

# **SINGER<sup>®</sup>**

## **TRUSTED EXCELLENCE**

## Vision

To be the foremost consumer durable retailer and foremost consumer financier in Sri Lanka.

## Mission

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

## Values

### Consumers

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

### 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.

### Environment

We make every effort to ensure that the environment is protected and conserved for future generations.

## Objectives

To be the market leader in our Product and Market Segment.

Provide our consumers with the Best Service and Shopping Experience 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 Industry Norm.

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# About this Report

## Report Period

The Annual Report 2019/20 of Singer (Sri Lanka) PLC covers the 12-month period from 1st April 2019 to 31st March 2020. This period is consistent with the Company's usual annual reporting cycle for financial reporting.

## Report Boundary and Content

Unless otherwise stated, the 2019/20 Annual Report is limited to the Company's operations in Sri Lanka. Therefore, the operations of our Subsidiaries, Singer Finance (Lanka) PLC, Singer Digital Media (Pvt) Limited, Singer Business School (Pvt) Limited, Regnis (Lanka) PLC, Regnis Appliances (Pvt) Limited, Singer Industries (Ceylon) PLC, and Reality (Lanka) Limited, and Domus Lanka (Pvt) Limited are included in the Annual Report.

Economic, social, and environmental parameters that affect our business and stakeholders have been considered in deciding the content of this Report.

## Data Measurement Techniques and Base of Calculation

Financial data presented in this Report have been extracted from Audited Financial Statements. The accounting policies adopted in preparation of the Financial Statements including the basis of preparation and significant assumptions are given on pages 89 to 105.

The scope, boundary and measurement methods used in the preparation of this Report are the same as those used in our previous Report for the 12 months ended 31st March 2019. The information presented in this Report in respect of prior periods has not been restated.

## Our Response to Precautionary Approach

We remain committed to safeguarding the public in conducting our business operations. Therefore, every effort is taken to keep our customers and the communities informed of any potential risk they may face as a result of our operations. Precautionary approach is practised in introducing new products by the Company. In our efforts to be proactive, we anticipate possible health or environmental risks in advance and take apt measures to address them. This is why we adopted CFC-free gas at a very early stage and used zero ozone impact R600a natural refrigerants. We were prompted to adopt these measures out of our concern towards the environment.

Our voluntary partnership with the Central Environmental Authority in the National Cooperate E-Waste Management Project was driven by this same conviction and we are forerunners in e-waste collection. We also attempt to increase the recyclable content of all our products and packaging. This is the reason we substituted Styrofoam with natural recycled paper packaging, well before it was regulated.

## Comparability

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

## Queries

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

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

**Singer at a  
Glance**

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# Highlights 2019/20

For the Year Ended 31st March	Group			Company		
	2019/20	2018/19	Increased/ (Decreased)	2019/20	2018/19	Increased/ (Decreased)
	Rs. '000	Rs. '000	%	Rs. '000	Rs. '000	%
Group Revenue – Net	54,751,038	58,505,395	(6.4)	44,125,911	43,617,889	1.2
Gross Profit	16,383,980	16,100,416	1.8	12,997,736	12,297,197	5.7
Operating Profit	4,122,083	3,997,361	3.1	2,856,515	2,440,869	17.0
Net Finance Cost	3,200,499	3,033,076	5.5	2,961,201	2,320,956	27.6
Profit Before Tax	610,717	672,129	(9.1)	(155,686)	88,713	(275.5)
Profit for the Year	427,268	385,981	10.7	12,739	140,550	(90.9)
Total Comprehensive Income for the Year (Net of Tax)	449,249	1,006,328	(55.4)	27,262	447,850	(93.9)
Stated Capital	626,048	626,048	–	626,048	626,048	–
Revenue Reserves	4,667,856	5,035,831	(7.3)	2,223,047	2,851,601	(22.0)
Capital Reserves	1,092,442	1,118,123	(2.3)	1,142,409	1,158,333	(1.4)
Statutory Reserves	182,548	163,096	11.9	–	–	–
Non-controlling Interest	1,619,012	1,508,546	7.3	–	–	–
Total Equity	8,187,907	8,451,644	(3.1)	3,991,505	4,635,982	(13.9)
Property, Plant and Equipment – Net	6,911,741	6,704,649	3.1	3,651,860	3,498,021	4.4
Other Investments	113,258	17,061	563.8	17,020	616,203	(97.2)
Net-current Assets	1,809,520	4,101,153	(55.9)	3,715,755	5,288,761	(29.7)
Gross Dividends	N/A	N/A	–	93,907	244,159	(61.5)
Dividend per Share (Rs.)	N/A	N/A	–	0.25	0.65	(61.5)
Dividend Payout Ratio (%)	N/A	N/A	–	833	174	378.7
Earnings per Share (Rs.)	0.75	0.67	12.6	0.03	0.37	(91.9)
Price Earnings Ratio (Times)	N/A	N/A	–	673.33	67.57	896.5
Net Assets per Share (Rs.)	17.49	18.48	(5.4)	10.63	12.34	(13.9)
Market Price per Share (Rs.) – 31st March 2020 (2019 – 31st March)	N/A	N/A	–	20.20	25.00	(19.2)
Net Income to Net Turnover (%)	0.78	0.66	18.2	0.03	0.32	(90.7)
Return on Average Net Assets/Equity (%)	5.14	4.64	10.8	0.30	2.98	(90.0)
Debt Ratio (%)	87.35	68.21	28.1	90.27	87.51	3.2
Debt to Equity	4.80	3.32	44.6	5.11	4.49	13.8
Gearing Ratio (Times)	0.80	0.77	3.9	0.84	0.83	1.2
Interest Cover (Times)	1.18	1.20	(1.7)	0.95	1.03	(7.8)
Dividend Cover (Times)	N/A	N/A	–	0.14	0.58	(75.9)
Current Ratio (Times)	1.05	1.12	(6.3)	1.15	1.23	(6.5)
Acid Ratio (Times)	0.64	0.72	(11.1)	0.58	0.70	(17.1)

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# Chairman's Message



***Despite the challenges that prevailed, the Group continued to leverage on its extensive geographical reach, enviable brand reputation and multi-brand product portfolio to grow stakeholder value sustainably.***



## Dear Shareholder,

It gives me great pleasure to present to you the Annual Report and Audited Financial Statements of Singer (Sri Lanka) PLC for the financial year ending 31st March 2020. In a year which put to test the soundness of its strategy and the spirit of its people, the Singer Group continued to deliver triple bottom line returns, generating sustainable financial returns while playing a meaningful role in society. Earnings per share increased by 12% to Rs. 0.75 while dividends for the year amounted to Rs. 93.9 million.

## Operating Landscape

It was a year of unprecedented challenges, defined by two devastating events which brought the economy to a standstill. The terror attacks in April 2019 resulted in severe and prolonged stress across several industry sectors and value chains. Escalating security concerns led to a sharp downturn in consumer spending resulting in the growth in private consumption expenditure slowing to 2.9% from 3.7% the previous year. Given its discretionary nature, the growth in expenditure on furnishings, household equipment and routine household maintenance contracted by 3% during the year. Sweeping tax concessions announced by the new government towards the latter part of 2019 led to a temporary recovery in consumer demand, which gained momentum in the early months of 2020. However, following the outbreak of COVID-19 from mid-March 2020 consumer spending declined dramatically with disastrous impact over the ensuing months.

The broader economic impacts of the pandemic on countries such as Sri Lanka have been pronounced, given already weak fiscal positions and reliance on tourism and remittances for foreign exchange generation. These conditions inserted significant pressure on the Rupee, which depreciated by 7.1% Y-o-Y to close the year at Rs. 188.62/USD by end-March 2020, compelling the Government to restrict non-essential imports to the country in a bid to preserve foreign exchange reserves. Restrictions in the import of white goods is expected to have a considerable impact on the consumer durables industry; for organisations such as Singer, however, which have a strong local manufacturing footprint the impacts will be less severe, even affording an opportunity to capture market share from competitors who are reliant purely on imports.

## A holistic value proposition

Despite the challenges that prevailed, the Group continued to leverage on its extensive geographical reach, enviable brand reputation and multi-brand product

portfolio to grow stakeholder value sustainably. Most key figures demonstrate that we consistently delivered value in financial, operational and sustainability areas. Although group revenue declined by 6% to Rs. 54.7 billion, ongoing focus on productivity and lean initiatives, optimisation of the distribution network and increasing contributions from value-added products enabled the Group to record a 11% growth in profit after tax to Rs. 427.3 million. The strategic initiatives adopted by the Group in delivering these results are discussed in further detail in the Chief Executive Officer's Review on pages 8 to 11 of this Report.

We continued to offer a unique value proposition to our employees, driving investments towards developing skills and building talent pipelines. Strategic emphasis on effectively deploying technology to support talent development solutions has enabled the Group to offer convenient and accessible learning platforms for all employees. The Group's socio-economic impact is undeniable, as we continued to generate indirect employment, empowering suppliers, and business partners across our extensive supply chain. We are committed to nurturing a base of local suppliers, offering technical assistance and market insights in strengthening their capabilities.

The Group remained committed to its corporate citizenship aspirations. Despite pressure on performance, we continued to direct funds towards our key areas of community support, primarily education and health. The Singer Business School aims to empower youth by providing opportunities for skill development and has to date directly supported the development of over 6,000 aspiring youngsters.

Singer successfully defended its position as the undisputed market leader in the consumer durables industry, enjoying an unmatched customer penetration despite intensifying competitive pressure from international brands. I am extremely proud to report that Singer was also awarded the People's Choice Brand of the Year for the 14th consecutive year along with the Consumer Durables Brand of the Year at the SLIM-Nielsen People's Choice Awards.

## Leadership insights

During the year under review, we welcomed Ms. A.A.K. Amarasinghe and Ms. Gayani de Alwis to the Board of Directors. I also join the Board in extending my appreciation to Ms. O.D. Gunawardene, Mr. S.H. Goodman and Mr. L.N.S.K. Samarasinghe who resigned from the Board during the year for their stellar contribution to Singer over the years. Key areas of Board focus in 2019/20 included formulating the Group's digital

strategy to drive innovation, assessing the rapidly evolving operating landscape, and managing risks in these uncertain times. The Group continues to benefit from a robust framework of policies and strong governance structures, which underpin the creation of sustainable value.

## Way Forward

As the market gradually returns to normalcy over the medium-term, our priorities remain clear; we will continue to drive product development to cater to increasingly sophisticated customer demands while consolidating our extensive channel network to drive increased penetration. We welcome the Government's policy impetus towards strengthening local industries and are keen to widen our local manufacturing footprint through diversifying into related products. We urge the government to adopt sustainable measures to protect local manufacturers such as Singer who create substantial socio-economic benefits through job generation and value addition. Deploying technology to drive new ways of interacting with customers remains a key priority and we will refine our engagement and marketing platforms to increase the brand's attractiveness among the youth. Our human resource agenda will focus on building a world-class talent pool through attracting, developing, and retaining the industry's top talent.

## Appreciation

As we close the year and look forward to better prospects in 2020/21, I take this opportunity to extend my gratitude to my colleagues on the Board for their counsel and guidance. I congratulate Team Singer, ably led by Group CEO Mr. Mahesh Wijewardene for their continued commitment in a difficult year, which has enabled the Group to deliver the results set out before you. I also take this opportunity to thank all our customers, suppliers and stakeholders who have partnered us in our journey of growth.

Thank you.



**Mohan Pandithage**

Chairman

14th May 2020

# Chief Executive Officer's Review



***Technology is transforming the way we work, and the Group is keen to deploy technology in a way that optimises its business model and drives improved decision making.***

## Dear Shareholder,

The year under review was defined by two catastrophic events leading to extreme stress across economies, industries, and value chains and compelling organisations to evolve and adapt to new business realities. I am pleased to report that decisive management interventions made in recent years enabled us to demonstrate agility and resilience, as new dynamics continued to reshape our operating landscape. Against this backdrop, the Group delivered a 11% growth in profit-after-tax to Rs. 427.3 million while sustaining its market leadership position and generating shared value across its supply chain.

As we emerge from the lockdown to a world which has changed significantly, the Group has been quick to adapt to new ways of working. We swiftly resumed operations and opened our showrooms and manufacturing facilities under stringent health and safety guidelines. Ensuring the health and safety of our employees and customers is paramount at this point, and we improved our hygiene practices, increased physical distance between teams working together and facilitated remote working arrangements.

**We launched 6, large capacity (260 Ltrs. and 300 Ltrs.) smart inverter refrigerators during the year and are proud to be the first Sri Lankan manufacturer to produce inverter refrigerators of this capacity and quality, attesting to the strength of the Company's design and production capabilities.**

## Executing our Strategy

Despite the unprecedented challenges posed by the operating environment and the impact on financial performance, I am happy to report that the Group made considerable progress in the implementation of its strategy. Our priorities remained clear as we sought to enhance our product offering, optimise distribution channels, and leverage technology to drive improved decision making. The Group widened its product portfolio further strengthening local manufacturing and enhancing customer value through the introduction of innovative products. We launched 6, large capacity (260 Ltrs. and 300 Ltrs.) smart inverter refrigerators during the year and are proud

to be the first Sri Lankan manufacturer to produce inverter refrigerators of this capacity and quality, attesting to the strength of the Company's design and production capabilities.

We launched several new washing machine models (including a first-ever 8kg capacity model) and water pumps while further enhancing our furniture range. We also widened the range of imported products in televisions, hi-fi systems as well as kitchen and household appliances.

Channel rationalisation continues to be a strategic imperative as we sought to further optimise our distribution network. We completed the conversion of all SISIL World Stores to Singer stores, which has facilitated a consistent customer experience across our network while strengthening brand visibility. Ongoing focus was placed on streamlining distribution operations, which in turn led to significant operating efficiencies and cost rationalisation. Given the prevalent conditions we adopted a selective strategy towards expansion, focusing more on consolidating and optimising the existing network. We are cognisant of customers' increasing sophistication and prevalence towards value-added products and launched our first fully-fledged mall outlet at the One Gall Face mall to capture these emerging opportunities. During the year, Singer was also appointed as a Dealer for both the Dell and ASUS brands thereby allowing us to drive deeper penetration of the B2B business, in addition to the household/retail channel. We are also recognising importance of developing the online sales channel as a high potential growth line.

Technology is transforming the way we work, and the Group is keen to deploy technology in a way that optimises its business model and drives improved decision making. We are currently pursuing ways to leverage our extensive base of customer information to drive deeper insights into customer behaviour as well as better engagement and targeted marketing. Plans are also in place to upgrade the ERP system over the short-to-medium term, facilitating the integration of back-end and front-end operations which is expected to lead to significant operational efficiencies.

**The Group recorded consistent balance sheet growth, with total assets increasing by 12% to Rs. 64.7 billion as at end March 2020.**

## Financial and Operational Performance Profitability

While the financial performance of this year was below our expectations due to the adverse market conditions that prevailed, the results contain reasons for optimism and confidence in our strategy. Revenue declined by 6% to Rs. 54.7 billion reflecting the sharp downturn in consumer spending and retail activity following the terror attacks in April 2019 and outbreak of the COVID-19 pandemic to which we closed the financial year. Revenue growth was also impacted by the US-China trade restrictions which adversely impacted the mobile phone category. However, strategic emphasis on streamlining operations, driving lean initiatives, and optimising the distribution network enabled the Group to improve its gross profit margin. Profitability was further supported by a considerable reduction in warranty claims as we focused on addressing customer issues and enhancing product quality. Resultantly, the Group's operating profit increased by 3% to Rs. 4.1 billion, a commendable achievement given the depressed market conditions. Effective working capital and cash management enabled the Group to curtail the increase in net finance costs to 5%. Improvements in operating profitability coupled with a reduction in income tax expense enabled the Group to deliver a 11% increase in profit after tax to Rs. 427.3 million. Despite an increase in loan loss provision, Singer Finance (Lanka) PLC also recorded earnings growth during the year and was a significant contributor to Group profitability.

## Financial position

The Group recorded consistent balance sheet growth, with total assets increasing by 12% to Rs. 64.7 billion as at end March 2020. Despite the challenging conditions, total borrowings declined by 2% during the year, while the Group's debt-to-equity ratio increased to 4.8 times mainly due to the accounting adjustment to the retained earnings due to adoption of SLFRS 16. We will continue to drive efforts towards rationalising debt and strengthening our funding position over the medium to long-term.

The Group sustained its market position despite intensifying price competition, supported by the strength of its brand and strong customer relationships. Singer was named People's Brand of the Year for the 14th consecutive year at the coveted SLIM-Nielsen

Peoples Awards 2020, attesting to our ability to consistently fulfil emerging customer demands. We were also named Consumer Durables brand of the year for the 14th consecutive year. The Group was also ranked as Sri Lanka's 17th most valuable consumer brand in the LMD-Brands Annual 2020.

## People

The Singer team of 2,926 employees is the driving force behind the Group's success, facilitating our customer experience and driving strategic aspirations. We are committed to consistently enhancing our employee value proposition and have formulated an 8-pillar HR strategy to drive our people's aspirations. We are currently developing a world-class talent management system, comprising a range of globally accepted people development tools and practices. The Group also implemented a learning management system, effectively deploying technology to drive more accessible and convenient learning solutions across all employee categories. Developing customer service skills remains a key priority and we hope to sharpen our competitive edge through building industry-leading customer care capabilities. The adoption of the Hayleys Group's Performance Management system has facilitated the effective identification of high-performing employees and is expected to contribute towards nurturing a performance-driven culture over the medium term. Other people priorities included enhancing employee engagement, ensuring health and safety, and creating a conducive environment.

