



ANNUAL REPORT 2019/20

# Weaving the threads of Creativity

**SINGER**  
INDUSTRIES (CEYLON) PLC



# **SINGER**

**INDUSTRIES (CEYLON) PLC**

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

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## *OUR VISION*

To manufacture world-class appliances for the home

## *OUR MISSION*

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

## *OUR OBJECTIVE*

To be the Market Leader in our Product and Market Segments

Provide our Consumers with the Best Service in the Island

Provide our Consumers with products of latest Technology

Develop our Employees to achieve their real Potential

Provide our Shareholders with steady Asset Growth and Return on Investment above our Industry Norm

Grow our Revenue and Profits at a rate above the current Industry Norm

## *OUR VALUES*

### **CONSUMERS**

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

### **SHAREHOLDERS**

We provide a reasonable return while safeguarding their investment

### **EMPLOYEES**

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

### **SUPPLIERS**

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

### **COMPETITORS**

We respect our competitors and recognise their contribution to market value

### **COMMUNITY**

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

## Financial Highlights 2019/20

	For the twelve months ended 2019/20 Rs'000	For the fifteen months ended 2018/19 Rs'000
Turnover - Net of Taxes	541,892	786,935
Share of Profit and Loss on Deemed Disposal of Associate Company (Net of Income Tax)	(5,072)	3,410
Profit Before Tax	11,351	29,013
Profit for the year/period	15,270	21,029
Stated Capital	100,004	100,004
Capital Reserve	703,455	707,143
Revenue Reserve	547,064	541,801
Shareholders' Funds	1,350,523	1,348,948
Property, Plant & Equipment - Net	1,119,774	1,121,724
Investment Property	308,000	295,000
Investments	66,887	71,959
Net Current Assets	210,809	211,783
Gross Dividends	9,200	15,701
Dividend per Share - Rs.	0.92	1.57
Dividend Payout %	60	75
Earnings Per Share - Rs.	1.53	2.10
Earnings/(Loss) Per Share before change in Fair Value of Investment Property	0.23	(0.53)
Net Assets per Share - Rs.	135.05	134.89
Market Value per Share - March 31 Rs.	62.90	58.00
Net Income to Net Turnover - %	2.82	2.67
Return on Average Net Assets - %	1.1	1.7
Debt to Equity Ratio - %	6.5	8.1
Interest Cover - Times	2.1	4.6
Operating Return on Investment - %	1.1	2.0

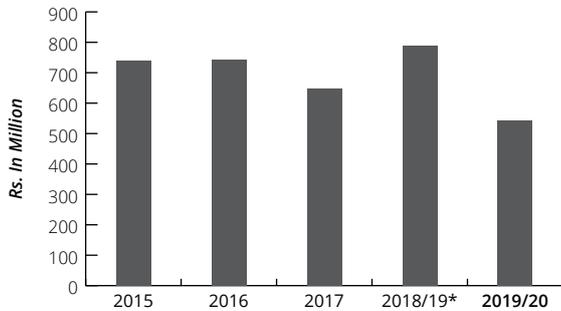
The information presented above are not entirely comparable due to the change of financial period from 31 December to 31 March.

Current financial period 2019/20 – Twelve months period from 01 April 2019 to 31 March 2020.

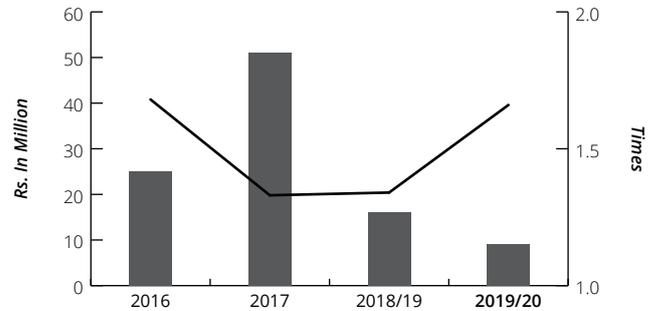
Comparative financial period 2018/19 – Fifteen months period from 01 January 2018 to 31 March 2019.

## Graphical Review of Investor Information

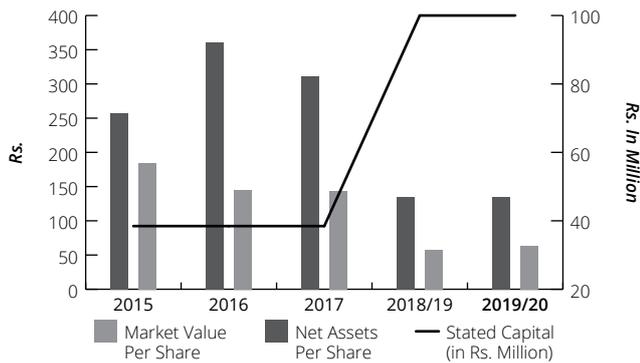
**Sales**



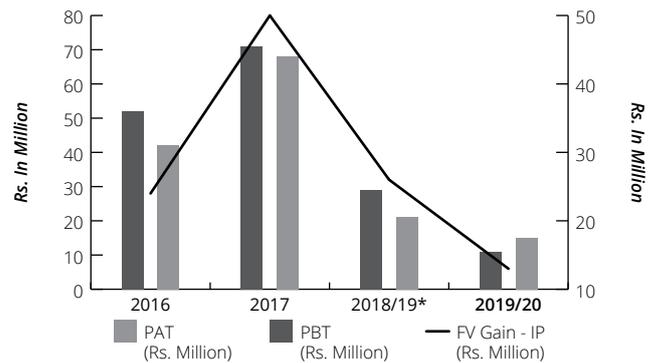
**Dividend & Dividend Cover**



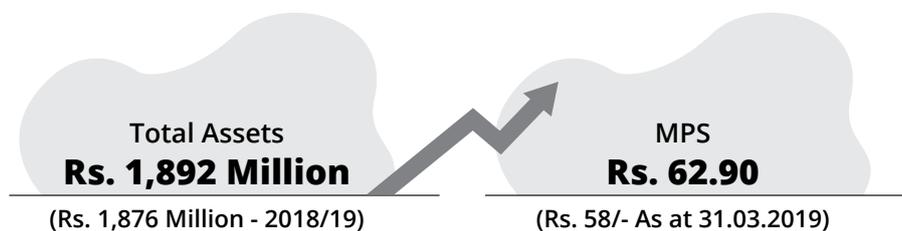
**Net Assets Per Share / MPS / Capital**



**PBT / PAT / FV Gain - IP**



\* Fifteen months ended 31 March 2019



## Chairman's Statement

*"The Company's medium to long-term strategy is centred on product development and revenue diversification"*

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### Dear Shareholder,

Singer Industries (Ceylon) PLC delivered a profit-after-tax of Rs. 15.3 million and earnings per share of Rs.1.53 in a year riddled with numerous external challenges. As the Easter Sunday attack in April 2019 and the COVID-19 pandemic to which we closed the year sharply impacted short-term demand, the Company maintained focus on its strategic aspirations, adopting a long-term view to value creation. Against this backdrop, it is my pleasure to present to you the Annual Report and the Audited Financial Statements for the financial year ending 31 March 2020.

### Context to performance

2019 presented multiple challenges to the Sri Lankan economy which resulted in the country's GDP growth moderating to 2.3%. The April terror attacks had devastating economic consequences, with prolonged impacts across several industry sectors and value chains. Consumer spending declined significantly in the immediate aftermath of the attacks as heightened security concerns impacted consumer movements; accordingly, growth in private consumption expenditure moderated to 2.9% from 3.7% the previous year. Meanwhile the growth of expenditure on furnishings, household

equipment and routine household maintenance contracted by 3% during the year, given the non-essential nature of these products. The end of the financial year saw yet another setback, with the outbreak of the COVID-19 pandemic and subsequent social distancing measures implemented by the Government impacting manufacturing activities as well as consumer spending.

In our industry space, we see a clear shift in customer preference from traditional sewing machines to smaller, portable varieties. As the market for traditional sewing machines gradually declines, we see immense potential in promoting more modern, portable models for recreational value, particularly among the younger demographic.

### Strategy and Performance

The Company's medium to long-term strategy is centred on product development and revenue diversification. In product development we launched a new portable line for which the initial response was extremely encouraging. Given our market leadership position and strong brand reputation, we are confident that the new range will gain traction as market conditions return to normalcy post-

COVID. We also sought diversification of our revenue streams through increasing component manufacturing.

The Company's financial performance was affected by the adverse market conditions during the year. Given the discretionary nature of our product, the reduction in consumer spending had a direct impact on volumes, with traditional sewing machines recording a 23% decline compared to the previous year. Resultantly revenue declined by 5% y-o-y on a comparable 12-month basis while profit-after-tax declined by 30% to Rs.15.3 million during the year. The Company's strategic initiatives and the performance during the year is discussed in further detail in the Chief Executive Officer's Review on page 08 of this Report.

### Leadership and Governance

During the year, we welcomed Mr. K.K.L.P. Yatiwella to the Board of Directors who functions as an Alternate Director to Chief Executive Officer, Mr. M.H. Wijewardene. The Board convened 04 times during the year and dedicated time and resources to evaluate market conditions given the challenging operating environment, formulate product strategy and explore avenues for earnings diversification. In view of the current conditions, the Board will continue to monitor market

dynamics and broader economic, monetary, and fiscal policy trends to ensure that strategy and risk management frameworks remain relevant and viable.

### **Way Forward**

In the aftermath of the COVID outbreak, the Company's immediate priority has been to ensure the safety of all its employees; accordingly, we introduced appropriate work-from-home arrangements and provided required safety equipment and sanitizing material for employees in manufacturing facilities. On a national level, the exact impacts of the pandemic are yet to be ascertained although impacts are likely to be quite pronounced, given the country's reliance on tourism, remittances, and exports for foreign currency generation as well as weak fiscal position. That said, with the Government gradually easing restrictions early signs of recovery are evident and we remain optimistic that market conditions would return to normalcy by end of 2020. Against this backdrop, the Company will continue to focus on driving volume growth in the portable sewing machine range, strengthening human capabilities and exploring further avenues for diversification.

### **Acknowledgements**

I would like to take this opportunity to express my gratitude to the colleagues on the Board for their vision and valuable counsel and look forward to working with them in the future. My appreciation also goes out to the CEO Mr. M.H. Wijewardene and all the employees of Singer Industries (Ceylon) PLC for extending their fullest commitment in a difficult year. I also take this opportunity to thank all our customers, suppliers and stakeholders who have partnered us in our journey of growth.

Thank you.

*(Sgd.)*

**Mohan Pandithage**  
*Chairman*

## Group Chief Executive Officer's Message

*"During the year we increased focus on manufacturing components for products sold by Singer (Sri Lanka) PLC, thereby leveraging group-wide synergies"*

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### Dear Shareholder,

The year under review was characterised by multiple challenges stemming from the external environment, which led to a moderation in the Company's performance. That said, Singer Industries continued to maintain its undisputed market leadership position in sewing machines and achieved considerable progress in product development and diversification. Despite the short-to-medium term impacts of the COVID-19 pandemic, the Company's long-term strategy of diversifying its earnings profile and reinventing the product offering in sewing machines is expected to present exciting opportunities for market penetration and growth.

### Financial and Operating Performance

The Company's revenue declined by 5% on a comparable 12-month basis<sup>1</sup> to Rs.542 million during the year as the slowdown in consumer spending led to a 23% drop in volumes of traditional sewing machines. This decline was partially offset by the strong

performance of the portable sewing machine line which saw a volume growth of 10% as well as increased contributions from the manufacture of OEM components for the parent and the affiliated companies. The macro-economic and demographic dynamics that shaped the year's performance are discussed in further detail in the Chairman's Review on page 06 of this Report. While core operating performance was hampered by the decline in volumes, the Company's overall profitability was supported by rental income of Rs. 20 million generated on investment property and net finance income of Rs. 8.8 million from the investment on fixed deposits at Singer Finance (Lanka) PLC. Overall, the Company profit for the year clocked in at Rs.15 million a decline of 30% when viewed against the comparable 12-months of 2018/19. The Company's balance sheet remains strong with equity funding nearly 71% of total assets and gearing levels as low as 0.07X.

### Strategy and Value Creation

The Company's strategy has been formulated to respond to emerging market dynamics; we are cognisant of the declining demand for traditional sewing machines and have sought to reinvent our product offering through focusing on a modern, portable range of machines. This range is expected

to cater to the recreational needs of the younger demographic, and we are currently driving numerous advertising and customer engagement initiatives to create this demand. Given our unmatched brand name in this segment coupled with our parent's extensive geographical reach and customer penetration, we are confident that this strategy will augur well over the long-term. The initial response for the product line has been extremely encouraging, presenting exciting opportunities for earnings growth and customer value creation.

Earnings diversification also remains a key priority and is expected to counter the gradual decline in revenue from traditional sewing machines. During the year we increased focus on manufacturing components for products sold by Singer (Sri Lanka) PLC, thereby leveraging group-wide synergies. During the year, we commenced manufacturing of Singer oil bottles, cans and refrigerator's items which were previously outsourced. Meanwhile brackets for air conditioners recorded a volume growth of 190% during the year. The Company's reliance on traditional sewing machines thereby declined during the year, reflecting increased diversity of our earnings profile.

<sup>1</sup> The Company changed its financial year end from 31 December to 31 March in 2018/19 due to which the results for the previous period relate to a 15-month period. These numbers have been adjusted for a comparable 12-month period for fair comparison.

Following the outbreak of the COVID-19 pandemic and the subsequent disruption to operations our immediate priority was to ensure the safety of our employees. Accordingly, we implemented appropriate remote working arrangements for office employees while stringent safety measures were introduced in all manufacturing facilities. Despite potential liquidity pressures over the next few months, the Company along with its parent and ultimate parent have retained all employees and maintained full salaries thus far. During the year under review we also continued to invest in employee training and development.

As a responsible corporate citizen, we are committed to reducing the environmental footprint of our operations. During the year we strengthened our waste management practices and took proactive measures to minimize scrap casting and off-cuts. We also sought to increase the use of more eco-friendly material such as UV paints while ongoing measures are in place to enhance the energy efficiency of our operations. During the year we also replaced fluorescent lighting with LED lighting solutions, thereby enhancing energy efficiency.

### **Way forward**

While the exact impact of COVID-19 on businesses and the broader economy is yet to be ascertained, we foresee demand to be relatively stagnant over the short-term. In order to address potential liquidity pressures, we are proactively engaging with suppliers to renegotiate terms and have deferred non-essential expenditure including capex, advertising/promotion expenses and recruitment, among others. Despite short-term challenges given the disruptions to manufacturing activities and impacts on customers' disposable income we are optimistic that the market would post recovery by end

of 2020 as economic activity regains momentum and consumer demand gradually improves.

We will continue to maintain focus on our strategic aspirations by widening our range of portable sewing machines and gradually reducing dependence on traditional machines. Earnings diversification will continue to be a priority as we seek to leverage on our manufacturing capabilities and group synergies to explore further avenues for revenue generation. In line with the Group's approach to cost rationalisation we will also continue to drive operational efficiencies and productivity improvements.

### **Acknowledgements**

I would like to extend my sincere appreciation to the Chairman and Board of Directors for their strategic vision and continued guidance. I would also like to thank the senior management and all employees of Singer Industries for their continued commitment despite the challenging operating conditions that prevailed during the year. I also wish to thank all our stakeholders including our customers, suppliers, and business partners for their continued confidence and support.

Thank you.

*(Sgd.)*

**Mahesh Wijewardena**  
Group Chief Executive Officer

## Board of Directors

### **Mohan Pandithage**

*(Chairman and Chief Executive)*

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

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

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

### **Mahesh Wijewardene**

*(Managing Director /Group CEO)*

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

Past Chairman of the Ceylon Chamber of Commerce - Import Section and Sri Lanka - China Business Council. Holds a Masters in Business Administration from the University of Southern Queensland, Diploma in General Management.

Member of the Hayleys Group Management Committee.

Serves as a Director of Singer (Sri Lanka) PLC, Singer Finance (Lanka) PLC, Regnis (Lanka) PLC, Regnis Appliances (Pvt) Ltd, Singer Digital Media (Pvt) Ltd, Singer

Business School (Pvt) Ltd, Reality Lanka (Pvt) Ltd, Domus Lanka (Pvt) Ltd and CSR Lanka (Guarantee) Ltd.

### **Kelum Kospelawatta**

*(Executive Director)*

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

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

Director of Regnis (Lanka) PLC., & Regnis Appliances (Pvt) Ltd.

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

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

### **Sarath Ganegoda**

*(Non-Executive Director)*

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

Fellow Member of CA Sri Lanka and Member of Institute of Certified Management Accountants of Australia. Holds an MBA from the Postgraduate Institute of Management, University of Sri 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 of Hayleys PLC, the ultimate parent Company of Singer Industries (Ceylon) PLC. He serves on the Boards of Hayleys PLC, Unisyst Engineering PLC, Alumex PLC, Dipped Products PLC, Haycarb PLC, Hayleys Fabric PLC, Hayleys Fibre PLC, Kelani Valley Plantations PLC, Regnis (Lanka) PLC, Singer (Sri Lanka) PLC, The Kingsbury PLC and Horana Plantations PLC.

### **Mohamed Hisham Jamaldeen**

*(Independent Non-Executive Director)*

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

Mr. Jamaldeen is a finance professional with over 20 years of experience and a seasoned commercial property investor and advisor. Mr. Jamaldeen is the Founding Managing Director of Steradian Capital Investments (Pvt) Ltd and Executive Director of Lanka Realty Investments PLC where he is responsible for financing, corporate structuring, acquisitions and development. He is also the Executive Director of several real estate companies, focusing on commercial, residential and leisure property investment and development. Mr. Jamaldeen serves as a Director of Hayleys PLC, Talawakelle Tea Estates PLC, Haycarb PLC, Singer (Sri Lanka) PLC, Regnis (Lanka) PLC. He is a Fellow of the Association of Certified Chartered Accountants, UK and holds a degree in Engineering and Business from the University of Warwick, UK.

### **Vidya Vidyaratne**

*(Independent Non-Executive Director)*

Joined the Board of Singer Industries (Ceylon) PLC in 1997.

Holds BSc (Hons.) Degree in Production/ Mechanical Engineering, University of Peradeniya. MBA from the University of Southern Queensland, Australia. A Chartered Engineer, Member of the Institute of Engineers, Sri Lanka.

He serves as a Director of Regnis (Lanka) PLC.

**Noel Joseph***(Independent Non-Executive Director)*

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

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

He serves on the Board of Regnis (Lanka) PLC and is the Managing Partner of Cadteam and Proprietor of N J Consultants.

**Gamini Gunaratne***(Independent Non-Executive Director)*

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

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

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

**Dilip Kumar De Silva Wijeyeratne***(Independent Non-Executive Director)*

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

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

He moved as a finance professional to Price Waterhouse, Bahrain, and has extensive experience in audit and advisory services. Commenced a Banking career at HSBC Bank Middle East, as Head of Finance and Operations and latterly, was Head of Global Markets and Treasury for the group offices of HSBC Group in the Kingdom of Bahrain. A member of the Senior Management team. Responsible for Corporate Treasury Sales and management of Asset and Liability Management (ALCO) for three legal entities of HSBC group operating in Bahrain. In 2010, joined Third Wave International WLL (TWI) as an equity partner and CEO and embraced entrepreneurship. Leads a team of consultants and facilitates consultancy offerings in Financial Advisory, Human Resources, Marketing, Project and Quality Management, Research and Learning and Development to the private and public sector entities in Bahrain and Oman.

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

**Lalith Yatiwella***(Alternate Director to Mr. Mahesh Wijewardene)*

Joined the Board of Singer Industries (Ceylon) PLC on 01 June 2019.

Director Finance of Singer (Sri Lanka) PLC. He is also a Director of Singer Digital Media (Pvt) Ltd., Singer Business School (Pvt) Ltd. Alternate Director of Singer Finance (Lanka) PLC and Regnis (Lanka) PLC.

Mr. Yatiwella is an Associate Member of the Institute of Chartered Accountants of Sri Lanka and holds a BSc (Hons) Special Degree in Business Administration from the University of Sri Jayewardenepura Sri Lanka.

## Financial and Operational Review 2019/20

The operational and financial review presents a detailed analysis of the financial performance and position of Singer Industries (Ceylon) PLC (referred to as the Company) and its Equity Accounted Investee, Reality Lanka Limited. The financial performance of the Company is compared with the Audited Financial Statements as at 31 March 2020 with the financial performance of the preceding year comprising of fifteen months ending 31 March 2019.

