairman conducts Board meetings in a manner which ensures that there is effective participation from all Directors, their individual contribution and concerns are objectively assessed prior to making key decisions and that the balance of power is maintained.</li> </ul>	✓
		<ul style="list-style-type: none"> <li>The views of Directors on issues under consideration are ascertained; and</li> <li>The Board is in complete control of the Company's affairs and alert to its obligations to all shareholders and other stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>Chairman ensures that regular meetings are conducted at least once a quarter and the minutes of the meetings are accurately recorded.</li> <li>Chairman approves the agenda prepared by the Company Secretary.</li> </ul>	✓



## A.4 Financial acumen

### Main principle

The Board should ensure the availability within it of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
Financial acumen and knowledge	A.4.1	Availability of sufficient financial acumen and knowledge.	<p>The Board includes a member who is a Fellow Member of the Association of Certified Chartered Accountants, UK, a member who is a Fellow Member of The Institute of Chartered Accountants of Sri Lanka and a member of the Institute of Certified Management Accountants of Australia, a member who is an Associate Member of The Institute of Chartered Accountants of Sri Lanka (ACA) and Fellow Member of the Chartered Institute of Management Accountants, UK, (FCMA). Other members of the Board have the ability to offer guidance on matters of finance to the Board.</p> <p>The profiles of the Board of Directors are provided in this Annual Report from pages 23 to 25.</p>	✓

## A.5 Board balance

### Main principle

It is preferable for the Board to have a balance of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the Board's decision-taking.

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
Presence of strong team of Non-Executive Directors	A.5.1	<p>The Board should include Non-Executive Directors of sufficient calibre and number for their views to carry significant weight in the Board's decisions.</p> <p>The Board should include at least three Non-Executive Directors or such number of Non-Executive Directors equivalent to one-third of total number of Directors, whichever is higher. In the event, the Chairman and Group CEO is the same person, Non-Executive Directors should comprise a majority of the Board.</p>	Seven out of nine Directors on the Board are Non-Executive Directors which is well above the minimum prescribed by the Code. This ensures views of Non-Executive Directors carry a significant weight in the decisions made by the Board.	✓
Independent Non-Executive Directors	A.5.2	Where the constitution of the Board of Directors includes only three Non-Executive Directors, all three Non-Executive Directors should be "independent". In all other instances three or two-third of Non-Executive Directors appointed to the Board of Directors whichever is higher should be "independent".	<p>Five out of seven Non-Executive Directors on the Board are independent based on the criteria set by this Code and the Listing Rules of the Colombo Stock Exchange. However, the Board has determined Mr. M.H. Jamaldeen as an Independent Non-Executive Director notwithstanding that he is a Director of Hayleys PLC, the Parent Company as the objectivity of his role is not compromised by being on both Boards.</p> <p>The names of the Independent Non-Executive Directors are disclosed in Code A.5.5 and on the back page of the Annual Report.</p>	✓
Independence of Non-Executive Directors	A.5.3	For a Director to be deemed "independent" such Director should be independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgement.	<p>The Company maintains the "Interest Register" required by the Companies Act No. 07 of 2007, which also shows details of Director Interest in Contracts/Company or Group.</p> <p>A disclosure on related party transactions is available on pages 225 to 230.</p>	✓
Annual Declaration	A.5.4	Each Non-Executive Director should submit a signed and dated declaration annually of his/her independence or non-independence against the specified criteria set out in the Specimen in Schedule K.	Every Non-Executive Independent Director of the Company has made written submissions as to their independence against the specified criteria set out by the Company, which is in line with the requirements of Schedule K of this Code.	✓

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
Determination of Independence of Director	A.5.5	<p>The Board should make a determination annually as to the independence or non-independence of each Non-Executive Director based on such a declaration made of decided criteria and other information available to the Board, and should set out in the Annual Report the names of Directors determined to be “independent”.</p> <p>The Board should specify the criteria not met and the basis for its determination in the Annual Report, if it determines that a Director is independent notwithstanding the existence of relationships or circumstances which indicate the contrary.</p>	<p>The Board has determined the independence of Directors based on the declarations submitted by the Non-Executive Directors, as to their independence, as a fair representation and will continue to evaluate their independence on this basis annually. No circumstances have arisen for the determination of independence by the Board, beyond the criteria set out in the Code. Independent Non-Executive Directors are:</p> <p>Mr. D. Sooriyaarachchi Mr. M.H. Jamaldeen* Mr. D.H. Fernando Mr. D.K. de S.Wijeyeratne Ms. Gayani de Alwis</p> <p>* The Board has determined Mr. M.H. Jamaldeen as an Independent Non-Executive Director notwithstanding that he is a Director of Hayleys PLC, the Parent Company as the objectivity of his role is not compromised by being on both Boards.</p>	✓
Appointment of Alternate Director	A.5.6	If an Alternate Director is appointed by a Non-Executive Director such Alternate Director should not be an executive of the Company. If an Alternate Director is appointed by an Independent Director, the person who is appointed also should meet the criteria of Independence and the provision on minimum number of independent Directors also should be satisfied.	Non Independent Non-Executive Director has appointed an Executive Director within the Singer Group as his Alternate Director. However any decision by the Alternate Director is arrived at in consultation with his appointor and hence there is no compromise of the independence of his appointor during Board proceedings.	✓
Requirement to appoint “Senior Non-Executive Director”	A.5.7	In the event the Chairman and Group CEO is the same person, or the Chairman is not an Independent Director or the Chairman is immediately preceding Group CEO, the Board should appoint one of the Independent Non-Executive Directors to be the “Senior Independent Director” (SID) and disclose this appointment in the Annual Report.	Not applicable since Group CEO is the apex Executive in charge of the day-to-day management of operations and business of the Company.	✓
Confidential discussion with Senior Independent Director	A.5.8	The Senior Independent Director should make himself available for confidential discussions with other Directors who may have concerns which they believe have not been properly considered by the Board as a whole and which pertain to significant issues that are detrimental to the Company.	Not Applicable.	✗
Chairman’s meetings with Non-Executive Directors	A.5.9	The Chairman should hold meetings with the Non-Executive Directors only, without the Executive Directors being present, as necessary and at least once each year.	Chairman meets with Non-Executive Directors without the presence of Executive Directors, whenever necessary.	✓
Recording of concerns in Board Minutes	A.5.10	Where Directors have concerns about the matters of the Company which cannot be unanimously resolved, they should ensure their concerns are recorded in the Board minutes.	Concerns raised by the Directors during the period, if any, are recorded in the minutes of Board meetings with adequate details by the Company Secretary.	✓

## A.6 Supply of information

### Main principle

The Board should be provided with timely information in a form and of a quality appropriate to enable it to discharge its duties.

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
Management obligation to provide appropriate and timely information to the Board	A.6.1	Management has an obligation to provide the Board with appropriate and timely information, but information volunteered by Management may not be enough in all circumstances and Directors should make further inquiries where necessary. The Chairman should ensure all Directors are properly briefed on issues arising at Board meetings.	<p>The Company ensures that the Directors receive adequate information in a timely manner. On urgent matters, every effort is made to provide the information, as early as possible.</p> <p>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 Executive Committee.</p> <p>If necessary, all Directors are adequately briefed by the Group CEO on matters arising at Board meetings. The Secretary and the Compliance Officer ensure that Board papers are circulated in advance prior to Board meeting.</p> <p>If necessary, members of the Executive Committee, External Auditors and outside Consultancies makes presentations on issues of importance.</p> <p>The Chairman ensures that all Directors are briefed adequately on issues arising at Board meetings.</p>	✓
Adequate time for effective conduct of Board meetings		The minutes, agenda and papers required for a Board meeting should ordinarily be provided to Directors at least seven (7) days before the meeting, and the minutes of the meeting should ordinarily be provided to Directors at least two weeks after the meeting date.	The minutes, agenda and papers required for Board meeting are provided in advance to facilitate its effective conduct.	✓

## A.7 Appointments to the Board

### Main Principle

There should be a formal and transparent procedure for the appointment of new Directors to the Board.

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Nomination Committee	A.7.1	<p>A Nomination Committee should be established to make recommendations to the Board on all new Board appointments. Terms of Reference for Nomination Committees are set out in Schedule A.</p> <p>The Chairman and members of the Nomination Committee should be identified in the Annual Report.</p>	<p>The Committee consists of one Independent Non-Executive Director, one Non-Executive Director, Chairman who is also an Executive Director.</p> <p>Please refer page 120 for new appointments in year 2020/21.</p>	✓
		A separate section of the Annual Report should describe the work of the Nomination Committee including the process it has used in relation to Board appointments.	Details of work of the Nomination Committee are given on page 120.	✓
Assessment of Board composition by the Nomination Committee	A.7.2	The Nomination Committee should annually assess Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company. The findings of such assessment should be taken into account when new Board appointments are considered and when incumbent Directors come up for re-election.	Board as a whole annually assessed the composition of the Board to ensure that the combined knowledge and experience of the Board matches the strategic demand facing the Company. The findings of such assessments are taken into account when new Board appointments are considered.	✓
Disclose of required details of new Directors to shareholders	A.7.3	<p>Upon the appointment of a new Director to the Board, the Company should forthwith disclose to shareholders:</p> <ul style="list-style-type: none"> <li>a brief <i>résumé</i> of the Director;</li> <li>the nature of his expertise in relevant functional areas;</li> <li>the names of companies in which the Director holds directorships or memberships in Board committees; and</li> <li>whether such a Director can be considered “independent”.</li> </ul>	<p>All new appointments are communicated to the shareholders via the Colombo Stock Exchange.</p> <p>The details of the current Board of Directors and new appointments are provided on pages 23 to 25 in this Annual Report.</p>	✓

## A.8 Re-election

### Main principle

All Directors should be required to submit themselves for re-election at regular intervals and at least once in every three years.

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
Re-election of Non-Executive Directors, Chairman, and CEO	A.8.1	Non-Executive Directors should be appointed for specified terms subject to re-election and to the provisions in the Companies Act relating to the removal of a Director, and their reappointment should not be automatic.	In terms of the Articles of Association, one-third of the Directors, except for Chairman, Managing Director/Group CEO, retire by rotation and may offer themselves for re-election at the AGM. By virtue of being the Chairman, Managing Director/Group CEO are not required to make themselves available for re-election as per the Articles of Association. The Company's Articles of Association provides that any Director appointed by the Board during the period to hold office until the next Annual General Meeting and seek reappointment by the shareholders at the said AGM.	✓
	A.8.2	All Directors including the Chairman of the Board, should be subject to election by shareholders at the first opportunity after their appointment, and to re-election thereafter at intervals of no more than three years. The names of Directors submitted for election or re-election should be accompanied by a <i>résumé</i> minimally as set out in paragraph A.7.3 above, to enable shareholders to make an informed decision on their election.	Based on the article and the current composition of the Board, a Director has to come forward for re-election, every three years.  <i>A résumé</i> of the Directors coming up for re-election at the AGM, 2020/21 is available on pages 23 to 25.  The Chairman and Group Chief Executive Officer do not retire by rotation.	✓
Resignation	A.8.3	In the event of a resignation of a Director prior to completion of his appointed term, the Director should provide a written communication to the Board of his reasons for resignation.	Written communications are provided to the Board by Directors who resign prior to completion of his appointed term.	✓

## A.9 Appraisal of Board performance

### Main principle

Boards should periodically appraise their own performance in order to ensure that Board responsibilities are satisfactorily discharged.

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
Annual performance evaluation of the Board and its Committee	A.9.1	The Board should have in place a formal and rigorous process for annually reviewing the performance of the Board and its committees and should address any matters that may arise from such review, in the discharge of its key responsibilities as set out in A.1.2.	The performance of the Board and the Subcommittee is reviewed and evaluated by the Board and Chairman based on a self-appraisal basis.	✓
	A.9.2	The Board should also undertake an annual self-evaluation of its own performance and that of its committees.  The evaluation should be carried out by each Director individually. The collective outcome should be compiled and made available to Nomination Committee, which should make recommendations to the Board on initiatives and actions required to improve the balance of skills, experience, independence, industry and company knowledge, training of Directors, governance processes, strategy review and other factors relevant to its effectiveness.	Not Complied.	✗
	A.9.3	The Board should have a process to review the participation, contribution and engagement of each Director at the time of re-election.	Not Complied.	✗
	A.9.4	The Board should state how such performance evaluations have been conducted, in the Annual Report.	Not Complied.	✗



## A.10 Disclosure of information in respect of Directors

### Main principle

Shareholders should be kept advised of relevant details in respect of Directors.

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
Details in respect of Directors	A.10.1	The Annual Report of the Company should set out the following information in relation to each Director:		
		i. Name, qualifications and brief profile;	Available on pages 23 to 25 of Board of Directors.	✓
		ii. The nature of his/her expertise in relevant functional areas;	Available on pages 23 to 25 of Board of Directors.	✓
		iii. Immediate family and/or material business relationships with other Directors of the Company;	Not Applicable.	✗
		iv. Whether Executive, Non-Executive and/or Independent Director	Available on pages 23 to 25 of Board of Directors.	✓
		v. Names of listed companies in Sri Lanka in which the Director concerned serves as a Director;	Available on pages 23 to 25 of Board of Directors.	✓
		vi. Names of other companies in which the Director concerned serves as a Director, provided that where he/she holds directorships in companies within a Group of which the Company is a part, their names need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies;	Available on pages 23 to 25 of Board of Directors.	✓
		vii. Number/percentage of Board meetings of the Company attended during the year;	Available on page 116.	✓
		viii. The total number of Board seats held by each Director indicating listed and unlisted companies and whether in an executive or non-executive capacity;	Not disclosed in the Annual report. But can be obtained from Company Secretary.	✓
		ix. Committees in which the Director serves as Chairman or a member;	Available on page 132.	✓
		x. Number/percentage of Committee meetings attended during the year.	Available on page 116.	✓

## A.11 Appraisal of Group Chief Executive Officer

### Main principle

The Board should be required, at least annually, to assess the performance of the Group CEO.

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
Setting annual targets and the appraisal of performance of the CEO	A.11.1	At the commencement of every fiscal year, the Board in consultation with the CEO, should set, in line with the short, medium and long-term objectives of the Company, reasonable financial and non-financial targets that should be met by the Group CEO during the year.	The Annual Business Plan is prepared setting up short-term, medium-term and long-term financial and non-financial goals. The Annual Business Plan is initially approved by the Board.	✓
	A.11.2	The performance of the Group CEO should be evaluated by the Board at the end of each fiscal year to ascertain whether the targets set by the Board have been achieved and if not, whether the failure to meet such targets was reasonable in the circumstances.	Assessment of performance of the Group CEO is carried out by the Board at the end of each year to ensure that pre-agreed targets have been achieved or if not whether there are acceptable reasons for not achieving them.	✓

## B. Directors' remuneration

### B.1 Remuneration procedure

#### Main principle

Companies should establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his/her own remuneration.

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
Establishment of the Remuneration Committee	B.1.1	To avoid potential conflicts of interest, the Board of Directors should set up a Remuneration Committee to make recommendations to the Board, within agreed terms of reference, on the Company's framework of remunerating Executive Directors. (These also include Post-Employment Benefits as well as Terminal Benefits.) Terms of Reference for Remuneration Committees are set out in Schedule C.	The scope of the Committee is to consider and recommend to the Board remuneration and perquisites of Independent Directors, Executive Directors of the Board of the Company including Key Managers and approve recommendations made by the Group Chief Executive Officer and the Parent Company.  Remuneration and perquisites of Group CEO is considered and recommended by the Parent Company – Hayleys PLC Remuneration Committee.	✓
Composition of the Remuneration Committee	B.1.2	Remuneration Committees should consist exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom the majority should be Independent. The Chairman should be an independent Non-Executive Director and should be appointed by the Board.	The Committee consists of three Independent Non-Executive Directors. The Committee is chaired by an Independent Non-Executive Director. Finance Director serves as the Secretary to the Committee. Chairman to the Company participates as an observer to the Committee. Group CEO and the Finance Director assist the Committee by providing the relevant information and participating in its analysis and deliberations.	✓
Chairman and Members of the Remuneration Committee	B.1.3	The Chairman and members of the Remuneration Committee should be listed in the Annual Report each year.	Please refer page 119 of the Remuneration Committee Report for details of the Chairman and members of the Board Remuneration Committee.	✓
Determination of remuneration of Non-Executive Directors	B.1.4	The Board as a whole, or where required by the Articles of Association the shareholders, should determine the remuneration of Non-Executive Directors, including members of the Remuneration Committee, within the limits set in the Articles of Association. Where permitted by the Articles, the Board may delegate this responsibility to a subcommittee of the Board, which might include the CEO.	After consideration of the recommendation made by the Group Chief Executive Officer and the Parent Company, the Committee as a whole decides the remuneration of the Non-Executive Directors. The Non-Executive Directors receive a fee for being a Director of the Board and separate fee for either chairing or being a member of a Board Subcommittee. They do not receive any performance/incentive payments.	✓
Consultation of the Chairman and access to professional advice	B.1.5	The Remuneration Committee should consult the Chairman and/or CEO about its proposals relating to the remuneration of other Executive Directors and have access to professional advice from within and outside the Company, in discharging their responsibilities.	The Committee has the authority to seek internal and external independent professional advice on matters falling within its purview, at the Company's expense. Views of the Chairman and Group CEO are obtained as they too assist and participate in its analysis and deliberations to the said Board Subcommittee.	✓

## B.2 Level and make-up of remuneration

### Main principle

Levels of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully. A proportion of Executive Directors' remuneration should be structured to link rewards to corporate and individual performance.

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
Executive Directors' remuneration package	B.2.1	The Remuneration Committee should provide the packages needed to attract, retain, and motivate Executive Directors of the quality required but should avoid paying more than is necessary for this purpose.	The Board Remuneration Committee and also the Board ensure that Executive Directors – (Alternate Directors to the Non-Executive Directors) who are on the Board and Key Management are provided with an attractive remuneration package.  Remuneration package of the Group CEO is considered at Parent Company Remuneration Committee.	✓
	B.2.2	Executive Directors' remuneration should be designed to promote the long-term success of the Company.	Executive Directors' and Key Management's remuneration is designed to promote the long-term success of the Company/Group.	✓
Comparison of remuneration with other companies/ Other companies in the Group	B.2.3	The Remuneration Committee should judge where to position levels of remuneration of the Company, relative to other companies. It should be aware what comparable companies are paying and should take account of relative performance, but should use such comparisons with caution, mindful of the risk that they can result in an increase of remuneration levels with no corresponding improvement in performance.	A primary objective of compensation packages is to attract and retain a highly qualified and experienced workforce 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.	✓
	B.2.4	The Remuneration Committee should be sensitive to remuneration and employment conditions elsewhere in the Company or Group of which it is a part, especially when determining annual salary increases.	Remuneration and annual salary increases are decided considering industry practices, performance of the Company/Group, each employee's level of experience and contribution bearing in mind the business performance and the long-term shareholder returns.	✓
Performance-based remuneration of Executive Directors	B.2.5	The performance-related elements of remuneration of Executive Directors should be designed and tailored to align their interests with those of the Company and main stakeholders and to give these Directors appropriate incentives to perform at the highest levels. The performance-related elements should be transparent, stretching and rigorously applied.	Objectives for Group CEO, Executive Directors and Key Management are set at the beginning of the year and the remuneration including the performance bonus is decided based upon the degree of achievement of such pre-set targets subject to the remuneration policy.	✓
Executive share options	B.2.6	Executive share options should not be offered at a discount (i.e. less than market price prevailing at the time the exercise price is determined), save as permitted by the Listing Rules of the Colombo Stock Exchange. Shares granted under share options schemes should not be exercisable in less than three years and the Remuneration Committee should consider requiring Directors to hold a minimum number of shares and to hold shares for a further period after vesting or exercise.	Presently the Company does not have an Executive Share Option Scheme.	✓
Designing the remuneration of Executive Directors	B.2.7	In designing schemes of performance-related remuneration, Remuneration Committees should follow the provisions set out in Schedule E. The schemes should include provisions that would enable the Company to recover sums paid or withhold a portion of such performance-related remuneration and specify the circumstances in which a company may not be entitled to do so.	Please refer Remuneration Committee Report on page 119.	✓

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
Early termination of Executive Directors	B.2.8	Remuneration Committee should consider what compensation commitments (including pension contributions) their Directors' contracts of service, if any, entail in the event of early termination. Remuneration Committee should in particular, consider the advantages of providing explicitly for such compensation commitments to apply other than in the case of removal for misconduct, in initial contracts.	Not applicable to the Board except for Group CEO and other Executive Directors (Alternate Directors to the Non-Executive Directors) who are employees of the Company, and their terms of employment are governed by the contract of service/employment.	✓
	B.2.9	Where the initial contract does not explicitly provide for compensation commitments, Remuneration Committees should, within legal constraints, tailor their approach in early termination cases to the relevant circumstances. The broad aim should be, to avoid rewarding poor performance while dealing fairly with cases where departure is not due to poor performance.	Not applicable.	✗
Level of remuneration of Non-Executive Directors	B.2.10	Levels of remuneration for Non-Executive Directors should reflect the time commitment and responsibilities of their role, taking into consideration market practices. Remuneration for Non-Executive Directors should not normally include share options. If exceptionally options are granted, shareholder approval should be sought in advance and any shares acquired by exercise of the options should be held until at least one year after the Non-Executive Director leaves the Board. Holding share options could be relevant to the determination of a Non-Executive Director's independence. (as set out in provision A.5.5).	Non-Executive Directors of the Company are paid nominal fees commensurate with their time and role in the Company and taking into consideration market practices.  Non-Executive Directors are not included in share options as there is no scheme in existence.	✓

## B.3 Disclosure of remuneration

### Main principle

The Company's Annual Report should contain a Statement of Remuneration Policy and details of remuneration of the Board as a whole.

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
Disclosure of remuneration	B.3.1	The Annual Report should set out the names of Directors (or persons in the Parent Company's Committee in the case of a Group Company) comprising the Remuneration Committee, contain a statement of remuneration policy and set out the aggregate remuneration paid to Executive and Non-Executive Directors.	Please refer Remuneration Committee Report on page 119 for disclosure on the names of Remuneration Committee members and Remuneration Policy of the Company.  Please refer Note 8 to the Financial Statements on page 170 for aggregate remuneration paid to Executive and Non-Executive Directors.	✓

## C. Relations with shareholders

### C.1 Constructive use of Annual General Meeting (AGM) and Conduct of General Meetings

#### Main principle

Boards should use the AGM to communicate with shareholders and should encourage their participation.

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
Adequate Notice of the AGM	C.1.1	Companies should arrange for the Notice of AGM and related papers to be sent to shareholders at least as determined by statute, before the meeting.	A copy of the Annual Report including Financial Statements is posted on corporate website as well as CSE website. The Notice of Meeting and the Form of the Proxy are sent to shareholders 15 working days prior to the date of the AGM, as required by statute, in order to provide the opportunity to all the shareholders to attend the AGM.	✓



Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
Separate resolution for all separate issues at the AGM	C.1.2	Companies should propose a separate resolution at the AGM on each substantially separate issue and should in particular propose a resolution at the AGM relating to the adoption of the report and accounts. For each resolution, proxy appointment forms should provide shareholders with the option to direct their proxy to vote either for or against the resolution or to withhold their vote. The Proxy Form and any announcements of the results of a vote should make it clear that a “vote withheld” is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against the resolution.	Company proposes a separate resolution at the AGM on each substantially separate issue. Further, adoption of the Annual Report of the Board of Directors on the affairs of the Company and Audited Financial Statements together with the Report of the Auditors thereon are considered as a separate resolution.	✓
	C.1.3	The Company should ensure that all valid proxy appointments received for General Meetings are properly recorded and counted. For each resolution where a vote has been taken on a show of hands, the Company should ensure that the following information is given at the Meeting and made available as soon as reasonably practicable on a website which is maintained by or on behalf of the Company: <ul style="list-style-type: none"> <li>• The number of shares in respect of which proxy appointments have been validly made;</li> <li>• The number of votes for the resolution;</li> <li>• The number of votes against the resolution; and</li> <li>• The number of shares in respect of which the vote was directed to be withheld;</li> </ul> When, in the opinion of the Board a significant proportion of votes have been cast against a resolution at any General Meeting, the Board should take steps to understand the reasons behind the vote results and determine if any actions are required.	The Company ensures that all valid proxy appointments received for General Meetings are properly recorded and counted.	✓
Availability of all Subcommittee Chairmen	C.1.4	The Chairman of the Board should arrange for the Chairmen of the Audit, Remuneration, Nomination and Related Parties Transactions Review Committees and the Senior Independent Director where such appointment has been made, to be available to answer questions at the AGM if so requested by the Chairman.	The Chairman of the Company ensures that Chairmen of all Board Subcommittees namely, Audit, Remuneration, Nomination and Related Party Transactions Review Committees are present at the AGM to answer the questions under their purview.	✓
Procedures of Voting at AGM	C.1.5	Companies should circulate with every Notice of General Meeting, a summary of the procedures governing voting at General Meetings.	A summary of the procedures governing voting at General Meeting is circulated to shareholders with every Notice of General Meeting.	✓

## C.2 Communication with shareholders

### Main principle

The Board should implement effective communication with shareholders.

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
Channel to reach all shareholders of the Company	C.2.1	There should be a channel to reach all shareholders of the Company in order to disseminate timely information.	The primary modes of communication between Company and the shareholders are the CSE announcements, Interim Financial Statements, Shareholders Circulars/Notices, Annual Report and AGM. Information is provided to the shareholders prior to the AGM to give them an opportunity to exercise the prerogative to raise any issues relating to the business of Company, either verbally or in writing prior to the AGM.  The Company used the following channels to disseminate timely information; <ul style="list-style-type: none"> <li>• Shareholders meetings</li> <li>• Financial and other notices as and when required through the Colombo Stock Exchange</li> <li>• Corporate website</li> <li>• Press notices.</li> </ul>	✓

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
Policy and methodology for communication with shareholders	C.2.2	The Company should disclose the policy and methodology for communication with shareholders.	The Company will focus on open communication and fair disclosure, with emphasis on the integrity, timeliness and relevance of the information provided. The Company will ensure information is communicated accurately and in such a way as to avoid the creation or continuation of a false market.	✓
Implementation of the Policy and methodology for communication with shareholders	C.2.3	The Company should disclose how they implement the above policy and methodology.	Printed copies of Annual Report are provided to all shareholders on request without charge and soft copies are available in corporate website. All other announcements are posted on the CSE website.	✓
Contact person for the communication	C.2.4	The Company should disclose the contact person for such communication.	Details of Company Secretary are disclosed in Corporate Information Section. Shareholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or Management of the Company. In addition, Head of Investor Relations is assigned to handle communications related to investor relations. Such questions, requests and comments should be addressed to the Company Secretary and in the absence of him the Group Chief Executive Officer.	✓
Process to make Directors aware of major issues and concerns of shareholders	C.2.5	The Company should have a process to make all Directors aware of major issues and concerns of shareholders and this process should be disclosed by the Company.	The Company Secretary shall maintain a record of all correspondence received and will deliver as soon as practicable such correspondence to the Board or individual Director/s as applicable. The Board or individual Director/s, as applicable, will generate an appropriate response to all validly received shareholder correspondence and will direct the Company Secretary to send the response to the particular shareholder.	✓
	C.2.6	The Company should decide the person to contact in relation to shareholders' matters.	Company Secretary or head of Investor Relations can be contacted in relation to shareholders' matters.	✓
	C.2.7	The process for responding to shareholders matters should be formulated by the Board and disclosed.	Company Secretary is assigned to respond to shareholders by the Board and update the Board on such matters.	✓

## C.3 Major transactions

### Main principle

Further to compliance with the requirements under the Companies Act, Directors should disclose to shareholders all proposed corporate transactions, which if entered into, would materially alter/vary the Company's net assets base or in the case of a company with subsidiaries, the consolidated Group net asset base.

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
Disclosure on "Major Transaction"	C.3.1	Prior to a company engaging in or committing to a "Major Related Party Transaction", with a related party, involving the acquisition, sale or disposition of greater than one third value of the Company's assets or that of a subsidiary which has a material bearing on the Company and for consolidated net assets of the Company, or a transaction which has or is likely to have the effect of the Company acquiring obligations and liabilities, of greater than one third of the value of the Company's assets, the Directors should disclose to shareholders the purpose and all material facts of such transaction and obtain shareholders' approval by ordinary resolution at an EGM. It also applies to transactions or series of related transactions which have the purpose or effect of substantially altering nature of the business carried on by the Company.	During the year, there were no major transactions as defined by Section 185 of the Company's Act No. 07 of 2007 which materially affect the Net Assets Base of the Company or Consolidated Group Net Asset Base. Transactions which materially affect the net assets base of the Company will be disclosed in the Quarterly/Annual Financial Statements, if any.	✓
	C.3.2	Public listed companies should in addition comply with the disclosure requirements and shareholder approval by special resolution as required by the Rules and Regulations of the Securities and Exchange Commission and by the Colombo Stock Exchange.	Not applicable since no such transactions were carried out during the period.	✓

## D. Accountability and audit

### D.1 Financial reporting

#### Main principle

The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance																	
Board's responsibility for Statutory and Regulatory Reporting	D.1.1	The Board should present an annual report including Financial Statements that is true and fair, balanced and understandable and prepared in accordance with the relevant laws and regulations and any deviation being clearly explained.	An annual report is presented including financial statements that is true and fair, balanced and understandable and prepared in accordance with the relevant laws and regulations.	✓																	
	D.1.2	The Board's responsibility to present a balanced and understandable assessment extends to interim and other price-sensitive public reports and reports to regulators, as well as to information required to be presented by statutory requirements.	<p>The Board is well aware of its responsibility to present regulatory and statutory reporting in a balanced and understandable manner and a statement to this effect is given in the Statement of Directors' Responsibility on page 136 confirming this position.</p> <p>The Company had strictly complied with the requirements of the Companies Act No. 07 of 2007 in the preparation of Quarterly and Annual Financial Statements which are prepared and presented in conformity with Sri Lanka Accounting Standards. Further, Company has complied with the reporting requirements prescribed by the regulatory authority such as the Colombo Stock Exchange.</p>	✓																	
			<p>In case of Subsidiary Company – Singer Finance (Lanka) PLC has also complied with the requirements of the Finance Companies Act No. 78 of 1988 and amendments thereto and reporting requirements prescribed by the regulatory authorities such as the Central Bank of Sri Lanka and the Colombo Stock Exchange. Given below is a table containing the dates on which the Annual and Interim Financial Statements were uploaded to the CSE website/ dispatched to the shareholders in the year under review:</p> <table><tr><th>Report</th><th>Date of Dispatch or Upload</th><th>Status</th></tr><tr><td>Annual Report for the period ended 31st March 2020</td><td>06th July 2020</td><td>Compliant</td></tr><tr><td>1st Quarter 2020</td><td>30th July 2020</td><td>Compliant</td></tr><tr><td>2nd Quarter 2020</td><td>10th November 2020</td><td>Compliant</td></tr><tr><td>3rd Quarter 2020</td><td>27th January 2021</td><td>Compliant</td></tr><tr><td>4th Quarter 2021</td><td>06th May 2021</td><td>Compliant</td></tr></table>	Report	Date of Dispatch or Upload	Status	Annual Report for the period ended 31st March 2020	06th July 2020	Compliant	1st Quarter 2020	30th July 2020	Compliant	2nd Quarter 2020	10th November 2020	Compliant	3rd Quarter 2020	27th January 2021	Compliant	4th Quarter 2021	06th May 2021	Compliant
Report	Date of Dispatch or Upload	Status																			
Annual Report for the period ended 31st March 2020	06th July 2020	Compliant																			
1st Quarter 2020	30th July 2020	Compliant																			
2nd Quarter 2020	10th November 2020	Compliant																			
3rd Quarter 2020	27th January 2021	Compliant																			
4th Quarter 2021	06th May 2021	Compliant																			

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
	D.1.3	The Board should, before it approves the Company's Financial Statements for a financial period, obtain from its Group Chief Executive Officer and Chief Financial Officer a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the Financial Statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the system of risk management and internal control was operating effectively.	It is assigned to Chief Financial Officer, Head of Risk Management and Compliance Officers of the respective subsidiary companies.  Chief Financial Officer, Head of Risk Management and Compliance Officers (financial accountants) review quarterly and year end Financial Statements before submitting to the Audit Committee and Board and ensure that, the financial records of the entity have been properly maintained and that the Financial Statements comply with the appropriate accounting standards and give a true and fair view.	✓
Directors' Report in the Annual Report	D.1.4	The Directors' Report, which forms part of the Annual Report, should contain declarations by the Directors to the effect that: <ul style="list-style-type: none"> <li>the Company has not engaged in any activity which contravenes laws and regulations;</li> <li>the Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested;</li> <li>the Company has made all endeavours to ensure the equitable treatment of shareholders;</li> <li>the Directors have complied with best practices of corporate governance</li> <li>Property, plant and equipment is reflected at fair value, where it is different from fair value adequate disclosures are made</li> <li>the business is a going concern, with supporting assumptions or qualifications as necessary; and</li> <li>they have conducted a review of the internal controls, covering financial, operational and compliance controls and risk management, and have obtained reasonable assurance of their effectiveness and successful adherence therewith, and, if it is unable to make any of these declarations, to explain why it is unable to do so.</li> </ul>	The Annual Report of the Board of Directors on the Affairs of the Company given on pages 131 to 135 covers all of these sections.  In addition to that Company has established procedures to ensure compliance with all applicable statutory and regulatory requirements. The Accountants of respective companies within the Group act as Compliance Officers and are responsible for ensuring proper compliance with applicable laws and regulations.  A compliance statement is tabled at each Board meeting by the Compliance Officer.  The Company's compliance with Section 7.10 of the Colombo Stock Exchange Listing Rules on Corporate Governance and details of such compliance are discussed on pages 112 and 113 of this Report.	✓
Statements of Directors' and Auditors' Responsibility for the Financial Statements	D.1.5	The Annual Report should contain a statement setting out the responsibilities of the Board for the preparation and presentation of Financial Statements, together with a statement by the Auditors about their reporting responsibilities. Further the Annual Report should contain a report/statement on internal control.	The "Statement of Directors' Responsibility" is given on page 136.  The "Independent Auditors' Report" on pages 137 to 139 Statement of the Auditor's responsibility.  The Statement on Internal Control is given on page 136 in the Statement of Director's Responsibilities.	✓



Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
Management Discussion and Analysis	D.1.6	<p>The Annual Report should contain a “Management Discussion and Analysis”, discussing, among other issues:</p> <ul style="list-style-type: none"> <li>• business model;</li> <li>• industry structure and developments;</li> <li>• opportunities and threats;</li> <li>• risk management;</li> <li>• internal control systems and their adequacy;</li> <li>• governance;</li> <li>• stakeholder relationships;</li> <li>• social and environmental protection activities carried out by the Company;</li> <li>• financial performance;</li> <li>• investment in physical and intellectual capital;</li> <li>• human resource/industrial relations activities carried out by the company; and</li> <li>• prospects for the future.</li> </ul> <p>The Management Discussion and Analysis may be structured based on the integrated reporting framework issued by International Integrated Reporting Council and “a preparer’s guide to integrated Corporate Reporting” issued by CA Sri Lanka.</p>	<p>Please refer Chairman’s Statement on pages 16 and 17, Group Chief Executive Officer’s Review on pages 18 to 20, and Management Discussion and Analysis on pages 40 to 80 of this Annual Report.</p> <p>Management Discussion and Analysis is structured based on the Integrated Reporting Framework in this Annual Report.</p>	✓
Summon on EGM to notify serious loss of capital	D.1.7	<p>In the event the net assets of the Company falling below 50% of the value of the Company’s shareholders’ funds, the Directors shall forthwith summon an Extraordinary General Meeting of the Company to notify shareholders of the position and of remedial action being taken. The Directors should report periodically to the shareholders progress on these remedial actions.</p>	<p>Likelihood of such occurrence is remote. However, should the situation arises, an EGM will be called for and shareholders will be notified.</p>	✓
Disclosure of related party transaction	D.1.8	<p>The Board should adequately and accurately disclose the Related Party Transactions in its Annual Report:</p> <ul style="list-style-type: none"> <li>• Each Company within the Group to submit signed and dated quarterly declarations mentioning whether they have related party transactions with the Company as defined in this Code;</li> <li>• The Company Secretary keeps a record on related party transactions and make necessary disclosures accordingly;</li> <li>• There should be a process to capture related parties and related party transactions. This process needs to be operationalised and related party transactions should be properly documented;</li> <li>• A record/register either in hard or soft form on related party and related party transaction should be maintained by the Company;</li> <li>• This record should ensure that the company captures information to comply with the respective related party disclosure requirements imposed by SEC/Accounting Standards/Auditing Standards and similar regulations.</li> </ul>	<p>Each Company within the Singer Group has submitted signed and dated declarations mentioning whether they had related party transactions with the Company during the period ended 31st March 2021.</p> <p>Related party transactions review committee reviewed related party transactions of the Singer Group which is described in this Annual Report in page 121.</p> <p>Related parties and related party transactions are captured and documented by the Company.</p>	✓

## D.2 Risk management and internal control

### Main principle

The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The Board should have a process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets. Broadly, risk management and internal control is a process, effected by a company's Board of Directors and Management, designed to provide reasonable assurance regarding the achievement of Company's objectives.

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
Annual Review of the effectiveness of Group's system of internal control	D.2.1	The Board should monitor the Company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness, and report on that review in the Annual Report. The monitoring and review should cover all material controls, including financial, operational and compliance controls.	<p>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.</p> <p>The Company has its own internal audit processes, implemented to ensure that effective controls are in place. These processes extend across all Company operations.</p> <p>The internal audit function is headed by the Head of Risk Management, who reports to the Board Audit Committee and Group CEO.</p>	✓
			<p>In relation to the retail network, the internal audit function includes an individual risk assessment for every outlet directly operated by Singer (Sri Lanka) PLC, based on five <i>criteria</i>:</p> <ol style="list-style-type: none"> <li>1. Receivables management</li> <li>2. Inventory management</li> <li>3. Cash management</li> <li>4. Internal checks and balances</li> <li>5. Effectiveness of internal controls</li> </ol> <p>Each location is graded by the Internal Audit Department based on its adherence to controls and its administrative performance on the management of the five criteria mentioned above.</p>	✓
Review the need for internal audit function	D.2.2	The Directors should confirm in the Annual Report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The Directors should describe those risks and explain how they are being managed or mitigated.	Please refer pages 123 to 127 in the Risk Management report.	✓
	D.2.3	Companies should have an internal audit function.	Risk Management and Internal Audit are responsible for internal audit functions.	✓
Review of the process and effectiveness of risk management and internal controls	D.2.4	The Board should require the Audit Committee to carry out reviews of the process and effectiveness of risk management and internal controls, and to document to the Board and Board takes the responsibility for the disclosures on risk management and internal controls.	The Internal Audit Division of the Company carries out regular reviews on the risk management function and internal control system including internal control over financial reporting. The Audit Committee monitors, reviews and evaluates the effectiveness of internal control system including the internal controls over financial reporting. In the reporting period ended 31st March 2021, the Board of Directors was satisfied with the effectiveness of the system of internal controls of the Company. Refer the Directors' Statement on Internal Control on page 136 for details.	✓

## D.3 Audit committee

### Main principle

The Board should establish formal and transparent arrangements for considering how they should select and apply accounting policies, financial reporting, determine the structure and content of corporate reporting, implement internal control and risk management principles and for maintaining an appropriate relationship with the Company's Auditors.

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
Composition of the Audit Committee	D.3.1	The Board should establish an Audit Committee exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom at least two should be independent. If there are more Non-Executive Directors. The majority should be independent. The Committee should be Chaired by an Independent Non-Executive Director. The Board should satisfy itself that at least one member of the Audit Committee has recent and relevant experience in financial reporting and control.	All members of the Board audit committee are Independent Non-Executive Directors.  Details of the members, invitees and Secretary of the Committee are found on page 118 of the Audit committee report under the heading Composition of the Committee.	✓
Terms of Reference of the Audit Committee	D.3.2	The Audit Committee should have a written Terms of Reference, dealing clearly with its authority and duties. The Audit Committee's written Terms of Reference must address:  The Committee's purpose – which, at minimum, must be to – <ul style="list-style-type: none"> <li>• Assist Board oversight of the:</li> <li>• Preparation, presentation and adequacy of disclosures in the Financial Statements, in accordance with the Sri Lanka's Accounting Standards;</li> <li>• Compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements;</li> <li>• Process to ensure that the Company's internal controls and risk management procedures are adequate to meet the requirements of the Sri Lanka Auditing Standards;</li> <li>• Assessing the Company's ability to continue as a going concern in the foreseeable future;</li> <li>• Performance of the Company's internal audit function;</li> <li>• Process to the identification, monitoring and management of significant business/financial risk; and</li> <li>• Independence and performance of the Company's external audit.</li> <li>• The duties and responsibilities of the Audit Committee should at a minimum include those set out below:</li> <li>• Making recommendations to the Board, pertaining to appointment, reappointment and removal of External Auditors and to approve the External Auditors;</li> <li>• To develop and implement policy on the engagement of the External Auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;</li> <li>• To review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Sri Lankan professional and regulatory requirements;</li> <li>• Discussion of the audit plan, key audit issues, their resolution and management responses;</li> <li>• Review the Company's annual Audited Financial Statements and Quarterly Financial Statements with management and the Auditor to ensure compliance with the Sri Lanka Accounting Standards and other relevant laws and regulations;</li> <li>• To review significant financial reporting judgements;</li> <li>• Review the Company's earnings press releases and financial information and earnings guidance provided to analysts and rating agencies;</li> <li>• Discussion of policies and practices with respect to risk assessment and risk management;</li> <li>• Ensuring that a process of sound system of internal control is in place;</li> </ul>	Company established written Audit Committee charter which addressed Terms of Reference of the audit committee and further details are disclosed in Audit committee report on page 118 of this Annual Report.	✓

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
		<ul style="list-style-type: none"> <li>Ensuring that at least once in every three years an review of the Board's risk management, internal controls, business continuity, planning and information security systems are carried out and appropriate remedial action recommended to the Board;</li> <li>Ensuring that an effective internal audit function is in place and monitor and review the internal audit activities;</li> <li>Meeting separately, periodically, with Management, Auditors and Internal Auditors;</li> <li>Ensuring that there is a mechanism for the confidential receipt, retention and treatment of complaints alleging fraud, received from internal/ external sources and pertaining to accounting, internal control or other such matters;</li> <li>Assuring confidentiality to whistle-blowing employees;</li> <li>Setting clear hiring policies for employees or former employees of the Auditors; and</li> <li>Reporting regularly to the Board of Directors.</li> </ul>		
Disclosure of names of the members of the Audit Committee	D.3.3	<p>A separate section of the Annual Report should describe the work of the Committee in discharging its responsibilities. The report should include –</p> <ul style="list-style-type: none"> <li>The names of the Directors (persons in the Parent Company's Committee in the case of a Group Company) comprising the Audit Committee should be disclosed in the Annual Report.</li> <li>The number of meetings held and attendance of each Director;</li> <li>The scope of work and how its roles and responsibilities were discharged;</li> <li>An explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external audit, and information on the length;</li> </ul>	Names of the members of the Audit Committee are given on page 118 under the section on the Composition of the Committee and disclosure on the independence of the Auditors is found on page 135 under the Auditors' in the Annual Report of the Board of Directors on the Affairs of the Company on pages 131 to 135.	✓
		<ul style="list-style-type: none"> <li>If the External Auditor provides non-audit services, an explanation of how audit objectivity and independence are safeguarded; and the Committee should also make a determination of the independence of the Auditors and should disclose the basis of such determination in the Annual Report.</li> </ul>	Report by the Audit Committee is given on page 118.	✓
		<ul style="list-style-type: none"> <li>The Annual Report should contain a Report by the Audit Committee, setting out the manner of compliance by the Company, in relation to the above, during the period to which the Annual Report relates.</li> </ul>	Report by the Audit Committee is given on pages 118.	✓

## D.4 Related party transactions review committee

### Main principle

The Board should establish a procedure to ensure that the Company does not engage in transactions with “related parties” in a manner that would grant such parties “more favourable treatment” than that accorded to third parties in the normal course of business.

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
Disclosure of Related Party Transactions Review Committee	D.4.1	A related party and related party transactions will be as defined in LKAS 24.	Related party and related party transactions are defined as per LKAS 24.	✓
	D.4.2	The Board should establish a Related Party Transactions (RPT) Review Committee consisting exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom the majority should be independent. Executive Directors may attend by invitation. The Chairman should be an Independent Non-Executive Director appointed by the Board.	<p>In compliance with Section 9 of the Listing Rules of the CSE, the Committee comprises two Independent Non-Executive Directors, and one Executive Director.</p> <p>The Committee is chaired by an Independent Non-Executive Director.</p>	✓

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
	D.4.3	<p>RPT Review Committee should have written terms of reference dealing clearly with its authority and duties which should be approved by the Board of Directors. The RPT Review Committee's written terms of reference must address –</p> <ul style="list-style-type: none"> <li>• A procedure for documenting related parties in accordance with the definitions in LKAS 24 and the CSE Listing Rules.</li> <li>• A procedure to obtain a statement of related party interest from each such related party at least once in each quarter, when there's a change in the status and in any event prior to entering into any transaction between such related parties and the Company, its parent or any of subsidiaries, sub-subsidiaries, fellow subsidiaries, associates, joint ventures and any other entities which are considered related parties as defined in LKAS 24 unless they are exempted related party transactions as defined in CSE Listing Rules.</li> <li>• Key Management Personnel of the Company responsible for contracting, procurement, payments, and any other channel through which an inflow or outflow of resources can result, should have a list of all related parties and have a process in place to capture and report any related party transaction within their area of responsibility.</li> <li>• A procedure to inform all related parties of what constitutes exempted related party transactions.</li> <li>• A procedure and guideline to delegate to Key Management Personnel to deal with recurrent related party transactions as defined in the CSE Listing Rules.</li> <li>• A procedure for the RPT Review Committee to review and recommend to the Board matters relating to such transactions.</li> <li>• Any interested Directors should not participate at the meeting at which the transaction relating to him/her is discussed unless invited to seek clarification/information.</li> <li>• A procedure and definition of disclosure required to be made by the Company on an annual basis, those requiring immediate disclosure and those requiring shareholder approval.</li> <li>• A procedure to identify related party transactions which require immediate disclosure as per the CSE Listing Rules and to ensure that required disclosures are made by the Company to the Colombo Stock Exchange in accordance with the CSE Listing Rules.</li> <li>• A procedure to identify related party transactions which require shareholder approval by special resolution at an Extraordinary General Meeting.</li> <li>• The Company Secretary should maintain a permanent record in manual or electronic form of such statements, submissions, approvals, and minutes.</li> <li>• Review and recommend to the Board the related party disclosures to be made in the Annual Report of the Company.</li> </ul>	The Related Party Transactions Review Committee Report sets out the functions of the Committee which is given on page 121.	✓



## D.5 Code of business conduct and ethics

Companies must adopt a Code of Business Conduct and Ethics for Directors, Key Management Personnel and all other employees including but not limited to; dealing with shares of the Company; compliance with listing rules; bribery and corruption; confidentiality; encouraging that any illegal, fraudulent and unethical behaviour be promptly reported to those charged with governance. The Company must disclose waivers of the code for Directors, if any –

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
Disclosure of Code of Business Conduct and Ethics	D.5.1	<p>All companies must disclose whether they have a Code of Business Conduct and Ethics for Directors and Key Management Personnel and if they have such a code, make an affirmative declaration in the Annual Report that all Directors and Key Management Personnel have declared compliance with such code, and if unable to make that declaration, state why they are unable to do so.</p> <p>Each company may determine its own policies in the formulation of such a code, but all companies should address the following important topics in their respective codes:</p> <ul style="list-style-type: none"> <li>• Conflict of interest;</li> <li>• Bribery and corruption;</li> <li>• Entertainment and gift;</li> <li>• Accurate accounting and record-keeping;</li> <li>• Fair and transparent procurement practices;</li> <li>• Corporate opportunities;</li> <li>• Confidentiality;</li> <li>• Protection and proper use of company assets including information assets;</li> <li>• Compliance with laws, rules and regulations (including insider trading laws); and</li> <li>• Encouraging the reporting of any illegal, fraudulent or unethical behaviour.</li> </ul>	<p>Company has an internally-developed Code of Conduct. All employees including Directors, Key Managers and Senior Managers are bound by the Company's written Code of Ethics that includes the following aspects:</p> <ul style="list-style-type: none"> <li>• Exercise honesty, objectivity and diligence when performing one's duties.</li> <li>• Avoid situations where personal interest might conflict with the interest of the Company; and if so, disclose such interest in advance.</li> <li>• Maintain confidentiality of commercial and price sensitive information.</li> <li>• Work within applicable laws and regulations.</li> <li>• Safeguard the Company's assets.</li> <li>• Avoid conduct that will reflect badly on the person concerned or the Company's image.</li> <li>• Strictly avoid giving or accepting any kind of bribe, either directly or indirectly.</li> <li>• Strictly avoid making contributions for political funds, either directly or indirectly.</li> <li>• Strictly avoid any kind of sexual harassment.</li> </ul> <p>The Company has implemented a formal whistle-blowing procedure and encourages any employee who suspects wrong doing at work, whether by Management, peers or any other employee, to raise their concerns.</p> <p><b>Other Policies</b> In addition, the Company implements policies covering:</p> <ul style="list-style-type: none"> <li>• Recruitment and selection</li> <li>• Financial integrity/Financial Manual</li> <li>• Use of Company property including computers</li> <li>• Non-harassment in the workplace</li> <li>• Environment, safety and health</li> <li>• Security of IT system</li> </ul>	✓
	D.5.2	The Company should have a process in place to ensure that material and price sensitive information is promptly identified and reported in accordance with the relevant regulations.	Company has established policy and process to ensure that material and price sensitive information is immediately disclosed to the Colombo Stock Exchange immediately after relevant decisions are made by the Board of Directors. This task is assigned to the Company Secretary and it is a prime responsibility of the Company Secretary.	✓
	D.5.3	The Company should establish a policy, process for monitoring and disclosure of shares purchased by any Director, Key Management Personnel or any other employee involved in financial reporting.	The policy in place and any share transaction done by Board Director need to be immediately disclosed to the Company Secretary and Company Secretary will inform such transactions to the Colombo Stock Exchange. Any share transaction done by Key Management Personnel other than Board Directors should inform such transactions to Compliance Officer of the Company.	✓
	D.5.4	The Chairman must affirm in the Company's Annual Report that a code of conduct and ethics has been introduced company-wide and the procedure for disseminating, monitoring and compliance with that code. He must also disclose that he is not aware of any violation of any of the provisions of the code of business conduct and ethics.	Please refer Chairman's statement on pages 16 and 17 in this Report.	✓

## D.6 Corporate governance disclosures

Directors should be required to disclose the extent to which the Company adheres to established principles and practices of good corporate governance.

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
Disclosure of Corporate Governance	D.6.1	The Directors should include in the Company's Annual Report, a Corporate Governance Report setting out the manner and extent to which the Company has complied with the principles and provisions of this Code.	This Report from pages 82 to 111 sets out the manner and extent to which Singer (Sri Lanka) PLC has complied with the principles and provisions of the Code.	✓

## Shareholders

### E. Institutional investors

#### E.1 Shareholder voting

##### Main principle

Institutional shareholders have a responsibility to make considered use of their votes and should be encouraged to ensure their voting intentions are translated into practice.