## Commitment to Sustainability

The Group has always been committed to generating shared, sustainable value to its stakeholders and we are constantly looking for ways to combine our innovation and expertise into sustainable solutions. The depth and breadth of our operations has placed us in a strong position to develop a local supplier base and we are cognisant of the role we can play in empowering entrepreneurs and communities across our supply chain. During the year, we widened our network of furniture and kitchen appliance manufacturers, supporting them through capacity building and knowledge sharing. Given our market position and size, we are also able to offer consistent demand for their products thereby providing a secure and sustainable source of income. Despite the challenging market conditions, we continued to invest in furthering our community engagement aspirations in our focus areas of education and health. We

remain committed to contributing towards combatting Chronic Kidney Disease, and donated a Dialysis machine during the year, bringing our total contribution to 08 machines. Our employees continue to partner us in our CSR initiatives; they contributed a day's salary which was matched by a similar contribution by the Group through which we donated critical medical equipment to several hospitals following the outbreak of COVID-19.

With implications of climate change intensifying across the globe, we are keen to play our part in driving sustained reductions in emissions. As the market leader in the consumer durables segment, we are cognisant of the significant role we can play in reducing our customers' carbon footprint by enhancing the energy efficiency of our products. For instance, the recently launched inverter type refrigerators are highly energy efficient and will contribute towards reducing customers' carbon footprint. Concerted efforts are also in place to reduce the energy consumption of our operations through the installation of LED lighting solutions across our outlet network. During the year, we also sought to replace Styrofoam components in our packaging with paper pulp materials thereby reducing the use of non-degradable materials.

**We remain committed to contributing towards combatting Chronic Kidney Disease, and donated a Dialysis machine during the year, bringing our total contribution to 08 machines.**

## Opportunities and uncertainties post-COVID-19

The extent of the economic fallout of the pandemic is yet to be accurately ascertained, although the short-to-medium term impact on Sri Lanka's economy and businesses is expected severe. For Singer, key risks stem from the slowdown in consumer spending, particularly given impacts on disposable income. Severe stress in the tourism sector and the reduction in foreign personal remittances will impact demand from these segments over the medium term. The crisis has also amplified collection risks with customers delaying/defaulting payments which in turn has impacted our liquidity position. A key risk we foresee over the short-to-medium term is the temporary import restrictions imposed by the Government, which is likely to have a considerable impact on the consumer durables market. Given the Group's local

manufacturing footprint, however, we are somewhat insulated from these restrictions and are in a strong position to capture market share.

Meanwhile, new ways of working and living have also offered us several exciting opportunities which we are aptly positioned to capitalise on. For instance, online learning solutions introduced by educational institutions have driven demand for laptop computers and smart phones while customers have demonstrated increased preference for large capacity refrigerators. The online channels have also seen increased activity in recent months and we have strengthened our technology infrastructure and online sales offering to cater to these dynamics. Demand in the months immediately following the easing of restrictions have been above expectations and we look forward to a gradual recovery of economic activity over the next few months.

## Future Outlook

Despite anticipated short-term pressures, we are excited by the medium-to-long term growth prospects presented by Sri Lanka's economic trajectory. We are passionate about fulfilling the rapidly evolving needs of our customers and are excited by the opportunities presented by increasing customer sophistication. We are currently exploring a Retail rebranding strategy through which we hope to refresh our brand and entice new retail consumers including the younger demographic, in which we see immense potential for growth. We have already aligned our marketing strategy to cater to this segment deploying a dedicated team to effectively identify patterns in consumer behaviour.

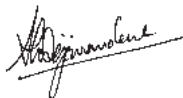
We have clearly outlined our medium to long-term plans and are confident that the effective implementation of these plans would enable us to further fortify our market position. Penetration of consumer durables remains relatively low in Sri Lanka, presenting significant upside potential and given our brand reputation, product portfolio and unmatched geographical footprint we are well placed to capitalise on these opportunities. We will continue to strengthen our distribution network and drive further operational efficiencies in optimising the cost structure. Focus will also be placed on developing our people and enhancing after-sales service.

We are also keen to widen our local manufacturing footprint through diversifying into related products, thereby creating employment opportunities and generating

value across our supply chains. That said, policy consistency is an important prerequisite in ensuring the commercial sustainability of such a venture, and we urge the Government to adopt a robust policy framework thereby creating conducive environment for such investments.

## Appreciation

As I look forward to an eventful year, I would like to take this opportunity to thank our Chairman, Co-Chairman, and our parent, Hayleys PLC for their valuable counsel and continued guidance. I also thank the Board of Directors for their support and continued confidence in me. I am humbled to lead such a committed team of employees and thank Team Singer for their co-operation and resilience during this extremely challenging year. I take this opportunity to thank the Executive Directors, Mr. L.N.S.K. Samarasinghe and Mr. S. Ramanathan who retired during the year for their long standing contribution to the Company and Ms. O.D. Gunawardene who resigned from the Board during the year for her contribution to Singer. Finally, I wish to thank all our loyal customers, suppliers, business partners and other stakeholders who have partnered us in our journey of growth and look forward to collaborating with you in the future.



**Mahesh Wijewardene**

*Group Chief Executive Officer*  
14th May 2020



# Board of Directors



## Mr. Mohan Pandithage

Executive Chairman  
(Appointed on 2nd October 2017)

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

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



## Mr. Dhammika Perera

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

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

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



## Mr. Mahesh Wijewardene

Managing Director/Group CEO  
(Joined to the Board on 1st June 2006, appointed as the Group CEO with effect from 1st November 2018)

Mr. Wijewardene holds a Master's Degree in Business Administration from the University of Southern Queensland. He also holds a Diploma in General Management from the Open University of Sri Lanka.

Mr. Wijewardene is the past Chairman of the Ceylon Chamber of Commerce – Import section and Sri Lanka – China Business Council and currently serves in the Executive Council of Sri Lanka Retailers' Association.

He is a member of the Hayleys Group Management Committee. Mr. Wijewardene has served on Singer (Sri Lanka) PLC Board previously as an Alternate Director from 1st June 2006 to 31st October 2018. Mr. Wijewardene serves as a Director of Singer Industries (Ceylon) PLC, Singer Finance (Lanka) PLC, Regnis (Lanka) PLC, Regnis Appliances (Pvt) Limited, Singer Digital Media (Pvt) Limited, Singer Business School (Pvt) Limited, Reality (Lanka) Limited, Domus Lanka (Pvt) Limited.



### **Mr. Deepal Sooriyaarachchi**

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

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

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

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

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



### **Mr. Dumith Fernando**

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

Mr. Fernando is the Chairman of Asia Securities Holdings (Pvt) Ltd., a leading independent investment banking, stock broking and Wealth Management firm in Sri Lanka. Mr. Fernando has over two decades experience in international investment banking, based in New York and Hong Kong, with the U.S.A Bank JPMorgan Chase & Co. and the Swiss bank Credit Suisse AG. Previously, he was Managing Director and Group Chief Operating Officer for the Asia Pacific region at Credit Suisse – a business with over USD 2.5 billion in revenues across 12 countries.

Mr. Fernando is a Director of the Colombo Stock Exchange and Union Assurance PLC.

He holds a BA (Hons.) in Physics and Economics from Middlebury College, U.S.A and an MBA from Harvard Business School.



### **Mr. Mohamed Hisham Jamaldeen**

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

Mr. Jamaldeen is a finance professional with over 20 years of experience and a seasoned commercial property investor and advisor. Mr. Jamaldeen is the Founding Managing Director of Steradian Capital Investments (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, Regnis (Lanka) PLC, Singer Industries (Ceylon) PLC. He is a Fellow of the Association of Certified Chartered Accountants, UK and holds a degree in Engineering and Business from the University of Warwick, UK.



**Mr. Dilip Kumar De Silva Wijeyeratne**

Independent Non-Executive  
(Appointed on 1st April 2018)

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

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

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



**Mr. Sarath Ganegoda**

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

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

Held several Senior Management positions in large Private Sector Entities in Sri Lanka as well as overseas.

Has responsibility for the Strategic Business Development Unit of Hayleys PLC, the holding Company of Singer Sri Lanka PLC. He serves on the Boards of Unisyst Engineering PLC, Alumex PLC, Dipped Products PLC, Haycarb PLC, Hayleys Fabric PLC, Hayleys Fibre PLC, Kelani Valley Plantations PLC, Regnis (Lanka) PLC, Singer Industries (Ceylon) PLC, The Kingsbury PLC, and Horana Plantations PLC.



**Ms. Gayani de Alwis**

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

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

Ms. de Alwis is the Immediate Past Chairperson of Chartered Institute of Logistics and Transport (CILT), Founding Chairperson and Advisor of Women in Logistics and Transport (WiLAT) Sri Lanka and currently the Global Chairperson of WiLAT. She is a Fellow of Institute of Supply and Materials Management (ISMM), Chartered member of CILT and a Life member of OPA. She is a Board member of Logicare (Pvt) Ltd, Women's Chamber of Industry and Commerce (WCIC) and CSR Lanka (Guaranteed) Ltd. She is also a member of Sri Lanka Institute of Directors (SLID) and is a founding Committee member of Women Directors Forum (WDF) of SLID. She is a member of CCC National Agenda Committee for Logistics and Transport and Women's Advisory Committee (WAC) member of Ministry of Skills Development, Labour and Vocational Training. She also served as a member of the Health Taskforce of Ministry of Health to improve health sector supply chain and a member of the NHRDC National Taskforce to develop a strategy to increase female labour force participation in public and private sector.





### Mr. Lalith Yatiwella

Alternate Director to Mr. Sarath Ganegoda  
(Appointed on 2nd October 2017)

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, Regnis (Lanka) PLC, and Singer Industries (Ceylon) 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.

Mr. Yatiwella has served on Singer Finance (Lanka) PLC Board previously as an Alternate Director from July 2014 to September 2017.



### Mr. H.P. Sujeewa Perera

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

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

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

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

Not in picture

### Ms. A.A.K. Amarasinghe

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

Ms. Amarasinghe currently serves as Group Director, International Business Development and CSR at Vallibel One PLC.

Prior to joining Vallibel One, Ms. Amarasinghe was attached to World Conference on Youth Secretariat at Ministry of Youth Affairs and Skills Development in Sri Lanka, as a Manager. Earlier in her career, she served as an intern at Strategic Policy Division at Department of Community Safety in Queensland, Australia.

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

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

# Executive Committee Members



**Mr. J. Mendis**  
Director – Credit



**Mr. L.A.D.K. Perera**  
Director – Information Technology



**Mr. K.D. Kospelawatta**  
Factory Director – Regnis (Lanka) PLC



**Mr. T. Amarasuriya**  
Chief Executive Officer – Singer Finance (Lanka) PLC



**Mr. B.T.L. Mendis**  
Director – Commercial



**Mr. K.D.J.M. Perera**  
Director – Operations



**Mr. V. Tennakoon**  
Director – Sales



**Mr. R. Kulasuriya**  
Director – Human Resources and Business Integration



**Mr. V.J.S. Perera**  
Director – Marketing



**Mr. S.D. Mayadunne**  
Deputy Factory Director – Singer Industries (Ceylon) PLC



**Mr. A.P. Manorathna**  
Deputy Director – Services



**Mr. M.M.C. Priyanjith**  
Head of Risk Management

# Management Discussion and Analysis 4.

18 Financial Capital

# Financial Capital

The following discussion and analysis should be read in conjunction with the Audited Consolidated Financial Statements of the Group and the Company for the year ended 31st March 2020. In this Report, "Group" refers to Singer (Sri Lanka) PLC and its eight subsidiary companies and "Company" refers to Singer (Sri Lanka) PLC.

## Basis of Preparation and Comparative Figures

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

## Preface

For the financial year 2019/20, Group revenue decreased by 6% to Rs. 54.7 billion from Rs. 58.5 billion in prior year while Group EBITDA increased from Rs. 4,599.6 million to Rs. 5,652.8 million. The decline in the Group revenue was mainly on account of the downturn in the consumer durable industry due to the Easter Sunday attack in April 2019 which is one of the best-selling months of the financial year, decrease in Huawei smartphone business due to the US and China restrictions and COVID-19 pandemic resulting in island-wide lockdown and curfew from 20th March 2020.

Consumer discretionary spending remained subdued in the first half of 2019/20 due to the poor performance of the economy following the Easter Sunday attack. The performance of consumer durable industry showed strong momentum from November 2019 to February 2020 with the tax concessions

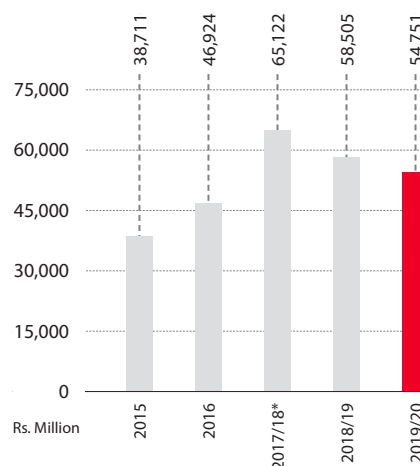
granted, improved business activities and the positive consumer sentiments. However, the recovery was hampered by the outbreak of the COVID-19 pandemic resulting in the Group experiencing disruption in retail sales, collections of trade and hire purchase debtors and lease instalment collections leading to increase in provisioning for impairment of debtors and exchange losses following the sharp depreciation of rupee at the end of March 2020 which adversely affected the profitability of the Group.

The Group adopted SLFRS 16 – Accounting Standard on Leases for financial reporting period beginning 1st April 2019 which primarily impacted the accounting treatment of the Group's operating leases and had a significant impact on Singer Sri Lanka Financial Statements. SLFRS 16 requires the recognition of lease liabilities and right-of-use assets for leases previously classified as operating leases in accordance with LKAS 17 – "Leases". Accordingly, the Group has recorded a right-of-use assets of Rs. 4,448.5 million under Non-current Assets and Rs. 4,274.6 million as Lease Liabilities under Non-current Liabilities and Rs. 544.2 million under Current Liabilities at the transition as at the balance sheet date. The net impact to the opening retained earnings from the transition adjustment was Rs. 582.5 million. The impact of amortisation cost of Rs. 853.1 million and interest cost of Rs. 633.2 million arose from the corresponding right-to-use assets and Lease Liability were accounted in the current period profit or loss while the entire rent expense recorded as administration expense under LKAS 17 in prior year. SLFRS 16 adoption resulted in an adverse impact of Rs. 37 million to the current financial period.

## Revenue

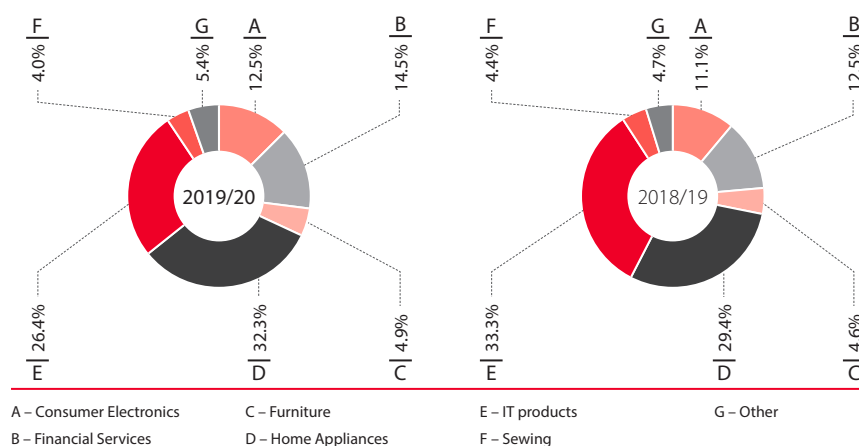
The Singer Sri Lanka Group recorded revenue of Rs. 54.7 billion for the year 2019/20 compared to Rs. 58.5 billion in prior year 2018/19 whilst revenue of the Company was Rs. 44.1 billion vs Rs. 43.6 billion in prior year. The Home Appliances segment made a commendable contribution to the Group revenue with Rs. 17.7 billion which is a 32% contribution to the total revenue while second largest segment, IT products had revenue of Rs. 14.4 billion (26%). Financial services contribution was 15% and included Singer Finance (Lanka) PLC's contribution of 8% amounting to Rs. 4,326.2 million. Consumer electronics revenue was Rs. 6.9 billion with 13% contribution to the total revenue. Singer Digital Media (Pvt) Limited specialising in mobile phone sales to the trade channel contributed Rs. 6.3 billion.

### Total Net Turnover



\*15-months ended 31st March 2018

### Net Turnover Analysis



## Direct Interest Cost

Direct interest cost of the Group was Rs. 1,829 million for the FY 2019/20 vs Rs. 1,265 million in FY 2018/19. Included in direct interest cost is interest cost for customer deposits and interest on debentures at Singer Finance (Lanka) PLC. Customer deposits at Singer Finance (Lanka) PLC increased from Rs. 5,953 million to Rs. 7,014 million in prior year to strengthen the balance sheet position and to fund growth in lease receivables and loans.

## Gross Profit

Gross profit of the Group for the year under review was Rs. 16,383.9 million, compared to Rs. 16,100.4 million in the prior year. The Group's gross margin percentage increased from 27.5% to 29.9%. The gross profit of the Company for the year under review was Rs. 12,997.7 million as against Rs. 12,297.1 million in the previous year. Gross margin percentage of the Company was 29.5% vs 28.2%. Gross margin increase was mainly due to the higher share of traditional product lines in the mix and corrective actions taken during last 12 month period.

The price adjustment made in selected product categories and lower discounts resulted in the gradual margin improvement. Management has taken possible actions to improve product margins but it is increasingly challenging due to tough competition as competitors are cutting market prices to dispose inventories.