### Operations and Production

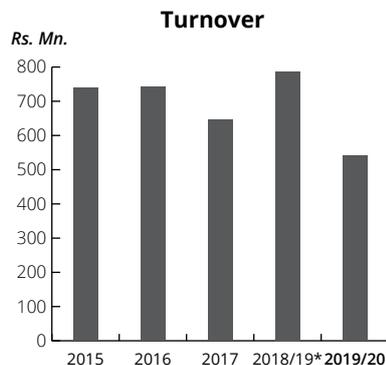
The Company's main product category is sewing machines which consists of the traditional sewing machines and the portable sewing machines. The traditional sewing machines has two variants; the straight stitch and zig-zag sewing machines. In order to evolve with market requirements, the Company expanded its sewing machine range with the introduction of portable and digital sewing machines to cater to the discerning needs of modern customers. The Company also manufactures air conditioner brackets, Singer oil bottles and components for washing machines & refrigerators.

The sewing machines manufactured by the Company are marketed by our parent Company, Singer (Sri Lanka) PLC. The washing machine components & refrigerator components are manufactured as a sub-contract operation to our affiliated Company - Regnis Group. The Company also commenced the manufacturing of air conditioner brackets & singer oil bottles to its parent Company, Singer (Sri Lanka) PLC.

### Revenue

The Company generated a total revenue of Rs. 542 Mn for the twelve-month period ending 31 March 2020 in comparison to Rs. 787 Mn generated in the preceding fifteen-month financial year 2018/19. For appropriate

comparison purposes the total revenue is adjusted for 12 months. The Company generated a total revenue of Rs. 570 Mn, for the twelve-month period ending 31 March 2020 which marked a decrease of 5% in revenue compared to the previous financial year. The decline in revenue is mainly attributable to the closure of production operations for 15 days during the month of March 2020 as a result of the lockdown situation of the country in response to the COVID-19 pandemic.



\*15 months ended 31 March 2019

### Product Mix

It is encouraging to note that the non-core operational activities have contributed Rs 167 Mn towards the revenue generation of the Company which is 31% of the total revenue. Main component of the revenue from the non-core operational revenue was derived from sales of washing machine tubs to Regnis Appliances. The revenue generated from the sale of refrigerator components to Regnis (Lanka) PLC, supply of air conditioner brackets and Singer Oil Bottles to Singer (Sri Lanka) PLC has contributed Rs 44 Mn for the period under review. Hence, the non-core operational activities have displayed significant potential by strengthening the revenue base of the Company by contributing 21% of the total revenue in the last financial period of 2018/19.

During the financial period under review, the Company successfully launched few new products including two sewing machine models to the market by replacing one existing model and introducing a new entrant to the market.

### Cost of Sales

The Company's cost of sales increased in the current financial year largely due to material price increases as a result of the depreciation of the Sri Lankan Rupee against US Dollar and for the period it has increased in 7.4% by end of March 2020.

### Gross Profit/(loss)

During the year in review, the Company recorded a gross loss of Rs. 20 Mn. The gross loss increased to Rs. 20 Mn compared to the gross loss of Rs. 18 Mn in previous financial year 2018/19. The gross loss position increased significantly due to the lower sales in main product lines.

In response to the emerging post COVID-19 business landscape, the Company has set in place both short term and long-term strategies in consultation with its parent company, Singer (Sri Lanka) PLC. The impact and actions taken have been explained in Note 34 to the Financial Statements. Further, the Company embarked on several initiatives and strategies to enhance non-core operational activities along with many initiatives to improve operational efficiency within the organization. These initiatives are expected to improve the profitability levels in the next financial year. Furthermore, new additions to our product portfolio will contribute towards improvements in the products' margin in the medium to long term.

The Company has implemented enhanced quality assurance processes

along with stringent sourcing of high-quality materials to improve product quality and customer satisfaction. Further, actively pursues digital media engagement with its customers through established social media platforms and also by providing dedicated technical hot line for instant solutions in order to strengthen the after-sales service.

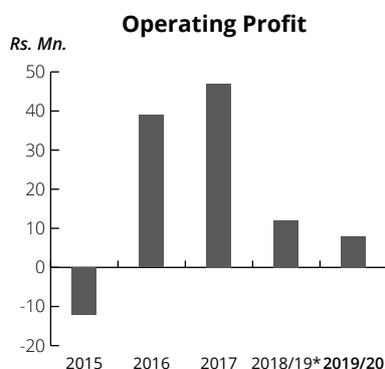
### Other Operating Income

The Company's other operating income of Rs. 23 Mn during the period under review primarily consisted of rental income earned from its investment property (approximately an extent of 50.42 perches). The Company earns rental income by providing warehouse space to its parent Company, Singer (Sri Lanka) PLC. Comparing to twelve months figures, during the year a decrease in rental income by 2% is shown mainly due to the reduction of rented space to Singer (Sri Lanka) PLC due to establishment of regional distribution centers in Ekala & Dambulla.

### Operating Profits

The administration and distribution expenses of the Company for the twelve months ending 31 March 2020 amounted to Rs. 9 Mn compared to Rs. 21 Mn for the fifteen months ending 31 March 2019. Comparing twelve months figures, the reduction was mainly due to the reversal of the provision made for warranty costs during the current financial year (administration & distribution cost for 12 months ended 31.03.2019 was Rs. 17 Mn).

The operating profit for the period was Rs. 7.6 Mn compared to Rs. 11.9 Mn in the previous year 2018/19. Fair value gain from investment property has dropped by 51% compared to year 2018/19. The fair value gain for the current financial period amounted to Rs. 13 Mn compared Rs. 26.35 Mn in last year.



\*15 months ended 31 March 2019

### Finance Costs and Borrowings

The finance costs of the Company showed an increase to Rs. 10 Mn compared to Rs. 8 Mn in the previous financial year of for fifteen months. This was mainly due to the utilization of bank facilities which were obtained from Commercial Bank PLC at the beginning of the last financial period to pay dividends and the increase in imported material costs owing to the depreciation of the Rupee and escalation of costs.

### Finance Income and Investment Assets

The Company earned a finance income of Rs. 19 Mn for the period under review through the investment of a fixed deposit with an affiliated company, Singer Finance (Lanka) PLC. Comparing the twelve months figures, the interest income earned increased by Rs 1.2 Mn which is a 7% increase compared to the last financial year. The increase in twelve months figures reflects the increase in interest income on accumulated interest income earned during the last financial period.

### Equity Accounted Investee

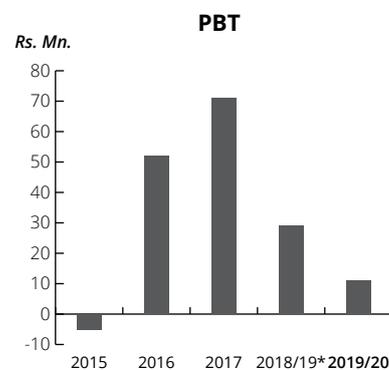
During the third quarter of the current financial year the Company's shareholding percentage of Reality Lanka Limited declined from 45% to 29.6%. This is due to Reality Lanka Limited issuing 62 Mn worth of shares to Singer (Sri Lanka) PLC (SSL) as capitalization of a loan granted by

SSL. Hence, the negative contribution during the period was mainly due to the dilution of ownership of the Company.

Share of profit for the year and loss on deemed disposal was Rs.1.4 million & 6.5 million accordingly.

### Profitability

In the financial period 2019/20, the Company's profitability levels were affected by the low revenue levels, declining profit margins and escalation of cost of sales. However, the Company's financial and real estate investment assets cushioned the impact on profitability to a certain extent. Hence the Company was able to generate a profit before tax of Rs. 11 Mn for the twelve months period compared to 29 Mn for the fifteen months in 2018/19.



\*15 months ended 31 March 2019

### Taxation

During the period under review the Company recorded an income tax reversal of Rs. 3.9 Mn, at an income tax rate of 28%. The Company contributed Rs. 43 Mn as taxes to the Government in 2019/20, through both direct and indirect taxes.

### Net Profit

Net profit for the period was Rs. 15 Mn compared to Rs. 21 Mn in the previous financial year for fifteen months. The net profit for the period is inclusive of a fair valuation gain of Rs. 13 Mn (Rs. 26.35 Mn in 2019/20).

## Financial and Operational Review 2019/20

Administration costs has increased by 1% in comparison to the preceding financial year. Further, provided amount on warranty provision has been reversed and it was Rs 3.9 Mn. This resulted in creating a favorable impact on the net profit. This was mainly due to better management of warranty costs of the Company.

### Capital Expenditure

The Company invested in an oil bottling plant and an injection molding machine, which will enable in-house production of singer oil bottles and several parts/ accessories needed for furniture manufacture by the Singer Furniture Factory. Presently the manufacture of these items is outsourced by Singer Group. The Company hopes to invest in new fixtures to existing machinery which will support the Company's 2020/21 operational plan in expanding the revenue base generated from non-core operational activities whilst establishing the appropriate product mix.

### Returns to Shareholders

The Board of Directors has approved a final dividend of Rs 0.92 per share.

	Twelve months ending 31 March 2020 (Rs.)	Fifteen months ending 31 March 2019 (Rs.)
Dividends per Share	0.92	1.57
Earnings per Share	1.53	2.10
Return on Average Net Assets	1.13	1.65
Market Price per Share	62.90	58
Net Assets per Share	135.05	134.89

Market capitalization at the end of 31 March 2020 was Rs 629,023,902 compared to Rs. 580,022,040 as 31 March 2019.

### Financial Reporting

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

The Company also ensures timely delivery of both quarterly and annual Financial Statements to ensure that the relevant stakeholders are informed.

Ratmalana  
14 May 2020

## Risk Management Report

Singer Industries (Ceylon) PLC continually assesses both internal and external business environment in order to identify, measure, monitor and manage its risk that can be adversely impacted to Company performance.

### Managing Risks

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

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

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

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

Company has deployed best international practices in its endeavors to manage risks. The Group's system of internal controls covers all policies

and procedures, enabling significant strategic and operational risks to be identified and managed. Effective systems and procedures have also been designed to deal with fraud and encourage employees to promptly report any irregularity or fraud.

At strategic level our risk management objectives are,

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

### Reporting

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

### Internal and External Audit

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

### Economic Risk

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

### Asset Risk

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

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

## Risk Management Report

### Investment Risk

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

### Financial Risk

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

### Liquidity Risk

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

### Risks from Fiscal Changes

Arising from the overall macroeconomic policies, priorities and revenue considerations, Government changes taxes and duty structure applicable to

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

### Labour Risk

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

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

### Supplier Risk

We procure materials from a large number of suppliers both local and foreign for the production of goods. Dependence on external suppliers exposes the Company to possible supply disruption and defective third party manufacturing in both raw materials and components. In order to minimize

disruptions to supplies and also to ensure the quality of the materials supplied, we have put in place certain measures including procurement from overseas being done from ISO certified suppliers, maintaining multiple suppliers for raw materials and maintaining a good coordination between suppliers and quality assurance department and frequent visits to the factories of the local suppliers and advising them on quality assurance.

### Marketing Risk

The Company does not undertake marketing of the products to the final consumer on its own. Instead, all the goods manufactured by the Company are sold to the parent Company, Singer (Sri Lanka) PLC. The risk of depending on one buyer for the Company's products is minimised by entering into a formal marketing agreement with Singer (Sri Lanka) PLC, which is a highly reputed and respected Company among households in Sri Lanka with an unparalleled distribution network and a reputation for after sales service.

### Reputation Risk

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

### Other Risks

Apart from the specific risks identified above, the Company is exposed to a number of other risks some of which are natural disasters beyond the control of the Company while others relate to operational matters. These include fire, floods, epidemics like Covid 19, terrorist attacks, machinery break-downs,

technical defects, electrical hazards etc. Risk management measures in place to address these situations inter alia include insurance covers against all such perils and regular training of fire fighting squads and conducting fire drills.

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

**Caveat**

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

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

## Corporate Governance

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

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

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

- Companies Act No. 07 of 2007
- Listing Rules of the Colombo Stock Exchange (CSE)
- The Code of Best Practice on Corporate Governance as jointly published by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).
- Integrated Reporting Framework issued by the International Integrating Reporting Council (IIRC)
- GRI Standards for Sustainability reporting issued by the Global Reporting Initiative

### Governance Policy and Framework

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

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

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

- Relationship with Shareholders
- Accountability and Audit
- Shareholders
- Directors and Secretary
- Directors' Remuneration

### Board of Directors

#### Composition

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

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

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

#### Responsibilities of the Board

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

Additionally, the Board is committed to a policy of 'Responsible Governance' through the governance framework of the intermediate Parent Company,

Singer Asia Ltd. and Singer Group in Sri Lanka.

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

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

The Board makes every effort to ensure due compliance to good governance practices and makes objective assessment of the Company's risks, performance and prospects. These are discussed in detail in the Chairman's Review on page 06, CEO's Review on page 08, Financial & Operational Review on page 12, Risk Management Report on page 15, Audit Committee Report on page 25, the Remuneration Committee Report on page 27, Nomination Committee Report on page 28 and the Annual Report of the Board of Directors on the Affairs of the Company on page 32.

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

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

- Ensure compliance with legal requirements and ethics
- Approval of budgets and corporate plans
- Approval of interim and annual Financial Statements for publication
- Deciding and approval of investment and divestments

#### Board's Independence

None of the Independent Directors have held executive responsibilities in the Company. They have submitted a declaration confirming their independence in accordance with Section 7 of the CSE Listing Regulations on Corporate Governance as at 31 March 2020. The Non-Executive Directors do not have any business interest that could materially interfere with the exercise of their independent judgments. The Board Members are permitted to obtain independent professional advice from a third party including the Company's External Auditors and other professional consultants whenever deemed necessary.

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

#### Board Meetings and Circular Resolutions

The Board convenes at least on a quarterly basis to review the performance of the Company and take strategic decisions or even more

frequently if the necessity arises. The scheduled dates of meetings for the year are approved by the Board in advance and the Directors are given adequate notice of any changes to the planned schedule. Meeting agendas and Board papers are circulated to all Board members prior to Board and Subcommittee meetings.

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

Number of Board Meetings held during the period	-	04
Number of Circular Resolutions passed during the period	-	07

#### Board Meeting Attendance

The attendance at the Board meetings held during the year on 16 May 2019, 07 August 2019, 07 November 2019 and 11 February 2020 are given below.

Name of the Director	Attendance
Mr. A.M. Pandithage	4/4
Mr. M.H. Wijewardene	4/4
Mr. K.D. Kospelawatta	4/4
Mr. S.C. Ganegoda	4/4
Mr. V.G.K. Vidyaratne	3/4
Mr. M.H. Jamaldeen	4/4
Mr. N.L.S. Joseph	1/4
Mr. K.D.G. Gunaratne	4/4
Mr. D.K. De Silva Wijeyeratne	4/4
Mr. K.K.L.P. Yatiwella (Alternate Director to Mr. M.H. Wijewardene - appointed on 01.06.2019) *	-

\* Principal Director present at the meetings

## Corporate Governance

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

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

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

### Strategic Planning and Implementation

The Board is responsible for the strategic planning process of the Company. This includes the responsibility for the formulation of the strategic vision and mission of the Company, setting the overall corporate policy and strategy, monitoring performance and reviewing risks and major investments. The Board also takes on the added responsibility of directing

Company performance towards achieving the best results possible and increasing shareholder value. The Board sets the broad parameters of the Company's business. The Company's business units are then tasked with their application, in achieving specific targets and objectives.

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

### Company Secretary

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

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

### Executive Management

While the Board of Directors is ultimately responsible for the operations and financial soundness of the Company, the day-to-day management of the Company is entrusted to the Factory Director. There is extensive staff

participation in decision making at all levels, with strategic recommendations on material matters flowing to the Board for final decision.

### Chairman's Role

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

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

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

### Accountability

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

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

Procedures exist to ensure that Directors are provided with timely information on a quarterly basis or even more frequently and a clear agenda and papers with guidance on contents and presentation for all meetings to facilitate effective conduct. When the Board finds that the information provided is insufficient or not clear, they call for additional information which is provided.

### **Audit Committee**

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

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

The Audit Committee is empowered to review and monitor the financial reporting process of the Company so as to provide additional assurance on the reliability of Financial Statements through a process of independent and objective review. As such, the Audit Committee acts as an effective forum in assisting the Board of Directors

in discharging their responsibilities on ensuring the quality of financial reporting and related communication to the Shareholders and to the public.

As at period-end, the Audit Committee comprised of three (03) Independent Non-Executive Directors of the Board. The Company Secretaries function as the Secretaries to the Committee. The Chief Financial Officer/Compliance Officer, Audit Staff of Singer and Hayleys PLC, representatives of External Auditors and when necessary, the Group Chief Executive Officer, the Group Finance Director, Hayleys Group Chief Financial Officer (CFO), and relevant operational Directors and Managers attend the meetings by invitation.

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

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

The detailed Report of the Audit Committee is given on page 25.

### **Remuneration Committee**

The Remuneration Committee of the parent Company, Singer (Sri Lanka) PLC function as the Remuneration Committee to the Company. As at period-end, the Remuneration Committee comprised of three (03) Independent Non-Executive Directors

of the Company. The Chairman and the Group CEO participates by invitation. The Committee is Chaired by an Independent Non-Executive Director. The Singer Group Finance Director functions as the Secretary of the Committee. The Group CEO and the Singer Group Finance Director assist the Committee by providing relevant information and participating in analysis and deliberations.

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

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

The remuneration of the Directors is disclosed on pages 59 and 83 of this Annual Report and the detailed Remuneration Committee Report is given on page 27.

### **Internal Control**

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

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

## Corporate Governance

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

### Relations with Shareholders

The Board uses the Annual General Meeting (AGM) to communicate with Shareholders and encourage their participation. Those unable to attend may appoint proxies. Each substantially separate issue is proposed as a separate resolution at the AGM including the proposal for the adoption of the report and accounts. The Chairman ensures that the Audit Committee is available to answer any question at the AGM, if required. The Company Secretaries ensure that all Shareholders' queries are answered whenever required.

### Investor Relations

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

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

### Financial Reporting, Transparency and Supply of Information

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

The Board receives a standard set of documents, which are timely, accurate, relevant and comprehensive. These papers include a detailed analysis of financial and non-financial information. The Board may call for additional information or clarify issues with any member of the management team. All Directors are adequately briefed on matters arising at Board meetings. The Secretary and Compliance Officer ensure that Board papers are circulated in advance prior to Board meetings.

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

### Compliance with Law

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

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

### Material Issues Pertaining to Employees and Industrial Relations

The Company did not encounter any material issues pertaining to employees and industrial relations during the financial year 2019/20.

The following table presents the details of the Company's compliance with Section 7 of the CSE Listing Rules on Corporate Governance as at 31 March 2020.

Rule No.	Corporate Governance Rule Requirement	Status of Compliance	Details of Compliance
<b>Board of Directors</b>			
7.10.1	Number of Non-Executive Directors - One-third of the total number of Directors, subject to a minimum of two.	Complied	The Board comprise nine (09) Directors, of which six (06) are Non-Executive Directors
7.10.2	Number of Independent Directors - One-third of Non-Executive Directors, subject to a minimum of two.	Complied	Five (05) Non-Executive Directors are independent.
7.10.3	Disclosure Relating to Directors' independence.	Complied	Five (05) Independent Non-Executive Directors have submitted a declaration confirming their independence.
<b>7.10.5 Remuneration Committee</b>			
7.10.5 (a)	Number of Independent Non-Executive Directors in the Committee to be: <ul style="list-style-type: none"> <li>a minimum of two (where a Company has only two Directors on the Board), or</li> <li>in all other instances majority of whom are to be independent.</li> </ul>	Complied	The Committee comprise of three (03) Directors of whom all are Independent Non-Executive Directors
	Separate Committee to be formed for the Company or the listed Parent's Remuneration Committee to be used.	Complied	The Parent Company's Committee functions as the Committee to the Company.
	Chairman of the Committee to be a Non-Executive Director.	Complied	The Chairman of the Committee is an Independent Non-Executive Director.
7.10.5. (b)	Functions of the Committee.	Complied	The Remuneration Committee Report on page 27 sets out the functions of the Committee.
<b>7.10.6 Audit Committee</b>			
7.10.6. (a)	Number of Independent Non-Executive Directors in the Committee to be: <ul style="list-style-type: none"> <li>a minimum of two (where a company has only two Directors on the Board), or</li> <li>in all other instances majority of whom are to be independent.</li> </ul>	Complied	The Committee comprises of three (03) Directors from whom all are Independent Non-Executive Directors.
	Separate Committee to be formed for the Company or the listed Parent's Committee to be used.	Complied	The Parent Company's Committee functions as the Committee to the Company
	Chairman of the Committee to be a Non-Executive Director.	Complied	The Chairman of the Committee is an Independent Non-Executive Director.
	Chairman or one member of the Committee to be a member of a recognized professional accounting body.	Complied	The Chairman of the Committee is a member of a recognized professional accounting body.
	CEO and CFO to attend committee meetings, unless otherwise determined by the Audit Committee.	Complied	CEO and CFO attend by invitation.
7.10.6. (b)	Functions of the Committee.	Complied	The Audit Committee Report on page 25 sets out the functions of the Committee.