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
Communication with Shareholders	E.1.1	A listed Company should conduct a regular and structured dialogue with shareholders based on a mutual understanding of objectives. Arising from such dialogue, the Chairman should ensure the views of shareholders are communicated to the Board as a whole.	<p>In order to avoid conflict of interest by nurturing the mutual understanding, the Board carries out dialogues with its shareholders at General Meetings. In this regards, the Annual General Meeting (AGM) and Extraordinary General Meetings (EGM) of the Company plays a critical role. Voting of the shareholders is crucial in carrying a resolution at the AGM/EGM. The Chairman who plays the role of the agent and communicates the views and queries of the shareholders to the Board and the Key and Senior Management in order to ensure that the views are properly communicated to the Company.</p> <p>Head of Investor Relations is a dedicated position to communicate with shareholders if necessary. Investors and shareholders can directly communicate and share their views and it will be communicated to the Board for necessary actions.</p> <p>Shareholders are provided with Quarterly Financial Statements and the Annual Report, which the Company considers as its principle communication with them and other stakeholders. These reports are also available on the Company's website – <a href="http://www.singersl.com">www.singersl.com</a> and are provided to the Colombo Stock Exchange.</p> <p>Any information that the Board considers as price sensitive is disseminated to the shareholders as necessary.</p>	✓

#### E.2 Evaluation of Governance Disclosures

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
Due weight by Institutional Investors	E.2.1	When evaluating Companies' governance arrangements, particularly those relating to Board structure and composition, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention.	The Institutional Investors are at liberty to give due weight to matters relating to the Board structure and composition, when they consider resolutions relating to Board structure and composition.	✓

## F. Other investors

### F.1 Investing/Divesting decision

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
Individual Shareholders	F.1	Individual shareholders, investing directly in shares of companies should be encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions.	Individual investors are encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions.	✓
Individual Shareholder Voting	F.2	Individual shareholders should be encouraged to participate in General Meetings of companies and exercise their voting rights.	Individual shareholders are encouraged to participate in General Meeting of the Company and exercise their voting rights.	✓

## G. Internet of things and cybersecurity

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
	G.1	The Board should have a process to identify how in the organisation's business model, IT devices within and outside the organisation can connect to the organisation's network to send and receive information and the consequent cybersecurity risks that may affect the business. Internal and external parties could have computing devices embedded in everyday objects which may enable them to interconnect with the Company's network to send and receive data. Such access could be authorised or unauthorised.	The Board assigned this responsibility to the Information Technology Division and Director - IT is mainly assigned to complete this task.  IT policy and Cybersecurity policies have been developed and needs to be presented to the Board for approvals.	✓
	G.2	The Board should appoint a Chief Information Security Officer (CISO) with sufficient expertise, authority and budgetary allocation to introduce and implement a cybersecurity risk management policy which should be approved by the Board.  The policy should include a robust cybersecurity risk management process, incident response system, vendor management system, disaster recovery plan and a governance structure to monitor effective implementation, reporting and the need for cybersecurity insurance.	Director IT is appointed as a Chief Information Security Officer.  IT policy and cybersecurity policy has been developed	✓
	G.3	The Board should allocate regular and adequate time on the Board meeting agenda for discussions about cyberrisk management: <ul style="list-style-type: none"> <li>The matters taken up for the discussion on the Board meeting agenda may include; Potential cybersecurity risks in the Company's business model.</li> <li>CISO's security strategy and status of the current projects.</li> <li>Compliance with the cybersecurity risk management process and incident report.</li> <li>Findings and recommendations from independent reviewers.</li> </ul>	Not Complied.  IT policies and Cybersecurity policies are to be presented to the Board.	✗
	G.4	The Board should ensure the effectiveness of the cybersecurity risk management through independent periodic review and assurance.  The scope and the frequency of the independent periodic reviews could be determined based on the industry vulnerability, Company's business model and incident findings.	Security assessment has been carried out and corrective actions are taken.	✓
	G.5	The Board should disclose in the Annual Report, the process to identify and manage cybersecurity risks.	IT Risk assessments are carried out according to ISO 27001:2013 and ISO 31000:2018 standards, at least annually to identify the risks on the IT environment of SSLP. Identified risks will be evaluated and proper measures are taken by the SSLP IT team to mitigate or minimise the threats. The Board of Directors shall be updated regarding the controls in place to mitigate cyberrisks, and on possible cyberrisks that the company is exposed to.	✓

## H. Environment Society and Governance (ESG)

### H.1 ESG reporting

#### Main principle

The Company's Annual Report should contain sufficient information to enable investors and other stakeholders to assess how ESG risks and opportunities are recognised, managed, measured and reported.

Environmental, social and governance considerations can affect a company's ability to execute its business strategy and create value. While many ESG factors are "non-financial", their management and likely impact have financial consequences. Hence, they are important factors to be built into a company's business model, strategy, governance and risk management framework. ESG factors relevant to the Company could impact the followings:

- Access to financial capital
- Cost savings and productivity
- Brand value and reputation
- Employee recruitment
- Employee retention
- Access to markets
- License to operate
- Market capitalisation

Integrating ESG policies and practices into a company's strategy, business model, governance and risk management and reporting its likely impact and implications are increasingly seen by investors as material to their investment decisions. Further, investors want to understand how well companies are managing the risk associated with ESG issues, as this is seen as a key test of the long-term sustainability of the Company. They are also increasing interested in the opportunities presented by the low carbon economy and are allocating capital to companies that are well equipped to benefit from this.

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
	H.1.1	Companies should provide information in relation to – <ul style="list-style-type: none"> <li>• The relevance of environmental, social and governance factors to their business models and strategy.</li> <li>• How ESG issues may affect their business.</li> <li>• How risks and opportunities pertaining to ESG are recognised managed, measured and reported.</li> </ul>	Sustainability principles related to ESG factors are embedded in the operations of the Company and initiatives implemented to ensure the adherence of the Company.	✓

#### H.1.2 Environmental factors

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
	H.1.2	Environmental governance of an organisation should adopt an integrated approach that takes into consideration the direct and indirect economic, social, health and environmental implications of their decisions and activities, including: <ul style="list-style-type: none"> <li>• pollution prevention.</li> <li>• sustainable resource use (e.g. water, energy).</li> <li>• climate change.</li> <li>• protection of environment.</li> <li>• biodiversity.</li> <li>• restoration of natural resources.</li> </ul>	Sustainability principles related to environmental factors are embedded in the operations of the Company and initiatives implemented to ensure adherence to environmental governance by the Company are discussed in the Management Discussion and Analysis and Compliance section of this report.	✓

## H.1.3 Social factors

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
	H.1.3.1	<p>Social governance of an organisation should include its relationship with the community, customers, employees, suppliers, outsourced providers, and any other party that can influence or be influenced by the organisation's business model.</p> <ul style="list-style-type: none"> <li>The organisation should adopt an integrated approach to building a relationship with the community and striving for sustainable development including responsible community engagement, fair competition, thereby demonstrating corporate social responsibility.</li> <li>The organisation should adopt an integrated approach to building a relationship with customers. This includes establishing a process for customer engagement, product responsibility and product recall and other matters relevant to the organisation's business model.</li> <li>The labour practice related governance of an organisation should encompass all policies and practices in relation to work performed by or on behalf of the organisation in accordance with its business model, and should also include policies and practices such as equal opportunity, career development and training, reward and recognition, conditions of work, work-life balance and industrial relations.</li> <li>The organisation should have policies and procedures to ensure that suppliers and outsourced providers comply with social governance norms of the Company.</li> </ul>	Sustainability principles related to social factors are embedded in the operations of the Company and initiatives implemented to ensure adherence to social governance by the Company are discussed in the Management Discussion and Analysis and Compliance section of this report.	✓

## H.1.4 Governance

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
	H.1.4.1	<ul style="list-style-type: none"> <li>Companies should establish a governance structure to support its ability to create value and manage risks in the short, medium and long-term, recognising managing and reporting on all pertinent aspects of ESG.</li> <li>The Company should recognise the key resources/capitals deployed in its business and establish financial and non-financial measures for resource/capital management and related outputs and outcomes.</li> <li>The Company should have a process to ascertain, assess and manage risks which have an impact on the sustainability of the Company.</li> <li>The Company should have a process to recognise material matters relating to significant stakeholders and a method of engagement relevant to their level of interest and influence.</li> <li>The disclosures should deal with how the Company has complied with the mandatory and voluntary codes of corporate governance and how its leadership structure, organisational culture, code of conduct and business model supports sustainability of the Company in the short, medium and long term.</li> </ul>	Process of managing risks in line with ESG aspects is discussed in the Risk Management Report.	✓

## H.1.5 Board's role on ESG factors

Corporate governance principle	CA Sri Lanka code reference	Requirement of the code	Compliant with the code	Compliance
	H.1.5.1	<p>ESG reporting is a Board's responsibility and it is designed to add value by providing a credible account of the Company's economic, social and environmental impact. ESG reporting and disclosure should be formalised as part of the Company's reporting process and take place on a regular basis. ESG reporting should link sustainable issues more closely with strategy.</p> <p>ESG reporting may be built on a number of different guidelines, such as –</p> <ul style="list-style-type: none"> <li>Integrated Reporting Framework</li> <li>The Global Reporting Initiative Guidelines</li> </ul>	The Company follows ESG reporting in line with Global Reporting Initiatives (GRI) guidelines in this Annual Report and described from pages 243 to 247.	✓



## Section B

This section covers the Company's extent of adherence to the requirements of the Continuous Listing Requirements Section 7.10 on Corporate Governance Rules for Listed Companies issued by the Colombo Stock Exchange. This reflects the Company's level of conformity to CSE's Listing Rules which comprise the following fundamental principles:

- Non-Executive Directors
- Independent Directors
- Disclosures Relating to Directors
- Remuneration Committee
- Audit Committee

The following table presents the details of the Company's compliance with Section 7.10 and Section 9 of the CSE Listing Rules on Corporate Governance as at 31st March 2021:

Section	Rule No.	Corporate governance rule	Details of compliance	Compliance
<b>Board of Directors</b>				
Non-Executive Directors	7.10.1	Number of Non-Executive Directors - One-third of the total number of Directors, subject to a minimum of two.	The Board of Directors comprises nine Directors, seven of whom are Non-Executive Directors.	✓
Independent Directors	7.10.2 (a)	Number of Independent Directors - One-third of Non-Executive Directors, subject to a minimum of two.	Five of the Non-Executive Directors are independent.	✓
	7.10.2 (b)	Each Non-Executive Director should submit a declaration of independence/non-independence.	All Non-Executive Directors have submitted declarations.  Independent Non-Executive Directors have submitted declarations confirming their independence.	✓
Disclosures relating to Directors	7.10.3 (a)	Names of Independent Directors should be disclosed in the Annual Report.	Please refer page 91.	✓
	7.10.3 (b)	The Board shall make a determination annually as to the independence or non-independence of each Non-Executive Director.	The Board has determined Mr. M.H. Jamaldeen as an Independent Non-Executive Director notwithstanding that he is a Director of Hayleys PLC, the Parent Company as his role is not compromised by being on both Boards.	✓
	7.10.3 (c)	A brief résumé of each Director should be included in the Annual Report including the area of experience.	Please refer Board of Directors section of this Report on pages 23 to 25.	✓
	7.10.3 (d)	Provide brief résumé of any new Director appointed to the Board.	Please refer Board of Directors section of this Report on pages 23 to 25.	✓
<b>Remuneration committee</b>				
Composition	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 to be independent.	The Committee comprises three Independent Non-Executive Directors.	✓
		Separate committee to be formed for the Company or the Listed Parent's Remuneration Committee to be used.	A separate Remuneration Committee was formed for the Company.	✓
		Chairman of the Committee to be a Non-Executive Director.	The Committee is chaired by an Independent Non-Executive Director.	✓
Function	7.10.5 (b)	Function of the Committee.	The Remuneration Committee Report sets out the functions of the Committee.	✓

Section	Rule No.	Corporate governance rule	Details of compliance	Compliance
Disclosure in the Annual Report	7.10.5 (c)	The Annual Report should set out –		
		• Names of Directors comprising the Remuneration Committee	Please refer page 119.	✓
		• Statement of Remuneration policy	Please refer Remuneration committee report on page 119.	✓
		• Aggregate remuneration paid to Executive and Non-Executive Directors	Please refer page 119.	✓
<b>Audit committee</b>				
Composition	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	The Committee comprises three Independent Non-Executive Directors.	✓
		• in all other instances of Non-Executive Directors a majority of whom to be independent.		
		Separate committee to be formed for the Company or the Listed Parent’s Committee to be used.	A separate Audit Committee was formed for the Company and the Singer Group.	✓
		Chairman of the Committee to be a Non-Executive Director.	The Committee is chaired by an Independent Non-Executive Director.	✓
		Chairman or one member of the Committee to be a member of a recognised professional accounting body.	The Chairman of the Committee is a member of a recognised professional accounting body.	✓
		CEO and CFO to attend Committee meetings, unless otherwise determined by the Audit Committee.	Group CEO attends by invitation. CFO attends by invitation.	✓
Function	7.10.6 (b)	Function of the Committee.	The Audit committee report sets out the functions of the Committee.	✓
Disclosure in the Annual Report	7.10.6 (c)	Names of Directors comprising the Audit Committee	Please refer page 118.	✓
		The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination	Please refer Audit committee report on page 118.	✓
		The Annual report shall contain a Report of the Audit Committee in the prescribed manner.	Please refer Audit committee report on page 118.	✓
<b>Related party transactions review committee</b>				
Composition	9.2.2	Combination of Non-Executive Directors and Independent Non-Executive Directors and may include Executive Directors at the option of the Company.	The Committee comprises two Independent Non-Executive Directors, and one Executive Director.	✓
	9.2.3	Separate committee to be formed for the Company or the Listed Parent’s Committee to be used.	A separate Related party transactions review committee was formed for the Company and the Singer Group.	✓
		Function of the Committee.	The Related party transactions review committee Report sets out the functions of the Committee.	✓
Disclosure in the Annual Report	9.3.2 (c)	The Annual Report shall contain a Related party transactions review committee report in the prescribed manner.	Please refer Related party transactions review committee report on page 121.	✓

The following table presents the details of the Company's compliance with Section 7.6 of the CSE Listing Rules on Annual Report Disclosure as at 31st March 2021:

Rule No.	Applicable requirement	Details of compliance	Compliance
7.6 (i)	Names of persons who were Directors of the Entity.	Steering the ship on pages 23 to 25.	✓
7.6 (ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein.	Management Discussion and Analysis on pages 40 to 80 and Notes to the financial statements on pages 148 to 232.	✓
7.6 (iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held.	Share Information on pages 238 to 241.	✓
7.6 (iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement.	Share Information on pages 238 to 241.	✓
7.6 (v)	A statement of each Director's holding and Group Chief Executive Officer's holding in shares of the Entity at the beginning and end of each financial year.	Annual Report of the Board of Directors on the Affairs of the Company on pages 131 to 135.	✓
7.6 (vi)	Information pertaining to material foreseeable risk factors of the Entity.	Risk Management on pages 123 to 127.	✓
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity.	Management Discussion and Analysis on pages 40 to 80.	✓
7.6 (viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties.	Information on the Freehold Land and Buildings of the Group/Company on pages 174 to 181.	✓
7.6 (ix)	Number of shares representing the Entity's stated capital.	Share Information on pages 238 to 241.	✓
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings.	Share Information on pages 238 to 241.	✓
7.6 (xi)	Financial ratios and market price information.	Highlights on page 12 and Share Information on pages 238 to 241.	✓
7.6 (xii)	Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year.	Notes to the Financial Statements on pages 148 to 232.	✓
7.6 (xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year.	Not Applicable	✗
7.6 (xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes.	Not Applicable	✗
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Listing Rules.	Corporate Governance on pages 82 to 116.	✓
7.6 (xvi)	Related Party transactions exceeding 10 per cent of the equity or 5 per cent of the total assets of the Entity as per audited financial statements, whichever is lower.	Notes to the Financial Statements on pages 148 to 232.	✓

## Section C

This section covers the adherence to the requirements of the Companies Act No. 07 of 2007 on Annual report disclosure.

The following table presents the details of the Company's compliance pertaining to Companies Act No. 7 of 2007 on Annual Report Disclosure as at 31st March 2021:

Section reference	Requirement	Details of compliance	Compliance
168 (1) (a)	The nature of the business of the Group and the Company together with any change thereof during the accounting period.	Notes to the Financial Statements on pages 148 to 232.	✓
168 (1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed.	Financial Statements on pages 140 to 232.	✓
168 (1) (c)	Auditors' Report on Financial Statements of the Group and the Company.	Independent Auditors' Report on pages 137 to 139.	✓
168 (1) (d)	Accounting Policies and any changes therein.	Notes to the Financial Statements on pages 148 to 232.	✓
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period.	Annual Report of the Board of Directors on the Affairs of the Company on pages 131 to 135.	✓
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period.	Notes to the Financial Statements on pages 148 to 232.	✓
168 (1) (g)	Corporate donations made by the Company during the accounting period.	Notes to the Financial Statements on pages 148 to 232.	✓
168 (1) (h)	Information on the Directorate of the Company and its Subsidiaries during and at the end of the accounting period.	Annual Report of the Board of Directors on the Affairs of the Company on pages 131 to 135 and Steering the ship on pages 23 to 25.	✓
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period.	Notes to the Financial Statements on pages 148 to 232.	✓
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries.	Annual Report of the Board of Directors on the Affairs of the Company on pages 131 to 135.	✓
168 (1) (k)	Acknowledgement of the contents of this Report and Signatures on behalf of the Board.	Annual Report of the Board of Directors on the Affairs of the Company on pages 131 to 135.	✓

## Board, audit committee, remuneration committee, nomination committee and related party transactions review committee attendance

The number of meetings of the Board, Audit Committee, Remuneration Committee and Related Party Transactions Review Committee and individual attendance by members are as follows:

### Number of meetings, circular resolutions and dates

Board meetings	4
Audit committee meetings	4
Remuneration committee meetings	3
Nomination committee meetings	–
Related party transactions review committee meetings	4

Board meetings	Audit committee meetings	Remuneration committee meetings	Nomination committee meetings	Related party transactions review committee meetings
14th May 2020	11th May 2020	23rd September 2020	–	11th May 2020
04th August 2020	29th July 2020	05th November 2020	–	29th July 2020
09th November 2020	05th November 2020	07th November 2020	–	05th November 2020
10th February 2021	08th February 2021	–	–	26th March 2021

### Individual attendance

Name of Director	Directorship status	Board members	Audit committee	Related party transaction review committee [Singer (Sri Lanka) PLC]	Nomination committee	Remuneration committee
Mr. A.M. Pandithage	Executive	4/4	–	–	–	–
Mr. K.D.D. Perera*	Non-Executive	2/4	–	–	–	–
Mr. M.H. Wijewardene – Group CEO	Executive	4/4	–	4/4	–	–
Mr. D.H. Fernando	Independent Non-Executive	4/4	–	–	–	–
Mr. S.C. Ganegoda**	Non-Executive	4/4	–	–	–	–
Mr. D. Sooriyaarachchi	Independent Non-Executive	4/4	4/4	4/4	–	3/3
Mr. M.H. Jamaldeen	Independent Non-Executive	4/4	4/4	–	–	3/3
Mr. D.K. de S. Wijeyeratne	Independent Non-Executive	4/4	4/4	4/4	–	3/3
Ms. H.M.G. de Alwis (appointed on 15th May 2020)	Independent Non-Executive	3/3	–	–	–	–

\* Ms. A.A.K. Amarasinghe (Alternate Director to Mr. K.D.D. Perera) attended two meetings.

\*\* Mr. K.K.L.P. Yatiwella (Alternate Director to Mr. S.C. Ganegoda) ceased to be on the Board with effect from 31st March 2021.





# Delivering Operational Excellence

**SINGER®**

Committed to ensuring that unfailingly high standards prevail across all operational areas of the Company.

# Audit committee report

Singer at a glance  
Steering the ship  
Business model  
Management discussion and analysis  
← Stewardship  
Financial reports  
Supplementary information

## Preamble

The Committee is empowered to review and monitor the financial reporting process of Singer Group so as to provide additional assurance on the reliability of the Financial Statements through a process of independent and objective review. As such, the Audit Committee acts as an effective forum in assisting the Board of Directors in discharging its responsibilities on ensuring the quality of financial reporting and related communications to the shareholders and the public.

## Composition of the committee

The Audit Committee consists of three Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director.

### Audit Committee Members

Mr. D.K. de S. Wijeyeratne  
– Chairman – Independent  
Non-Executive Director

Mr. D. Sooriyaarachchi –  
Independent Non-Executive  
Director

Mr. M.H. Jamaldeen – Independent  
Non-Executive Director

Brief profiles of the Directors are given on pages 23 to 25 of this Annual Report.

Hayleys Group Services (Private) Limited functions as the Secretary to the Committee. The Finance Director/Compliance Officer, Head of Risk Management, Audit Staff, Representatives of External Auditors and when necessary, the Chairman, the Group Chief Executive and relevant Operational Directors and Managers attend the meetings by invitation.

## 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 the Singer Group 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.

## Activities in 2020/21

### Financial reporting

The Committee along with the Board, internal audit and external audit reviewed the Interim Financial Statements and the Annual Financial Statements to ensure compliance with mandatory, statutory and other regulatory requirements laid down by the authorities, prior to publication.

### Internal audit, risk and control

The Committee also 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 reviewed the Group audit plan for the year and agreed its budget and resource requirements. It reviewed interim and year-end summary reports and management's responses. The Committee carried out an evaluation of the performance of the internal audit function and was satisfied with the effectiveness of the function.

The Committee reviewed the Compliance Officer's Report on the Singer Group's compliance with the applicable laws and regulations, including internal policy codes of conduct of its employees.

### Meetings of the committee

During the reporting period, four Audit Committee meetings were held to discuss the Reports of the Internal and External Auditors and Interim Financial Statements.

The Financial Statements for the 12 months period ended 31st March 2021 were also discussed at the meeting held on the 13th May 2021. The minutes of the meetings were tabled at the meetings of the Board of Directors for information and necessary action.

The attendance of the Audit Committee meetings held during the reporting period ended 31st March 2021 under review is given on page 116 of this Annual Report:

### External Audit

The external audit approach and scope was reviewed and discussed by the Committee with the External Auditors and Management prior to the commencement of the audit. The External Auditors informed the Committee on an ongoing basis regarding matters of significance that were pending resolution. Before the conclusion of the audit, the Committee met with the External Auditors without Management being present. External Auditors discussed the audit issues with the Audit Committee and the Management to agree on audit issues.

The Audit Committee has reviewed the other services provided by the External Auditors to the Group to ensure that their independence as Auditors has not compromised.

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

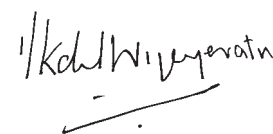
### Sri Lanka accounting standards

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

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

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

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



**Dilip Kumar de Silva Wijeyeratne**  
Chairman – Audit committee

13th May 2021  
Colombo

# Remuneration committee report

## Composition of the committee

Remuneration Committee consists of three Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director.

### Remuneration Committee Members

Mr. M.H. Jamaldeen – Chairman – Independent Non-Executive Director

Mr. D. Sooriyaarachchi – Independent Non-Executive Director

Mr. D.K. de S. Wijeyeratne – Independent Non-Executive Director

Brief profiles of the Directors are given on pages 23 to 25 of this Annual Report.

Mr. Lalith Yatiwella, the Finance Director functioned as the Secretary to the Committee (resigned with effect from 31st March 2021).

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

## Responsibilities and duties of the committee

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

Remuneration and perquisites of Group CEO is reviewed and approved by the Parent Company 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 Group.

## Remuneration policy

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

## Meetings of the committee

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

The Committee met three times during the period and the attendance of the members given on page 116 of this Annual Report.

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.



**Mohamed Hisham Jamaldeen**  
Chairman – Remuneration committee

17th May 2021  
Colombo

# Nomination committee report

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## Composition of the committee

Nomination Committee consists of one Independent Non-Executive Director, one Non-Executive Director and one Executive Director as at the end of the reporting period, 31st March 2021.

Nomination Committee Members

Mr. A.M. Pandithage – Chairman  
– Executive Director

Mr. K.D.D. Perera –  
Non-Executive Director

Mr. M.H. Jamaldeen – Independent  
Non-Executive Director

## Responsibilities and duties of the committee

- Consideration of making any appointment of new Directors or re-electing current Directors.
- Provide advice and recommendations to the Board on any such appointment.
- Review criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment to the Board and Key Management Personnel in the Company.
- Consider if a Director is able to and has been adequately carrying out his or her duties as a Director taking into consideration the Director's number of listed Company Boards on which the Director is represented and other principal commitments.

- Review the structure, size, compensation and competencies of the Board and make recommendations to the Board with regard to any changes.
- Recommend the requirements of new expertise and succession arrangements for retiring Directors.
- Recommend on any other matter referred to it by the Board of Directors.

## Meetings of the committee

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

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

In terms of Article 24 (4) of the Articles of Association of the Company, Mr. M.H. Jamaldeen retire by rotation and being eligible offer 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. D.H. Fernando retire by rotation and being eligible offer 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.

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.



**Mohan Pandithage**  
Chairman – Nomination committee

17th May 2021  
Colombo



# Related party transactions review committee report

## Preamble

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

## Composition of the committee

The Related Party Transactions Review Committee consists of two Independent Non-Executive Directors, and one Executive Director and is chaired by an Independent Non-Executive Director.

The following Directors serve on the Committee:

Mr. D. Sooriyaarachchi – Chairman – Independent Non-Executive Director

Mr. D.K. de S. Wijeyeratne – Independent Non-Executive Director

Mr. M.H. Wijewardene – Executive Director

Mr. D.T.R. De Silva – Independent Non-Executive Director of Singer Finance (Lanka) PLC – participating by invitation represents Singer Finance (Lanka) PLC (appointed with effect from 09th March 2021).

Mr. J.A. Setukavalar – Independent Non-Executive Director of Singer Finance (Lanka) PLC – participating by invitation represents Singer Finance (Lanka) PLC (resigned with effect from 22nd March 2021).

Brief profiles of the members are given on pages 23 to 25 of this Annual Report.

The above composition is in compliance with the provisions of the Code regarding the composition of the Related Party Transactions Review Committee.

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

## Meetings of the committee

During the year ended 31st March 2021, the Committee met four times. Attendance by the Committee Members at these meetings is given in the table on page 116 of the Annual Report.

## Role and responsibilities

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

- To review in advance all proposed related party transactions of the Group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- Seek any information the Committee requires from Management, employees or external parties with regard to any transaction entered into with a related party.
- Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary including obtaining appropriate professional and expert advice from suitably qualified persons.
- To recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- To monitor that all related party transactions of the entity are transacted on normal commercial terms and are not

prejudicial to the interests of the entity and its minority shareholders.

- Meet with the Management, Internal Auditors/External Auditors as necessary to carry out the assigned duties.
- To review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.
- To review the economic and commercial substance of both recurrent/non-recurrent related party transactions
- To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining “competent independent advice” from independent professional experts with regard to the value of the substantial assets of the related party transaction.

## Policies and procedures adopted by the RPTRC for reviewing Related Party Transactions (RPTs)

1. Relevant information to capture RPTs are fed into the Company Data Collection System.
2. All officers concerned are informed of the applicable regulatory requirements relating to the reporting of RPTs.
3. 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.
4. 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.

5. Data is extracted from the system, verified and validated.
6. All Managers are advised to report RPTs to the Finance Director who has been identified as the Focal Point, for this purpose.
7. 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 compliance and communicated to the Board.

The Committee in its review process recognised the adequacy of the content and quality of the information forwarded to its members by the Management and in compliance with Section 9 of the CSE Listing Rules.

Related Party Transactions are disclosed in the Note 39 to the Financial Statements.

## Reporting to the Board

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

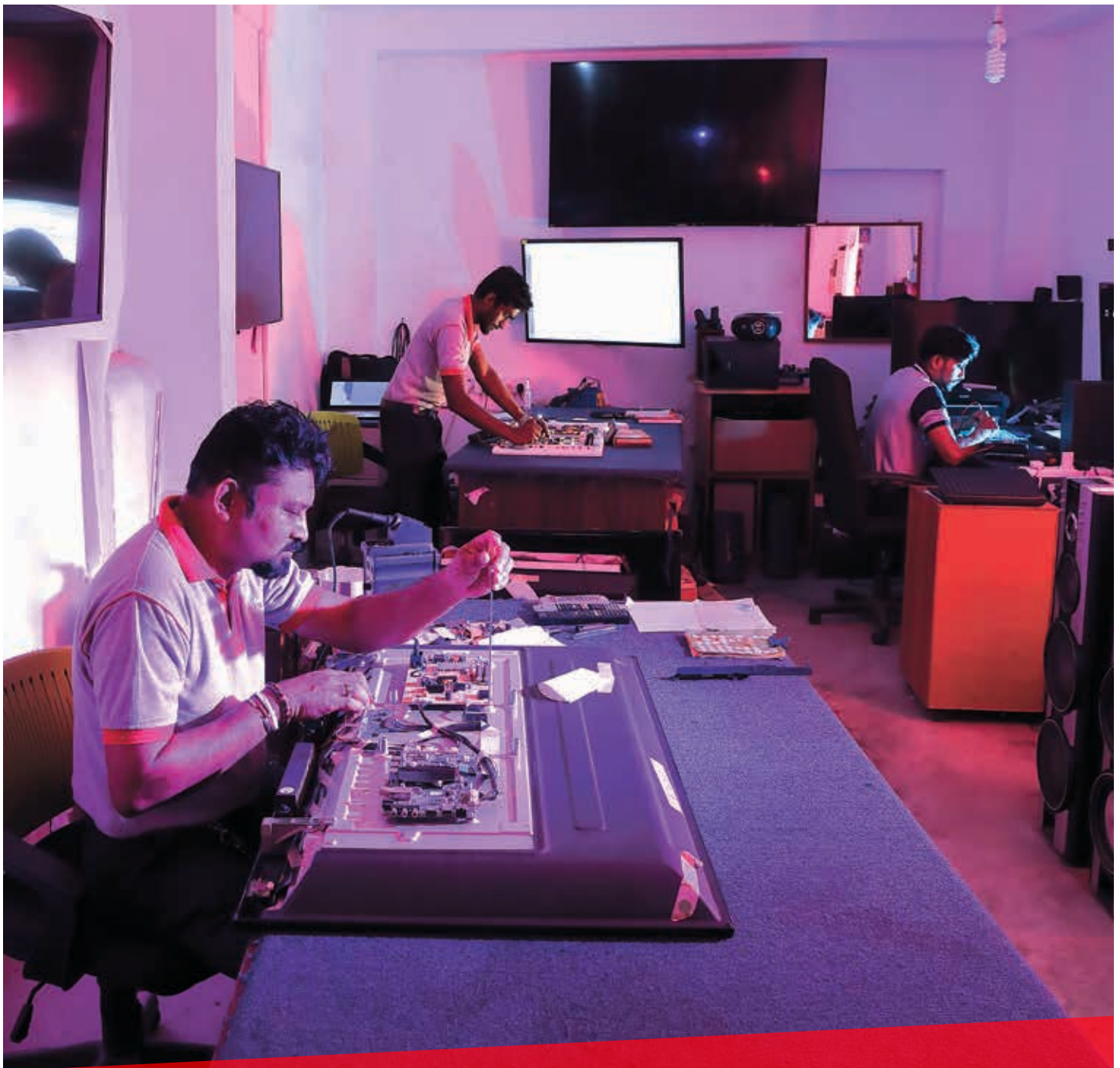
I wish to take this opportunity to thank all members who served in the Committee and for their contribution to the deliberations of the Committee during the period.



**Deepal Sooriyaarachchi**  
Chairman - Related party transactions review committee

13th May 2021  
Colombo





# Pursuing pre-eminence in Post Sales Care

Committed to the pursuit of standards and qualities  
that make Singer After Sales Service second to none.

**SINGER®**

# Risk management

## Risk management protecting ourselves

Risk is an integral part of any business. It is a matter of identifying the sources of risk, their likelihood of occurrence and impact, and then developing a comprehensive framework to address them. Such a systematic approach also raises a few questions, like determining one's appetite for risk and establishing thresholds, bearing in mind that risk and return are inversely related and the need to strike a balance is of great importance.

Over the years, Singer has developed a set of clear risk management objectives and a well-established strategy to deliver them, through core risk management processes.

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

The Company's approach is to provide direction on understanding the principal risks to achieving the Company strategy; establishing risk appetite; and establishing and communicating the risk management framework. The process is then broken-down into five steps: identify, assess, control, report, and manage/challenge.

The Company's risk management strategy is broadly unchanged from 2011.

## The risk management process

During the year under review, the Company continued to review and improve its risk management function in line with its risk management objectives.

Steps	Activities
Data collection and analysis	<ul style="list-style-type: none"> <li>• The Management Information System (MIS) to pick-up relevant business-critical information.</li> <li>• Review and validate before it is submitted to Senior Management.</li> </ul>
Assess	<ul style="list-style-type: none"> <li>• Agree and implement measurement and reporting standards and methodologies.</li> </ul>
Control	<ul style="list-style-type: none"> <li>• Establish key control processes and practices, including limit structures, impairment allowance criteria and reporting requirements.</li> <li>• Monitor the operation of the controls and adherence to risk direction and limits.</li> <li>• Provide early warning of control or appetite breaches.</li> <li>• Ensure that risk management practices and conditions are appropriate for the business environment.</li> </ul>
Report	<ul style="list-style-type: none"> <li>• Interpret and report on risk exposures, concentrations and risk-taking outcomes.</li> <li>• Interpret and report on sensitivities and Key Risk Indicators.</li> <li>• Communicate with relevant parties.</li> </ul>
Manage	<ul style="list-style-type: none"> <li>• Review aspects of the Company's risk profile.</li> <li>• Assess new risk-return opportunities.</li> <li>• Advise on optimising the Company's risk profile.</li> <li>• Review and challenge risk management practices.</li> </ul>

## Internal, external and corporate audit

Internal and external audits are crucial in the risk management process. Reports on the Group's operational and financial systems by these audits are reviewed and action taken to manage any risks that have been identified. Significant audit findings by the Auditors are immediately reviewed by the Board-appointed Audit Committee.

The Group's system of internal controls covers all policies and procedures, enabling significant strategic and operational risks to be managed.

The internal audit team meets with the Finance Department every month to share information and exchange perspectives. Issues identified at these discussions as being a potential risk are immediately subjected to a fuller investigation.

Risk	Mitigation activities
<p><b>COVID-19 pandemic</b></p> <p>Health and Safety of the Employees With the spread of COVID-19, the risk of our employees coming into contact with the virus is high, especially when using public transport and during field visits. Such contact can interrupt our business operations as well</p>	<ul style="list-style-type: none"> <li>Guidelines were issued and communicated among employees to work from home.</li> <li>IT and other infrastructure facilities are provided to work from home for selected employee considering work requirement.</li> <li>Employees who travel by public transport are encouraged to work from home.</li> <li>Provided health measures as instructed by the Health Ministry and Government for the employees who are reporting to the work.</li> <li>Frequent reminders to employees about the importance of maintaining personal hygiene and thoroughly washing hands and/or using hand sanitiser. Refer to guidance provided by the WHO and local authorities.</li> </ul>
<p><b>Import restrictions and limitation for import payments</b></p> <p>Due to the exchange rate pressure came with pandemic, government-imposed import restrictions and payment limitations for imports which have a direct impact to our business as 60% of revenue is coming from import business.</p>	<ul style="list-style-type: none"> <li>Constant lobby to the government to remove import restrictions</li> <li>Extended credit facility obtained from suppliers</li> <li>Improve local production</li> </ul>
<p><b>Macroeconomic factors</b></p> <p><b>Economic environment</b></p> <p>The Group's business operations are sensitive to economic conditions and in particular to levels of consumer spending. Any delay in economic recovery could affect consumer expenditure and therefore our revenue. There is an ongoing risk to our business in terms of increases in the cost of products due to rupee depreciation.</p>	<ul style="list-style-type: none"> <li>A diversified portfolio of products and brands with a wide range of offers targeted at different consumer groups.</li> <li>A broad geographic spread.</li> <li>The Board and the Senior Management Team regularly review the impact of the economic conditions on the Group's budget and strategic plans.</li> <li>Emphasise excellent quality, service, value for money and up-to-date product offers, we aim to broaden our appeal to customers.</li> <li>Renewal and transformation plan to improve our business performance irrespective of macroeconomic factors strategy and business planning which takes into account varying economic scenarios.</li> </ul>
<p><b>Market specific characteristics</b></p> <p>Seasonality – A substantial proportion of revenue and operating profit is generated during the fourth financial quarter, which includes the Christmas and New Year season. Adverse trading in this relatively short period is likely to impact significantly the full year's results.</p>	<ul style="list-style-type: none"> <li>Financial planning considers expected peaks and troughs during the year and the business is run accordingly.</li> <li>Increasing the proportion of internal promotion and various offers, which gives a regular stream of income over the course of the year.</li> </ul>
<p>Adverse weather, frequent floods, droughts and other extreme weather conditions affected consumers income levels and paying ability specially in agricultural area affect achieving planned revenue and collections.</p>	<ul style="list-style-type: none"> <li>Rescheduling of HP in affected areas.</li> <li>Insurance scheme for HP customers.</li> <li>Discount offer for repairs and replacement.</li> </ul>
<p>Price deflation – Price deflation has been a common feature across most electrical goods categories for a number of years, primarily driven by technological advances and improved production efficiencies.</p>	<ul style="list-style-type: none"> <li>Effective launches of new technologically evolved products as it becomes available to the market.</li> <li>Growth of services-related business to increase the number and value of non-product sales.</li> <li>Improve gross profit in renovated showrooms.</li> <li>Control of stock and strong management of clearance and exit routes.</li> </ul>

Risk	Mitigation activities
<b>Competition</b>  Competitors reduce the Group's market share and/or drive down margins in specific markets.	<ul style="list-style-type: none"> <li>• Renovation and transformation plan is improving our showrooms, cost structure and service across all channels.</li> <li>• Continuing development of strong international brands.</li> <li>• Ensuring our prices offer good value, including a customer price index.</li> <li>• Building stronger relationships with suppliers.</li> <li>• Expand and improve after-sales service network.</li> </ul>
The e-commerce sites driven slowly by revenue valuations are selling products well below the costs, thereby forcing all parties to reduce the margins.	<ul style="list-style-type: none"> <li>• Revamp the Company web site and increased promotional awareness through the website.</li> <li>• Make existing network to free delivery for web purchase.</li> <li>• Set up pick-up store with additional discount for selected items.</li> <li>• Combine with deal sites.</li> <li>• Active engagement and promotion on social media.</li> </ul>
Risk that we fail to capitalise on new technology or emerging trends to maximise revenues and fail to meet the expectations of customers.	<ul style="list-style-type: none"> <li>• Strong supplier relationships.</li> <li>• Delivery of Customer Plan to respond to identified changes in technology.</li> <li>• Showroom renovation to take into account emerging trends in showroom layouts.</li> <li>• Exciting product launches to make our showrooms the destination for the latest technology.</li> <li>• Continued focus on ensuring an excellent range across all price points.</li> <li>• Customer service training for sales staff and product workshops to improve product knowledge.</li> <li>• A loyalty programme that encourages customers to stay with the Singer brand and its products.</li> </ul>
<b>Product risk</b>  Products could turn out to be defective or inappropriate for the market in terms of price, functionality or perceived value. They are also liable to be rendered obsolete. In such instances, the Company is exposed to market risks arising from consumer dissatisfaction and consequent rejection of its products.	<ul style="list-style-type: none"> <li>• The Company's plant and machinery are rigorously maintained and upgraded whenever necessary.</li> <li>• Established quality control measures as well as product testing through sampling are performed on all product lines.</li> <li>• The in-house Quality Surveillance Unit tests samples of new products or components from external suppliers before order placement.</li> </ul>
<b>Operational risk</b> <b>People</b>  A failure to attract, retain, develop and motivate the best employees across all our showrooms and head office may impact our ability to deliver our operational and strategic objectives. Labour issues can affect product quality, output, market share as well as the Company goodwill and reputation.	<ul style="list-style-type: none"> <li>• Company endeavours to recruit the best people with the right skills at all times.</li> <li>• Offer training and development programmes to ensure that we retain them.</li> <li>• Remuneration packages are benchmarked to ensure that they remain competitive, including incentive arrangements where appropriate.</li> <li>• Collective agreements are in place with the labour unions to maintain an equitable balance between the interests of employer and employee and provide a basis for negotiations when issues arise.</li> <li>• Procedures have also been laid down in responding to grievances and staff complaints.</li> </ul>
As the business grows in size and geographical scope, the potential for fraud and dishonest activity by our suppliers, customers and employees increase.	<ul style="list-style-type: none"> <li>• Clear behavioural guidance given to employees through operational manuals.</li> <li>• Appropriate procedures and controls set out and audited across the business to reduce fraud risks; Internal Audit and Corporate Audit undertake detailed investigations into all business areas and report their findings to the Audit Committee.</li> <li>• Regular update and new introduction of relevant policies and procedures.</li> <li>• Whistle-blower Policy.</li> <li>• Periodical review of the internal controls by outsourced consultants.</li> </ul>



Risk	Mitigation activities
<b>IT systems and infrastructure</b> <p>Any significant failure in the IT processes of our retail operations would impact our ability to trade.</p>	<ul style="list-style-type: none"> <li>• The Company has installed comprehensive network security.</li> <li>• Regular backups of all databases and mission-critical information.</li> <li>• Off-site disaster-recovery system.</li> <li>• Regular follow-up reviews are conducted on recommendations given by external IT risk assessment team.</li> <li>• Investment in IT system improvements and innovating to improve business efficiency.</li> <li>• Extensive controls and reviews to maintain integrity and efficiency of IT infrastructure and data.</li> </ul>
<b>Supply chain</b> <p>Timely distribution of products to our retail outlets is crucial. We work with a number of key overseas and local suppliers our business, could be at risk of both interruption of supply and of failure of such key suppliers and service providers.</p>	<ul style="list-style-type: none"> <li>• Regular review of distribution plan.</li> <li>• Monthly operational meetings to review the forecast, level of inventory and procurement requirement etc.</li> <li>• Long-standing relationships with many suppliers help to minimise risks in this area.</li> <li>• Reduce dependability on a single service provider.</li> </ul>
<b>Asset risk</b> <p>Risks associated with the physical assets of the Company include the destruction, loss or theft as well as technical and other defects.</p>	<ul style="list-style-type: none"> <li>• All such assets are insured against all identifiable risks.</li> <li>• The relevant insurance policies are subject to a comprehensive annual review, with modifications made as deemed necessary.</li> <li>• Procedures in place to control technical and other defects include purchasing from reputable suppliers who comply with acceptable standards on product and service quality; active, standards-based (ISO 9001) quality assurance at all manufacturing facilities, distribution centres and service centres; and the maintenance of adequate spare parts.</li> <li>• Provisioning is also made against obsolete inventory, warranty claims and doubtful debtors. Warranty costs are shared with the Company's partners. The extended warranty cost is comprehensively covered by a well-reputed insurance company.</li> </ul>
<b>Financial risk</b>	
<b>Liquidity risk</b> <p>Inadequate liquidity can have an adverse impact on ongoing operations, marketing and investment in new products and brands.</p>	<ul style="list-style-type: none"> <li>• The liquidity position of the Company is regularly reviewed and reported to the Board.</li> <li>• Projected net borrowings are covered by committed banking facilities and a healthy industry-related gearing ratio is maintained.</li> <li>• The Company's good relationships and facilities with many banks and other sources of finance ensure reliable access to funds.</li> </ul>
<b>Interest rate risk</b> <p>Increase in interest rates will have an adverse impact to the profitability.</p>	<ul style="list-style-type: none"> <li>• Fluctuating interest rates are minimised by striking a balance between short and long-term borrowings.</li> <li>• Floating-rate debentures are sometimes issued to capitalise on existing interest rates.</li> <li>• The Company's strong brand strength and financial dependability help ensure ready access to funds at attractive rates.</li> </ul>
<b>Credit risk</b> <p>The Company is exposed to credit risk in the form of financial loss when a customer reneges on a hire purchase agreement. Such exposure cannot be avoided entirely since consumer credit is an integral part of the Company's retail operations and is used to encourage and enable consumers to purchase.</p>	<ul style="list-style-type: none"> <li>• Branch Managers act as <i>del credere</i> agents.</li> <li>• Management undertakes a thorough appraisal of the client before credit is extended.</li> <li>• Credit appraisals of dealers are undertaken to ascertain whether they have the capacity to pay for goods ordered; in doubtful cases, a bank guarantee or security deposit is requested.</li> <li>• Details of customers and dealers who have defaulted on payments are recorded in a database, accessible to those staff whose duty is to undertake credit evaluations of customers and dealers.</li> <li>• Risk-adjusted pricing.</li> <li>• A fully-equipped and trained Credit Supervision team is available.</li> </ul>



Risk	Mitigation activities
<b>Investment risk</b> <p>While investment in new products and geographical expansion is vital for the Company to remain competitive, it raises fresh risks.</p>	<ul style="list-style-type: none"> <li>• Appraisals are carried out before an investment is made.</li> <li>• 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.</li> <li>• Post-investment analysis and performance tracking is in place including financial and customer measures through balance scorecard.</li> </ul>
<b>Other risk</b> <b>Governance risk</b> <p>These are risks to the Company arising from non-compliance with relevant health, safety and environmental statutes and leading to loss of reputation and goodwill, possible litigation and financial loss.</p>	<ul style="list-style-type: none"> <li>• Preventive action has been designed by the Company's Legal Department.</li> <li>• Frequent internal, external and corporate audits-monitor compliance.</li> <li>• The Company's management culture stresses ethical performance in this area. International best practices are followed wherever possible.</li> <li>• Quality surveillance helps protect the Company against litigation and warranty claims. Provisioning ensures that such claims do not have an adverse impact on operational and other aspects of the Company.</li> <li>• Detailed, established procedures to ensure product integrity.</li> <li>• Group Compliance Officer reviews reports forwarded to the Audit Committee to ensure compliance with laws and policies.</li> </ul>
<b>Socio-economic risks</b> <p>Sri Lanka's socio-economic and political environment has an impact on the consumer durables business as well as the investment climate.</p>	<ul style="list-style-type: none"> <li>• Management reviews prices in comparison to inflation and negotiates with suppliers for lower prices and credit terms.</li> </ul>
<b>Environment and climate change</b> <p>Aside from the general risks to humankind posed by climate change, a specific business risk to which the Company is exposed concerns possible shortages of essential raw materials, such as wood for the manufacture of furniture and risks of environment pollution due to waste material.</p>	<ul style="list-style-type: none"> <li>• The use of alternative materials mitigates this risk while simultaneously opening up new marketing opportunities.</li> <li>• Collaborate with Central Environmental Authority to assist in e-waste project.</li> <li>• All factories, warehouse and service centres complied with the requirement of environment regulations.</li> <li>• Introduction of energy saving appliances.</li> </ul>
<b>Caveat</b> <p>Although the key sources of risk and their mitigation have been discussed in this document, no assurance can be given that the Company is fully-protected against all possible risks. As noted in the opening paragraph, the best that can be achieved is reasonable management of risks through a sound operational framework that identifies, evaluates and mitigates the negative impacts in a timely manner at multiple levels.</p>	<ul style="list-style-type: none"> <li>• The Company is confident that all material risk factors have been adequately assessed and managed to ensure the uninterrupted and profitable continuance of the business.</li> </ul>



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# Financial reports

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# Financial calendar

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## Financial calendar – 2020/21

Annual Report 2019/20 Approved	14th May 2020
Forty-Fifth Annual General Meeting	28th July 2020
<b>Interim Financial Statements in Terms of Rule 7.4 of the Colombo Stock Exchange</b>	
For the three months ended 30th June 2020 (Unaudited)	4th August 2020
For the six months ended 30th September 2020 (Unaudited)	9th November 2020
For the nine months ended 31st December 2020 (Unaudited)	10th February 2021
For the twelve months ended 31st March 2021 (Unaudited)	17th May 2021
<b>Annual Report and Annual General Meeting</b>	
Annual Report 2020/21 Approved	17th May 2021
Forty-Sixth Annual General Meeting	28th June 2021

# Annual report of the Board of Directors on the affairs of the Company

The Board of Directors of Singer (Sri Lanka) PLC has pleasure in presenting their Report on the Affairs of the Company together with the Audited Financial Statements of Singer (Sri Lanka) PLC and the Audited Consolidated Financial Statements of the Group for the 12 months ended 31st March 2021.

## Review of the year

Chairman's statement, (pages 16 and 17), and the Group Chief Executive Officer's Review, (pages 18 to 20) describe the Company's affairs and the Group's business. Financial results of the Company/Group are elaborated on pages 40 to 43. These reports together with the Audited Financial Statements reflect the state of affairs of the Company/Group.

## Principal activities

The Company is engaged in Retail and Wholesale Marketing, Financing, Assembling and Manufacturing and in Financial Services. The Company markets Consumer Electronics, Home Appliances, Mobile and Smartphones, Personal Computers, Laptops, Furniture, Domestic and Industrial Sewing Machines, Agriculture Equipment, and provides Financing through Hire Purchase. In addition, the Company manufactures and sells Furniture, Water Pumps and assembles and sells Motor Cycles and Two Wheel Tractors. The Company also acts as a Bill Collection Agent for Banks, Mobile Service Providers, National Water Supply and Drainage Board, Ceylon Electricity Board and is also a subagent for Western Union.

## Independent Auditors' report

The Independent Auditors' report on the Financial Statements is given on pages 137 to 139 in this Annual Report.

## Financial statements

The Financial Statements for the 12 months ended 31st March 2021 are in accordance with the Sri Lanka Accounting Standards, SLFRSs/LKASs, issued by The Institute of Chartered Accountants of Sri Lanka and the requirements of Section 151 (and Section 153 for consolidated entity) of the Companies Act No. 07 of 2007.

The Financial Statements duly signed by the Directors are provided on pages 140 to 232 in this Annual Report.

## Accounting policies

The accounting policies adopted in preparation of the Financial Statements are provided in detail in the Notes to the Financial Statements on pages 147 to 166. The Company/Group has consistently applied the accounting policies as set out in Note 2 to all periods presented in these Consolidated Financial Statements.

## Profit and appropriations

For the Year ended 31st March	2021 Rs.	2020 Rs.
Group Profit Before Tax for the Twelve Months Ended 31st March after Deducting all Expenses, Providing for Known Liabilities and Depreciation Amounts to	3,818,006,917	610,717,338
From this has to be deducted the Income Tax Expenses	(1,210,485,477)	(183,449,830)
Non-controlling Interest	(185,096,999)	(148,653,435)
Making a Profit for the Period	2,422,424,441	278,614,073
Total Other Comprehensive Income	3,691,744	19,861,147
Total Other Comprehensive Income – Non-controlling Interest	29,584,161	2,120,523
To this has to be added a Balance Brought Forward from the Previous Year	1,967,856,219	2,335,830,615
Interim Dividend for the Period – Gross – Rs. 0.80, Rs. 0.20 and Rs. 0.30 per Share (2019/20 – Rs. 0.25 per share)	(713,694,777)	(93,907,208)
Adjustment due to Realisation on Revaluation Surplus	23,030,169	25,681,008
Adjustment due to changes in ownership interest in subsidiaries	–	1,670,160
Adjustment of initial application of SLFRS 16 in 2019/20 (SLFRS), Net of Tax	–	(582,562,045)
Leaving a Total Available for Appropriation	3,732,891,957	1,987,308,273
Transfer to Reserve Fund	(16,390,723)	(19,452,054)
Final Dividend Approved 2020/21 – Rs. 0.25 (2019/20 – Nil)	(281,721,623)	–
Making a total Appropriation of	(298,112,346)	(19,452,054)
Leaving a balance on Group Basis to be Carried Forward of	3,434,779,611	1,967,856,219
The Balance to be Carried Forward on Company Only Basis will be	295,913,176	(476,952,625)

## Property, plant and equipment

During the financial year, the Company and the Group invested a sum of Rs. 428,492,040/- (2019/20 – Rs. 683,659,276/-) and Rs. 570,638,447/- (2019/20 – Rs. 911,357,488/-) in property, plant and equipment.