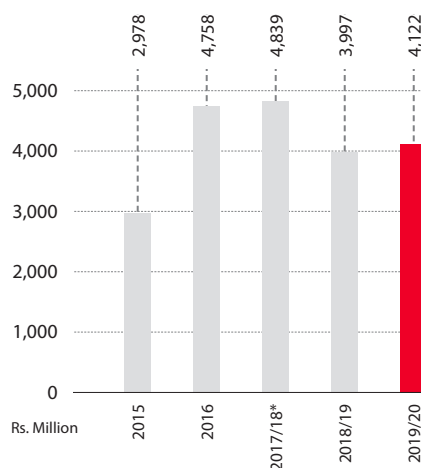
## Operating Profit

The Group recorded an operating profit of Rs. 4,122 million for the year ended 31st March 2020 compared to Rs. 3,997.3 million for the prior year, a growth of 3%. The Group's operating profit margin percentage increased from 6.8% to 7.5% over the prior year. Operating profit of the Group is marginally above prior year mainly due to the lower sales in the month of March and significant increase of impairment provisions in Singer Finance (Lanka) PLC and Singer (Sri Lanka) PLC. As a percentage of revenue, Group administrative and selling expenses increased from 19.9% to 21.1% due to low sales volumes.

Implementation of SLFRS 16 had favourable impact to the Group and the Company Operating profit as Rs. 633.2 million cost is reported as interest cost for lease liabilities under finance cost in the Group and only the amortisation cost of ROU assets amounting to Rs. 853.1 million was recorded under selling and administration expenses as per SLFRS 16

classification whereas entire rent cost was accounted under administration expenses in prior year 2018/19.

### Operating Profit

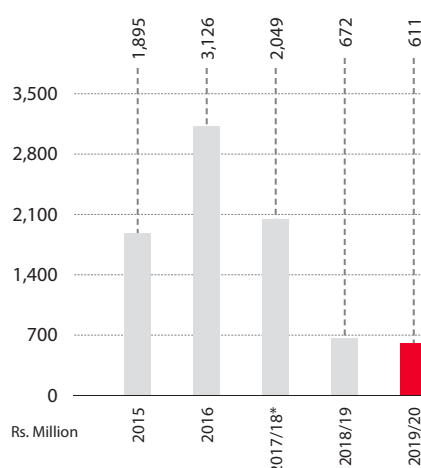


\*15-months ended 31st March 2018

## Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

Group EBITDA during the year under review grew by Rs. 5,652 million compared to Rs. 4,599.6 million in FY 2018/19, whilst Group EBITDA margin was 10.3% vs 7.9% in prior year. The increase of EBITDA was impacted by the reclassification of rent expenses as amortisation cost on ROU assets and interest expense on lease liabilities under finance cost which was accounted under administration expenses in prior year. Group EBITDA margin for the current year 2019/20 on a like-with-like basis after adjusting to reflect SLFRS 16 on "Leases", was 8.7% vs 7.9% in 2018/19.

### Profit Before Tax



\*15-months ended 31st March 2018

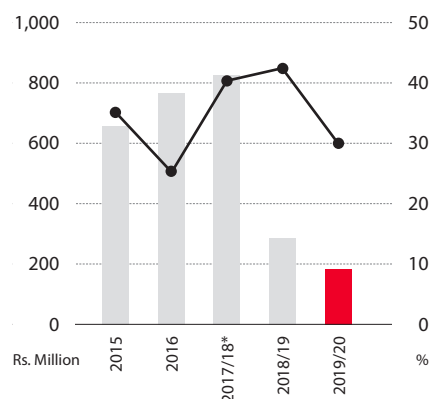
## Net Finance Cost

Group net interest cost for the year increased from Rs. 3,033 million to Rs. 3,200 million. Group interest cost in the current year included the interest on Lease liability of Rs. 633 million upon recognition of the lease liability in line with the SLFRS 16. The Company's net interest cost includes Rs. 572 million interest cost adjustment on lease liability as per the SLFRS 16. Excluding SLFRS 16 interest cost impact, Group net interest cost would have decreased by 15% and Company net interest cost would have decreased by 3% respectively.

Finance income of the Group increased from Rs. 207 million to Rs. 255 million. At the Company level finance income decreased from Rs. 454 million to Rs. 362 million due to decrease in interest income following the maturity of Rs. 400 million of debenture investment in Singer Finance (Lanka) PLC. However, these incomes are offset in the Consolidated Financial Statements. Despite the said challenges, the strong business position enabled the Company to borrow at relatively competitive interest rates from the banks.

## Taxation

### Taxation\*\*



■ Net Tax Expenses\*\* (Rs. Million)

● Net Effective Tax Rate (%)

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

\*15-months ended 31st March 2018

The Group's total tax expense for the period under review was of Rs. 183.4 million compared to Rs. 286.1 million in the prior period mainly due to the reversal of deferred taxation. Company had tax reversal of Rs. 168 million vs Rs. 51 million reversal in prior year mainly due to deferred tax reversal due to the timing difference on impact of SLFRS 16, impairment provision and stock provisions. Tax on dividend income

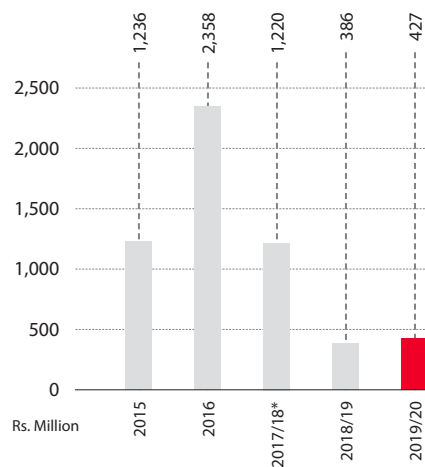
for the year ended 31st March 2020 was Rs. 25 million compared to Rs. 70 million in the prior year, this amount was incurred for the interim dividends received from subsidiary companies during 2019/20.

## Profit for the period

The Group recorded a profit for the year 2019/20 of Rs. 427.2 million compared to the profit of Rs. 385.9 million in the year of 2018/19, an increase over prior year by 11%. It should be noted that despite the lost market opportunities due to Easter Sunday attack and impact from COVID-19, losses from Huawei contribution and extra cost from impairment while operating in the extremely difficult market condition, exceeding last year net profit is remarkable achievement. Net profit for the Company was Rs. 12.7 million vs Rs. 140.5 million profit in prior year. Company profit declined mainly due to lower dividend income, increase in impairment and additional expenses on changing accounting treatment of operating leases after implementation of SLFRS 16 – “Leases”.

In the Group, profit attributable to owners of the Company was Rs. 280.7 million vs Rs. 250.1 million in the year of 2018/19. Profit attributable to non-controlling interest was Rs. 147 million vs. Rs. 136 million in the year of 2018/19.

### Profit After Tax

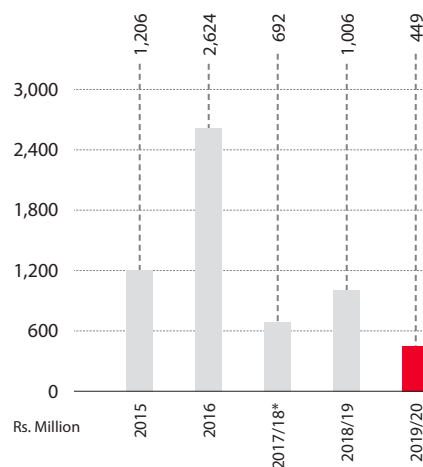


\*15-months ended 31st March 2018

## Total Comprehensive Income

The Group recorded a total comprehensive income of Rs. 449.2 million for the year under review against Rs. 1,006.3 million in prior year, which was below prior year by Rs. 557.1 million. Singer (Sri Lanka) PLC's total comprehensive income for the year under review was Rs. 27.2 million vs Rs. 447.8 million. Both the Group's and the Company's total Comprehensive Income for the 12 months period decreased over prior year mainly due to accounting for revaluation gain of Rs. 635.6 million for Group and Rs. 326.7 million for Company from property, plant and equipment in prior year.

### Total Comprehensive Income

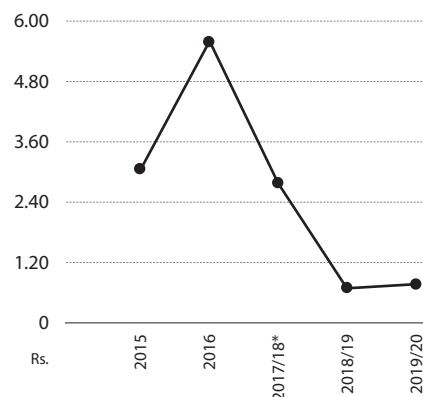


\*15-months ended 31st March 2018

## Earnings per Share

Group earnings per share (EPS) for the year under review was Rs. 0.75 vs. Rs. 0.67 in prior year 2018/19. Earnings per share of the Company for the year was Rs. 0.03 vs. Rs. 0.37 in year 2018/19.

### Earnings per Share

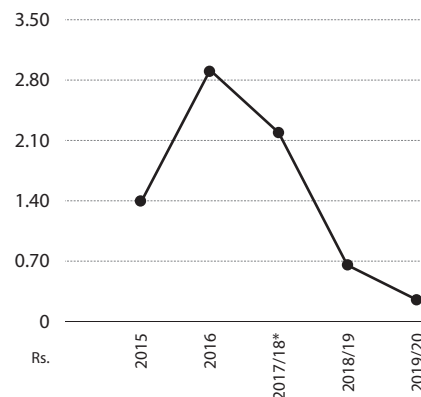


\*15-months ended 31st March 2018

## Dividend

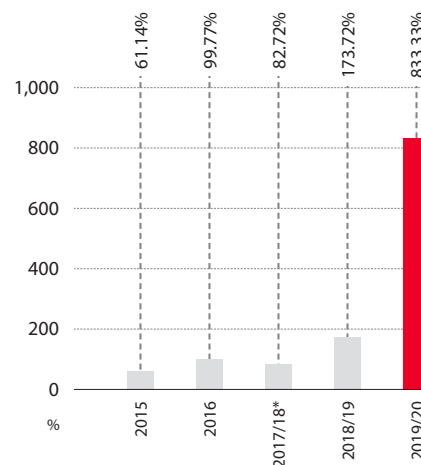
Company paid an interim dividend of Rs. 0.25 per share amounting to Rs. 94 million during the financial year ended 31st March 2020.

### Dividend per Share



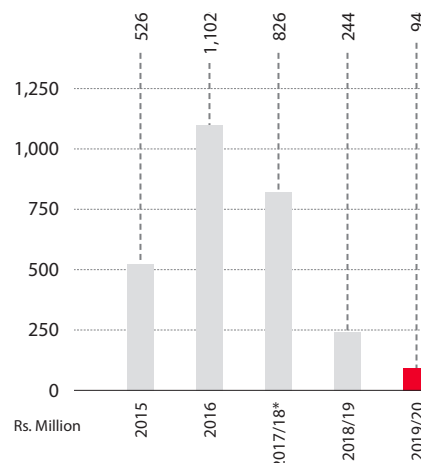
\*15-months ended 31st March 2018

### Dividends Pay Out Ratio



\*15-months ended 31st March 2018

### Dividend Paid



\*15-months ended 31st March 2018



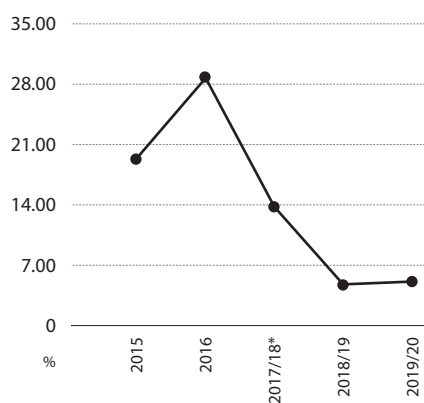
## Solvency

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

## Return on Equity

Return on Group equity for the year under review was 5.1%, whilst in the prior year it was 4.6%. Return on equity of the Company was 0.3%, compared to 3.0% in 2018/19. Return on equity has been computed by dividing the profit for the period by the average total equity, as at the beginning and end of each financial year.

### Return on Equity

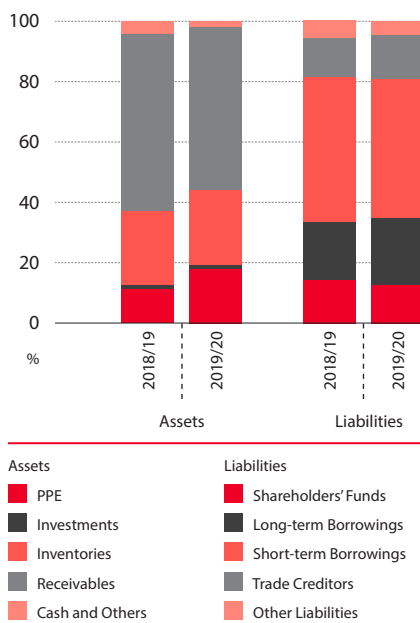


\*15-months ended 31st March 2018

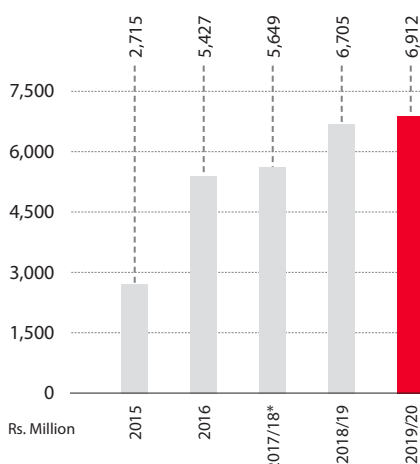
## Total Assets

Asset growth was mainly due to recognition of right-of-use assets as per the new SLFRS 16, growth in lease receivable book at Singer Finance (Lanka) PLC, the capacity expansion in the manufacturing sector and increase in inventories. The Group total assets increased by 12% to Rs. 64.7 billion compared to 31st March 2019 with non-current assets growing by 26% and current assets increasing by 5%. Group total assets base comprised 36% of non-current assets (2018/19 – 32%) and 64% of current assets (2018/19 – 68%). The growth of non-current assets was mainly due to recognition of right-of-use assets of Rs. 4.4 billion. Increase in operational activities is evidenced by the growth of working capital mainly in the Company, Singer Finance (Lanka) PLC and Singer Digital Media (Pvt) Limited. Group Inventories increased by Rs. 1.9 billion over 31st March 2019 due to lower sales in the month of March due to impact of COVID-19.

### Financial Position Structure

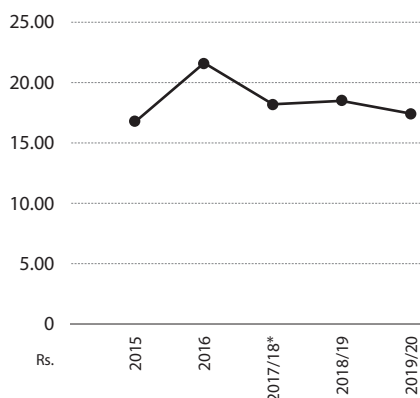


### Growth in Property, Plant and Equipment



\*15-months ended 31st March 2018

### Net Assets per Share



\*15-months ended 31st March 2018

## Total Liabilities

Total liabilities of the Group represented 30% (2018/19 – 29%) of non-current liabilities and 70% (2018/19 – 71%) of current liabilities. Non-current liabilities of the Group has increased from Rs. 14.2 billion to Rs. 16.9 billion. This increase was mainly attributable to the recognition of Lease Liability amounting to Rs. 4.3 billion for the 31st March 2020 period in line with the new SLFRS 16.

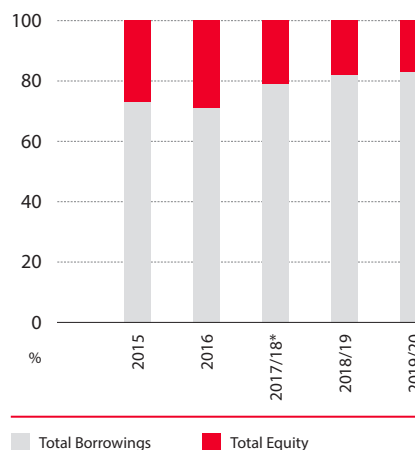
Total interest bearing borrowings of the Company for 31st March 2020 decreased by Rs. 1.9 billion from Rs. 22.2 billion to Rs. 20.3 billion. Total borrowings of the Company represented 33% (2018/19 – 29%) of long-term borrowings and 67% (2018/19 – 71%) of short-term borrowings.

Management has initiated several strategies to reduce the leverage over the medium to long term and considers it a top priority to gradually reduce the Company's leverage while enhancing earnings growth and profitability through proactive and innovative methods.

## Total Equity

Total assets base was funded by 12.7% of Group equity including non-controlling interest, increased by 7.3% over 2018/19 to stand at Rs. 8,187.9 million as at 31st March 2020. The change over prior year was mainly due to adjustments made for the retained earnings of Rs. 587.7 million due to the implementation of SLFRS 16 and adjustment of Group interim dividend of Rs. 125 million.

### Capital Structure

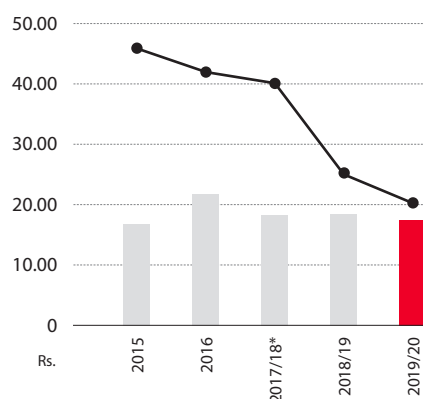


\*15-months ended 31st March 2018

## Cash Flow

Cash and cash equivalents in the Statements of Cash Flows comprise cash net of outstanding bank overdrafts. As at 31st March 2020, negative balance of cash and cash equivalents increased to Rs. 1,850.7 million compared to Rs. 1,066.7 million negative cash balance in prior year. Group net operating cash inflow was Rs. 770.5 million compared to Rs. 6,370.1 million outflows in prior period. Net cash flow from investing activities of the Group increased over prior year by Rs. 456.7 million mainly due to investment made on Property, Plant and Equipment and purchase of marketable securities by Singer Finance (Lanka) PLC. The recognition of lease creditors in line with the SLFRS 16, Leases amounting to Rs. 4,818.9 million, reduction of net proceeds from interest bearing loans and borrowing amounting to Rs. 6,163.9 million and decrease of customer deposit of Rs. 1,061 million resultant to decrease in net outflow from financing activities from Rs. 6,568.9 million to outflow of Rs. 626 million.