## Corporate Governance

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

Rule No	Related Party Transaction Requirement	Status of Compliance	Details of Compliance
9.2.1& 9.2.3	Separate Committee to be formed for the Company or the listed Parent's Committee to be used.  Functions of the Committee.	Complied	The Parent Company's Committee functions as the Committee to the Company.  The functions of the Committee are stated in the Report of the Related Party Transaction Review Committee on page 29.
9.2.2	Composition	Complied	The Committee comprises two (02) Independent Non-Executive Directors and one (01) Executive Director  Please refer the Report of the Related Party Transaction Review Committee on page 29.
9.2.4	Related Party Transactions Re-view Committee Meetings	Complied	Met four (04) times during the financial year 2019/2020
9.3.1	Immediate Disclosures	Complied	Please refer Note 33 of the Notes to the Financial Statements on page 83.
9.3.2(a) & (b)	Disclosure of Non-Recurrent and Recurrent Related Party Transactions	Complied	Please refer Note 33.3.1 of the Notes to the Financial Statements on pages 84 to 85.
9.3.2(C )	The Report by the Related Party Transaction Review Committee	Complied	Please refer the Report of the Related Party Transaction Review Committee on page 29
9.3.2(d)	A Declaration by the Board of Directors	Complied	Please refer the Report of the Directors on page 37 for an affirmative statement of compliance of the Board.

### Transparency and Business Ethics

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

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

- Work within applicable laws and regulations.
- Safeguard the Company's assets.
- Avoid conduct that will reflect badly on the person concerned or the Company's image.
- Strictly avoid giving or accepting any kind of bribe, either directly or indirectly.
- Strictly avoid making contributions for political funds, either directly or indirectly.
- Strictly avoid any kind of sexual harassment.

The whistle blowing procedure introduced by the Company encourages any employee who suspects wrong

doing at work, whether by management, peers or any other employee, to raise their concerns.

### Other Policies

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

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

## Audit Committee Report

### Preamble

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

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

### Composition of the Committee

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

Mr. D. K. De Silva Wijeyeratne – Chairman

Mr. D. Sooriyaarachchi

Mr. M. H. Jamaldeen

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

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

### Responsibilities and Duties of the Committee

The Audit Committee's authority, responsibilities and specific duties have been formalised through an Audit Committee Charter. By this, the Audit

Committee is empowered among other things, to examine any matters relating to the financial affairs of Singer Industries (Ceylon) PLC and to review the adequacy of the internal control procedures, coverage of internal and external audit programmes, disclosure of Accounting Policies and compliance with statutory and Corporate Governance requirements.

### Internal Audit Risk and Control

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

The Committee is responsible for effectiveness of the internal control systems to ensure that processes are in place to safeguard the assets of the organization and to ensure that the financial reporting system can be relied upon in preparation and presentation of Financial Statements.

The Committee ensured that the internal audit function is independent of the activities it audited and that it was performed with impartiality, proficiency and due professional care.

### Financial Reporting

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

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

### Meetings of the Committee

During the period, four (04) Audit Committee meetings were held to discuss the reports of the Internal and External Auditors and quarterly accounts. The final accounts were also discussed at the meeting held on 11 May 2020. The minutes of the meetings were tabled at the meetings of the Board of Directors for information and necessary action.

### Attendance

The attendance of the Committee Members at the Audit Committee meetings held on 14 May 2019, 07 August 2019, 31 October 2019 and 10 February 2020 are given below.

Name of the Committee Member	Attendance
Mr. D.K. De Silva Wijeyeratne	4/4
Mr. D. Sooriyaarachchi	3/4
Mr. M.H. Jamaldeen	4/4

### External Auditors

The external audit approach and scope was reviewed and discussed by the Committee with the External Auditors and the Management prior to the

## *Audit Committee Report*

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 recommended to the Board of Directors that Messrs KPMG, Chartered Accountants be re-appointed as the External Auditors of the Company for the financial year 2020/2021 as a deemed provision in terms of Section 158 of the Companies Act No. 7 of 2007, subject to the approval of the shareholders at the Annual General Meeting (AGM) and the required resolution will be put to the shareholders at the AGM.

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

### **Conclusion**

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

*(Sgd.)*

**D. K. De Silva Wijeyeratne**

*Chairman - Audit Committee*

Colombo.

11 May 2020.

## Remuneration Committee Report

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

### Composition of the Committee

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

Mr. M.H. Jamaldeen - Chairman

Mr. D. Sooriarachchi

Mr. D.K. De Silva Wijeyeratne

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

Mr. Lalith Yatiwella, Group Finance Director functions as the Secretary to the Committee.

The Chairman and the Group CEO assist the Committee by providing the relevant information and participate in its analysis and deliberations except when their own compensation packages are reviewed.

### The Scope of the Committee

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

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

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

### Remuneration Policy

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

### Meetings

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

### Attendance

The Committee met one (01) time on 14 May 2019 during the period.

Name of the Committee Member	Attendance
Mr. M.H Jamaldeen	1/1
Mr. D. Sooriarachchi	1/1
Mr. D.K. De Silva Wijeyeratne	1/1

### Conclusion

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

*(Sgd.)*

**M.H. Jamaldeen**

*Chairman - Remuneration Committee*

Colombo.

14 May 2020.

## Nomination Committee Report

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

### Composition of the Committee

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

Mr. A.M. Pandithage\* – Chairman

Mr. K.D.D. Perera\*\*

Mr. M.H. Jamaldeen\*\*\*

\*Executive

\*\*Non-Executive

\*\*\*Independent Non-Executive

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

### The Duties of the Committee

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

### Meetings

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

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

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

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

### Conclusion

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

(Sgd.)

**A.M. Pandithage**

*Chairman - Nomination Committee*

Colombo.  
14 May 2020.

## Related Party Transaction Review Committee Report

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

### Composition of the Committee

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

Mr. D. Sooriyaarachchi\* - Chairman

Mr. D.K. De Silva Wijeyeratne\*

Mr. M.H. Wijewardene\*\*

Mr. J.A. Setuvakalar \* Represents Singer Finance (Lanka) PLC participated the meetings by invitation.

\* Independent Non-Executive

\*\* Executive

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

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

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

### The Duties of the Committee

- To review in advance all proposed related party transactions of the Group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

- Seek any information the Committee requires from the management, employees or external parties with regard to any transaction entered into with a related party.
- Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary including obtaining appropriate professional and expert advice from suitably qualified persons.
- To recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- To monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority Shareholders.
- Meet with the Management, Internal Auditors/External Auditors as necessary to carry out the assigned duties.
- To review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.
- To review the economic and commercial substance of both recurrent/non recurrent related party transactions.
- To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining 'competent independent advice' from independent professional experts with regard to the value of the substantial asset of the related party transaction.

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

- Relevant information to capture RPTs are fed into the Company Data Collection System.
- All officers concerned are informed of the applicable regulatory requirements relating to the reporting of RPTs.
- Key Management Personnel (KMPs) and their Close Family Members (CFMs) are identified half yearly together with their NIC numbers and business registration numbers. This information is in the system.
- Systems are updated with KMP and their CFM details on a half yearly basis or as and when the need arises in the event of a material change.
- Data is extracted from the system, verified and validated.
- All Managers are advised to report RPTs to the Finance Director who has been identified as the Focal Point, for this purpose.
- Data is shared with the Finance Director and the Company Secretaries to meet the regulatory requirements if required.

### Task of the Committee

The Committee reviewed the related party transactions and their compliances in Singer Group Companies including Singer Industries (Ceylon) PLC.

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

## *Related Party Transaction Review Committee Report*

### **Meetings**

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

### **Attendance**

The attendance of the Committee Members at the meetings held on 14 May 2019, 07 August 2019, 31 October 2019 and 10 February 2020 are given below.

Name of the Committee Member	Attendance
Mr. D. Sooriyaarachchi	3/4
Mr. D.K. De Silva Wijeyeratne	4/4
Mr. M.H. Wijewardene	4/4
Mr. J.A. Setuvakalar (by Invitation)	4/4

### **Reporting to the Board**

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

### **Disclosures**

A detailed disclosure of all the related party transactions including Recurrent and Non-Recurrent related party transactions which are required to be disclosed under Section 9.3.2 of the Listing Rules of the Colombo Stock Exchange has been made in Note 33.3.1 to the Financial Statements given in page 84 to this report.

### **Conclusion**

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

*(Sgd.)*

**D. Sooriyaarachchi**

*Chairman - Related Party Transactions Review Committee*

Colombo.

14 May 2020.



# Financial Statements

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

The Board of Directors of Singer Industries (Ceylon) PLC has pleasure in presenting their Report on the affairs of the Company together with the audited Financial Statements of the Company for the year ended 31 March 2020.

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

## Review of the Year

The Chairman's Review (on pages 06 to 07), and the Chief Executive Officer's Review on (pages 08 and 09), describes the Company's affairs and mentions important events that occurred during the year and up to the date of this Report. The financial review on pages 12 to 14 elaborates the financial results of the Company. These reports together with the audited Financial Statements reflect the state of the affairs of the Company.

## Principal Activities

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

## Financial Statements

The Financial Statements prepared in compliance with the requirements of Section 151 of the Companies Act No. 07 of 2007 duly certified by the Chief Financial Officer (CFO) and approved by the Board of Directors are given on pages 42 to 87 in this Annual Report. The Financial Statements are prepared in accordance with SLFRS/LKASs, the Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka to coverage with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).

## Independent Auditor's Report

The Company's Auditors Messrs KPMG, Chartered Accountants performed the audit on the Financial Statements for the year ended 31 March 2020 and the independent Auditor's Report on the Financial Statements is given on page 38 in this Annual Report.

## Accounting Policies

The Accounting Policies adopted in preparation of the Financial Statements are provided in details in the Notes to the Financial Statements on pages 46 to 55. The Company has consistently applied the Accounting Policies as set out in Note 01 to Note 04 to all periods presented in these Financial Statements.

## Property, Plant & Equipment

During the year under review, the Company invested a sum of Rs. 6,850,017/- (2018/2019 – Rs. 7,491,480/-) in property, plant & equipment.

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

## Market Value of Properties

The freehold property of the Company is valued by an Independent Qualified Valuer when there is a substantial difference between the fair value and the carrying amount of the freehold property. The Company reviews its freehold land & buildings once in every two years and investment property in annually. The details of the revaluation are given in Note 11 to the Financial Statements on pages 62 to 65 in this Report.

## Investments

The Company has invested Rs. 54 Mn (2018/2019 - Rs. 54 Mn) in the Stated Capital of Reality Lanka Ltd. and accounted as an Equity Accounted Investee.

Details of the investment in Equity Accounted Investee are given in Note 13 to the Financial Statements on page 67.

## Directors' Responsibility

The Statement of the Directors' Responsibility is given on page 37 of this Annual Report.

## Corporate Governance

The Company has complied with Corporate Governance rules laid down under the Listing Rules of the Colombo Stock Exchange. The Corporate Governance Section on pages 18 to 24 describes the good Corporate Governance principles adopted by the Company.

## Profit and Appropriations

	31.03.2020 (12 Months) Rs.	31.03.2019 (15 Months) Rs.
Company profit before income tax expense after deducting all expenses, known liabilities and depreciation amounts to	11,350,895	29,012,922
From this has to be deducted the income tax expense (Refer Note 09 to the Accounts)	3,919,130	(7,983,585)
To this has to be added the Other Comprehensive Income	2,006,075	2,776,518
Making a profit for the year attributable to equity holders of	17,276,099	23,805,855
To this has to be added the balance brought forward from previous year of	464,615,891	391,203,495
To this has to be added the transfer from revaluation reserve	3,687,563	3,522,136
To this has to be added the transfer from Investment Property to retained earnings	-	61,785,000
Leaving a total available for Appropriation of:	485,579,553	480,316,488
Following Appropriation has been Proposed:		
Proposed dividend - dividend per share 2019/2020 - Rs. 0.92 (2018/2019 - Rs. 1.57)	9,200,350	15,700,597
Balance to be carried forward by the Company of	476,379,203	464,615,891

### Reserves

Company reserve and retained earnings as at 31 March 2020 amounted to Rs. 1,251 million vs Rs. 1,249 million as at 31 March 2019.

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

### Stated Capital

As per the Companies Act No. 07 of 2007, the Stated Capital of the Company was Rs. 100,003,800/- as at 31 March 2020 (Rs. 100,003,800/- as at 31 March 2019). The details are given in Note 22 to the Financial Statements on page 71.

### Events Occurring after the Reporting Date

The Directors have approved a final dividend of Rs. 0.92 per ordinary share amounting to Rs. 9.2 million for the twelve months ended 31 March 2020 to be paid on 03 June 2020. In accordance with Sri Lanka Accounting Standard No. 10 on "Events After reporting period", the proposed final dividend has not been recognized as a liability at the reporting date.

### Ultimate Parent Company

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

### Statutory Payments

The declaration relating to statutory payments is made in the Statement of Directors' Responsibility on page 37.

### Directors' Interests & Interest Register

Details of transactions with Director-related entities are disclosed in Note 33 to the Financial Statements on pages 82 to 83 and have been declared at the Board meetings, pursuant to Section 192 (2) of the Companies Act No. 07 of 2007. Directors' interest in shares are given in the later part of this Report.

### Directors' Remuneration

Aggregate remuneration paid to the Executive and Non-Executive Directors during the financial year is given in Note 33 to the Financial Statements on page 83.

### Directors' Indemnity and Insurance

The ultimate Parent of the Company, Hayleys PLC has obtained a Directors & Officers liability insurance from Orient Insurance Ltd, providing worldwide cover to indemnify all past, present and future Directors & Officers (D & O) of the Group. The limit on liability of the cover is USD 5.0 million per annum at a premium of Rs. 9,239,369/50.

### Board Committees

#### Audit Committee

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

The members and the composition of the members are given on page 25 under the Audit Committee Report.

The Report of the Audit Committee on page 25 set out the manner of compliance by the Company in accordance with the requirements of the Rule 7.10 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance.

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

### Remuneration Committee

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

The members and the composition of the members are given on page 27 under the Report of the Remuneration Committee.

The Report of the Remuneration Committee on page 27 contains a statement of the remuneration policy. The details of the aggregate remuneration paid to the Executive and Non-Executive Directors during the financial year are given in Note 33 on page 83 to the Financial Statements.

### Nomination Committee

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

The members and the composition of the members are given on page 28 under the Report of the Nomination Committee

The Report of the Nomination Committee on page 28 set out the manner of compliance by the Company in accordance with the requirements of the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

### Related Party Transactions Review Committee

Related Party Transactions Review Committee of the parent Company, Singer (Sri Lanka) PLC functions as the Related Party Transactions Review Committee of Singer Industries (Ceylon) PLC.

The members and the composition of the members are given on page 29 under the Report of the Related Party Transactions Review Committee.

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

### Share Information and Substantial Shareholdings

The distribution of shareholding, public holding percentage, market value of shares, top twenty largest Shareholders and the percentage held by each of them are disclosed on pages 91 to 93.

The earnings per share, dividends per share, dividend pay-out and net asset value per share are given in financial highlights on page 04 and ten year at a glance on page 89 in this Annual Report.

### Directorate and Shareholdings

The names of the Directors of the Company as at 31 March 2020 and their brief profiles are given on pages 10 and 11 in this Annual Report.

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

In terms of Article 24 (4) of the Articles of Association of the Company, Mr. M.H. Jamaldeen retires by rotation and being eligible himself for re-election.

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

Name of the Director	No. of Shares	
	As at 31.03.2020	As at 31.03.2019
Mr. A.M. Pandithage	-	-
Mr. S.C. Ganegoda	-	-
Mr. V.G.K. Vidyaratne	260	260
Mr. M.H. Jamaldeen	-	-
Mr. N.L.S. Joseph	-	-
Mr. K.D.G. Gunaratne	-	-
Mr. K.D. Kospelawatta	520	520
Mr. D.K. De Silva Wijeyeratne	-	-
Mr. M.H. Wijewardene	-	-

### Independence of Directors

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

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

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

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

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

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

- (iii) Mr. N.L.S. Joseph is nevertheless independent on the following basis:
- a) His high standing in business sector.

- b) His experience and knowledge particularly in the field of Accounting will continue to be an asset to the Company.
- c) He does not participate in executive decision making.

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

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

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

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

### Independent Non-Executive Directors

Mr. M.H. Jamaldeen  
 Mr. V.G.K. Vidyaratne  
 Mr. N.L.S. Joseph  
 Mr. K.D.G. Gunaratne  
 Mr. D.K. De Silva Wijeyeratne

### Employment

The number of persons employed by the Company as at 31 March 2020 was 74 (31 March 2019 - 76)

### Donations

During the year, donations amounting to Rs. 30,000/- (2018/2019 - Rs. 30,000/-) were made by the Company.

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

### Auditors

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

M/s KPMG, Chartered Accountants are deemed re-appointed as Auditors for the year 2020/2021 in terms of Section 158 of the Companies Act No. 7 of 2007.

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

The audit related fees paid to the Auditors by the Company are disclosed in Note 08 on page 59 in this Annual Report.

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

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

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

### **Notice of Meeting**

The Annual General Meeting will be held at Hayleys PLC, Conference Room, No. 400 Deans Road, Colombo 10 on Friday, 24 July 2020 at 2.00 p.m.

The Notice of the Annual General Meeting of the Shareholders is on page 95.

For and on behalf of the Board,

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

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

*(Sgd.)*  
**Hayleys Group Services (Private) Limited**  
*Company Secretaries for*  
**SINGER INDUSTRIES (CEYLON) PLC**

Colombo.  
14 May 2020.

## Statement of Directors' Responsibility

The Directors are responsible under Sections 150 (1), 151, 152 (1) & 153 of the Companies Act No. 07 of 2007, to ensure compliance with the requirements set out therein to prepare Financial Statements for the twelve months financial period ended 31 March 2020 giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit & loss of the Company and the Group for the financial year.

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

The Board accepts responsibility for the integrity and objectivity of the Financial Statements presented for the year ended 31 March 2020. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected.

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

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

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

The Board of Directors has declared a final dividend for the year ended 31 March 2020 in terms of the Articles of Association of the Company and in line with Section 56 of the Companies Act No. 07 of 2007 (Act) payable on 03 June 2020 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 Act and have sought a certificate of solvency from the Auditors.

The external Auditors, Messrs KPMG, Chartered Accountants who will be reappointed as the Auditors of the Company at the Annual General Meeting were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The report of the Auditors, shown on page 38 sets out their responsibilities in relation to the Financial Statements.

The Board has recommended that Messrs KPMG, Chartered Accountants be reappointed as Auditors for the year 2020/2021.

### Compliance Report

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

By order of the Board

*(Sgd.)*

**HAYLEYS GROUP SERVICES (PRIVATE) LIMITED**

*Secretaries*

Colombo.  
14 May 2020.

# Independent Auditor's Report



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

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## To the Shareholders of Singer Industries (Ceylon) PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Singer Industries (Ceylon) PLC (the "Company"), which comprise the statement of financial position as at 31 March 2020, 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 42 to 87.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 March 2020, and of Its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for Opinion

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

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

#### Key Audit Matters

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

KPMG, a Sri Lankan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

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

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



### 01. Carrying value of Inventory

Refer to Note 3.10 for accounting policy and Note 14 to these financial statements.

#### Risk Description

As at 31 March 2020, the Company has recognized a total gross inventory provision of Rs. 10,929,639 (2019;16,021,131) in relation to the total inventory value at Rs. 165,255,221 (2019; 156,379,817).