Details of property, plant and equipment and intangible assets and their movements are given in Notes 11 and 12 to the Financial Statements respectively. Details of freehold land and buildings are given in Note 11.17 and 11.18 to the Financial Statements.

## Market value of properties

The freehold property of the Company/Group is revalued by an Independent Qualified Valuer when there is a substantial difference between the fair value and the carrying amount of the

freehold property. Company/Group reviews its assets once in each reporting date.

The most recent valuation was carried out as at 31st March 2019. The details of the valuation are given in Note 11.5 to the Financial Statements on page 175 in this Annual Report.

## Directors' responsibilities

The Statement of the Directors' Responsibilities is given on page 136.

## Corporate governance

The Company has complied with Corporate Governance Rules laid down by The Institute of Chartered Accountants of Sri Lanka, and Listing Rules of the Colombo Stock Exchange. The Corporate Governance Section on pages 82 to 116 describes the good Corporate Governance Principles adopted by the Company.



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## Dividends

In terms of Article 7 of the Articles of Association of the Company, first interim dividend of Rs. 0.80 per share was paid on 25th September 2020, second interim dividend of Rs. 0.20 per share was paid on 18th December 2020 and third interim dividend of Rs. 0.30 per share was paid on 26th March 2021 for the year ended 31st March 2021. The Board signed Certificates of Solvency stating that the Company would satisfy the Solvency Test immediately after the said distributions are made in accordance with Section 57 of the Companies Act No. 07 of 2007. The Board of Directors obtained Certificates of Solvency from the Auditors prior to the date of dispatch of the dividend payments.

Further, in terms of Article 7 of the Articles of Association of the Company, final dividend of Rs. 0.25 per share has been declared by the Directors for the financial year ended 31st March 2021, for payment on 08th June 2021. The Board has reasonable grounds for believing that the Company would satisfy the Solvency Test immediately after the distribution is made and accordingly, the Board of Directors has signed the Certificate of Solvency in accordance with Section 57 of the Companies Act No. 07 of 2007.

The Board of Directors will obtain a Certificate of Solvency from the Auditors prior to the date of dispatch of the dividend payment.

## Reserves (excluding non-controlling interest)

Group reserves and retained equity as at 31st March 2021 amounted to Rs. 7,854 million vs Rs. 5,943 million as at 31st March 2020. The break-up and movement are shown in the Statement of Changes in Equity in the Financial Statements.

## Stated capital

As per the terms of the Companies Act No. 07 of 2007, the Stated Capital of the Company was Rs. 626,048,050/- as at 31st March 2021 and was unchanged during the year. Details are given in Note 21 to the Financial Statements on page 196.

## Commitments and contingencies

Commitments and Contingent Liabilities of the Group are disclosed in the Note 37 to the Financial Statements.

## Events after the reporting period

At the Board Meeting held on 17th May 2021, the Directors have declared final dividend of Rs. 0.25 per share to be paid to the shareholders on 08th June 2021.

No circumstances have arisen since the reporting date, which would require adjustment or disclosure except for the details given in Note 38 to the Financial Statements on page 225.

## Statutory payments

The declaration relating to statutory payments is made in the Statement of Directors' Responsibility on page 136.

## Board committees Audit committee

Following are the names of the Directors comprising the Audit Committee of the Board:

Mr. D.K. de S. Wijeyeratne – Chairman  
Mr. D. Sooriyaarachchi  
Mr. M.H. Jamaldeen

The Report of the Audit Committee on page 118 sets 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

Following are the names of the Directors comprising the Remuneration Committee of the Board:

Mr. M.H. Jamaldeen – Chairman  
Mr. D. Sooriyaarachchi  
Mr. D.K. de S. Wijeyeratne

The Report of the Remuneration Committee on page 119 contains a statement of the remuneration policy. The details of the aggregate remuneration paid to the Executive and Non-Executive Directors during the year under review are given in Note 8 to the Financial Statements on page 170.

## Board nomination committee

Following are the names of the Directors comprising the Nomination Committee of the Board:

Mr. A.M. Pandithage – Chairman  
Mr. K.D.D. Perera  
Mr. M.H. Jamaldeen

The Report of the Board Nomination Committee on page 120 sets out the manner of compliance by the Company in accordance with the requirements of the Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka.

## Related party transactions review committee

Following are the names of the Directors comprising the Board Related Party Transactions Review Committee:

Mr. D. Sooriyaarachchi – Chairman  
Mr. D.K. de S. Wijeyeratne  
Mr. M.H. Wijewardene

By Invitation –  
Mr. D.T.R. De Silva – Director of Singer Finance (Lanka) PLC participating on invitation to represent Singer Finance (Lanka) PLC.

The Board of Directors has given the following statement in respect of the Related Party transactions. The Related Party Transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee of the Company and are in compliance with the section 9 of the CSE Listing Rules.

The Report of the Board-Related Party Transactions Review Committee on page 121 sets out the manner of compliance by the Company.

## Directors' indemnity and insurance

The parent 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.

## Issue of listed debentures

The company has not issued any debentures during the year ended 31st March 2021.

The company has issued 12% three years debentures of Rs. 656.8 million at fixed rate during the year 2018.

## Share information and substantial shareholdings

The distribution of shareholdings, public holding percentage, market value of shares, 20 largest shareholders and record of scrip issues are given on pages 238 to 241.

## Subdivision of shares

The ordinary shares of the company were subdivided by splitting each issued ordinary share into 3 ordinary shares from 04th March 2021. Consequently the total number of existing issued Ordinary Shares were increased

# Annual report of the Board of Directors on the affairs of the Company

from 375,628,830 to 1,126,886,490 without changing the Stated Capital of the Company which will remain at Rs. 626,048,050/-.

Earnings per share, dividends per share, dividend payout and net assets value per share are given in the Highlights on page 12 of this Annual Report and prior year figures are adjusted in line with the subdivision.

## Directorate and shareholding

The names of the Directors of the Company as at 31st March 2021 and their brief profiles are shown on pages 23 to 25 and 253.

Mr. K.K.L.P. Yatiwella Alternate Director to Mr. S.C. Ganegoda ceased to be on the Board with effect from 31st March 2021.

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

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.

## Directors' interests and interest register

The Company, in compliance with the Companies Act No. 07 of 2007, maintains an Interests Register. Particulars of entries in the Interests Register are detailed below.

- 50,000 shares were purchased and 15,000 shares were disposed during the financial year by Mrs. M.W.D.T.I. Wijewardene, spouse of Mr. M.H. Wijewardene, the Group Chief Executive Officer/Executive Director of Singer (Sri Lanka) PLC.

## Directors' remuneration

Executive Directors remuneration is structured within an established framework by the Board's Remuneration Committee to whom this task has been entrusted. The Directors are of the opinion that the framework assures appropriateness of remuneration and fairness for the Company. The total remuneration of the Executive Directors for the year ended 31st March 2021 is given in Note 8 and 39.3 includes the value of perquisites granted to them as part of their terms of service.

The total Directors fees of Non-Executive Directors for the reporting year ended 31st March 2021 is given in Note 8 is determined according to the scales of payment decided upon by the Board. The Board is satisfied that the payment of remuneration is fair to the Company.

## Directors' interest in shares

The following transactions of shares of the Directors/Alternate Directors of the respective companies were reported during the reporting period.

## Singer (Sri Lanka) PLC

	Shareholding 31st March 2021 Number of shares	Shareholding 01st April 2020 Number of shares
Mr. A.M. Pandithage	-	-
Mr. K.D.D. Perera	20,807,739	6,935,913
Mr. D. Sooriyaarachchi	-	-
Mr. D.H. Fernando	-	-
Mr. M.H. Jamaldeen	-	-
Mr. M.H. Wijewardene (Group CEO)	-	-
Mr. S.C. Ganegoda	-	-
Mr. D.K. de S. Wijeyeratne	-	-
Ms. H.M.G. de Alwis	-	-
Mr. K.K.L.P. Yatiwella (Alternate to Mr. S.C. Ganegoda) (resigned with effect from 31st March 2021)	-	-
Mr. H.P.S. Perera (Alternate to Mr. M.H. Wijewardene)	-	-
Ms. A. A.K. Amarasinghe (Alternate to Mr. K. D. D. Perera)	-	-

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

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## Subsidiaries

As at 31st March 2021	Shareholding of Singer Finance (Lanka) PLC Number of Shares	Shareholding of Singer Industries (Ceylon) PLC Number of Shares	Shareholding of Regnis (Lanka) PLC Number of Shares
<b>Common Directors of the Singer Group Companies</b>			
Mr. A.M. Pandithage	-	-	-
Mr. K.D.D. Perera	-	-	-
Mr. M.H. Wijewardene (Group CEO)	-	-	-
Mr. D. Sooriyaarachchi	-	-	-
Mr. M.H. Jamaldeen	-	-	-
Mr. D.H. Fernando	-	-	-
Mr. D.K. de S. Wijeyeratne	-	-	-
Mr. S.C. Ganegoda	5,271	-	-
Ms. H.M.G. De Alwis	-	-	-
Mr. H.P.S. Perera (Alternate)	35,912	-	-
Ms. A.A.K. Amarasinghe (Alternate)	-	-	-
Mr. K.K.L.P. Yatiwella (Alternate) – resigned with effect from 31st March 2021	-	-	-
<b>Directors of Singer Finance (Lanka) PLC</b>			
Mr. M.Y.A. Perera	-	-	-
Mr. J.A. Setukavalar – resigned with effect from 22nd March 2021	-	-	-
Mr. M.P.A. Salgado	12,224	-	-
Mr. T.A. Amarasuriya (CEO)	50,155	-	-
Mr. J.M.J. Perera	-	-	1,600
Ms. D.G. Talpahewa	-	-	-
Mr. L.S.S. Perera	-	-	-
Mr. D.T.R. De Silva – appointed on 09th March 2021	-	-	-
<b>Directors of Singer Industries (Ceylon) PLC/Regnis (Lanka) PLC</b>			
Mr. V.G.K. Vidyaratne – resigned with effect from 31st March 2021	250,555	520	120,310
Mr. K.D.G. Gunaratne	-	-	-
Mr. N.L.S. Joseph	-	-	-
Mr. K.D. Kospelawatte	13,699	1,040	-

## Debentures

There were no debentures held by the Directors of the Company.

## Independence of Directors

Mr. D. Sooriyaarachchi  
Mr. M.H. Jamaldeen  
Mr. D.H. Fernando  
Mr. D.K. de S. Wijeyeratne  
Ms. H.M.G. de Alwis

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

Although, Mr. M.H. Jamaldeen serves on the Board of Hayleys PLC, the Parent Company, the Board of Directors of the Company has determined that Mr. M.H. Jamaldeen nevertheless be independent as the objectivity of his role is not compromised by being on both Boards:

## Subsidiaries

The names of the Directors holding office at the end of the year ended 31st March 2021 in respect of the subsidiaries are given below:

### Singer Finance (Lanka) PLC

Mr. M.Y.A. Perera – Chairman  
Mr. J.A. Setukavalar – resigned with effect from 22nd March 2021  
Mr. M.P.A. Salgado  
Mr. T.A. Amarasuriya (CEO)  
Mr. J.M.J. Perera  
Mr. M.H. Wijewardene  
Ms. D.G. Talpahewa  
Mr. L.S.S. Perera  
Mr. D.T.R. De Silva – appointed on 09th March 2021  
Mr. K.K.L.P. Yatiwella (Alternate to Ms. D.G. Talpahewa) – resigned with effect from 31st March 2021.

# Annual report of the Board of Directors on the affairs of the Company

## Singer Industries (Ceylon) PLC

Mr. A.M. Pandithage – Chairman  
Mr. M.H. Wijewardene – Group CEO  
Mr. M.H. Jamaldeen  
Mr. N.L.S. Joseph  
Mr. K.D.G. Gunaratne  
Mr. D.K. de S. Wijeyeratne  
Mr. S.C. Ganegoda  
Mr. K.D. Kospelawatta  
Mr. V.G.K. Vidyaratne – resigned  
with effect from 31st March 2021.  
Mr. K.K.L.P. Yatiwella (Alternate to  
Mr. M.H. Wijewardene) – resigned  
with effect from 31st March 2021.

## Regnis (Lanka) PLC

Mr. A.M. Pandithage – Chairman  
Mr. M.H. Wijewardene – Group CEO  
Mr. M.H. Jamaldeen  
Mr. N.L.S. Joseph  
Mr. K.D.G. Gunaratne  
Mr. D.K. de S. Wijeyeratne  
Mr. S.C. Ganegoda  
Mr. K.D. Kospelawatta  
Mr. A.C.M. Irzan  
(Alternate to Mr. K.D. Kospelawatta)  
Mr. V.G.K. Vidyaratne – resigned  
with effect from 31st March 2021.  
Mr. K.K.L.P. Yatiwella (Alternate to  
Mr. M.H. Wijewardene) – resigned  
with effect from 31st March 2021.

## Regnis Appliances (Private) Limited

Mr. A.M. Pandithage – Chairman  
Mr. M.H. Wijewardene  
Mr. S.C. Ganegoda  
Mr. K.D. Kospelawatta  
Mr. N.M.P. Fernando

## Singer Digital Media (Private) Limited

Mr. A.M. Pandithage – Chairman  
Mr. M.H. Wijewardene  
Mr. S.C. Ganegoda  
Mr. K.D.J.M. Perera  
Mr. K.K.L.P. Yatiwella – resigned  
with effect from 31st March 2021.

## Reality Lanka Limited

Mr. A.M. Pandithage – Chairman  
Mr. M.H. Wijewardene  
Mr. S.C. Ganegoda

## Singer Business School (Private) Limited

Mr. A.M. Pandithage – Chairman  
Mr. M.H. Wijewardene  
Mr. S.C. Ganegoda  
Mr. K.K.L.P. Yatiwella – resigned  
with effect from 31st March 2021

## Domus Lanka (Private) Limited

Mr. A.M. Pandithage – Chairman  
Mr. M.H. Wijewardene

## Employment

The number of persons employed  
by the Group and the Company  
as at 31st March 2021 was  
3,037 (2020 – 2,926) and 1,914  
(2020 – 1,893), respectively.

## Corporate governance Directors' declarations

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

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

The Corporate Governance Report  
is given under the governance  
section of this Annual Report.

## Donations (for approved and non-approved charities/ organisations)

During the year, donations  
amounting to Rs. 3,270,886/-  
(2019/20 – Rs. 1,065,260/-)  
were made by the Group and  
donations made by the Company  
were Rs. 2,230,942/- (2019/20 –  
Rs. 109,820/-). Donations made  
by the Group and Company are  
given in Note 8.

At the last Annual General Meeting  
shareholders approved a sum not  
exceeding Rs. 400,000/- in respect  
of donations. Accordingly, the  
ratification by the shareholders  
of the excess amount of  
Rs. 1,830,942/- made as donations  
for 2020/21 will be sought at the  
Annual General Meeting.

## Transfer to the second Board

Due to the Non-compliance  
with minimum public holding  
requirement in terms of Rule  
7.13.1 of the CSE Listing Rules,  
Company has been transferred  
to the Second Board with effect  
from 10th February 2020.

Consequent to the current  
Stock Market conditions and  
world economic downturn,  
rectification of the public holding  
is not foreseeable in near future.  
However, the Board of Directors  
will evaluate the conditions on a  
monthly basis at its meetings.

## Auditors

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

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

The audit and non-audit fees paid  
to the Auditors by the Company  
and Group are disclosed in Note 8  
on page 170 in this Annual Report.


As far as the Directors are aware,  
the Auditors do not have any  
relationship or interest in the  
Company or its subsidiaries. The  
Auditors have confirmed that  
they do not have any relationship  
(other than that of Auditors)  
with or interest in the Company  
or any of its subsidiaries other  
than those disclosed above.

## Notice of meeting

The Forty-Sixth Annual General  
Meeting will be held on online  
meeting platform on 28th June  
2021 at 3.00pm.

The Notice of the Annual General  
Meeting to the shareholders is  
given on page 254.

For and on behalf of the Board,



**Mohan Pandithage**  
Chairman



**Mahesh Wijewardene**  
Director/Group Chief Executive  
Officer



**Hayleys Group Services  
(Private) Limited**  
Company Secretaries for  
Singer (Sri Lanka) PLC

Colombo  
17th May 2021

# Statement of Directors' responsibility

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The Directors are responsible under Sections 150 (1), 151, 152 (1), and 153 of the Companies Act No. 07 of 2007, to ensure compliance with the requirements set out therein and to prepare Financial Statements for the 12 months financial period ended 31st March 2021 giving a true and fair view of the state of affairs of the Company and the Group and of the profit of the Company and the Group for the said financial period.

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. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgements have been made so that the form and substance of transactions are properly reflected.

The Directors 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 and the Group 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 Board of Directors declared three interim Dividends for the 12 month period ended 31st March 2021 and paid on 25th September 2020, 18th December 2020 and 26th March 2021 in terms of the Articles of Association of the Company and in line with Section 56 of the Companies Act No. 07 of 2007. The Solvency Test was satisfied immediately after such distributions in accordance with Section 57 of the Act.

The Board of Directors has further declared final dividend for the 12 months period ended 31st March 2021 payable on 08th June 2021 in terms of the Articles of Association of the Company and in line with Section 56 of the Companies Act No. 07 of 2007 and being satisfied based on the information available to it, that the Company would satisfy the solvency test immediately after such distribution in accordance with Section 57 of the Companies Act No. 07 of 2007. The Board of Directors have sought a certificate of solvency from the Auditors prior to the date of dispatch of the dividend payment.

The External Auditors, Messrs KPMG, Chartered Accountants who will be proposed to 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 Independent Auditors' report, shown on pages 137 to 139 sets out their responsibilities in relation to the Financial Statements. The Board has recommended that Messrs KPMG 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,



**Hayleys Group Services (Private) Limited**  
Company Secretaries for  
Singer (Sri Lanka) PLC

Colombo  
17th May 2021



# Independent auditors' report



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

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: www.kpmg.com/lk

## TO THE SHAREHOLDERS OF SINGER (SRI LANKA) PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Singer (Sri Lanka) PLC (the "Company") and the consolidated financial statements of the Company and its subsidiaries (the "Group"), which comprise the statement of financial position as at 31st 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 148 to 232.

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

#### Basis for Opinion

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

#### Key Audit Matters

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

Risk Description	Our response
<b>1. Impairment allowance for Trade and other Receivables, Loans and Advances, Finance Lease Receivables and Hire Purchase Debtors</b>	
<p>Refer to Note 2.4.5 (accounting policy) and Note 18.3 to these Financial Statements.</p> <p>The Group has recognised impairment provisions relating to Trade receivables of Rs. 956 million (Company – Rs. 848 million), Hire purchase debtors of Rs. 263 million (Company – Rs. 258 million), Other receivables Rs. 1,585 million (Company – Rs. 1,583 million), Loans and advances and Lease rental receivables amounting to Rs. 1,176 million (Company – Nil).</p> <p>Impairment allowances represent management's best estimate of the losses expected within receivables as at the financial position date. They are calculated for specific assets and on a collective basis for portfolios of receivables of a similar nature.</p> <p>The calculation of impairment allowances is inherently judgemental for any institution and the Group use subjective assumptions/judgements to determine the classification category (e.g. business model and SPPI assessment), and ECL modelling (e.g. macro-economic inputs) as per the requirements of SLFRS 09.</p> <p>With respect of Singer Finance (Lanka) PLC, a subsidiary, the determination of impairment allowances using the expected credit loss model is subject to a number of key parameters and assumptions, including the identification of loss stages, estimates of probability of default, loss given default, macroeconomic forecasts, exposures at default and discount rate, adjustments for forward looking information and other adjustment factors. In particular, the determination of the loss allowances is heavily dependent on the external macro environment and the Company's internal credit risk management strategy.</p> <p>Given the level of significant management judgment involved in the estimates and the subjective nature of such judgments involved, impairment of Trade receivables, Loans and advances, Finance lease receivable and Hire Purchase is considered as a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>Challenging the appropriateness of the selection of accounting policies based on the requirements of the SLFRS 09, our business understanding and industry practice.</li> <li>Assessing management's processes, systems and controls implemented over impairment assessment.</li> <li>Identifying and testing the relevant key controls and evaluating the completeness, accuracy and relevance of data used.</li> <li>Involving our IT specialists to assess the logics and compilation of the overdue information of loans and advances, finance lease receivables and hire purchases.</li> <li>Evaluating the appropriateness of the assumptions used based on our knowledge and information of the client and the industry and assessing whether the macro economic factors have been used with the latest available information to ensure that the latest economic forecasts.</li> <li>Evaluating and testing the mathematical accuracy of models applied and post-model adjustments.</li> <li>Assessing the completeness, accuracy and relevance of the disclosures required by SLFRS 9 for adoption and transition.</li> </ul>

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Risk Description	Our response
<p><b>2. Carrying value of Inventory</b></p> <p>Refer to Note 2.5 (accounting policy) and Note 16 to these Financial Statements.</p> <p>The Group has recognised a total inventory provision of Rs. 1,274 million (Company – Rs. 1,196 million) in arriving at a total inventory value of Rs. 18,181 million (Company – Rs. 16,151 million)</p> <p>The Group has significant levels of inventories and significant management judgments are taken with regard to categorisation of inventories into obsolete and slow moving and which should be therefore be considered for provision. Estimates are then involved in arriving at provisions against cost in respect of slow moving and obsolete inventories to arrive at valuation based on lower of cost and net realisable value.</p> <p>Given the level of significant management judgments and estimates involved this is considered to be 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 and net realisable 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 realisable 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>
<p><b>3. Contingent liability on deemed VAT assessment</b></p> <p>Refer to Note 37.4 in these Financial Statements.</p> <p>The Group has tax assessments which requires disclosures in the financial statements. The Assessment Notice received by Singer (Sri Lanka) PLC, relating to deemed VAT is significant.</p> <p>Commissioner General of Inland Revenue has issued assessment notices on Singer (Sri Lanka) PLC pertaining to an additional VAT Liability/Payment on account of Deemed VAT for seven quarters for the period 1st January 2014 to 30th September 2015. The assessment was for a Deemed VAT payment of Rs. 1,076 million and Penalty of Rs. 423 million totalling to Rs. 1,499 million. Commissioner General of Inland Revenue has given the determination on the appeal. Accordingly, Rs. 791 million of Deemed VAT liability and penalty of Rs. 395 million totalling to Rs. 1,186 million is payable as a Deemed VAT liability for seven quarters for the period 1st January 2014 to 30th September 2015. The Company after carefully reviewing the advice of tax consultants, is of the opinion that there is no basis for the Company to be made liable for Deemed VAT and accordingly company has decided to appeal to the Tax Appeal Commission against the determination. Hence, no provision has been made in the Financial Statements.</p> <p>The outcome of the deemed VAT assessment is uncertain and it requires the management to make significant judgments and estimates in relation to the likely outcome of these tax issues and exposures.</p> <p>Given the significant value relating to the Deemed VAT assessment and judgemental nature of this contingent liability, this is considered to be a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>Discussions with management and those who charged with governance to understand the nature and status of tax assessment and to understand the latest updates with respect of the matter.</li> <li>Inspecting correspondence provided by the management, with tax consultants and lawyer's opinions obtained by the management in assessing the likelihood of outflow of resources have become probable.</li> <li>Assessing the adequacy and appropriateness of the Group's disclosure on deemed VAT assessment in accordance with applicable accounting standards.</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.



When we read the annual report, if we conclude that there is a material misstatement there in, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a

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

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

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

conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

## Report on Other Legal and Regulatory Requirements

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

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

**CHARTERED ACCOUNTANTS**

Colombo, Sri Lanka.  
17th May 2021

# Statement of Profit or Loss and Other Comprehensive Income

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For the Year ended 31st March	Note	Consolidated		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Revenue</b>	3	<b>67,412,239,487</b>	54,751,037,759	<b>54,863,685,740</b>	44,125,910,546
Cost of Sales		(47,028,482,865)	(36,537,976,063)	(39,896,592,377)	(31,128,174,786)
Direct Interest Cost		(1,872,404,740)	(1,829,081,937)	–	–
<b>Gross Profit</b>		<b>18,511,351,882</b>	16,383,979,759	<b>14,967,093,363</b>	12,997,735,760
Other Income	5	220,853,382	300,349,306	265,401,532	300,079,494
Selling and Administrative Expenses		(12,429,596,252)	(11,551,101,818)	(10,528,254,382)	(9,810,423,822)
Impairment Loss on Trade and Other Receivables	8.1	(920,008,346)	(1,011,144,168)	(459,524,068)	(630,876,357)
<b>Operating Profit</b>		<b>5,382,600,666</b>	4,122,083,079	<b>4,244,716,445</b>	2,856,515,075
Finance Income	6	863,595,547	255,306,149	639,103,042	362,085,921
Finance Cost	7	(2,135,702,286)	(3,455,805,108)	(2,174,970,083)	(3,323,287,328)
<b>Net Finance Cost</b>		<b>(1,272,106,739)</b>	(3,200,498,959)	<b>(1,535,867,041)</b>	(2,961,201,407)
VAT, NBT/DRL on Financial Services		(292,487,010)	(310,866,782)	(79,800,000)	(51,000,000)
<b>Profit/(Loss) Before Tax</b>	8	<b>3,818,006,917</b>	610,717,338	<b>2,629,049,404</b>	(155,686,332)
Tax (Expense)/Reversal	9	(1,210,485,477)	(183,449,830)	(879,873,665)	168,425,711
<b>Profit for the year</b>		<b>2,607,521,440</b>	427,267,508	<b>1,749,175,739</b>	12,739,379
<b>Other Comprehensive Income</b>					
<b>Items that will not be Reclassified to Profit or Loss</b>					
Fair Value Change in equity instruments designated at fair value through other comprehensive income	15.1	7,928,407	–	7,928,407	–
Actuarial Gain on Employee Benefit Obligations	27.4	3,705,948	30,476,732	4,187,734	20,170,902
<b>Related Taxes</b>					
Tax on Other Comprehensive Income	9.4	190,836,059	(8,495,062)	41,514,595	(5,647,853)
<b>Total Other Comprehensive Income for the year, net of tax</b>		<b>202,470,414</b>	21,981,670	<b>53,630,736</b>	14,523,049
<b>Total Comprehensive Income for the year, net of tax</b>		<b>2,809,991,854</b>	449,249,178	<b>1,802,806,475</b>	27,262,428
<b>Profit for the year Attributable to:</b>					
Owners of the Company		2,452,008,602	280,734,596	1,749,175,739	12,739,379
Non-controlling Interests		155,512,838	146,532,912	–	–
<b>Profit for the year</b>		<b>2,607,521,440</b>	427,267,508	<b>1,749,175,739</b>	12,739,379
<b>Total Comprehensive Income Attributable to:</b>					
Owners of the Company		2,624,894,855	300,595,743	1,802,806,475	27,262,428
Non-controlling Interests		185,096,999	148,653,435	–	–
<b>Total Comprehensive for the year, net of tax</b>		<b>2,809,991,854</b>	449,249,178	<b>1,802,806,475</b>	27,262,428
Earnings per share – Basic/Diluted (Rs.)	10.3	2.18	0.25	1.55	0.01
Dividend per share (Rs.)	33	–	–	0.63	0.08

Figures in brackets indicate deductions.

The Notes on pages 148 through 232 form an integral part of these Financial Statements.

17th May 2021  
Colombo

# Statement of Financial Position

As at 31st March	Note	Consolidated		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Assets</b>					
Property, Plant and Equipment	11	6,805,750,329	6,911,740,557	3,578,265,826	3,651,860,201
Right-of-use Assets	11.20.1	4,433,002,835	4,448,559,937	3,863,148,390	3,986,189,712
Intangible Assets	12	315,021,891	255,320,410	222,618,380	196,451,084
Investment in Subsidiaries	13	-	-	2,968,023,473	2,968,023,473
Other Non-current Assets	14	60,616,572	61,917,822	-	-
Other Investments	15.1	24,989,707	113,257,548	24,948,407	17,020,000
Trade and Other Receivables	18.1	11,861,154,395	11,330,017,048	802,806,286	833,200,903
Deferred Tax Assets	26.1	873,745,505	825,416,251	832,572,959	773,456,037
<b>Non-current Assets</b>		<b>24,374,281,234</b>	<b>23,946,229,573</b>	<b>12,292,383,721</b>	<b>12,426,201,410</b>
Inventories	16	18,180,683,426	16,047,455,850	16,150,896,747	14,273,238,762
Loans Due from Related Parties	17	-	-	-	446,000,000
Income Tax Receivables	31.1	17,118,814	579,571,280	-	401,786,969
Trade and Other Receivables	18.2	23,977,624,102	23,558,796,593	12,965,213,666	12,424,217,535
Amounts Due from Related Parties	19	10,820,197	33,426,043	38,813,530	32,055,166
Other Financial Assets	35.2	-	27,087,623	-	27,087,623
Deposits with Banks		60,934,828	101,393,805	-	-
Short-term Investments	15.2	813,262,056	693,692,876	-	600,090,000
Cash in hand and at bank	20.1	1,868,858,699	629,294,907	783,541,083	394,858,144
<b>Current Assets</b>		<b>44,929,302,122</b>	<b>41,670,718,977</b>	<b>29,938,465,026</b>	<b>28,599,334,199</b>
<b>Total Assets</b>		<b>69,303,583,356</b>	<b>65,616,948,550</b>	<b>42,230,848,747</b>	<b>41,025,535,609</b>
<b>Equity</b>					
Stated Capital	21	626,048,050	626,048,050	626,048,050	626,048,050
Capital Reserves	22	1,232,580,379	1,092,441,629	1,170,907,941	1,142,409,257
Other Component of Equity		6,025,590	-	6,025,590	-
Statutory Reserve	23	198,938,923	182,548,200	-	-
Revenue Reserves	24	6,416,501,234	4,667,856,219	3,277,634,799	2,223,047,375
<b>Total Equity Attributable to Owners of the Company</b>		<b>8,480,094,176</b>	<b>6,568,894,098</b>	<b>5,080,616,380</b>	<b>3,991,504,682</b>
<b>Non-controlling Interests</b>	40	<b>1,778,543,342</b>	<b>1,619,012,451</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>		<b>10,258,637,518</b>	<b>8,187,906,549</b>	<b>5,080,616,380</b>	<b>3,991,504,682</b>
<b>Liabilities</b>					
Interest-Bearing Loans and Borrowings	25	7,129,286,564	8,175,498,544	3,000,000,000	6,154,765,222
Lease Liability	11.20.2	4,307,592,021	4,274,662,903	3,786,997,415	3,855,725,216
Deferred Tax Liabilities	26.1	376,416,379	669,682,472	-	-
Employee Benefit Obligations	27	946,775,019	900,984,244	654,639,183	636,683,474
Security Deposits	28	1,366,565,021	1,394,610,994	1,293,744,090	1,329,962,876
Other Financial Liabilities	35	2,091,131,750	1,979,088,700	-	-
Deferred Revenue	30	107,608,332	91,724,769	107,608,332	91,724,769
Other Non-current Liabilities	29.1	142,413,444	81,590,330	142,413,444	81,590,330
<b>Non-current Liabilities</b>		<b>16,467,788,530</b>	<b>17,567,842,956</b>	<b>8,985,402,464</b>	<b>12,150,451,887</b>
Trade and Other Payables	29	18,754,805,789	9,321,683,961	13,559,595,188	6,636,833,030
Deferred Revenue	30	209,074,759	174,836,880	183,469,610	167,724,663
Income Tax Payables	31.2	278,063,443	229,579,630	25,209,018	-
Dividends Payables	32	132,672,420	123,813,837	58,822,197	39,150,190
Amounts Due to Related Parties	34	341,304,021	226,735,602	4,259,226,264	3,418,630,322
Other Financial Liabilities	35.1	8,374,066,041	5,034,997,425	-	-
Lease Liability	11.20.2	686,421,286	544,294,253	624,047,914	512,501,477
Interest-Bearing Loans and Borrowings	25	12,085,398,976	21,725,176,176	8,132,720,527	12,607,357,238
Bank Overdrafts	20.2	1,715,350,573	2,480,081,281	1,321,739,185	1,501,382,120
<b>Current Liabilities</b>		<b>42,577,157,308</b>	<b>39,861,199,045</b>	<b>28,164,829,903</b>	<b>24,883,579,040</b>
<b>Total Liabilities</b>		<b>59,044,945,838</b>	<b>57,429,042,001</b>	<b>37,150,232,367</b>	<b>37,034,030,927</b>
<b>Total Equity and Liabilities</b>		<b>69,303,583,356</b>	<b>65,616,948,550</b>	<b>42,230,848,747</b>	<b>41,025,535,609</b>

The Notes on pages 148 through 232 form an integral part of these Financial Statements.  
I certify that the Financial Statements of the Company comply with the requirements of the Companies Act No. 07 of 2007.

**Ramesh Chithrasiri**  
Finance Director

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Signed for and on behalf of the Board by.

**Mohan Pandithage**  
Chairman  
17th May 2021  
Colombo

**Mahesh Wijewardene**  
Director/Group Chief Executive Officer



# Statement of Changes in Equity

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Consolidated	Note	Stated Capital	Statutory Reserve Fund
		Rs.	Rs.
<b>Balance at 31st March 2019</b>		626,048,050	163,096,146
Adjustment of Initial Application of SLFRS 16 net of tax		-	-
Adjusted Balance as at 1st April 2019		626,048,050	163,096,146
Realisation of Revaluation Surplus		-	-
Transferred to/(from) during the Year		-	19,452,054
<b>Total Comprehensive Income for the Year</b>			
Profit for the Year		-	-
<b>Other Comprehensive Income</b>			
Actuarial gain on Employee Benefit Obligations	27.4	-	-
<b>Related Taxes</b>			
Deferred Tax on Actuarial gain on Employee Benefit Obligations	9.4	-	-
Total Other Comprehensive Income for the Year, Net of Tax		-	-
<b>Total Comprehensive Income for the Year, Net of Tax</b>		-	-
<b>Transactions with Owners of the Company, Recognised Directly in Equity</b>			
Distributions to Owners of the Company			
Final Dividend – 2019/20		-	-
<b>Total Distributions to Owners of the Company</b>		-	-
<b>Changes in Ownership Interest in Subsidiaries</b>			
Effect of Change in Holdings in Subsidiaries		-	-
<b>Total Transactions with Owners of the Company</b>		-	-
<b>Balance at 31st March 2020</b>		626,048,050	182,548,200
Realisation of Revaluation Surplus		-	-
Transferred to/(from) during the year		-	16,390,723
<b>Total Comprehensive Income for the Year</b>			
Profit for the Year		-	-
<b>Other Comprehensive Income</b>			
Actuarial gain/(loss) on Employee Benefit Obligations	27.4	-	-
Fair Value Change in equity instruments designated at fair value through other comprehensive income	15.1	-	-
<b>Related Taxes</b>			
Deferred Tax on Actuarial gain/(loss) on Employee Benefit Obligations	9.4	-	-
Deferred Tax on Equity investments at FVOCI – change in fair value	9.4	-	-
Impact of Deferred Tax Rate change on Revaluation Reserve	9.4	-	-
<b>Total Other Comprehensive Income for the Year, Net of Tax</b>		-	-
<b>Total Comprehensive Income for the Year, Net of Tax</b>		-	-
<b>Transactions with Owners of the Company, Recognised Directly in Equity</b>			
Distributions to Owners of the Company			
Interim Dividend – 2020/21		-	-
<b>Total Distributions to Owners of the Company</b>		-	-
<b>Balance at 31st March 2021</b>		626,048,050	198,938,923

Fair value reserve of financial assets at FVOCI relates to change in fair value of financial assets at FVOCI.

Figures in brackets indicate deductions.

The Notes on pages 148 through 232 form an integral part of these Financial Statements.

## Statement of Changes in Equity

Attributable to Equity Holders of the Company					Non-controlling Interest  Rs.	Total  Rs.
Capital Reserve	Other Component of Equity	Revenue Reserve		Total		
Revaluation Reserve Rs.	Fair Value of financial assets at FVOCI Reserve Rs.	General Reserve Rs.	Retained Earnings Rs.	Rs.		
1,118,122,637	-	2,700,000,000	2,335,830,615	6,943,097,448	1,508,546,318	8,451,643,766
-	-	-	(582,562,045)	(582,562,045)	(5,217,815)	(587,779,860)
1,118,122,637	-	2,700,000,000	1,753,268,570	6,360,535,403	1,503,328,503	7,863,863,906
(25,681,008)	-	-	25,681,008	-	-	-
-	-	-	(19,452,054)	-	-	-
-	-	-	280,734,596	280,734,596	146,532,912	427,267,508
-	-	-	27,553,818	27,553,818	2,922,914	30,476,732
-	-	-	(7,692,671)	(7,692,671)	(802,391)	(8,495,062)
-	-	-	19,861,147	19,861,147	2,120,523	21,981,670
-	-	-	300,595,743	300,595,743	148,653,435	449,249,178
-	-	-	(93,907,208)	(93,907,208)	(31,299,327)	(125,206,535)
-	-	-	(93,907,208)	(93,907,208)	(31,299,327)	(125,206,535)
-	-	-	1,670,160	1,670,160	(1,670,160)	-
-	-	-	(92,237,048)	(92,237,048)	(32,969,487)	(125,206,535)
1,092,441,629	-	2,700,000,000	1,967,856,219	6,568,894,098	1,619,012,451	8,187,906,549
(23,030,169)	-	-	23,030,169	-	-	-
-	-	-	(16,390,723)	-	-	-
-	-	-	2,452,008,602	2,452,008,602	155,512,838	2,607,521,440
-	-	-	4,742,799	4,742,799	(1,036,851)	3,705,948
-	7,928,407	-	-	7,928,407	-	7,928,407
-	-	-	(1,051,055)	(1,051,055)	199,939	(851,116)
-	(1,902,817)	-	-	(1,902,817)	-	(1,902,817)
163,168,919	-	-	-	163,168,919	30,421,073	193,589,992
163,168,919	6,025,590	-	3,691,744	172,886,253	29,584,161	202,470,414
163,168,919	6,025,590	-	2,455,700,346	2,624,894,855	185,096,999	2,809,991,854
-	-	-	(713,694,777)	(713,694,777)	(25,566,108)	(739,260,885)
-	-	-	(713,694,777)	(713,694,777)	(25,566,108)	(739,260,885)
1,232,580,379	6,025,590	2,700,000,000	3,716,501,234	8,480,094,176	1,778,543,342	10,258,637,518

# Statement of Changes in Equity

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Company	Note	Capital Reserve		Other component of Equity	Revenue Reserve		Total
		Stated Capital	Revaluation Reserve		General Reserve	Retained Earnings	
		Rs.	Rs.		Rs.	Rs.	Rs.
<b>Balance as at 31st March 2019</b>		626,048,050	1,158,333,041	–	2,700,000,000	151,601,145	4,635,982,236
Adjustment of Initial Application of SLFRS 16 net of tax		–	–	–	–	(577,832,774)	(577,832,774)
Adjusted Balance as at 1st April 2019		626,048,050	1,158,333,041	–	2,700,000,000	(426,231,629)	4,058,149,462
Realisation of Revaluation Surplus		–	(15,923,784)	–	–	15,923,784	–
Profit for the Year		–	–	–	–	12,739,379	12,739,379
<b>Other Comprehensive Income</b>							
Actuarial gain on Employee Benefit Obligations	27.4	–	–	–	–	20,170,902	20,170,902
<b>Related Taxes</b>							
Deferred Tax on actuarial gains on Employee Benefit Obligations	9.4	–	–	–	–	(5,647,853)	(5,647,853)
<b>Total Other Comprehensive Income, Net of Tax</b>		–	–	–	–	14,523,049	14,523,049
<b>Total Comprehensive Income for the Year, Net of Tax</b>		–	–	–	–	27,262,428	27,262,428
<b>Transactions with Owners of the Company, Recognised Directly in Equity</b>							
<b>Distributions to Owners of the Company</b>							
Final Dividend – 2019/20	33	–	–	–	–	(93,907,208)	(93,907,208)
<b>Total Distributions to Owners of the Company</b>		–	–	–	–	(93,907,208)	(93,907,208)
<b>Balance as at 31st March 2020</b>		626,048,050	1,142,409,257	–	2,700,000,000	(476,952,625)	3,991,504,682
Realisation of Revaluation Surplus		–	(15,923,784)	–	–	15,923,784	–
Profit for the Year		–	–	–	–	1,749,175,739	1,749,175,739
<b>Other Comprehensive Income</b>							
Actuarial gain on Employee Benefit Obligations	27.4	–	–	–	–	4,187,734	4,187,734
Fair Value Change in equity instruments designated at fair value through other comprehensive income	15.1	–	–	7,928,407	–	–	7,928,407
<b>Related Taxes</b>							
Deferred Tax on Actuarial gains on Employee Benefit Obligations	9.4	–	–	–	–	(1,005,056)	(1,005,056)
Deferred Tax on Equity investments at FVOCI – change in fair value	9.4	–	–	(1,902,817)	–	–	(1,902,817)
Impact of Deferred Tax Rate change on revaluation reserve	9.4	–	44,422,468	–	–	–	44,422,468
<b>Total Other Comprehensive Income, Net of Tax</b>			44,422,468	6,025,590	–	3,182,678	53,630,736
<b>Total Comprehensive Income for the Year, Net of Tax</b>			44,422,468	6,025,590	–	1,752,358,417	1,802,806,475
<b>Transactions with Owners of the Company, Recognised Directly in Equity</b>							
<b>Distributions to Owners of the Company</b>							
Interim Dividend – 2020/21	33	–	–	–	–	(713,694,777)	(713,694,777)
<b>Total Distributions to Owners of the Company</b>		–	–	–	–	(713,694,777)	(713,694,777)
<b>Balance at 31st March 2021</b>		626,048,050	1,170,907,941	6,025,590	2,700,000,000	577,634,799	5,080,616,380

Fair value reserve of financial assets at FVOCI relates to change in fair value of financial assets at FVOCI.

Figures in brackets indicate deductions.

The Notes on pages 148 through 232 form an integral part of these Financial Statements.

# Statement of Cash Flows

For the Year ended 31st March	Note	Consolidated		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Cash Flows from/(used in) Operating Activities					
Profit/(Loss) before Tax Expense		3,818,006,917	610,717,338	2,629,049,404	(155,686,332)
Adjustments for:					
Depreciation of Property, Plant and Equipment	11.8, 11.16	650,524,040	654,721,731	478,836,281	496,206,822
Amortisation of Intangible Assets	12.8	24,602,066	21,540,065	13,638,253	11,703,720
Amortisation of Leasehold Rights	14	1,301,250	1,301,250	-	-
Depreciation of Right-of-use Assets	11.20.1	891,876,312	853,156,080	802,800,751	779,950,800
(Gain)/Loss on Disposal of Property, Plant and Equipment	8	1,311,561	2,601,141	283,286	(2,536,365)
Change in Fair Value of Derivative Assets	35.2	27,087,623	58,560,440	27,087,623	58,560,440
Interest Expense		2,176,811,274	3,437,999,682	2,174,970,083	3,323,287,328
Interest Income		(120,794,583)	(128,837,610)	(81,295,249)	(235,617,382)
Provisions on Inventory	16.1	179,485,451	99,833,957	144,074,891	91,857,578
Impairment loss on Trade and Other Receivables	18.3	920,008,346	1,011,644,168	459,524,068	630,876,357
Dividend Income	5	(320,000)	(240,800)	(192,227,129)	(181,894,611)
Provisions for Employee Benefit Obligations	27.4	153,142,310	154,248,199	105,975,537	109,635,988
Operating Profit Before Working Capital Changes		8,723,042,567	6,777,245,641	6,562,717,799	4,926,344,343
(Increase)/Decrease in Inventories		(2,312,713,027)	(2,021,572,836)	(2,021,732,876)	(2,232,110,656)
(Increase)/Decrease in Debtors Falling due After One Year		(531,137,347)	148,292,097	30,394,617	599,035,515
(Increase)/Decrease in Debtors Falling due Within One Year		(1,339,718,290)	(2,515,335,218)	(1,000,520,199)	(758,550,560)
(Increase)/Decrease in Dues from Related Parties		22,605,846	(33,426,043)	27,862,511	(28,744,500)
Increase/(Decrease) in Dues to Related Parties		114,568,419	(29,285,264)	834,482,647	656,318,443
Increase/(Decrease) in Security Deposits		(28,045,973)	6,177,973	(36,218,786)	(2,165,175)
Increase/(Decrease) in Trade and Other Payables		9,493,944,942	1,939,109,723	6,983,585,262	1,461,116,729
Increase/(Decrease) in Deferred Liabilities		50,121,442	(7,411,410)	31,628,510	(9,013,648)
Cash Generated from/(used in) Operations		14,192,668,579	4,263,794,663	11,412,199,485	4,612,230,491
Finance Costs Paid		(1,851,933,022)	(2,740,793,104)	(1,694,977,430)	(2,753,691,853)
Employee Benefits Paid	27	(103,645,587)	(94,758,352)	(77,891,634)	(83,444,280)
Income Tax Paid	31	(749,426,056)	(657,732,644)	(470,480,000)	(295,453,251)
Net Cash from/(used in) Operating Activities		11,487,663,914	770,510,563	9,168,850,421	1,479,641,107

# Statement of Cash Flows

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For the Year ended 31st March	Note	Consolidated		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Cash Flows from Investing Activities</b>					
Acquisition of Property, Plant and Equipment and Intangible Assets		(654,941,994)	(917,856,007)	(468,297,589)	(690,813,193)
Proceeds from Disposal of Property, Plant and Equipment		24,792,968	44,876,869	22,675,410	38,405,891
Proceeds from Disposal of Investment in Debentures in Subsidiary Company		-	-	600,090,000	311,182,652
Acquisition of Marketable Securities		(23,372,932)	(166,516,794)	-	-
Investment/(Withdrawal) of Bank Deposits		40,458,977	(18,069,827)	-	-
Net Cash Flows from Loans Given to Related Companies		-	-	446,000,000	702,669,207
Interest Received		120,794,583	128,837,610	81,295,249	235,617,382
Dividend Received		320,000	240,800	158,070,529	181,894,611
<b>Net Cash Flows from/(used in) Investing Activities</b>		<b>(491,948,398)</b>	<b>(928,487,349)</b>	<b>839,833,599</b>	<b>778,956,550</b>
<b>Cash Flows from Financing Activities</b>					
Proceeds from Interest-Bearing Loans and Borrowings		35,163,929,824	48,377,023,041	16,152,490,487	31,235,678,817
Repayment of Interest-Bearing Loans and Borrowings		(45,548,127,483)	(48,671,589,454)	(23,701,634,923)	(33,221,169,731)
Net Settlements to Lease Creditors		(1,327,932,721)	(1,302,631,328)	(1,197,190,940)	(1,196,285,588)
Increase in Customer Deposit Liabilities		3,451,111,666	1,061,063,124	-	-
Net payment to Minority Shareholders		(25,566,108)	(31,299,327)	-	-
Dividends Paid		(704,836,194)	(58,590,320)	(694,022,770)	(103,969,214)
<b>Net Cash Flows used in Financing Activities</b>		<b>(8,991,421,016)</b>	<b>(626,024,264)</b>	<b>(9,440,358,146)</b>	<b>(3,285,745,716)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>2,004,294,500</b>	<b>(784,001,050)</b>	<b>568,325,874</b>	<b>(1,027,148,059)</b>
Cash and Cash Equivalents at the Beginning of the Year		(1,850,786,374)	(1,066,785,324)	(1,106,523,976)	(79,375,917)
<b>Cash and Cash Equivalents at the End of the Year</b>	20.2	<b>153,508,126</b>	<b>(1,850,786,374)</b>	<b>(538,198,102)</b>	<b>(1,106,523,976)</b>

Figures in brackets indicate deductions.

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short-term deposits with a maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

The accounting policies and notes as set out on pages 148 through 232 form an integral part of these financial statements.



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## 1. Corporate Information

### 1.1 Reporting Entity

#### 1.1.1 General

Singer (Sri Lanka) PLC is a Public limited liability company incorporated and domiciled in Sri Lanka. The Registered Office of the Company is located at No. 112, Havelock Road, Colombo 05 and the principal place of business is situated at the above address.

In the Report of the Directors and in the Financial Statements, “the Company” refers to Singer (Sri Lanka) PLC as the Holding Company and “the Group” refers to the Consolidated Financial Statements of Singer (Sri Lanka) PLC and its Subsidiaries, Singer Finance (Lanka) PLC, Singer Industries (Ceylon) PLC, Regnis (Lanka) PLC, Reality Lanka Limited, Regnis Appliances (Private) Limited, Singer Digital Media (Private) Limited, Singer Business School (Private) Limited and Domus Lanka (Private) Limited.

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

Hayleys PLC together with its subsidiaries, Volanka (Private) Limited, and Carbotels (Private) Limited, acquired on 15th September 2017 a total of 231,864,362 ordinary shares in Singer (Sri Lanka) PLC, constituting approximately 61.73% of the total shares in issue at a price of Rs. 47/- per share, making Hayleys PLC the ultimate controlling party of Singer (Sri Lanka) PLC with effect from 15th September 2017.

Consequent to the purchase of 210,587,766 shares, a mandatory offer was made by Hayleys PLC on the 31st October 2017 as Hayleys PLC triggered the Company takeovers and mergers code 1995, published under the rules made by the Securities and Exchange Commission of Sri Lanka under Section 53 of the Securities and Exchange Commission of Sri Lanka, Act No. 36 of 1987 as amended, and in terms of Rule

31 (1) (a) of the code. Accordingly subsequent to the mandatory offer, Hayleys PLC, with parties acting in concert holds 304,108,410 shares constituting approximately 80.96% of the total shares in issue.

On 15th October 2018, Hayleys PLC purchased the balance 35,562,883 (9.47%) ordinary shares held by Retail Holdings (Sri Lanka) BV in Singer (Sri Lanka) PLC at a price of Rs. 47.00 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.

#### 1.1.2 Consolidated Financial Statements

The Consolidated Financial Statements of Singer (Sri Lanka) PLC as at and for the year ended 31st March 2021 comprise the Company and its Subsidiaries namely, Singer Finance (Lanka) PLC, Singer Industries (Ceylon) PLC, Regnis (Lanka) PLC, Reality Lanka Limited, Regnis Appliances (Private) Limited, Singer Digital Media (Private) Limited, Singer Business School (Private) Limited and Domus Lanka (Private) Limited.

#### Subsidiaries

##### Singer Finance (Lanka) PLC

Singer Finance (Lanka) PLC, was incorporated on 19th April 2004 under the Companies Act No. 17 of 1982 and re-registered under the Company's Act No. 07 of 2007 and its commercial operations commenced on the 8th July 2004. Singer (Sri Lanka) PLC owns 79.93% of its equity shares.