### Net Assets per Share Vs. Market Price per Share



■ Net Assets per Share  
● Market Price per Share

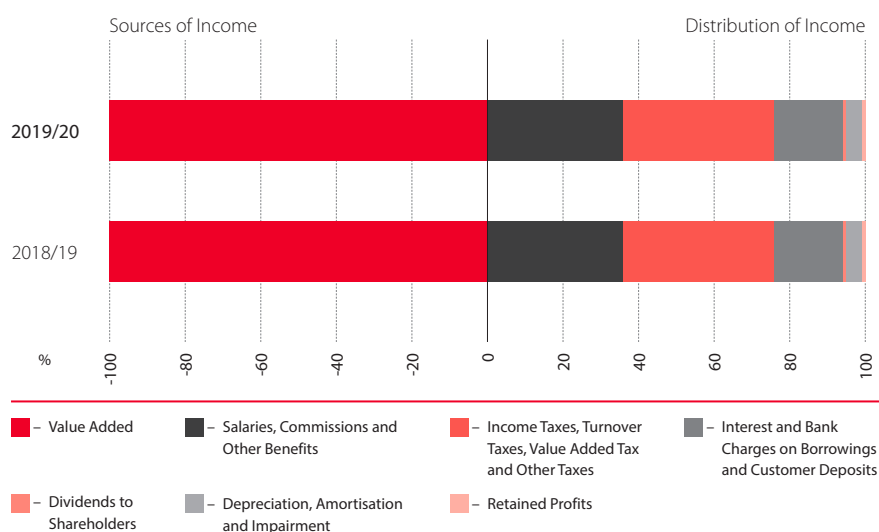
\*15-months ended 31st March 2018

## Economic Performance

### Statement of Value Added – Group

For the Year Ended 31st March	2020	%	2019	%
Category	Rs. '000		Rs. '000	
Group Turnover – Gross	58,538,612		62,752,757	
Other Income	292,673		338,062	
Less – Cost of Material and Services	41,299,419		46,116,888	
<b>Value Added</b>	<b>17,531,866</b>	<b>100.0</b>	<b>16,973,931</b>	<b>100.0</b>
<b>Distribution of Value Added to Employees and Dealers</b>				
Salaries, Commissions and Other Benefits	6,251,899	35.7	6,114,252	36.0
<b>To Government</b>				
Income Taxes, Turnover Taxes, VAT and Other Taxes	6,953,957	39.7	6,854,969	40.4
<b>To Banks, Deposit Holders and Other Lenders</b>				
Interest and Bank Charges on Borrowings and Customer Deposits	3,200,499	18.3	3,033,076	17.9
<b>To Suppliers of Capital</b>				
Dividends to Shareholders	93,907	0.5	244,159	1.4
<b>Retained for Reinvestment and Future Growth</b>				
Depreciation, Amortisation and Impairment	676,262	3.8	600,940	3.5
Retained Profits	355,342	2.0	126,535	0.8
<b>Value Distributed</b>	<b>17,531,866</b>	<b>100.0</b>	<b>16,973,931</b>	<b>100.0</b>

### Source and Distribution





# 5.

## Stewardship

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# Corporate Governance

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

## Governance Policy and Framework

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

In line with the above governance framework, the Group/Company believes that successfully run business enterprises are founded on a set of fundamental qualities – those that embed transparency, accountability, and responsibility within the core of its business operations. Translated into action, the Group's/Company's strong core qualities and guiding corporate governance functions ensure that we remain "law abiding", strictly adhering to the laws and regulations of the country. Business integrity and accountability to stakeholders are top of the mind factors that we inculcate right across – from the Board of Directors to the shop floor.

## Statement of Compliance

Singer Group is fully-compliant with the Code of Best Practice on Corporate Governance issued in year 2017 by The Institute of Chartered Accountants of Sri Lanka as well

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

The following developments took place during the period:

- Ms. A.A.K. Amarasinghe (appointed as the Alternate Director to Mr. K.D.D. Perera with effect from 8th August 2019)
- Mr S. Goodman – Non-Executive Director (ceased to be on the Board with effect from 25th June 2019)
- Ms. O.D. Gunewardene (resigned from the Board with effect from 31st December 2019)
- Mr. L.N.S.K. Samarasinghe (Ceased to be Alternate Director to Mr. M.H. Jamaldeen with effect from 15th January 2020)
- Ms. Gayani de Alwis (appointed to the Board as an Independent Non-Executive Director with effect from 15th May 2020.)

## Minimum Public Holding

In terms of Rule No. 7.13.3 (iii) (ii) of the Listing Rules, the Company sought an extension from CSE on complying with the minimum public holding on the basis that the public holding was reduced consequent to the Mandatory Offer made under the Takeovers and Mergers Code 1995 (as amended) in September 2017.

In response, the CSE by their letter dated 5th February 2019 had communicated to the Company that an exemption had been granted up to 2nd August 2019.

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

The public holding of the Company as at 31st March 2020 was 7.72%, which is below the minimum requirement of 10% as specified by the Listing Rules (Rule 7.13.2) of the Colombo Stock Exchange (CSE).

## Business Governance

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

## IT Governance

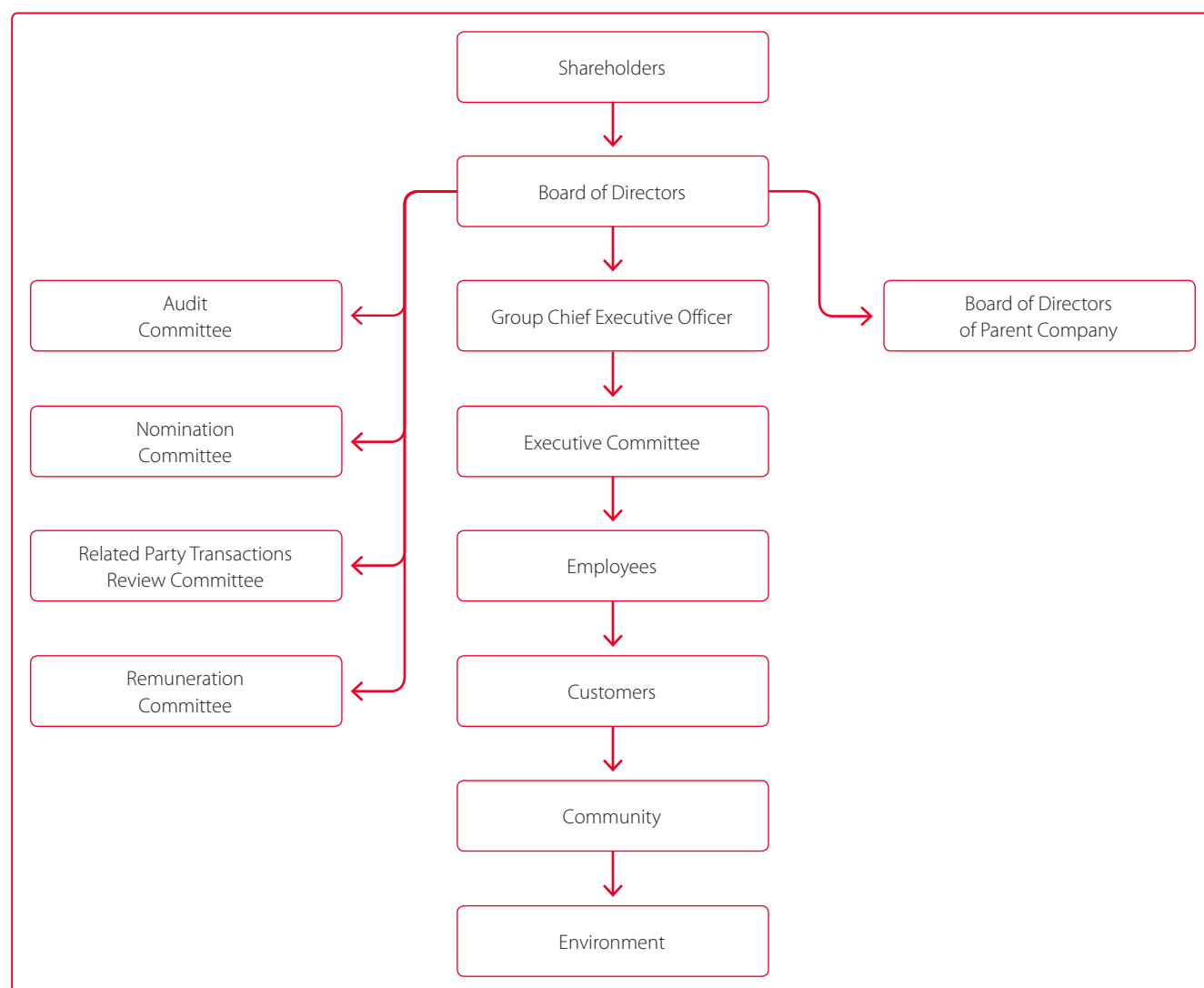
IT governance process of the Company ensures that IT objectives are aligned with the business objectives that will meet its strategic and operational objectives. IT governance is an integral part of the corporate governance process and which deals primarily with optimising the linkage between Strategic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

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

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

## Governance Structure

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



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

## Business Ethics

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

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

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

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

## Other Policies

In addition, the Company implements policies covering –

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

## Responsibility to Customers

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

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

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

In service to our differently-abled customers, wheelchair ramps and other such infrastructure modifications and

facilities are being added to the Company's retail outlets progressively as part of routine showroom renovations.

## Environment

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

## Code of Best Practice on Corporate Governance

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

## Section A

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

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

These are discussed in the sections that follows.

## A. Directors

### A.1 – The Board

#### Main Principle

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

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Board Meeting	A.1.1	The Board should meet regularly, at least once in every quarter.	The Board meets at least four times a year and additional meetings are held as necessary. The Board Subcommittees also met on a regular basis. Circular Resolutions are passed as per the requirements. The Board met four times during the period ended 31st March 2020. Details of the meetings and attendance of the members are set out on page 57. The meetings convened by the Board Subcommittees during 2019/20 are also provided on page 57.	✓
		The regularity of Board meetings and the structure and process of submitting information should be agreed to and documented by the Board.	A board pack containing all relevant information is submitted to Board of Directors.	✓
Responsibility of the Board	A.1.2	Board should be responsible for matters including: Ensuring the formulation and implementation of a sound business strategy.	The Board is responsible for the strategic planning process of the Company. This includes the responsibility for the formulation of the strategic vision and mission of the Company, setting the overall corporate policy and strategy, monitoring performance and reviewing risks and major investments. The Board also takes on the added responsibility of directing Company performance towards achieving the best results possible and increasing shareholder value. The Board sets the broad parameters of the Company's business. The Company's business units are then tasked with their application, in achieving specific targets and objectives.	✓
		Appointing the Chair and the Senior Independent Director if relevant.	Not applicable since Group CEO is the apex executive in charge of the day-to-day management of operations and business of the Company.	✓
		Ensuring that the CEO and Management Team possess the skill, experience and knowledge to implement strategy.	The profile of the CEO is provided in this Annual Report on page 12.  While the Board of Directors is ultimately responsible for the operations and financial soundness of the Company, the day-to-day management of the Company is entrusted to the Group CEO. There is extensive staff participation in decision-making at all levels, with strategic recommendations on material matters flowing to the Board for final decision.  The Group CEO chairs the Executive Committee. The Executive Management Committee, comprising all Key Managers who are Zds and two Deputy Directors and Group CEO meets every week for performance review and decision-making.  The Company's Annual Plan addresses the requirements of all business units and divisions. This ensures that the entire Company follows the set plans and objectives as articulated in the Annual Plan. These in turn become the primary objectives of the Management Committee which is represented by all Heads of Divisions, and are shared with Divisional Heads and Heads of all SBUs. The Management Committee together with the Heads of Divisions and SBUs have the autonomy and freedom to translate these objectives to specific goals that are achievable.  Key programmes are identified by the Group CEO for each year in line with the Annual Plan after they are discussed at Executive Committee meetings. A review of progress on plan implementation is a key item on the agenda of the monthly Management Review meetings.	✓

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
		Ensuring the adoption of an effective CEO and Senior Management succession strategy.	<p>Succession planning is given due recognition in the corporate culture. Effective succession planning is a criterion in the performance appraisals of the Senior Management and Key Management.</p> <p>Addition to that, as part of the development and succession programme, the “3x3x3” initiative seeks to ensure that all positions of Key Managers, Senior Managers, Middle Managers and Junior Managers have been identified and are groomed for succession.</p>	✓
		Approving budgets and major capital expenditure.	Budgets and major capital expenditure are reviewed and approved by the Board.	✓
		Determining the matters expressly reserved to the Board and those delegated to the Management including limits of authority and financial delegation.	<p>The Board has agreed and reserved power to determine matters including approving of major capital expenditure, appointing the secretary to the Board and seeking professional advice as and when needed.</p> <p>Limits of authority and financial delegation are agreed by the Board in order to manage affairs efficiently.</p>	✓
		Ensure effective systems to secure integrity of information, internal control and risk management.	<p>The Board has delegated this responsibility to the Audit Committee.</p> <p>The Audit Committee is empowered to review and monitor the financial reporting process of Singer Group so as to provide additional assurance on the reliability of Financial Statements through a process of independent and objective review.</p> <p>As such, the Audit Committee acts as an effective forum in assisting the Board of Directors in discharging their responsibilities on ensuring the quality of financial reporting and related communication to the shareholders and the public.</p> <p>Audit Committee framework, composition, responsibilities and duties are given in the Audit Committee Report on page 58.</p> <p>Risk Management framework is given in the Risk Management Report appearing from pages 62 to 67.</p>	<p>✓</p> <p>✓</p>
		Ensuring compliance with laws, regulation and ethical standards.	<p>The Board follows a policy of strict compliance with laws and regulatory requirements and ensures that stakeholder interests are considered in key corporate direction.</p> <p>A compliance checklist is provided to Audit Committee and Board members in every quarter by the Compliance Officer indicating compliance with applicable laws, regulations etc.</p> <p>The Company has also issued a Code of Ethics and Human Resources Policies and Procedures applicable to all employees.</p>	✓
		All stakeholders’ interests are considered in corporate decisions.	<p>The Board adopted core values and standards which set out the conduct of staff in their dealings with shareholders, customers, community, environment, suppliers and other stakeholders. Once the core values are set and communicated to all levels of the Organisation, there is a belief that the highest standards of integrity are maintained in business.</p> <p>The Board relies on the integrity and due diligence of Key Managers, Senior Managers, Auditors and Advisors to oversee the Group’s overall performance objectives, financial plans and annual budgets, investments, financial performance reviews, risk management and corporate governance practices.</p>	✓
		Recognising sustainable business development in corporate strategy, decisions and activities and consider the need for adopting “integrated reporting”;	Development of sustainable value is embedded in the corporate strategies.	✓

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
		The Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations.	<p>The Group enshrines the highest ethical standards in the conduct of its business affairs and its Board of Directors are tasked with ensuring that the resultant regime of exemplary governance across all aspects of business are in the best interests of stakeholders. Ethically correct conduct comprising integrity, honesty, fair play and loyalty pervade all Group actions.</p> <p>Accounting policies are reviewed annually in light of changing business requirements, evolving international and local accounting standards and industry best practice. As mentioned above, significant emphasis is placed on compliance with applicable regulations. Group continues to adopt same accounting policies adopted in year 2018/19 and which are given as part of the Financial Reports on pages 89 to 105 and the related changes to significant accounting policies are described in Note 2.13.</p>	✓
		Establish a process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks.	Performance and progress of strategy implementation, budgets, plans and risks are monitored through a formal reporting process.	✓
		Ensuring that a process is established for corporate reporting on annual and quarterly basis or more regularly as relevant to the Company.	The Board ensures compliance to annual and quarterly corporate reporting requirements.	✓
		Fulfilling such other Board functions as relevant to the Organisation.	<p>The Board makes every endeavour to ensure a balanced and objective assessment of the Company's position, performance and prospects.</p> <p>Members from professional accounting bodies are on the Board ensuring financial and economic acumen, knowledge and other Board members from the professional marketing bodies ensure stimulation of marketing knowledge of the Board members.</p>	✓
Compliance with laws and seeking independent professional advices	A.1.3	The Board collectively, and Directors individually, must act in accordance with the laws of the country and there should be a procedure agreed by the Board of Directors to obtain independent professional advice where necessary, at the Company's expense.	<p>As mentioned above, there is a significant emphasis across the Organisation to ensure compliance with applicable laws and regulations.</p> <p>The Board members are permitted to obtain independent professional advice from a third party including the Company's External Auditors and other professional consultants whenever deemed necessary at the expense of the Company.</p>	✓
Company Secretary	A.1.4	All Directors should have access to the advice and service of the Company's Secretary, who is responsible to the Board in ensuring, that the Board procedures are followed and that the applicable rules and regulations are complied with. Any question of the removal of the Company Secretary should be a matter for The Board as a whole.	The Company Secretary ensures that all Board Terms of Reference are followed and applicable rules and regulations are adhered to. The Company Secretary advises the Board and ensures that the Company complies with its Articles of Association, Companies Act and such regulatory publication, Board procedures and other applicable rules and regulations are followed. All Directors have access to the Company Secretary. The Secretary possesses the required qualifications as set out in the Companies Act.	✓
		The Company should obtain appropriate insurance cover as recommended by the Nomination Committee for the Board, Directors and Key Management Personnel.	Insurance cover has been obtained.	✓