The Company has significant levels of inventories and judgments are taken with regard to categorization of inventories into obsolete and/or slow moving and which should be considered for the provision of impairment. Estimates are then involved in arriving at provisions against cost in respect of slow moving and obsolete inventories and arrive at valuation based on lower of cost and net realizable value.

Further, COVID 19 outbreak resulted in interruption in business activities and resulted in loss of income for some of the individuals which would adversely affect the ability to sell its inventories with a reasonable margin which has potential impact on the Net realizable value adjustments.

Given the level of judgments and estimates involved, carrying value of inventory has been considered as a key audit matter.

#### Our response

Our audit procedures included:

- Challenging the management with regard to the calculation methodology, the basis for provision and the process with respect to inventory provision.
- Testing the design, implementation and operating effectiveness of the key control's management has established for provision computations and to ensure the accuracy of the inventory provision.
- Performing the observations of inventory physical verifications in order to identify the existence and any damaged, obsolete inventory.
- Assessing the adequacy of, and movements in, inventory provisions held, by recalculating a sample of items included within the provision to ensure appropriate basis of valuation.
- Evaluating, on a sample basis, whether inventories were stated at the lower of cost or net realizable value at the reporting date by comparing the sales prices of inventories subsequent to the reporting date where available and with the latest prices prior to the business interruption and checked whether there were any considerably low margin products which would potentially have an effect of the net realizable value.
- Evaluating the appropriateness of the assumptions used in management assessment of provision for slow moving inventory to ensure that management assessment is adequate based on our knowledge and information of the client and the industry.

## Independent Auditor's Report



02. Fair valuation of Investment property	
Refer to Note 3.3 for accounting policy and Note 12 to these financial statements.	
Risk Description	Our response
<p>The Company has recognized Rs. 13,000,000 (2019 Rs. 26,350,000) as a fair value gain on investment property based on the fair valuation carried on investment property amounting to Rs 308,000,000 (2019 Rs. 295,000,000) as at 31 March 2020.</p> <p>Management's assessment of fair value of this investment property is based on valuations performed by a qualified independent property valuer in accordance with recognized industry standards.</p> <p>Estimating the fair value is a complex process which involves a significant degree of judgment and estimates in respect of price per perch of the land, value per square feet, diversity of locations and nature of the properties.</p> <p>We identified assessing the fair value of investment property owned by the Company as a key audit matter due to the complexity of the valuation method, subjectivity of the significant judgments and estimations involved.</p>	<p>Our audit procedures included;</p> <ul style="list-style-type: none"> <li>Assessing the reasonableness of the data and appropriateness of the key assumptions used against externally published market comparable or industry data where available.</li> <li>Assessing the objectivity, independence, competence and qualifications of the external valuer.</li> <li>Assessing the adequacy of the disclosures in the financial statements.</li> </ul>

### Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Financial Statements and our Auditor's Report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's



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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to

communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

#### **Report on Other Legal and Regulatory Requirements**

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3272.

**CHARTERED ACCOUNTANTS**  
Colombo, Sri Lanka

14 May 2020

## Statement of Profit or Loss and Other Comprehensive Income

For the period ended 31 March	Note	For twelve months ended 2020 Rs.	For fifteen months ended 2019 Rs.
Revenue	5	541,892,150	786,935,376
Cost of Sales		(561,876,339)	(804,489,169)
<b>Gross Loss</b>		<b>(19,984,189)</b>	<b>(17,553,793)</b>
Other Income	6	23,275,653	24,621,892
Change in Fair Value of Investment Property	12	13,000,000	26,350,000
Administrative Expenses		(12,003,992)	(14,765,918)
Distribution Reversal/(Cost)	8.2	3,301,306	(6,707,990)
<b>Operating Profit</b>		<b>7,588,778</b>	<b>11,944,191</b>
Finance Income	7.1	18,881,735	21,657,875
Finance Cost	7.2	(10,047,415)	(7,999,174)
Net Finance Income	7	8,834,320	13,658,701
Share of Profit and loss on deemed disposal of Equity Accounted Investee (Net of Income Tax )	13.2.1	(5,072,203)	3,410,030
Profit Before Taxation	8	11,350,895	29,012,922
Income Tax Reversal/ (Expense)	9	3,919,130	(7,983,585)
Profit for the year		15,270,025	21,029,337
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Revaluation of Property, Plant and Equipment	23.1.1	-	175,974,496
Remeasurement of Defined Benefit Liability	25	2,786,215	3,856,275
Related tax	9.3	(780,140)	(50,352,616)
Other Comprehensive Income for the Year, net of tax		2,006,075	129,478,155
<b>Total Comprehensive Income for the Year</b>		<b>17,276,100</b>	<b>150,507,492</b>
<b>Basic Earnings Per Share</b>	10	1.53	2.10

The Accounting Policies and Notes on pages 46 through 87 form an integral part of these financial statements.

Figures in brackets indicate deductions.

## Statement of Financial Position

As at	Note	31-Mar-20 Rs.	31-Mar-19 Rs.
<b>Assets</b>			
Property, plant and equipment	11	1,119,774,231	1,121,724,420
Investment property	12	308,000,000	295,000,000
Investment in equity accounted investee	13	66,886,585	71,958,788
Other receivables	17	-	788,176
<b>Non-current assets</b>		<b>1,494,660,816</b>	<b>1,489,471,384</b>
Inventories	14	154,325,582	140,358,686
Amounts dues from related companies	15	53,125,995	84,704,380
Other receivables	17	2,544,669	3,220,456
Prepayments	18	3,310,353	4,847,793
Income tax recoverable	19	14,307,570	7,855,599
Investments in fixed deposits	20	160,586,449	142,792,777
Cash and cash equivalents	21	8,589,712	2,316,053
<b>Current assets</b>		<b>396,790,330</b>	<b>386,095,744</b>
<b>Total assets</b>		<b>1,891,451,146</b>	<b>1,875,567,128</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Stated capital	22	100,003,800	100,003,800
Capital reserves	23	703,455,447	707,143,010
Revenue reserves	23	547,063,804	541,800,738
<b>Total equity</b>		<b>1,350,523,051</b>	<b>1,348,947,548</b>
<b>Liabilities</b>			
Deferred tax liabilities	24	296,855,927	298,569,313
Retirement benefit obligations	25	58,091,087	53,737,137
<b>Non-current liabilities</b>		<b>354,947,014</b>	<b>352,306,450</b>
Trade and other payables	26	94,708,768	48,064,111
Amounts due to related party	16	614,706	1,856,435
Provisions	27	297,533	13,142,741
Dividend payable	28	2,034,882	1,861,886
Interest bearing loans & borrowings	29	70,000,000	60,000,000
Bank overdraft	21	18,325,192	49,387,957
<b>Current liabilities</b>		<b>185,981,081</b>	<b>174,313,130</b>
<b>Total liabilities</b>		<b>540,928,095</b>	<b>526,619,580</b>
<b>Total equity and liabilities</b>		<b>1,891,451,146</b>	<b>1,875,567,128</b>

The Accounting Policies and Notes on pages 46 through 87 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.

(Sgd.)

**G.V. Madushanka**

Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Signed for and on behalf of the Board.

(Sgd.)

**Mohan Pandithage**

Director

(Sgd.)

**M.H. Wijewardene**

Director

Colombo  
14 May 2020

## Statement of Changes in Equity

	Attributable to owners of the Company					Total Equity Rs.
	Stated Capital Rs.	Capital Reserve Revaluation Reserve Rs.	Revenue Reserve		Total Equity Rs.	
			General Reserve Rs.	Retained Earnings Rs.		
<b>Balance as at 1 January 2018</b>	38,463,000	655,522,579	61,484,250	442,359,286	1,197,829,115	
Adjustment on building revaluation	-	-	-	68,650,000	68,650,000	
Adjustment on deferred tax of building revaluation	-	-	-	(6,865,000)	(6,865,000)	
<b>Adjusted Balance as at 01 January 2018</b>	38,463,000	655,522,579	61,484,250	504,144,286	1,259,614,115	
<b>Total comprehensive income for the period</b>						
Profit for the fifteen months period	-	-	-	21,029,337	21,029,337	
<b>Other Comprehensive Income</b>						
Revaluation of land & building	-	175,974,496	-	-	175,974,496	
Remeasurement of defined benefit liability	-	-	-	3,856,275	3,856,275	
Related tax	-	-	-	(1,079,757)	(1,079,757)	
Deferred tax on revaluation of land and buildings	-	(49,272,859)	-	-	(49,272,859)	
Total Other Comprehensive Income	-	126,701,637	-	2,776,518	129,478,155	
Total Comprehensive Income for the Period	-	126,701,637	-	23,805,855	150,507,492	
<b>Transaction with the owners of the Company recognised directly in the equity</b>						
Bonus share issue	61,540,800	(71,559,070)	-	-	(10,018,270)	
Dividend of 13.30 cents per share 2017	-	-	-	(51,155,789)	(51,155,789)	
<b>Total transaction with the owners of the Company</b>	61,540,800	(71,559,070)	-	(51,155,789)	(61,174,059)	
Realisation of revaluation surplus	-	(3,522,136)	-	3,522,136	-	
<b>Balance as at 31 March 2019</b>	100,003,800	707,143,010	61,484,250	480,316,488	1,348,947,548	
<b>Balance as at 01 April 2019</b>	100,003,800	707,143,010	61,484,250	480,316,488	1,348,947,548	
<b>Total comprehensive income for the year</b>						
Profit for the Year	-	-	-	15,270,025	15,270,025	
<b>Other comprehensive income</b>						
Remeasurements of defined benefit liability	-	-	-	2,786,215	2,786,215	
Related tax	-	-	-	(780,140)	(780,140)	
Total other comprehensive income	-	-	-	2,006,075	2,006,075	
Total comprehensive income for the year	-	-	-	17,276,100	17,276,100	
<b>Transactions with the owners of the company, recognised directly in the equity</b>						
Dividend of Rs1.57 per share for 2018 & 2019	-	-	-	(15,700,597)	(15,700,597)	
<b>Total transactions with the owners of the company</b>	-	-	-	(15,700,597)	(15,700,597)	
Realisation of revaluation surplus	-	(3,687,563)	-	3,687,563	-	
<b>Balance as at 31 March 2020</b>	100,003,800	703,455,447	61,484,250	485,579,554	1,350,523,051	

The Accounting Policies and Notes on pages 46 through 87 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

## Statement of Cash Flow

	Note	For twelve months ended 31.03.2020 Rs.	For fifteen months ended 31.03.2019 Rs.
<b>Cash Flows From Operating Activities</b>			
Profit before income tax expense		11,350,895	29,012,922
Adjustments for;			
Share of profit of equity accounted investee	13.2	(1,408,900)	(3,410,030)
Loss on deemed disposal of equity accounted investee	13.2	6,481,103	-
Depreciation on property, plant and equipment	11.2	8,800,207	8,581,488
Change in fair value of investment property	12	(13,000,000)	(26,350,000)
(Gain)/loss from disposal of PPE	6,8	(2,539,227)	530,567
Finance income	7.1	(18,881,735)	(21,657,874)
Finance cost	7.2	10,047,415	7,999,174
Provision for bonus	27	(492,977)	8,339,526
Provision/(reversal) of warranty	27	(3,858,246)	5,158,391
Provision for retiring gratuity	25	7,952,991	9,167,921
Provision/(reversal) for slow moving inventories	14.1	(5,091,492)	1,343,834
<b>Operating Profit/(loss) before Working Capital Changes</b>		<b>(639,966)</b>	<b>18,715,919</b>
Decrease/(increase) in inventories		(8,875,404)	(44,096,548)
Decrease/(increase) in other receivables		1,463,963	(1,235,132)
Decrease/(increase) in trade dues from related parties		31,578,385	16,326,838
Decrease/(increase) in pre payments		1,537,440	(1,346,123)
Decrease/(increase) in trade and other payables		46,352,375	(11,415,133)
Increase /(decrease) in other dues to related parties		(1,241,729)	(3,695,912)
<b>Cash Generated/(Used in) from Operations</b>		<b>70,175,064</b>	<b>(26,746,091)</b>
Interest paid		(9,803,136)	(7,778,960)
Retiring gratuity paid	25	(812,826)	(3,098,588)
Bonus paid	27	(8,181,259)	(5,491,936)
Amounts incurred on warranty claims	27	(312,726)	(2,501,980)
Income tax paid	19	(4,202,603)	(6,472,180)
<b>Net Cash Flows/(Used in) from Operating Activities</b>		<b>46,862,514</b>	<b>(52,089,735)</b>
<b>Cash Flows from Investing Activities</b>			
Acquisition of property, plant & equipment	11.1	(6,850,018)	(7,491,480)
Proceed from disposal of PPE		2,539,227	-
Interest received		312,302	233,237
WHT paid on bonus share issue		-	(10,018,270)
<b>Net Cash Flows used in Investing Activities</b>		<b>(3,998,489)</b>	<b>(17,276,513)</b>
<b>Cash Flows From Financing Activities</b>			
Dividend paid		(15,527,601)	(50,462,255)
Proceeds from interest - bearing loans & borrowings	29	286,000,000	130,000,000
Repayment of interest - bearing loans & borrowings	29	(276,000,000)	(70,000,000)
<b>Net Cash Flows/(Used in) from Financing Activities</b>		<b>(5,527,601)</b>	<b>9,537,745</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>37,336,424</b>	<b>(59,828,503)</b>
<b>Cash and Cash Equivalents at the beginning of the year/period</b>		<b>(47,071,904)</b>	<b>12,756,600</b>
<b>Cash and Cash Equivalents at the end of the year/period</b>	21	<b>(9,735,480)</b>	<b>(47,071,904)</b>

The Accounting Policies and Notes on pages 46 through 87 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

# Notes to the Financial Statements

## 1. CORPORATE INFORMATION

### 1.1. Reporting Entity

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

### 1.2. Principal Activities and Nature of Operations

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

### 1.3. Parent Enterprise and Ultimate Parent Enterprise

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

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

On 15 October 2018, Hayleys PLC purchased the balance 35,562,883 (9.47%) ordinary shares held by Retail Holdings (Sri Lanka) BV in Singer (Sri Lanka) PLC at a price of Rs.47/- per share upon Retail Holdings (Sri Lanka) BV exercising their option to sell its shares to Hayleys PLC as previously agreed.

After accepting this offer, Hayleys PLC together with its group Companies holds 90.43% (80.96% previously) of Singer (Sri Lanka) PLC.

### 1.4. Change in the Reporting Period

The reporting period of Singer Industries (Ceylon) PLC, has been changed from 31 December to 31 March with effect from financial period 2018/19 in order to align with the parents' & ultimate parents' reporting period. Therefore, the comparative year information comprises a period of fifteen months from 1 January 2018 to 31 March 2019. The current year amounts comprise as at and for the period of twelve months ended 31 March 2020. Therefore, amounts presented in the Financial Statements are not entirely comparable. The disclosures pertaining to change of the financial reporting period has been made in accordance with LKAS 1 on "Presentation of Financial Statements".

### 1.5. Number of Employees

The number of employees at the end of the period was 74 (2019 - 76).

### 1.6. Responsibilities for Financial Statements & approval of Financial Statements

The Financial Statements of Singer Industries (Ceylon) PLC, for the period ended 31 March 2020, were approved by the Board of Directors at the Board meeting held on 14 May 2019.

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

## 2. BASIS OF ACCOUNTING

### 2.1. Statement of Compliance

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

This is the first of the Company's Annual Financial Statements in which SLFRS 16 leases has been applied. The related changes to significant accounting policies are described in Note 04.

### 2.2. Functional and Presentation Currency

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

### 2.3. Basis of Measurement

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

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

### 2.4. Use of Estimates and Judgments

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

## A. Judgements

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

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

## B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 March 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 24 - Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;

Note 25 - Measurement of defined benefit obligations: key actuarial assumptions;

Note 14 - Provision for inventories

Note 27 - Provisions

Note 31 - Contingencies

## 2.5. Measurement of Fair Values

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

Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, Company assesses the evidence obtained from the third parties to support the conclusion that such valuations meet

the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified.

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

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

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

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

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

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

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

Further information about the assumptions made in measuring fair values is included in Note 11, Note 12 and Note 25.

## 2.6. Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern in the foreseeable

future, and they do not intend either to liquidate or cease trading.

## 2.7. Comparative Information

The amounts presented in the Financial Statements are not entirely comparable due to changes of the reporting period.

The presentation and classification of the financial statements in previous period are amended, where relevant for better presentation.

Please refer Note 1.4 for further clarifications.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company initially applied SLFRS 16 Leases from 1 April 2019. A number of other new standards are also effective from 1 April 2019 but they do not have a material effect on the Company's Financial Statements.

Adoption of SLFRS 16 did not have a major impact on the Company as the Company is the lessor of the lease transaction.

Except for the above, the accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

### 3.1. Foreign Currency

#### Foreign currency transactions

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

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

## Notes to the Financial Statements

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

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

### 3.2. Property, Plant & Equipment

#### (a) Recognition and Measurement

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

If significant part of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

#### Cost model

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

#### Revaluation Model

The Company applies the revaluation model to the entire class of free hold land and buildings. A revaluation is carried out when there is a substantial difference between the fair value and the carrying amount of the property, and is undertaken by professionally qualified values. The Company revalues its land and buildings once in every two years.

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

Decreases in the carrying amount on revaluation that offset previous increases of the same individual assets are charged against revaluation reserve directly in equity. All other decreases are recognized in Statement of Profit or Loss.

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

#### (b) Subsequent Costs

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

#### (c) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Land is not depreciated.

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

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

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

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

### 3.3. Investment Property

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

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

### 3.4. Interest in Equity Accounted Investees

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

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

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

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

### 3.5. Financial Instruments

#### (a) Financial Assets

##### • Recognition and initial measurement

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

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

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

##### II Classification and subsequent measurement of financial assets

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

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

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

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

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

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

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative

financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

##### • Financial assets - Business model assessment

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

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

## Notes to the Financial Statements

- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

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

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

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

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

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

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;

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

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

### (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.

Financial liabilities comprises retirement benefit obligations, trade and other payable, amount due to related parties, dividend payable and bank overdraft.

### III Derecognition

#### Financial Assets

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

#### Financial Liabilities

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

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

### 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 Company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

### 3.6. Impairment of Assets

#### (a) Financial Assets

The Company recognises loss allowances for ECLs on:

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

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

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

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

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

The Company assumes that the credit risk on a financial assets default if it is more than 12 months past due.

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

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

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

#### • Measurement of ECLs

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

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

#### • Credit-impaired financial assets

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

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

## Notes to the Financial Statements

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 12 months past due;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

- **Presentation of allowance for ECL in the Statement of Financial Position**

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

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

- **Write-off**

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when there are no realistic prospect of recovering of the assets based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written

off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures to recovery of amounts due.

### 3.6.2. Non-Financial Assets

The carrying amount of the Company's non - financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For Intangible Assets that have indefinite useful lives or that are not yet available for use the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflow from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash generating unit or 'CGU')

An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in Statement of Profit or Loss.

In respect of other assets impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased

or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization if no impairment loss had been recognized.

### 3.7. Cash and cash equivalents

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

### 3.8. Stated Capital

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

### 3.9. Provisions

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

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects

current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

### Warranties

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

### 3.10. Inventories

Inventories are measured at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of each category of inventory is determined on the following basis:

Raw Materials	At actual cost on first-in first-out basis
Finished Goods & Work-in-Progress	At the cost of direct materials, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity
Goods-in-Transit	At actual cost
Inventory Provision	Specific provisions are made giving consideration to the condition of inventory held by the Company

### 3.11. Employee Benefits

#### (a) Defined Benefit Plans

The Company net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefits that employees have earned in current and prior periods discounting that amount. Company is liable to pay retirement benefit under the payment of Gratuity Act No. 12 of 1983.

The Calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. Re-Measurement of the net defined benefit liability, which comprise actuarial gains and losses are recognized immediately in Other Comprehensive Income. The Company determine the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined liability, taking in to account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

The liability is not externally funded.

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

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

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

#### (c) Short-Term Benefits

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

### 3.12. Revenue Recognition

#### Performance obligations and revenue recognition policies

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized.

As per the standard, revenue is measured based on the consolidation specified in a contract with a customer.