##### Singer Industries (Ceylon) PLC

Singer Industries (Ceylon) PLC was incorporated on the 13th December 1963 and re-registered under the Companies Act No. 07 of 2007 and its commercial operations commenced on the 13th December 1963. Singer (Sri Lanka) PLC owns 87.7% of its equity shares.

##### Regnis (Lanka) PLC

Regnis (Lanka) PLC was incorporated on the 8th October 1987 under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 07 of 2007 and its commercial operations commenced on the 8th October 1987. Singer (Sri Lanka) PLC owns 58.3% of its equity shares.

##### Reality Lanka Limited

Reality Lanka Limited was incorporated on the 29th September 2006 under the Companies Act No. 17 of 1982 and its commercial operations commenced on the 29th September 2006. Singer (Sri Lanka) PLC directly, indirectly owns 92.2% of its equity shares.

##### Regnis Appliances (Private) Limited

Regnis Appliances (Private) Limited, was incorporated on the 18th January 2010 under the Companies Act No. 07 of 2007 and commenced its commercial operations on the 1st October 2010. Singer (Sri Lanka) PLC owns 58.3% of its equity shares.

##### Singer Digital Media (Private) Limited

Singer Digital Media (Private) Limited was incorporated on the 16th May 2014 under the Companies Act No. 07 of 2007 and its commercial operations commenced on the 8th July 2014. Singer Digital Media (Private) Limited is a fully-owned Subsidiary.

##### Singer Business School (Private) Limited

A fully-owned Subsidiary, Singer Business School (Private) Limited was incorporated on the 5th May 2015 under the Companies Act No. 07 of 2007 and its commercial operations commenced on the 5th May 2015.

##### Domus Lanka (Private) Limited

Domus Lanka (Private) Limited was incorporated on the 4th January 2018 under the Company Act No. 7 of 2007.

##### Associates (Equity Accounted Investees)

Associate companies of the Group, whose results have been included in the Consolidated Financial Statements are:

Telshan Network (Private) Limited

All above companies are incorporated in Sri Lanka.

#### 1.1.3 Principal Activities and Nature of Operations The Company

The Company is engaged in Retail and Wholesale Marketing, Financing, Assembling and Manufacturing and Financial Services. The Company markets Consumer Electronics, Home Appliances, Mobile Phones, Personal Computers, Laptops, Furniture, Domestic and Industrial Sewing Machines, Agricultural Equipment, and provides Financing through Hire Purchase. In addition, the Company manufactures and sells Furniture, Water Pumps and assembles and sells Motor Cycles and Two Wheel Tractors. Company acts as a Bill Collection Agent for Banks on Credit Cards, all Mobile service providers for Re-load and Bills, National Water Supply and Drainage Board, Ceylon Electricity Board, Lanka Electricity Board, Sri Lanka Telecom. In addition, performing Top-ups and Counter Withdrawals with Dialog eZcash and Mobitel mCash wallets. With Value addition has started accepting premiums for Life Insurance, General Insurance and collections of Rentals from leading Finance Companies such as Singer Finance, Central Finance and CDB Bank.

On Cash disbursements also act as a Sub-Agent for Western Union.

#### Subsidiaries

##### Singer Finance (Lanka) PLC

The principal activities of the Company consist of finance leasing, hire purchase financing, gold loan, financing of consumer durables under loan scheme and granting loans, factoring,

authorised foreign currency dealer and mobilising fixed deposits and savings.

Singer Finance (Lanka) PLC (“Company”), regulated under the Finance Business Act No. 42 of 2011, was incorporated on the 19th April 2004 as a Public Limited Liability Company domiciled in Sri Lanka under the provisions of the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 7 of 2007.

## Singer Industries (Ceylon) PLC

The principal activities of the Company are assembling sewing machines and manufacturing of cabinets and stands for sewing machines.

## Regnis (Lanka) PLC

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

## Reality Lanka Limited

The principal activities of the Company are renting of company property and property development.

## Regnis Appliances (Private) Limited

Principal activities of Regnis Appliances (Private) Limited are manufacturing and assembling of Washing Machines, producing plastic components for Refrigerators and Plastic Chairs.

## Singer Digital Media (Private) Limited

The principal activity of the Company is marketing mobile phones.

## Singer Business School (Private) Limited

The principal activity of the Company is providing of educational services.

## Domus Lanka (Private) Limited

Domus Lanka (Private) Limited was incorporated on 4th January 2018 (formally known as D.V.D. Lanka

(Private) Limited. The principal activity of the Company is carrying on the business of designing, manufacturing and trading furniture. However no commercial operations have been commenced as of the reporting period.

## 1.1.4 Parent Enterprise

The Company’s ultimate parent undertaking is Hayleys PLC.

## 1.1.5 Number of Employees

The number of employees of the Group at the end of the year 31st March 2021 was 3,037 (2020 – 2,926), Company – 1,914 (2020 – 1,893).

## 1.2 Basis of Accounting

### 1.2.1 Statement of Compliance

The Consolidated Financial Statements of the Group and the separate Financial Statements of the Group have been prepared and presented in accordance with the Sri Lanka Accounting Standards (hereinafter referred to as SLFRSs/LKASs) issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirements of the Companies Act No. 07 of 2007. The related changes to significant accounting policies are described in Note 2.13.

### 1.2.2 Responsibility for Financial Statements

The Board of Directors is responsible for preparation and presentation of the Financial Statements of the Company as per the provisions of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards. The Directors’ responsibility over Financial Statements is set out in detail in the Statement of Directors’ Responsibility.

### 1.2.3 Approval of Financial Statements

The Financial Statements for the year ended 31st March 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 17th May 2021.

### 1.2.4 Basis of Measurement

The Consolidated Financial Statements have been prepared under the Historical Cost convention except for,

- Financial instruments reflected as fair value through profit or loss which are measured at fair value
- Financial instruments designated as fair value through other comprehensive income (OCI) which are measured at fair value
- Items of Property, Plant and Equipment, which are measured at fair value
- Defined Benefit Plans which are measured at present value of the Retirement Benefit Obligations

Where appropriate, specific policies are explained in the succeeding notes

No adjustments have been made for inflationary factors in the Consolidated Financial Statements

### 1.2.5 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees which is the functional currency of the Company and its Subsidiaries.

### 1.2.6 Rounding

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

### 1.2.7 Use of Estimates and Judgements

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

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

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

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

#### • Note 11 – Valuation of Land and Building,

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

#### • Note 16 – Provision for Inventories

The Group has applied judgment in the determination of impairment in relation to inventories that are slow moving or obsolete. The Group’s impairment assessment in relation to such inventories take into account factors such as the ageing of items of inventories, dates for possible expiry and expectations in relation to how the inventories will be utilised or sold. Judgment has also been applied by management in determining net realisable value of inventories (NRV). The estimates and judgements

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applied in the determination of NRV are influenced by expectations of sales relating to identified goods and historically realised sales prices.

## • Note 18/36 – Impairment of Trade and other receivables/ Financial Instruments

The Group uses a provision matrix to calculate ECLs for loans and trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the relevant sectors, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed the assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's loans and trade receivables are disclosed in Note 18.3 to the Financial Statements

## • Note 9/26 – Current Tax and Deferred Tax assets and Liabilities

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will

be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The Group has Rs. 51 million (2020: Rs. 19 million) of tax losses carried forward. These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets.

## • Note 27 – Measurement of Employee Benefit Obligations

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

benefit obligation are provided in Note 27 to the Financial Statements.

- **Note 29.1 – Provision for Warranty**
- **Note 37 – Commitments and Contingencies**

## 1.2.8 Measurement of Fair Value

The Group measures financial instruments such as investments which are designated as fair value through other comprehensive income (OCI) and financial assets at fair value through profit or loss at fair value at each reporting date.

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

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

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

**Level 1** – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

**Level 2** – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

**Level 3** – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Financial Statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions – Note 36
- Quantitative disclosures of fair value measurement hierarchy – Note 36
- Property (Land and Building) under revaluation model – Note 11
- Financial instruments (including those carried at amortised cost) – Note 36



## 1.2.9 Materiality and Aggregation

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

## 1.2.10 Offsetting

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

## 1.2.11 Going Concern

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

## 1.2.12 Comparative Information

Comparative information including quantitative, narrative and descriptive information as relevant is disclosed in respect of previous period in the Financial Statements. The presentation and classification of the Financial Statements in the previous year are

amended, where relevant for better presentation and to be comparable with those of the current year.

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

## 1.2.13 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

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

## 2. Summary of Significant Accounting Policies

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

Other significant accounting policies not covered with individual notes.

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

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

An asset is current when it is:

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

All other assets are classified as non-current

A liability is current when it is:

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

All other liabilities are classified as non-current.

## 2.1 Basis of Consolidation

The consolidated financial statements encompass the Company, its subsidiaries (together referred to as the “Group”) Subsidiaries are disclosed in Note 13 to the Financial Statements.

### 2.1.1 Subsidiaries

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

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and



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ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or Loss and each component of Other Comprehensive Income are attributed to equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## 2.1.2 Non-Controlling Interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

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

## 2.1.3 Loss of Control

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

## 2.1.4 Interest in Equity Accounted Investees

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

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its associates are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The Statement of Profit or Loss reflects the Group's share of the results of operations of the associate. Any change in Other Comprehensive Income of those investees is presented as part of the Group's Other Comprehensive Income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the Statement of Profit or Loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The Financial Statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate.

At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit or loss of equity accounted investees' in the Statement of Profit or Loss.

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

## 2.1.5 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measures the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the

ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the Statement of Profit or Loss in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the Statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate

consideration transferred, then the gain is recognised in the Statement of Profit or Loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in this circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

## 2.1.6 Acquisition of ownership without Changes of control

The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction in accordance with SLFRS 10 Consolidated Financial Statements. Any excess or deficit of consideration paid over the carrying amount of the non-controlling interests is recognised in equity of the parent in transactions where the non-controlling interests are acquired or sold without loss of control. The Group has elected to recognise this effect in retained earnings. With respect to the subsidiary to which these non-controlling interests relate, there were no accumulated components recognised in OCI. If there had been such components, those would have been reallocated within equity of the parent.

## 2.1.7 Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the Consolidated Financial Statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## 2.2 Foreign Currency

### 2.2.1 Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in Statement of Profit or Loss. Tax charges and credit attributable to exchange differences on those monetary items are also recognised in other comprehensive income.

Non-monetary assets and liabilities which are measured in terms of historical cost in a foreign currency are translated using exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on the change in fair value of the item

(i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

## 2.3 Property, Plant and Equipment

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

### 2.3.1 Recognition and Measurement

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

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

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

## (a) Cost Model

The Group applies the cost model to Property, Plant and Equipment except for freehold land and buildings.

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

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

## (b) Revaluation Model

Revaluation of Free hold land and building is done with sufficient frequency to ensure that the fair value of the land/Building does not differ materially from its carrying amount, and is undertaken by professionally qualified valuers.

Any revaluation surplus is recorded in Other Comprehensive Income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the Statement of Profit or Loss, the increase is recognised in the Statement of Profit or Loss. A revaluation deficit is recognised in the Statement of Profit or Loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is

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transferred to retained earnings. Revaluation policy of the Group on land and buildings has been changed from every two (02) years cycle to three (03) years to be in line with the parent Company's revaluation policy.

## (c) Subsequent Costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised in accordance with the derecognition policy given below.

The costs of the repair and maintenance of property, plant and equipment are recognised in the Statement of Profit or Loss as incurred.

## (d) Depreciation

Depreciation is calculated to write-off the cost of items of Property, Plant and Equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

The estimated useful lives are as follows:

Freehold Buildings	Over 38 to 50 years
Motor Vehicles	Over 5 to 7 years
Furniture and Equipment	Over 10 years
Plant and Machinery	Over 10 years
EDP Equipment	Over 5 to 10 years
Improvement on Leasehold Premises	Over 4 to 10 years
Shop Furniture and Equipment	Over 7 years
EDP Equipment – Computer Servers	Over 7 years

Depreciation of an asset commences when the asset is available for use and ceases at the earlier of the date the asset is classified as held-for-sale and the date that the asset is derecognised.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

## (e) Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gains and losses on derecognition are recognised (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) in the Statement of Profit or Loss. Gains are not classified as Revenue.

## 2.3.2 Intangible Assets

### (a) Recognition and Measurement

An intangible asset is recognised if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 38 – on "Intangible Assets".

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated

impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the Statement of Profit or Loss in the year in which the expenditure is incurred.

### (b) Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands are recognised in profit or loss as incurred.

### (c) Amortisation

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with finite useful lives are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category that is consistent with the function of the intangible assets. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The estimated useful lives of intangible assets with finite lives are as follows:

The Class of Intangible Assets	Useful Life
Computer Software	10 years
Website development cost	10 years
Other Intangible Assets Externally Acquired	5 years

### (d) Derecognition

Intangible assets are de-recognised on disposal or when no future economic benefits are expected from its use. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

### (e) Research and development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment

losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

## (f) Trade mark

Trade marks purchased, being determined to have an indefinite useful life, are reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

## (g) Brand name

Brands acquired as part of a business combination, are capitalised if the Brand meets the definition of an intangible asset and the recognition criteria are satisfied. Brand Names, being determined to have an indefinite useful life, are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

## (h) Other Intangible assets

Other intangible assets which are acquired by the Group, with finite useful lives, are measured on initial recognition at cost. Following initial recognition ERP systems are carried at cost less accumulated amortisation and accumulated impairment losses.

## 2.4 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 recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction 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 Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

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

Group financial assets classified and measured at amortised cost are limited to its Non-current financial Assets – Investments in debt instruments, other receivables, short term investments and cash, and cash equivalent.

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.

The Group has not designated any debt instruments as FVOCI.

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

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

The Group has not designated any equity investments as FVTPL.

#### Financial Assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held

at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

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

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

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



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## Financial Assets – Assessment whether contractual cash flows are solely payments of principal and interest.

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

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

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

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset

acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

## Financial 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.
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.

The Group has got trade and other receivables, loans due from related parties and amounts due from related parties as financial assets at amortised cost.

## (b) Financial Liabilities Classification, subsequent measurement and gain and losses

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

## (iii) Derecognition Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial 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 in

which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

## Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

The Group has got trade and other payables, Amounts due to related parties, other financial liabilities and interest-bearing borrowings as financial liabilities at amortised cost.

## (iv) Offsetting

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

## 2.4.1 Non-Derivative Financial Liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group classifies non-derivative financial liabilities into other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these



financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise interest-bearing borrowings, bank overdrafts, amount due to related parties, security deposits, trade and other payables and other financial liabilities due to customers.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the Statement of Cash Flows.

## 2.4.2 Derecognition of Financial Liability

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset or settle the liability simultaneously.

## 2.4.3 Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

## 2.4.4 Stated Capital

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

## 2.4.5 Impairment

### (a) Financial Assets

The Group except for Singer (Finance) PLC recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at amortised cost
- equity investments measured at FVOCI

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

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

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

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

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

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

### • Measurement of ECLs

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

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

### • Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and equity investments 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 in payments
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

### • Presentation of allowance for ECL in the statement of financial position

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

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI. As at the year end the Group did not have assets categorised as FVOCI.

### • Write-off

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

## Singer Finance (Lanka) PLC

The Group recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- lease and loan receivables;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

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

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of “investment grade”. The Group does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12-months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as “Stage 1 financial instruments”.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as “Stage 2 financial instruments”.

## Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);

- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

The key inputs used for measurement of ECL is likely to be the term structures of the following variables:

## Probability of Default (PD)

PD estimates are estimates at a certain date, which are calculated based on statistical models, and assessed using various categories based on homogeneous characteristics of exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. The Group forecast PD by incorporating forward looking economic variables (unemployment, GDP growth, inflation, interest rate and using lag effect of these variables).

## Loss Given Default (LGD)

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties.

## Exposure at default (EAD)

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount.

The Group has used these parameters from internally-developed statistical models using historical data. All inputs were adjusted to reflect forward-looking information and future economic scenarios.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

## The mechanics of the ECL method are summarised below:

- **Stage 1 :** The 12 month ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12 month ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12 month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.
- **Stage 2 :** When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- **Stage 3 :** For loans considered credit-impaired the Group recognises the lifetime expected credit losses. The method is similar to that of Stage 2 assets, with the PD set at 100%.

## Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced

with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

## Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as ‘Stage 3 financial assets’). 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 past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial re-organisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 180 days or more is considered credit-impaired even when the regulatory definition of default is different.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as "lender of last resort" to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

## Presentation of allowance for ECL in the statement of financial position.

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and

an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and

- debt instruments measured at FVOCI. No loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

## Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

## 2.4.5.1 Impairment of Non-Financial Assets

The carrying amount of the Group's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is an indication of

impairment. If any such indication exists or when annual impairment testing for an asset is required, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash flows of other assets or other cash-generating units (CGU). Goodwill arising from business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of combination.

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. In determining fair value, less costs to sell, an appropriate valuation model is used.

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

## 2.4.6 Leases

### 2.4.6.1 Leases

#### (a) Group as a Lessee Definition of a Lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a

period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SLFRS 16 which is applicable to leases entered after 1st April 2019 onward

#### i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from Group's existing financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate caption in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## ii. As a Lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SLFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SLFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'. Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SLFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

The Group presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate caption in the statement of financial position.

## 2.4.6.2 Finance Leases

### (a) Finance Leases – Group as a Lessee

Finance leases that transfer substantially all risks and benefits incidental to ownership of the

leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

### (b) Finance Leases – Group as a Lessor

When the Group is the lessor under the finance leases the amounts due under the finance leases, after deduction of unearned charges, are included in "lease rentals receivables", as appropriate. The finance income receivable is recognised in "interest income" over the periods of the leases so as to give a constant rate of return on the net investment in the leases.

## 2.5 Inventories

Inventories are measured at the lower of cost and net realisable value, after making due allowances for obsolete and slow-moving items. Net realisable value (NRV) is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. Group assess the NRV by giving consideration to future demand and condition of inventory and make adjustments to the value by making required provisions.



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 (Excluding Factory)	Weighted average cost
Finished Goods and Work-in-Progress at Piliyandala Factory	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
Supplies and Parts	Weighted average cost
Repossessed Goods	75% of its weighted average cost

## 2.6 Provisions

A provision is recognised in the Statement of Financial Position when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably in accordance with LKAS 37 – “Provisions, Contingent Liabilities and Contingent Assets”. The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at the date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined based on the present value of those cash flows.

### 2.6.1 Provisions for Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighing of all possible outcomes against their associated probabilities. Provision is utilised to settle the actual claims made by the customers.

### 2.6.2 Loyalty points programme

The Group has loyalty point programmes which allows customers to accumulate points that can be redeemed against subsequent purchases. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

### 2.6.3 Dividend Payables

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are recommended and declared by the Board of Directors.

### 2.6.4 Deposits due to Customers

These include term deposits and certificates of deposits of Singer Finance (Lanka) PLC.

Subsequent to initial recognition, deposits are measured at their amortised cost using the effective interest method, except where the Group designates liabilities at fair value through profit or loss. Interest paid/payable on these deposits recognised in profit or loss.

### 2.6.5 Contingent Liabilities recognised in a Business Combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

## 2.7 Employee Benefits

### 2.7.1 Defined Benefit Plan

The Group net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefits that employees have earned in current and prior periods discounting that amount.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in OCI. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then –

net defined liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

The liability is not externally funded.

### 2.7.2 Defined Contribution

Plans – Employees’ Provident Fund/Mercantile Services Provident Society 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 contributions to Employees’ Provident Fund/Mercantile Services Provident Society and Employees’ Trust Fund in line with the respective statutes and regulations. The Group contributes 12%, 12% and 3% of gross emoluments of employees to the Employees’ Provident Fund, Mercantile Services Provident Society and the Employees’ Trust Fund, respectively and is recognised as an expense in profit and loss in the periods during which services are rendered by employees.

### 2.7.3 Short-Term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be measured reliably.



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## 2.8 Statement of Profit or Loss and Other Comprehensive Income

### 2.8.1 Revenue Recognition

#### Performance obligations and revenue recognition policies

The Group/Company recognises revenue from contracts with customers when control of the goods or services is transferred to the customer at an amount that reflects the consideration that the Group is to be entitled in exchange for those goods or services. Determining the timing of the transfer of control of goods or services, at a point in time or over time, requires judgements taking into consideration the nature of goods or services that Group/Company offers.

Some contracts include multiple deliverables. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin.

The Group/Company disaggregate its revenue into following categories based on the nature, amount, timing of revenue and cash flows arising from contracts with customers.

- Sale of good (normal trading)
- Hire purchase sales
- Consignment arrangement
- Non-cash consideration
- Extended warranties
- Right to return goods
- Volume rebates
- AC project division
- Customer loyalty programme
- Principal versus agent evaluation
- Free services

### 2.8.2 Disaggregation of Revenue

SLFRS 15 requires an entity to disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group's contracts with customers are in similar nature and revenue from these contracts are not significantly affected by economic factors apart from the product and service categories. The Group believes objective of this requirement will be met by using two type of category – timing of revenue and type of good and services (Note 3.b).

Type of Product/Service	Nature and timing of satisfaction of performance obligations including significant payment terms	Revenue recognition under SLFRS 15 (applicable from 1st January 2018)
Sale of Goods (Normal Trading Transactions)	Group sells goods to the customers on cash or credit basis. At the time of delivery of the goods to the customers, Group meets its performance obligation.	Revenue is recognised when the goods are delivered to the customers.
Sale of Goods (Hire Purchase Transactions)	Group sells its products to its customers by entering into Hire Purchase Agreements. At the time of delivery of the goods to the customers, Group meets its performance obligations.	Revenue is recognised when the goods are delivered to the customers. Transaction price is estimated by adjusting the consideration for the time value of money. As the HP agreements are based on market interest rates the cash price and the adjusted consideration has no significant difference.
Sale of Goods (Consignment Arrangements)	The Group sells goods to the customers through consignment arrangements with third parties. At the time of delivering the goods to the end-customers, the Group meets its performance obligations.	At the time of delivering the goods to the end-customers, the revenue is recognised.
Extended Warranty Income	Group provides extended warranty for certain products by charging additional consideration from the client. The Group meets its performance obligations over the period of extended warranty.	The extended warranty fee income (net of taxes) is recognised over the period of contact. Unrecognised income is accounted for as deferred revenue.
Income on Suraksha and Service Fees	When the Group sells goods under hire purchases, an additional fee is charged as Suraksha and service fee. This fee is calculated based on the value of the product. The Group meets its performance obligations over period of hire purchase contact.	Revenue is recognised over the period of hire purchase contact using effective interest rate. Unrecognised income is accounted for as unearned income.
Revenue on Customer Loyalty Programme	The Group provides loyalty points where they could redeem such points for future purchases.	Revenue is deferred at the time of earning the loyalty points based in the expected redemption rate. Based on the actual redemptions the revenue is recognised.
Installation fee charged on AC products	The Group provides AC installation services to the customers at the time of selling the AC products. The Group meets its performance obligations over period of AC Installation contacts.	Based on the stage of completion, installation fee is charged as revenue.
Sewing school Income	Providing sewing and fashion educational services.	Based on the cause payments of the students.

## 2.8.2.1 Revenue Recognition Policy of Singer Finance PLC

Revenue is recognised to the extent that it is probable that control will pass to the customer and the revenue and associated costs incurred or to be incurred can be reliably measured. The following specific criteria are used for the purpose of recognition of revenue.

### (a) Interest Income and Expense

Interest income and expense are recognised in profit or loss using the Effective Interest Rate (EIR) method. The EIR is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the EIR, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the EIR includes transaction costs and fees and points paid or received that are an integral part of the EIR. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability. Interest income and expense presented in the Income Statement include:

- Interest on financial assets and financial liabilities measured at amortised cost calculated using EIR method;

### (b) Over Due Interest

Over Due Interest have been accounted for on a cash received basis.

### (c) Fees and Commission Income and Expense

Fees and commission income and expense that are integral to the EIR on a financial asset or liability are included in the measurement of

the EIR. Other fees and commission income are recognised as the related services are performed.

### (d) Net Gain/(Loss) from Trading

Net gain/(loss) from trading' comprise gains less losses related to trading assets and liabilities, and include all realised and unrealised fair value changes and dividends.

## 2.8.3 Other income

### 2.8.3.1 Gains and losses

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the net sales proceeds with the carrying amounts of property, plant and equipment and are recognised net within "other income/Other expenses" in profit or loss respectively.

### 2.8.3.2 Dividend

Dividend income is recognised in profit or loss on the date the entity's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

### 2.8.3.3 Other income

Other income is recognised on an accrual basis.

## 2.8.4 Regulatory Provisions

### (a) Deposit Insurance Scheme

In terms of the Finance Companies Direction No 2 of 2010 "Insurance of Deposit Liabilities" issued on 27th September 2010 all Registered Finance Companies are required to insure their deposit liabilities in the Deposit Insurance Scheme operated by the Monetary Board in terms of Sri Lanka Deposit Insurance Scheme Regulations No 1 of 2010 issued under Sections 32A to 32E of the Monetary Law Act with effect from 1st October 2010.

Deposits to be insured include demand, time and savings deposit liabilities and exclude the following.

- Deposit liabilities to member institutions
- Deposit liabilities to Government of Sri Lanka
- Deposit liabilities to shareholders, directors, key management personnel and other related parties as defined in Finance Companies Act Direction No 03 of 2008 on Corporate Governance of Registered Finance Companies
- Deposit liabilities held as collateral against any accommodation granted
- Deposit liabilities falling within the meaning of dormant deposits in terms of the Finance Companies Act, funds of which have been transferred to Central Bank of Sri Lanka

Registered Finance Companies are required to pay a premium of 0.15% on eligible deposit liabilities as at end of the month to be payable within a period of 15 days from the end of the respective month.

### (b) Debt Securities Issued and Subordinated Term Debts

These represent the funds borrowed by Company for long-term funding requirements. Subsequent to initial recognition debt securities issued are measured at their amortised cost using the effective interest method, except where the Group designates debt securities issued at fair value through profit or loss. Interest paid/payable is recognised in profit or loss.

## 2.8.5 Reserve Fund

Singer Finance (Lanka) PLC is maintaining a reserve fund in compliance with Direction No. 01 of 2003 – Central Bank

(Capital Funds) issued to Finance Companies and it will be used for only the purpose specified in the said Direction above. The details of the reserve fund are disclosed in Note 23.1.

## 2.8.6 Expenditure Recognition

- (a) Expenses are recognised in Profit and Loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to income in arriving at the profit for the year.
- (b) For the purpose of presentation of the Income Statement, the Directors are of the opinion that "function of expenses method" presents fairly the elements of the Group's performance and hence such presentation method is adopted.

## 2.8.7 Net Finance Cost

Finance income comprises interest income on funds invested interest income from related parties and which is recognised as it accrues in profit or loss, using the effective interest rate method.

Finance cost comprises interest payable on borrowings, interest on security deposits. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in net gain or net loss position.

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## 2.8.8 Tax Expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Statement of Profit or Loss except to the extent that it relates to a business combinations, or items recognised directly in Equity or in Other Comprehensive Income.

### (a) Current Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current tax relating to items recognised directly in Other Comprehensive Income is recognised in Other Comprehensive Income and not in the Statement of Profit or Loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### (b) Deferred Taxation

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries and equity accounted investee when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries and equity accounted investee deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside the Statement of Profit or Loss is recognised outside the Statement of Profit or Loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed.

The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in the Statement of Profit or Loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax on dividend income from subsidiaries is recognised as an expense in the Consolidated Statement of Profit or Loss at the same time as the liability to pay the related dividend is recognised.

### (c) Value Added Tax (VAT) on Financial Services

The value base for the computation of value added tax on financial services is calculated by adjusting the depreciation computed on rates prescribed by the Department of Inland Revenue to the accounting profit before Income Tax and emoluments payable.

Emoluments payable include benefits in money and not in money including contribution or provision relating to terminal benefits.

### (d) Nation Building Tax on Financial Services (NBT)

With effect from 01st January 2014, NBT of 2% was introduced on supply of financial services via an amendment to the NBT Act No. 09 of 2009. NBT is chargeable on the same base used for calculation of VAT on Financial services. As per Notice published by the Department of Inland Revenue dated 29th November 2019, NBT was abolished with effect from 01st December 2019.

### (e) Crop Insurance Levy

As per the provisions of the Section 14 of the Finance Act No. 12 of 2013, the CIL was introduced with effect from 01st April 2013 and is payable to the National Insurance Trust Fund. Currently, the CIL is payable at 1% of the profit after tax.

### (f) Debt Repayment Levy (DRL)

As per the Finance Act No. 35 of 2018, with effect from 01st October 2018, DRL of 7% was introduced on the value addition attributable to the supply of financial services by each financial institution. DRL is chargeable on the same base used for calculation of VAT on financial services as explained in Note 2.8.8 (c) above.

As per notice published by the Department of Inland Revenue dated 20th January 2020, DRL was abolished with effect from 1st January 2020.

## (g) Withholding Tax on Dividends Distributed by the Group

Withholding tax that arises from the distribution of dividends by the Group is recognised at the time the liability to pay the related dividend is recognised. However, WHT on dividend has been abolished with effect from 1 January 2020.

## 2.9 Events After the Reporting Period

All material post reporting date events have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the Financial Statements.

## 2.10 Earnings Per Share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

## 2.11 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating results are reviewed

regularly by the Group Chief Executive Officer to make decisions regarding resources to be allocated to the segments and to assess its performance and for which discrete finance information is available.

Segment results that are reported to the Group CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire Property, Plant and Equipment and intangible assets other than goodwill.

Segment information is presented in the respective Notes to the Financial Statements.

## 2.12 Statement of Cash Flows

The Cash Flow Statement has been prepared using the indirect method.

## 2.13 Changes in Accounting Policies and Disclosures

Several other amendments and interpretations apply for the first time in 2020/21, but do not have a material impact on the consolidated Financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

## 2.14 Standards Issued but not yet Effective

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

## 2.14.1 New and amended standards and interpretations

### 2.14.1.1 Amendments to SLFRS 3: Definition of a Business

The amendment to SLFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

### 2.14.1.2 Amendments to SLFRS 7, SLFRS 9 and LKAS 39 Interest Rate Benchmark Reform

The amendments to SLFRS 9 and LKAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

### 2.14.1.3 Amendments to LKAS1 and LKAS 8: Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring

it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

### 2.14.1.4 Amendments to references to the conceptual framework in SLFRS standards

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.



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## 2.14.1.5 Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 – Interest Rate Benchmark Reform (Phase 1 and 2)

The amendments to SLFRS 9 and LKAS 39 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

IBOR reforms Phase 2 include number of reliefs and additional disclosures. Amendments supports companies in applying SLFRS when changes are made to contractual cashflows or hedging relationships because of the reform.

These amendments to various standards are effective for the annual reporting periods beginning on or after 01st January 2021. Pending the completion of detail review of the above amendment the extent of the probable impact is not reasonably estimable.

## 2.14.1.6 Amendments to SLFRS 16 – COVID-19 Related Rent Concessions

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 Pandemic.

As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from COVID-19 related rent concession the same way it would account for the change under SLFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 01st June 2020. This amendment is not expected to

have a material impact on the Financial Statements of the Group in the foreseeable future.

## 2.14.1.7 Amendments to SLFRS 3

The amendments update SLFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to SLFRS 3 a requirement that, for obligations within the scope of LKAS 37, an acquirer applies LKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1st January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

## 2.14.1.8 Property, Plant and Equipment: Proceeds before Intended Use – Amendments to LKAS 16

In March 2021, the ICASL adopted amendments to LKAS 16 – Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from

selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1st January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. Pending the completion of detail review of the above amendment the extent of the probable impact is not reasonably estimable.

## 2.14.1.9 Onerous Contracts – Costs of Fulfilling a Contract – Amendments to LKAS 37

In March 2021, the ICASL adopted amendments to LKAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

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

The amendments are effective for annual reporting periods beginning on or after 1st January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

## 2.14.1.10 Amendments to LKAS 1: Classification of Liabilities as Current or Non-current

In March 2021, ICASL adopted amendments to paragraphs 69 to 76 of LKAS 1 which specify the requirements for classifying

liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1st January 2022 and must be applied retrospectively. Pending the completion of detail review of the above amendment the extent of the probable impact is not reasonably estimable.

## 2.14.2 Standards Issued but not yet Effective

### 2.14.2.1 SLFRS 17 – Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace IFRS 4 Insurance Contracts (SLFRS 4). SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

The amendments are effective for reporting periods beginning on or after 1st January 2023, with early application permitted. Pending the completion of detail review of the above amendment the extent of the probable impact is not reasonably estimable.



## 3. Revenue

### (a) Revenue Streams

For the year ended 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Revenue from Contracts with Customers (Note 3.1)	67,412,239,487	54,751,037,759	54,863,685,740	44,125,910,546
<b>Total Revenue</b>	<b>67,412,239,487</b>	<b>54,751,037,759</b>	<b>54,863,685,740</b>	<b>44,125,910,546</b>
<b>3.1 Revenue from Contracts with Customers</b>				
Sale of Goods	59,738,430,313	46,825,719,930	51,660,234,237	40,526,871,286
Rendering of Services (Note 3.2)	7,673,809,174	7,925,317,829	3,203,451,503	3,599,039,260
	67,412,239,487	54,751,037,759	54,863,685,740	44,125,910,546
<b>3.2 Rendering of Services</b>				
Interest Income on Hire Purchase	2,468,915,347	2,847,218,255	2,468,621,500	2,845,935,948
Interest Income on Leasing	2,975,615,119	2,952,142,868	-	-
Interest Income on Loans	1,092,707,776	973,674,110	-	-
Service Income	1,136,570,932	1,152,282,596	734,830,003	753,103,312
	7,673,809,174	7,925,317,829	3,203,451,503	3,599,039,260

### (b) Disaggregation of Revenue from Contracts with Customers

In the following table, revenue from contracts with customers is disaggregated by major products, service lines and timing of revenue recognition.

For the Year ended 31st March	Consolidated		Company	
	2021 Rs. '000	2020 Rs. '000	2021 Rs. '000	2020 Rs. '000
<b>(i) Major Products/Service Lines</b>				
Consumer Electronics	7,275,145	6,859,210	7,275,145	6,859,210
Financial Services	7,644,344	7,925,318	3,187,212	3,599,039
Furniture	2,700,253	2,686,993	2,700,253	2,686,993
Home Appliances	19,963,193	17,720,768	19,945,907	17,712,878
IT Products	22,649,064	14,431,827	14,588,155	8,143,824
Sewing	2,848,773	2,175,616	2,848,773	2,175,616
Other	4,331,467	2,951,306	4,318,241	2,948,351
<b>Revenue from Contract with Customers</b>	<b>67,412,239</b>	<b>54,751,038</b>	<b>54,863,686</b>	<b>44,125,911</b>

For the Year ended 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>(ii) Timing of Revenue Recognition</b>				
Products Transferred at a Point in Time	59,738,430,313	46,825,719,930	51,660,234,237	40,526,871,286
Products and Services Transferred Over Time	7,673,809,174	7,925,317,829	3,203,451,503	3,599,039,260
<b>Revenue from Contracts with Customers</b>	<b>67,412,239,487</b>	<b>54,751,037,759</b>	<b>54,863,685,740</b>	<b>44,125,910,546</b>

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## (c) Contract Balances

Following table provides information about contract liabilities from contracts with customers.

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Contract Liabilities</b>				
Advances received from customers (Note 29)	303,084,190	412,425,658	258,176,653	393,827,357
Deferred revenue (Note 30)	316,683,091	266,561,649	291,077,942	259,449,432
Warranty provision (Note 29.1)	342,209,762	240,971,352	325,548,250	222,499,329
	961,977,043	919,958,659	874,802,845	875,776,118

## 4. Operating Segment Information

### 4.1 Segment

Group has seven strategic divisions, which are its reportable segments. These divisions offer different products and services, which are managed separately as they require different technology and marketing strategies.

Segment	Products and Services
Consumer electronics	Televisions, Audios, DVD and Other Electronic Products
Financial services	Leasing, Hire Purchase and Loans
Furniture	Wood and Layered Furniture, Sofa Sets, Steel Furniture, Mattresses and Pantry Sets
Home appliances	Refrigerators, Washing Machines, Deep Freezers, Bottle Coolers, Air Conditioners, Fans, Small Appliances and Kitchen Appliances
IT products	Laptops, Smartphones and Accessories
Sewing	Domestic and Industrial Sewing Machines and General Merchandise
Others	Water Pumps, Paddy Threshers, Tractors and Bicycles

### 4.2 Segmental Analysis of Revenue is as follows:

For the Year ended 31st March	Consolidated		Company	
	2021 Rs. '000	2020 Rs. '000	2021 Rs. '000	2020 Rs. '000
Consumer electronics	7,275,145	6,859,210	7,275,145	6,859,210
Financial services	7,644,344	7,925,318	3,187,212	3,599,039
Furniture	2,700,253	2,686,993	2,700,253	2,686,993
Home appliances	19,963,193	17,720,768	19,945,907	17,712,878
IT products	22,649,064	14,431,827	14,588,155	8,143,824
Sewing	2,848,773	2,175,616	2,848,773	2,175,616
Others	4,331,467	2,951,306	4,318,241	2,948,351
	67,412,239	54,751,038	54,863,686	44,125,911

## 4.3 Segmental Analysis of Profit/(Loss) Before Tax is as follows:

For the Year ended 31st March	Consolidated		Company	
	2021 Rs. '000	2020 Rs. '000	2021 Rs. '000	2020 Rs. '000
Consumer electronics	735,409	869,926	735,409	869,926
Financial services	1,750,810	1,868,126	522,915	573,743
Furniture	238,254	152,663	238,254	152,663
Home appliances	2,021,743	1,322,489	1,798,323	1,126,501
IT products	1,031,049	596,476	664,858	276,582
Sewing	213,412	154,351	257,305	149,892
Others	311,612	168,955	294,949	156,189
Dividend	320	241	192,227	181,895
Impairment loss on trade and other receivables	(920,008)	(1,011,144)	(459,524)	(630,876)
<b>Operating profit</b>	<b>5,382,601</b>	<b>4,122,083</b>	<b>4,244,716</b>	<b>2,856,515</b>
Net finance cost	(1,272,107)	(3,200,499)	(1,535,867)	(2,961,201)
VAT, NBT/DRL on financial services	(292,487)	(310,867)	(79,800)	(51,000)
Profit/(Loss) before tax	3,818,007	610,717	2,629,049	(155,686)

4.4 There are no separately distinguishable assets and liabilities for the above segments.

## 5. Other Income

For the Year ended 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Dividend Income – Quoted	–	–	42,227,129	52,894,611
– Unquoted	320,000	240,800	150,000,000	129,000,000
Gain on Disposal of Property, Plant and Equipment	20,935	5,075,592	–	2,536,365
Miscellaneous Income	168,492,079	217,812,035	21,154,035	38,427,639
Income from Financial Services	52,020,368	77,220,879	52,020,368	77,220,879
	220,853,382	300,349,306	265,401,532	300,079,494

## 6. Finance Income

For the Year ended 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Interest on Related Party Receivables	–	–	40,118,515	184,214,481
Interest on Others	85,636,572	93,399,793	7,062,269	17,224,548
Unwinding Interest Income on Interest Free Employee Loans	35,158,011	35,437,817	34,114,465	34,178,353
Foreign Exchange Gains	742,800,964	126,468,539	557,807,793	126,468,539
	863,595,547	255,306,149	639,103,042	362,085,921

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## 7. Finance Cost

For the Year ended 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Interest on Overdrafts and Loans	(1,400,645,377)	(2,642,884,509)	(1,260,905,158)	(2,382,221,506)
Interest on Lease Liability*	(555,996,505)	(633,291,522)	(560,250,151)	(572,372,615)
Interest on Security Deposits (Note 28)	(149,496,123)	(161,823,651)	(141,090,996)	(155,610,640)
Foreign Exchange Losses	(29,564,281)	(17,805,426)	–	–
Interest on Related Party Payables	–	–	(212,723,778)	(213,082,567)
	(2,135,702,286)	(3,455,805,108)	(2,174,970,083)	(3,323,287,328)
<b>Net Finance Cost**</b>	<b>(1,272,106,739)</b>	<b>(3,200,498,959)</b>	<b>(1,535,867,041)</b>	<b>(2,961,201,407)</b>

\* Interest on Lease Liability – Singer Finance (Lanka) PLC has included under direct interest cost in Statement of Profit or Loss and Other Comprehensive Income.

\*\* Finance Cost (Note 7) Less Finance Income (Note 6).

## 8. Profit/(Loss) Before Tax

For the Year ended 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Stated After Charging all Expenses Including the Following:</b>				
Executive Directors' Emoluments	116,583,231	128,064,650	86,186,165	93,785,367
Non-Executive Directors' Fees	18,943,932	19,699,228	8,737,524	8,564,699
Auditors' Remuneration – Statutory Audit	5,834,000	5,505,000	2,315,000	2,205,000
– Audit-Related Services	1,815,198	1,264,187	1,090,000	425,000
– Non-Audit Services	8,562,868	3,772,008	3,200,000	2,619,000
Impairment Loss on Trade and Other Receivables (Note 8.1)	920,008,346	1,011,144,168	459,524,068	630,876,357
Provision on Inventory (Note 16.1)	179,485,451	99,833,957	144,074,891	91,857,578
Amortisation of Intangible Assets (Note 12.8)	24,602,066	21,540,065	13,638,253	11,703,720
Depreciation of Property, Plant and Equipment (Note 11.8/11.16)	650,524,040	654,721,731	478,836,281	496,206,822
Depreciation of Right-of-Use Assets (Note 11.20.1)	891,876,312	853,156,080	802,800,751	779,950,800
Personnel Costs (Note 8.2)	7,115,684,932	6,081,450,074	5,557,722,834	4,859,598,302
Gain/(Loss) on Disposal of Property, Plant and Equipment	(1,311,561)	(2,601,141)	(283,286)	2,536,365
Change in Fair Value of Derivative Assets (Note 35.2)	27,087,623	58,560,440	27,087,623	58,560,440
Donations	3,270,886	1,065,260	2,230,942	109,820
Royalty	744,341,047	608,262,268	605,251,686	490,287,894

## 8.1 Impairment Loss on Trade and Other Receivables

For the Year ended 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Impairment Loss/(Reversal) for Hire Purchase Receivables (Note 18.3)	182,108,804	(6,665,980)	182,882,285	(4,973,713)
Impairment Loss for Lease Receivables (Note 18.3)	301,859,731	212,907,393	-	-
Impairment Loss for Loan Receivables (Note 18.3)	181,460,089	147,171,353	-	-
Impairment Loss for Trade Receivables (Note 18.3)	78,740,167	167,980,473	100,802,228	148,247,278
Impairment Loss for Other Receivables (Note 18.3)	175,839,555	489,750,929	175,839,555	489,750,929
Impairment Loss/(Reversal) for Intercompany Receivables	-	-	-	(2,148,137)
	920,008,346	1,011,144,168	459,524,068	630,876,357

## 8.2 Personnel Costs

For the Year ended 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Staff Costs	6,362,287,903	5,364,232,625	4,953,026,445	4,275,420,548
Provisions for Employee Benefit Obligations (Note 27.4)	153,142,310	154,248,199	105,975,537	109,635,988
Defined Contribution Plan Costs – EPF, ETF and MSPS	600,254,719	562,969,250	498,720,852	474,541,766
	7,115,684,932	6,081,450,074	5,557,722,834	4,859,598,302

## 9. Tax Expense/(Reversal)

For the Year ended 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Current Income Tax Expense</b>				
Current Income Tax Expense (Note 9.1)	1,310,528,397	434,059,717	841,720,257	148,339,472
Under/(Over) Provision in Respect of Previous Year (Note 9.1)	50,716,370	(80,393,237)	55,755,730	(14,485,504)
<b>Tax on Dividend Income</b>				
WHT on Dividend Received from Subsidiary Companies (Note 9.1)	-	25,028,154	-	-
	1,361,244,767	378,694,634	897,475,987	133,853,968
<b>Deferred Tax</b>				
Expense/(Income) (Note 9.2)	(150,759,290)	(195,244,804)	(17,602,322)	(302,279,679)
	1,210,485,477	183,449,830	879,873,665	(168,425,711)



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## 9.1 Reconciliation Between Accounting Profit/(Loss) and Taxable Profit/(Loss)

For the Year ended 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Profit/(Loss) Before Tax	3,818,006,917	610,717,338	2,629,049,404	(155,686,332)
Aggregate Disallowable Expenses	5,897,983,316	5,200,642,588	2,683,041,760	869,901,136
Aggregate Tax Deductible Expenses	(4,379,468,535)	(4,125,451,631)	(1,724,828,788)	(184,430,976)
Tax Losses b/f	(19,036,437)	(13,860,390)	-	-
Recoverable write off to Profit or Loss	7,950,635	-	-	-
Tax Losses c/f	51,515,846	19,036,437	-	-
Qualifying Payments Relief for Investments	-	(355,454)	-	-
Unrealised Profit	24,995,413	1,475,876	-	-
Taxable Income	5,401,947,155	1,692,204,765	3,587,262,376	529,783,828
Current Income Tax @ 14%	28,636,597	-	26,911,798	-
Current Income Tax @ 18%	43,698,908	-	-	-
Current Income Tax @ 20%	-	15,330,431	-	-
Current Income Tax @ 24%	1,238,192,892	-	814,808,459	-
Current Income Tax @ 28%	-	418,729,286	-	148,339,472
Income Tax on Current Year Profits	1,310,528,397	434,059,717	841,720,257	148,339,472
Under/(Over) Provision in Respect of Previous Year (Note 9)	50,716,370	(80,393,237)	55,755,730	(14,485,504)
Origination of Temporary Differences (Note 9.2)	(150,759,290)	(195,244,804)	(17,602,322)	(302,279,679)
WHT on Dividend Received from Subsidiary Companies (Note 9)	-	25,028,154	-	-
Tax Expense/(Reversal)	1,210,485,477	183,449,830	879,873,665	(168,425,711)

Corporate Income Taxes of companies in Group have been computed in accordance with the Inland Revenue Act No. 24 of 2017 and proposed amendments to the same.

As Group only operates in Sri Lanka, we have no tax jurisdictions in place out of the country.

The Group tax expense is based on the taxable profit of each company in the Group. Singer (Sri Lanka) PLC and four subsidiary companies – Singer Finance (Lanka) PLC, Reality Lanka Limited, Singer Digital Media (Private) Limited and Singer Business School (Private) Limited are liable to pay Income Tax at 24% on taxable profit and Regnis (Lanka) PLC, Regnis Appliances (Private) Limited and Singer Industries (Ceylon) PLC are liable at a rate of 18%.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

## 9.2 Deferred Tax Expense/(Income) Recognised in statement of Profit or Loss

For the Year ended 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Deferred Tax Expense/(Income) Arising due to –				
Origination/(Reversal) of Temporary Differences (Note 26.2)	(151,450,267)	(188,638,976)	(12,294,400)	(296,087,096)
Deferred Tax Impact on Unrealised Profit in Inventory (Note 26.2)	5,998,899	(413,245)	-	-
Deferred Tax Impact on Realisation of Revaluation Surplus (Note 26.2)	(5,307,922)	(6,192,583)	(5,307,922)	(6,192,583)
	(150,759,290)	(195,244,804)	(17,602,322)	(302,279,679)

## 9.3 Deferred Tax has been computed using the enacted tax rates of 24% and 18% applicable for the entities in the Group

During the year 2020/21 new corporate tax law was enacted, including a decrease in the corporate tax from 28% to 24% and 18% for non-manufacturing and manufacturing companies respectively. This change resulted in a gain recognised in statement of other comprehensive income of Rs. 193 million related to remeasurement of deferred tax assets and liabilities of the Group's Consolidated Financial Statement.

## 9.4 Deferred Tax (Expense)/Income Recognised in Other Comprehensive Income

	For the Year ended 31st March 2021			For the Year ended 31st March 2020		
	Before Tax	Tax (Expense) / Income	Net of Tax	Before Tax	Tax Expense	Net of Tax
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Consolidated</b>						
Impact of Deferred tax Rate change on Revaluation Reserve (Note 26.2)	-	193,589,992	193,589,992	-	-	-
Actuarial Gain on Employee Benefit Obligations (Note 27.4)	3,705,948	(851,116)	2,854,832	30,476,732	(8,495,062)	21,981,670
Fair Value Change in Equity Instruments Designated at Fair Value Through Other Comprehensive Income (Note 15.1)	7,928,407	(1,902,817)	6,025,590	-	-	-
	11,634,355	190,836,059	202,470,414	30,476,732	(8,495,062)	21,981,670
<b>Company</b>						
Impact of Deferred tax Rate change on Revaluation Reserve (Note 26.2)	-	44,422,468	44,422,468	-	-	-
Actuarial Gain on Employee Benefit Obligations (Note 27.4)	4,187,734	(1,005,056)	3,182,678	20,170,902	(5,647,853)	14,523,049
Fair Value Change in Equity Instruments Designated at Fair Value Through Other Comprehensive Income (Note 15.1)	7,928,407	(1,902,817)	6,025,590	-	-	-
	12,116,141	41,514,595	53,630,736	20,170,902	(5,647,853)	14,523,049

## 10. Earnings Per Share

### 10.1 Basic Earnings Per Share

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

### 10.2 Diluted Earnings Per Share

The Calculation of Diluted earnings per share is based on dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares.

**10.3** The following reflects the income and weighted average number of ordinary shares used in the Basic/Diluted earnings per share computations:

For the Year ended 31st March	Consolidated		Company	
	2021	2020	2021	2020
<b>Profit Attributable to Ordinary Shareholders</b>				
Profit for the year (Rs.)	2,607,521,440	427,267,508	1,749,175,739	12,739,379
Profit Attributable to Equity Holders of the Parent (Rs.)	2,452,008,602	280,734,596	1,749,175,739	12,739,379
<b>Weighted Average Number of Ordinary Shares in Issue</b>				
Weighted Average number of Ordinary Shares	1,126,886,490	1,126,886,490	1,126,886,490	1,126,886,490
<b>Basic/Diluted Earnings per share (Rs.)</b>	<b>2.18</b>	0.25	<b>1.55</b>	0.01

Weighted average number of ordinary shares as at 31st March 2020 has been adjusted based on post-sub division of three ordinary shares for one ordinary share held. Refer Note 21.1 for the details of share subdivision note.