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Independent judgement of Directors	A.1.5	All Directors should bring independent judgement to bear on issues of strategy, performance, resource allocation, risk management, compliance and standards of business conduct.	<p>The Chairman conducts Board meetings in a manner which ensures that there is effective participation from all Directors, their individual contribution and concerns are objectively assessed prior to making key decisions and that the balance of power is maintained.</p> <p>In advance of every Board meeting, each Director receives a comprehensive set of Board papers and any additional information requested by the Directors. It is the Group CEO's duty to ensure that all members are properly briefed.</p> <p>None of the Independent Directors have held executive responsibilities in the Company, and have submitted a declaration confirming their independence in accordance with Section 7 of the CSE Listing Rules on Corporate Governance as at 31st March 2020.</p>	✓
Dedication of adequate time and effort by the Directors	A.1.6	Every Director should dedicate adequate time and effort to matters of the Board and the Company, to ensure that the duties and responsibilities owned to the Company are satisfactorily discharged.	<p>The Board met on four occasions during the year.</p> <p>The Board is satisfied that the Chairman and the Non-Executive Directors committed sufficient time during 2019/20 to fulfil their duties.</p>	✓
	A.1.7	One-third of Directors can call for a resolution to be presented to the Board where they feel it is in the best interest to the Company to do so.	As per Articles of Association, resolutions could be passed with majority voting.	✓
Training for new and existing Directors	A.1.8	Every Director should receive appropriate training when first appointed to the Board of a company, and subsequently as necessary. The training curricular should encompass both general aspects of directorship and matters specific to the particular industry/ company concerned. A Director must recognise that there is a need for continuous training and expansion of the knowledge and skill required to effectively perform his duties as a Director. The Board should regularly review and agree on the training and development needs of the Directors.	<p>The Directors are given the opportunities to familiarise and obtain an in-depth understanding of the Company's business, its strategies, risks and processes, at their discretion.</p> <p>Training is provided to Executive Directors and Alternate Directors to equip themselves to discharge their responsibilities effectively. This includes training provided by principles, external and in-house training. Training and development needs are reviewed on a regular basis.</p> <p>Directors are briefed on changes in laws and regulations, tax laws and accounting standards from time to time either during the Board meetings or at specially convened sessions.</p>	✓

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

### Main Principle

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Separation of the roles of Chairman and Group CEO	A.2.1	The positions of Chairman and Group CEO are separated to ensure a balance of power and authority and to prevent any one individual from possessing unfettered decision-making authority.	<p>Although Chairman acts as Executive Chairman, the Chairman's and Group CEO's functions are separated to ensure a balance of power of authority and this dual panel structure has been continued throughout the year 2019/20.</p> <p>The Chairman of the Board of Directors functions in an executive capacity. The Group Chief Executive Officer functions as an Ex-Officio Director of the Board and is the apex executive in charge of the day-to-day management of operations and business of the Company, while providing the link between the Board of the Parent Company and Divisional Heads (Key Management).</p>	✓



## A.3 Chairman's Role

### Main Principle

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

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

## A.4 Financial Acumen

### Main Principle

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

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Financial acumen and knowledge	A.4.1	Availability of sufficient financial acumen and knowledge.	<p>The Board includes a member who is a Fellow Member of the Association of Certified Chartered Accountants, UK, a member who is a Fellow Member of The Institute of Chartered Accountants of Sri Lanka and a member of the Institute of Certified Management Accountants of Australia, a member who is an Associate Member of The Institute of Chartered Accountants of Sri Lanka (ACA) and Fellow Member of the Chartered Institute of Management Accountants, UK, (FCMA). Other members of the Board have the ability to offer guidance on matters of finance to the Board.</p> <p>The profiles of the Board of Directors are provided in this Annual Report from pages 12 to 15.</p>	✓

## A.5 Board Balance

### Main Principle

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

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Presence of strong team of Non-Executive Directors	A.5.1	<p>The Board should include Non-Executive Directors of sufficient calibre and number for their views to carry significant weight in the Board's decisions.</p> <p>The Board should include at least three Non-Executive Directors or such number of Non-Executive Directors equivalent to one-third of total number of Directors, whichever is higher. In the event, the Chairman and CEO is the same person, Non-Executive Directors should comprise a majority of the Board.</p>	Six out of eight Directors on the Board are Non-Executive Directors which is well above the minimum prescribed by the Code. This ensures views of Non-Executive Directors carry a significant weight in the decisions made by the Board.	✓
Independent Non-Executive Directors	A.5.2	Where the constitution of the Board of Directors includes only three Non-Executive Directors, all three Non-Executive Directors should be "independent". In all other instances three or two-third of Non-Executive Directors appointed to the Board of Directors whichever is higher should be "independent".	<p>Four out of six Non-Executive Directors on the Board are independent based on the criteria set by this Code and the Listing Rules of the Colombo Stock Exchange. However, the Board has determined Mr. M.H. Jamaldeen as an independent Non-Executive Director notwithstanding that he is a Director of Hayleys PLC, the Parent Company as the objectivity of his role is not compromised by being on both Boards.</p> <p>The Names of the Independent Non-Executive Directors are disclosed in Code A.5.5 and on the back page of the Annual Report.</p>	✓
Independence of Non-Executive Directors	A.5.3	For a Director to be deemed "independent" such Director should be independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgement.	<p>The Company maintains the "Interest Register" required by the Companies Act No. 07 of 2007, which also shows details of Director Interest in Contracts/Company or Group.</p> <p>A disclosure on related party transactions is available on pages 157 to 159.</p>	✓
Annual Declaration	A.5.4	Each Non-Executive Director should submit a signed and dated declaration annually of his/her independence or non-independence against the specified criteria set out in the Specimen in Schedule K.	Every Non-Executive Independent Director of the Company has made written submissions as to their independence against the specified criteria set out by the Company, which is in line with the requirements of Schedule K of this Code.	✓

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Determination of Independence of Director	A.5.5	The Board should make a determination annually as to the independence or non-independence of each Non-Executive Director based on such a declaration made of decided criteria and other information available to the Board, and should set out in the Annual Report the names of Directors determined to be "independent".	The Board has determined the independence of Directors based on the declarations submitted by the Non-Executive Directors, as to their independence, as a fair representation and will continue to evaluate their independence on this basis annually. No circumstances have arisen for the determination of independence by the Board, beyond the criteria set out in the Code. Independent Non-Executive Directors are:	✓
		The Board should specify the criteria not met and the basis for its determination in the Annual Report, if it determines that a Director is independent notwithstanding the existence of relationships or circumstances which indicate the contrary.	Mr. D. Sooriyaarachchi Mr. M.H. Jamaldeen* Mr. D.H. Fernando Mr. D.K. de S.Wijeyeratne Ms. Gayani de Alwis <i>*The Board has determined Mr. M.H. Jamaldeen as an Independent Non-Executive Director notwithstanding that he is a Director of Hayleys PLC, the Parent Company as the objectivity of his role is not compromised by being on both Boards.</i>	✓
Appointment of Alternate Director	A.5.6	If an Alternate Director is appointed by a Non-Executive Director such Alternate Director should not be an executive of the Company. If an Alternate Director is appointed by an Independent Director, the person who is appointed also should meet the criteria of Independence and the provision on minimum number of independent Directors also should be satisfied.	Non Independent Non-Executive Director has appointed an Executive Director within the Singer Group as his Alternate Director. However any decision by the Alternate Director is arrived at in consultation with his appointor and hence there is no compromise of the independence of his appointor during Board proceedings.  Alternative Directors to the Non-Executive Directors are executives of the Company. However, Board balance is not affected since the Board complies with Code A.5.2	✓
Requirement to appoint "Senior Non-Executive Director"	A.5.7	In the event the Chairman and CEO is the same person, or the Chairman is not an Independent Director or the Chairman is immediately preceding CEO, the Board should appoint one of the Independent Non-Executive Directors to be the "Senior Independent Director" (SID) and disclose this appointment in the Annual Report.	Not applicable since Group CEO is the apex Executive in charge of the day-to-day management of operations and business of the Company.	✓
Confidential discussion with Senior Independent Director	A.5.8	The Senior Independent Director should make himself available for confidential discussions with other Directors who may have concerns which they believe have not been properly considered by the Board as a whole and which pertain to significant issues that are detrimental to the Company.	Not Applicable.	✓
Chairman's meetings with Non-Executive Directors	A.5.9	The Chairman should hold meetings with the Non-Executive Directors only, without the Executive Directors being present, as necessary and at least once each year.	Chairman meets with Non-Executive Directors without the presence of Executive Directors, whenever necessary.	✓
Recording of concerns in Board Minutes	A.5.10	Where Directors have concerns about the matters of the Company which cannot be unanimously resolved, they should ensure their concerns are recorded in the Board minutes.	Concerns raised by the Directors during the period, if any, are recorded in the minutes of Board meetings with adequate details by the Company Secretary.	✓

## A.6 Supply of Information

### Main Principle

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

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Management obligation to provide appropriate and timely information to the Board	A.6.1	Management has an obligation to provide the Board with appropriate and timely information, but information volunteered by Management may not be enough in all circumstances and Directors should make further inquiries where necessary. The Chairman should ensure all Directors are properly briefed on issues arising at Board meetings.	<p>The Company ensures that the Directors receive adequate information in a timely manner. On urgent matters, every effort is made to provide the information, as early as possible.</p> <p>The Board receives a standard set of documents, which are timely, accurate, relevant and comprehensive. These papers include a detailed analysis of financial and non-financial information. The Board may call for additional information or clarify issues with any member of the Executive Committee.</p> <p>If necessary, all Directors are adequately briefed by the Group CEO on matters arising at Board meetings. The Secretary and the Compliance Officer ensure that Board papers are circulated in advance prior to Board meeting.</p> <p>If necessary, members of the Executive Committee, External Auditors and Outside Consultancies makes presentations on issues of importance.</p> <p>The Chairman ensures that all Directors are briefed adequately on issues arising at Board meetings.</p>	✓
Adequate time for effective conduct of Board meetings		The minutes, agenda and papers required for a Board meeting should ordinarily be provided to Directors at least seven (7) days before the meeting, and the minutes of the meeting should ordinarily be provided to Directors at least two weeks after the meeting date.	The minutes, agenda and papers required for Board meeting are provided in advance to facilitate its effective conduct.	✓

## A.7 Appointments to the Board

### Main Principle

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

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Nomination Committee	A.7.1	A Nomination Committee should be established to make recommendations to the Board on all new Board appointments. Terms of Reference for Nomination Committees are set out in Schedule A. The Chairman and members of the Nomination Committee should be identified in the Annual Report.	<p>The Committee consists of one Independent Non-Executive Director, one Non-Executive Director, Chairman who is also an Executive Director.</p> <p>Please refer page 60 for new appointments in year 2019/20.</p>	✓
		A separate section of the Annual Report should describe the work of the Nomination Committee including the process it has used in relation to Board appointments.	Details of work of the Nomination Committee are given in page 60.	✓

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Assessment of Board composition by the Nomination Committee	A.7.2	The Nomination Committee should annually assess Board-composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company. The findings of such assessment should be taken into account when new Board appointments are considered and when incumbent Directors come up for re-election.	Board as a whole annually assessed the composition of the Board to ensure that the combined knowledge and experience of the Board matches the strategic demand facing the Company. The findings of such assessments are taken into account when new Board appointments are considered.	✓
Disclose of required details of new Directors to shareholders	A.7.3	Upon the appointment of a new Director to the Board, the Company should forthwith disclose to shareholders: <ul style="list-style-type: none"> <li>• a brief résumé of the Director;</li> <li>• the nature of his expertise in relevant functional areas;</li> <li>• the names of companies in which the Director holds directorships or memberships in Board committees; and</li> <li>• whether such a Director can be considered “independent”.</li> </ul>	All new appointments are communicated to the shareholders via the Colombo Stock Exchange.  The details of the current Board of Directors and new appointments are provided on pages 12 to 15 in this Annual Report.	✓

## A.8 Re-election

### Main Principle

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

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Re-election of Non-Executive Directors, Chairman, and CEO	A.8.1	Non-Executive Directors should be appointed for specified terms subject to re-election and to the provisions in the Companies Act relating to the removal of a Director, and their reappointment should not be automatic.	In terms of the Articles of Association, one-third of the Directors, except for Chairman, Managing Director/CEO, retire by rotation and may offer themselves for re-election at the AGM. By virtue of being the Chairman, Managing Director/CEO are not required to make themselves available for re-election as per the Articles of Association. The Company's Articles of Association provides that any Director appointed by the Board during the period to hold office until the next Annual General Meeting and seek reappointment by the shareholders at the said AGM.	✓
	A.8.2	All Directors including the Chairman of the Board, should be subject to election by shareholders at the first opportunity after their appointment, and to re-election thereafter at intervals of no more than three years. The names of Directors submitted for election or re-election should be accompanied by a résumé minimally as set out in paragraph A.7.3 above, to enable shareholders to make an informed decision on their election.	Based on the article and the current composition of the Board, a Director has to come forward for re-election, every three years.  A résumé of the Directors coming up for re-election at the AGM, 2019/20 is available on pages 12 to 15.  The Chairman and Chief Executive Officer do not retire by rotation.	✓
Resignation	A.8.3	In the event of a resignation of a Director prior to completion of his appointed term, the Director should provide a written communication to the Board of his reasons for resignation.	Written communications are provided to the Board by Directors who resign prior to completion of his appointed term.	✓

## A.9 Appraisal of Board Performance

### Main Principle

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

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

## A.10 Disclosure of Information in Respect of Directors

### Main Principle

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

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Details in respect of Directors	A.10.1	The Annual Report of the Company should set out the following information in relation to each Director:		
		i. Name, qualifications and brief profile;	Available on pages 12 to 15 of Board of Directors.	✓
		ii. The nature of his/her expertise in relevant functional areas;	Available on pages 12 to 15 of Board of Directors.	✓
		iii. Immediate family and/or material business relationships with other Directors of the Company;	Not Applicable.	✓
		iv. Whether Executive, Non-Executive and/or Independent Director	Available on pages 12 to 15 of Board of Directors.	✓
		v. Names of listed companies in Sri Lanka in which the Director concerned serves as a Director;	Available on pages 12 to 15 of Board of Directors.	✓
		vi. Names of other companies in which the Director concerned serves as a Director, provided that where he/she holds directorships in companies within a Group of which the Company is a part, their names need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies;	Available on pages 12 to 15 of Board of Directors.	✓
		vii. Number/percentage of Board meetings of the Company attended during the year;	Available on page 57.	✓

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
		viii. The total number of Board seats held by each Director indicating listed and unlisted companies and whether in an executive or non-executive capacity;	Not disclosed in the Annual report. But can be obtained from Company Secretary.	✓
		ix. Committees in which the Director serves as Chairman or a member;	Available on pages 72 and 73.	✓
		x. Number/percentage of Committee meetings attended during the year.	Available on page 57.	✓

## A.11 Appraisal of Group Chief Executive Officer

### Main Principle

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

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

## B. Directors' Remuneration

### B.1 Remuneration Procedure

#### Main Principle

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

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Establishment of the Remuneration Committee	B.1.1	To avoid potential conflicts of interest, the Board of Directors should set up a Remuneration Committee to make recommendations to the Board, within agreed terms of reference, on the Company's framework of remunerating Executive Directors. (These also include Post-Employment Benefits as well as Terminal Benefits.) Terms of Reference for Remuneration Committees are set out in Schedule C.	The scope of the Committee is to consider and recommend to the Board remuneration and perquisites of Independent Directors, Executive Directors of the Board of the Company including Key Managers and approve recommendations made by the Group Chief Executive Officer and the Parent Company.  Remuneration and perquisites of Group CEO is considered and recommended by the Parent Company – Hayleys PLC Remuneration Committee.	✓
Composition of the Remuneration Committee	B.1.2	Remuneration Committees should consist exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom the majority should be Independent. The Chairman should be an independent Non-Executive Director and should be appointed by the Board.	The Committee consists of three Independent Non-Executive Directors. The Committee is chaired by an Independent Non-Executive Director. Finance Director serves as the Secretary to the Committee. Chairman to the Company participates as an observer to the Committee. Group CEO and the Finance Director assist the Committee by providing the relevant information and participating in its analysis and deliberations.	✓

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Chairman and Members of the Remuneration Committee	B.1.3	The Chairman and members of the Remuneration Committee should be listed in the Annual Report each year.	Please refer page 59 of the Remuneration Committee Report for details of the Chairman and members of the Board Remuneration Committee.	✓
Determination of remuneration of Non-Executive Directors	B.1.4	The Board as a whole, or where required by the Articles of Association the shareholders, should determine the remuneration of Non-Executive Directors, including members of the Remuneration Committee, within the limits set in the Articles of Association. Where permitted by the Articles, the Board may delegate this responsibility to a subcommittee of the Board, which might include the CEO.	After consideration of the recommendation made by the Group Chief Executive Officer and the Parent Company, the Committee as a whole decides the remuneration of the Non-Executive Directors. The Non-Executive Directors receive a fee for being a Director of the Board and separate fee for either chairing or being a member of a Board Subcommittee. They do not receive any performance/incentive payments.	✓
Consultation of the Chairman and access to professional advice	B.1.5	The Remuneration Committee should consult the Chairman and/or CEO about its proposals relating to the remuneration of other Executive Directors and have access to professional advice from within and outside the Company, in discharging their responsibilities.	The Committee has the authority to seek internal and external independent professional advice on matters falling within its purview, at the Company's expense. Views of the Chairman and Group CEO are obtained as they too assist and participate in its analysis and deliberations to the said Board Subcommittee.	✓