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

#### Disaggregation of revenue

SLFRS 15 requires an entity to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Company's contracts with customers are similar in nature and

## Notes to the Financial Statements

revenue from these contracts are not significantly affected by economic factors apart from exports sales. The Company believes objective of this requirement will be met by using one type of category – Product type. (Refer Note 5.B)

### 3.13. Finance Income and Finance cost

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

### 3.14. Dividend Income

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

### 3.15. Rental Income

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

### 3.16. Others

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

### 3.17. Expenditure Recognition

Expenses are recognized in profit or loss on the basis of direct association between the costs incurred and earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to income in arriving at the profit for the year. For the purpose of presentation of Statement of Comprehensive Income the Directors are of the opinion that function of expenses method presents fairly the elements of the Company's performance, and hence such presentation method is adopted.

### 3.18. Income Tax

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

#### (a) Current Tax

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

uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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

#### (b) Deferred Income Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities

for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose the carrying amount of investment property measured at fair value is presumed to be recovered through sale and the Company has not rebutted this presumption.

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

### 3.19. Earnings per Share (EPS)

The Company presents basic EPS for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average no. of ordinary shares outstanding during the year.

#### 4. CHANGES IN ACCOUNTING POLICY

##### Leases

##### Policy applicable from 1 April 2019

##### Definition of a Lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in SLFRS 16.

This policy is applied to contracts entered into, on or after 1 April 2019.

##### As a Lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Company 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 Company 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 Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company 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 Company 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 Company applies SLFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in SLFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognises lease payments received under operating leases as income over the lease term as part of 'other revenue'.

Generally, the accounting policies applicable to the Company 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.

##### Standards issued but not yet effective

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

- Amendments to References to Conceptual Framework in SLFRS Standards.
- Definition of a Business (Amendments to SLFRS 3).
- Definition of Material (Amendments to LKAS 1 and LKAS 8).
- SLFRS 17 Insurance Contracts.

## Notes to the Financial Statements

### 5. REVENUE

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

#### A. Revenue Streams

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

	For twelve months ended 31.03.2020 Rs	For fifteen months ended 31.03.2019 Rs
Sale of goods (net of taxes)	541,892,150	786,935,376
	<b>541,892,150</b>	<b>786,935,376</b>

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

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

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

	For twelve months ended 31.03.2020 Rs	For fifteen months ended 31.03.2019 Rs
<b>Major products</b>		
1. Sewing machines	374,826,616	622,679,093
2. Washing machines tubs	122,898,868	146,133,075
3. Other component assembling	44,166,666	18,123,208
	<b>541,892,150</b>	<b>786,935,376</b>

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

#### C. Contract balances

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

	As at 31.03.2020 Rs	As at 31.03.2019 Rs
Receivables, which are included in 'amount due from related parties' from Singer (Sri Lanka) PLC, Regnis (Lanka) PLC and Regnis Appliance (Pvt) Ltd	53,125,995	84,704,380
	<b>53,125,995</b>	<b>84,704,380</b>

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

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

## 5.1. Operating Segments

### 5.1.1. Segmental Information

The Company has three reportable segments, as described below. These three different segments are managed separately. Because they require different marketing strategies.

#### The following summary describes the operations in each reportable segments

Reportable Segments	Operations
Sewing Machines	*Assembly of sewing machines and manufacture of Cabinets and Stands
Washing Machine Tub Assembly	*Assembly of washing machine tubs
Other Components	*Manufacture & assembly of singer oil bottle, A/C brackets, furniture components and refrigerator components

### 5.1.2. Information about Reportable Segments

Information regarding the results of each reporting segments are included below. Performance is measured based on segment profit before tax. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results.

	Sewing Machines		Washing Machine Tub Assembly		Other Components		Total	
	For twelve months ended	For fifteen months ended	For twelve months ended	For fifteen months ended	For twelve months ended	For fifteen months ended	For twelve months ended	For fifteen months ended
	2020	2019	2020	2019	2020	2019	2020	2020
For the period ended 31 March	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Reportable Segment Revenue	374,826,616	622,679,093	122,898,868	146,133,075	44,166,666	18,123,208	541,892,150	786,935,376
Reportable Segment Results from operating activities	5,249,155	9,451,091	1,721,103	2,218,024	618,520	275,076	7,588,778	11,944,191
Net Finance income/(cost)	6,110,696	10,807,733	2,003,587	2,536,406	720,037	314,561	8,834,320	13,658,701
Reportable Segment Profit Before Tax (Note 5.1.3)	11,359,851	20,258,824	3,724,690	4,754,430	1,338,557	589,637	16,423,098	25,602,892
Property, Plant and Equipment	-	-	-	-	-	-	1,119,774,231	1,121,724,420
Other Segment Assets	527,827,159	594,661,201	173,064,979	139,557,713	62,195,065	17,307,741	763,087,203	751,526,655
Reportable Segment Assets	527,827,159	594,661,201	173,064,979	139,557,713	62,195,065	17,307,741	1,882,861,434	1,873,251,075
Cash and cash equivalents	-	-	-	-	-	-	8,589,712	2,316,053
	-	-	-	-	-	-	1,891,451,146	1,875,567,128
Capital Expenditure	6,850,018	7,491,480	-	-	-	-	6,850,018	7,491,480
Depreciation and amortization	8,800,207	8,581,488	-	-	-	-	8,800,207	8,581,488

## Notes to the Financial Statements

	Sewing Machines				Washing Machine Tub Assembly				Other Components				Total For fifteen months ended 2020 Rs.
	For twelve months ended 2020 Rs.		For fifteen months ended 2019 Rs.		For twelve months ended 2020 Rs.		For fifteen months ended 2019 Rs.		For twelve months ended 2020 Rs.		For fifteen months ended 2020 Rs.		
For the period ended 31 March													
Reportable Segment Liabilities													
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	18,325,192	49,387,957
Loans and Borrowings	-	-	-	-	-	-	-	-	-	-	-	70,000,000	60,000,000
Trade & other payable	-	-	-	-	-	-	-	-	-	-	-	94,708,768	48,064,111
Provisions	-	-	-	-	-	-	-	-	-	-	-	297,533	13,142,741
Amount due to related parties	-	-	-	-	-	-	-	-	-	-	-	614,706	1,856,435
Dividend Payable	-	-	-	-	-	-	-	-	-	-	-	2,034,882	1,861,886
	-	-	-	-	-	-	-	-	-	-	-	185,981,081	174,313,130

### 5.1.3. Reconciliation of Segment Profit Before Tax

	For twelve months ended 31.03.2020	For fifteen months ended 31.03.2019
Reportable Segment Profit Before Tax	16,423,098	25,602,892
Share of Profit and loss on deemed disposal of equity accounted investee	(5,072,203)	3,410,030
Profit Before Taxation	11,350,895	29,012,922

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

	For twelve months ended 31.03.2020 Rs.	For fifteen months ended 31.03.2019 Rs.
<b>6. OTHER INCOME</b>		
Rental income - from Singer (Sri Lanka) PLC	20,153,900	23,003,100
Gain on Disposal of Property, Plant & Equipment	2,539,227	(530,567)
Other Miscellaneous Income	582,526	2,149,359
	23,275,653	24,621,892

	For twelve months ended 31.03.2020 Rs	For fifteen months ended 31.03.2019 Rs
<b>7. NET FINANCE INCOME</b>		
<b>7.1. Finance income</b>		
Interest income from fixed deposits - related Company	18,304,833	20,310,466
Other interest income - related Companies	576,902	1,164,065
Unwinding of interest income on interest-free employee loan	-	183,344
	<b>18,881,735</b>	<b>21,657,875</b>
<b>7.2. Finance cost</b>		
Interest expense on bank overdraft	(2,178,851)	(1,800,733)
Interest expense on loans and borrowings	(7,868,564)	(6,198,441)
	<b>(10,047,415)</b>	<b>(7,999,174)</b>
<b>Net finance income</b>	<b>8,834,320</b>	<b>13,658,701</b>

	For twelve months ended 31.03.2020 Rs.	For fifteen months ended 31.03.2019 Rs.
<b>8. PROFIT BEFORE TAXATION</b>		
<b>Stated after charging all expenses including the following :</b>		
Non-executive directors' fees	2,700,000	3,041,000
Directors emoluments	1,105,260	1,255,575
Auditor's remuneration	615,000	600,000
Fee related to other audit services	417,000	200,000
Depreciation on property, plant and equipment	8,800,207	8,581,488
Gain/(loss) on disposal of property, plant & equipment	2,539,227	(530,567)
Originating /(reversal) of slow moving provisions of inventories	(5,091,492)	1,343,834
Personnel costs (Note 8.1)	94,683,247	126,528,215
Legal and professional fees	1,284,418	750,006
Donations	30,000	30,000

	For twelve months ended 31.03.2020 Rs.	For fifteen months ended 31.03.2019 Rs.
<b>8.1. Personnel Cost</b>		
Salaries, wages and other related cost	80,355,324	99,041,233
Bonus	-	8,674,236
Defined benefit plan costs - retiring gratuity	7,952,991	9,167,921
Defined contribution plan costs - EPF, ETF & MSPS	6,374,932	9,644,825
	<b>94,683,247</b>	<b>126,528,215</b>

## Notes to the Financial Statements

	For twelve months ended 31.03.2020 Rs.	For fifteen months ended 31.03.2019 Rs.
<b>8.2. Distribution (Reversal)/Cost</b>		
Transport charges	556,940	714,551
Warranty cost	(3,858,246)	5,988,439
Advertising	-	5,000
	<b>(3,301,306)</b>	<b>6,707,990</b>
<b>9. INCOME TAX EXPENSE</b>		
<b>Current tax expense</b>		
Current year (Note 9.1)	-	5,272,660
Under/(over) provision in respect of previous year	(1,425,604)	-
	<b>(1,425,604)</b>	<b>5,272,660</b>
<b>Deferred tax expense</b>		
Reversal and origination of temporary differences	(2,493,526)	2,710,925
	<b>(2,493,526)</b>	<b>2,710,925</b>
Income tax expense in statement of profit or loss	<b>(3,919,130)</b>	<b>7,983,585</b>
<b>9.1. Reconciliation between accounting profit and taxable profit</b>		
	For twelve months ended 31.03.2020 Rs.	For fifteen months ended 31.03.2019 Rs.
Profit before tax	11,350,895	29,012,922
Adjustment to the profit with respect of the reporting period change (Note 9.1.1)	(2,621,443)	(18,473,850)
Adjusted profit before tax	8,729,452	10,539,072
Share of Profit of equity accounted investee	(2,637,971)	(2,321,981)
Change in fair value of investment property	(26,350,000)	-
Non-business income - interest income	(18,740,517)	(17,058,722)
Aggregate disallowed items	28,227,027	38,625,677
Aggregate allowable expenses	(23,983,798)	(12,176,982)
<b>Taxable income from business activities</b>	<b>(34,755,807)</b>	<b>17,607,064</b>
Taxable income from business activities	(34,755,807)	17,607,064
Non-business income - interest income	18,740,517	17,058,722
Tax loss utilised during the year	-	(15,834,857)
Taxable income	<b>(16,015,290)</b>	<b>18,830,929</b>
Statutory tax rate %	28%	28%
Taxation on current profit	-	5,272,660
	-	5,272,660

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

At the same time Company has requested from the Commissioner General of Inland Revenue to change the income tax assessment period to be in line with the financial reporting period.

However, approval for the tax year change is yet to be gazetted by IRD by end of March 2020.

Year of Assessment	Basis of Statutory Income Calculation
2017/18	On the basis of profit for the period from 01.01.2017 to 31.12.2017
2018/19	On the basis of profit for the period from 01.01.2018 to 31.12.2018
2019/20	On the basis of profit for the period from 01.01.2019 to 31.12.2019

	31.03.2020 Rs.	31.03.2019 Rs.
<b>9.2. Accumulated tax losses</b>		
Tax losses brought forward	-	15,834,857
Loss incurred during the year	16,015,290	-
Tax loss utilised during the year	-	(15,834,857)
Tax loss carried forward	16,015,290	-

### 9.3. Tax recognised in other comprehensive income

	For twelve months ended			For fifteen months ended		
	31.03.2020			31.03.2019		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Revaluation of freehold land	-	-	-	121,670,000	(34,067,600)	87,602,400
Revaluation of building	-	-	-	54,304,496	(15,205,259)	39,099,237
Defined benefits plan Actuarial gain/(loss)	2,786,215	(780,140)	2,006,075	3,856,275	(1,079,757)	2,776,518
	2,786,215	(780,140)	2,006,075	179,830,771	(50,352,616)	129,478,155

### 9.4. Applicable Tax Rates

For the period ended 31 March 2020, Singer Industries (Ceylon) PLC is liable to income tax at 28% (2018/19 - 28%) in terms of Inland Revenue Act No 24 of 2017 and amendments thereto.

## Notes to the Financial Statements

### 10. EARNINGS PER SHARE

Earnings per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

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

	31.03.2020	31.03.2019
	Rs.	Rs.
Earnings per share		
Profit for the year (Rs.)	15,270,025	21,029,337
Weighted average number of ordinary shares	10,000,380	10,000,380
Earnings per share (Rs.)	1.53	2.10

### 11. PROPERTY, PLANT AND EQUIPMENT

#### 11.1. Gross Carrying Amounts

	At Cost				At Valuation		Total
	Machinery and Equipment	Motor Vehicles	Computers and Other Equipment	Furniture and Fixtures	Freehold Land	Buildings on Freehold Land	
<b>Balance as at 1 January 2018</b>	67,155,383	8,358,890	13,160,124	6,478,034	830,430,000	121,842,313	1,047,424,744
Additions /Transfers	6,821,878	-	669,215	387	-	-	7,491,480
Depreciation adjustment on revaluation	-	-	-	-	-	(13,246,809)	(13,246,809)
Surplus on revaluation	-	-	-	-	121,670,000	54,304,496	175,974,496
Disposals	(4,466,342)	-	(6,817,777)	(1,006,923)	-	-	(12,291,042)
<b>Balance as at 31 March 2019</b>	69,510,919	8,358,890	7,011,562	5,471,498	952,100,000	162,900,000	1,205,352,869
Additions /Transfers	5,459,333	-	745,660	22,500	-	-	6,227,493
Disposals	-	(5,400,000)	-	(58,121)	-	-	(5,458,121)
CAPITAL WIP	622,525	-	-	-	-	-	622,525
<b>Balance as at 31 March 2020</b>	75,592,777	2,958,890	7,757,222	5,435,877	952,100,000	162,900,000	1,206,744,766

**11.2. Accumulated depreciation and impairment losses**

	Machinery and Equipment	Motor Vehicles	Computers and Other Equipment	Furniture and Fixtures	Freehold Land	Buildings on Freehold Land	Total
<b>Balance as at 1 January 2018</b>	66,616,481	7,593,890	12,291,059	6,381,268	-	7,171,547	100,054,245
Charge for the year	1,156,556	765,000	548,165	36,505	-	6,075,262	8,581,488
Adjustment on revaluation	-	-	-	-	-	(13,246,809)	(13,246,809)
Reversed on disposal	(3,935,775)	-	(6,817,777)	(1,006,923)	-	-	(11,760,475)
<b>Balance as at 1 April 2019</b>	63,837,262	8,358,890	6,021,447	5,410,850	-	-	83,628,449
Charge for the year	1,426,636	-	428,089	26,911	-	6,918,571	8,800,207
Reversed on disposal	-	(5,400,000)	-	(58,121)	-	-	(5,458,121)
<b>Balance as at 31 March 2020</b>	65,263,898	2,958,890	6,449,536	5,379,640	-	6,918,571	86,970,535
<b>Carrying Amount</b>							
<b>As at 31 March 2020</b>	10,328,879	-	1,307,686	56,237	952,100,000	155,981,429	1,119,774,231
As at 31 March 2019	5,673,657	-	990,115	60,648	952,100,000	162,900,000	1,121,724,420

Property, plant and equipment includes fully-depreciated assets of Rs. 75,800,499 as at 31.03.2020 (Rs. 72,444,167 for fifteen months ended 31.03.2019).

Capital Work in Progress represents the amount invested on a mold to be used in manufacturing plastic components for Singer Factory.

There were no capitalized borrowing cost with respect of the additions.

**11.3. Information on the freehold Land and building of the company.**

Location	Valuation of Land	Valuation of Building	Extent (Perches)	Floor Area (sq.ft.)	Number of Buildings	Accommodation
No 2, 5th Lane, Ratmalana	952,100,000	162,900,000	362.3	75,365	8	Factory

**Land carried at revalued amount**

Location	Last revalued date	Extent	Value per perch (Rs.)	Carrying amount as at 31 March 2020
Zone 2	30 March 2019	135P	3,000,000	405,000,000
Zone 3	30 March 2019	185P	2,500,000	462,500,000
Zone 4	30 March 2019	42.3P	2,000,000	84,600,000
				952,100,000

## Notes to the Financial Statements

### Building carried at revalued amount

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

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

Class of asset	Cost Rs.	Depreciation if assets were carried at cost Rs.	Net carrying amount 2020	Net carrying amount 2019
			Rs.	Rs.
Land	340,583	-	340,583	340,583
Buildings	47,544,272	26,355,676	21,188,596	22,377,204
	47,884,855	26,355,676	21,529,179	22,717,787

11.5. During the financial year, the Company acquired property, plant and equipment to the aggregate value of Rs.6,850,120/- (2019 - Rs. 7,491,480/-). Cash payment amounting to Rs.6,850,120/- (2019 - Rs.7,491,480/-) was made during the year for purchase of property, plant and equipment.

### 11.6. Land and building at fair value

#### (a) Reconciliation of carrying amount

	31.03.2020 Rs.	31.03.2019 Rs.
Balance at the beginning	1,115,000,000	952,272,313
Adjustment on revaluation	-	175,974,496
Depreciation charge	(6,918,571)	(13,246,809)
Balance at the end	1,108,081,429	1,115,000,000

#### (b) Measurement of Fair Value

##### Fair Value Hierachy

The freehold land and building were valued on 30 March 2019 by Messrs. Chulananda Wellappili is an independent valuer who is holding a degrees of B.Sc Estate Management and Valuation, M.Sc Town and Country Planning and PG.Dip in Regional Planning. Further, he is Graduate Member of Valuers Sri Lanka, A Member of Institute of Town and Country Planning Sri Lanka, Senior Certified Valuer of International Real Estate Institute of USA, A Corporate Member of Institute of Revenues, Rating and Valuation of UK.

### (c) Valuation Techniques and Significant Unobservable Inputs

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

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

Valuation technique	Significant unobservable inputs	Interrelationship between key Unobservable Inputs and fair Value Measurements
Land value is based on the market price of the respective land	Market value of land (price per perch). Valuer has used a range of prices for respective lands based on their recently transacted cost.	Market value per perch would increase/ (decrease) if- market value per perch was higher/ lower
Contractor's method: The contractor's method works on the basis that a property's value can be equated to its cost. Valuer assess the cost of the building of it would have constructed in current period, and deduct margin for usage of the property based on their period of construction.	Construction cost per square feet of a building. Depreciation rate for the usage of assets.	Cost per square feet would increase/ (decrease) or/and depreciation rate for usage lower/(higher)

## 12. INVESTMENT PROPERTY

	31.03.2020 Rs.	31.03.2019 Rs.
Balance at the beginning of the year	295,000,000	200,000,000
Addition (Note 12.2)	-	68,650,000
Change in fair value during the year	13,000,000	26,350,000
Balance at the end of the year	308,000,000	295,000,000

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

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

### 12.1. Information on the Investment Property Land and building.

Location	Valuation of Land (Note 12.1.1)	Valuation of Building (Note 12.1.2)	Floor Area (sq.ft.) - Gross	Accommodation
No 435, Galle Road Ratmalana	239,350,000	68,650,000	12,440	Singer (Sri Lanka) PLC

#### 12.1.1. Land Value

Location	Last revalued date	Extent (Perches)	Value per perch (Rs.)	Fair Value as at 31 March 2020
No 435, Galle Road Ratmalana	27.03.2020	50.42	4,750,000	239,350,000

## Notes to the Financial Statements

### 12.1.2. Building Value

Location	No of Sqft	Value per Sqft	Depreciation %	Revalued Amount
No 435, Galle Road Ratmalana	12,440	6,500	15%	68,731,000
Total amount taken to books				68,650,000

Rental income recognized is disclosed under other income.

### Measurement of Fair Value

#### (I). Fair value hierarchy

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

Further, he is graduate member of valuers Sri Lanka, a member of Institute of Town and Country Planning Sri Lanka, senior certified valuer of International Real Estate Institute of USA, a corporate member of Inst itute of Revenues, Rating and Valuation of UK.

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

The fair value measurement of the Investment property of Rs.295 million has been categorised as Level 3 fair value based on the inputs to the valuation techniques used.