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## 11. Property, Plant and Equipment

### 11.1 Gross Carrying Amounts – Consolidated

	Balance as at 1st April 2020 Rs.	Additions/ Transfers Rs.	Disposals/ Transfers Rs.	Balance as at 31st March 2021 Rs.
<b>At Cost</b>				
Motor Vehicles	217,811,187	–	38,547,514	<b>179,263,673</b>
Furniture and Equipment	458,721,250	43,995,233	3,345,427	<b>499,371,056</b>
Plant and Machinery	1,445,778,452	37,001,285	–	<b>1,482,779,737</b>
Culinary School Equipment	75,814	–	–	<b>75,814</b>
E.D.P. Equipment	645,872,718	138,378,824	934,050	<b>783,317,492</b>
Shop Furniture	789,254,635	46,795,411	–	<b>836,050,046</b>
Shop Equipment	1,354,590,693	150,265,733	–	<b>1,504,856,426</b>
Improvements on Leasehold Premises	1,319,270,309	125,898,868	2,014,855	<b>1,443,154,322</b>
	6,231,375,058	542,335,354	44,841,846	<b>6,728,868,566</b>
<b>At Valuation</b>				
Freehold Land	2,904,178,451	–	–	<b>2,904,178,451</b>
Freehold Buildings	1,282,247,813	–	–	<b>1,282,247,813</b>
	4,186,426,264	–	–	<b>4,186,426,264</b>
<b>Gross Carrying Amount Excluding Capital WIP</b>	10,417,801,322	542,335,354	44,841,846	<b>10,915,294,830</b>
Machinery and Equipment	16,914,129	30,852,474	21,079,886	<b>26,686,717</b>
Improvements on Leasehold Premises	4,105,565	22,927,403	4,105,566	<b>22,927,402</b>
<b>Total Capital Work-in-Progress</b>	21,019,694	53,779,877	25,185,452	<b>49,614,119</b>
<b>Total Gross Carrying Amount</b>	10,438,821,016	596,115,231	70,027,298	<b>10,964,908,949</b>

	Balance as at 1st April 2019 Rs.	Additions/ Transfers Rs.	Disposals/ Transfers Rs.	Balance as at 31st March 2020 Rs.
Total Gross Carrying Amount	9,793,705,396	961,724,916	316,609,296	10,438,821,016

### 11.2 Depreciation and Impairment Losses – Consolidated

	Balance as at 1st April 2020 Rs.	Charge for the Year Rs.	Disposals/ Transfers Rs.	Balance as at 31st March 2021 Rs.
Freehold Buildings	61,867,708	53,338,975	–	<b>115,206,683</b>
Motor Vehicles	134,876,000	17,936,070	15,588,816	<b>137,223,254</b>
Furniture and Equipment	229,961,361	34,201,798	2,278,800	<b>261,884,359</b>
Plant and Machinery	708,937,792	102,136,293	–	<b>811,074,085</b>
Culinary School Equipment	75,814	–	–	<b>75,814</b>
E.D.P. Equipment	360,391,295	76,910,129	578,265	<b>436,723,159</b>
Shop Furniture	525,951,863	68,714,644	–	<b>594,666,507</b>
Shop Equipment	749,511,685	153,431,607	–	<b>902,943,292</b>
Improvements on Leasehold Premises	755,506,943	143,854,524	–	<b>899,361,467</b>
<b>Total Depreciation and Impairment Loss</b>	3,527,080,461	650,524,040	18,445,881	<b>4,159,158,620</b>

	Balance as at 1st April 2019 Rs.	Charge for the year Rs.	Disposals/ Transfers Rs.	Balance as at 31st March 2020 Rs.
Total Depreciation and Impairment Loss	3,089,056,800	654,721,731	216,698,070	3,527,080,461

## 11.3 Carrying Amounts

As at 31st March	Consolidated	
	2021 Rs.	2020 Rs.
At Cost	2,619,324,065	2,787,182,003
At Valuation	4,186,426,264	4,124,558,554
<b>Total Carrying Amount of Property, Plant and Equipment</b>	<b>6,805,750,329</b>	6,911,740,557

**11.4** During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 570,638,447/- (2019/20 – Rs. 911,357,488/-) on cash basis.

**11.5** Lands and Buildings were revalued during the financial year 2018/19 by Messrs Chulananda Wellappili, an Independent Valuer who is holding degrees of B.Sc state management and valuation, M.Sc Town and Country planning and PG.Dip in Regional planning. Further, he is a graduate member of Institute of valuers of Sri Lanka, A member of Institute of Town and Country Planning Sri Lanka, Senior certified valuer of international Real Estate Institute of USA. A corporate member of Institute of Revenues, Rating and Valuations of UK. The results of such revaluation were incorporated in these Financial Statements from its effective date which is 31st March 2019. The surplus arising from the revaluation was transferred to a revaluation reserve.

**11.6** The carrying amount of the revalued assets of the Group that would have been included in the Financial Statements had the assets been carried at cost would be as follows:

As at 31st March 2021	Carrying Amount Rs.
Land	112,593,796
Building	337,602,186
<b>Total Carrying Amount</b>	<b>450,195,982</b>

**11.7** The amount of the Property, Plant and Equipment of the Group includes fully-depreciated fixed assets value would be as follows:

As at 31st March	2021 Rs.	2020 Rs.
Fully Depreciated Fixed Assets	2,199,029,631	1,787,601,730

**11.8** Depreciation charge for the year is included in the following line items in the Statement of Profit or Loss and Other Comprehensive Income:

For the Year ended 31st March	2021 Rs.	2020 Rs.
Cost of Sales	144,446,748	145,875,953
Administration Expenses	506,077,292	508,845,778
	650,524,040	654,721,731

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## 11.9 Gross Carrying Amounts – Company

	Balance as at 1st April 2020 Rs.	Additions/ Transfers Rs.	Disposals/ Transfers Rs.	Balance as at 31st March 2021 Rs.
<b>At Cost</b>				
Motor Vehicles	206,032,694	–	38,547,514	<b>167,485,180</b>
Furniture and Equipment	272,655,454	16,190,290	–	<b>288,845,744</b>
Plant and Machinery	394,322,896	22,141,075	–	<b>416,463,971</b>
Culinary School Equipment	75,814	–	–	<b>75,814</b>
E.D.P. Equipment	506,646,986	112,526,783	291,436	<b>618,882,333</b>
Shop Furniture	789,254,635	46,795,411	–	<b>836,050,046</b>
Shop Equipment	1,354,590,694	150,265,733	–	<b>1,504,856,427</b>
Improvements on Leasehold Premises	1,036,235,273	80,572,748	–	<b>1,116,808,021</b>
	<b>4,559,814,446</b>	<b>428,492,040</b>	<b>38,838,950</b>	<b>4,949,467,536</b>
<b>At Valuation</b>				
Freehold Land	1,095,758,450	–	–	<b>1,095,758,450</b>
Freehold Buildings	764,353,023	–	–	<b>764,353,023</b>
	<b>1,860,111,473</b>	<b>–</b>	<b>–</b>	<b>1,860,111,473</b>
<b>Total Gross Carrying Amount</b>	<b>6,419,925,919</b>	<b>428,492,040</b>	<b>38,838,950</b>	<b>6,809,579,009</b>

	Balance as at 1st April 2019 Rs.	Additions/ Transfers Rs.	Disposals/ Transfers Rs.	Balance as at 31st March 2020 Rs.
Total Gross Carrying Amount	5,907,841,463	685,915,410	173,830,954	6,419,925,919

## 11.10 Depreciation and Impairment Losses – Company

	Balance as at 1st April 2020 Rs.	Charge for the Year Rs.	Disposals/ Transfers Rs.	Balance as at 31st March 2021 Rs.
Freehold Buildings	33,876,423	32,951,812	–	<b>66,828,235</b>
Motor Vehicles	118,604,955	17,518,247	15,588,816	<b>120,534,386</b>
Furniture and Equipment	175,713,339	16,216,611	–	<b>191,929,950</b>
Plant and Machinery	247,188,126	24,540,257	–	<b>271,728,383</b>
Culinary School Equipment	75,814	–	–	<b>75,814</b>
E.D.P. Equipment	275,028,877	58,390,078	–	<b>333,418,955</b>
Shop Furniture	525,951,862	68,714,644	–	<b>594,666,506</b>
Shop Equipment	749,511,687	153,431,607	–	<b>902,943,294</b>
Improvements on Leasehold Premises	642,114,635	107,073,025	–	<b>749,187,660</b>
<b>Total Depreciation and Impairment Loss</b>	<b>2,768,065,718</b>	<b>478,836,281</b>	<b>15,588,816</b>	<b>3,231,313,183</b>

	Balance as at 1st April 2019 Rs.	Charge for the year Rs.	Disposals/ Transfers Rs.	Balance as at 31st March 2020 Rs.
Total Depreciation and Impairment Loss	2,409,820,325	496,206,822	137,961,429	2,768,065,718



## 11.11 Carrying Amounts

As at 31st March	2021 Rs.	2020 Rs.
At Cost	1,718,154,353	1,825,625,151
At Valuation	1,860,111,473	1,826,235,050
<b>Total Carrying Amount of Property, Plant and Equipment</b>	<b>3,578,265,826</b>	3,651,860,201

**11.12** During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 428,492,040/- (2019/20 – Rs. 683,659,276/-) on cash basis.

**11.13** Lands and Buildings were revalued during the financial year 2018/19 by Messrs Chulananda Wellappili, an Independent Valuer. Who is holding degrees of B.Sc state management and valuation, M.Sc Town and Country planning and PG.Dip in Regional planning. Further, he is a graduate member of Institute of valuers of Sri Lanka, A member of the Institute of Town and Country Planning Sri Lanka, Senior certified valuer of the International Real Estate Institute of USA. A corporate member of the Institute of Revenues, Rating and Valuations of UK. The results of such revaluation were incorporated in these Financial Statements from its effective date which is 31st March 2019. Such assets were valued on contractors method for existing use basis. The surplus arising from the revaluation was transferred to a revaluation reserve.

**11.13.1** Group or the Company has not pledged any Property, Plant and Equipment as security for the loans obtained during the year.

**11.13.2** The Group and the Company had no capitalized borrowing costs related to the acquisition of property, plant and equipment during the year 2020/21 (2019/20 – Nil).

**11.13.3** There is no permanent fall in value of property ,plant and equipment which require a provision for impairment.

**11.14** The carrying amount of the revalued assets of the Company that would have been included in the Financial Statements had the assets been carried at cost would be as follows:

As at 31st March 2021	Carrying Amount Rs.
Land	100,851,000
Building	268,429,761
<b>Total Carrying Amount</b>	<b>369,280,761</b>

**11.15** The amount of the property, plant and equipment of the Company includes fully-depreciated fixed assets value would be as follows:

As at 31st March	2021 Rs.	2020 Rs.
Fully Depreciated Fixed Assets	1,900,972,350	1,489,544,449

**11.16** Depreciation charge for the year is included in the following line items in the Statement of Profit or Loss and Other Comprehensive Income:

For the Year ended 31st March	2021 Rs.	2020 Rs.
Cost of Sales	45,054,302	47,761,742
Administration Expenses	433,781,979	448,445,080
	<b>478,836,281</b>	496,206,822

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## 11.17 Information for the Freehold Land and Buildings of the Group

Location	Extent (Perches)	Number of buildings in each location	Buildings (Square Feet)	Cost or Revaluation of Land Rs.	Cost or Revaluation of Buildings Rs.	Value per Perch Rs.	Value per Square Feet Rs.	Total Value Rs.
<b>Attidiya</b> No. 190, Main Road, Attidiya, Dehiwala	6.2	1	2,260	18,600,000	9,153,000	3,000,000	4,050	27,753,000
<b>Ahangama</b> No. 24A, Matara Road, Ahangama	14	1	1,630	25,200,000	6,825,875	1,800,000	4,188	32,025,875
<b>Ambalantota</b> Main Street, Ambalantota	6.6	1	1,885	16,500,000	5,278,000	2,500,000	2,800	21,778,000
<b>Ambanpola</b> No. 108, Yaluwewa, Ambanpola.	10	1	–	2,000,000	–	200,000	–	2,000,000
<b>Balangoda</b> Ratnapura Road, Balangoda	6.2	1	2,080	20,150,000	7,722,000	3,250,000	3,713	27,872,000
<b>Bandarawela</b> Main Street, Bandarawela	4.1	1	2,660	10,250,000	11,510,000	2,500,000	4,327	21,760,000
<b>Borella</b> D.S. Senanayaka Mawatha, Borella	4.64	1	2,310	69,600,000	9,240,000	15,000,000	4,000	78,840,000
<b>Chilaw</b> Bazaar Street, Chilaw	13.05	1	4,120	42,412,500	15,656,000	3,250,000	3,800	58,068,500
<b>Colpetty</b> No. 143, Galle Road, Colombo 03	3.35	1	1,440	56,950,000	6,156,000	17,000,000	4,275	63,106,000
<b>Eheliyagoda</b> Ratnapura Road, Eheliyagoda	5.73	1	1,660	11,460,000	4,316,000	2,000,000	2,600	15,776,000
<b>Embilipitiya</b> Colombo Road, Pallegama, Embilipitiya	4.6	1	2,070	16,100,000	7,917,750	3,500,000	3,825	24,017,750
<b>Galle</b> Main Street, Galle	2.84	1	2,250	11,360,000	9,112,500	4,000,000	4,050	20,472,500
<b>Galle</b> No. 13 and 15, Wackwella Road, Galle	12	1	–	54,000,000	–	4,500,000	–	54,000,000
<b>Gampaha</b> Colombo Road, Gampaha	17.87	1	7,870	62,545,000	30,220,800	3,500,000	3,840	92,765,800
<b>Hikkaduwa</b> Galle Road, Hikkaduwa	8.74	1	2,400	24,035,000	8,160,000	2,750,000	3,400	32,195,000
<b>Kadawatha</b> Kandy Road, Kadawatha	3.8	1	1,150	8,250,000	11,980,000	2,171,053	10,417	20,230,000
<b>Kadawatha</b> No. 430/1, Ganemulla Road, Ihala-Karagahamuna, Kadawatha	4.38	1	–	10,425,000	–	2,380,137	–	10,425,000
<b>Kalawana</b> No. J63A, Watapotha Road, Nivithigala, Ratnapura	258.66	1	–	7,000,000	–	27,063	–	7,000,000
<b>Kandy</b> No. 129, Kotugodella Veediya, Kandy	9.55	1	2,900	42,975,000	6,960,000	4,500,000	2,400	49,935,000
<b>Kandy – Mega</b> Sirimavo Bandaranaike Mawatha, Kandy	15.7	1	12,840	36,715,000	69,336,000	2,338,535	5,400	106,051,000
<b>Katugastota</b> Madawala Road, Katugastota	4.875	1	1,620	10,106,250	6,743,250	2,073,077	4,163	16,849,500
<b>Kirindiwela</b> Gampaha Road, Kirindiwela	8.1	1	2,940	20,250,000	9,922,500	2,500,000	3,375	30,172,500

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Location	Extent (Perches)	Number of buildings in each location	Buildings (Square Feet)	Cost or Revaluation of Land Rs.	Cost or Revaluation of Buildings Rs.	Value per Perch Rs.	Value per Square Feet Rs.	Total Value Rs.
<b>Kurunegala</b>								
Bodhiraja Mawatha, Kurunegala	7.66	1	2,810	26,810,000	10,010,625	3,500,000	3,563	36,820,625
<b>Maharagama</b>								
High Level Road, Maharagama	6.2	1	2,700	37,200,000	10,800,000	6,000,000	4,000	48,000,000
<b>Wellampitiya</b>								
No. 51/57, Brandiyawatta, Wellampitiya	10	1	–	3,500,000	–	350,000	–	3,500,000
<b>Matara</b>								
Anagarika Dharmapala Mawatha, Matara	10	1	3,520	37,800,000	14,520,000	3,780,000	4,125	52,320,000
<b>Middeniya</b>								
Katuwana Road, Middeniya	8.25	1	2,670	14,850,000	8,624,100	1,800,000	3,230	23,474,100
<b>Moratuwa</b>								
No. 17, New Galle Road, Moratuwa	13.09	1	2,990	39,270,000	5,793,000	3,000,000	1,938	45,063,000
<b>Mount Lavinia</b>								
Galle Road, Mount Lavinia	7.5	1	1,900	33,750,000	7,445,625	4,500,000	3,919	41,195,625
<b>Mount Lavinia – Mega</b>								
Galle Road, Mount Lavinia	18.47	1	15,500	92,350,000	83,006,466	5,000,000	5,355	175,356,466
<b>Nawalapitiya</b>								
Kotmale Road, Nawalapitiya	4.7	1	2,760	12,704,700	7,176,000	2,703,128	2,600	19,880,700
<b>Negombo</b>								
Greens Road, Negombo	6	1	2,040	24,000,000	6,885,000	4,000,000	3,375	30,885,000
<b>Nuwara Eliya</b>								
Kandy Street, Nuwara Eliya	4.65	1	1,700	18,600,000	6,375,000	4,000,000	3,750	24,975,000
<b>Panadura</b>								
Galle Road, Panadura	6.15	1	2,940	18,450,000	10,584,000	3,000,000	3,600	29,034,000
<b>Piliyandala</b>								
Gonamaditta Road, Piliyandala	1144.35	9	118,450	228,870,000	342,566,563	200,000	2,892	571,436,563
<b>Pussellawa</b>								
Nuwara Eliya Road, Pussellawa	12.43	1	3,295	24,860,000	11,553,094	2,000,000	3,506	36,413,094
<b>Ratnapura</b>								
Colombo Road, Ratnapura	5.8	1	3,075	20,300,000	11,685,000	3,500,000	3,800	31,985,000
<b>Ratmalana</b>								
No. 52, Ferry Road, Off Borupana Road, Ratmalana	705	16	120,615	423,000,000	257,612,915	600,000	2,132	680,612,915
<b>Ratmalana</b>								
No. 02, 5th Lane, Ratmalana	362.5	10	75,365	952,100,000	162,900,000	2,626,483	2,161	1,115,000,000
<b>Ratmalana</b>								
No. 435, Galle Road, Ratmalana	50	1	–	226,350,000	68,650,000	4,527,000	–	295,000,000
<b>Tangalle</b>								
Matara Road, Tangalle	4.6	1	1,285	13,800,000	3,822,875	3,000,000	2,975	17,622,875
<b>Trincomalee</b>								
North Coast Road, Trincomalee	5.58	1	2,335	19,530,000	9,007,874	3,500,000	3,858	28,537,874
<b>Trincomalee</b>								
Nayanmarthidal, Thampalakamam, Trincomalee	60	1	–	4,000,000	–	66,667	–	4,000,000
<b>Wellawatta</b>								
Galle Road, Wellawatta	4.6	1	2,700	55,200,000	7,020,000	12,000,000	2,600	62,220,000
				2,904,178,451	1,282,247,813			4,186,426,264

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## 11.18 Information for the Freehold Land and Buildings of the Company

Location	Extent (Perches)	Number of buildings in each location	Buildings (Square Feet)	Cost or Revaluation of Land Rs.	Cost or Revaluation of Buildings Rs.	Value per Perch Rs.	Value per Square Feet Rs.	Total Value Rs.
<b>Ambalantota</b>								
Main Street, Ambalantota	6.6	1	1,885	16,500,000	5,278,000	2,500,000	2,800	21,778,000
<b>Balangoda</b>								
Ratnapura Road, Balangoda	6.2	1	2,080	20,150,000	7,722,000	3,250,000	3,713	27,872,000
<b>Bandarawela</b>								
Main Street, Bandarawela	4.1	1	2,660	10,250,000	11,510,000	2,500,000	4,327	21,760,000
<b>Borella</b>								
D.S. Senanayaka Mawatha, Borella	4.64	1	2,310	69,600,000	9,240,000	15,000,000	4,000	78,840,000
<b>Chilaw</b>								
Bazaar Street, Chilaw	13.05	1	4,120	42,412,500	15,656,000	3,250,000	3,800	58,068,500
<b>Colpetty</b>								
No. 143, Galle Road, Colombo 03	3.35	1	1,440	56,950,000	6,156,000	17,000,000	4,275	63,106,000
<b>Eheliyagoda</b>								
Ratnapura Road, Eheliyagoda	5.73	1	1,660	11,460,000	4,316,000	2,000,000	2,600	15,776,000
<b>Galle</b>								
Main Street, Galle	2.84	1	2,250	11,360,000	9,112,500	4,000,000	4,050	20,472,500
<b>Gampaha</b>								
Colombo Road, Gampaha	17.87	1	7,870	62,545,000	30,220,800	3,500,000	3,840	92,765,800
<b>Hikkaduwa</b>								
Galle Road, Hikkaduwa	8.74	1	2,400	24,035,000	8,160,000	2,750,000	3,400	32,195,000
<b>Embilipitiya</b>								
Colombo Road, Pallegama, Embilipitiya	4.6	1	2,070	16,100,000	7,917,750	3,500,000	3,825	24,017,750
<b>Kadawatha</b>								
Kandy Road, Kadawatha	3.8	1	1,150	8,250,000	11,980,000	2,171,053	10,417	20,230,000
<b>Kandy – Mega</b>								
Sirimavo Bandaranaike Mawatha, Kandy	15.7	1	12,840	36,715,000	69,336,000	2,338,535	5,400	106,051,000
<b>Katugastota</b>								
Madawala Road, Katugastota	4.875	1	1,620	10,106,250	6,743,250	2,073,077	4,163	16,849,500
<b>Kirindiwela</b>								
Gampaha Road, Kirindiwela	8.1	1	2,940	20,250,000	9,922,500	2,500,000	3,375	30,172,500
<b>Kurunegala</b>								
Bodhiraja Mawatha, Kurunegala	7.66	1	2,810	26,810,000	10,010,625	3,500,000	3,563	36,820,625
<b>Maharagama</b>								
High Level Road, Maharagama	6.2	1	2,700	37,200,000	10,800,000	6,000,000	4,000	48,000,000
<b>Matara</b>								
Anagarika Dharmapala Mawatha, Matara	10	1	3,520	37,800,000	14,520,000	3,780,000	4,125	52,320,000
<b>Middeniya</b>								
Katuwana Road, Middeniya	8.25	1	2,670	14,850,000	8,624,100	1,800,000	3,230	23,474,100
<b>Mount Lavinia</b>								
Galle Road, Mount Lavinia	7.5	1	1,900	33,750,000	7,445,625	4,500,000	3,919	41,195,625
<b>Mount Lavinia – Mega</b>								
Galle Road, Mount Lavinia	18.47	1	15,500	92,350,000	83,006,466	5,000,000	5,355	175,356,466
<b>Nawalapitiya</b>								
Kotmale Road, Nawalapitiya	4.7	1	2,760	12,704,700	7,176,000	2,703,128	2,600	19,880,700
<b>Negombo</b>								
Greens Road, Negombo	6	1	2,040	24,000,000	6,885,000	4,000,000	3,375	30,885,000

Location	Extent (Perches)	Number of buildings in each location	Buildings (Square Feet)	Cost or Revaluation of Land Rs.	Cost or Revaluation of Buildings Rs.	Value per Perch Rs.	Value per Square Feet Rs.	Total Value Rs.
<b>Nuwara Eliya</b> Kandy Street, Nuwara Eliya	4.65	1	1,700	18,600,000	6,375,000	4,000,000	3,750	24,975,000
<b>Panadura</b> Galle Road, Panadura	6.15	1	2,940	18,450,000	10,584,000	3,000,000	3,600	29,034,000
<b>Piliyandala</b> Gonamaditta Road, Piliyandala	1144.35	9	118,450	228,870,000	342,566,563	200,000	2,892	571,436,563
<b>Pussellawa</b> Nuwara Eliya Road, Pussellawa	12.43	1	3,295	24,860,000	11,553,094	2,000,000	3,506	36,413,094
<b>Ratnapura</b> Colombo Road, Ratnapura	5.8	1	3,075	20,300,000	11,685,000	3,500,000	3,800	31,985,000
<b>Tangalle</b> Matara Road, Tangalle	4.6	1	1,285	13,800,000	3,822,875	3,000,000	2,975	17,622,875
<b>Trincomalee</b> North Coast Road, Trincomalee	5.58	1	2,335	19,530,000	9,007,875	3,500,000	3,858	28,537,875
<b>Wellawatta</b> Galle Road, Wellawatta	4.6	1	2,700	55,200,000	7,020,000	12,000,000	2,600	62,220,000
				1,095,758,450	764,353,023			1,860,111,473

## 11.19 Measurement of Fair Value

### (i) Fair Value Hierarchy

The fair value of property has determined by an external independent property valuer having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for all of properties has been categorised as level 3 fair value based on the input to the valuation technique used.

### (ii) Valuation Technique and Significant Unobservable Inputs

The following table shows the valuation technique used in measuring the fair value of property, as well as the significant unobservable inputs used.

Valuation Technique	Significant Unobservable Inputs	Interrelationship between Key Unobservable Inputs and Fair Value Measurements
Contractors Method: The contractor's method works on the basis that a property's value can be equated to its cost. Valuer assesses the cost of the building if it would have constructed in the current year, and deduct margin for usage of the property based on their year of construction.  Land value is based on the market prices of each land respectively. Value of the property is considered as a summation of the land and building value.	<ul style="list-style-type: none"> <li>The market value of land (Price per Perch). Valuer has used range of prices for respective lands based on their recently transacted cost.</li> <li>Construction cost per Square feet of a building.</li> <li>Depreciation rate for the usage of assets.</li> </ul>	<p>The Estimated fair value would increase (decrease) if –</p> <ul style="list-style-type: none"> <li>Market value per perch was higher (lower)</li> <li>Cost per square feet was higher (lower)</li> <li>Depreciation rate for usage lower (higher)</li> </ul>



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## 11.20 Right-of-use Assets

### 11.20.1 Right-of-use Assets – Entity as a lessee

Asset Details	Cost			Depreciation			Carrying Value	
	Balance as at 1st April 2020 Rs.	Additions Rs.	Disposals Rs.	Balance as at 31st March 2021 Rs.	Balance as at 1st April 2020 Rs.	Charge for the Year Rs.	Balance as at 31st March 2021 Rs.	31st March 2021 Rs.
<b>Consolidated</b>								
Building	5,301,716,017	885,027,936	(8,708,726)	6,178,035,227	853,156,080	891,876,312	1,745,032,392	4,433,002,835
<b>Total</b>	5,301,716,017	885,027,936	(8,708,726)	6,178,035,227	853,156,080	891,876,312	1,745,032,392	4,433,002,835

Asset Details	Cost			Depreciation			Carrying Value	
	Balance as at 1st April 2019 Rs.	Additions Rs.	Disposals Rs.	Balance as at 31st March 2020 Rs.	Balance as at 1st April 2019 Rs.	Charge for the Year Rs.	Balance as at 31st March 2020 Rs.	31st March 2020 Rs.
<b>Consolidated</b>								
Building	3,797,815,627	1,503,900,390	–	5,301,716,017	–	853,156,080	853,156,080	4,448,559,937

Asset Details	Cost			Depreciation			Carrying Value	
	Balance as at 1st April 2020 Rs.	Additions Rs.	Disposals Rs.	Balance as at 31st March 2021 Rs.	Balance as at 1st April 2020 Rs.	Charge for the Year Rs.	Balance as at 31st March 2021 Rs.	31st March 2021 Rs.
<b>Company</b>								
Building	4,766,140,512	687,888,979	(8,129,550)	5,445,899,941	779,950,800	802,800,751	1,582,751,551	3,863,148,390
<b>Total</b>	4,766,140,512	687,888,979	(8,129,550)	5,445,899,941	779,950,800	802,800,751	1,582,751,551	3,863,148,390

Asset Details	Cost			Depreciation			Carrying Value	
	Balance as at 1st April 2019 Rs.	Additions Rs.	Disposals Rs.	Balance as at 31st March 2020 Rs.	Balance as at 1st April 2019 Rs.	Charge for the Year Rs.	Balance as at 31st March 2020 Rs.	31st March 2020 Rs.
<b>Company</b>								
Building	3,376,431,516	1,389,708,996	–	4,766,140,512	–	779,950,800	779,950,800	3,986,189,712

### 11.20.2 Consolidated – Lease Liability

Details	Balance as at 1st April 2020 Rs.	Additions Rs.	Disposals Rs.	Interest Charge Rs.	Payments Rs.	Balance as at 31st March 2021 Rs.
Building	4,818,957,156	789,684,229	(10,445,417)	626,669,773	(1,230,852,434)	4,994,013,307
<b>Total</b>	4,818,957,156	789,684,229	(10,445,417)	626,669,773	(1,230,852,434)	4,994,013,307

	Rs.
Lease Liability Due within one year	686,421,286
Lease Liability Due after one year	4,307,592,021
	4,994,013,307

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Details	Balance as at 1st April 2019 Rs.	Additions Rs.	Disposals Rs.	Interest Charge Rs.	Payments Rs.	Balance as at 31st March 2020 Rs.
Building	3,984,499,100	1,503,797,862	–	633,291,522	(1,302,631,328)	4,818,957,156
<b>Total</b>	3,984,499,100	1,503,797,862	–	633,291,522	(1,302,631,328)	4,818,957,156

	Rs.
Lease Liability Due within one Year	544,294,253
Lease Liability Due after one Year	4,274,662,903
	4,818,957,156

### 11.20.3 Company – Lease Liability

Details	Balance as at 1st April 2020 Rs.	Additions Rs.	Disposals Rs.	Interest Charge Rs.	Payments Rs.	Balance as at 31st March 2021 Rs.
Building	4,368,226,693	592,545,272	(9,866,241)	560,250,151	(1,100,110,546)	4,411,045,329
<b>Total</b>	4,368,226,693	592,545,272	(9,866,241)	560,250,151	(1,100,110,546)	4,411,045,329

	Rs.
Lease Liability Due within one year	624,047,914
Lease Liability Due after one year	3,786,997,415
	4,411,045,329

Details	Balance as at 1st April 2019 Rs.	Additions Rs.	Disposals Rs.	Interest Charge Rs.	Payments Rs.	Balance as at 31st March 2020 Rs.
Building	3,602,483,170	1,389,708,996	–	572,372,615	(1,196,285,588)	4,368,226,693
<b>Total</b>	3,602,483,170	1,389,708,996	–	572,372,615	(1,196,285,588)	4,368,226,693

	Rs.
Lease Liability Due within one Year	512,501,477
Lease Liability Due after one Year	3,855,725,216
	4,368,226,693

**11.20.4** The following table sets out a maturity analysis of lease payments to be received after the reporting date.

### Aging Analysis for Lease – Consolidated

	< 3 Months Rs.	3 to 12 Months Rs.	1-2 Year Rs.	2-5 Year Rs.	> 5 Year Rs.	Total Rs.
<b>Based on SLFRS 16</b>						
As at 31st March 2021						
	142,374,474	544,046,812	664,244,370	1,922,853,838	1,720,493,813	4,994,013,307

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## Aging Analysis for Lease – Company

	< 3 Months Rs.	3 to 12 Months Rs.	1-2 Year Rs.	2-5 Year Rs.	> 5 Year Rs.	Total Rs.
<b>Based on SLFRS 16</b>						
As at 31st March 2021	149,659,990	474,387,924	614,989,949	1,667,880,943	1,504,126,523	4,411,045,329

### 11.20.5 The following are the amounts recognised in profit or loss:

	Consolidated	Company
For the Year ended 31st March	2021 Rs.	2021 Rs.
Depreciation Expense of Right-of-Use Assets – Administrative Expense	877,112,090	802,800,751
Depreciation Expense of Right-of-Use Assets – Cost of Sales	14,764,222	–
Interest Expense on Lease Liability	626,669,773	560,250,151

### 11.20.6 The following provides information on the Group's variable lease payments, including the magnitude in relation to fixed payments:

	Consolidated		Company	
For the Year ended 31st March 2021	Fixed Payment Rs.	Variable Payment Rs.	Fixed Payment Rs.	Variable Payment Rs.
Fixed Rent	1,230,852,434	–	1,100,110,546	–

### 11.20.7 Currency wise Analysis of Lease Obligations

Consolidated and the Company lease obligation amounts as at 31st March 2021 are in Sri Lankan Rupees.

## 12. Intangible Assets

	Consolidated		Company	
As at 31st March	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Trademark with Indefinite Useful Life (Note 12.1)	93,512,500	93,512,500	93,512,500	93,512,500
Software (Note 12.2)	155,752,672	115,375,990	63,349,161	56,506,664
Other Intangible Assets Externally Acquired (Note 12.3)	65,756,719	46,431,920	65,756,719	46,431,920
	315,021,891	255,320,410	222,618,380	196,451,084

## 12.1 Trademark with Indefinite Useful Life

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Cost</b>				
As at the Beginning of the Year	93,512,500	93,512,500	93,512,500	93,512,500
As at the End of the Year	93,512,500	93,512,500	93,512,500	93,512,500
Less: Accumulated Impairment Losses	-	-	-	-
<b>Net Carrying Amount</b>	<b>93,512,500</b>	93,512,500	<b>93,512,500</b>	93,512,500

Trademark consists of SISIL Brand name Rs. 55,000,000/- (Note 12.4) and UNIC Brand name Rs. 38,512,500/- (Note 12.5).

Please refer Notes 12.4 and 12.5 for SISIL and UNIC Brands impairment respectively.

## 12.2 Software

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Cost</b>				
As at the Beginning of the Year	399,735,484	391,171,177	240,737,083	233,583,167
Acquired During the Year	63,028,547	8,564,307	18,530,549	7,153,916
<b>As at the End of the Year</b>	<b>462,764,031</b>	399,735,484	<b>259,267,632</b>	240,737,083
<b>Amortisation</b>				
As at the Beginning of the Year	284,359,494	262,819,429	184,230,419	172,526,699
Amortisation Charge for the Year	22,651,865	21,540,065	11,688,052	11,703,720
<b>As at the End of the Year</b>	<b>307,011,359</b>	284,359,494	<b>195,918,471</b>	184,230,419
<b>Carrying Amount</b>				
As at the Beginning of the Year	115,375,990	128,351,748	56,506,664	61,056,468
<b>As at the End of the Year</b>	<b>155,752,672</b>	115,375,990	<b>63,349,161</b>	56,506,664

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## 12.3 Other Intangible Assets Externally Acquired

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Cost</b>				
As at the Beginning of the Year	78,431,920	78,431,920	78,431,920	78,431,920
Acquired During the Year	21,275,000	-	21,275,000	-
Capitalised During the Year	-	-	-	-
<b>As at the End of the Year</b>	<b>99,706,920</b>	78,431,920	<b>99,706,920</b>	78,431,920
<b>Amortisation</b>				
As at the Beginning of the Year	32,000,000	32,000,000	32,000,000	32,000,000
Amortisation Charge for the Year	1,950,201	-	1,950,201	-
<b>As at the End of the Year</b>	<b>33,950,201</b>	32,000,000	<b>33,950,201</b>	32,000,000
<b>Carrying Amount</b>				
As at the Beginning of the Year	46,431,920	46,431,920	46,431,920	46,431,920
<b>As at the End of the Year</b>	<b>65,756,719</b>	46,431,920	<b>65,756,719</b>	46,431,920

Other intangible assets externally acquired includes Sony distribution rights amounting to Rs. 46,431,920/-, Hayleys Brand amounting to Rs. 32,000,000/- and Website Development amounting to Rs. 21,275,000/-. Hayleys Brand has been fully amortised as at 31st March 2021. Refer Notes 12.6 and 12.7 for amortisation of Hayleys Brand name and impairment of Sony distribution right.

## 12.4 SISIL Trademark

The company acquired the "SISIL" Trademark in December 2000, amounting to Rs. 55 million. The Management is of the opinion that the aforementioned trademark has an indefinite useful life as their associated brand awareness and recognition have existed over 30 years and the Company intends to utilize the said trademark for the foreseeable future. There are no legal, regulatory, contractual, competitive, economic or other factors that may limit its useful life and accordingly, the carrying amount of this trademark is determined after testing for impairment annually. Following assumptions are made to test for any impairment as at 31st March 2021:

Annual Sales Growth for Next Five Years	10%
Gross Margin	27%
Discount Rate	8%
Indefinite Growth Rate after Year 2025/2026	2%

## 12.5 UNIC Trademark

The Company acquired the "UNIC" Trademark in 2006 amounting to Rs. 38,512,500/-. This Trademark is also considered to have an indefinite useful life due to the factors mentioned in the preceding paragraph and accordingly, the carrying amount of this trademark is determined after testing for impairment annually. Following assumptions are made to test for impairment as at 31st March 2021:

Annual Sales Growth for Next Five Years	10%
Gross Margin	24%
Discount Rate	8%
Indefinite Growth Rate after Year 2025/2026	2%



## 12.6 Hayleys Brand Name

The Company took over the showrooms, retail operation of the Hayleys Electronic Retail Ltd. from 2nd January 2008 including the Agencies of Phillips and Kenwood for Rs. 32 million. The entire purchase consideration is treated as Goodwill and has been amortised over the determined useful life of 5 years commencing from the period beginning 1st January 2009.

## 12.7 SONY Distribution Rights

The Company acquired the distribution rights of brand “SONY” in 2014 amounting to Rs. 46,431,920/- These assets are now carried at cost subject to annual impairment test and the carrying amount as at 31st March 2021 is Rs. 46,431,920/-. This distribution right also considered to have an indefinite useful life due to the factors mentioned in the preceding paragraph accordingly, the carrying amount of this trademark is determined after testing for impairment annually. Following assumptions are made to test for impairment as at 31st March 2021:

Annual Sales Growth for Next Five Years	10%
Gross Margin	22%
Discount Rate	8 %
Indefinite Growth Rate after Year 2025/2026	2%

## 12.8 Amortisation of Intangible Assets

For the Year ended 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Amortisation of Software (Note 12.2)	22,651,865	21,540,065	11,688,052	11,703,720
Amortisation of Other Intangible Assets Externally Acquired (Note 12.3)	1,950,201	–	1,950,201	–
	24,602,066	21,540,065	13,638,253	11,703,720

## 13. Investment in Subsidiaries – Company

As at 31st March	Country of Incorporation	Number of Shares		Carrying Value	
		2021	2020	2021 Rs.	2020 Rs.
Quoted					
Singer Finance (Lanka) PLC	Sri Lanka				
Investment at the Beginning of the Year		161,513,035	161,513,035	1,427,934,310	1,427,934,310
Investments made during the Year		-	-	-	-
Investments Disposed during the Year		-	-	-	-
Investment at the End of the Year		161,513,035	161,513,035	1,427,934,310	1,427,934,310
Singer Industries (Ceylon) PLC					
Singer Industries (Ceylon) PLC	Sri Lanka				
Investment at the Beginning of the Year		8,772,314	8,772,314	692,407,683	692,407,683
Sub Division of shares made during the year		8,772,314	-	-	-
Investment at the End of the Year		17,544,628	8,772,314	692,407,683	692,407,683
Regnis (Lanka) PLC					
Regnis (Lanka) PLC	Sri Lanka				
Investment at the Beginning of the Year		6,568,577	6,568,577	722,530,710	722,530,710
Sub Division of shares made during the year		6,568,577	-	-	-
Investment at the End of the Year		13,137,154	6,568,577	722,530,710	722,530,710

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As at 31st March	Country of Incorporation	Number of Shares		Carrying Value	
		2021	2020	2021 Rs.	2020 Rs.
Non-quoted					
Singer Digital Media (Private) Limited	Sri Lanka				
Investment at the Beginning of the Year		500,000	500,000	5,000,000	5,000,000
Investments made during the Year		-	-	-	-
Investment at the End of the Year		500,000	500,000	5,000,000	5,000,000
Singer Business School (Private) Limited	Sri Lanka				
Investment at the Beginning of the Year		1,000,000	500,000	10,000,000	5,000,000
Investments made during the Year		-	500,000	-	5,000,000
Investment at the End of the Year		1,000,000	1,000,000	10,000,000	10,000,000
Reality Lanka Limited	Sri Lanka				
Investment at the Beginning of the Year		11,015,077	4,800,000	110,150,770	48,000,000
Investments made during the Year		-	6,215,077	-	62,150,770
Investment at the End of the Year		11,015,077	11,015,077	110,150,770	110,150,770
Total Investment in Subsidiaries				2,968,023,473	2,968,023,473

Note: Refer Notes 1.1.2 and 1.1.3 for investment in Domus Lanka (Private) Limited.

## 14. Other Non-current Assets

### Prepaid Operating Leases – Leasehold Right

Pre-paid operating lease relates to operating lease paid in advance for the land acquired by Regnis Appliances (Private) Limited from the Board of Investment (BOI) in Sri Lanka. The Group amortize the leasehold land over the lease period of 50 years, on straight line basis. The reconciliation of pre-paid operating lease is as follows:

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Cost</b>				
At the beginning of the year	65,062,510	65,062,510	-	-
Acquired during the year	-	-	-	-
<b>At the end of the year</b>	<b>65,062,510</b>	<b>65,062,510</b>	<b>-</b>	<b>-</b>
<b>Amortisation</b>				
At the beginning of the year	3,144,688	1,843,438	-	-
Amortised during the year	1,301,250	1,301,250	-	-
<b>At the end of the year</b>	<b>4,445,938</b>	<b>3,144,688</b>	<b>-</b>	<b>-</b>
<b>Carrying value</b>	<b>60,616,572</b>	<b>61,917,822</b>	<b>-</b>	<b>-</b>

## 15. Other Investments

### 15.1 Non-current Financial Assets

Non-quoted	Consolidated		Company	
	Number of Shares		Amount	
	As at 31st March 2021	As at 31st March 2020	As at 31st March 2021 Rs.	As at 31st March 2020 Rs.
<b>a. Equity Investments at Fair Value through Other Comprehensive Income (FVOCI)</b>				
Equity Investment Lanka Limited	1,665,000	1,665,000		
Balance at the beginning of the Year			17,020,000	17,020,000
Change in Fair Value during the Year			7,928,407	-
<b>Balance at the end of the Year</b>			<b>24,948,407</b>	17,020,000
Credit Information Bureau of Sri Lanka	100	100	41,300	41,300
			<b>24,989,707</b>	17,061,300
<b>b. Financial Assets at Amortised Cost</b>				
Investment in Treasury Bonds			-	96,196,248
			-	96,196,248
<b>Total Other Investments</b>			<b>24,989,707</b>	113,257,548

### 15.2 Short-term Investments

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>a. Financial Assets at Amortised Cost</b>				
Investment in Treasury Bills	714,026,005	548,582,608	-	-
Investment in Treasury Bonds	99,236,051	145,110,268	-	-
Fixed Rate 9.95% Senior Unlisted, Unsecured Redeemable, Rated Debentures Redeemable on 18th June 2020	-	-	-	450,090,000
48 Months 12% Secured Debentures Redeemable on 6th April 2020	-	-	-	150,000,000
	<b>813,262,056</b>	693,692,876	-	600,090,000

Further, details relating to fair valuation and carrying value is provided in Note 36 to these Financial Statements.

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## 16. Inventories

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Raw Materials	1,664,276,888	1,316,568,023	519,357,764	376,402,182
Work-in-Progress	402,356,633	155,322,633	153,338,624	69,156,189
Finished Goods	14,792,671,891	12,605,579,047	14,290,773,963	12,124,013,964
Supplies and Parts	737,453,244	730,452,897	721,222,156	715,055,343
Goods-in-Transit	1,911,447,520	2,412,565,962	1,661,867,574	2,040,199,527
	19,508,206,176	17,220,488,562	17,346,560,081	15,324,827,205
Provision on Inventory (Note 16.1)	(1,273,909,064)	(1,094,423,613)	(1,195,663,334)	(1,051,588,443)
Unrealised Profit in Inventory	(53,613,686)	(78,609,099)	-	-
<b>Total Inventories at the lower of cost and net realisable value</b>	<b>18,180,683,426</b>	<b>16,047,455,850</b>	<b>16,150,896,747</b>	<b>14,273,238,762</b>

### 16.1 Provision on Inventory

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance at the Beginning of the Year	1,094,423,613	994,589,656	1,051,588,443	959,730,865
Amount Recognised During the Year (Note 8)	179,485,451	99,833,957	144,074,891	91,857,578
<b>Balance at the End of the Year</b>	<b>1,273,909,064</b>	<b>1,094,423,613</b>	<b>1,195,663,334</b>	<b>1,051,588,443</b>

**16.2** There were no inventories pledged as securities for bank facilities obtained by the Group/Company as at 31st March 2021.

## 17. Loans Due from Related Parties

As at 31st March	Relationship	Consolidated		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Regnis (Lanka) PLC	Subsidiary	-	-	-	46,000,000
Singer Finance (Lanka) PLC	Subsidiary	-	-	-	400,000,000
		-	-	-	446,000,000

All the inter company loans had been settled during the year 2020/21 and no inter-company loans had been granted during the year.

## 18. Trade and Other Receivables

### 18.1 Non-current

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Hire Purchase Debtors</b>				
Hire Purchase Debtors – Installment Receivables	316,899,871	414,219,697	316,899,872	411,750,134
Less: Unearned Hire Purchase Debtors Interest Income	(47,889,556)	(52,921,913)	(47,889,557)	(52,537,926)
	269,010,315	361,297,784	269,010,315	359,212,208
<b>Lease Rental Receivables</b>				
Lease – Installments Receivables	11,337,404,809	12,083,490,033	–	–
Less: Unearned Lease Interest Income	(2,339,077,252)	(2,656,365,208)	–	–
	8,998,327,557	9,427,124,825	–	–
<b>Loan Receivables</b>				
Consumer and Personal Loans – Installments Receivables	2,391,924,148	1,145,117,490	–	–
Less: Unearned Loan Interest Income	(398,086,590)	(163,612,663)	–	–
	1,993,837,558	981,504,827	–	–
<b>Other Receivables</b>				
Rent Paid in Advance	292,643,242	256,840,001	292,643,242	253,260,842
Other Receivables	1,279,144	2,506,338	1,279,144	2,506,338
Loans to Employees (Note 18.4)	306,056,579	300,743,273	239,873,585	218,221,515
	599,978,965	560,089,612	533,795,971	473,988,695
	11,861,154,395	11,330,017,048	802,806,286	833,200,903



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## 18.2 Current

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Hire Purchase Debtors</b>				
Hire Purchase Debtors – Installments Receivables	8,490,640,926	8,993,388,532	8,485,063,345	8,984,303,255
Less: Unearned Hire Purchase Debtors Interest Income	(1,270,962,324)	(1,336,125,341)	(1,270,744,490)	(1,335,312,531)
Less: Provision for Impairment (Note 18.3)	(263,401,067)	(84,119,843)	(258,041,319)	(77,671,350)
	6,956,277,535	7,573,143,348	6,956,277,536	7,571,319,374
<b>Lease Rental Receivables</b>				
Lease – Installments Receivables	7,416,753,671	8,120,742,194	–	–
Less: Unearned Lease Interest Income	(2,070,415,110)	(2,239,215,035)	–	–
Less: Provision for Impairment (Note 18.3)	(624,892,836)	(349,994,251)	–	–
	4,721,445,725	5,531,532,908	–	–
<b>Loan Receivables</b>				
Consumer and Personal Loans – Installments Receivables	6,134,169,151	4,825,374,839	–	–
Less: Unearned Loan Interest Income	(376,934,090)	(300,013,162)	–	–
FD Loans	171,113,978	94,751,099	–	–
<b>Net Receivable</b>	5,928,349,039	4,620,112,776	–	–
Less: Provision for Impairment (Note 18.3)	(551,415,881)	(406,618,643)	–	–
	5,376,933,158	4,213,494,133	–	–
<b>Trade Receivables</b>				
Trade Receivables	5,325,308,362	5,511,261,180	4,989,535,336	4,407,885,925
Less: Provision for Impairment (Note 18.3)	(956,310,207)	(921,466,193)	(848,266,908)	(789,352,248)
	4,368,998,155	4,589,794,987	4,141,268,428	3,618,533,676
<b>Other Receivables</b>				
Advance and Other Receivables	3,887,323,842	2,552,722,627	3,311,933,851	2,421,584,573
Less: Provision for Impairment (Note 18.3)	(1,585,205,687)	(1,414,252,685)	(1,583,383,811)	(1,412,430,811)
	2,302,118,155	1,138,469,942	1,728,550,040	1,009,153,762
Prepayments	157,952,450	408,774,318	81,193,685	146,122,383
Loans to Employees (Note 18.4)	93,898,924	103,586,957	57,923,977	79,088,340
	251,851,374	512,361,275	139,117,662	225,210,723
	23,977,624,102	23,558,796,593	12,965,213,666	12,424,217,535

## 18.3 Provision for Impairment

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Trade Receivables Impairment</b>				
<b>Provision for Impairment – Hire Purchase Debtors</b>				
<b>Movement</b>				
Balance as at the Beginning of the Year	84,119,843	93,432,380	77,671,350	84,856,215
Provided During the Year	182,108,804	(6,665,980)	182,882,285	(4,973,713)
Write-off/Transfer During the Year	(2,827,580)	(2,646,557)	(2,512,316)	(2,211,152)
<b>Balance as at End of the Year</b>	<b>263,401,067</b>	<b>84,119,843</b>	<b>258,041,319</b>	<b>77,671,350</b>
<b>Provision for Impairment – Lease Rental Receivables</b>				
<b>Movement</b>				
Balance at the Beginning of the Year	349,994,251	248,345,208	-	-
Provided During the Year	301,859,731	212,907,393	-	-
Write-off/Transfer During the Year	(26,961,146)	(111,258,350)	-	-
<b>Balance at the End of the Year</b>	<b>624,892,836</b>	<b>349,994,251</b>	<b>-</b>	<b>-</b>
<b>Provision for Impairment – Loan Receivables</b>				
<b>Movement</b>				
Balance at the Beginning of the Year	406,618,643	323,203,252	-	-
Provided During the Year	181,460,089	147,171,353	-	-
Write-off/Transfer During the Year	(36,662,851)	(63,755,962)	-	-
<b>Balance at the End of the Year</b>	<b>551,415,881</b>	<b>406,618,643</b>	<b>-</b>	<b>-</b>
<b>Provision for Impairment – Trade Receivables</b>				
<b>Movement</b>				
Balance at the Beginning of the Year	921,466,193	758,362,703	789,352,248	645,981,951
Provided During the Year	78,740,167	167,980,473	100,802,228	148,247,278
Write-off/Transfer During the Year	(43,896,153)	(4,876,983)	(41,887,568)	(4,876,981)
<b>Balance at the End of the Year</b>	<b>956,310,207</b>	<b>921,466,193</b>	<b>848,266,908</b>	<b>789,352,248</b>
<b>Total Provision for Trade Receivables</b>	<b>2,396,019,991</b>	<b>1,762,198,930</b>	<b>1,106,308,227</b>	<b>867,023,598</b>
<b>Provision for Impairment – Other Receivables</b>				
<b>Movement</b>				
Balance at the Beginning of the Year	1,414,252,685	924,243,104	1,412,430,813	922,921,232
Provided During the Year*	175,839,555	490,250,931	175,839,555	489,750,929
Write-off/Transfer During the Year	(4,886,553)	(241,350)	(4,886,557)	(241,348)
<b>Balance at the End of the Year</b>	<b>1,585,205,687</b>	<b>1,414,252,685</b>	<b>1,583,383,811</b>	<b>1,412,430,813</b>
	<b>3,981,225,678</b>	<b>3,176,451,615</b>	<b>2,689,692,038</b>	<b>2,279,454,411</b>

\* During 2019/20, Singer Finance (Lanka) PLC includes Non-trade provision of Rs. 500,002/-.