## B.2 Level and Make-up of Remuneration

### Main Principle

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

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Executive Directors' remuneration package	B.2.1	The Remuneration Committee should provide the packages needed to attract, retain, and motivate Executive Directors of the quality required but should avoid paying more than is necessary for this purpose.	The Board Remuneration Committee and also the Board ensure that Executive Directors – (Alternate Directors to the Non-Executive Directors) who are on the Board and Key Management are provided with an attractive remuneration package.  Remuneration package of the Group CEO is considered at Parent Company Remuneration Committee.	✓
	B.2.2	Executive Directors' remuneration should be designed to promote the long-term success of the Company.	Executive Directors' and Key Management's remuneration is designed to promote the long-term success of the Company/Group.	✓
Comparison of remuneration with other companies/ Other companies in the Group	B.2.3	The Remuneration Committee should judge where to position levels of remuneration of the Company, relative to other companies. It should be aware what comparable companies are paying and should take account of relative performance, but should use such comparisons with caution, mindful of the risk that they can result in an increase of remuneration levels with no corresponding improvement in performance.	A primary objective of compensation packages is to attract and retain a highly qualified and experienced workforce and reward performances. These compensation packages should provide compensation appropriate for each business within the Group and commensurate with each employee's level of experience and contribution, bearing in mind the business performance and long-term shareholder returns.	✓
	B.2.4	The Remuneration Committee should be sensitive to remuneration and employment conditions elsewhere in the Company or Group of which it is a part, especially when determining annual salary increases.	Remuneration and annual salary increases are decided considering industry practices, performance of the Company/Group, each employee's level of experience and contribution bearing in mind the business performance and the long-term shareholder returns.	✓



Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Performance-based remuneration of Executive Directors	B.2.5	The performance-related elements of remuneration of Executive Directors should be designed and tailored to align their interests with those of the Company and main stakeholders and to give these Directors appropriate incentives to perform at the highest levels. The performance-related elements should be transparent, stretching and rigorously applied.	Objectives for Group CEO, Executive Directors and Key Management are set at the beginning of the year and the remuneration including the performance bonus is decided based upon the degree of achievement of such preset targets subject to the remuneration policy.	✓
Executive share options	B.2.6	Executive share options should not be offered at a discount (i.e. less than market price prevailing at the time the exercise price is determined), save as permitted by the Listing Rules of the Colombo Stock Exchange. Shares granted under share options schemes should not be exercisable in less than three years and the Remuneration Committee should consider requiring Directors to hold a minimum number of shares and to hold shares for a further period after vesting or exercise.	Presently the Company does not have an Executive Share Option Scheme.	✓
Designing the remuneration of Executive Directors	B.2.7	In designing schemes of performance-related remuneration, Remuneration Committees should follow the provisions set out in Schedule E. The schemes should include provisions that would enable the Company to recover sums paid or withhold a portion of such performance-related remuneration and specify the circumstances in which a company may not be entitled to do so.	Please refer Remuneration Committee Report on page 59.	✓
Early termination of Executive Directors	B.2.8	Remuneration Committee should consider what compensation commitments (including pension contributions) their Directors' contracts of service, if any, entail in the event of early termination. Remuneration Committee should in particular, consider the advantages of providing explicitly for such compensation commitments to apply other than in the case of removal for misconduct, in initial contracts.	Not applicable to the Board except for Group CEO and other Executive Directors (Alternate Directors to the Non-Executive Directors) who are employees of the Company, and their terms of employment are governed by the contract of service/employment.	✓
	B.2.9	Where the initial contract does not explicitly provide for compensation commitments, Remuneration Committees should, within legal constraints, tailor their approach in early termination cases to the relevant circumstances. The broad aim should be, to avoid rewarding poor performance while dealing fairly with cases where departure is not due to poor performance.	Not applicable.	✓
Level of remuneration of Non-Executive Directors	B.2.10	Levels of remuneration for Non-Executive Directors should reflect the time commitment and responsibilities of their role, taking into consideration market practices. Remuneration for Non-Executive Directors should not normally include share options. If exceptionally options are granted, shareholder approval should be sought in advance and any shares acquired by exercise of the options should be held until at least one year after the Non-Executive Director leaves the Board. Holding share options could be relevant to the determination of a Non-Executive Director's independence. (as set out in provision A.5.5).	Non-Executive Directors of the Company are paid nominal fees commensurate with their time and role in the Company and taking into consideration market practices.  Non-Executive Directors are not included in share options as there is no scheme in existence.	✓

## B.3 Disclosure of Remuneration

### Main Principle

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

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Disclosure of Remuneration	B.3.1	The Annual Report should set out the names of Directors (or persons in the Parent Company's Committee in the case of a Group Company) comprising the Remuneration Committee, contain a statement of remuneration policy and set out the aggregate remuneration paid to Executive and Non-Executive Directors.	<p>Please refer Remuneration Committee Report on page 59 for disclosure on the names of Remuneration Committee members and Remuneration Policy of the Company.</p> <p>Please refer Note 8 to the Financial Statements on page 109 for aggregate remuneration paid to Executive and Non-Executive Directors.</p>	✓

## C. Relations with Shareholders

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

#### Main Principle

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

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Adequate Notice of the AGM	C.1.1	Companies should arrange for the Notice of AGM and related papers to be sent to shareholders at least as determined by statute, before the meeting.	A copy of the Annual Report including Financial Statements is posted on corporate website as well as CSE website. The Notice of Meeting and the Form of the Proxy are sent to shareholders 15 working days prior to the date of the AGM, as requested by statute, in order to provide the opportunity to all the shareholders to attend the AGM.	✓
Separate resolution for all separate issues at the AGM	C.1.2	Companies should propose a separate resolution at the AGM on each substantially separate issue and should in particular propose a resolution at the AGM relating to the adoption of the report and accounts. For each resolution, proxy appointment forms should provide shareholders with the option to direct their proxy to vote either for or against the resolution or to withhold their vote. The Proxy Form and any announcements of the results of a vote should make it clear that a "vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against the resolution.	<p>Company proposes a separate resolution at the AGM on each substantially separate issue.</p> <p>Further, adoption of the Annual Report of the Board of Directors on the affairs of the Company and Audited Financial Statements together with the Report of the Auditors thereon are considered as a separate resolution.</p>	✓
	C.1.3	<p>The Company should ensure that all valid proxy appointments received for General Meetings are properly recorded and counted. For each resolution where a vote has been taken on a show of hands, the Company should ensure that the following information is given at the Meeting and made available as soon as reasonably practicable on a website which is maintained by or on behalf of the Company:</p> <ul style="list-style-type: none"> <li>• The number of shares in respect of which proxy appointments have been validly made;</li> <li>• The number of votes for the resolution;</li> <li>• The number of votes against the resolution; and</li> <li>• The number of shares in respect of which the vote was directed to be withheld;</li> </ul> <p>When, in the opinion of the Board a significant proportion of votes have been cast against a resolution at any General Meeting, the Board should take steps to understand the reasons behind the vote results and determine if any actions are required.</p>	The Company ensures that all valid proxy appointments received for General Meetings are properly recorded and counted.	✓

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Availability of all Subcommittee Chairmen	C.1.4	The Chairman of the Board should arrange for the Chairmen of the Audit, Remuneration, Nomination and Related Parties Transactions Review Committees and the Senior Independent Director where such appointment has been made, to be available to answer questions at the AGM if so requested by the Chairman.	The Chairman of the Company ensures that Chairmen of all Board Subcommittees namely, Audit, Remuneration, Nomination and Related Party Transactions Review Committees are present at the AGM to answer the questions under their purview.	✓
Procedures of Voting at AGM	C.1.5	Companies should circulate with every Notice of General Meeting, a summary of the procedures governing voting at General Meetings.	A summary of the procedures governing voting at General Meeting is circulated to shareholders with every Notice of General Meeting.	✓

## C.2 Communication with Shareholders

### Main Principle

The Board should implement effective communication with shareholders.

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Channel to reach all shareholders of the Company	C.2.1	There should be a channel to reach all shareholders of the Company in order to disseminate timely information.	<p>The primary modes of communication between Company and the shareholders are the CSE announcements. Interim Financial Statements, Shareholders Circulars/Notices, Annual Report and AGM. Information is provided to the shareholders prior to the AGM to give them an opportunity to exercise the prerogative to raise any issues relating to the business of Company, either verbally or in writing prior to the AGM.</p> <p>The Company used the following channels to disseminate timely information;</p> <ul style="list-style-type: none"> <li>• Shareholders meetings</li> <li>• Financial and other notices as and when required through the Colombo Stock Exchange</li> <li>• Corporate website</li> <li>• Press notices.</li> </ul>	✓
Policy and methodology for communication with shareholders	C.2.2	The Company should disclose the policy and methodology for communication with shareholders.	The Company will focus on open communication and fair disclosure, with emphasis on the integrity, timeliness and relevance of the information provided. The Company will ensure information is communicated accurately and in such a way as to avoid the creation or continuation of a false market.	✓
Implementation of the Policy and methodology for communication with shareholders	C.2.3	The Company should disclose how they implement the above policy and methodology.	<p>Printed copies of Annual Report are provided to all shareholders on request without charge and soft copies are available in corporate website.</p> <p>All other announcements are posted on the CSE website.</p>	✓
Contact person for the communication	C.2.4	The Company should disclose the contact person for such communication.	Details of Company Secretary are disclosed in Corporate Information Section. Shareholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or Management of the Company. In addition, Head of Investor Relations is assigned to handle communications related to investor relations. Such questions, requests and comments should be addressed to the Company Secretary and in the absence of him the Group Chief Executive Officer.	✓

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Process to make Directors aware of major issues and concerns of shareholders	C.2.5	The Company should have a process to make all Directors aware of major issues and concerns of shareholders and this process should be disclosed by the Company.	The Company Secretary shall maintain a record of all correspondence received and will deliver as soon as practicable such correspondence to the Board or individual Director/s as applicable. The Board or individual Director/s, as applicable, will generate an appropriate response to all validly received shareholder correspondence and will direct the Company Secretary to send the response to the particular shareholder.	✓
	C.2.6	The Company should decide the person to contact in relation to shareholders' matters.	Company Secretary or head of Investor Relations can be contacted in relation to shareholders' matters.	✓
	C.2.7	The process for responding to shareholders matters should be formulated by the Board and disclosed.	Company Secretary is assigned to respond to shareholders by the Board and update the Board on such matters.	✓

### C.3 Major Transactions

#### Main Principle

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

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

## D. Accountability and Audit

### D.1 Financial Reporting

#### Main Principle

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

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance																		
Board's responsibility for Statutory and Regulatory Reporting	D.1.1	The Board should present an annual report including Financial Statements that is true and fair, balanced and understandable and prepared in accordance with the relevant laws and regulations and any deviation being clearly explained.	An annual report is presented including financial statements that is true and fair, balanced and understandable and prepared in accordance with the relevant laws and regulations.	✓																		
	D.1.2	The Board's responsibility to present a balanced and understandable assessment extends to interim and other price-sensitive public reports and reports to regulators, as well as to information required to be presented by statutory requirements.	<p>The Board is well aware of its responsibility to present regulatory and statutory reporting in a balanced and understandable manner and a statement to this effect is given in the Statement of Directors' Responsibility on page 77 confirming this position.</p> <p>The Company had strictly complied with the requirements of the Companies Act No. 07 of 2007 in the preparation of Quarterly and Annual Financial Statements which are prepared and presented in conformity with Sri Lanka Accounting Standards. Further, Company has complied with the reporting requirements prescribed by the regulatory authority such as the Colombo Stock Exchange.</p>	✓																		
			<p>In case of Subsidiary Company – Singer Finance (Lanka) PLC has also complied with the requirements of the Finance Companies Act No. 78 of 1988 and amendments thereto and reporting requirements prescribed by the regulatory authorities such as the Central Bank of Sri Lanka and the Colombo Stock Exchange. Given below is a table containing the dates on which the Annual and Interim Financial Statements were uploaded to the CSE website/dispatched to the shareholders in the year under review:</p> <table><tr><th>Report</th><th>Date of Dispatch or Upload</th><th>Status</th></tr><tr><td>Annual Report for the period ended 31st March 2019</td><td>3rd June 2019</td><td>Compliant</td></tr><tr><td>1st Quarter 2019</td><td>8th August 2019</td><td>Compliant</td></tr><tr><td>2nd Quarter 2019</td><td>8th November 2019</td><td>Compliant</td></tr><tr><td>3rd Quarter 2019</td><td>11th February 2020</td><td>Compliant</td></tr><tr><td>4th Quarter 2020</td><td>15th May 2020</td><td>Compliant</td></tr></table>	Report	Date of Dispatch or Upload	Status	Annual Report for the period ended 31st March 2019	3rd June 2019	Compliant	1st Quarter 2019	8th August 2019	Compliant	2nd Quarter 2019	8th November 2019	Compliant	3rd Quarter 2019	11th February 2020	Compliant	4th Quarter 2020	15th May 2020	Compliant	✓
	Report	Date of Dispatch or Upload	Status																			
	Annual Report for the period ended 31st March 2019	3rd June 2019	Compliant																			
1st Quarter 2019	8th August 2019	Compliant																				
2nd Quarter 2019	8th November 2019	Compliant																				
3rd Quarter 2019	11th February 2020	Compliant																				
4th Quarter 2020	15th May 2020	Compliant																				
D.1.3	The Board should, before it approves the Company's Financial Statements for a financial period, obtain from its Chief Executive Officer and Chief Financial Officer a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the Financial Statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the system of risk management and internal control was operating effectively.	<p>It is assigned to Chief Financial Officer, Head of Risk Management and Compliance Officers of the respective subsidiary companies.</p> <p>Chief Financial Officer, Head of Risk Management and Compliance Officers (financial accountants) review quarterly and year end Financial Statements before submitting to the Audit Committee and Board and ensure that, the financial records of the entity have been properly maintained and that the Financial Statements comply with the appropriate accounting standards and give a true and fair view.</p>	✓																			

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Directors' Report in the Annual Report	D.1.4	<ul style="list-style-type: none"> <li>The Directors' Report, which forms part of the Annual Report, should contain declarations by the Directors to the effect that:</li> <li>the Company has not engaged in any activity which contravenes laws and regulations;</li> <li>the Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested;</li> <li>the Company has made all endeavours to ensure the equitable treatment of shareholders;</li> <li>the Directors have complied with best practices of corporate governance</li> <li>Property, plant and equipment is reflected at fair value, where it is different from fair value adequate disclosures are made</li> <li>the business is a going concern, with supporting assumptions or qualifications as necessary; and</li> <li>they have conducted a review of the internal controls, covering financial, operational and compliance controls and risk management, and have obtained reasonable assurance of their effectiveness and successful adherence therewith, and, if it is unable to make any of these declarations, to explain why it is unable to do so.</li> </ul>	<p>The Annual Report of the Board of Directors on the Affairs of the Company given on pages 71 to 76 covers all of these sections.</p> <p>In addition to that Company has established procedures to ensure compliance with all applicable statutory and regulatory requirements. The Accountants of respective companies within the Group act as Compliance Officers and are responsible for ensuring proper compliance with applicable laws and regulations.</p> <p>A compliance statement is tabled at each Board meeting by the Compliance Officer.</p> <p>The Company's compliance with Section 7.10 of the Colombo Stock Exchange Listing Rules on Corporate Governance and details of such compliance are discussed on pages 55 and 56 of this Report.</p>	✓
Statements of Directors' and Auditors' Responsibility for the Financial Statements	D.1.5	The Annual Report should contain a statement setting out the responsibilities of the Board for the preparation and presentation of Financial Statements, together with a statement by the Auditors about their reporting responsibilities. Further the Annual Report should contain a report/statement on internal control.	<p>The "Statement of Directors' Responsibility" is given on page 77.</p> <p>The "Independent Auditors' Report" on pages 78 to 81 Statement of the Auditor's responsibility.</p> <p>The Statement on Internal Control is given on page 77 in the Statement of Director's Responsibilities.</p>	
Management Discussion and Analysis	D.1.6	<p>The Annual Report should contain a "Management Discussion and Analysis", discussing, among other issues:</p> <ul style="list-style-type: none"> <li>business model;</li> <li>industry structure and developments;</li> <li>opportunities and threats;</li> <li>risk management;</li> <li>internal control systems and their adequacy;</li> <li>governance;</li> <li>stakeholder relationships;</li> <li>social and environmental protection activities carried out by the Company;</li> <li>financial performance;</li> <li>investment in physical and intellectual capital;</li> <li>human resource/industrial relations activities carried out by the company; and</li> <li>prospects for the future.</li> </ul> <p>The Management Discussion and Analysis may be structured based on the integrated reporting framework issued by International Integrated Reporting Council and "a preparer's guide to integrated Corporate Reporting" issued by CA Sri Lanka.</p>	Please refer Chairman's Message on pages 6 and 7, Group Chief Executive Officer's Review on pages 8 to 11, Financial Capital on pages 18 to 22 of this Annual Report.	✓

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Summon on EGM to notify serious loss of capital	D.1.7	In the event the net assets of the Company falling below 50% of the value of the Company's shareholders' funds, the Directors shall forthwith summon an Extraordinary General Meeting of the Company to notify shareholders of the position and of remedial action being taken. The Directors should report periodically to the shareholders progress on these remedial actions.	Likelihood of such occurrence is remote. However, should the situation arises, an EGM will be called for and shareholders will be notified.	✓
Disclosure of related party transaction	D.1.8	<p>The Board should adequately and accurately disclose the Related Party Transactions in its Annual Report:</p> <p>Each Company within the Group to submit signed and dated quarterly declarations mentioning whether they have related party transactions with the Company as defined in this Code;</p> <p>The Company Secretary keeps a record on related party transactions and make necessary disclosures accordingly;</p> <p>There should be a process to capture related parties and related party transactions. This process needs to be operationalised and related party transactions should be properly documented:</p> <p>A record/register either in hard or soft form on related party and related party transaction should be maintained by the Company;</p> <p>This record should ensure that the company captures information to comply with the respective related party disclosure requirements imposed by SEC/Accounting Standards/Auditing Standards and similar regulations.</p>	<p>Each Company within the Singer Group has submitted signed and dated declarations mentioning whether they had related party transactions with the Company during the period ended 31st March 2020.</p> <p>Related Party Transactions Review Committee reviewed related party transactions of the Singer Group which is described in this Annual Report in page 61.</p> <p>Related parties and related party transactions are captured and documented by the Company.</p>	✓