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Interrelationship between
Land value is based on the market price of the respective land	Market value of land (price per perch). Valuer has used a range of prices for respective lands based on their recently transacted cost.	Market value per perch would increase/(decrease) if- market value per perch was higher/lower.
Contractor's Method: The contractor's mehtod works on the basis that a property's value can be equated to its cost. Valuer assess the cost of the building of it would have constructed in current year, and deduct margin for usage of the property based on their year of construction.	Construction cost per square feet of a building. Depreciation rate for the usage of assets.	Cost per square feet would increase/(decrease) or/and depreciation rate for usage lower/ (higher)

### 12.2. Addition to the Investment Property

Company has not revalued its building till last financial period ended 31.03.2019 to reflect its value in its Financial Statements over the years. The building is brought in to Financial Statements by obtaining a value through an independent professionally qualified valuer (details of the valuer given in note 12.1 - Measurement of Fair Value - Fair value hierarchy). Accordingly building was valued at Rs. 68 million and was incorporated as part of Buildings under Investment Property through retained earnings. Due to the impracticability of determining the specific effects of the error on comparative information for one or more prior periods presented no restatement of prior year Financial Statements has been made.

### 13. EQUITY ACCOUNTED INVESTEE

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

	Holding 31.03.2020 %	Holding 31.03.2019 %	Carrying value 31.03.2020 Rs.	Loss on deemed disposal	Share of profit received for twelve Months Rs.	Carrying value 31.03.2019
Reality (Lanka) limited	29.6	45	66,886,585	(6,481,103)	1,408,900	71,958,788
Total gross carrying amount of investments in equity accounted investees			66,886,585	(6,481,103)	1,408,900	71,958,788

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

	31.03.2020 Rs.	31.03.2019 Rs.
<b>Reality Lanka limited</b>		
Balance brought forward	17,958,788	14,548,758
Current year share of profit/ loss (Note 13.3)	1,408,900	3,410,030
Loss on deemed disposal (Note 13.6)	(6,481,103)	-
Accumulated retained profit	12,886,585	17,958,788
Add: Cost of equity accounted investee	54,000,000	54,000,000
Total carrying amount of investment	66,886,585	71,958,788
<b>13.2.1. Share of Profit/loss</b>		
Share of profit and loss on deemed disposal before income tax	(5,072,203)	4,901,350
Income tax expense	-	(1,491,320)
Share of profit/(loss) net of income tax	(5,072,203)	3,410,030

13.3. The share of equity accounted investee profits is based on the audited Financial Statements for the year ended 31 March 2020

Profit from 1 April 2019 to 19 October 2019	45%	735,880
Profit from 20 October 2019 to 31 March 2020	29.6%	673,020
Share of profit/ loss		1,408,900

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

	31.03.2020 Rs.	31.03.2019 Rs.
Non-current assets	233,750,625	235,702,000
Current assets	9,083,001	2,310,071
Total assets	242,833,626	238,012,071
Non-current liabilities	-	15,678,004
Current liabilities	16,865,431	62,425,649
Total liabilities	16,865,431	78,103,653
Net assets	225,968,195	159,908,418
Share of investment	29.6%	45%
	66,886,585	71,958,788

## Notes to the Financial Statements

### 13.5. Nature & business activities of the Equity Accounted Investee

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

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

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

Shareholding of Reality Lanka Limited is as follows,

Singer (Sri Lanka) PLC – 60.5%

Singer Industries (Ceylon) PLC – 29.6%

Regnis (Lanka) PLC – 9.9%

### 13.6. Deemed disposal loss recognized on Investment of Equity Accounted Investee

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

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

Accordingly a loss of Rs. 6,678,520 has been recognised in profit or loss as deemed disposal loss of equity accounted investee.

## 14. INVENTORIES

	31.03.2020 Rs.	31.03.2019 Rs.
Raw materials	68,729,629	86,371,186
Work in progress - sewing machines	33,598,486	35,795,382
Finished goods	6,625,801	21,017,924
Spare parts and consumables	7,986,507	8,190,805
Goods in transit	48,314,798	5,004,520
	165,255,221	156,379,817
Less : Provision of slow moving of inventories (Note 14.1)	(10,929,639)	(16,021,131)
	154,325,582	140,358,686

### 14.1. Provision of slow moving of Inventories

Balance as at the beginning of the year	16,021,131	14,677,297
(Reversal)/provision for the year	(5,091,492)	1,343,834
Balance as at the end of the year	10,929,639	16,021,131

## 15. AMOUNTS DUES FROM RELATED COMPANIES

Company had adopted SLFRS - 09 on financial instruments. The details regarding the adoption is providing in note No. 3.5 to these Financial Statements.

		31.03.2020 Rs.	31.03.2019 Rs.
	Relationship		
Singer (Sri Lanka) PLC (Note 15.1)	Parent Company	29,789,146	67,279,908
Regnis Lanka PLC	Related Company	665,344	760,299
Singer Finance (Lanka) PLC	Related Company	879,644	-
Regnis Appliance (Private) Limited	Related Company	21,791,861	16,664,173
		53,125,995	84,704,380

### 15.1. Maturity analysis of undiscounted lease receivable

The Company leases out its investment property. The Company has classified these leases as operating leases, because they do not transfer substantially all the risks and rewards incidental to the ownership of the assets. Note 12 sets out information about the operating leases of investment property.

Rental income recognized by the Company during 2019/20 was Rs. 20,273,900 (2018/19- Rs. 23,182,573)

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

2019/20 – Leases Under SLFRS 16		2018/19- Operating Lease Under LKAS 17	
Period	Undiscounted Cash Flows	Period	Undiscounted Cash Flows
Less than one year	20,394,000	Less than one year	20,394,000
One to two years	13,680,000	One to two years	13,680,000
Two to three years	13,680,000	Two to three years	13,680,000

## 16. AMOUNT DUE TO RELATED COMPANIES

		31.03.2020 Rs.	31.03.2019 Rs.
	Relationship		
Singer (Sri Lanka) PLC	Parent Company	-	1,829,472
Hayleys PLC	Ultimate parent Company	614,706	26,963
		614,706	1,856,435

## Notes to the Financial Statements

### 17. OTHER RECEIVABLES

	31.03.2020	31.03.2019
	Rs.	Rs.
<b>17.1. Non current</b>		
Loans to Company officers (Note 17.3)	-	788,176
	-	788,176
<b>17.2. Current</b>		
Deposits and advances	2,544,669	2,920,456
Loans to Company officers (Note 17.3)	-	300,000
	2,544,669	3,220,456
<b>17.3. Loans to Company officers:</b>		
<b>Summary</b>		
Balance as at the beginning of the year	1,088,176	1,265,675
Unwinding interest income	-	183,345
Less: loans recovered during the year	(1,088,176)	(360,844)
Balance as at the end of the year	-	1,088,176
<b>Analysis of loans to Company officers by years of repayments</b>		
Amount receivable after one year	-	788,176
Amount receivable within one year	-	300,000
	-	1,088,176

### 18. PREPAYMENTS

	31.03.2020	31.03.2019
	Rs.	Rs.
Prepaid employee benefits	-	399,582
Other prepayments	3,310,353	4,448,211
	3,310,353	4,847,793

### 19. INCOME TAX RECOVERABLE

	31.03.2020	31.03.2019
	Rs.	Rs.
Balance at the beginning of the year	7,855,599	5,119,374
Withholding tax on fixed deposit	823,764	1,536,705
Payment made during the year	4,202,603	6,472,180
Over/(under) provision adjustment	1,425,604	
Current tax expense for the year	-	(5,272,660)
Balance at the end of the year	14,307,570	7,855,599

**20. INVESTMENT IN FIXED DEPOSITS**

	31.03.2020 Rs.	31.03.2019 Rs.
Singer Finance (Lanka) PLC	160,586,449	142,792,777
	<b>160,586,449</b>	<b>142,792,777</b>

Maturity : 27.01.2021 and 06.03.2021

Rate : 11.59% p.a

**21. CASH AND CASH EQUIVALENTS****Components of cash and cash equivalents**

	31.03.2020 Rs.	31.03.2019 Rs.
<b>21.1. Favourable cash and cash equivalents balance</b>		
Cash in hand	175,750	175,750
Cash at bank	8,413,962	2,140,303
	<b>8,589,712</b>	<b>2,316,053</b>

**21.2. Unfavourable cash and cash equivalent balances**

Bank overdraft (Note 21.2.1)	(18,325,192)	(49,387,957)
Total cash and cash equivalents for the purpose of Cash Flow Statement	<b>(9,735,480)</b>	<b>(47,071,904)</b>

**21.2.1. Details of bank overdraft**

	Bank	Nominal Interest Rate (%)	31.03.2020		31.03.2019
			Total Facility	Carrying Amount	Carrying Amount
Bank overdraft	Seylan Bank	9.51% (AWPLR)	25,000,000	(11,849,913)	(18,047,145)
Bank overdraft	Commercial Bank	10.26% (AWPLR+0.75%)	25,000,000	(6,475,279)	(31,340,812)
<b>Total Bank Overdraft</b>				<b>(18,325,192)</b>	<b>(49,387,957)</b>

**22. STATED CAPITAL****22.1. Issued and Fully Paid**

Issued and fully paid	Par value	Balance at the beginning of the year	Issued for cash during the year	Issued for non cash consideration	Balance at the end of the year 31.03.2020	Balance at the end of the year 31.03.2019
Weighted average number of ordinary shares	Rs.10/-	10,000,380	-	-	10,000,380	10,000,380
		10,000,380	-	-	10,000,380	10,000,380
		Rs	Rs	Rs	Rs	Rs
Value of ordinary shares	Rs.10/-	100,003,800	-	-	100,003,800	100,003,800
		100,003,800	-	-	100,003,800	100,003,800

## Notes to the Financial Statements

**22.1.1.** During the fifteen months period ended 31.03.2019, the Board of Singer Industries (Ceylon) PLC capitalized its reserves of Rs. 71,559,069.76 (Including related taxes of Rs. 10,018,269.76), as required by CSE listing rule No 5.3 in issuing of shares credited as fully paid up, i.e. 6,154,080 no of ordinary shares have been issued (8 new ordinary shares for each 5 existing ordinary shares) in order to meet the listing requirement of "Diri Savi Board" of CSE. Holders of these shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at a meeting of the Company.

### 22.2. Shares held by Group Companies

The shares of the Company held by the Group Companies are as follows.

	31.03.2020 %	31.03.2019 %	31.03.2020 Number	31.03.2019 Number
<b>Held by Group Companies</b>				
Singer (Sri Lanka) PLC	87.72	87.72	8,772,314	8,772,314
			8,772,314	8,772,314

### 23. RESERVES

	31.03.2020 Rs.	31.03.2019 Rs.
<b>23.1. (a) Capital reserves</b>		
Revaluation reserve (Note 23.1.1)	703,455,447	707,143,010
<b>(b) Revenue reserves</b>		
General reserves (Note 23.1.2)	61,484,250	61,484,250
Retained earnings	485,579,554	480,316,488
	547,063,804	541,800,738
	1,250,519,251	1,248,943,748

	31.03.2020 Rs.	31.03.2019 Rs.
<b>23.1.1. Revaluation reserve</b>		
<b>On property, plant and equipment</b>		
Balance as at beginning of the year	707,143,010	655,522,579
Bonus share issue	-	(71,559,070)
Surplus on revaluation during the year	-	175,974,496
Deferred tax effect on revaluation surplus	-	(49,272,859)
Realisation of revaluation surplus	(3,687,563)	(3,522,136)
Balance as at the end of the year	703,455,447	707,143,010

The above revaluation surplus consist of net surplus resulting from the revaluation land and building as described in Note 11.6 to the Financial Statements.

### 23.1.2. General reserve

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

	31.03.2020 Rs.	31.03.2019 Rs.
Balance at the beginning of the year	61,484,250	61,484,250
Balance at the end of the year	61,484,250	61,484,250

**24. DEFERRED TAX LIABILITIES**

	31.03.2020	31.03.2019
	Rs.	Rs.
Balance at the beginning of the year	298,569,313	238,640,772
Adjustment on building valuation (Note 12.1)	-	6,865,000
Adjusted balance at the beginning of the period	298,569,313	245,505,772
Deferred tax on retirement benefit obligation	780,140	1,079,757
Deferred tax on revaluation of land	-	34,067,600
Deferred tax on revaluation of building	-	15,205,259
Recognized on Other Comprehensive Income	780,140	50,352,816
Recognized on Profit or Loss	(2,493,526)	2,710,725
Balance at the end of the year	296,855,927	298,569,313

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

	31.03.2020	31.03.2019
	Rs.	Rs.
Deferred tax assets (Note 24.1)	23,893,394	23,212,283
Deferred tax liabilities (Note 24.1)	(320,749,321)	(321,781,596)
	(296,855,927)	(298,569,313)

**The Composition of closing deferred tax liability is as follows,**

	31.03.2020		31.03.2019	
	Assets	Liabilities	Assets	Liabilities
Surplus on revaluation of land		266,492,637		266,492,637
Property, plant and equipment including surplus on revaluation of buildings	-	43,456,684	-	45,788,959
Changes in fair value	-	10,800,000	-	9,500,000
Provision for retiring gratuity	16,265,504	-	15,046,399	-
Tax losses carried forward	4,484,281	-	-	-
Provision for bonus	-	-	2,428,786	-
Provision for warranties	83,309	-	1,251,181	-
Provision for inventories	3,060,299	-	4,485,917	-
	23,893,393	320,749,321	23,212,283	321,781,596
Net deferred tax		296,855,928		298,569,313

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

**24.2.** The Company has recognized deferred tax on revaluation of its land and building classified as investment property (Investment assets) at the rate of 10% as per the Inland Revenue Act No. 24 of 2017. Accordingly, the Company has recognized deferred tax liability of Rs. 1,300,000 as at 31 March 2020 (Rs.9,500,000 as at 31 March 2019) on the revaluation gain reported during the period.

## Notes to the Financial Statements

	For twelve months ended 31.03.2020	For fifteen months ended 31.03.2019
Amount recognized to Statement of Profit & loss	1,300,000	2,635,000
Amount recognized to Other Comprehensive income	-	6,865,000
	<b>1,300,000</b>	<b>9,500,000</b>

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

### 25. RETIREMENT BENEFIT OBLIGATIONS

	31.03.2020 Rs.	31.03.2019 Rs.
Balance at the beginning of the year	53,737,137	51,524,079
Actuarial gain	(2,786,215)	(3,856,275)
Current service cost	2,041,906	2,145,866
Interest cost	5,911,085	7,022,055
Benefits paid	(812,826)	(3,098,588)
Balance at the end of the year	<b>58,091,087</b>	<b>53,737,137</b>

The Company maintains a non-contributory defined benefit plan providing for gratuity benefits payable to employees, which is expressed in terms of final monthly salary and service.

As at 31 March 2020 the gratuity liability was actuarially valued under the projected unit credit ( PUC ) method by a professionally qualified actuary Pushpakumar Gunasekera of Smiles Global (Pvt) Ltd. who is a qualified actuary and a member of Associate of the Institute of Actuaries Of Australia (AIAA)

The key assumptions used by the actuary include the following :

	31.03.2020	31.12.2019
(a) Discount rate	10.00% p.a.	11.00% p.a.
(b) Salary increment rate	9% p.a.	10% p.a.
(c) Assumptions regarding future mortality (basis)	A67/70	A67/70
(d) Retirement age	Males 60 years	60 years
	Females 60 years	60 years
(e) Staff Turnover rate	4% p.a.	8% p.a.

The expense is recognised under cost of sales in the Income Statement and Other Comprehensive Income.

### 25.1. Sensitivity of assumptions used

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

	Effect 2020 Rs (000)	Effect 2019 Rs (000)
<b>(A) Discount Rate</b>		
Increase by one percentage point - (increase)/decrease	(2,136)	(1,984)
Decrease by one percentage point - (increase)/decrease	2,311	2,137
<b>(B) Salary increment rate</b>		
Increase by one percentage point - increase/(decrease)	2,215	2,049
Decrease by one percentage point - increase/(decrease)	(2,084)	(1,936)

### 26. TRADE AND OTHER PAYABLES

	31.03.2020 Rs.	31.03.2019 Rs.
Trade payables	82,369,581	42,846,623
Accrued expenses	12,339,187	5,217,488
	<b>94,708,768</b>	<b>48,064,111</b>

### 27. PROVISIONS

	Warranties Rs.	Bonus Rs.	Total 31.03.2020	Total 31.03.2019
Balance at the beginning of the year	4,468,505	8,674,236	13,142,741	7,638,740
Provision made/(reversal) during the year	(3,858,246)	(492,977)	(4,364,083)	13,497,917
Provision utilised during the year	(312,726)	(8,181,259)	(8,481,125)	(7,993,916)
Balance at the end of the year	297,533	-	297,533	13,142,741

**Warranties :** A provision of Rs. 297,533/- has been recognised for expected warranty claims in product sold during the current financial year. The provision has been made based on actual average historical claims development during previous years.

**Bonus :** No provision has been recognised as at 31 March 2020

### 28. DIVIDENDS PAYABLE

	31.03.2020 Rs.	31.03.2019 Rs.
Balance at beginning of the year/period	1,861,886	1,168,352
Additions (declared dividends)	15,700,597	51,155,789
Payments	(15,527,601)	(50,462,255)
Balance at end of the year/period	<b>2,034,882</b>	<b>1,861,886</b>

## Notes to the Financial Statements

### 29. Loans and borrowings

	31.03.2020	31.03.2019
	Rs.	Rs.
<b>Term loans (Secured)</b>		
Balance at beginning of the year/period	60,000,000	-
Loans obtained during the year/period	286,000,000	130,000,000
Repayment of term loans during the year/period	(276,000,000)	(70,000,000)
<b>Balance at end of the period (Note 29.1)</b>	<b>70,000,000</b>	<b>60,000,000</b>

#### 29.1. Interest- Bearing Loans and Borrowings

	As at 31 March 2020 Amount Repayable within 1 Year Rs.	As at 31 March 2020 Amount Repayable After 1 Year Rs.	As at 31 March 2020 Total Rs.	As at 31 March 2019 Amount Repayable within 1 Year Rs.	As at 31 March 2019 Amount Repayable After 1 Year Rs.	As at 31 March 2019 Total Rs.
Bank Loans	70,000,000	-	70,000,000	60,000,000	-	60,000,000
	70,000,000	-	70,000,000	60,000,000	-	60,000,000

Facility type	Bank/ Institution	Nominal interest rate	31.03.2020	31.03.2019
Short term loan	Commercial Bank	10.00% (AWPLR+Margin)	20,000,000	20,000,000
Short term loan	Seylan Bank	9.51% (AWPLR)	50,000,000	40,000,000
Total			70,000,000	60,000,000

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

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

#### 30.1. Financial Risk Management

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

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

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

##### 30.1.1. Risk Management Framework

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training

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

The Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

### 30.2.1. Credit Risk

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

#### 30.2.1.1. Exposure to Credit Risk

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

	31.03.2020	31.03.2019
	Rs.	Rs.
Related party receivables	53,125,995	84,704,380
Other receivables	2,544,669	4,008,629
Bank balances	8,413,962	2,140,302
Investment in fixed deposits	160,586,449	142,792,777
Total	224,671,075	233,646,088

#### Aging analysis of related party receivable

	Total	Neither past due nor impaired (0 - 30 days)	Past due but not impaired (31 to 60 days)
<b>As at 31.03.2020</b>			
Amount due from related parties	53,125,995	35,975,042	17,150,953
<b>As at 31.03.2019</b>			
Amount due from related parties	84,704,380	73,608,513	11,095,867

#### 30.2.1. 2. Receivables from related parties

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

#### 30.2.1.3. Loans given to employees

Loans are given to permanent confirmed employees and are deducted from the salaries as per the terms of granting the loan. Company has adequate security over the housing/vehicle loans granted. During the year, the loans have been fully settled.

## (2) Cash and Cash Equivalents

The Company held cash and cash equivalents of Rs.8,589,712/- (including cash in hand amount of Rs.175,750/-) and Fixed Deposit of Rs.160,586,449/- as at 31 March 2020. The cash and cash equivalents balances are held with reputed commercial banks.

## Notes to the Financial Statements

### 30.2.2. Liquidity Risk

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

In order to minimize the risk, the Company regularly reviews its liquidity position and reports to the Board. Further cash requirements are ascertained through continuous rolling forecasts. Further, the expected cash inflows from trade receivables, outflows from trade payables and imports are closely monitored by the Company.