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## 18.4 Loans to Employees

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Movement</b>				
Balance as at the Beginning of the Year	404,330,230	428,665,434	297,309,855	338,254,452
Loans Granted During the Year	161,770,088	68,521,647	113,843,000	–
Less: Repayments	(165,256,660)	(93,934,702)	(113,355,293)	(40,944,597)
Unwinding of interest	(888,155)	1,077,851	–	–
<b>Balance as at the End of the Year</b>	<b>399,955,503</b>	<b>404,330,230</b>	<b>297,797,562</b>	<b>297,309,855</b>
<b>Due Within One Year</b>	<b>93,898,924</b>	<b>103,586,957</b>	<b>57,923,977</b>	<b>79,088,340</b>
<b>Due After One Year</b>	<b>306,056,579</b>	<b>300,743,273</b>	<b>239,873,585</b>	<b>218,221,515</b>

## 18.5 Maturity Analysis of Hire Purchase Debtors, Lease and Loans Receivables

### Consolidated – As at 31st March 2021

	Less than 3 Months Rs.	3-12 Months Rs.	1-3 Years Rs.	3-5 Years Rs.	Over 5 Years Rs.	Total Rs.
Hire Purchase Debtors	490,729,914	6,465,547,621	269,010,315	–	–	7,225,287,850
Lease Rental Receivables	1,936,677,800	3,046,957,703	6,585,768,184	2,150,369,595	–	13,719,773,282
Loan Receivables	2,393,412,588	3,187,581,251	1,251,706,148	538,070,729	–	7,370,770,716
	4,820,820,302	12,700,086,575	8,106,484,647	2,688,440,324	–	28,315,831,848

### Consolidated – As at 31st March 2020

	Less than 3 Months Rs.	3-12 Months Rs.	1-3 Years Rs.	3-5 Years Rs.	Over 5 Years Rs.	Total Rs.
Hire Purchase Debtors	734,013,833	6,840,471,469	359,684,044	271,786	–	7,934,441,132
Lease Rental Receivables	1,980,332,381	3,679,531,945	6,999,513,984	2,289,383,261	9,896,162	14,958,657,733
Loan Receivables	1,777,221,618	2,517,606,338	728,324,819	170,572,810	1,273,375	5,194,998,960
	4,491,567,832	13,037,609,752	8,087,522,847	2,460,227,857	11,169,537	28,088,097,825

### Company – As at 31st March 2021

	Less than 3 Months Rs.	3-12 Months Rs.	1-3 Years Rs.	3-5 Years Rs.	Over 5 Years Rs.	Total Rs.
Hire Purchase Debtors	490,729,914	6,465,547,621	269,010,316	–	–	7,225,287,851
	490,729,914	6,465,547,621	269,010,316	–	–	7,225,287,851

### Company – As at 31st March 2020

	Less than 3 Months Rs.	3-12 Months Rs.	1-3 Years Rs.	3-5 Years Rs.	Over 5 Years Rs.	Total Rs.
Hire Purchase Debtors	731,343,766	6,839,975,609	359,212,207	–	–	7,930,531,582
	731,343,766	6,839,975,609	359,212,207	–	–	7,930,531,582

## 19. Amounts Due from Related Parties

As at 31st March	Relationship	Consolidated		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Hayleys PLC	Parent	-	2,593,459	-	2,593,459
Singer Finance (Lanka) PLC	Subsidiary	-	-	34,253,241	-
The Kingsbury PLC	Fellow subsidiary	124,748	1,168,243	124,748	1,168,243
Rileys (Private) Limited	Fellow subsidiary	-	200,200	-	200,200
Mabroc Teas (Private) Limited	Fellow subsidiary	169,360	220,566	169,360	220,566
Logiwiz Limited	Fellow subsidiary	-	164,382	-	164,382
Hayleys Travels and Tours (Private) Limited	Fellow subsidiary	-	2,523,708	-	1,152,831
Hayleys Freezone Limited	Fellow subsidiary	-	282,390	-	282,390
Hayleys Energy Services Lanka (Private) Limited	Fellow subsidiary	-	7,271	-	7,271
Hayleys Consumer Products Limited	Fellow subsidiary	-	2,772,636	-	2,772,636
Hayleys Agriculture Holdings Limited	Fellow subsidiary	-	1,972,767	-	1,972,767
Hayleys Advantis (Private) Limited	Fellow subsidiary	-	1,842,173	-	1,842,173
Hayleylines Limited	Fellow subsidiary	-	483,900	-	483,900
Hayles North South Line (Private) Limited	Fellow subsidiary	-	908,970	-	908,970
Haycarb Value Added Products (Private) Limited	Fellow subsidiary	562,754	106,294	562,754	106,294
Haycarb PLC	Fellow subsidiary	-	454,418	-	454,418
Fentons Limited	Fellow subsidiary	-	6,190,470	-	6,190,470
Energynet (Private) Limited	Fellow subsidiary	-	814,048	-	814,048
Dipped Products PLC	Fellow subsidiary	799,198	2,096,269	799,198	2,096,269
Creative Polymats (Private) Limited	Fellow subsidiary	-	73,940	-	73,940
Cosco Lanka (Private) Limited	Fellow subsidiary	-	398,990	-	398,990
Hayleys Aventure (Private) Limited	Fellow subsidiary	-	158,590	-	158,590
Amaya Hills Hotel	Fellow subsidiary	-	472,966	-	472,966
Amaya Beach Hotel	Fellow subsidiary	-	3,511,694	-	3,511,694
Advantis Projects And Engineering (Private) Limited	Fellow subsidiary	36,155	970,490	36,155	970,490
Alumex PLC	Fellow subsidiary	1,430,486	1,126,106	1,430,486	1,126,106
Hayleys Fiber PLC	Fellow subsidiary	-	479,379	-	479,379
Hayleys Fabric PLC	Fellow subsidiary	1,215,016	1,431,724	1,215,016	1,431,724
Logistics International Limited	Fellow subsidiary	222,572	-	222,572	-
Ravi Industries (Private) Limited	Fellow subsidiary	6,259,908	-	-	-
		10,820,197	33,426,043	38,813,530	32,055,166

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## 20. Cash and Cash Equivalents

Components of Cash and Cash Equivalents

### 20.1 Cash in hand and at bank

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Cash at Banks	1,698,725,387	551,245,338	781,463,939	393,258,280
Cash in Hand	170,133,312	78,049,569	2,077,144	1,599,864
	1,868,858,699	629,294,907	783,541,083	394,858,144

### 20.2 Bank Overdrafts

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Bank Overdrafts*	(1,715,350,573)	(2,480,081,281)	(1,321,739,185)	(1,501,382,120)
<b>Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement</b>	<b>153,508,126</b>	<b>(1,850,786,374)</b>	<b>(538,198,102)</b>	<b>(1,106,523,976)</b>

\* All the overdraft interest rates are linked to AWPLR.  
Refer the Note 25.5 for overdraft facility limits.

## 21. Stated Capital

As at 31st March	2020	Subdivision of Shares	2021
Number of Shares – Ordinary Shares (Nos.)	375,628,830	751,257,660	1,126,886,490
<b>Total (Nos.)</b>	375,628,830	751,257,660	1,126,886,490
Rupees – Ordinary Shares (Rs.)	626,048,050	–	626,048,050
<b>Total (Rs.)</b>	626,048,050	–	626,048,050

**21.1** The ordinary shares of the Company were subdivided by splitting each issued ordinary share into 3 ordinary shares from 04th March 2021. Consequently the total number of existing issued Ordinary Shares were increased from 375,628,830 to 1,126,886,490 without changing the Stated Capital of the Company which remains at Rs. 626,048,050/-.

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. Capital Reserves

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Revaluation Reserve</b>				
Revaluation Reserve (Note 22.1)	1,232,580,379	1,092,441,629	1,170,907,941	1,142,409,257
	1,232,580,379	1,092,441,629	1,170,907,941	1,142,409,257

### 22.1 Revaluation Reserves Attributable to Equity Holders

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance at the Beginning of the Year	1,092,441,629	1,118,122,637	1,142,409,257	1,158,333,041
Realisation of Revaluation Surplus	(23,030,169)	(25,681,008)	(15,923,784)	(15,923,784)
Impact of Deferred tax rate change on Revaluation Reserve	163,168,919	–	44,422,468	–
<b>Balance at the End of the Year</b>	<b>1,232,580,379</b>	<b>1,092,441,629</b>	<b>1,170,907,941</b>	<b>1,142,409,257</b>

The revaluation reserve relates to the revaluation of freehold land and buildings and represents the fair value of the land and buildings as at the date of revaluation.

## 23. Statutory Reserve

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>(a) Reserve Fund</b>				
Reserve Fund (Note 23.1)	198,938,923	182,548,200	–	–
	198,938,923	182,548,200	–	–

### 23.1 Reserve Fund

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance at the Beginning of the Year	182,548,200	163,096,146	–	–
Transfer of Surplus During the Year	16,390,723	19,452,054	–	–
<b>Balance at the End of the Year</b>	<b>198,938,923</b>	<b>182,548,200</b>	<b>–</b>	<b>–</b>

The balance in the Reserve Fund will be used only for the purposes specified in the Central Bank Direction No. 01 of 2003. The Reserve Fund is maintained in compliance with Direction No. 01 of 2003 Central Bank of Sri Lanka (Capital Funds) issued to finance companies.

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As per the said Direction, every licensed finance company shall maintain a reserve fund and transfer to such reserve fund out of the net profits of the each year after due provisions have been made for taxation and bad and doubtful debts on following basis:

Capital Funds to Deposit Liabilities	Percentage of Transfer to Reserve Fund
Not less than 25%	5
Less than 25% and not less than 10%	20
Less than 10%	50

Accordingly, Singer Finance (Lanka) PLC has transferred 5% of its net profit after taxation to the Reserve Fund as Company's Capital Funds to Deposit Liabilities, belongs to not less than 25%.

## 24. Revenue Reserves

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Summary</b>				
(a) General Reserve (Note 24.1)	2,700,000,000	2,700,000,000	2,700,000,000	2,700,000,000
	2,700,000,000	2,700,000,000	2,700,000,000	2,700,000,000
(b) Retained Earnings	3,716,501,234	1,967,856,219	577,634,799	(476,952,625)
	3,716,501,234	1,967,856,219	577,634,799	(476,952,625)
<b>Revenue Reserves</b>	<b>6,416,501,234</b>	<b>4,667,856,219</b>	<b>3,277,634,799</b>	<b>2,223,047,375</b>

### 24.1 General Reserve

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

The movement of general reserve is as follows:

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
At the Beginning of the Year	2,700,000,000	2,700,000,000	2,700,000,000	2,700,000,000
Transferred from Retained Earnings	-	-	-	-
<b>At the End of the Year</b>	<b>2,700,000,000</b>	<b>2,700,000,000</b>	<b>2,700,000,000</b>	<b>2,700,000,000</b>

## 25. Interest-Bearing Loans and Borrowings

### 25.1 Loans and Borrowings – Consolidated

Year Ended 31st March	2021 Amount Repayable Within 1 Year Rs.	2021 Amount Repayable After 1 Year Rs.	2021 Total Rs.	2020 Amount Repayable Within 1 Year Rs.	2020 Amount Repayable After 1 Year Rs.	2020 Total Rs.
Debentures (Note 25.2)	754,750,855	1,008,000,000	1,762,750,855	1,489,740,766	654,765,222	2,144,505,988
Bank Loans (Note 25.3 a, b)	9,089,677,479	4,508,793,314	13,598,470,793	18,844,331,235	6,371,753,322	25,216,084,557
Securitisation Loans (Note 25.4)	2,208,457,988	1,612,493,250	3,820,951,238	1,056,800,000	1,148,980,000	2,205,780,000
	12,052,886,322	7,129,286,564	19,182,172,886	21,390,872,001	8,175,498,544	29,566,370,545
Accrued Interest	32,512,654	–	32,512,654	334,304,175	–	334,304,175
	12,085,398,976	7,129,286,564	19,214,685,540	21,725,176,176	8,175,498,544	29,900,674,720

### 25.2 Debentures – Consolidated

	As at 1st April 2020 Rs.	New Issues Rs.	Redemption Rs.	As at 31st March 2021 Rs.
Fixed rate, Senior, listed, Unsecured, Redeemable, Rated Debentures Redeemable on 28th September 2021	656,800,000	–	–	656,800,000
Fixed Rate, Senior, Listed, Secured, Redeemable, Rated Debentures redeemable on 16th June 2020	1,500,000,000	–	(1,500,000,000)	–
Fixed rate, Senior, Listed, Secured, Redeemable, Rated Debentures redeemable on 06th April 2020	590,700,000	–	(590,700,000)	–
Fixed rate, Senior, Unsecured, Listed, Redeemable, Rated Debentures redeemable on 09th April 2023	–	840,257,614	–	840,257,614
6 Months T-Bill+3.75%. Senior, Unsecured, Listed, Redeemable, Rated Debentures redeemable on 09th April 2023	–	257,006,263	–	257,006,263
Fixed rate, Senior, Unsecured, Listed, Redeemable, Rated Debentures redeemable on 19th May 2025	–	5,517,657	–	5,517,657
Transaction Cost	(2,904,012)	3,993,147	2,080,186	3,169,321
Less: Investment in debenture in subsidiary	(600,090,000)	–	600,090,000	–
	2,144,505,988	1,106,774,681	(1,488,529,814)	1,762,750,855

### 25.3 Bank Loans – Consolidated

	Balance as at 1st April 2020 Rs.	Loans Obtained Rs.	Repayment Rs.	Balance as at 31st March 2021 Rs.
<b>(a) Bank Loans Repayable Within One Year – Consolidated</b>				
Bank Loans	18,844,331,235	25,542,022,027	(35,296,675,783)	9,089,677,479
	18,844,331,235	25,542,022,027	(35,296,675,783)	9,089,677,479

The bank loans repayable within one year consist of short-term loans and current portion of long-term loans obtained from Hatton National Bank PLC, Nations Trust Bank PLC, Commercial Bank of Ceylon PLC, Sampath Bank PLC, Seylan Bank PLC, National Development Bank PLC, Cargills Bank and Bank of Ceylon.

These loans bear interest rate between 5.0% to 8.75% and due for settlement at maturity and quarterly payments.

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## (b) Bank Loans Repayable After One Year – Consolidated

Company	Lender/Rate of Interest (p.a)	Repayment	Security	As at 31st March 2021 Rs.	As at 31st March 2020 Rs.
Singer (Sri Lanka) PLC	Commercial Bank of Ceylon PLC (Fixed rate)	Quarterly	Negative pledged	1,000,000,000	2,000,000,000
Singer (Sri Lanka) PLC	Commercial Bank of Ceylon PLC (Variable Rate – Linked to AWPLR, review monthly)	Quarterly	Negative Pledged	–	1,000,000,000
Singer (Sri Lanka) PLC	Hatton National Bank PLC (Variable Rate – Linked to AWPLR, review quarterly)	Quarterly	Negative Pledged	–	500,000,000
Singer (Sri Lanka) PLC	Sampath Bank PLC (Variable Rate – Linked to AWPLR, review monthly)	Quarterly	Negative pledged over the fixed assets of the Company	–	750,000,000
Singer (Sri Lanka) PLC	Sampath Bank PLC (Variable Rate – Linked to AWPLR, review monthly)	Quarterly	Negative Pledged	250,000,000	1,250,000,000
Singer (Sri Lanka) PLC	Hatton National Bank PLC (Variable Rate – Linked to AWPLR, review monthly)	Quarterly	Clean basis	1,750,000,000	–
Singer Finance (Lanka) PLC	Seylan Bank PLC (Fixed rate)	Monthly	Lease Receivables	183,460,000	283,420,000
Singer Finance (Lanka) PLC	Bank of Ceylon (Variable Rate – Linked to AWPLR)	Monthly	Lease Receivables	258,333,314	358,333,322
Singer Finance (Lanka) PLC	Commercial Bank of Ceylon PLC (Fixed rate)	Quarterly	Lease Receivables	110,000,000	230,000,000
Singer Finance (Lanka) PLC	Seylan Bank PLC (Fixed rate)	Quarterly	Lease Receivables	625,000,000	–
Singer Finance (Lanka) PLC	Nation Trust Bank PLC (Fixed rate)	Quarterly	Lease Receivables	332,000,000	–
				4,508,793,314	6,371,753,322

## 25.4 Securitisation Loans Consolidated

	As At 1st April 2020	New Issues/ Accrued Interest	Redemption	As At 31st March 2021
Securitisation Loans	2,205,780,000	3,359,066,575	(1,743,895,337)	3,820,951,238
<b>Total</b>	2,205,780,000	3,359,066,575	(1,743,895,337)	3,820,951,238

## (a) Securitisation Loans

Company	Lender/Rate of Interest (p.a)	Repayment	Security	As at 31st March 2021	As at 31st March 2020
Singer Finance (Lanka) PLC	Hatton National Bank PLC	Structured	Lease Receivables	877,903,363	270,000,000
Singer Finance (Lanka) PLC	Hatton National Bank PLC	Quarterly	Lease Receivables	224,127,724	682,500,000
Singer Finance (Lanka) PLC	Hatton National Bank PLC	Monthly	Lease Receivables	2,087,852,041	1,253,280,000
Singer Finance (Lanka) PLC	National Savings Bank	Structured	Lease Receivables	631,068,110	–
				3,820,951,238	2,205,780,000

## 25.5 Bank Facilities – Consolidated

	As at 31st March 2021		As at 31st March 2020	
	Utilised Rs.	Total Facility Rs.	Utilised Rs.	Total Facility Rs.
Overdrafts	1,715,350,573	3,800,000,000	2,480,081,281	3,640,000,000
Term Loans	4,508,793,314	8,954,000,000	6,371,753,322	8,901,000,000
Short-term Loans	9,089,677,479	22,331,000,000	18,844,331,235	23,892,383,619
<b>Total Debt Facility</b>	<b>15,313,821,366</b>	<b>35,085,000,000</b>	27,696,165,838	36,433,383,619
Guarantees	5,268,113,810	9,250,300,000	1,654,757,138	2,010,300,000
Letter of Credits	14,710,597,571	17,234,000,000	3,063,475,427	8,747,642,631
<b>Total Debt and Other Facilities</b>	<b>35,292,532,747</b>	<b>61,569,300,000</b>	32,414,398,403	47,191,326,250

## 25.6 Interest-Bearing Loans and Borrowings – Company

As at 31st March	2021 Amount Repayable Within 1 Year Rs.	2021 Amount Repayable After 1 Year Rs.	2021 Total Rs.	2020 Amount Repayable Within 1 Year Rs.	2020 Amount Repayable After 1 Year Rs.	2020 Total Rs.
Debentures (Note 25.7)	655,976,174	–	655,976,174	–	654,765,222	654,765,222
Bank Loans (Note 25.8 a, b)	7,450,079,874	3,000,000,000	10,450,079,874	12,500,435,262	5,500,000,000	18,000,435,262
	8,106,056,048	3,000,000,000	11,106,056,048	12,500,435,262	6,154,765,222	18,655,200,484
Accrued Interest	26,664,479	–	26,664,479	106,921,976	–	106,921,976
	8,132,720,527	3,000,000,000	11,132,720,527	12,607,357,238	6,154,765,222	18,762,122,460

## 25.7 Debentures – Company

	As At 1st April 2020 Rs.	New Issues Rs.	Redemption Rs.	As At 31st March 2021 Rs.
Fixed rate, Senior, Listed, Unsecured, Redeemable, Rated Debentures Redeemable on 28th September 2021	656,800,000	–	–	656,800,000
Transaction Cost	(2,034,778)	–	1,210,952	(823,826)
	654,765,222	–	1,210,952	655,976,174

## 25.8 Bank Loans – Company

	As at 1st April 2020 Rs.	Loan Obtained Rs.	Repayment Rs.	As at 31st March 2021 Rs.
<b>(a) Bank Loans Repayable within One Year</b>				
Bank Loans, Short-term Loans and Current Portion of Long-term Loans	12,500,435,262	14,151,279,534	(19,201,634,922)	7,450,079,874
	12,500,435,262	14,151,279,534	(19,201,634,922)	7,450,079,874

The bank loans repayable within one year consist of short-term loans and current portion of long-term loans obtained from Hatton National Bank PLC, Nations Trust Bank PLC, Commercial Bank of Ceylon PLC and Sampath Bank PLC. These loans bears interest rate between 5.0% to 8.5% and due for settlement at maturity and quarterly payments.



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## (b) Bank Loans Repayable After One Year

Lender	Repayment	Security	As at 31st March 2021 Rs.	As at 31st March 2020 Rs.
Commercial Bank of Ceylon PLC (Variable Rate – Linked to AWPLR, review monthly)	Quarterly	Negative Pledged	–	1,000,000,000
Commercial Bank of Ceylon PLC (Fixed rate)	Quarterly	Negative Pledged	1,000,000,000	2,000,000,000
Hatton National Bank PLC (Variable Rate – Linked to AWPLR, review quarterly)	Quarterly	Negative Pledged	–	500,000,000
Hatton National Bank PLC (Variable Rate – Linked to AWPLR, review monthly)	Quarterly	Clean basis	1,750,000,000	–
Sampath Bank PLC (Variable Rate – Linked to AWPLR, review monthly)	Quarterly	Negative Pledged over fixed assets of the Company	–	750,000,000
Sampath Bank PLC (Variable Rate – Linked to AWPLR, review monthly)	Quarterly	Negative Pledged	250,000,000	1,250,000,000
			3,000,000,000	5,500,000,000

## 25.9 Bank Facilities – Company

	As at 31st March 2021		As at 31st March 2020	
	Utilised Rs.	Total Facility Rs.	Utilised Rs.	Total Facility Rs.
Overdraft	1,321,739,185	2,240,000,000	1,501,382,120	2,240,000,000
Term Loans	3,000,000,000	3,000,000,000	5,500,000,000	5,500,000,000
Short-term Loans and Current Portion of Long-term Loans	7,450,079,874	15,690,000,000	12,500,435,262	19,538,383,619
<b>Total Debt Facility</b>	<b>11,771,819,059</b>	<b>20,930,000,000</b>	19,501,817,382	27,278,383,619
Guarantees	2,731,598,451	3,000,000,000	1,654,457,138	2,010,000,000
Letter of Credit	14,169,634,220	16,110,000,000	2,452,166,196	7,630,000,000
<b>Total Debt and Other Facilities</b>	<b>28,673,051,730</b>	<b>40,040,000,000</b>	23,608,440,716	36,918,383,619

## 26. Deferred Tax Assets/(Liabilities)

### 26.1 Net Deferred Tax Assets

As at 31st March	Note	Consolidated		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Deferred Tax Assets		873,745,505	825,416,251	832,572,959	773,456,037
Deferred Tax Liabilities		(376,416,379)	(669,682,472)	–	–
<b>Net Deferred Tax Assets</b>	26.2	<b>497,329,126</b>	155,733,779	<b>832,572,959</b>	773,456,037

## 26.2 Deferred Tax

As at 31st March	Note	Consolidated		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance at the Beginning of the Year		155,733,779	(246,869,202)	773,456,044	264,757,033
Amount (Originating)/Reversal During the year – Recognised in Profit or Loss	9.2	151,450,267	188,638,976	12,294,400	296,087,096
Amount (Originating)/Reversal During the year – Recognised in Statement of Other Comprehensive Income	9.4	(2,753,935)	(8,495,062)	(2,907,875)	(5,647,853)
Deferred Tax Impact of Realisation of Revaluation Surplus	9.2	5,307,922	6,192,583	5,307,922	6,192,583
Deferred Tax relating to impact on Income tax rate changed	9.4	193,589,992	–	44,422,468	–
Deferred tax adjustment on SLFRS 16 initial adoption		–	215,853,239	–	212,067,178
Deferred Tax Impact on Unrealised Profit in Inventory	9.2	(5,998,899)	413,245	–	–
<b>Balance as at the End of the Year</b>		<b>497,329,126</b>	<b>155,733,779</b>	<b>832,572,959</b>	<b>773,456,037</b>

**26.2.1** Please refer the Note 9.3 for the applicable tax rates in computing deferred tax assets/liabilities.

**26.3** Deferred 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 tax relate to the same fiscal authority.

### 26.3.1 Consolidated

	As at 31st March 2021		As at 31st March 2020	
	Assets Rs.	Liabilities Rs.	Assets Rs.	Liabilities Rs.
<b>(a) Composition of Deferred Tax Asset</b>				
Property, Plant and Equipment	–	862,633,434	–	1,347,321,355
Intangible Assets	–	29,370,203	–	36,063,094
Tax Losses	9,129,217	–	4,523,248	–
Provision on Inventory	373,775,710	196,976	290,855,407	–
Provision on Receivables	691,435,188	–	759,479,202	–
Employee Benefit Obligations	195,184,680	–	251,817,189	–
Provision for Warranty	35,720,556	–	64,453,546	–
Lease Receivables	–	74,298,305	–	–
Net of ROU Asset and Lease Liability	158,582,693	–	167,989,636	–
	1,463,828,044	966,498,918	1,539,118,228	1,383,384,449
<b>Net Deferred Tax Asset</b>	<b>–</b>	<b>497,329,126</b>	<b>–</b>	<b>155,733,779</b>

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## 26.3.2 Company

	As at 31st March 2021		As at 31st March 2020	
	Assets Rs.	Liabilities Rs.	Assets Rs.	Liabilities Rs.
<b>(a) Composition of Deferred Tax Asset</b>				
Property, Plant and Equipment	-	395,776,328	-	663,621,554
Intangible Assets	-	20,386,660	-	18,584,063
Provision on Inventory	286,959,200	-	268,232,176	-
Provision on Receivables	645,526,081	-	638,247,235	-
Employee Benefit Obligations	157,113,403	-	178,271,373	-
Net of ROU Asset and Lease Liability	131,495,266	-	308,611,065	-
Provision for Warranty	27,641,997	-	62,299,805	-
	1,248,735,947	416,162,988	1,455,661,654	682,205,617
<b>Net Deferred Tax Asset</b>	<b>832,572,959</b>	<b>-</b>	<b>773,456,037</b>	<b>-</b>

## 27. Employee Benefit Obligations

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Present Value of Unfunded Gratuity	946,775,019	900,984,244	654,639,183	636,683,474
<b>Provision for Employee Benefit Obligations</b>				
At the Beginning of the Year	900,984,244	871,971,129	636,683,474	630,757,966
Adjustment Due to Transfer of Employees out of the Company	-	-	(6,113,300)	(95,298)
Adjustment Due to Transfer of Employees in to the Company	-	-	172,840	-
Actuarial Gain on Employee Benefit Obligations	(3,705,948)	(30,476,732)	(4,187,734)	(20,170,902)
Current Service Costs	63,043,886	58,331,419	42,307,190	40,252,655
Interest Costs	90,098,424	95,916,780	63,668,347	69,383,333
	1,050,420,606	995,742,596	732,530,817	720,127,754
Benefits Paid During the Year	(103,645,587)	(94,758,352)	(77,891,634)	(83,444,280)
<b>At the End of the Year</b>	<b>946,775,019</b>	<b>900,984,244</b>	<b>654,639,183</b>	<b>636,683,474</b>

**27.1** The Group and Company maintains a non-contributory defined benefit plan providing for gratuity benefits payable to employees who will get eligible upon their retirement and resignation.

**27.2** As at 31st March 2021, the gratuity liability was actuarial valued under the Projected Unit Credit (PUC) method by a professionally qualified actuary, Mr. Pushpakumar Gunasekara of Smiles Global (Private) Limited, who is a qualified Actuary and an Associate of the Institute of Actuaries of Australia (AIAA).

## 27.3 Following key assumptions were made in arriving at the above figures:

	2021	2020
<b>(a) Rate of Discount</b>	<b>8.0% p.a. (net of tax)</b>	10.0% p.a. (net of tax)
	Change in economic environment causes an increase in corporate bond yields which is used as the discount rate for valuation will decrease the value of liabilities and vice versa	
<b>(b) Salary Escalation Rate</b>	<b>7%</b>	9%
	Salary escalation rates higher than expected will cause the value of liabilities to increase	
<b>(c) Retirement Age</b>		
All Staff Members (Other than Factory Non-management Staff)	<b>60 years</b>	60 years
Branch Managers	<b>55 years</b>	55 years
Other Factory Non-management Staff	<b>50-60 years</b>	60 years

## (d) Staff Withdrawal Rates

	2021 %	2020 %
Singer (Sri Lanka) PLC (Branch/Other staff)	<b>21 and 13</b>	8 – 10
Singer (Sri Lanka) PLC – Factory	<b>4</b>	4
Singer Finance (Lanka) PLC	<b>16</b>	16
Regnis (Lanka) PLC	<b>4</b>	4
Regnis Appliances (Private) Limited	<b>3</b>	6
Singer Digital Media (Private) Limited	<b>5</b>	9
Singer Industries (Ceylon) PLC	<b>5</b>	4

Withdrawal rates higher than expected will cause employee's withdrawing their benefits early and hence the value of liabilities to increase.

## (e) Distribution of Employee Benefit Obligation over Future Working Lifetime

	Consolidated		Company	
As at 31st March	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Less than or Equal One Year	<b>84,370,353</b>	75,289,344	<b>60,171,917</b>	48,102,691
Over One Year and Less than or Equal Five Years	<b>276,151,719</b>	235,740,425	<b>193,068,423</b>	164,184,362
Over Five year and Less than or Equal 10 Years	<b>549,091,449</b>	556,204,223	<b>387,575,002</b>	412,083,369
Over 10 Years	<b>37,161,498</b>	33,750,252	<b>13,823,841</b>	12,313,052
	<b>946,775,019</b>	900,984,244	<b>654,639,183</b>	636,683,474

(f) Assumptions regarding future mortality are based on A1967/70 ultimate Mortality Table, issued by the Institute of Actuaries, London. The demographic assumptions underline valuation are with respect to retirement age, early withdrawal from service and retirement on medical grounds.

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**27.4** The expense and actuarial gain so recognised are included in following lines of Selling and Administrative expenses in the Statement of Profit or Loss and Other Comprehensive Income respectively.

For the year ended 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Cost of Sales	40,149,494	41,108,681	12,489,369	12,264,082
Selling and Administration Expenses	112,992,816	113,139,518	93,486,168	97,371,906
	153,142,310	154,248,199	105,975,537	109,635,988
Other Comprehensive Income	3,705,948	30,476,732	4,187,734	20,170,902

## 27.5 Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the employee benefit obligation by the amounts shown below:

	Consolidated		Company	
	As at 31st March 2021		As at 31st March 2021	
	Increase Rs.	Decrease Rs.	Increase Rs.	Decrease Rs.
Discount Rate (1% Movement)	(42,982,053)	47,384,713	(28,865,859)	31,740,217
Future Salary (1% Movement)	48,055,897	(44,352,342)	32,614,826	(30,177,728)

## 28. Security Deposits

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance at the Beginning of the Year	1,394,610,994	1,388,433,021	1,329,962,876	1,332,128,051
Contribution During the Year	232,396,521	181,130,303	153,081,216	152,061,844
Interest Charges During the Year (Note 7)	149,496,123	161,823,651	141,090,996	155,610,640
Recoveries	(209,045,519)	(193,401,965)	(209,045,519)	(193,401,965)
Security Deposits Releases During the Year	(200,893,098)	(143,374,016)	(121,345,479)	(116,435,694)
<b>Balance at the End of the Year</b>	<b>1,366,565,021</b>	<b>1,394,610,994</b>	<b>1,293,744,090</b>	<b>1,329,962,876</b>

## 29. Trade and other Payables

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Trade Payables	15,273,884,064	7,080,505,067	10,804,031,580	4,789,904,770
MSPS Payables	40,655,193	70,894,597	40,296,781	70,543,858
ETF Payables	9,339,588	16,197,192	9,288,640	16,099,864
Advances Received from Customers	303,084,190	412,425,658	258,176,653	393,827,357
Accrued Expenses	2,006,815,052	984,417,773	1,769,312,997	898,745,852
Other Payables	921,231,384	597,862,652	495,353,731	326,802,330
Warranty Provisions (Note 29.1)	199,796,318	159,381,022	183,134,806	140,908,999
	18,754,805,789	9,321,683,961	13,559,595,188	6,636,833,030



## 29.1 Warranty Provision

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance at the beginning of the year	240,971,352	344,045,287	222,499,329	296,980,873
Provision made during the year	182,464,872	(654,059)	166,782,927	9,197,639
Utilised during the year	(81,226,462)	(102,419,876)	(63,734,006)	(83,679,183)
<b>Balance at the end of the year</b>	<b>342,209,762</b>	<b>240,971,352</b>	<b>325,548,250</b>	<b>222,499,329</b>

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Due after one year	142,413,444	81,590,330	142,413,444	81,590,330
Due within one year	199,796,318	159,381,022	183,134,806	140,908,999
	<b>342,209,762</b>	<b>240,971,352</b>	<b>325,548,250</b>	<b>222,499,329</b>

Warranty provisions have been recognised for expected warranty claims on products based on the historical claims. Refer the accounting policies in Note 2.6.1.

## 30. Deferred Revenue

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance as at beginning of the year	266,561,649	273,973,058	259,449,432	268,463,080
Amounts recognised during the year	220,609,525	151,069,331	183,093,831	162,278,117
Amounts transferred during the year	(170,488,083)	(158,480,740)	(151,465,321)	(171,291,765)
<b>Balance as at the end of the year</b>	<b>316,683,091</b>	<b>266,561,649</b>	<b>291,077,942</b>	<b>259,449,432</b>
Due within one year	209,074,759	174,836,880	183,469,610	167,724,663
Due after one year	107,608,332	91,724,769	107,608,332	91,724,769

**30.1** Deferred revenue includes deferred service fee on air conditioners, Sanasuma Extended Warranty Scheme, amount deferred on motorbike services income and Deferred Loyalty Scheme as at 31st March 2021.

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## 31. Income Tax Receivables/Payables

### 31.1 Income Tax Receivables

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
At the end of the year	17,118,814	579,571,280	–	401,786,969

### 31.2 Income Tax Payables

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Income Tax Payables</b>				
Balance as at Beginning of the Year	(349,991,650)	(70,953,640)	(401,786,969)	(240,187,686)
Charges for the Year (Note 9)	1,310,528,397	459,087,871	841,720,257	148,339,472
(Over)/under Provision in respect of previous years (Note 9)	50,716,370	(80,393,237)	55,755,730	(14,485,504)
Payments made during the Year	(749,426,056)	(657,732,644)	(470,480,000)	(295,453,251)
Tax credits received	(882,432)	–	–	–
<b>Net Income Tax Payable/(Recoverable)</b>	<b>260,944,629</b>	<b>(349,991,650)</b>	<b>25,209,018</b>	<b>(401,786,969)</b>
Income Tax Recoverable	(17,118,814)	(579,571,280)	–	(401,786,969)
<b>At the end of the Year</b>	<b>278,063,443</b>	<b>229,579,630</b>	<b>25,209,018</b>	<b>–</b>

## 32. Dividend Payables

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Unclaimed Dividends	132,672,420	123,813,837	58,822,197	39,150,190
	132,672,420	123,813,837	58,822,197	39,150,190

## 33. Dividends

As at 31st March	Company	
	2021 Rs.	2020 Rs.
<b>Ordinary Shares</b>		
1st Interim Dividend 2020/21 – Rs. 0.80 (2019/20 – Rs. 0.25) (Pre subdivision of shares)	300,503,064	93,907,208
2nd Interim Dividend 2020/21 – Rs. 0.20 (Pre subdivision of shares)	75,125,766	–
3rd Interim Dividend 2020/21 – Rs. 0.30 (Post subdivision of shares)	338,065,947	–
	713,694,777	93,907,208
Dividend per share (Rs.)	0.63	0.08

Dividend per share as at 31st March 2020 has been adjusted based on post subdivision of three ordinary shares for one ordinary share held. Please refer the Note 21.1 for share subdivision details.

## 33.1 Compliance with Section 56 and 57 of Companies Act, No. 07 of 2007

As required by Section 56 of the Companies Act, No. 07 of 2007, the Board of Directors of the Company satisfied the solvency test in accordance with Section 57, prior to recommending the interim dividend for the Financial Year 2020/21. A statement of solvency completed and duly signed by the Directors on 31st March 2021 has been audited by Messrs KPMG, Chartered Accountants.

## 34. Amounts Due to Related Parties

### 34.1 Amounts Due to Related Parties – Trade

As at 31st March	Relationship	Consolidated		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Hayleys PLC	Parent Company	–	15,673,548	–	9,374,869
Singer Industries (Ceylon) PLC	Subsidiary Company	–	–	98,475,744	29,789,146
Regnis (Lanka) PLC	Subsidiary Company	–	–	556,451,268	342,219,157
Regnis Appliances (Private) Limited	Subsidiary Company	–	–	177,205,898	90,990,291
Reality Lanka Limited	Subsidiary Company	–	–	9,505,167	2,981,059
Singer Finance (Lanka) PLC	Subsidiary Company	–	–	–	184,150,084
Singer Business School (Private) Limited	Subsidiary Company	–	–	6,175,711	4,988,418
Singer Digital Media (Private) Limited	Subsidiary Company	–	–	3,084,540,316	2,543,075,244
Hayleys Travels (Private) Limited	Fellow subsidiary	–	13,186,824	–	13,186,824
Toyo Cushion Lanka (Private) Limited	Fellow subsidiary	29,048,843	25,675,558	29,048,843	25,675,558
DPL Universal Gloves (Private) Limited	Fellow subsidiary	–	511,506	–	511,506
COSCO Shipping Lines Lanka (Private) Limited	Fellow subsidiary	–	210,183	–	210,183
Fentons Limited	Fellow subsidiary	45,547,783	58,717	45,506,943	58,717
Energynet (Private) Limited	Fellow subsidiary	1,158,850	22,658,958	1,158,850	22,658,958
Logiwiz Limited	Fellow subsidiary	57,051,334	45,645,785	57,051,334	45,645,785
Creative Polymats (Private) Limited	Fellow subsidiary	49,447,466	5,188,331	49,447,466	5,188,331
Hayleys Business Solutions International (Private) Limited	Fellow subsidiary	222,144	–	155,157	–
Hayleys Aventura (Private) Limited	Fellow subsidiary	15,268,524	–	15,268,524	–
Advantis Freight (Private) Limited	Fellow subsidiary	52,341,218	–	48,190,024	–
Advantis Projects & Engineering (Private) Limited	Fellow subsidiary	322,380	–	322,380	–
Mountain Hawk Express (Private) Limited	Fellow subsidiary	1,105,907	–	1,105,907	–
IML Delivery Systems (Private) Limited	Fellow subsidiary	23,127,809	–	23,127,809	–
Sri Lanka Shipping Company Limited	Fellow subsidiary	4,257,332	–	4,257,332	–
Ravi Industries (Private) Limited	Fellow subsidiary	6,125,689	–	315,001	–
Puritas (Private) Limited	Fellow subsidiary	1,803,882	–	1,803,882	–
Vallibel One PLC	Other Related Company	16,031,907	11,274,390	16,031,907	11,274,390
		302,861,068	140,083,800	4,225,145,463	3,331,978,520

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## 34.2 Amounts Due to Related Parties – Non-trade

As at 31st March	Relationship	Consolidated		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Hayleys PLC	Parent Company	38,442,953	65,316,759	34,080,801	65,316,759
Hayleys Advantis Limited	Fellow subsidiary	–	9,281,915	–	9,281,915
Volanka (Private) Limited	Fellow subsidiary	–	2,898,936	–	2,898,936
Hayleys Aventura (Private) Limited	Fellow subsidiary	–	2,632,979	–	2,632,979
Carbotels (Private) Limited	Fellow subsidiary	–	2,420,214	–	2,420,214
Hayleys Agriculture Holdings Limited	Fellow subsidiary	–	2,367,021	–	2,367,021
Mr. K.D.D. Perera	Key Management Personnel (KMP)	–	1,733,978	–	1,733,978
		38,442,953	86,651,802	34,080,801	86,651,802
<b>Total</b>		<b>341,304,021</b>	<b>226,735,602</b>	<b>4,259,226,264</b>	<b>3,418,630,322</b>

## 35. Other Financial Liabilities/(Assets)

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Deposits from Customers (Note 35.1)	10,465,197,791	7,014,086,125	–	–
Derivative Financial Liabilities (Note 35.2)	–	(27,087,623)	–	(27,087,623)
	10,465,197,791	6,986,998,502	–	(27,087,623)
<b>Deposits from Customers</b>				
Due within One Year	8,374,066,041	5,034,997,425		
Due after One Year	2,091,131,750	1,979,088,700		
<b>35.1 Deposits from Customers</b>				
Balance at the Beginning of the Year	7,014,086,125	5,953,023,001		
New Deposits	6,217,752,990	4,632,801,000		
Capitalisation of Interest	366,710,862	406,081,440		
	13,598,549,977	10,991,905,441		
Repaid Deposits	(3,116,851,859)	(3,959,146,000)		
Less: Investment in Fixed Deposits in Subsidiary	(16,500,327)	(18,673,316)		
Balance at the End of the Year	10,465,197,791	7,014,086,125		
Payable Within One Year	8,374,066,041	5,034,997,425		
Payable After One Year	2,091,131,750	1,979,088,700		
<b>Deposit Classification</b>				
Fixed Deposits at Amortised Cost	10,345,538,964	6,916,751,596		
Saving Deposits	119,658,827	97,334,529		
	10,465,197,791	7,014,086,125		

## 35.2 Derivative Financial Liabilities/(Assets)

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Fair Value of Cross Currency Interest SWAP	-	(27,087,623)	-	(27,087,623)
<b>Derivative Financial Asset Net Movement</b>				
Balance as at Beginning of the Year	(27,087,623)	(85,648,063)	(27,087,623)	(85,648,063)
Change in Fair Value of Derivative Asset recognised in Statement of profit or Loss	27,087,623	58,560,440	27,087,623	58,560,440
Balance as at End of the Year	-	(27,087,623)	-	(27,087,623)

During the period 2017/18, the Company had entered into a borrowing contract with Standard Chartered Bank (Mauritius) Limited to borrow a USD 10 million loan and agreed to repay the loan in USD at an interest rate of 3 Months LIBOR+3.5%. In order to mitigate the currency and interest rate risks, Company had entered to a separate cross currency interest rate SWAP with Standard Chartered Bank (Sri Lanka) Limited and accordingly fixed the payments in Sri Lankan rupees.

Derivative liabilities include the fair value of cross currency SWAP as at 31st March 2020 which has been fully settled during the period 2020/21.

## 36. Financial Instruments

### Financial Risk Management

#### Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

The note presents information about Group's exposure to each of above risks, the Group's objectives, policies and processes measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout these Consolidated Financial Statements.

### Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risks limits and controls and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors oversees how management monitor compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Company's Directors are assisted in their oversight role by internal audit. Internal audit undertakes both regular and *ad hoc* reviews of the risk management controls and producers, the result of which are reported to the Company's Directors.

### Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade and other receivables.

### Government Securities

Singer Finance Lanka PLC maintain assets in Sri Lanka Government Treasury Bills, Sri Lanka Government Securities and the Central Bank of Sri Lanka securities equivalent to 5% of the average of its month end total deposit liabilities and borrowings of 12 months of the proceeding financial year as per the Direction No. 02 of 2020, Amendments to the Directions on Liquid Assets.



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## Trade and Other Receivables

The Group's exposure to credit risk relates to sale of products on instalment credit/hire purchase which is an integral part of the business of the Group.

The Group's exposure to credit risk on instalment credit/hire purchase contracts is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risks of the country in which customers reside, has a lesser influence on credit risk.

Geographically, there is no concentration of credit risk. Goods are sold, subject to collateral undertakings so that in the event of non-payment, the Group can have a secured claim. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposure and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

## Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

## Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposure within the acceptable parameters, while optimising the return.

## Currency Risk

The Group is exposed to currency risk on purchases that are denominated in a currency other than the respective financial currencies of Group entities. The currency in which these transactions primarily are denominated in US Dollars. The currency risk is limited by the short-term nature of the period between the dates of the purchase and settlements of the related liability.

## Interest Rate Risk

The Group manages interest rate risk on borrowings by using a combination of fixed and floating interest rate.

## Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risks is assigned to Senior Management within each business unit. This responsibility is supported by the development of overall Group standards for the managements of operational risk in the following areas:

- Requirements for the appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by internal audit. The results of internal audit reviews are discussed with the management of the business unit to which they relate, Senior Management of the Group and the Board of Directors.

## Credit Risk

### Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the Reporting date was:

As at 31st March	Carrying Amount – Consolidated		Carrying Amount – Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Trade and Other Receivables	35,838,778,497	34,888,813,641	13,768,019,952	13,257,418,438
Cash at Bank	1,868,858,699	629,294,907	783,541,083	394,858,144
Amounts due from Related Parties	10,820,197	33,426,043	38,813,530	32,055,166
Loans due from Related Parties	–	–	–	446,000,000
Other Financial Assets	838,251,763	834,038,047	24,948,407	617,110,000
Deposits at Bank	60,934,822	101,393,805	–	–
	38,617,643,978	36,486,966,443	14,615,322,972	14,747,441,748

The Maximum exposure to credit risk for receivables at the reporting date by type of counterparty was:

As at 31st March	Carrying Amount – Consolidated		Carrying Amount – Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Retail Customers	28,315,831,848	28,088,097,825	7,225,287,851	7,930,531,582
Wholesale Customers	4,368,998,155	4,589,794,987	4,141,268,428	3,618,533,676
Others	3,153,948,494	2,210,920,829	2,401,463,673	1,708,353,180
<b>Total</b>	35,838,778,497	34,888,813,641	13,768,019,952	13,257,418,438

### Impairment Analysis

The aging of receivables at the reporting date:

Group	As at 31st March 2021			As at 31st March 2020		
	Gross Rs.	Impairment Rs.	Net Receivable Rs.	Gross Rs.	Impairment Rs.	Net Receivable Rs.
Not Past due	24,719,088,697	(274,620,289)	24,444,468,408	20,570,202,742	(48,338,529)	20,521,864,213
Past due 0 - 30 Days	3,860,711,508	(105,467,219)	3,755,244,289	7,959,641,523	(115,053,573)	7,844,587,950
Past due 31 - 120 Days	4,997,052,771	(342,963,343)	4,654,089,428	5,758,483,241	(226,353,696)	5,532,129,545
Past due more than 120 Days	6,243,151,199	(3,258,174,827)	2,984,976,372	3,776,937,750	(2,786,705,817)	990,231,933
<b>Total</b>	39,820,004,175	(3,981,225,678)	35,838,778,497	38,065,265,256	(3,176,451,615)	34,888,813,641

Company	As at 31st March 2021			As at 31st March 2020		
	Gross Rs.	Impairment Rs.	Net Receivable Rs.	Gross Rs.	Impairment Rs.	Net Receivable Rs.
Not Past due	11,279,289,558	(168,688,956)	11,110,600,602	8,350,570,404	(27,304,115)	8,323,266,289
Past due 0 - 30 Days	609,153,817	(55,626,200)	553,527,617	3,437,859,673	(81,041,148)	3,356,818,525
Past due 31 - 120 Days	856,353,516	(188,028,513)	668,325,003	1,316,619,778	(113,013,835)	1,203,605,943
Past due more than 120 Days	3,712,915,099	(2,277,348,369)	1,435,566,730	2,431,822,994	(2,058,095,313)	373,727,681
<b>Total</b>	16,457,711,990	(2,689,692,038)	13,768,019,952	15,536,872,849	(2,279,454,411)	13,257,418,438

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The movement in the allowance for impairment in respect of receivables during the year was as follows:

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance at the Beginning of the Year	3,176,451,615	2,347,586,645	2,279,454,411	1,653,759,397
Impairment Loss Recognised	920,008,346	1,001,644,167	459,524,068	633,024,494
Amounts Written-off	(115,234,283)	(182,779,197)	(49,286,441)	(7,329,480)
<b>Balance at the End of the Year</b>	<b>3,981,225,678</b>	<b>3,176,451,615</b>	<b>2,689,692,038</b>	<b>2,279,454,411</b>

Total impairment for the year resulted from following counterparties.

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Impairment for Hire Purchase Debtors	263,401,067	84,119,843	258,041,319	77,671,350
Impairment for Lease Rental Receivables	624,892,836	349,994,251	–	–
Impairment for Loan Receivables	551,415,881	406,618,643	–	–
Impairment for Trade Receivables	956,310,207	921,466,193	848,266,908	789,352,248
Impairment for Other Receivables	1,585,205,687	1,414,252,685	1,583,383,811	1,412,430,813
<b>Total</b>	<b>3,981,225,678</b>	<b>3,176,451,615</b>	<b>2,689,692,038</b>	<b>2,279,454,411</b>

A committee respective functional managers groups established a credit policy under which each new customer is analysed individually for credit worthiness before the Group's standard payment and delivery terms and conditions offered for wholesale customers, sale limits are established for each customer and reviewed periodically. Any sales exceeding these limits require approvals from Directors based on amount enhanced.

The Group establishes an allowance for impairment that represent its estimate of expected credit losses in respect of trade and other receivables.

All bank deposits and current accounts maintained at licensed commercial banks, which are subject to close supervision of Central Bank.

All related party receivables are from Subsidiary and fellow subsidiary companies which are controlled by the same Board of Directors of Singer (Sri Lanka) PLC.

Group has done no investments in debt securities as at 31st March 2021.

## Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Group	Carrying Amount Rs.	Contractual Cash Flows Rs.	6 Months or Less Rs.	6-12 Months Rs.	1-2 Years Rs.	2-5 Years Rs.	More than 5 Years Rs.
As at 31st March 2021							
<b>Non-derivative Financial Liabilities</b>							
Secured Bank Loans	3,148,390,919	3,355,908,827	1,206,254,132	384,177,179	1,551,413,707	214,063,809	-
Unsecured Bank Loans	10,450,079,874	11,100,976,860	5,453,453,162	2,497,780,000	2,381,674,657	768,069,041	-
Unsecured Debenture Issues	655,976,174	695,884,099	695,884,099	-	-	-	-
Secured Debenture Issues	1,106,774,681	1,389,426,126	-	-	1,389,426,126	-	-
Bank Overdrafts	1,715,350,573	1,715,350,573	1,715,350,573	-	-	-	-
Securitisation Loans	3,820,951,238	4,398,794,444	1,430,192,168	850,669,923	917,717,713	1,200,214,640	-
Lease Liability	4,994,013,307	4,994,013,307	343,210,643	343,210,643	664,244,370	1,922,853,838	1,720,493,813
Trade and Other Payables	18,897,219,233	18,897,219,233	18,754,805,789	142,413,444	-	-	-
Public Deposits	10,465,197,791	11,030,660,567	4,131,607,071	4,445,682,662	1,687,915,778	748,445,403	17,009,653
<b>Total</b>	<b>55,253,953,790</b>	<b>57,578,234,036</b>	<b>33,730,757,637</b>	<b>8,663,933,851</b>	<b>8,592,392,351</b>	<b>4,853,646,731</b>	<b>1,737,503,466</b>
<b>Derivative Financial Liabilities</b>							
Interest Rate SWAP	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Group	Carrying Amount Rs.	Contractual Cash Flows Rs.	6 Months or Less Rs.	6-12 Months Rs.	1-2 Years Rs.	2-5 Years Rs.	More than 5 Years Rs.
As at 31st March 2020							
<b>Non-derivative Financial Liabilities</b>							
Secured Bank Loans	3,652,979,100	4,058,459,779	2,983,226,453	203,480,004	629,920,016	241,833,306	-
Unsecured Bank Loans	21,563,105,457	23,239,173,611	12,616,193,816	4,679,553,767	4,621,382,466	1,322,043,562	-
Unsecured Debenture Issues	654,765,222	774,700,099	39,515,967	39,300,033	695,884,099	-	-
Secured Debenture Issues	1,489,740,766	2,390,223,505	2,390,223,505	-	-	-	-
Bank Overdrafts	2,480,081,281	2,480,081,281	2,480,081,281	-	-	-	-
Securitisation Loans	2,205,780,000	2,584,738,480	892,458,479	543,800,000	1,148,480,000	-	-
Lease Liability	4,818,957,156	4,818,957,156	272,147,127	272,147,126	786,636,796	2,359,910,387	1,128,115,720
Trade and Other Payables	9,403,274,291	9,403,274,291	9,321,683,961	81,590,330	-	-	-
Public Deposits	7,014,086,125	7,875,152,391	4,282,032,154	2,366,456,833	503,372,337	707,912,882	15,378,185
<b>Total</b>	<b>53,282,769,398</b>	<b>57,624,760,593</b>	<b>35,277,562,743</b>	<b>8,186,328,093</b>	<b>8,385,675,714</b>	<b>4,631,700,137</b>	<b>1,143,493,905</b>
<b>Derivative Financial Liabilities</b>							
Interest Rate SWAP	(27,087,623)	(27,087,623)	(27,087,623)	-	-	-	-
<b>Total</b>	<b>(27,087,623)</b>	<b>(27,087,623)</b>	<b>(27,087,623)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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Company	Carrying Amount Rs.	Contractual Cash Flows Rs.	6 Months or Less Rs.	6-12 Months Rs.	1-2 Years Rs.	2-5 Years Rs.	More than 5 Years Rs.
As at 31st March 2021							
<b>Non-derivative Financial Liabilities</b>							
Unsecured Bank Loans	10,450,079,874	11,004,976,860	5,453,453,162	2,401,780,000	2,381,674,657	768,069,041	-
Unsecured Debenture Issues	655,976,174	695,884,099	695,884,099	-	-	-	-
Lease Liability	4,411,045,329	4,411,045,329	312,023,957	312,023,957	614,989,949	1,667,880,943	1,504,126,523
Trade and Other Payables	13,702,008,630	13,702,008,630	13,559,595,186	142,413,444	-	-	-
Bank Overdrafts	1,321,739,185	1,321,739,185	1,321,739,185	-	-	-	-
<b>Total</b>	<b>30,540,849,192</b>	<b>31,135,654,103</b>	<b>21,342,695,589</b>	<b>2,856,217,401</b>	<b>2,996,664,606</b>	<b>2,435,949,984</b>	<b>1,504,126,523</b>
<b>Derivative Financial Liabilities</b>							
Interest Rate SWAP	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Company	Carrying Amount Rs.	Contractual Cash Flows Rs.	6 Months or Less Rs.	6-12 Months Rs.	1-2 Years Rs.	2-5 Years Rs.	More than 5 Years Rs.
As at 31st March 2020							
<b>Non-derivative Financial Liabilities</b>							
Unsecured Bank Loans	18,000,435,262	19,554,061,039	8,931,081,245	4,679,553,767	4,621,382,465	1,322,043,561	-
Unsecured Debenture Issues	654,765,222	774,700,099	39,515,967	39,300,033	695,884,099	-	-
Lease Liability	4,368,226,693	4,368,226,693	256,250,739	256,250,738	748,500,553	2,245,501,661	861,723,002
Trade and Other Payables	6,718,423,360	6,718,423,360	6,636,833,030	81,590,330	-	-	-
Bank Overdrafts	1,501,382,120	1,501,382,120	1,501,382,120	-	-	-	-
<b>Total</b>	<b>31,243,232,657</b>	<b>32,916,793,311</b>	<b>17,365,063,101</b>	<b>5,056,694,868</b>	<b>6,065,767,117</b>	<b>3,567,545,222</b>	<b>861,723,002</b>
<b>Derivative Financial Liabilities</b>							
Interest Rate SWAP	(27,087,623)	(27,087,623)	(27,087,623)	-	-	-	-
<b>Total</b>	<b>(27,087,623)</b>	<b>(27,087,623)</b>	<b>(27,087,623)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The outflows disclosed in the above table represent the contractual undiscounted cash flows relating to non-derivative financial liabilities held for risk management purposes and which are not closed out before contractual maturity.

## Market Risk Currency Risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

	As at 31st March 2021				As at 31st March 2020	
	USD*	CNY**	EURO***	GBP****	USD*	CNY**
<b>Trade Payables</b>	<b>55,792,607</b>	<b>118,750</b>	<b>8,820</b>	<b>44,645</b>	12,188,635	971,350
<b>Net Exposure</b>	<b>55,792,607</b>	<b>118,750</b>	<b>8,820</b>	<b>44,645</b>	12,188,635	971,350

\* USD - United States Dollars  
\*\* CNY - Chinese Yuan  
\*\*\* EURO - EU Euro  
\*\*\*\* GBP - British pound sterling



The following significant exchange rates have been applied:

	Average Rate		Year end Spot Rate	
	2021	2020	As at 31st March 2021	As at 31st March 2020
USD	188.79	180.28	199.83	189.91
CNY	27.93	25.79	30.32	26.60
EURO	221.37	200.19	233.64	209.42
GBP	248.72	228.63	274.06	234.40

## Sensitivity Analysis

A reasonably possible strengthening (weakening) of the USD, CNY or EURO against all other currencies at reporting date would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or Loss		Equity Net of Tax	
	Strengthening Rs. '000	Weakening Rs. '000	Strengthening Rs. '000	Weakening Rs. '000
<b>2021</b>				
USD (5% Movement)	(557,452)	557,452	(401,365)	401,365
CYN (5% Movement)	(180)	180	(130)	130
EURO (5% Movement)	(103)	103	(74)	74
GBP (5% Movement)	(121)	121	(87)	87
<b>2020</b>				
USD (5% Movement)	(115,735)	115,735	(83,329)	83,329
CYN (5% Movement)	(1,292)	1,292	(930)	930
EURO (5% Movement)	-	-	-	-
GBP (5% Movement)	-	-	-	-

## Interest Rate Risk

### Profile

At the Reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

As at 31st March	Consolidated		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Fixed Rate Instruments</b>				
Financial Assets	28,315,831,848	28,088,097,824	7,225,287,850	8,530,621,582
Financial Liabilities	(16,370,203,989)	(25,299,321,249)	(9,106,879,874)	(15,157,235,262)
	11,945,627,859	2,788,776,575	(1,881,592,024)	(6,626,613,680)
<b>Variable Rate Instruments</b>				
Financial Assets	-	-	-	-
Financial Liabilities	(2,808,799,577)	(4,371,753,222)	(2,000,000,000)	(3,500,000,000)
	(2,808,799,577)	(4,371,753,222)	(2,000,000,000)	(3,500,000,000)

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## Cash Flow Sensitivity for Variable Rate Instruments

A reasonably possible change of 100 basis points in interest rate at the reporting date would have increased (Decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant:

	Profit or Loss		Equity Net of Tax	
	1% Increase Rs. '000	1% Decrease Rs. '000	1% Increase Rs. '000	1% Decrease Rs. '000
<b>31st March 2021</b>				
Variable Rate Instruments	(28,088)	28,088	(21,347)	21,347
Cash Flow Sensitivity (Net)	(28,088)	28,088	(21,347)	21,347
<b>31st March 2020</b>				
Variable Rate Instruments	(43,718)	43,718	(31,477)	31,477
Cash Flow Sensitivity (Net)	(43,718)	43,718	(31,477)	31,477

## Fair Values

### Fair Values Versus Carrying Amounts

The fair values of financial assets and liabilities, together with the carrying amounts in the Balance Sheet, are as follows:

Group	Note	Financial Assets/ Liabilities at FVOCI Rs.	Financial Assets/ Liabilities at Amortised cost Rs.	Financial Liabilities/ Assets at FVTPL Rs.	Other Financial Liabilities Rs.	Total Carrying Value Rs.	Fair Value Rs.	Fair Value Measurement Level
31st March 2021								
Investment in Equity Securities	15.1	24,948,407	-	-	-	24,948,407	24,948,407	Level 3
Hire Purchase Debtors	18	-	7,225,287,851	-	-	7,225,287,851	-	-
Lease Rental Receivables	18	-	8,998,327,556	-	-	8,998,327,556	-	-
Loan Receivables	18	-	1,993,837,558	-	-	1,993,837,558	-	-
Trade Receivables	18	-	4,141,268,428	-	-	4,141,268,428	-	-
Other Receivables	18	-	3,153,948,497	-	-	3,153,948,497	-	-
Cash and Cash Equivalents	20.1	-	1,868,858,699	-	-	1,868,858,699	-	-
Investment in Treasury Bills	15.2	-	813,262,056	-	-	813,262,056	-	-
Deposits with Banks		-	60,934,822	-	-	60,934,822	-	-
<b>Total</b>		24,948,407	28,255,725,466	-	-	28,280,673,873	24,948,407	-
Debentures	25.2	-	-	-	1,762,750,855	1,762,750,855	-	-
Bank Loans	25.3	-	-	-	13,598,470,793	13,598,470,793	-	-
Lease liability	11.20	-	-	-	4,994,013,307	4,994,013,307	-	-
Bank Overdrafts	20.2	-	-	-	1,715,350,573	1,715,350,573	-	-
Trade and Other Payables	29	-	-	-	18,897,219,342	18,897,219,342	-	-
Dividend Payables	32	-	-	-	132,672,420	132,672,420	-	-
Amounts due to Related Parties	34	-	-	-	341,304,021	341,304,021	-	-
Deposits from Customers	35	-	-	-	60,934,822	60,934,822	-	-
<b>Total</b>		-	-	-	41,502,716,133	41,502,716,133	-	-

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Group	Note	Financial Assets/ Liabilities at FVOCI Rs.	Financial Assets/ Liabilities at Amortised cost Rs.	Financial Liabilities/ Assets at FVTPL Rs.	Other Financial Liabilities Rs.	Total Carrying Value Rs.	Fair Value Rs.	Fair Value Measurement Level
31st March 2020								
Investment in Equity Securities	15.1	17,061,300	-	-	-	17,061,300	-	Level 3
Derivatives		-	-	27,087,623	-	27,087,623	-	Level 2
Hire Purchase Debtors	18	-	7,934,441,132	-	-	7,934,441,132	-	
Lease Rental Receivables	18	-	14,958,657,733	-	-	14,958,657,733	-	
Loan Receivables	18	-	5,194,998,960	-	-	5,194,998,960	-	
Trade Receivables	18	-	4,589,794,987	-	-	4,589,794,987	-	
Other Receivables	18	-	2,210,920,829	-	-	2,210,920,829	-	
Cash and Cash Equivalents	20.1	-	629,294,907	-	-	629,294,907	-	
Investment in Treasury Bills	15.2	-	693,692,876	-	-	693,692,876	-	
Deposits with Banks		-	101,393,805	-	-	101,393,805	-	
<b>Total</b>		17,061,300	36,313,195,229	27,087,623	-	36,357,344,152	-	
Debentures	25.2	-	-	-	2,144,505,988	2,144,505,988	-	
Bank Loans	25.3	-	-	-	25,216,084,557	25,216,084,557	-	
Bank Overdrafts	20.2	-	-	-	2,480,081,281	2,480,081,281	-	
Lease Liability	11.20	-	-	-	4,818,957,156	4,818,957,156	-	
Trade and Other Payables	29	-	-	-	9,403,274,291	9,403,274,291	-	
Dividend Payables	32	-	-	-	123,813,837	123,813,837	-	
Amounts due to Related Parties	34	-	-	-	226,735,602	226,735,602	-	
Deposits from Customers	35	-	-	-	7,014,086,125	7,014,086,125	-	
<b>Total</b>		-	-	-	51,427,538,837	51,427,538,837	-	

Company	Note	Financial Assets/ Liabilities at FVOCI Rs.	Financial Assets/ Liabilities at amortised cost Rs.	Financial Liabilities/ Assets at FVTPL Rs.	Other Financial Liabilities Rs.	Total Carrying Value Rs.	Fair Value Rs.	Fair Value Measurement Level
31st March 2021								
Investment in Equity Securities	15.1	24,948,407	-	-	-	24,948,407	24,948,407	Level 3
Hire Purchase Debtors	18	-	7,225,287,851	-	-	7,225,287,851	-	-
Trade Receivables	18	-	4,141,268,428	-	-	4,141,268,428	-	-
Other Receivables	18	-	2,401,463,673	-	-	2,401,463,673	-	-
Amounts due from Related Parties	19	-	38,813,530	-	-	38,813,530	-	-
Cash and Cash Equivalents	20.1	-	783,541,083	-	-	783,541,083	-	-
<b>Total</b>		24,948,407	14,590,374,565	-	-	14,615,322,972	-	-
Debentures	25	-	-	-	655,976,174	655,976,174	-	-
Bank Loans	25	-	-	-	10,450,079,874	10,450,079,874	-	-
Bank Overdrafts	20.2	-	-	-	1,321,739,185	1,321,739,185	-	-
Lease Liability	11.20	-	-	-	4,411,045,329	4,411,045,329	-	-
Trade and Other Payables	29	-	-	-	13,702,008,630	13,702,008,630	-	-
Dividend Payables	32	-	-	-	58,822,197	58,822,197	-	-
Amounts due to Related Parties	34	-	-	-	4,259,226,264	4,259,226,264	-	-
<b>Total</b>		-	-	-	34,858,897,653	34,858,897,653	-	-

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31st March 2020								
Investment in Equity Securities	15.1	17,020,000	-	-	-	17,020,000	17,020,000	Level 3
Investment in Debentures	15.1	-	600,090,000	-	-	600,090,000	-	-
Derivatives		-	-	27,087,623		27,087,623	-	-
Loans due from Related Parties	17	-	446,000,000	-	-	446,000,000	-	-
Hire Purchase Debtors	18	-	7,930,531,582	-	-	7,930,531,582	-	-
Trade Receivables	18	-	3,618,533,676	-	-	3,618,533,676	-	-
Other Receivables	18	-	1,708,353,180	-	-	1,708,353,180	-	-
Amounts due from Related Parties	19	-	32,055,166	-	-	32,055,166	-	-
Cash and Cash Equivalents	20.1	-	394,858,144	-	-	394,858,144	-	-
<b>Total</b>		17,020,000	14,730,421,748	27,087,623		14,774,529,371	17,020,000	-
Debentures	25	-	-	-	654,765,222	654,765,222	-	-
Bank Loans	25	-	-	-	18,000,435,262	18,000,435,262	-	-
Bank Overdrafts	20.2	-	-	-	1,501,382,120	1,501,382,120	-	-
Lease Liability	11.20	-	-	-	4,368,226,693	4,368,226,693	-	-
Trade and Other Payables	29	-	-	-	6,718,423,375	6,718,423,375	-	-
Dividend Payables	32	-	-	-	39,150,190	39,150,190	-	-
Amounts due to Related Parties	34	-	-	-	3,418,630,322	3,418,630,322	-	-
<b>Total</b>		-	-	-	34,701,013,184	34,701,013,184	-	-

Where ever the assets and liabilities are not fair valued, it was assumed that the caring value of such assets and liabilities are a reasonable approximation to this fair value as majority of such assets and liabilities are with shorter maturity periods.

## (I) Fair Value Versus Carrying Amounts

(a) The following table show the valuation techniques used in measuring Level 2 fair values, as well as significant unobservable inputs used:

Type	Valuation Technique	Significant Unobservable Inputs	Relationship of unobservable Input to Fair Value
Derivative	The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on forward interest ratio and forward currency rates. Estimated cash flows are discounted using a yield curve constructed from similar sources.	Not Applicable	Not Applicable

## (b) Level 3 Recurring Fair Value

Reconciliation of Level 3 Fair Value.

The following shows a reconciliation from the opening balance to closing balances for Level 3 fair value.

As at 31st March	Consolidated	Company
Balance as at 1st April 2020	17,020,000	17,020,000
Net change in fair value (Unrealised)	7,928,407	7,928,407
Balance as at 31st March 2021	24,948,407	24,948,407
Gain Included in OCI	7,928,407	7,928,407

The Group holds an investment in equity shares of Equity Investment Lanka Limited with a fair value of Rs. 24,948,407, measured at Net Asset basis. Fair value of this investment was categorised as level 3 as at 31st March 2021. This was because the shares were not listed on an exchange and there were no recent observable arms's length transactions in the shares.

Refer Note 15.1 for share investment details.

## 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. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Board of Directors seeks 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 Company. The capital structure of the Company is reviewed by the Board of Directors on a concurrent basis.

## Capital Adequacy

Capital adequacy is a measure of financial institution's financial strength and stability. This is a widely accepted concept, tries to specify the limit up to which a business can expand in terms of its risk - weighted assets. Finance companies in pursuit of business expansion, could engage themselves in activities that regularly change their risk profile. In light of this, regulatory capital requirements have been established to avoid undue expansion beyond specified limits keeping a hold on companies' exposure to risk. Capital serves as a comfort to absorb unexpected losses, providing a degree of security to depositors and other key stakeholders.

This measure has been introduced by the Central Bank of Sri Lanka to protect the interest of the various stakeholders of the Company while ensuring the maintenance of confidence and stability of the financial system.

The capital adequacy ratio is calculated as a percentage on company's capital to its risk weighted assets as specified by the direction No. 03 of 2018 with the effect from 1st July 2018 .

Based on the Direction No. 03 of 2018 the Listed Finance Companies which are having asset base less than 100 billion need to be have minimum Core Capital Ratio (Tier-I) of 6.5% and 10.5% based on the Total Capital Ratio (Tier-II) . This minimum requirement will increase to 7% and 11% respectively with the effect from 1st July 2020.

The core capital represents the permanent shareholders', equity and reserves created or increase by appropriations of retained earnings or other surpluses and the total capital includes in addition to the core capital, the revaluation reserves, general provisions and other hybrid capital instruments and unsecured subordinated debts.

The Risk Weighted Assets have been calculated by multiplying the value of each category of asset using the risk weight specified by the Central Bank of Sri Lanka.



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Details of the computation and the resulting ratios are given below.

As at 31st March	Balance		Risk-Weighted Factor %	Risk-Weighted Balance	
	2021	2020		2021	2020
	Rs.	Rs.		Rs.	Rs.
Assets					
Risk Weighted Amount for Credit Risk					
Notes and Coins	95,635,726	67,950,030	0%	-	-
Cash Items in the Process of Collection	70,998,226	28,565,436	20%	14,199,645	5,713,087
Fixed Assets	956,589,835	796,210,579	100%	956,589,835	796,210,579
Other Assets/Exposures	1,079,085,238	654,517,678	100%	1,079,085,238	654,517,678
Investment in Government Securities	813,262,057	789,889,125	0%	-	-
Bank Deposits	60,934,822	101,393,778	20%	12,186,964	20,278,755
Retail Claims in Respect of Motor Vehicles and Machinery	17,459,334,339	11,169,782,369	100%	17,459,334,339	11,169,782,369
Claims Secured by Gold					
Outstanding Claim Portion up to 70% of the Market Value	72,516,062	218,071,411	0%	-	-
Remaining Outstanding Claim Portion over 70% of the Market Value	518,188,357	121,715,407	100%	518,188,357	121,715,407
Other Retail Claims	3,307,239,071	8,883,995,714	125%	4,134,048,838	11,104,994,642
Other Non-performing Assets					
Specific Provisions are Equal or more than 20%	1,012,408,755	612,527,985	100%	1,012,408,755	612,527,985
Total Risk-weighted Assets Computation					
Cash and Bank Balance	-	-	0%	-	-
Investment in Government Securities	-	-	0%	-	-
Bank deposits	-	-	20%	-	-
Loans against fixed deposits	-	-	0%	-	-
Staff Loans Secured by Provident Fund Balances	-	-	0%	-	-
Loans against Real Estate	-	-	50%	-	-
Loans and advances	-	-	100%	-	-
Finance lease receivable	-	-	100%	-	-
Hire purchase receivable	-	-	100%	-	-
Other investments	-	-			-
Inventories	-	-			-
Other assets	-	-	100%	-	-
Fixed assets	-	-	100%	-	-
Total Risk-weighted Assets	25,446,192,488	23,444,619,512		25,186,041,971	24,485,740,502
Risk Weighted Amount for Operational Risk					
Interest Income	3,915,057,910	3,484,490,754	15%	587,258,686	522,673,613
Interest Expenses	(1,823,242,150)	(1,624,343,647)	15%	(273,486,322)	(243,651,547)
Non-interest Income	554,035,932	512,508,361	15%	83,105,389	76,876,254
	2,645,851,692	2,372,655,468		396,877,753	355,898,320

As at 31st March	Balance		Risk-Weighted Factor %	Risk-Weighted Balance	
	2021	2020		2021	2020
	Rs.	Rs.		Rs.	Rs.
Risk-Weighted Amount for operational Risk under the Basic Indicator Approach				3,779,788,131	3,389,507,811
<b>Total Risk-Weighted Assets</b>	<b>28,092,044,180</b>	25,817,274,980		<b>28,965,830,102</b>	27,875,248,313
<b>Total Capital Base Computation</b>					
Capital Base				-	-
Core Capital				-	-
Stated Capital				1,996,444,457	1,996,444,457
Reserved Fund				203,054,547	182,548,200
General and other free reserves					
Published Retained Earnings				2,118,970,479	1,730,189,688
Less-					
Other Intangible Assets (net)				44,414,165	42,276,587
<b>Total Core Capital</b>				<b>4,274,055,318</b>	3,866,905,758
Supplementary Capital				-	-
Eligible approved unsecured subordinated term debts				-	-
General provision				-	-
Total Supplementary Capital				-	-
<b>Capital Base</b>				<b>4,274,055,318</b>	3,866,905,758

## Capital Adequacy Ratio

As at 31st March		2021	2020
		%	%
Core Capital Ratio – Core Capital			
– Risk-weighted Assets		14.76%	13.87%
Total Capital Ratio – Capital Base			
– Risk-weighted Assets		14.76%	13.87%

The previous capital adequacy directions was adopted in 2006 for LFCs in line with the Capital Adequacy Accord recommended by the Basel Committee on Banking Supervision (BCBS) issued for banks in 1988. Under this direction risks were confined to credit risk and no capital requirements for other risks such as Market and operational risks. The new capital adequacy framework covers both credit risk and operational risk. Since the change in the basis and coverage of risks for capital adequacy impacted the tire one capital and total capital computation drastically, and for the purpose of disclosing the comparable correspondence figures, the below presentation is also noted.

As at 31st March		2021	2020
		Based on Direction No. 03 of 2018	Based on Direction No. 03 of 2018
Core Capital Ratio – Core Capital		14.76%	13.87%
Total Capital Ratio – Capital Base		14.76%	13.87%

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## 37. Commitments and Contingencies – Group/Company

### 37.1 Financial Contingencies

Documentary Credits effected for foreign purchases amounting to Group and Company respectively Rs. 12,774 million (2020 – Rs. 3,387 million) and Rs. 9,214 million (2020 – Rs. 1,815 million).

### 37.2 Commitments

There were no significant capital commitments which have been approved or contracted for by the Company/Subsidiaries as at Reporting date except for following:

Singer Finance (Lanka) PLC Operating lease commitments as at 31st March 2021 is as follows:

	Within 1 Year Rs. million	Between 1-5 Years Rs. million	Over 5 Years Rs. million
Singer Finance (Lanka) PLC	14.7	Nil	Nil

As at 31st March 2021, unutilised Revolving loan facility amount is Rs. 300 million (2020 – Rs. 255 million) of Singer Finance (Lanka) PLC.

### 37.3 Assets Pledged

Singer (Sri Lanka) PLC has given a negative pledge over the bank loans obtained from Standard Chartered Bank Sri Lanka Limited, Commercial Bank of Ceylon PLC, Sampath Bank PLC, Seylan Bank PLC, Hatton National Bank PLC, Nations Trust Bank PLC, The Hongkong & Shanghai Banking Corporation Limited, MCB, Union Bank PLC, Deutsche Bank, Pan Asia Bank PLC and DFCC Bank which has carrying value of Rs. 207 million, Rs. 5,070 million, Rs. 2,773 million, Rs. 66 million, Rs. 3,281 million, Rs. 164 million, Rs. 0.6 million, Rs. 168 million, Rs. 7 million, Rs. 33 million, Rs. 0.8 million and Rs. 1 million respectively as at 31st March 2021.

Singer Finance (Lanka) PLC has given a negative pledge amounting to Rs. 13,711 million over the Company's Lease receivable for the following banks over Loans, Overdrafts, Securitisation and Debentures having a carrying value of Rs. 10,481 million as at 31st March 2021.

As at 31st March 2021			Outstanding Credit Facility Rs.	Carrying Value Rs.
Sampath Bank PLC	130% of the Bank's exposure	Loan	500,000,000	1,040,000,000
		Overdraft Facility	300,000,000	
Commercial Bank of Ceylon PLC	150% of the Bank's exposure	Loan	230,000,000	645,000,000
		Overdraft Facility	200,000,000	
Seylan Bank PLC	130% of the Bank's exposure	Loan	1,958,420,000	2,870,946,000
		Overdraft Facility	250,000,000	
Nations Trust Bank	130% of the Bank's exposure	Loan	1,300,000,000	1,950,000,000
		Overdraft Facility	200,000,000	
National Development Bank	130% of the Bank's exposure	Loan	500,000,000	780,000,000
		Overdraft Facility	100,000,000	
Cargills Bank PLC	130% of the Bank's exposure	Loan	200,000,000	260,000,000
Bank of Ceylon PLC	130% of the Bank's exposure	Loan	658,333,322	855,833,318
Pan Asia Bank Corporation PLC	130% of the Company exposure	Loan	500,000,000	650,000,000
Trustee (Hatton National Bank PLC and National Savings Bank)	130% of the Bank's exposure	Securitisation	3,584,282,675	4,659,567,477
			10,481,035,997	

## 37.4 Contingencies

- (a) Commissioner General of Inland Revenue has issued assessment notices on Singer (Sri Lanka) PLC pertaining to an additional VAT Liability/Payment on account of Deemed VAT for seven quarters for the period 1st January 2014 to 30th September 2015. The assessment was for a Deemed VAT payment of Rs. 1,076 million and penalty of Rs. 423 million totalling to Rs. 1,499 million. Commissioner General of Inland Revenue has given the determination on the appeal. Accordingly, Rs. 791 million of Deemed VAT liability and penalty of Rs. 395 million totalling to Rs. 1,186 million is payable as a Deemed VAT liability for seven quarters for the period 1st January 2014 to 30th September 2015. The Company after carefully reviewing the situation and based on the advice of tax consultants, is of the opinion that there is no basis for the Company to be made liable for Deemed VAT. Accordingly Company has decided to appeal to the Tax Appeal Commission against the determination. Hence, no provision has been made in the Financial Statements. The Company previously sought a clarification from the Inland Revenue Department on the interpretation of the Act and did not receive the required clarification. Deemed VAT is removed with effect from 1st January 2016 under VAT Amendment Act No. 20 of 2016.
- (b) Singer (Sri Lanka) PLC has provided bank guarantees amounting to Rs. 292 million to Director General of Customs to clear imports during the years 2008 to March 2021. The bank guarantee related to alleged additional duty payable on imports, claimed by the customs and is being contested by the Company in courts. The Court of Appeal ordered that the Director General of Customs continue with the investigations. The Company being aggrieved by the decision has filed an appeal, which is pending before the Supreme Court. The Company lawyers are of the opinion that there is no basis that the Company is liable for the additional duty. Based on assessment of the probability is higher that the Company would not be required to settle the liabilities. Hence, no provision is made in the Financial Statements.
- (c) Singer Finance (Lanka) PLC has provided letters of guarantee totalling to Rs. 3 million against fixed deposits of Rs. 8 million.
- (d) Case bearing No. 404 has been filled against Singer Finance (Lanka) PLC by a customer in the District Court of Ampara claiming Rs. 2 million as damages caused by repossessing and selling of the vehicle leased through the Company. The lawyers of the Company are of the view that the ultimate resolution of this litigation would not likely to have a material impact.
- (e) Regnis (Lanka) PLC has provided corporate guarantees to banks on behalf of Regnis Appliances (Private) Limited amounting to Rs. 410 million for the purpose of obtaining banking facilities.
- (f) Regnis (Lanka) PLC cleared a shipment of imported goods during the year 2008 on provision of a bank guarantee amounting to Rs. 7 million to the Director of Customs. The bank guarantee relates to alleged additional duty payable on imports which is contested by the Company. The customs inquiry initiated in 2008 is still pending. The Management is of the opinion that there is no basis that the Company is liable for the additional duty and hence, no provision is made in the financial statements.

## 38. Events Occurring after the Reporting Period

There are no material events after reporting date, which require adjustments to or disclosure in the Financial Statements except for the following.

On 17th May 2021, Board of Directors proposed and approved a final dividend of Rs. 0.25 per share amounting to Rs. 282 million for the year ended 31st March 2021.

As required by section 56 (2) of the Companies Act No. 07 of 2007, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with section 57 of the Companies Act No.07 of 2007, and has obtained a certificate from auditors, prior to declaring a final dividend which is to be paid on 8th June 2021.

In accordance with LKAS 10, Events after the reporting period, the final dividend has not been recognised as a liability in the financial statements as at 31st March 2021.

## 39. Related Party Transactions

### 39.1 Parent and Ultimate Controlling Party

The Company's parent undertaking and ultimate controlling party is Hayleys PLC.

### 39.2 (a) Transaction with Parent Company

Name of the Company	Nature of Transaction	Consolidated		Company	
		For the Year Ended 31 March 2021 Rs. million	For the Year Ended 31 March 2020 Rs. million	For the Year Ended 31 March 2021 Rs. million	For the Year Ended 31 March 2020 Rs. million
Hayleys PLC	Expenses Reimbursed	188.5	118.6	140.8	81.0

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## 39.2 (b) Transactions with Subsidiary Companies

Name of the Company	Nature of Transaction	For the Year Ended 31st March 2021 Rs. million	For the Year Ended 31st March 2020 Rs. million
Regnis (Lanka) PLC	Corporate guarantees given on behalf of the Company	455.5	455.5
	Purchases	4,245.6	3,854.7
	Non-trade Settlement	88.4	106.3
	Funds paid for purchases	4,035.0	4,181.5
	Expenses reimbursed	87.5	86.7
	Sale of fixed asset	0.1	0.4
	Interest income	5.8	15.6
	Dividend	34.1	41.0
	Interest income on Corporate Guarantee	2.3	2.3
	Balance Receivable	556.5	342.2
	Loan Settlements	46.0	104.0
	Loan Receivables	-	46.0
Singer Industries (Ceylon) PLC	Purchases	562.3	474
	Sales	0.2	-
	Interest Income	0.01	0.2
	Lease Rental Expense	21.3	24.8
	Expenses Reimbursed	26.7	23.7
	Non Trade Settlement	11.3	-
	Trade Settlement	499.0	512.7
	Fixed Assets purchases	0.3	-
	Management Fee	0.1	-
	Balance Payable	98.5	29.8
Singer Digital Media (Private) Limited	Purchases	2,200.6	2,224.0
	Expenses Reimbursed	241.1	258.5
	Net Interest Expense	159.8	149.7
	Royalty paid through Singer (Sri Lanka) PLC	89.6	69.8
	Loans granted	1,873.5	7,183.7
	Loans Obtained	3,824.8	8,337.4
	Balance Payable – Loan	2,691.7	2,137.0
	Balance Receivable – Non-Trade	23.3	22.0
	Balance Payable – Trade	416.1	427.9



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Name of the Company	Nature of Transaction	For the Year Ended 31st March 2021 Rs. million	For the Year Ended 31st March 2020 Rs. million
Regnis Appliances (Private) Limited	Purchases	1,462.4	1,875.9
	Non-trade settlement	14.0	20.5
	Trade settlements	1,373.2	2,002.6
	Reimbursement of the Expenses	18.9	16.4
	Rent Charged	0.1	0.1
	Interest Expense	1.9	0.1
	Balance Payable	177.2	91.0
	Sale of Fixed Assets	-	0.3
Reality Lanka Limited	Rent Expense	6.3	7.7
	Balance Payable Non-trade	9.5	2.9
Singer Business School (Private) Limited	Brand Utilisation Charge	3.7	6.8
	Rent Expense	0.1	0.1
	Balance Payable – Trade	6.2	4.9
	Purchase of Fixed Assets	-	0.6
	Expenses Reimbursed	1.8	0.9
Singer Finance (Lanka) PLC	Debenture Interest Received	-	80.7
	Debenture Interest Income	-	65.2
	Withdrawals of Rental Collections From Singer (Sri Lanka) PLC	2,308.8	2,928.4
	Sales Financed to purchase goods from Singer (Sri Lanka) PLC	414.0	733.7
	Loans Obtained During the Year	-	1,100.0
	Loans Settled During the Year	400.0	500.0
	Sale of Assets	0.3	0.1
	Net Interest Expense/Income	17.1	54.3
	Rental Collections through Singer (Sri Lanka) PLC	3,099.8	4,443.5
	Service Charge Income	21.1	33.4
	Collection Commission Paid	24.0	39.0
	Royalty Expense Charged During the Period	49.5	48.1
	Rent Reimbursed	18.9	11.8
	Expenses Reimbursed	540.8	556.1
	Advance Paid	-	41.7
	Advance Balance Settlement	-	55.4

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## 39.2 (c) Transactions with Companies under Common Control of Hayleys PLC

For the Year Ended 31st March		Consolidated		Company	
Name of the Company	Nature of Transaction	2021 Rs. million	2020 Rs. million	2021 Rs. million	2020 Rs. million
Hayleys Advantis Limited	Sales	-	3.2	-	3.2
Hayleys Aventura (Private) Limited	Purchases	15.0	1.2	15.0	1.2
Hayleys Agriculture Holdings Limited	Sales	-	1.0	-	1.0
Hayleys Travels (Private) Limited	Sales	-	2.5	-	2.5
	Purchases	-	13.0	-	13.0
Hayleys Fabric PLC	Sales	-	6.2	-	6.2
Alumex PLC	Sales	3.1	3.0	3.1	3.0
The Kingsbury PLC	Sales	0.9	1.3	0.9	1.3
Hayleys Consumer Products (Private) Limited	Sales	-	4.3	-	4.3
Fentons Limited	Sales	-	6.1	-	6.1
	Purchases	107.7	-	97.4	-
Energynet (Private) Limited	Sales	-	0.8	-	0.8
	Purchases	9.4	27.8	8.2	27.8
Dipped Products PLC	Sales	12.0	4.1	12.0	4.1
Amaya Beach	Sales	-	3.5	-	3.5
Toyo Cushion Lanka (Private) Limited	Purchases	92.9	65.7	92.9	65.7
DPL Universal Gloves (Private) Limited	Purchases	-	1.3	-	1.3
COSCO Shipping Lines Lanka (Private) Limited	Purchases	-	0.2	-	0.2
Logiwiz Limited	Service Provided	331.7	265.1	331.7	265.1
Rileys (Private) Limited	Sales	-	0.2	-	0.2
Mabroc Teas (Private) Limited	Sales	0.1	0.2	0.1	0.2
	Purchases	3.1	-	3.1	-
Hayleys Freezone Limited	Sales	-	0.3	-	0.3
Hayleys Lines Limited	Sales	-	0.5	-	0.5
Hayleys North South Line (Private) Limited	Sales	-	0.9	-	0.9
Haycarb Value Added Products (Private) Limited	Sales	1.2	0.1	1.2	0.1
Haycarb PLC	Sales	-	0.5	-	0.5
Amaya Hills Hotels	Sales	-	0.5	-	0.5
Advantis Project Engineering (Private) Limited	Sales	0.05	1.0	0.05	1.0
	Purchase	0.6	-	0.6	-
Hayleys Fibre PLC	Sales	1.2	0.4	1.2	0.4
Hayleys Fabric PLC	Sales	3.5	1.4	3.5	1.4
Creative Polymats (Private) Limited	Purchases	77.3	9.6	77.3	9.6
Advantis Freight (Private) Limited	Service Provided	67.7	-	67.7	-
IML Delivery Systems (Private) Limited	Service Provided	42.0	-	42.0	-
Sri Lanka Shipping Company Limited	Service Provided	4.2	-	4.2	-
Ravi Industries (Private) Limited	Purchases	13.1	-	6.1	-
	Sales	6.2	-	-	-
Puritas (Private) Limited	Purchases	2.3	-	2.3	-
Hayleys Business Solutions International (Private) Limited	Service Provided	0.4	-	0.4	-

## 39.2 (d) Transactions with Other Related parties

Company	Relationship	Name of the Director	Nature of Transaction	For the Year Ended 31st March	
				2021 Rs. million	2020 Rs. million
Vallibel One PLC	Control/Significant Shareholder	K.D.D. Perera	Expense Reimbursed	36.1	48.6
Pan Asia Banking Corporation PLC	Significant Shareholder	K.D.D. Perera	Investment in Saving Account	1,050.0	–
			Withdrawals from Saving Account	450.0	–
			Interest Income	0.9	–
			Saving Account Balance	600.9	–
			Current Account Balance (Overdraft)	0.9	–
			Unutilised Short Term Loan Facility	500.0	–

There are no related party transactions other than those disclosed in Note 39 to the Financial Statements.

No security has been obtained or given for related party receivables and payables respectively where all related party dues are payable on demand.

For the Year ended 31st March	Consolidated		Company	
	2021 Rs. million	2020 Rs. million	2021 Rs. million	2020 Rs. million
Provisions for doubtful debt related to amount outstanding	–	–	–	–
Expense/(Reversal) recognised during the year in respect of bad or doubtful debts due from related parties	–	–	–	(2.1)

## Terms and conditions of transactions with related parties

The Group and the Company carried out transactions in the ordinary course of business with its related parties as arms length transactions. The list of Directors at each of the subsidiary companies have been disclosed in the Group Directory under the Supplementary Information section of the Annual Report.

## Non-recurrent related party transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Group as per the latest audited financial statements, which required additional disclosures in the 2020/21 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

## Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per the latest audited financial Statements, which required additional disclosures in the 2020/21 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission Act.

## 39.2 (e) Transactions with Associate Companies

Investment in Telshan Network (Private) Limited amounting to Rs. 20,000,000 had been written off since it carried negative net asset position. Telshan Network (Private) Limited is an Associated company of Singer (Sri Lanka) PLC, with whom Singer (Sri Lanka) PLC or its Subsidiary Companies had no transactions during the financial year 2020/21 to disclose.

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## 39.3 Transactions with Key Management Personnel

**39.3.1** 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 directly or indirectly. Accordingly, the Directors (Including Executive and Non-Executive Directors) are the Key Management Personnels of the Group.

### 39.3.2 Transactions with Close Family Members of Key Management Personnel (KMP)

Close family members are defined as spouse or dependant. A dependant is defined as any one who depends on the respective Director for more than 50% of his/her financial needs.

For the Year Ended 31st March	2021 Rs. million	2020 Rs. million
<b>(i) Transactions with Key Management Personnel or Close Family Members</b>		
Deposits kept by Key Management Personnel or their Close Family Members at Singer Finance (Lanka) PLC	18.0	17.3

For the Year ended 31st March	Consolidated 2021 Rs. million	2020 Rs. million	Company 2021 Rs. million	2020 Rs. million
<b>(ii) Compensation of Key Management Personnel</b>				
Short-term Employee Benefits	116.6	128.1	86.2	93.8
Post-employment Benefits Paid	21.8	35.2	–	35.2

**(iii) In Addition to their Salaries, the Company contributes to a post employment defined benefit plan on their behalf. Directors’ emoluments are disclosed in Note 8 to the Financial Statements.**

## 40. Non-controlling Interest

The following table summarises the information relating to each of the Group’s subsidiaries that has material NCI.

31st March 2021	Singer Finance (Lanka) PLC Rs.	Singer Industries (Ceylon) PLC Rs.	Regnis (Lanka) PLC Rs.	Other Individually Immaterial Subsidiaries Rs.	Total Rs.
NCI Percentage (%)	20.07	12.30	41.70	–	–
Non-current Assets	12,059,828,220	1,504,355,467	1,333,056,383	–	–
Current Assets	12,611,383,015	464,866,145	1,714,656,742	–	–
Non-current Liabilities	6,862,817,184	242,206,222	279,514,823	–	–
Current Liabilities	13,489,924,537	288,538,605	1,262,845,486	–	–
Net Assets	4,318,469,513	1,438,476,784	1,505,352,816	–	–
Net Assets Attributable to NCI	866,716,831	176,932,644	627,732,124	107,161,743	1,778,543,342
Revenue	4,457,132,774	629,615,889	3,941,940,208	–	–
Profit	410,126,942	(13,900,829)	172,273,728	–	–
OCI	(839,785)	111,054,916	39,391,238	–	–
Total Comprehensive Income	409,287,157	97,154,087	211,664,966	–	–
Profit Allocated to NCI	82,312,477	(1,709,802)	71,838,145	–	–
OCI Allocated to NCI	(168,545)	13,659,755	16,426,146	–	–
Cash Flows from Operating Activities	3,635,465,469	(41,643,128)	(137,490,238)	–	–
Cash Flows from Investment Activities	(26,121,771)	(1,604,539)	(33,345,515)	–	–
Cash Flows from Financing Activities	(2,486,202,619)	16,956,188	(33,069,205)	–	–
Net Increase/(Decrease) in Cash and Cash Equivalents	1,123,141,079	(26,291,479)	(203,904,958)	–	–

31st March 2020	Singer Finance (Lanka) PLC Rs.	Singer Industries (Ceylon) PLC Rs.	Regnis (Lanka) PLC Rs.	Other Individually Immaterial Subsidiaries Rs.	Total Rs.
NCI Percentage (%)	20.01	12.3	41.7		
Non-current Assets	11,420,616,306	1,494,660,814	1,364,919,515	-	-
Current Assets	11,126,825,486	396,790,331	1,355,990,029	-	-
Non-current Liabilities	4,603,203,100	354,947,015	361,142,356	-	-
Current Liabilities	14,035,056,335	185,981,083	1,007,486,457	-	-
Net Assets	3,909,182,357	1,350,523,048	1,352,280,731	-	
Net Assets Attributable to NCI	784,572,899	166,114,335	563,901,065	104,424,152	1,619,012,451
Revenue	4,326,278,569	541,892,151	3,395,816,829	-	-
Profit	389,041,083	16,619,066	109,556,084	-	-
OCI	970,236	2,006,075	1,969,961	-	-
Total Comprehensive Income	390,011,319	18,625,141	111,526,044	-	-
Profit Allocated to NCI	78,080,545	2,044,145	45,684,887	-	-
OCI Allocated to NCI	194,726	246,747	821,474	-	-
Cash Flows from Operating Activities	(972,616,808)	43,888,669	359,568,997	-	-
Cash Flows from Investment Activities	(280,952,826)	(3,222,727)	42,966,395	-	-
Cash Flows from Financing Activities	1,667,143,046	(3,329,518)	(437,939,681)	-	-
Net Increase/(Decrease) in Cash and Cash Equivalents	413,573,412	37,336,424	(35,404,289)	-	-

## 40.1 Business Combinations and Acquisition of Non-controlling Interests

No acquisitions or disposals of Subsidiaries and Equity Accounted Investees occurred during the financial year 2020/21.

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## 41. Coronavirus (COVID-19) Pandemic

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 Group.

Group 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 and some of the customers may default its settlements. Group, at each business segment level adopted a disciplined approach to optimise the collection via a rigid credit control management process.

The Group has negotiated financial liabilities with better terms and has adopted a control over the expenditure. Therefore the Group is confident that there are no material uncertainties that may cast significant doubt on its ability to continue as going concern which arise due to the liquidity risk.

The Group imports substantial amount of its products which are subject to foreign exchange volatilities and resultant cost escalations. Towards mitigating this risk Group Treasury is deeply analysing the foreign exchange market and working closely with relevant financial institutions and other stakeholders including the parent company. Based on these proactive analysis and other stakeholder interactions, Group is implementing various foreign exchange management tools and other related businesses strategies to lessen possible financial impacts.

Further, the Group has evaluated all guidelines issued by the Government as well as international best practices and the Singer Group of Companies have developed health and safety guidelines to ensure suitable working arrangements and safe conditions for employees, customers and other stakeholders.

While there is uncertainty over the extent of the impact and longevity of the COVID-19 outbreak, the Group have so far coped well with the challenges and are confident that through our operating model and financial strength we are well placed. Nevertheless, Group envisages that no impact on the Group 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.



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# Parent, subsidiaries and related companies

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Company name	Principal activity	Directors
Hayleys PLC Parent Company	Global marketing and manufacturing, agriculture, power and energy, domestic and industrial lighting, transportation and logistics, leisure and aviation, consumer, investments and services.	Mr. A.M. Pandithage – Chairman and Chief Executive Mr. K.D.D. Perera – Co-Chairman Mr. S.C. Ganegoda Mr. H.S.R. Kariyawasan Dr. H. Cabral Mr. L.R.V. Waidyaratne Mr. M.H. Jamaldeen Mr. M.Y.A. Perera Ms. J. Dharmasena Mr. R.J. Karunaratjah Mr. K.D.G. Gunaratne Ms. A.A.K. Amarasinghe (Alternate to Mr. K.D.D. Perera)
Singer Finance (Lanka) PLC Singer – Interest 79.9%	Leasing, hire purchasing, lending and accepting deposits.	Mr. M.Y.A. Perera – Chairman Mr. J.A. Setukavalar (resigned with effect from 22nd March 2021) Mr. M.P.A. Salgado Mr. T.A. Amarasuriya – CEO Mr. J.M.J. Perera Mr. M.H. Wijewardene – Group CEO Ms. D.G. Talpahewa Mr. L.S.S. Perera Mr. D.T.R. De Silva (appointed on 09th March 2021) Mr. K.K.L.P. Yatiwella (Alternate to Ms. D.G. Talpahewa) (resigned with effect from 31st March 2021)
Singer Industries (Ceylon) PLC Singer – Interest 87.7%	Manufacturing and assembling sewing machines.	Mr. A.M. Pandithage – Chairman Mr. M.H. Wijewardene – Group CEO Mr. M.H. Jamaldeen Mr. N.L.S. Joseph Mr. K.D.G. Gunaratne Mr. D.K. de Silva Wijeyeratne Mr. S.C. Ganegoda Mr. K.D. Kospelawatte Mr. V.G.K. Vidyaratne (resigned with effect from 31st March 2021) Mr. K.K.L.P. Yatiwella (Alternate to Mr. M.H. Wijewardene) (resigned with effect from 31st March 2021)

## Parent, subsidiaries and related companies

Company name	Principal activity	Directors
Regnis (Lanka) PLC Singer – Interest 58.3%	Manufacturing refrigerators.	Mr. A.M. Pandithage – Chairman Mr. M.H. Wijewardene – Group CEO Mr. M.H. Jamaldeen Mr. N.L.S. Joseph Mr. K.D.G. Gunaratne Mr. D.K. de S. Wijeyeratne Mr. S.C. Ganegoda Mr. K.D. Kospelawatta Mr. A.C.M. Irzan (Alternate to Mr. K.D. Kospelawatta) Mr. V.G.K. Vidyaratne (resigned with effect from 31st March 2021) Mr. K.K.L.P. Yatiwella (Alternate to Mr. M.H. Wijewardene) (resigned with effect from 31st March 2021)
Reality Lanka Limited Singer – Interest 92.2% (indirect)	Investment on properties.	Mr. A.M. Pandithage – Chairman Mr. M.H. Wijewardene – Group CEO Mr. S.C. Ganegoda
Regnis Appliances (Private) Limited Singer – Interest 58.3% (indirect)	Manufacturing washing machines.	Mr. A.M. Pandithage – Chairman Mr. M.H. Wijewardene – Group CEO Mr. S.C. Ganegoda Mr. K.D. Kospelawatte Mr. N.M.P. Fernando
Singer Digital Media (Private) Limited Singer – Interest 100%	Marketing mobile phones.	Mr. A.M. Pandithage – Chairman Mr. M.H. Wijewardene – Group CEO Mr. S.C. Ganegoda Mr. K.D.J.M. Perera Mr. K.K.L.P. Yatiwella (resigned with effect from 31st March 2021)
Singer Business School (Private) Limited Singer – Interest 100%	Educational services.	Mr. A.M. Pandithage – Chairman Mr. M.H. Wijewardene – Group CEO Mr. S.C. Ganegoda Mr. K.K.L.P. Yatiwella (resigned with effect from 31st March 2021)
Domus Lanka (Private) Limited Subsidiary – Interest 100%	Designing, manufacturing and trading furniture.	Mr. A.M. Pandithage – Chairman Mr. M.H. Wijewardene – Group CEO

# A decade in perspective

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Year ended	31st March (12 Months) 2021 Rs. '000	31st March (12 Months) 2020 Rs. '000	31st March (12 Months) 2019 Rs. '000	31st March (15 Months) 2018 Rs. '000	31st December (12 Months) 2016 Rs. '000	31st December (12 Months) 2015 Rs. '000	31st December (12 Months) 2014 Rs. '000	31st December (12 Months) 2013 Rs. '000	31st December (12 Months) 2012 Rs. '000	31st December (12 Months) 2011 Rs. '000
GDP Growth – %	(3.60)	(4.90)	3.2	3.2	4.1	6.00	7.40	7.30	6.00	8.30
Market Capitalisation Growth – %	(0.14)	(19.20)	(37.81)	(4.44)	(8.48)	17.00	32.50	(13.00)	(22.90)	36.10
<b>Trading Results</b>										
Group Revenue – Net	67,412,239	54,751,038	58,505,395	65,122,304	46,924,144	38,710,834	29,699,602	25,485,561	25,441,494	22,031,653
Profit Before Tax	3,818,007	610,717	672,129	2,049,052	3,126,233	1,895,275	1,155,608	728,440	1,777,160	1,990,012
Tax	1,210,485	183,450	286,149	828,758	768,477	659,236	373,974	206,375	561,451	681,181
Profit for the Year	2,607,521	427,268	385,981	1,220,295	2,357,756	1,236,039	781,634	522,066	1,215,710	1,308,831
Total Comprehensive Income for the Year	2,809,992	449,249	1,006,328	691,655	2,623,507	1,206,343	891,279	519,059	1,320,383	1,308,831
Property, Plant and Equipment	6,805,750	6,911,741	6,704,649	5,649,424	5,426,841	2,715,401	2,667,909	2,505,355	2,151,208	1,691,107
Investment in Equity Accounted Investees	–	–	–	–	–	54,831	55,189	53,226	52,663	46,886
Right-of-use Assets	4,433,003	4,448,560	–	–	–	–	–	–	–	–
Other Investments	24,990	113,258	17,061	17,061	17,061	17,061	17,061	17,061	17,061	17,061
Deferred Tax Assets/(Liabilities)	497,329	155,734	(246,869)	(467,236)	124,061	144,913	65,235	9,482	36,358	47,645
Other Non-Current Assets	12,236,793	11,647,255	11,809,824	9,508,817	8,467,619	7,472,596	6,021,845	5,867,311	5,234,046	4,385,767
Total Non-Current Assets****	23,997,865	23,276,547	18,531,534	15,175,302	14,035,582	10,404,803	8,947,028	8,561,974	7,605,262	6,284,271
Current Assets	44,929,302	41,670,719	39,510,816	35,406,813	28,214,282	21,857,494	18,444,957	16,000,553	13,795,274	11,164,888
Current Liabilities	42,577,157	39,861,199	35,409,664	35,192,785	22,189,446	15,417,138	15,213,903	13,030,817	12,849,830	10,043,948
Net Current Assets	2,352,145	1,809,520	4,101,152	214,028	6,024,836	6,440,356	3,231,054	2,969,736	945,444	1,120,940
Total Assets Less Current Liabilities	26,350,010	25,086,068	22,632,687	15,389,331	20,060,398	16,959,979	12,178,083	11,531,711	8,550,706	7,405,211
Security Deposits	1,366,565	1,394,611	1,388,433	1,199,127	1,018,452	851,794	732,124	651,765	576,648	487,449
Interest bearing Loans and Borrowings repayable after on year	11,436,878	12,450,161	10,640,159	4,319,898	8,381,885	8,091,907	4,226,596	4,334,165	1,633,823	1,110,385
Provision for Gratuity	946,775	900,984	871,971	794,645	651,144	486,465	383,912	320,033	270,539	204,787
Public Deposits	2,091,132	1,979,089	804,556	411,394	454,013	645,008	798,492	756,232	342,535	503,142
Net Assets	10,258,638	8,187,907	8,451,644	8,184,568	9,554,905	6,769,985	5,917,169	5,359,975	5,613,235	5,003,643

Year ended	<b>31st March (12 Months) 2021 Rs. '000</b>	31st March (12 Months) 2020 Rs. '000	31st March (12 Months) 2019 Rs. '000	31st March (15 Months) 2018 Rs. '000	31st December (12 Months) 2016 Rs. '000	31st December (12 Months) 2015 Rs. '000	31st December (12 Months) 2014 Rs. '000	31st December (12 Months) 2013 Rs. '000	31st December (12 Months) 2012 Rs. '000	31st December (12 Months) 2011 Rs. '000
<b>Equity</b>										
Stated Capital	<b>626,048</b>	626,048	626,048	626,048	626,048	626,048	626,048	626,048	626,048	626,048
Capital Reserves	<b>1,232,580</b>	1,092,442	1,118,123	577,919	1,057,964	857,580	870,358	762,034	773,312	655,454
Other component of equity	<b>6,025</b>	-	-	-	-	-	-	-	-	-
Statutory Reserves	<b>198,939</b>	182,548	163,096	136,009	95,361	37,318	136,128	128,447	78,425	44,408
Revenue Reserves	<b>6,416,501</b>	4,667,856	5,035,831	5,495,478	6,374,444	4,728,455	3,842,675	3,447,544	3,778,395	3,421,739
Shareholders' Funds	<b>8,480,094</b>	6,568,891	6,943,097	6,835,455	8,153,817	6,285,401	5,475,208	4,964,073	5,256,181	4,747,648
Non-Controlling Interest	<b>1,778,543</b>	1,619,012	1,508,546	1,349,114	1,401,088	484,584	441,960	395,902	357,054	255,995
Total Equity	<b>10,258,638</b>	8,187,907	8,451,644	8,184,569	9,554,905	6,769,985	5,917,169	5,359,975	5,613,235	5,003,643
<b>Ratio and Statistics</b>										
<b>Profitability</b>										
Earning per Share – Rs *	<b>2.18</b>	0.25	0.22	0.93	1.88	1.02	0.63	0.41	1.01	1.12
Net Assets per Share – Rs. *	<b>7.53</b>	5.83	6.16	6.07	7.24	5.58	4.86	4.41	4.66	4.21
Return on Average Net Assets – %	<b>28.27</b>	5.14	4.64	13.76	28.89	19.50	13.90	9.50	22.90	29.30
<b>Dividends</b>										
Amount – Rs. '000	<b>713,695</b>	93,907	244,159	826,383	1,101,845	525,880	313,024	313,024	751,258	939,072
Per Share – Rs. *	<b>0.63</b>	0.08	0.22	0.73	0.98	0.47	0.28	0.28	0.67	0.83
Cover	<b>2.45</b>	0.14	0.58	1.21	1.00	1.63	1.48	0.96	1.37	1.20
<b>Others</b>										
Market Price per Share – Rs.	<b>17.4**</b>	20.20	25.00	40.20	126.20	137.90	117.90	89.00	102.30	132.70
Price Earnings Ratio	<b>11.23</b>	2,020.00	208.33	45.17	128.78	181.45	287.56	329.63	113.67	127.60
Annual Revenue Growth – %	<b>23.13</b>	(6.42)	N/A***	38.78	21.22	30.30	16.50	0.20	15.50	37.30
Current Ratio	<b>1.06</b>	1.05	1.12	1.00	1.27	1.40	1.20	1.20	1.10	1.10
Average Annual Inflation – %	<b>4.70</b>	4.20	4.30	4.20	3.75	0.90	3.30	7.30	7.60	6.70
Net Income to Net Revenue – %	<b>3.87</b>	0.78	0.66	1.87	5.02	3.20	2.60	2.00	4.80	5.90

\* Information for the previous years have been restated to reflect the subdivision of shares in March 2021.