## D.2 Risk Management and Internal Control

### Main Principle

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

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Annual Review of the effectiveness of Group's system of internal control	D.2.1	The Board should monitor the Company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness, and report on that review in the Annual Report. The monitoring and review should cover all material controls, including financial, operational and compliance controls.	<p>The Company's Directors are responsible for instituting a system of internal controls to ensure the effective implementation of all policies and decisions of the Board. This framework is designed to provide reasonable but not absolute assurance that all aspects are safeguarded.</p> <p>The Company has its own internal audit processes, implemented to ensure that effective controls are in place. These processes extend across all Company operations.</p> <p>The internal audit function is headed by the Head of Risk Management, who reports to the Board Audit Committee and Group CEO.</p>	✓

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
			<p>In relation to the retail network, the internal audit function includes an individual risk assessment for every outlet directly operated by Singer (Sri Lanka) PLC, based on five <i>criteria</i>:</p> <ol style="list-style-type: none"> <li>1. Receivables management</li> <li>2. Inventory management</li> <li>3. Cash management</li> <li>4. Internal checks and balances</li> <li>5. Effectiveness of internal controls</li> </ol> <p>Each location is graded by the Internal Audit Department based on its adherence to controls and its administrative performance on the management of the five criteria mentioned above.</p>	✓
Review the need for internal audit function	D.2.2	The Directors should confirm in the Annual Report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The Directors should describe those risks and explain how they are being managed or mitigated.	Please refer pages 62 to 67 in the Risk Management report.	✓
	D.2.3	Companies should have an internal audit function.	Risk Management and Internal Audit are responsible for internal audit functions.	✓
Review of the process and effectiveness of risk management and internal controls	D.2.4	The Board should require the Audit Committee to carry out reviews of the process and effectiveness of risk management and internal controls, and to document to the Board and Board takes the responsibility for the disclosures on risk management and internal controls.	The Internal Audit Division of the Company carries out regular reviews on the risk management function and internal control system including internal control over financial reporting. The Audit Committee monitors, reviews and evaluates the effectiveness of internal control system including the internal controls over financial reporting. In the reporting period ended 31st March 2020, the Board of Directors was satisfied with the effectiveness of the system of internal controls of the Company. Refer the Directors' Statement on Internal Control on page 77 for details.	✓

### D.3 Audit Committee

#### Main Principle

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

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Composition of the Audit Committee	D.3.1	The Board should establish an Audit Committee exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom at least two should be independent. If there are more Non-Executive Directors. The majority should be independent. The Committee should be chaired by an Independent Non-Executive Director. The Board should satisfy itself that at least one member of the Audit Committee has recent and relevant experience in financial reporting and control.	<p>All members of the Board Audit Committee are Independent Non-Executive Directors.</p> <p>Details of the members, invitees and Secretary of the Committee are found on page 58 of the "Audit Committee Report" under the heading "Composition of the Committee".</p>	✓



Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Terms of Reference of the Audit Committee	D.3.2	<p>The Audit Committee should have a written Terms of Reference, dealing clearly with its authority and duties. The Audit Committee's written Terms of Reference must address:</p> <p>The Committee's purpose – which, at minimum, must be to –</p> <ul style="list-style-type: none"> <li>• Assist Board oversight of the:</li> <li>• Preparation, presentation and adequacy of disclosures in the Financial Statements, in accordance with the Sri Lanka's Accounting Standards;</li> <li>• Compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements;</li> <li>• Process to ensure that the Company's internal controls and risk management procedures are adequate to meet the requirements of the Sri Lanka Auditing Standards;</li> <li>• Assessing the Company's ability to continue as a going concern in the foreseeable future;</li> <li>• Performance of the Company's internal audit function;</li> <li>• Process to the identification, monitoring and management of significant business/ financial risk; and</li> <li>• Independence and performance of the Company's external audit.</li> <li>• The duties and responsibilities of the Audit Committee should at a minimum include those set out below:</li> <li>• Making recommendations to the Board, pertaining to appointment, reappointment and removal of External Auditors and to approve the External Auditors;</li> <li>• To develop and implement policy on the engagement of the External Auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;</li> <li>• To review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Sri Lankan professional and regulatory requirements;</li> <li>• Discussion of the audit plan, key audit issues, their resolution and management responses;</li> <li>• Review the Company's annual Audited Financial Statements and Quarterly Financial Statements with management and the Auditor to ensure compliance with the Sri Lanka Accounting Standards and other relevant laws and regulations;</li> <li>• To review significant financial reporting judgements;</li> <li>• Review the Company's earnings press releases and financial information and earnings guidance provided to analysts and rating agencies;</li> <li>• Discussion of policies and practices with respect to risk assessment and risk management;</li> <li>• Ensuring that a process of sound system of internal control is in place;</li> <li>• Ensuring that at least once in every three years an review of the Board's risk management, internal controls, business continuity, planning and information security systems are carried out and appropriate remedial action recommended to the Board;</li> <li>• Ensuring that an effective internal audit function is in place and monitor and review the internal audit activities;</li> <li>• Meeting separately, periodically, with Management, Auditors and Internal Auditors;</li> <li>• Ensuring that there is a mechanism for the confidential receipt, retention and treatment of complaints alleging fraud, received from internal/external sources and pertaining to accounting, internal control or other such matters;</li> <li>• Assuring confidentiality to whistle-blowing employees;</li> <li>• Setting clear hiring policies for employees or former employees of the Auditors; and</li> <li>• Reporting regularly to the Board of Directors.</li> </ul>	Company established written Audit Committee charter which addressed Terms of Reference of the Audit Committee and further details are disclosed in Audit Committee Report on page 58 of this Annual Report.	✓

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Disclosure of names of the members of the Audit Committee	D.3.3	A separate section of the Annual Report should describe the work of the Committee in discharging its responsibilities. The report should include – <ul style="list-style-type: none"> <li>The names of the Directors (persons in the Parent Company's Committee in the case of a Group Company) comprising the Audit Committee should be disclosed in the Annual Report.</li> <li>The number of meetings held and attendance of each Director;</li> <li>The scope of work and how its roles and responsibilities were discharged;</li> <li>An explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external audit, and information on the length;</li> </ul>	Names of the members of the Audit Committee are given on page 58 under the section on the "Composition of the Committee" and disclosure on the independence of the Auditors is found on page 76 under the Auditors' in the "Annual Report of the Board of Directors on the Affairs of the Company" on pages 71 to 76.	✓
		<ul style="list-style-type: none"> <li>If the External Auditor provides non-audit services, an explanation of how audit objectivity and independence are safeguarded; and the Committee should also make a determination of the independence of the Auditors and should disclose the basis of such determination in the Annual Report.</li> </ul>	Report by the Audit Committee is given on page 58.	✓
		<ul style="list-style-type: none"> <li>The Annual Report should contain a Report by the Audit Committee, setting out the manner of compliance by the Company, in relation to the above, during the period to which the Annual Report relates.</li> </ul>	Report by the Audit Committee is given on pages 58.	✓

## D.4 Related Party Transactions Review Committee

### Main Principle

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

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

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
	D.4.3	<p>RPT Review Committee should have written terms of reference dealing clearly with its authority and duties which should be approved by The Board of Directors. The RPT Review Committee's written terms of reference must address –</p> <ul style="list-style-type: none"> <li>• A procedure for documenting related parties in accordance with the definitions in LKAS 24 and the CSE Listing Rules.</li> <li>• A procedure to obtain a statement of related party interest from each such related party at least once in each quarter, when there's a change in the status and in any event prior to entering into any transaction between such related parties and the Company, its parent or any of subsidiaries, subsubsidiaries, fellow subsidiaries, associates, joint ventures and any other entities which are considered related parties as defined in LKAS 24 unless they are exempted related party transactions as defined in CSE Listing Rules.</li> <li>• Key Management Personnel of the Company responsible for contracting, procurement, payments, and any other channel through which an inflow or outflow of resources can result, should have a list of all related parties and have a process in place to capture and report any related party transaction within their area of responsibility.</li> <li>• A procedure to inform all related parties of what constitutes exempted related party transactions.</li> <li>• A procedure and guideline to delegate to Key Management Personnel to deal with recurrent related party transactions as defined in the CSE Listing Rules.</li> <li>• A procedure for the RPT Review Committee to review and recommend to the Board matters relating to such transactions.</li> <li>• Any interested Directors should not participate at the meeting at which the transaction relating to him/her is discussed unless invited to seek clarification/information.</li> <li>• A procedure and definition of disclosure required to be made by the Company on an annual basis, those requiring immediate disclosure and those requiring shareholder approval.</li> <li>• A procedure to identify related party transactions which require immediate disclosure as per the CSE Listing Rules and to ensure that required disclosures are made by the Company to the Colombo Stock Exchange in accordance with the CSE Listing Rules.</li> <li>• A procedure to identify related party transactions which require shareholder approval by special resolution at an Extraordinary General Meeting.</li> <li>• The Company Secretary should maintain a permanent record in manual or electronic form of such statements, submissions, approvals, and minutes.</li> <li>• Review and recommend to the Board the related party disclosures to be made in the Annual Report of the Company.</li> </ul>	The Related Party Transactions Review Committee Report sets out the functions of the Committee which is given on page 61.	✓

## D.5 Code of Business Conduct and Ethics

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

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Disclosure of Code of Business Conduct and Ethics	D.5.1	<p>All companies must disclose whether they have a Code of Business Conduct and Ethics for Directors and Key Management Personnel and if they have such a code, make an affirmative declaration in the Annual Report that all Directors and Key Management Personnel have declared compliance with such code, and if unable to make that declaration, state why they are unable to do so.</p> <p>Each company may determine its own policies in the formulation of such a code, but all companies should address the following important topics in their respective codes:</p> <ul style="list-style-type: none"> <li>• Conflict of interest;</li> <li>• Bribery and corruption;</li> <li>• Entertainment and gift;</li> <li>• Accurate accounting and record-keeping;</li> <li>• Fair and transparent procurement practices;</li> <li>• Corporate opportunities;</li> <li>• Confidentiality;</li> <li>• Protection and proper use of company assets including information assets;</li> <li>• Compliance with laws, rules and regulations (including insider trading laws); and</li> <li>• Encouraging the reporting of any illegal, fraudulent or unethical behaviour.</li> </ul>	<p>Company has an internally-developed Code of Conduct. All employees including Directors, Key Managers and Senior Managers are bound by the Company's written Code of Ethics that includes the following aspects:</p> <ul style="list-style-type: none"> <li>• Exercise honesty, objectivity and diligence when performing one's duties.</li> <li>• Avoid situations where personal interest might conflict with the interest of the Company; and if so, disclose such interest in advance.</li> <li>• Maintain confidentiality of commercial and price sensitive information.</li> <li>• Work within applicable laws and regulations.</li> <li>• Safeguard the Company's assets.</li> <li>• Avoid conduct that will reflect badly on the person concerned or the Company's image.</li> <li>• Strictly avoid giving or accepting any kind of bribe, either directly or indirectly.</li> <li>• Strictly avoid making contributions for political funds, either directly or indirectly.</li> <li>• Strictly avoid any kind of sexual harassment.</li> </ul> <p>The Company has implemented a formal whistle-blowing procedure and encourages any employee who suspects wrong doing at work, whether by Management, peers or any other employee, to raise their concerns.</p> <p><b>Other Policies</b></p> <p>In addition, the Company implements policies covering:</p> <ul style="list-style-type: none"> <li>• Recruitment and selection</li> <li>• Financial integrity/Financial Manual</li> <li>• Use of Company property including computers</li> <li>• Non-harassment in the workplace</li> <li>• Environment, safety and health</li> <li>• Security of IT system</li> </ul>	✓
	D.5.2	The Company should have a process in place to ensure that material and price sensitive information is promptly identified and reported in accordance with the relevant regulations.	Company has established policy and process to ensure that material and price sensitive information is immediately disclosed to the Colombo Stock Exchange immediately after relevant decisions are made by the Board of Directors. This task is assigned to the Company Secretary and it is a prime responsibility of the Company Secretary.	✓
	D.5.3	The Company should establish a policy, process for monitoring and disclosure of shares purchased by any Director, Key Management Personnel or any other employee involved in financial reporting.	The policy in place and any share transaction done by Board Director need to be immediately disclosed to the Company Secretary and Company Secretary will inform such transactions to the Colombo Stock Exchange. Any share transaction done by Key Management Personnel other than Board Directors should inform such transactions to Compliance Officer of the Company.	✓
Affirmative Statement by the Chairman	D.5.4	The Chairman must affirm in the Company's Annual Report that a code of conduct and ethics has been introduced company-wide and the procedure for disseminating, monitoring and compliance with that code. He must also disclose that he is not aware of any violation of any of the provisions of the code of business conduct and ethics.	Please refer Chairman's Message on pages 6 and 7 in this Report.	✓

## D.6 Corporate Governance Disclosures

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

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliant with the Code	Compliance
Disclosure of Corporate Governance	D.6.1	The Directors should include in the Company's Annual Report, a Corporate Governance Report setting out the manner and extent to which the Company has complied with the principles and provisions of this Code.	This Report from pages 24 to 57 sets out the manner and extent to which Singer (Sri Lanka) PLC has complied with the principles and provisions of the Code.	✓

## Shareholders

### E. Institutional Investors

#### E.1 Shareholder Voting

##### Main Principle

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

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

#### E.2 Evaluation of Governance Disclosures

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

## F. Other Investors

### F.1 Investing/Divesting Decision

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

## G. Internet of things and Cybersecurity

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

## H. Environment Society and Governance (ESG)

### H.1 ESG Reporting

#### Main Principle

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

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

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

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

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

### H.1.2 Environmental Factors

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

### H.1.3 Social Factors

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

### H.1.4 Governance

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



### H.1.5 Board's Role on ESG Factors

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

## Section B

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

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

The following table presents the details of the Company's compliance with Section 7.10 and Section 9 of the CSE Listing Rules on Corporate Governance as at 31st March 2020:

Section	Rule No.	Corporate Governance Rule	Details of Compliance	Compliance
<b>Board of Directors</b>				
Non-Executive Directors	7.10.1	Number of Non-Executive Directors – One-third of the total number of Directors, subject to a minimum of two.	The Board of Directors comprises eight Directors, six of whom are Non-Executive Directors.	✓
Independent Directors	7.10.2 (a)	Number of Independent Directors – One-third of Non-Executive Directors, subject to a minimum of two.	Four of the Non-Executive Directors are independent.	✓
	7.10.2 (b)	Each Non-Executive Director should submit a declaration of independence/non-independence.	<p>All Non-Executive Directors have submitted declarations.</p> <p>Independent Non-Executive Directors have submitted declarations confirming their independence.</p>	✓
Disclosures relating to Directors	7.10.3 (a)	Names of Independent Directors should be disclosed in the Annual Report.	Please refer page 33.	✓
	7.10.3 (b)	The Board shall make a determination annually as to the independence or non-independence of each Non-Executive Director.	The Board has determined Mr. M.H. Jamaldeen as an Independent Non-Executive Director notwithstanding that he is a Director of Hayleys PLC, the Parent Company as his role is not compromised by being on both Boards.	✓
	7.10.3 (c)	A brief résumé of each Director should be included in the Annual Report including the area of experience.	Please refer Board of Directors section of this Report on pages 12 to 15.	✓
	7.10.3 (d)	Provide brief résumé of any new Director appointed to the Board.	Please refer Board of Directors section of this Report on pages 12 to 15.	✓

Section	Rule No.	Corporate Governance Rule	Details of Compliance	Compliance
Remuneration Committee				
Composition	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 to be independent.</li></ul>	The Committee comprises three Independent Non-Executive Directors.	✓
		Separate committee to be formed for the Company or the Listed Parent's Remuneration Committee to be used.	A separate Remuneration Committee was formed for the Company.	✓
		Chairman of the Committee to be a Non-Executive Director.	The Committee is chaired by an Independent Non-Executive Director.	✓
Function	7.10.5 (b)	Function of the Committee.	The Remuneration Committee Report sets out the functions of the Committee.	✓
Disclosure in the Annual Report	7.10.5 (c)	The Annual Report should set out –		
		<ul style="list-style-type: none"><li>Names of Directors comprising the Remuneration Committee</li></ul>	Please refer page 59.	✓
		<ul style="list-style-type: none"><li>Statement of Remuneration policy</li></ul>	Please refer Remuneration Committee report on page 59.	✓
		<ul style="list-style-type: none"><li>Aggregate remuneration paid to Executive and Non-Executive Directors</li></ul>	Please refer page 59.	✓
Audit Committee				
Composition	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 of Non-Executive Directors a majority of whom to be independent.</li></ul>	The Committee comprises three Independent Non-Executive Directors.	✓
		Separate committee to be formed for the Company or the Listed Parent's Committee to be used.	A separate Audit Committee was formed for the Company and the Singer Group.	✓
		Chairman of the Committee to be a Non-Executive Director.	The Committee is chaired by an Independent Non-Executive Director.	✓
		Chairman or one member of the Committee to be a member of a recognised professional accounting body.	The Chairman of the Committee is a member of a recognised professional accounting body.	✓
		CEO and CFO to attend Committee meetings, unless otherwise determined by the Audit Committee.	Group CEO attends by invitation. CFO attends by invitation.	✓
Function	7.10.6 (b)	Function of the Committee.	The Audit Committee Report sets out the functions of the Committee.	✓
Disclosure in the Annual Report	7.10.6 (c)	Names of Directors comprising the Audit Committee	Please refer page 58.	✓
		The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination	Please refer Audit Committee Report on page 58.	✓
		The Annual report shall contain a Report of the Audit Committee in the prescribed manner.	Please refer Audit Committee Report on page 58.	✓
Related Party Transactions Review Committee				
Composition	9.2.2	Combination of Non-Executive Directors and Independent Non-Executive Directors and may include Executive Directors at the option of the Company.	The Committee comprises two Independent Non-Executive Directors, and one Executive Director.	✓
	9.2.3	Separate committee to be formed for the Company or the Listed Parent's Committee to be used.	A separate Related Party Transactions Review Committee was formed for the Company and the Singer Group.	✓
		Function of the Committee.	The Related Party Transactions Review Committee Report sets out the functions of the Committee.	✓
Disclosure in the Annual Report	9.3.2 (c)	The Annual Report shall contain a Report of the Related Party Transactions Review Committee in the prescribed manner.	Please refer Related Party Transactions Review Committee Report on page 61.	✓