The Company also maintains excellent relationships with banks, with which it has dealings and enjoy substantial banking facilities. The Company aims to maintain banking facilities in excess of expected funding requirements. The table below highlights the lines of credit and utilized facilities as at 31 March 2020.

Lines of Credit	Facility Amount Rs.	31.03.2020 Utilization Rs.	31.03.2019 Utilization Rs.
Short-term loan	90,000,000	70,000,000	60,000,000
Overdraft	50,000,000	18,325,192	49,387,957
Total borrowing facility VS. utilization	140,000,000	88,325,192	109,387,957
Letter of credit facility VS. utilization	115,000,000	76,543,324	28,427,834

In addition, the Treasury of the Parent Company, Singer (Sri Lanka) PLC also assists the Company by providing funds at competitive rates in times of need.

This excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

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

As at 31 March 2020	Carrying Amount Rs.	Contractual Cash Flow Total Rs.	1-6 Month Rs.
Overdraft	18,325,192	18,325,192	18,325,192
Trade payable	82,369,580	82,369,580	82,369,580
Other payables	12,339,188	12,339,1878	12,339,188
Interest bearing borrowings	70,000,000	70,000,000	70,000,000
Amount due to related parties	614,706	614,706	614,706

As at 31 March 2019	Carrying Amount Rs.	Contractual Cash Flow Total Rs.	1-6 Month Rs.
Overdraft	49,387,957	49,387,957	49,387,957
Trade payable	42,846,623	42,846,623	42,846,623
Trade other payables	5,217,488	5,217,488	5,217,488
Interest bearing borrowings	60,000,000	60,000,000	60,000,000
Amount due to related parties	1,856,435	1,856,435	1,856,435

Gross inflows/outflows disclosed in the previous table represent the contractual undiscounted cash flows obtained on variable interest rates. Interest payments of these loans indicated in the table above reflect the present market interest rates at the period end and may vary according to changes in the market interest rates.

### 30.3. Market Risk

Market risk refers to losses arising due to changes in market prices, such as foreign exchange rates and interest rates that would impact Company's income or the value of investment in financial instruments. The objective of managing market risk is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

#### (1) Currency Risk

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

Given below is the summary of the import credit exposure as at 31 March 2020.

Trade Payable US\$ 221,547.70 & CNY 971,350 (2019 - US\$ 113,363 & CNY 508,890)

On reporting date spot rate was US\$ 1 = LKR 188.62 (2019 - US\$ 1 = LKR 178.02)

During the financial period, average rate was US\$ 1 = LKR 179.47 (2019 - US\$ 1 = LKR 165.94)

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

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

At 31 March 2019, the post-tax profit and shareholder equity would be Rs. 5,266,952/- higher/lower based on the appreciation/depreciation of the Sri Lankan Rupee by 11.88% against the US\$, due to the US\$ denominated trade payables

	Equity		Profit or Loss	
	Appreciation Rs.	Depreciation Rs.	Appreciation Rs.	Depreciation Rs.
31 March 2019 US\$ (11.88% Movement)	(5,266,952)	5,266,952	(5,266,952)	5,266,952

#### (2) Interest Rate Risk

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

Interest bearing assets	- Investment in fixed deposits
Interest bearing liabilities	- Bank overdraft
	- Short term loans

The borrowings are denominated in Sri Lankan rupees which is the functional currency

## Notes to the Financial Statements

### Profile

At the reporting date, the interest rate profile of the Company interest bearing financial assets and liabilities were,

As at 31 March	2020	2019
Fixed rate instruments		
Financial assets	160,586,449	142,792,777
Financial liabilities	-	-
	160,586,449	142,792,777
Variable rate instruments		
Financial assets	-	-
Financial liabilities	88,325,192	109,387,957
	88,325,192	109,387,957

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

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

### (3) Sensitivity Analysis

If interest rates had been higher/lower by 5 basis points and all other variables were held constant, the profit before tax for the year ended 31 March 2020 would decrease/increase by Rs. 32,500 (2018/19 Rs. 30,000). A fluctuation in interest rates is possible due to Company's exposure to variable rates of interest.

	Current Year	Last Year	Base Point	Change %	Expected Sensitivity
2020	70,000,000	60,000,000	5	0.05	32,500
2019	60,000,000	-	5	0.05	30,000

### 30.4. Capital Management

The Board's policy is to maintain a strong capital base to maintain confidence of the investors, creditors and the market while sustaining future development of the business. Capital consists of total equity. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Board of Directors seek to maintain a balance between higher returns facilitated through a higher level of borrowings and the benefits and security afforded by a sound capital position.

The capital structure of the Company consists of debt and equity of the Group (comprising issued capital, reserves, retained earnings as detailed in Note 22). The capital structure of the Company is reviewed by the Board of Directors.

The gearing ratio is given below:

#### (1) Gearing Ratio

	31.03.2020 Rs.	31.03.2019 Rs.
Total Borrowings	88,325,192	109,387,957
Total Debt	88,325,192	109,387,957
Equity	1,350,523,051	1,348,947,548
Debt to Equity Ratio	6.54%	8.11%

### 30.5. Financial Instruments-Fair value

The effect of initially applying SLFRS 9 on the Company's financial Instruments is described in note 3.5. Due to the transaction method chosen, comparative information has not been restated to reflect the new requirement.

#### Accounting Classifications and Fair Values

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

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows,

	Note	Financial Assets at amortized cost	Financial Liabilities at amortized cost	Total Carrying amount
<b>31-Mar-20</b>				
<b>Financial Assets not measured at fair values</b>				
Cash and cash equivalents	21	8,589,712	-	8,589,712
Related party receivable	15	53,125,995	-	53,125,995
Other receivables	17	2,544,669	-	2,544,669
Investments in fixed deposits	20	160,586,449	-	160,586,449
		<b>224,846,825</b>	<b>-</b>	<b>224,846,825</b>
<b>Financial liabilities not measured at fair values</b>				
Trade and other payables	26	-	94,708,768	94,708,768
Amounts due to related company	16	-	614,706	614,706
Bank overdraft	21	-	18,325,192	18,325,192
Dividend payable	28	-	2,034,882	2,034,882
		<b>-</b>	<b>115,683,548</b>	<b>115,683,548</b>
<b>31-Mar-19</b>				
<b>Financial Assets not measured at fair values</b>				
Cash and cash equivalents	21	2,316,053	-	2,316,053
Related party receivable	15	84,704,380	-	84,704,380
Other receivables	17	4,008,632	-	4,008,632
Investments in fixed deposits	20	142,792,777	-	142,792,777
		<b>233,821,842</b>	<b>-</b>	<b>233,821,842</b>
<b>Financial Liabilities not measured at fair values</b>				
Trade and other payables	26	-	48,064,111	48,064,111
Amounts due to related company	16	-	1,856,435	1,856,435
Bank overdraft	21	-	49,387,957	49,387,957
Dividend payable	28	-	1,861,886	1,861,886
		<b>-</b>	<b>101,170,389</b>	<b>101,170,389</b>

## *Notes to the Financial Statements*

### **31. COMMITMENTS AND CONTINGENCIES**

#### **31.1. Capital Expenditure Commitments**

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

#### **31.2. Contingencies**

##### **31.2.1. Finance Commitments**

Document credit are affected for foreign purchases of the Company amounting to Rs. 76,543,324/-(2019-Rs.28,427,834/-) on the basis that the Company is liable for the additional duty. Hence, no provision is made in the Financial Statements. Other than the above, the Company does not have any significant contingencies as at the reporting date.

### **32. EVENTS OCCURRING AFTER THE REPORTING DATE**

The Directors have approved a final dividend of Rs. 0.92 per ordinary share amounting to Rs. 9.2 Mn for the twelve months ended 31 March 2020 to be paid on 03.06.2020. In accordance with Sri Lanka Accounting Standard (LKAS) 10 "Event after reporting period", the proposed final dividend has not been recognized as a liability at the reporting date.

Effect of the Covid-19 outbreak for the Company business operation is disclosed in Note 34 to the Financial Statements.

Except disclosed as above, the Company does not have events after the reporting date which require adjustment or disclosures in these Financial Statements.

### **33. RELATED PARTY DISCLOSURE**

The Company carries out transactions in the ordinary course of its business on an arm's length basis with parties who are defined as related parties in Sri Lanka Accounting Standards (LKAS 24) "Related party disclosures", The details are as follows.

#### **33.1. Parent and Ultimate Controlling Party**

Singer (Sri Lanka) PLC is the parent Company of Singer Industries (Ceylon) PLC. The Hayleys PLC is the ultimate parent Company of Singer Industries (Ceylon) PLC. On 15 September 2017, Hayleys PLC with parties acting in concert acquired 61.73% of Singer (Sri Lanka) PLC. Accordingly, Hayleys PLC became the ultimate parent Company of Singer Industries (Ceylon) PLC with effect from 15 September 2017. Subsequently, Hayleys PLC with parties acting in concert issued a notice of mandatory offer in line with terms of Rule 31(1) (a) of takeovers and mergers code 1995, to purchase 108,201,585 ordinary shares carrying voting rights of Singer (Sri Lanka) PLC at a price of Rs.47/- per share (excluding 35,562,883 shares held by Retail Holding (Sri Lanka) BV. After exercising the mandatory offer, Hayleys PLC together with its Group Companies holds 80.96% (approx.) of Singer (Sri Lanka) PLC. On 15 October 2018, Hayleys PLC purchased the balance 35,562,883 (9.47%) ordinary shares held by Retail Holdings (Sri Lanka) BV in Singer (Sri Lanka) PLC at a price of Rs.47/- per share upon Retail Holdings (Sri Lanka) BV exercising their option to sell its shares to Hayleys PLC as previously agreed. After accepting this offer, Hayleys PLC together with its group Companies holds 90.43% (80.96% previously) of Singer (Sri Lanka) PLC.

### 33.2. Transactions with Key Management Personnel (“KMP”)

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

#### (a) Compensation of key Management Personnel

	2020 Rs.	2019 Rs.
Short term employee benefits - Directors emoluments	1,105,260	1,255,575
- Non-Executive Directors fees	2,700,000	3,041,000

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

#### (b) Loans to Directors

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

### 33.3. Other Related Party Transactions

#### (a) Transactions with Related Entities

Name of the Company and Relationship	Nature of Transaction	For twelve months ended 2020	For fifteen months ended 2019
		Rs .	Rs .
Singer (Sri Lanka) PLC (Parent Company)	Sales (gross)	474,030,745	741,603,999
	Net finance charge	(161,723)	676,605
	Expenses reimbursed	(22,524,242)	(23,212,974)
	Lease rental received (gross)	24,805,094	25,921,760
	Purchases- fixed assets	(266,834)	-
	Purchases- materials	(684,370)	-
	Management fee	(196,096)	-
	Trade settlements	(512,700,000)	(761,300,000)
Regnis (Lanka) PLC (Related Company)	Balance receivable at the beginning	-	-
	Sales (gross)	2,697,151	8,793,183
	Expenses reimbursed	-	1,165,316
	Interest income	16,790	24,375
	Trade debtors settlement	(2,458,572)	(9,255,871)
	Non-trade debtors settlement	(350,323)	(530,197)
Singer Finance (Lanka) PLC (Related Company)	Investment/(withdrawal) of fixed deposits	-	-
	Investment in fixed deposits	160,586,449	142,792,777
	Interest received on fixed deposits	17,793,672	19,887,932
	WHT refund receivable	879,644	-

## Notes to the Financial Statements

Name of the Company and Relationship	Nature of Transaction	For twelve	For fifteen
		months ended 2020	months ended 2019
		Rs .	Rs .
Regnis Appliances (Pvt) Ltd (Related Company)	Balance receivable at the beginning		
	Purchases - raw materials	(3,265,644)	(7,927,762)
	Sales (gross)	140,214,896	171,482,663
	Trade settlements	(131,765,578)	(160,258,954)
	Fixed assets purchases	-	(70,408)
	Expenses reimbursed	(25,118)	-
	Interest on due balance	408,780	457,374
	Settlement	(439,648)	(173,071)
	Balance at the end of the year		
Hayleys PLC (Ultimate Related Company)	Management fee	3,880,739	3,257,760
	Expenses reimbursed	(133,682)	(26,963)
	Settlement	(3,426,679)	(3,257,760)

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

### 33.3.1. Recurrent & Non-recurrent Related Party Transactions

#### Recurrent Related Party Transaction

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

Name of the Related Party	Nature of Transaction	Value of the Transaction entered into during the Financial Year Rs.	Value of the Related Party Transaction as a % of Revenue	Terms and conditions of the Related Party Transaction/ The rationale for entering into the transaction
Singer (Sri Lanka) PLC	Sales (gross)	474,030,745	87%	On commercial terms.
	Trade settlement	512,700,000	95%	
Regnis Appliances (Pvt) Ltd	Sales (gross)	140,214,896	26%	On commercial terms.
	Trade settlement	131,765,578	24%	

### Non-recurrent Related Party Transaction

(Aggregate value of the transaction exceeds 10% of the Equity or 5% of the Total Assets whichever is lower)

Name of the Related Party	Nature of Transaction	Value of the Transaction entered into during the Financial Year Rs.	Value of the Related Party Transaction as a % of Equity	Value of the Related Party Transaction as a % of Total Assets	Terms and conditions of the Related Party Transaction/ The rationale for entering into the transaction
Singer Finance (Lanka) PLC	Investment in Fixed Deposit	160,586,449	12%	8%	On commercial terms.

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

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

	Credit Period
Singer (Sri Lanka) PLC	30 Days
Regnis Appliances (Pvt) Ltd	30 Days
Regnis (Lanka) PLC	30 Days
Hayleys PLC	30 Days
Singer Finance (Lanka) PLC	30 Days

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

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

Following the spread of global pandemic Covid-19 in Sri Lanka, Singer Industries (Ceylon) PLC's Operation was adversely affected in the month of March 2020 (financial year ended 31 March 2020) and April 2020 (Financial year ending 31 March 2021). Company experienced temporally closedown of factory thus no production during this period and no sales and purchases for the month of April 2020.

Further, operations of the Parent Company Singer (Sri Lanka) PLC (the Company Sole customer), experienced temporally disruption in retail sales, collections from trade debtors, hire purchase collections and lease instalment collection during this period. Parent Companies operations has been continued under limited capacity during the curfew lifted areas and reasonable sales volume and collections from receivables were reported during this short period.

The impact of COVID-19 on the country's economy and how businesses and consumers respond is still uncertain. There is possible risk on revenue due to the loss of income by some of the businesses and the individuals.

Company has very limited risk on recoverability of trade receivable balances as all receivables are from the affiliate companies of Singer Group. Please refer the note 15.

Company expects that factory operation will be normalized in the month of June onwards. Management are in the opinion that reasonable sales volume can be achieved in second quarter and will operate in full capacity from the month of July onwards. Further to that, we expect existing temporally restrictions on importation of some material categories will be effective until 15 July 2020. Company having a decent material stock levels (3 months of forward production), strong supply chain and local manufacturing facilities which is un-parallel to competition, is able to respond to any disruption.

## *Notes to the Financial Statements*

The above matters lead to challenges in managing the liquidity of the Company due to the loss in revenue and delays in productions and disruptions on the supply chain.

Accordingly, management had carried out a careful assessment and had planned as to how the entity will continue its operations in the future in a manner it will continue to operate in its optimum capacity to generate profits and meet its commitments.

The Company has performed projections for its profitability and its liquidity and the projected liquidity positions appear to be reasonably manageable and able to meet all the commitments that the Company has to meet including the loan commitments in current terms.

Further, the Company has access to utilize financing facilities through bank to manage its liquidity and cashflow requirements.

Management is very positive and expect to sustain business in a manner it did in the past supported by strong banking relationships and banking facilities which help Company to honor all capital & interest payments and all statutory payment on due dates. Company is confident that it can manage its liquidity and operate in future with the same capacity.

### **Estimation uncertainty in preparation of Financial Statements**

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these Financial Statements.

The estimation uncertainty is associated with:

- the extent and duration of the disruption to businesses arising from the actions by governments, businesses and consumers to contain the spread of the virus;
- the extent and duration of the expected economic downturn (and forecasts for key economic factors including GDP, employment and inflation). This includes the disruption to capital markets, deteriorating credit, liquidity concerns, impact of unemployment and decline in consumer discretionary spending.
- the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

The Company in consultation with immediate parent Company, Singer (Sri Lanka) PLC has developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 March 2020 about future events that the Directors believe are reasonable in the prevailing circumstances. There is a considerable degree of judgment involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Group and the Company. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected or may exceed the expectation which may impact accounting estimates included in these Financial Statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to delays in settlements and recoverable amount assessments of non-financial assets.

Based on the assessments made on the recoverable amounts of financial and non-financial assets, there were no indications that required to make an adjustment into Financial Statements due to Covid-19.

Import restriction related to the other production which includes the importation of washing machine tubs and related materials will impact the future production and be expected this will be normalized by the beginning of the month of July 2020. Import restriction on sewing machines items and related materials is not in force at present.

The Company imports considerable amount of its total product offerings which are subject to the risk of foreign exchange rate increase which adversely affects to the cost of purchases. Exchange rate's upward trend will impact to the Company's financials and keep pressure on stabilizing the transfer prices and face for the future competition under prevailing economic downturn. However, the Company would continue to manage the risk through various currency risk management strategies.

Nevertheless, Company envisages that no impact to the Company business continuity and supply chain will be stable to provide continues resource requirements for the Company production.

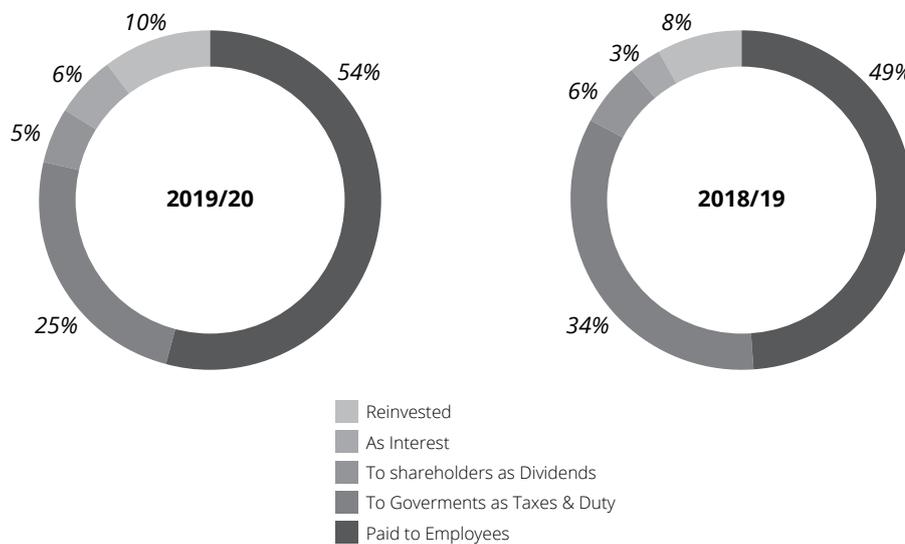
Given the current uncertainty regarding the intensity, regulatory directions and time of pandemic in Sri Lanka, it requires more time to access and quantify the impact of Covid-19 at Company level in consultation with our immediate and ultimate parent companies. Liquidity and the anticipate losses will be reviewed periodically by the Company Management & the Board of Directors.

We hope that the pandemic will open new business opportunities for the Company being a local manufacturing Company & its Group and have aligned better than the competitors to engage on those to improve the financial results in the coming years. We indorse Covid-19 measures and guidelines published by the government to eradicate the pandemic within the country and will continue the factory operation in line with the health and safety measures & its updates under government directions.