\*\* Market price per share for 31st March 2021 was after subdivision of shares.

\*\*\* Not comparable due to change in financial year in 2017/18.

\*\*\*\* Total Non-Current Assets after deducting the Net of Deferred Tax Assets and Liabilities.

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## Stated capital

	31st March 2021	31st March 2020
Stated capital (Rs.)	<b>626,048,050</b>	626,048,050
Number of ordinary shares	<b>1,126,886,490</b>	375,628,830
Class of shares	Ordinary shares	
Voting rights	One vote per ordinary share	
Subdivision	Three (3) ordinary shares for every one (1) existing ordinary share held on 04th March 2021.	

## Stock Exchange Listing

The issued ordinary shares of Singer (Sri Lanka) PLC are listed with the Colombo Stock Exchange of Sri Lanka.

## Distribution of shareholding – 31st March 2021

Number of shareholders: 31st March 2021 – 3,337 (31st March 2020 – 2,819).

	Resident			Non-resident			Total		
	Number of shareholders	Number of shares	%	Number of shareholders	Number of shares	%	Number of shareholders	Number of shares	%
1 – 1,000	<b>1,323</b>	<b>393,422</b>	<b>0.04</b>	<b>5</b>	<b>2,109</b>	<b>0.00</b>	<b>1,328</b>	<b>395,531</b>	<b>0.04</b>
1,001 – 10,000	<b>1,123</b>	<b>4,286,151</b>	<b>0.38</b>	<b>14</b>	<b>47,928</b>	<b>0.00</b>	<b>1,137</b>	<b>4,334,079</b>	<b>0.38</b>
10,001 – 100,000	<b>698</b>	<b>22,729,027</b>	<b>2.02</b>	<b>10</b>	<b>327,442</b>	<b>0.03</b>	<b>708</b>	<b>23,056,469</b>	<b>2.05</b>
100,001 – 1,000,000	<b>150</b>	<b>40,147,039</b>	<b>3.56</b>	<b>1</b>	<b>535,650</b>	<b>0.05</b>	<b>151</b>	<b>40,682,689</b>	<b>3.61</b>
Over 1,000,001	<b>13</b>	<b>1,058,417,722</b>	<b>93.92</b>	<b>–</b>	<b>–</b>	<b>0.00</b>	<b>13</b>	<b>1,058,417,722</b>	<b>93.92</b>
<b>Total</b>	<b>3,307</b>	<b>1,125,973,361</b>	<b>99.92</b>	<b>30</b>	<b>913,129</b>	<b>0.08</b>	<b>3,337</b>	<b>1,126,886,490</b>	<b>100.00</b>

Categories of shares	31st March 2021		31st March 2020	
	Number of shares	Number of shareholders	Number of shares	Number of shareholders
Individuals	<b>88,012,178</b>	<b>3,134</b>	29,948,290	2,632
Institutions	<b>1,038,874,312</b>	<b>203</b>	345,680,540	187
<b>Total</b>	<b>1,126,886,490</b>	<b>3,337</b>	375,628,830	2,819

## Dividends

Interim dividends 2020/21 (2019/20 – Rs. 0.25\*)

- First interim dividend of Rs. 0.80 per share was paid on 25th September 2020\*
- Second interim dividend of Rs. 0.20 per share was paid on 18th December 2020\*
- Third interim dividend of Rs. 0.30 per share was paid on 26th March 2021\*\*

Final dividend 2020/21 – Rs. 0.25\*\* (2019/20 – Nil)

\* Prior to the subdivision of shares.

\*\* Subsequent to the subdivision of shares.



## Market value per share

	Twelve months ended 31st March 2021 Rs.	Twelve months ended 31st March 2020 Rs.
Highest during the year	<b>86.00 – 22nd January 2021*</b>	39.50 – 28th November 2019*
Lowest during the year	<b>15.80 – 19th March 2021**</b>	20.10 – 20th March 2020*
Last traded price	<b>17.40**</b>	20.20*

\* Prior to the subdivision of shares.

\*\* Subsequent to the subdivision of shares.

## Twenty largest shareholders

Name	As at 31st March 2021	
	Number of shares	%
1. Hayleys PLC	<b>783,801,111</b>	<b>69.55</b>
2. Hayleys Advantis (Private) Limited	<b>111,382,980</b>	<b>9.88</b>
3. Volanka (Private) Limited	<b>34,787,235</b>	<b>3.09</b>
4. Hayleys Aventura (Private) Limited	<b>31,595,745</b>	<b>2.80</b>
5. Carbotels (Private) Limited	<b>29,042,553</b>	<b>2.58</b>
6. Hayleys Agriculture Holdings Limited	<b>28,404,255</b>	<b>2.52</b>
7. Mr. Kulappuarachchige Don Dammika Perera	<b>20,807,739</b>	<b>1.85</b>
8. Deutsche Bank AG as trustee for JB Vantage Value Equity Fund	<b>7,476,390</b>	<b>0.66</b>
9. Mrs. Mihiri Virani Fernando	<b>6,000,000</b>	<b>0.53</b>
10. Commercial Bank of Ceylon PLC/Andaradeniya Estate (Private) Limited	<b>1,600,000</b>	<b>0.14</b>
11. Mrs. Anoma Kamalika Amarasuriya	<b>1,200,000</b>	<b>0.11</b>
12. Miss Nai Kaluge Ruvani Hemamala De Silva	<b>1,192,914</b>	<b>0.11</b>
13. Jafferjee Brothers (Exports) Limited	<b>1,126,800</b>	<b>0.10</b>
14. Mr. Abeyisiri Hemapala Munasinghe	<b>985,932</b>	<b>0.09</b>
15. Mrs. Enoka Kamali Wickramasinghe	<b>884,571</b>	<b>0.08</b>
16. Dr. Ananda Krishnakumar Abeytunga Jayawardene	<b>830,214</b>	<b>0.07</b>
17. Mr. Murtaza Ali Jafferjee	<b>691,800</b>	<b>0.06</b>
18. Mr. Sinnadurai Vamathevan	<b>682,116</b>	<b>0.06</b>
19. Mr. Nai Kaluge Anura Deepal De Silva and Miss. S.H. De Silva	<b>662,385</b>	<b>0.06</b>
Mr. Nai Kaluge Anura Deepal De Silva and Mrs. G.V. De Silva	<b>662,385</b>	<b>0.06</b>
20. Sisira Investors Limited	<b>651,348</b>	<b>0.06</b>
	<b>1,064,468,473</b>	<b>94.46</b>
Others	<b>62,418,017</b>	<b>5.54</b>
<b>Total</b>	<b>1,126,886,490</b>	<b>100.00</b>

There were no non-voting shares as at 31st March 2021.

# Share information

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Name	As at 31st March 2020	
	Number of shares	%
1. Hayleys PLC	90,972,930	24.22
National Savings Bank/Hayleys PLC	85,147,054	22.67
People's Bank/Hayleys PLC	85,147,053	22.67
2. Hayleys Advantis Limited	37,127,660	9.88
3. Volanka (Private) Limited	11,595,745	3.09
4. Hayleys Aventura (Private) Limited	10,531,915	2.80
5. Carbotels (Private) Limited	9,680,851	2.58
6. Hayleys Agriculture Holdings Limited	9,468,085	2.52
7. Mr. Kulappuarachchige Don Dhammika Perera	6,935,913	1.85
8. Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund	2,492,130	0.66
9. Mrs. Mihiri Virani Fernando	1,990,000	0.51
10. Commercial Bank of Ceylon PLC/Andaradeniya Estate (Private) Limited	669,849	0.18
11. Mrs. Anoma Kamalika Amarasuriya	536,910	0.14
12. Ms. Nai Kaluge Ruvani Hemamala De Silva	397,638	0.11
13. Mr. Nalin Amita De Silva	378,978	0.10
14. Jafferjee Brothers (Exports) Limited	375,600	0.10
15. J.B. Cocoshel (Private) Limited	334,451	0.09
16. Mr. Abeysiri Hemapala Munasinghe	328,644	0.09
17. Dr. Ananda Krishnakumar Abeytunga Jayawardene	323,738	0.09
18. Mrs. Enoke Kamali Wickramasinghe	319,857	0.09
19. Mr. Leslie Premal Mendis and Mrs. M.S. Mendis	274,934	0.07
20. Mr. Hemaka Devapriya Senarath Amarasuriya	268,446	0.07
	355,298,381	94.59
Others	20,330,449	5.41
<b>Total</b>	<b>375,628,830</b>	<b>100.00</b>

## Share trading

For the year ended	31st March 2021	31st March 2020
Number of transactions	16,427	661
Number of shares traded	19,832,127	561,206
Value of shares traded (Rs.)	1,048,872,452	17,934,222

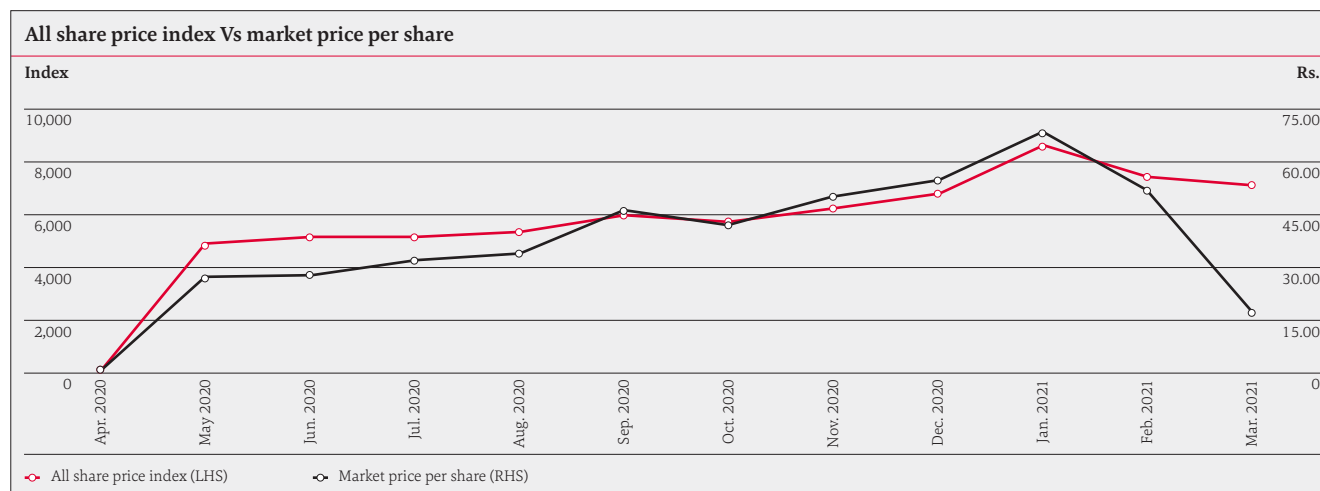
## Public holdings as at 31st March 2021

The percentage of shares held by the public is 7.72% (2020 – 7.72%).  
Number of shareholders representing public holding – 3,329 (2020 – 2,810)  
Float adjusted market capitalisation – Rs. 1,513,724,084.28 (2020 – Rs. 585,770,622.70)

The Company is not in compliance with option 5 of the Listing Rule 7.13.1 (a) which requires a Company with a float adjusted market capitalisation of less than Rs. 2.5 billion to maintain a minimum public holding of 20%.

## Record of scrip issues

Year ended 31st March	Issue	Basis	Number of shares	Cumulative share capital Rs. '000
1981	Prior to public issue	-	1,855,200	18,552
1982	Public issue	-	463,800	23,190
1984	Bonus	2:01	1,159,500	34,785
1985	Bonus	3:01	1,159,500	46,380
1989	Bonus	1:01	4,638,000	92,760
1992	Bonus	4:01	2,319,000	115,950
1992	Rights (at Rs. 40.00)	8:01	1,449,375	130,444
1994	Bonus	5:01	2,608,875	156,533
1996	Bonus	9:02	3,478,500	191,318
1996	Rights (at Rs. 50.00)	9:02	1,855,766	209,875
1998	Bonus	11:03	5,723,868	267,114
2000	Bonus	5:01	5,342,276	320,537
2004	Bonus	4:01	8,013,415	400,671
2005	Bonus	4:01	10,016,769	500,838
2006	Bonus	4:01	12,520,961	626,048
2011	Subdivision	1 for 1	62,604,805	-
2017	Subdivision	3 for 1	250,419,220	-
2021	Subdivision	3 for 1	751,257,660	-
<b>Total number of shares</b>			<b>1,126,886,490</b>	<b>626,048</b>



## Listed debentures

Details regarding the listed debentures are as follows:

Interest rates of comparable Government Securities as at issue date (%)	
12% senior rated listed unsecured redeemable on 28th September 2021	9.51

Interest rates of comparable Government Securities as at 31st March 2021 were 5.13%.

The debentures were not traded during the year ended 31st March 2021.

Debt/equity ratio, interest cover and quick assets ratio are given in highlights on page 12 of this report.

# Independent assurance report

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## Independent Assurance Report to Singer Sri Lanka PLC on the Sustainability Reporting Criteria Presented in the Integrated Annual Report 2020/21.

### Introduction and scope of the engagement

The management of Singer (Sri Lanka) PLC ("the Company") engaged us to provide an independent assurance on the following elements of the sustainability reporting criteria presented in the annual report-2020/21 ("the Report").

- Reasonable assurance on the information on financial performance as specified on page 35 of the Report.
- Limited assurance on other information presented in the Report, prepared in accordance with the requirements of the Global Reporting Initiative GRI Standards: "In accordance" – Core guidelines.

### Basis of our work and level of assurance

We performed our procedures to provide limited assurance in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE 3000): "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", issued by the Institute of Chartered Accountants of Sri Lanka ("ICASL").

The evaluation criteria used for this limited assurance engagement are based on the Sustainability Reporting Guidelines ("GRI Guidelines") and related information in particular, the requirements to achieve GRI

Standards "In accordance" – Core guideline publication, publicly available at GRI's global website at "www.globalreporting.org".

Our engagement provides limited assurance as well as reasonable assurance. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with SLSAE 3000 and consequently does not enable to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an opinion providing reasonable assurance.

### Management of the Company's responsibility for the Report

The management of the Company is responsible for the preparation of the self-declaration, the information and statements contained within the Report, and for maintaining adequate records and internal controls that are designed to support the sustainability reporting process in line with the GRI Sustainability Reporting Guidelines.

### Ernst & Young's responsibility

Our responsibility is to express a conclusion as to whether we have become aware of any matter that causes us to believe that the Report is not prepared in accordance with the requirements of the Global Reporting Initiative, GRI Standards: "In accordance" – Core guidelines. This report is

made solely to the Company in accordance with our engagement letter dated 11th May 2021. We disclaim any assumption of responsibility for any reliance on this report to any person other than the Company or for any purpose other than that for which it was prepared. In conducting our engagement, we have complied with the independence requirements of the Code for Ethics for Professional Accountants issued by the ICASL.

### Key assurance procedures

We planned and performed our procedures to obtain the information and explanations considered necessary to provide sufficient evidence to support our limited assurance conclusions. Key assurance procedures included:

- Interviewing relevant company personnel to understand the process for collection, analysis, aggregation and presentation of data.
- Reviewing and validation of the information contained in the Report.
- Checking the calculations performed by the Company on a sample basis through recalculation.
- Reconciling and agreeing the data on financial performance are properly derived from the Company's audited financial statements for the year ended 31st March 2021.
- Comparison of the content of the Report against the criteria for a Global Reporting Initiative, GRI Standards: "In accordance" – Core guidelines.

Our procedures did not include testing electronic systems used to collect and aggregate the information.

### Limitations and considerations

Environmental and social performance data are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

### Conclusion

Based on the procedures performed, as described above, we conclude that:

- The information on financial performance as specified on page 35 of the Report are properly derived from the audited financial statements of the Company for the year ended 31st March 2021.
- Nothing has come to our attention that causes us to believe that other information presented in the Report are not fairly presented, in all material respects, in accordance with the Company's sustainability practices and policies some of which are derived from Sustainability Reporting Guideline, GRI Standards – "In accordance" Core.

*Ernst & Young*

**Ernst & Young**  
Chartered Accountants

17th May 2021  
Colombo

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Ampara – C  
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Kalmunai – A  
Kalmunai – B  
Padiyatalawa  
Pottuvil  
Samanthurai  
Uhana  
Hingurana

### Anuradhapura

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Borella – B  
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Wattala  
Weliweriya  
Yakkala  
SHOMES – Negombo  
SHOMES – Kadawatha

### Hambantota

Agunakolapelessa  
Ambalantota  
Ambalantota – B  
Beliatta  
Hambantota  
Middeniya  
Suriyawewa  
Tangalle  
Tissamaharamaya  
Tissamaharamaya – B

### Jaffna

Chavakachcheri  
Chenkanai  
Chunnamkam  
Chunnamkam – B  
Hospital Road Jaffna  
Jaffna  
Jaffna – C  
Manipay  
Nelliady  
Point Pedro  
Puthukkudiyirippu  
Kodikanam

### Kalutara

Agalawatta  
Aluthgama  
Bandaragama  
Beruwala  
Bulathsinghala  
Darga Town  
Horana  
Discount Shop – Horana  
Ingiriya  
Kalutara – A  
Kalutara – B  
Matugama  
Matugama – B  
Panadura  
Panadura – B  
Wadduwa  
Baduraliya  
SHOMES – Kalutara

### Kandy

Akurana  
Digana  
Digana – B  
Galaha  
Gampola  
Gampola – B  
Gampola – C  
Gelioya  
Kandy  
Kandy – B  
Katugastota  
Katugastota – B

Kundasale  
Nawalapitiya  
Peradeniya  
Pilimalawala  
Pilimalawala – B  
Poojapitiya  
Rikillagaskada  
Wattegama  
Ginigathhena  
Discount SH-K-GTOTA  
SHOMES – Kandy

### Kegalle

Deraniyagala  
Kegalle – A  
Kegalle – B  
Kegalle – C  
Mawanella  
Mawanella – B  
Rambukkana  
Ruwanwella  
Ruwanwella – B  
Warakapola  
Warakapola – B  
Yatiyanthota  
Kotiyakumbura  
SHOMES – Kegalle

### Kilinochchi

Kilinochchi  
Kilinochchi – B

### Kurunegala

Alawwa  
Hettipola  
Galgamuwa  
Giriulla  
Hiripitiya  
Ibbagamuwa  
Kaduruwela – B  
Kuliyapitiya  
Kuliyapitiya – B  
Kurunegala – A  
Kurunegala – B  
Kurunegala – C  
Kurunegala – D  
Maho  
Mawathagama  
Melsiripura  
Narammala  
Narammala – B  
Nikaweratiya  
Nikaweratiya – B  
Pannala  
Polgahawela  
Pothuhera  
Polpithigama  
Rideegama  
Wariyapola

## Matara

Akuressa  
Akuressa – B  
Deniyaya  
Dikwella  
Dikwella – B  
Hakmana  
Issadeen Town  
Kamburupitiya  
Matara – A  
Matara – B  
Morawaka  
Urubokka  
Weligama  
SHOMES – Matara

## Mannar

Mannar

## Mullaitivu

Mullaitivu

## Matale

Dambulla  
Dambulla – C  
Galewela  
Galewela – B  
Habarana  
Matale  
Matale – B  
Naula  
Rattota  
Wilgamuwa  
SHOMES – Matale

## Moneragala

Bibile  
Buttala  
Kataragama  
Moneragala  
Moneragala – B  
Siyabalanduwa  
Wellaway

## Nuwara Eliya

Hatton  
Maskeliya  
Nuwara Eliya – A  
Nuwara Eliya – B  
Nuwara Eliya – C  
Pussellawa  
Talawakelle

## Polonnaruwa

Aralanganwila  
Bakamuna  
Hingurakgoda  
Hingurakgoda – B  
Kaduruwela – A  
Jayanthipura  
Medirigiriya

Minneriya

Polonnaruwa  
Welikanda

## Puttalam

Anamaduwuwa  
Chilaw  
Chilaw – B  
Dankotuwa  
Norochcholai  
Puttalam  
Wennappuwa  
Nattandiya  
Bingiriya  
SHOMES – Chilaw

## Ratnapura

Balangoda  
Balangoda – B  
Dehiowita  
Budget Shop – E-GODA  
Eheliyagoda  
Embilipitiya  
Embilipiti New Town  
Godakawela  
Godakawela – B  
Kahawatta  
Kahawatta – B  
Kiriella  
Kuruwita  
Nivitigala  
Pelmadulla  
Pelmadulla – B  
Ratnapura – A  
Ratnapura – B  
Ratnapura – C  
Kalawana  
SHOMES – Rathnapura

## Trincomalee

Kanthalai  
Trincomalee – A  
Trincomalee – B  
Muttur

## Vavuniya

Mallavi  
Murunkan  
Parakramapura  
Vavuniya  
Vavuniya – B

## Approved dealers

### Ampara

Polwatta

### Anuradhapura

Wilachchiya

### Badulla

Ettampitiya  
Haldeemmulla  
Haputhale  
Hasalaka  
Meegahakivula  
Ududumbara  
Tissapura

### Colombo

Moragahahena

### Galle

Batapola  
Karadeniya  
Talgaswala  
Habaraduwa  
Uragasmanhandiya  
Yakkalamulla  
Labuduwa

### Gampaha

Katana

### Hambantota

Ranna  
Walasmulla  
Weeraketiya

### Kandy

Alawathugoda  
Galagedara  
Kadugannawa  
Menikhinna

### Kegalle

Bulathkohupitiya  
Hemmatagama

### Kurunegala

Abanpola  
Dummalasuriya  
Katupotha

## Matale

Pallepola  
Yatawatte

## Matara

Pitabeddara  
Thihagoda

## Moneragala

Badalkumbura  
Thanamalwila  
Medagama

## Nuwara Eliya

Udupussellawa  
Walapane

## Polonnaruwa

Diyabeduma  
Diyasenpura

## Puttalam

Kobeigane

## Ratnapura

Pallebadda  
Rakwana

## Other

Apparel Solutions and  
Katunayake Duty Free Store

## Singer Mega

SHOMES – Kotte  
SHOMES-Rathmalana  
Beko and Sony  
Boralasgamuwa  
Colpetty  
Gampaha  
Ja-Ela  
Kaduwela  
Kalutara  
Kandy  
Kandy – B  
Katubedda  
Kiribathgoda  
Kottawa  
Kurunagala  
Maharagama  
Malabe  
Mount Lavinia  
Negombo  
Nugegoda  
Nugegoda – B  
Panadura  
Peliyagoda  
Rajagiriya  
Shangri-La  
Thalawathugoda  
Thurstan Road  
Warehouse  
Wattala

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## Service centres

### Aluthgama

Siri Electricals  
Sola Edge Cooling & Power Solution  
Eranda Malti Electrical  
Nanayakkara Electronics  
Dinan Machine Centre  
Amal Ref & Electricals  
Kool Tech Engineering  
Silver Dale Electronics  
Cool Line Air Condition  
Ruwan Sofa Work Shop  
Sausiri Electricals  
Air Cool  
Pradeep Ref & Electricals Engineering  
Anjana Electricals  
Benaragama Engineering  
Mendis Coolsolution  
Gulf Motors  
Premalal Motor  
Suranjith Motors  
Lak Motors  
Kavindi Electricals  
Multi Skill Workshop  
New Darshana Electronics  
Nilana Electricals  
Nishantha Repairs Centre  
S.P Quick Service  
Senavirathne Air Condition  
Engineering  
Video Visions

### Ampara

Aira Motors  
Musthafa Motors  
Mec Aruna Ref and Electrical  
Eastern Tech Institute  
Janudha Ref & Electrical  
Chil Air  
Sahana Motors  
Isuru Sameera Cushion Works  
E Sampath Asela Magic Cool  
Aircon Aameesha Electrical  
Duminda Ref & Electrical  
Hi Tech Electronics  
Cool Air Ref & Electrical Speed Cool  
R M M Sofa Repair  
Air Golden Enterprises  
Amila Srimal Dissanayaka  
Isuru Electrical  
S.R. Vikum Prasanna  
Techno Cool  
Ultracool

### Anuradhapura

Luck cool Ref Engineers  
Malik Ref Electricals  
Indunil Ref Buddhika Electricals  
B.T. Technology  
Sumudu Electricals  
Sumedha Electronics  
Pujana Electrical & Cellular  
Ransri Electronics  
Wimalaweera Industries  
J C Lanka Machinery  
Dream Home Furniture

Neel Motors  
New Gihan Service  
Ruwani Trade Centre  
D.J. Furniture

### Badulla

Shenu Electricals  
Tharindu Electricals  
Cool Air Engineering  
Aruna Electricals  
Hiruna Electronics  
Sameera Cooling Service  
Refco Electrical  
Mohan Motors  
Gunathilake Motors  
Piyal Motors  
Wasantha Sofa  
Kesala Electricals  
Hemantha Motors  
Ravi Service Technology  
Sewing Tech Machine Service  
Dias Electricals  
Wasantha Mechanical & Electrical  
Rajapakshe Electricals  
Tele Lab  
Machine Centre  
Wasantha Sofa Coordinator

### Colombo

Chamath Enterprises  
Chirathma Electrical  
Dineth Electronics  
Dinu Electrical  
Econ Air Electro  
Cooling Electro-Frost  
Kulasiri Furniture  
Ref Air Engineers  
Samagi Ref Center  
Sharp-Electronics  
SK Electrical  
Sna-Ref-Air  
Supertech-Ref Engineers  
J A R Associates SSB Enterprises  
Arctron Ref Engineers  
Asanga Machines  
Arcton Ref Engineers  
Chandrasena Brothers  
Electro Cooling  
J A R Associates  
M & E Engineering Services  
M L K Electronics  
Rathnayake Electronics  
Smart Cooling Technology  
Wasantha Electronic  
Yoshitha Machine Center

### Jaffna

Ambiha Electricals  
City Link Coolers  
SSV Cool Air Service  
NPM Electricals  
Cool Air Kings  
Snow Eagles [Ref & Air Con Engineers]  
TNR Electricals & Electronics  
The Best Chill Air Conditioning  
Pacifia Cool Mount Engineering  
(Private) Limited

### Kandy

Chilled Air  
Cool Mart  
Edirisinghe Electricals  
Frank Hood Works  
Hesara Enterprises  
I Tec Electronics  
Janka Electricals  
Jayasooriya Sewing Machine  
Lakmal Electricals  
Leshani Electronics  
Lional Wijesinghe Micro Electricals  
Neon Electricals  
New Sameera Electricals  
New Vision Electronics  
Ominda Technical Service  
Prabath Electrical  
S D S Electronics  
Sampath Electrical Engineers  
Sandamini Multi Electrical Engineers  
Senadeera Ref Centre  
Sewing Machine Service Centre  
Shehan Multi Service  
Sisilto Electricals & Technical Services  
Srimal Electricals  
Sru Electricals  
Super Air Electrical Works  
Super Electronics and Air Technics  
Tech Mart Ref Engineers  
Techno Ref & Air Enterprises  
Thaprobane International Thushara  
Electronics  
Thushara Engineers & Motor Works  
Vimod Electricals  
Chandrasekara Electrical  
Maduranga Electricals  
SGK New Electronics  
Gayan Electricals

### Kuliyapitiya

Adhikari Electricals  
Anuradha Electrical  
Chandana Motor Garage  
CS Ref Engineers  
Dasuna Motors  
Freezair  
High Cool Engineer  
Janaka Electronic  
Mahesh Electrical  
Modern Air Condition  
Nethushi Taylors & Machine S/C  
New Leeds Electronic  
Nipuna Auto Mobile  
Prabath Ref & Air  
Ravindra Motors  
Samodha Electronic  
Sanjeewa Auto Works  
Sathsara Auto Works  
SPL technologies  
Sri Ishara Madushika Furniture  
Techno Frost  
Wijesinghe Motors  
World Air Conditioner  
Wasantha Air Condition  
Isuru Engineering  
Senarathne Air Condition  
Tamasha Electricals

### Maharagama

Easy Cool  
Hasitha Electricals  
Zenon Sewing Machine Repair  
Ranmadu Sewing Engineering  
Kulasiri Fernando Life Cool  
Nuwan Engineering  
Prasad Ref  
Ruwan Electricals  
Smart Ref  
Super Cool Tech  
Max Techni Cold  
Ushan Electricals  
ACN Electronics  
DRM Electronics  
R.P.M. Engineers  
Namel Cushion  
R D Electronics  
S.S.B. Enterprises  
Wishu air cool

### Matara

Janapriya Electronics  
Lal Electronics  
New Shiney Electronics  
Sigma Electronics  
Lion Electronics  
Chaminda Air Ref Engineering  
New Freeze Air Penguin  
International Prince Electricals  
Uduwella Ref  
Nilanka Pathirana Ref centre  
Ruhunu Ref & Air Services  
Sampath Engineering Works  
U D Ref Engineering  
Max Cool Electricals  
Thisara Ref & Electricals  
Emano Air Cooler  
Gayan Electricals  
Super Cool Air  
Priyantha Ref Engineers  
Rohan Ref Centre  
C.J. Electricals  
Isuru Aero Tec  
Hemantha Motors  
Janahitha Motors  
Rahula Motors  
Sarani Motors  
Sampath Motor Service  
Victor Cycle Works  
Nuwan Motors  
Lal Honda Service  
G.A. Auto Electricals  
Sarani Diesel Work  
Dharshana Industries  
SD Machine Service Centre  
Dammika Sewing Machine Service  
Lalith Cushion Works  
Jayoda Cushion Works

### Pasyala

Aloka Engineering  
Ariyathilaka Electrical & Engineering  
Aysha Ref & AC Engineering  
Cellnet Lanka Technology  
Cool Plus  
Deepthi Sewing Machine Service  
Herath Electricals & Ref Center



## Service network and fashion academy network

Jayalath Sewing Machine  
Service Center  
Jeewan Cool Air  
Kavia Engineering  
Kavindu Ref N Air  
New PC House  
Nishani Motors  
P P Wickramasinghe Pradeep  
Ref Engineers  
Raja Motors  
S T S Technical Service  
Saleena Electronics  
SD Machine  
Silicone Electronics  
Sisira Furniture  
Sumith Motor Works  
Susantha Ref Electricals  
Technico Electronic  
Techno Ref & Air Enterprices  
Thilak Electricals  
Thilake Machine  
Zuhail Brothers  
ACT Engineering  
Chicko AC Mec  
Udaya Ref

### Polonnaruwa

Ashoka Ref DJ Engineers  
J & P Electronics  
Mahaweli Electronics  
Mayura Ref & Electricals  
Mudalige Electronics  
Thilak Electronics  
Subasinghe Ref Engineers  
Dilenatharu Cushion Works  
Nipuna Marasinghe Ref Cool  
Prasanna Electronics  
Manjula Ref & Cool  
Yehara Sewing Machines  
I Mec Engineering  
Ananda Electricals  
Chaminda Sewing Mechanics  
Niluka Ref & Electricals  
Karunaratne Motors  
Thilanka Motors  
Udarata Motors  
Janith Motors  
Priyankara Motors  
Sampath Motors  
Udaya Motors  
Indika Motors  
Bandula Motors

### Ratnapura

Highcool Air & Ref Centre  
High Frost  
Pathirana Ref Engineering  
Star Ref Electricals  
Sanjaya Electronics  
Quick Cool  
Senadeera Multi Ref  
Solanta Electronics  
Samagi Diesel Engineering  
SM Electricals  
Indika Ref Engineers  
Ranjith Electronics  
Amangi Electronics

Smart Wood Creation  
Shashei Service  
D G Services  
Newnet Computers  
Disara Furniture  
New Air Tech  
Cool Lab Engineer

### Vavuniya

Ayesha Electricals  
Emil Electronics  
Luxman Ref & Electrical  
Daikin Electro Mechanical  
Majee AC & Electrical  
Europa Spears  
Sisila Technicals  
Express Air Conditioner &  
Refrigerators  
Raj Motor Winding

### Air conditioning division

AD Ref Electricals  
Air Mech Engineers  
Anujaya Enterprises  
C & D Ref Engineers  
Cool Way  
Dhanushka Ref  
Duminda Ref Engineering  
Electro Frost  
ER Engineers Kool  
Rite Services  
Kool Tech Engineers  
Leoncce Holdings (Private) Limited  
Melona Aircon Services  
New Ashen Electricals  
New Dynamic Ref Engineers  
Powerlink Electro Mechanical  
Qualit Cool  
R&T Ref Engineering Re Cool  
Ref Air Electricals Royal Cool  
Sandaruwan Cool Engineers  
(Private) Limited  
Sewwandi Ref Engineers  
Shine Air Conditioners  
Super Cool  
Sri Lankan Engineering  
Sun Ref Engineers  
Suncool Enterprises  
Tech Way Services  
Tempcool Engineering  
Yellowma Air conditioning  
Zurich Mec Engineers  
Elect Air Engineering  
Ushan Ref  
Rathna Technical Maintenance  
Eco Green Energy  
Green Aircondition service  
Keen Air  
Metro Engineering  
Ref & Air Con center  
P.R. Creations & Refrigeration  
(Private) Limited  
Dandy Coolant Air Conditioners  
Hydro Air Con Services  
Vishu Air Cool

Geliator Engineers  
Coolzer Air Condition  
One Consortium (Private) Limited  
Geliator Engineering  
Repair Product Centre – Hokandara  
Sampath Electrical  
K Tronic  
Ultra Cool  
T.S. Electronic  
Kumara Electronics  
Nova Technology  
Sunimal Perera  
Pradeep Chaminda Perera  
D.R.S. De Silva  
S.H. Kariyawasam  
Hiru Service  
Shanika Electronics  
KV Electronics  
S N Computer System

### Mobile phone service franchise agents

Apogee International

### Computers service franchise agents

ATN Computers  
Shadow Computer and Video House  
NetPLUS Technologies  
MC Link  
SP Computers  
Western Digital Computer System &  
Electronics  
Gold Lion Electronic  
Comtal Manpower System  
Leem Technology  
NW Net Computer System  
Eteam Technologies  
Ez Tech Computers  
Rapid Computer System  
R & D Engineers  
Cosmo Computers  
Cure Computer  
Eye Computers  
AVN Computers  
ST Computers  
PC Systems  
A Soft Computer  
Sabaragamuwa IT Solution  
Techno World  
Bestway Computer  
SSR Computer Solutions Progress  
Computer Technology  
CK Electronics Sayantech Computer  
G.P.W. Electronics  
Supreme Tech Computers

### Singer fashion academies

Ambalangoda  
Angoda  
Anuradhapura – B  
Avisawella  
Baddegama  
Badulla – B  
Bandarawela  
Borella  
Chilaw  
Dambulla  
Dickwella  
Eheliyagoda  
Embilipitiya – B  
Galewela  
Galle – B  
Gampaha  
Gampola  
Hatton  
Hingurakgoda  
Homagama  
Horana  
Ja-Ela  
Jaffna – B  
Kaduvela  
Kalutara – A  
Kandana  
Kandy  
Kattankudy  
Katubedda  
Katugastota  
Kirindiwela  
Kurunegala – A  
Mahiyangana  
Malabe  
Maradana  
Matara – A  
Mawanelle  
Mega – Nugegoda – B  
Mega – Kandy  
Mega – Kiribathgoda  
Mega – Mount Lavinia  
Minuwangoda  
Nawalapitiya  
Negombo  
Nittambuwa  
Nuwaraliya – A  
Panadura  
Peliyagoda  
Pelmadulla  
Pilimathalawa  
Piliyandala – B  
Polonnaruwa  
Rathnapura – A  
Sf-Wellawatta  
Shomes – Kegalle  
Tissamaharama  
Union Place  
Mega – Thalawathugoda  
Warakapola  
Wellawatte Plus  
Wennappuwa  
Ampara  
Ruwanwella  
Shomes – Matale  
Wellawaya

# Glossary

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## A

### Accounting Policies

Specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

### Acid Ratio

Current asset less inventory divided by current liabilities.

### Actuarial Gains and Losses

Actuarial Gains and Losses Gain or loss arising from the difference between estimates and actual experience in a company's pension plan.

### Amortisation

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

### Available-for-Sale

All assets not in any of the three categories namely held to maturity fair value through profit or loss and loan and receivables. It is a residual category does not mean that the entity stands ready to sell these all the time.

## B

### Borrowings

All interest bearing loans, fixed deposits and saving deposits, bank overdraft and lease liability.

## C

### Capital Employed

Total of interest bearing loans and borrowings, bank overdraft and total equity.

### Capital Reserves

Reserves identified for specific purposes and considered not available for distribution.

### Cash Equivalents

Liquid investments with original maturity periods of three months or less.

### Contingent Liabilities

Conditions or situations at reporting date the financial effect of which are to be determined by future events which may or may not occur.

### Credit Rating

An evaluation of a corporate's ability to repay its obligations or the likelihood of not defaulting, carried out by an independent rating agency.

### Current Ratio

Current assets divided by current liabilities. A measure of liquidity.

### Current Service Cost

Current Service Cost Is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

## D

### Debt

Total liabilities, excluding deferred income.

### Debt to Equity

Total borrowings less cash and cash equivalents divided by total equity.

### Debt Ratio

Total liabilities divided by total assets.

### Deferred Taxation

The net tax effect on items which have been included in the Income Statement, which would only qualify for inclusion on a tax return at a future date.

### Dividend Cover

Profit attributable to ordinary shareholders divided by gross dividend. Measures the number of times dividend is covered by distributable profit.

### Dividend Payout

Dividend per share divided by earnings per share of the Company.

## E

### Earnings Per Share

Profits attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.

### Equity

Shareholders' funds.

## F

### Fair Value

Fair value is the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

### Fair Value Through Profit and Loss

A financial asset/liability acquired/incurred principally for the purpose of selling or repurchasing it in the near term.

### Financial Instruments

Financial instrument is any contract that gives rise to both financial assets in one entity and a financial liability or equity instrument in another entity.

## G

### Gearing Ratio

Proportion of borrowings to capital employed.

### Gross Dividend

Portion of profits inclusive of tax withheld, distributed to shareholders.

## I

### Interest Cover

Profit before tax plus net finance cost divided by net finance cost. Measure of an entity's debt service ability.

### Impairment

This occurs when recoverable amount of an asset is less its carrying value.

## M

### Market Capitalisation

Number of shares in issue multiplied by the market value of a share at the reporting date.

## N

### Net Assets Per Share

The equity attributable to owners of the Company divided by the weighted average number of ordinary shares in issue.

### Non-controlling Interest

Equities in subsidiary not attributable, directly or indirectly to a parent.

## P

### Price Earnings Ratio

Closing market price of a share divided by earnings per share as at reporting date.

## R

### Related Parties

Parties who could control or significantly influence the financial and operating policies of the business.

### Return on Average Net Assets Equity

Profits for the year divided by average total equity.

### Revenue Reserves

Reserves considered as being available for distributions and investments.

## S

### Segment

Constituent business units grouped in terms of similarity of operations and location.

## V

### Value Addition

The quantum of wealth generated by the activities of the Group measured as the difference between turnover and the cost of materials and services bought in.

## W

### Working capital

Capital required to finance the day-to-day operations computed as the excess of current assets over current liabilities

## Name of the Company

Singer (Sri Lanka) PLC

## Legal form

Public company with limited liability. Incorporated as a public company in Sri Lanka on 30th December 1974 under the Companies Ordinance and re-registered under the Companies Act No. 07 of 2007 on 13th June 2008.

Founded in 1877 as a Branch of Singer Sewing Machine Company, USA. The shares of the Company are listed on the Colombo Stock Exchange.

Accounting Year End 31st March.

## Registered office

Singer (Sri Lanka) PLC  
No. 112, Havelock Road,  
Colombo 05, Sri Lanka.  
Phone: +94 11 231 6316 (13 lines)  
Facsimile: +94 11 242 3544  
Email: singer@singersl.com  
Website: www.singer.lk

## Company registration number

New – PQ 160  
Old – PBS 802 (S.P.)

## Tax payer Identification Number

124008026

## Bankers

Bank of Ceylon  
Commercial Bank of Ceylon PLC  
Deutsche Bank Sri Lanka  
Hatton National Bank PLC  
MCB Bank Sri Lanka  
Nations Trust Bank PLC  
NDB Bank PLC  
Pan Asia Bank PLC  
People's Bank  
Seylan Bank PLC  
Sampath Bank PLC  
Standard Chartered Bank (Sri Lanka) Limited  
The Hongkong & Shanghai Banking Corporation  
Union Bank PLC

## Auditors

KPMG  
Chartered Accountants  
No. 32A, Sir Mohamed Macan Markar Mawatha,  
P.O. Box 186,  
Colombo 3, Sri Lanka.

## Registrars

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

## Company secretaries

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

## Lawyers

Neelakandan & Neelakandan  
Attorneys-at-Law & Notaries Public  
M&N Building (Level 5),  
No. 2, Deal Place,  
Colombo 3, Sri Lanka.

## Directorate

**Mohan Pandithage**  
Chairman (Executive)  
**Dhammika Perera**  
Co-Chairman (Non-Executive)  
**Mahesh Wijewardene**  
Group Chief Executive Officer  
**Deepal Sooriyaarachchi**  
**Dumith Fernando**  
**Mohamed Hisham Jamaldeen**  
**Dilip Kumar De Silva Wijeyeratne**  
**Sarath Ganegoda**  
**Gayani de Alwis**  
**Lalith Yatiwella**  
(Alternate to Sarath Ganegoda)  
– resigned with effect from 31st March 2021  
**Sujeewa Perera**  
(Alternate to Mahesh Wijewardene)  
**Kawshi Amarasinghe**  
(Alternate to Dhammika Perera)

## Senior management

**Mahesh Wijewardene**  
Group Chief Executive Officer  
**Janaka Mendis**  
Director – Credit  
**Sujeewa Perera**  
Factory Director – Piliyandala Factory  
**Kapila Perera**  
Director – Information Technology  
**Thulitha Mendis**  
Director – Commercial  
**Jagath Perera**  
Director – Operations  
**Thushan Amarasuriya**  
Chief Executive Officer – Singer Finance (Lanka) PLC  
**Vajira Tennakoon**  
Director – Sales  
**Roshan Kulasuriya**  
Director – Human Resources and Business Integration  
**Shanil Perera**  
Director – Marketing  
**Ramesh Chitrasiri**  
Finance Director  
**Ananda Manoratne**  
Deputy Director – Services  
**Priyanjith Meegoda**  
Head of Risk Management  
**Mohamed Irzan**  
Head of Treasury and Investor Relations  
**Asantha Karunarathne**  
Senior Manager – Merchandising and Promotions  
**Vioresh Gomes**  
Head of Financial Services  
**Indika Gunathilake**  
Business Development Manager – Singer Mega Channel  
**Ransiri Perera**  
Group Administration Manager  
**Nandana Wijesundara**  
Sales Manager – Agro and Transportation  
**Hemantha Perera**  
Senior Manager – Budget and Planning  
**Terrence Martyn**  
Senior Manager – Apparel Solutions  
**Piyum Jayatilake**  
Marketing Manager  
**Thanuja Senaviratne**  
Senior Manager – Information Technology

**Dilanth Dassanayake**  
Senior Manager – Credit  
**Koshitha Peramunugamage**  
Head of Business Development – B2B  
**Rohan Perera**  
Business Development Manager – Retail (North)  
**Nadeera Kuruppuarachchi**  
Head of Legal  
**Saman Serasinghe**  
Senior Manager – Distribution  
**Nishan Ranasinghe**  
Senior Manager – Revenue and Margin  
**Pramila Liyanage**  
Finance Manager  
**Rahula Gaspe**  
Business Development Manager – E-Commerce  
**Indika Perera**  
Business Development Manager – Whole Sale (South)  
**Ranisha Silva**  
Business Development Manager – Institutional Sales  
**Suren Kanishka**  
Senior Manager – Promotions  
**Upul Peiris**  
Business Development Manager – Retail (South)  
**Sampath Jayatilake**  
Senior Manager – Human Resources  
**Mohamed Hanas**  
Business Development Manager – Digital Media  
**Dr. Mahinda Balasuriya**  
Head of Regulatory and Quality Assurance  
**Upali Ganesharachchi**  
Business Development Manager – Whole Sale (North)  
**Manjula Silva**  
Business Development Manager – Retail Operations  
**Lasanka Arunajith**  
Head of Logistics  
**Darshana Appuhamy**  
Marketing Manager  
**Kumari Hiniduma Kapuge**  
Marketing Manager  
**Gihan Jayawardana**  
Operations Manager – Furniture  
**Nandun Wickramasinghe**  
Senior Manager – Trade Credit

# Notice of Annual General Meeting

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## SINGER (SRI LANKA) PLC (Company Registration No. PQ 160)

NOTICE IS HEREBY GIVEN THAT THE FORTY-SIXTH ANNUAL GENERAL MEETING OF SINGER (SRI LANKA) PLC will be held on Monday, 28th June 2021 at 3.00pm via online meeting platform.

1. To receive, consider and adopt the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2021 with the Report of the Auditors thereon.
2. To re-elect as a Director Mr. M.H. Jamaldeen, 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. D.H. Fernando, 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 reappointment 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 reappointed 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 ratify the sum of Rs. 1,830,942/- made as donations for the year 2020/21 in excess of the sum approved by the shareholders.
6. To authorise Directors to determine contributions to Charities for the financial year 2021/22.
7. To reappoint Messrs KPMG, Chartered Accountants as the Auditors of the Company for the year 2021/22 and to authorise the Directors to determine their remuneration.
8. To consider any other business of which due notice has been given.

By order of the Board,  
**SINGER (SRI LANKA) PLC**  
**HAYLEYS GROUP SERVICES (PRIVATE) LIMITED**  
*Secretaries*

Colombo  
02nd June 2021

### Notes:

1. The Transfer Books of the Company will be kept open.
2. 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 at No. 400, Deans Road, Colombo 10, Sri Lanka or must be emailed to [sinslagm@secretarial.hayleys.com](mailto:sinslagm@secretarial.hayleys.com) not less than forty-eight (48) hours before the time fixed for the Meeting.
3. Please refer the “Circular to Shareholders” dated 02nd June 2021 and follow the instructions to join the Meeting physically or virtually.

# Form of proxy

## SINGER (SRI LANKA) PLC (Company Registration No. PQ 160)

I/We\* ..... (full name of shareholder\*\*)

NIC No./Reg. No. of shareholder (\*\*) ..... of .....

..... being shareholder/shareholders\* of SINGER (SRI LANKA) PLC hereby appoint:

(1) ..... (full name of proxy holder\*\*)

NIC No. of proxy holder (\*\*) ..... 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 Forty-Sixth Annual General Meeting of the Company to be held on Monday, 28th 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 31st March 2021 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect as a Director Mr. M.H. Jamaldeen, 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. D.H. Fernando, 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 reappointment 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 ratify the sum of Rs. 1,830,942/- made as donations for the year 2020/21 in excess of the sum approved by the shareholders.	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorise the Directors to determine contributions to Charities for the financial year 2021/22.	<input type="checkbox"/>	<input type="checkbox"/>
7. To reappoint Messrs KPMG, Chartered Accountants as the Auditors of the Company for the year 2021/22 and to authorise the Directors to determine their remuneration.	<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: ..... Signature of Shareholder

Name: .....

Address: .....

.....

NIC No: .....

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 (Private) Limited, at No. 400, Deans Road, Colombo 10, Sri Lanka or must be emailed to [sinslagm@secretarial.hayleys.com](mailto:sinslagm@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 authorised Director. In the case of the individual shareholders, the signature of the shareholder should be witnessed by any person over 18 years of age.
6. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.
7. In case of Marginal Trading Accounts (slash accounts), the Form of Proxy should be signed by the respective authorised Fund Manager/Banker with whom the account is maintained.





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[www.SmartAnnualReport.com](http://www.SmartAnnualReport.com)



[www.carbonfund.org](http://www.carbonfund.org)

# SINGER

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