## Statement of Value Added

	31.03.2020		31.03.2019	
	Rs.	%	Rs.	%
Turnover (Gross)	541,892,150		786,935,376	
Other Income	23,275,653		24,621,892	
	565,167,803		811,557,268	
Goods & services bought in	390,405,729		552,451,562	
Value added	174,762,074		259,105,706	
<b>Distribution of value added</b>				
Paid to employees	94,683,247	54.2	126,528,215	48.8
To governments as taxes & duty	43,037,390	24.6	88,989,788	34.3
To shareholders as dividends	9,200,350	5.3	15,700,597	6.1
As interest	10,047,415	5.7	7,999,174	3.1
Reinvested	17,793,672	10.2	19,887,932	7.7
	174,762,074	100	259,105,706	100

**Distribution of Value Added**



## Ten Years at a Glance

	2019/20	2018/19	2017	2016	2015	2014	2013	2012	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b>Trading Results</b>										
Turnover - Net	541,892	786,935	646,579	743,206	740,052	715,416	588,404	745,998	713,560	664,136
Profit/(Loss) before Taxation	11,351	29,013	70,931	51,865	(4,867)	9,243	20,339	37,830	46,003	127,657
Taxation	3,919	(7,984)	(2,522)	(9,847)	(3,256)	1,242	6,965	5,156	(484)	9,488
Profit/(Loss) from Continuing Operations	15,270	21,029	68,410	42,019	(1,611)	8,001	13,374	32,674	46,487	118,169
Discontinued Operations ( Net of Income Tax )	-	-	-	-	-	-	-	-	4,980	8,642
Profit / (Loss) for the year	15,270	21,029	68,410	42,019	(1,611)	8,001	13,374	32,674	51,467	126,811
Paid Up Capital	100,004	100,004	38,463	38,463	38,463	38,463	38,463	38,463	38,463	38,463
Capital Reserves	703,455	707,143	655,523	890,077	542,454	545,131	472,632	475,185	401,717	403,376
Revenue Reserves	547,064	541,801	503,844	459,229	408,275	406,973	396,471	387,085	384,577	364,348
	1,350,523	1,348,948	1,197,830	1,387,769	989,192	990,567	907,565	900,733	824,757	806,187
Long Term Loans							-	-	-	6,275
Deferred Liabilities	296,856	298,569	238,641	54,365	52,747	56,410	54,581	46,822	43,847	45,898
	1,647,379	1,647,517	1,436,471	1,442,134	1,041,939	1,046,977	962,146	947,555	868,604	858,360
<b>Assets Employed</b>										
Current Assets	396,790	386,096	350,017	378,549	372,692	368,279	344,747	346,188	330,556	537,813
Current Liabilities	185,981	174,313	78,795	104,484	132,388	138,167	116,621	138,392	113,709	306,451
Working Capital	210,809	211,783	271,222	274,065	240,304	230,113	228,126	207,796	216,847	231,362
Fixed Assets	1,119,774	1,121,724	947,370	956,574	613,340	626,867	556,624	563,276	487,897	496,374
Investment Property	308,000	295,000	200,000	150,000	126,000	126,000	113,445	113,445	100,840	100,840
Investments	66,887	71,959	68,549	60,542	61,685	62,088	59,870	59,246	52,746	26,465
Other Receivables - Non-Current	-	788	853	953	609	1,910	4,081	3,793	3,747	2,426
Deferred Tax Asset	-	-	-	-	-	-	-	-	6,526	893
	1,705,470	1,701,254	1,487,994	1,442,134	1,041,939	1,046,977	962,146	947,555	868,604	858,360

## Ten Years at a Glance

	2019/20	2018/19	2017	2016	2015	2014	2013	2012	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b>Earnings/(Loss) per Share</b>										
From Continuing Operations (Rs)	1.53	2.10	6.84	10.92	(0.42)	2.08	3.48	8.49	12.09	30.72
From Continuing Operations before change in Fair value of Property Investment	0.23	(0.53)	1.84	4.68	(0.42)	2.08	3.48	5.22	(2.21)	(4.57)
After Discontinued Operations (Rs)	1.53	2.10	6.84	10.92	(0.42)	2.08	3.48	8.49	13.38	32.97
Net Assets per Share at year end (Rs)	135.05	134.89	311.42	360.81	257.18	257.54	235.96	234.18	214.43	209.60
Return on Average Net Assets (%)	1.13	1.65	5.29	3.54	(0.16)	0.84	1.48	3.92	6.31	17.30
<b>Dividends</b>										
Dividends (Rs)	9,200	15,701	51,156	25,001	-	-	1,923	5,769	33,655	33,655
Dividend per Share(Rs)	0.92	1.57	13.30	6.50	-	-	0.50	1.50	8.75	8.75
Dividend Cover	1.66	1.34	1.33	1.68	-	-	6.95	5.66	1.53	3.77
<b>Others</b>										
Annual Sales Growth (%)	(31.14)	21.71	(13.00)	0.43	3.44	21.59	(21.13)	4.55	7.44	36.67
Inflation Rate (%)	4.70	3.30	7.10	3.75	4.00	5.00	6.90	7.60	6.70	6.90
Current Ratio	2.13	2.21	4.44	3.62	2.82	2.67	2.96	2.50	2.90	1.75
Investment in Fixed Assets (Rs.000)	6,850	7,491	182	231	67	1,637	1,165	7,452	468	7,079
Price Earnings Ratio ( Times )	41.11	27.62	21.05	13.32	(440.99)	95.18	33.76	17.08	18.98	4.37
Market Value of Share	62.90	58.00	144.00	145.50	184.70	198.00	117.50	145.00	254.00	144.00

## Share Information

### General

Stated Capital	Rs. 100,003,800/-
Number of Shares - Ordinary Shares	10,000,380
Voting Rights	One Vote per Ordinary Share

### Stock Exchange Listing

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

Float-adjusted market capitalization was Rs. 77,181,233/- as at 31.03.2020.

### Distribution of Shareholdings - 31 March 2020

Category	2020			2019		
	No. of Holders	Total Holdings	%	No. of Holders	Total Holdings	%
1 to 1000	828	210,078	2.10	816	212,831	2.13
1001 to 10000	203	503,504	5.04	210	519,440	5.19
10001 to 100000	19	514,484	5.14	19	495,795	4.96
100001 to 1000000	-	-	0.00	-	-	0.00
Over 1000000 Shares	1	8,772,314	87.72	1	8,772,314	87.72
	1051	10,000,380	100.00	1,046	10,000,380	100.00

Category	2020				Percentage	
	No. of Holders		No. of Holdings (Shares)		No. of Holdings	
	Foreign	Local	Foreign	Local	Foreign	Local
1 to 1000	15	813	5,798	204,280	0.06	2.04
1,001 to 10,000	5	198	16,160	487,344	0.16	4.87
10,001 to 100,000	-	19	-	514,484	-	5.15
100,001 to 1,000,000	-	-	-	-	-	-
Over 1,000,000 Shares	-	1	-	8,772,314	-	87.72
	20	1,031	21,958	9,978,422	0.22	99.78

Category	No. of Holders		No. of Holdings (Shares)		No. of Holdings	
	Foreign	Local	Foreign	Local	Foreign	Local
Individuals	20	980	21,958	971,798	0.22	9.72
Institutions	-	51	-	9,006,624	-	90.06
	20	1,031	21,958	9,978,422	0.22	99.78

## Share Information

### Directors' Share Holdings as at 31 March 2020

Name Of Director	CDS	Non - CDS
Mr. A.M. Pandithage	Nil	Nil
Mr. M.H. Wijewardene	Nil	Nil
Mr. V.G.K. Vidyaratne	195	65
Mr. K.D. Kospelawatta	520	Nil
Mr. S.C. Ganegoda	Nil	Nil
Mr. M.H. Jamaldeen	Nil	Nil
Mr. N.L.S. Joseph	Nil	Nil
Mr. K.D.G. Gunaratne	Nil	Nil
Mr. D.K. De Silva Wijeyeratne	Nil	Nil
Mr. K.K.L.P. Yatiwella (Alternate Director to Mr. M.H. Wijewardene, appointed w.e.f. 01.06.2019)	Nil	Nil

### Analysis of Shares

	2020			2019		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Shares held by Public	1,048	1,227,286	12.27	1,043	1,227,286	12.27

### Twenty Largest Shareholders as at 31 March 2020

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

There were no Non-Voting shares as at 31.03.2020.

**Twenty Largest Shareholders as at 31 March 2019**

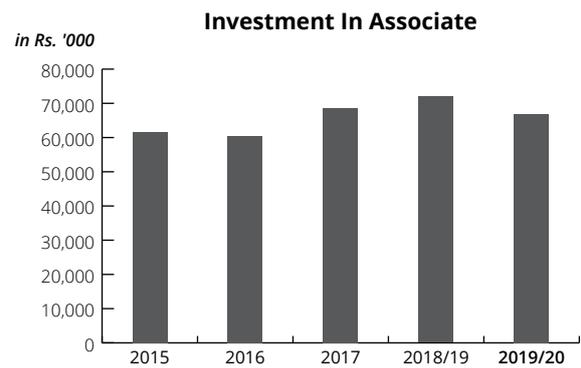
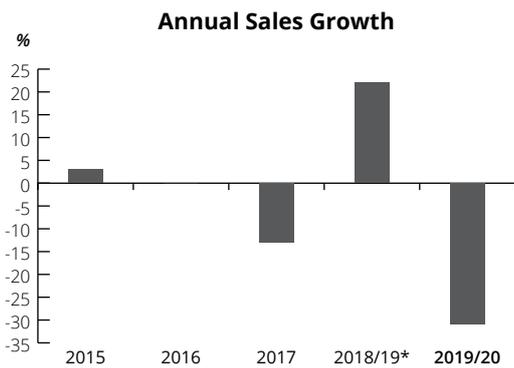
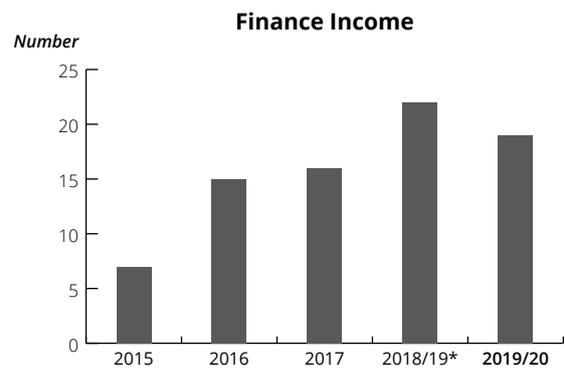
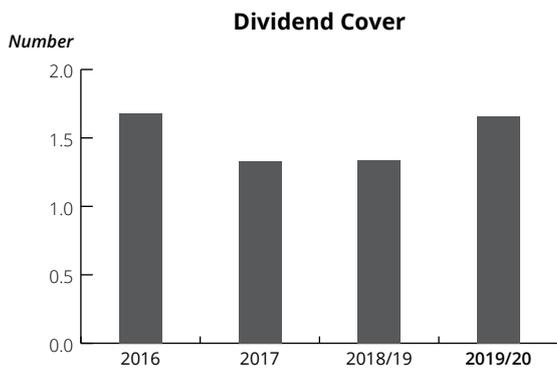
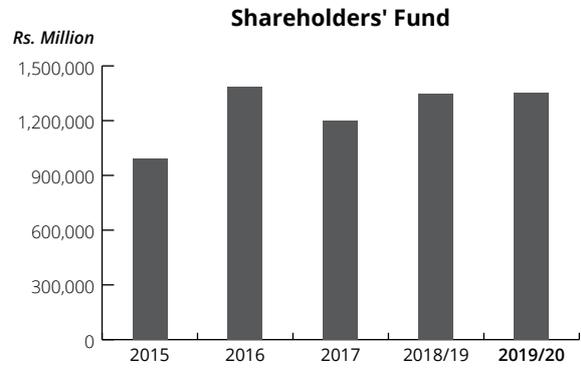
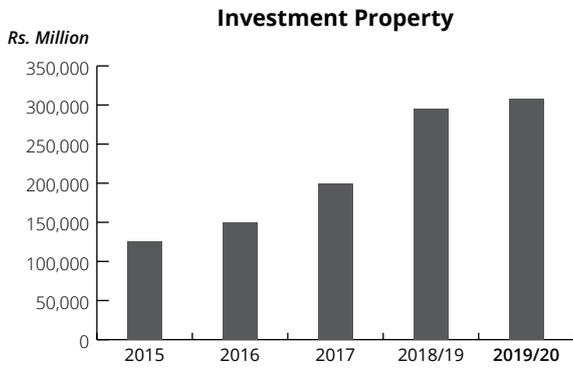
Name	No. of Shares	%
1 Singer (Sri Lanka) PLC	8,772,314	87.72
2 J.B. Cocoshell (Pvt) Ltd	84,219	0.84
3 Union Investments (Pvt) Ltd	82,680	0.83
4 Mr. U.I. Suriyabandara	71,889	0.72
5 Mr. G.C. Goonetilleke	31,365	0.31
6 Mr. A.L.M. Hussain	26,000	0.26
7 Mrs. Z.T. Jafferjee	21,899	0.22
8 Mrs. C.D.D. Kumari	17,550	0.18
9 Mr. S. Ramanathan	17,329	0.17
10 Dr. D. Jayanthan	17,000	0.17
11 Mr. S. Nishyanthan	15,600	0.16
Mr. W.D.D.R. Mahatantila	15,600	0.16
12 Mr. S. Aravinthan	13,260	0.13
13 Mrs. M.J. Thambinayagam	13,000	0.13
The Incorporated Trustees of the Church of Ceylon	13,000	0.13
14 Mr. A.M.R. Adasooriya	11,960	0.12
15 Miss. S.N. Dias	11,699	0.12
16 Mr. A.N. Majeed	10,730	0.11
17 Mr. L.N.S.K. Samarasinghe	10,670	0.11
18 Mr. A.R. Jayasinghe	10,345	0.10
19 Mr. P.D. Hennayake	9,620	0.10
20 Mrs. J. Shakeila	9,500	0.09
Total	9,287,229	92.87

	For the twelve months period ended 31.03.2020 Rs.	For the fifteen months period ended 31.03.2019 Rs.
Closing Price for the period ended	62.90	58.00
Highest Value per Share during the period	78.00	175.00
Lowest Value per Share during the period	50.20	47.20

**Share Trading for the period ended**

	No. of Transactions (Trades)	No. of Shares (Trades)	Value of Shares (Traded) Rs.
2020 (12 Months)	648	92,282	5,957,489
2019 (15 Months)	695	80,136	8,026,846
2017 (12 Months)	405	68,083	10,190,014

## Graphical Review - Investor Information



\* Fifteen months ended 31 March 2019

## Notice of Annual General Meeting

### **SINGER INDUSTRIES (CEYLON) PLC**

#### **Company Number PQ 104**

NOTICE IS HEREBY GIVEN THAT THE FIFTY SEVENTH ANNUAL GENERAL MEETING OF SINGER INDUSTRIES (CEYLON) PLC will be held at the Conference Room of Hayleys PLC at No. 400, Deans Road, Colombo 10 on Friday, 24 July 2020 at 2.00 p.m.

1. To receive, consider and adopt the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31 March 2020 with the Report of the Auditors thereon.
2. To re-elect Mr. K.D. Kospelawatta, who retires by rotation at the Annual General Meeting, a Director in terms of Article 24(4) of the Articles of Association of the Company.
3. To re-elect Mr. M.H. Jamaldeen, who retires by rotation at the Annual General Meeting, a Director in terms of Article 24(4) of the Articles of Association of the Company.
4. To authorize the Directors to determine contributions to Charities for the financial year 2020/2021.
5. To authorize the Directors to determine the remuneration of the Auditors, M/s KPMG, Chartered Accountants, who are deemed to have been reappointed as Auditors in terms of Section 158 of the Companies Act No. 07 of 2007 for the financial year 2020/2021.
6. To consider any other business of which due notice has been given.

By Order of the Board

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

Colombo  
01 July 2020.

#### **NOTES :**

- (i). 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 [sinindagm@secretarial.hayleys.com](mailto:sinindagm@secretarial.hayleys.com) not less than forty eight (48) hours before the time fixed for the Meeting.
- (ii). Please refer the "Circular to Shareholders" dated 25 June 2020 and follow the instructions to join the meeting physically or virtually.







# Form of Proxy

**SINGER INDUSTRIES (CEYLON) PLC**

**Company Number: PQ 104**

I/We\* ..... (full name of Shareholder\*\*) NIC No./Reg. No. of Shareholder (\*\*)  
 ..... of .....

being Shareholder/Shareholders\* of Singer Industries (Ceylon) PLC hereby appoint:

(1) ..... (full name of Proxyholder\*\*) NIC No. of Proxyholder (\*\*)  
 ..... of .....

or, failing him/them

(2) ABEYAKUMAR MOHAN PANDITHAGE (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our\* Proxy to attend and vote as indicated hereunder for me/us\* and on my/our\* behalf at the Fifty Seventh Annual General Meeting of the Company to be held on Friday, 24 July 2020 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 Statements of Accounts for the year ended 31 March 2020 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. K.D. Kospelawatta, who retires by rotation at the Annual General Meeting, a Director in terms of Article 24(4) of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. M.H. Jamaldeen, who retires by rotation at the Annual General Meeting, a Director in terms of Article 24(4) of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. To authorize the Directors to determine contributions to Charities for the financial year 2020/2021.	<input type="checkbox"/>	<input type="checkbox"/>
5. To authorize the Directors to determine the remuneration of the Auditors, M/s KPMG, Chartered Accountants, who are deemed to have been re-appointed as Auditors in terms of Section 158 of the Companies Act No. 07 of 2007 for the financial year 2020/2021.	<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 .....2020.

**Witness:** Signature :.....  
 Name :.....  
 Address :.....  
 NIC No. :.....

.....  
 Signature of Shareholder

**Notes:**

- (a) \* Please delete the inappropriate words.
- (b) A Shareholder entitled to attend and vote at the Annual General Meeting of the Company, is entitled to appoint a Proxy to attend and vote instead of him/her and the Proxy need not be a Shareholder of the Company.  
 \*\* Full name of Shareholder/Proxy holder and their NIC Nos. and Witness are mandatory. Your Proxy Form will be rejected if these details are not completed.
- (c) A Shareholder is not entitled to appoint more than one Proxy to attend on the same occasion.
- (d) Instructions are noted on the reverse hereof.
- (e) This Form of Proxy is in terms of the Articles of Association of the Company
- (f) Please refer the 'Circular to Shareholders' dated 25 June 2020 and follow the instructions to join the meeting physically or virtually.

## Form of Proxy

### Instructions as to Completion:

1. To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, Hayleys Group Services (Pvt) Ltd at No. 400, Deans Road, Colombo 10, Sri Lanka or must be emailed to [sinindagm@secretarial.hayleys.com](mailto:sinindagm@secretarial.hayleys.com) not less than forty eight (48) hours before the start of the Meeting.
2. In perfecting the Form of Proxy, please ensure that all requested details are filled in legibly including mandatory details. Kindly sign and fill in the date of signing.
3. If you wish to appoint a person other than the Chairman of the Company (or failing him, one of the Directors) as your Proxy, please insert the relevant details at (1) overleaf. The Proxy need not be a Member of the Company.
4. Please indicate with an X in the space provided how your Proxy is to vote on the resolutions. If no indication is given, the Proxy in his discretion will vote as he thinks fit.
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.  
  
In the case of the individual Shareholders, the signature of the Shareholder should be witnessed by any person over 18 years of age.
6. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.
7. In case of Marginal Trading Accounts (slash accounts), the Form of Proxy should be signed by the respective authorized Fund Manager/Banker with whom the account is maintained.

# Corporate Information

## Directorate

Mr. A.M. Pandithage - *Chairman*

Mr. M. H. Wijewardene - *Chief Executive Officer*

Mr. M.H. Jamaldeen

Mr. S.C. Ganegoda

Mr. V.G.K. Vidyaratne

Mr. N.L.S. Joseph

Mr. K.D. Kospelawatta

Mr. K.D.G. Gunaratne

Mr. D.K. De Silva Wijeyeratne

Mr. K.K.L.P. Yatiwella (*Alternate Director to Mr. M.H. Wijewardene, appointed w.e.f.01.06.2019*)

## Company Secretary

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

## Management Team

Mr. K. D. Kospelawatta - *Factory Director/ General Manager Factories*

Mr. S.D. Mayadunne - *Deputy Factory Director*

Mr. I. Herath - *Manager - Human Resources*

Mr. D.P. Mayadunna - *Product & Plant Manager*

Mr. G.V. Madushanka - *Accountant*

Mr. Satheeswararaja - *Accounts Executive*

Mrs. B.A.G.R. Kulatilleka - *Commercial Executive*

Mr. H.B.N. Ratnasiri - *Stores Executive*

## Status of the Company

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

## Company Registration No.

PQ 104

## Tax Registration Number

104021263

## Registered Office

No. 2, 5th Lane, Ratmalana.

Tel: 2 634 416, 2 637 746

Fax: 2 637 766

## Registrars

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

## Auditors

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

## Bankers

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

## Lawyers

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

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



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**SINGER**  
INDUSTRIES (CEYLON) PLC

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