## Board, Audit Committee, Remuneration Committee, Nomination Committee and Related Party Transactions Review Committee Attendance

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

### Number of Meetings, Circular Resolutions and Dates

Board Meetings	4
Audit Committee Meetings	4
Remuneration Committee Meetings	1
Nomination Committee Meetings	–
Related Party Transactions Review Committee Meetings	4

Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings	Related Party Transactions Review Committee Meetings
16th May 2019	14th May 2019	14th May 2019	–	14th May 2019
7th August 2019	7th August 2019			7th August 2019
7th November 2019	31st October 2019			31st October 2019
11th February 2020	10th February 2020			10th February 2020

### Individual Attendance

Name of Director	Directorship status	Board Members	Audit Committee	Related Party Transaction Review Committee [Singer (Sri Lanka) PLC]	Nomination Committee	Remuneration Committee
Mr. A.M. Pandithage	Executive	4/4	–	–	–	–
Mr. K.D.D. Perera*	Non-Executive	1/4	–	–	–	–
Mr. M.H. Wijewardene – CEO	Executive	4/4	–	4/4	–	–
Mr. D.H. Fernando	Independent Non-Executive	3/4	–	–	–	–
Mr. S.C. Ganegoda	Non-Executive	4/4	–	–	–	–
Mr. Deepal Sooriyaarachchi	Independent Non-Executive	3/4	3/4	3/4	–	1/1
Mr. M.H. Jamaldeen**	Independent Non-Executive	4/4	4/4	–	–	1/1
Mr. D.K. de S. Wijeyeratne	Independent Non-Executive	4/4	4/4	4/4	–	1/1
Ms. O.D. Gunewardene (resigned with effect from 31st December 2019)	Independent Non-Executive	2/3	–	–	–	–
Mr. S. Goodman (resigned with effect from 25th June 2019)	Non-Executive	0/0	–	–	–	–

\* Ms. A.A.K. Amarasinghe (Alternate Director to Mr. K.D.D. Perera (appointed with effect from 8th August 2019) attended two meetings

\*\* Mr. L.N.S.K. Samarasinghe the Alternate Director to Mr. M.H. Jamaldeen ceased to be on the Board with effect from 15th January 2020

# Audit Committee Report

## Preamble

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

## Composition of the Committee

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

## Audit Committee Members

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

Mr. D. Sooriyaarachchi – Independent Non-Executive Director

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

Brief profiles of the Directors are given on pages 12 to 15 of this Annual Report.

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

## Responsibilities and Duties of the Committee

The Audit Committee's authority, responsibilities and specific duties have been formalised through an Audit Committee Charter. By this, the Audit Committee is empowered among other things, to examine any matters relating to the financial affairs of the Singer Group and to review the adequacy of the internal control procedures, coverage of internal and external audit programmes, disclosure of accounting policies and compliance with statutory and corporate governance requirements.

## Activities in 2019/20 Financial Reporting

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

## Internal Audit, Risk and Control

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

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

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

## Meetings of the Committee

During the reporting period, four Audit Committee meetings were held to discuss the Reports of the Internal and External Auditors and Interim Financial Statements. The Financial Statements for the 12 months period ended 31st March 2020 were also discussed at the meeting held on the 11th May 2020. The minutes of the meetings were tabled at the meetings of the Board of Directors for information and necessary action.

The attendance of the Audit Committee meetings held during the reporting period ended 31st March 2020 under review is given on page 57 of this Annual Report.

## External Audit

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

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

The Audit Committee recommended to the Board of Directors that Messrs KPMG, Chartered Accountants be reappointed as the External Auditors for the financial year 2020/21, subject to the approval of the shareholders at the Annual General Meeting (AGM) and the required resolution will be put to the shareholders at the AGM.

## Sri Lanka Accounting Standards

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

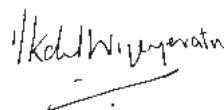
## Progress of implementation of SLFRS 16:

The Committee continuously monitored the progress of implementation of SLFRS 16 that have been issued with effective date being 1st January 2019.

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

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

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



**Dilip Kumar de Silva Wijeyeratne**

Chairman – Audit Committee  
14th May 2020  
Colombo

# Remuneration Committee Report

## Composition of the Committee

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

## Remuneration Committee Members

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

Mr. D. Sooriyaarachchi – Independent Non-Executive Director

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

Brief profiles of the Directors are given on pages 12 to 15 of this Annual Report.

Finance Director functions as the Secretary to the Committee.

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

## Responsibilities and Duties of the Committee

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

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

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

## Remuneration Policy

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

## Meetings of the Committee

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

The Committee met once during the period and the attendance of the members given on page 57 of this Annual Report.

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



**Mohamed Hisham Jamaldeen**

*Chairman – Remuneration Committee*  
14th May 2020  
Colombo

# Nomination Committee Report

## Composition of the Committee

Nomination Committee consists of one Independent Non-Executive Director, one Non-Executive Director and one Executive Director as at the end of the reporting period, 31st March 2020.

## Nomination Committee Members

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

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

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

## Responsibilities and Duties of the Committee

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

## Meetings of the Committee

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

## Appointments to the Board

Ms. A.A.K. Amarasinghe appointed to the Board with effect from 8th August 2019 as the Alternate Director to Mr. K.D.D. Perera.

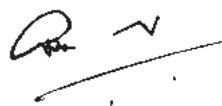
Ms. Gayani de Alwis appointed to the Board with effect from 15th May 2020 as an Independent Non-Executive Director.

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

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

Ms. Gayani de Alwis was appointed to the Board on 15th May 2020. In terms of Article 24 (10) of the Articles of Association of the Company, shareholders will be requested to elect her at the forthcoming Annual General Meeting.

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



**Mohan Pandithage**

*Chairman – Nomination Committee*  
14th May 2020  
Colombo

# Related Party Transactions Review Committee Report

## Preamble

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

## Composition of the Committee

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

The following Directors serve on the Committee:

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

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

Mr. M.H. Wijewardene –  
Executive Director

Mr. J.A. Sethukavalar Independent  
Non-Executive Director of Singer Finance  
(Lanka) PLC – participating by invitation  
represents Singer Finance (Lanka) PLC.

Brief profiles of the members are given on  
pages 12 to 15 of this Annual Report.

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

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

## Meetings of the Committee

During the year ended 31st March 2020, the Committee met four times. Attendance by the Committee Members at these meetings is given in the table on page 57 of the Annual Report.

## Role and Responsibilities

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

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

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

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

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

## Task of the Committee

The Committee reviewed the related party transactions and their compliance and communicated to the Board.

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

Related Party Transactions are disclosed in the Note 40 to the Financial Statements.

## Reporting to the Board

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

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



**Deepal Sooriyaarachchi**

Chairman – Related Party Transactions  
Review Committee  
14th May 2020  
Colombo



# Risk Management

## Risk Management Protecting Ourselves

Risk is an integral part of any business. It is a matter of identifying the sources of risk, their likelihood of occurrence and impact, and then developing a comprehensive framework to address them. Such a systematic approach also raises a few questions, like determining one's appetite for risk and establishing thresholds, bearing in mind that risk and return go hand in hand. So it's a question of striking a balance and managing risk.

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

At a strategic level, our risk management objectives are –

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

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

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

## The Risk Management Process

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

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

## Internal, External and Corporate Audit

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

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

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



## Risk Measures taken for COVID-19 impact

Risks Area and Impact	Risk Measures Taken
<b>1. Health and Safety of the Employees</b>	
The nature of the virus makes it challenging for the company to strike a balance between maintaining productivity and efficiency and providing a safe working environment for the employees.	<ol style="list-style-type: none"> <li>Guidelines were issued and communicated among employees to work from home.</li> <li>IT and other infrastructure facilities are provided to work from home for selected employee considering work requirement.</li> <li>Provided health measures as instructed by the Health Ministry and Government for the employees who are reporting to the work.</li> <li>Frequent reminders to employees about the importance of maintaining personal hygiene and thoroughly washing hands and/or using hand sanitiser. Refer to guidance provided by the WHO and local authorities.</li> </ol>
<b>2. Impact on Governance</b>	
The Company's Management is responsible for identifying, assessing and responding to risks. These include emerging and atypical risks, as well as risks which are newly developing and difficult to fully assess but could affect the viability of an organisation's strategy.	<ol style="list-style-type: none"> <li>Established Emergency Response Plan and Administration Task Force headed by Director HR to identify and report the operational risk and measures to the key management.</li> <li>EXCO meets more frequently over Zoom to focus on key business outcomes and strategies the risk measures.</li> <li>Developed centralised, timely messaging from GCEO disseminated to employees to instil confidence and calm, and counter fear and misinformation.</li> <li>Division wise social network groups were established as a communication channel to escalate the divisional issues to key management.</li> </ol>
<b>3. Impact on Financial Reporting</b>	
Operations for the Company had negatively impacted by the COVID-19 situation. The Group should consider the additional risks involved and the impact on the Company. In some cases, the impact may necessitate adjustments to accurately reflect the financial situation of the Organisation (e.g. Trade receivables, HP receivables, Leasing installments).	<ol style="list-style-type: none"> <li>Evaluated potential disclosure of subsequent events in the notes to the financial statements.</li> <li>Separate disclosure on COVID-19 to the annual financial statement.</li> <li>Liaised with External Auditors to determine the possible notes to the accounts.</li> <li>Changes to reporting requirements of SEC and CSE were properly communicated with the management team and the Board of Directors.</li> <li>Disclosure to CSE on COVID-19 impact and assessment. Detail management assessment, expected impact on COVID-19 and action plan to be reported to Audit Committee and Board.</li> </ol>
<b>4. Impact on Economic Sustainability</b>	
The issues created by COVID-19 lead to fall revenue, reduced financial liquidity and the going concerns of key business partners (specially cash and carry channel, customers in garment and tourism sector), would be negatively impacting company's sustainability.	<ol style="list-style-type: none"> <li>Performed financial scenario, sensitivity and ratio analysis, examining the overall threat to the organisation should sales and/or production decrease at various percentage rates.</li> <li>Renegotiation of banking facilities.</li> <li>Established online payment facility for the customers to pay their hire purchase and SFL leasing payments.</li> <li>Increased penetration of web sales by improving social media activities to grab the opportunities in the changing business environment.</li> <li>Discussed and planned cost reduction methods in each cost drives. Specific cost reduction measurement to be implemented to reduce operational cost.</li> </ol>
<b>5. Impact on Contract Compliance</b>	
The Group is experiencing the impact on sales, production and supply chain, among others, as a result of COVID-19 related issues from business interruptions. These impacts have a cascading effect on the ability to meet contractual obligations.	<ol style="list-style-type: none"> <li>Statutory dues are planned to meet at the extended timing.</li> </ol>
<b>6. Impact on Supply Chain</b>	
The Group imports more than 60% of its product requirements. The Government has begun to take measures that limit the movement of goods and people across borders. Shutdown of local manufacturing and some overseas manufacturing would have an adverse supply chain issue.	<ol style="list-style-type: none"> <li>Adequate orders placed and LC's established for supplies of temporary suspended SKU's for next 4 to 5 months.</li> <li>Discussions are on for possible SKD/CKD operations for selected products (local value addition).</li> <li>Extended supplier credit negotiated to build buffer stock and to manage cash outflow.</li> <li>Additional service providers appointed for inbound logistics.</li> </ol>

## Risks Area and Impact

## Risk Measures Taken

## 7. Impact on Technology

The Group activated contingency and business continuity measures to allow employees to work from home to limit the spread of the virus. A significant number of remotely-connected employees, for an extended period, may put a strain on the Company's network. Further information security and network vulnerability also could impact.

1. Security settings for remote connections and secured individual access mechanisms are in place and operating effectively. Two factor authenticated secure network tunnel was created to employees to access the Company network.
2. Current resources with respect to network capabilities are sufficient if a large number of employees are to be working remotely for an extended period.
3. Role based system access was granted based on need to access basis.
4. Only official Laptops with secure configurations were provided to work from home.
5. Enhanced user awareness of cyberattacks and provide frequent alerts to employees to enhance cyber vigilance.
6. Policy updates are initiated in areas where necessary like video conferencing.

## 8. Internal Control and Fraud

The current economic environment may result in increased fraud risks related to internal controls. As the Company moves to a virtual work environment, there is a significant risk that fraudsters may find new ways to override existing internal controls.

1. Online daily monitoring of unbanked cash and call for the unusual balances and get the unbanked cash banked.
2. Monitoring of daily banking
3. Review of online inventory balances and communicated excess inventory locations to the field management.

Such controls may include, but are not limited to: segregation of duties, delegation of authority, and information systems access. The rapidly changing nature of working environments, and the possibility of changes in individual responsibilities, modifications to existing controls may not happen with the same speed, or new controls may be implemented without sufficient testing of their design and/or effectiveness. Accordingly, the nature, timing, and extent of diligence performed in a changing control environment create increased opportunity for fraud.

## Risk

## Mitigation Activities

## Macroeconomic Factors Economic Environment

The Group's business operations are sensitive to economic conditions and in particular to levels of consumer spending. Any delay in economic recovery could affect consumer expenditure and therefore our revenue. There is an ongoing risk to our business in terms of increases in the cost of products due to rupee depreciation.

- A diversified portfolio of products and brands with a wide range of offers targeted at different consumer groups.
- A broad geographic spread.
- The Board and the Senior Management Team regularly review the impact of the economic conditions on the Group's budget and strategic plans.
- Emphasise excellent quality, service, value for money and up-to-date product offers, we aim to broaden our appeal to customers.
- Renewal and transformation plan to improve our business performance irrespective of macroeconomic factors strategy and business planning which takes into account varying economic scenarios.

## Market Specific Characteristics

Seasonality – A substantial proportion of revenue and operating profit is generated during the fourth financial quarter, which includes the Christmas and New Year season. Adverse trading in this relatively short period is likely to impact significantly the full year's results.

- Financial planning takes into account expected peaks and troughs during the year and the business is run accordingly.
- Increasing the proportion of internal promotion and various offers, which gives a regular stream of income over the course of the year.

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

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

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



# 6.

## Financial Reports

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# Financial Calendar

## Financial Calendar – 2019/20

Annual Report 2018/19 Approved	16th May 2019
Forty-Fourth Annual General Meeting	25th June 2019

## Interim Financial Statements in Terms of Rule 7.4 of the Colombo Stock Exchange

For the three months ended 30th June 2019 (Unaudited)	8th August 2019
For the six months ended 30th September 2019 (Unaudited)	8th November 2019
For the nine months ended 31st December 2019 (Unaudited)	11th February 2020
For the twelve months ended 31st March 2020 (Unaudited)	15th May 2020

## Annual Report and Annual General Meeting

Annual Report 2019/20 Approved	14th May 2020
Forty-Fifth Annual General Meeting	28th July 2020



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

The Board of Directors of Singer (Sri Lanka) PLC has pleasure in presenting their Report on the Affairs of the Company together with the Audited Financial Statements of Singer (Sri Lanka) PLC and the Audited Consolidated Financial Statements of the Group for the 12 months ended 31st March 2020.

## Review of the Year

Chairman's Message, (pages 6 and 7), and the Group Chief Executive Officer's Review, (pages 8 to 11) describe the Company's affairs and the Group's business. Financial results of the Company/Group are elaborated on pages 18 to 22. These reports together with the Audited Financial Statements reflect the state of affairs of the Company/Group.

## Principal Activities

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

## Independent Auditor's Report

The Independent Auditor's Report on the Financial Statements is given on pages 78 to 81 in this Annual Report.

## Financial Statements

The Financial Statements for the 12 months ended 31st March 2020 are in accordance with the Sri Lanka Accounting Standards, SLFRSs/LKASs, issued by The Institute of Chartered Accountants of Sri Lanka and the requirements of Section 151 (and Section 153 for consolidated entity) of the Companies Act No. 07 of 2007.

The Financial Statements duly signed by the Directors are provided on pages 82 to 160 in this Annual Report.

## Accounting Policies

The accounting policies adopted in preparation of the Financial Statements are provided in detail in the Notes to the Financial Statements on pages 89 to 105. The Company/Group has consistently applied the accounting policies as set out in Note 2 to all periods presented in these Consolidated Financial Statements.

## Property, Plant and Equipment

During the period under review, the Company and the Group invested a sum of Rs. 690,813,193/- (2018/19 – Rs. 465,178,897/-) and Rs. 917,856,007/- (2018/19 – Rs. 742,257,768/-) in property, plant and equipment.

Details of property, plant and equipment and intangible assets and their movements are given in Notes 11 and 12 to the Financial Statements respectively. Details of freehold land and buildings are given in Note 11.17 and 11.18 to the Financial Statements.

## Market Value of Properties

The freehold property of the Company/Group is revalued by an Independent Qualified Valuer when there is a substantial difference between the fair value and the carrying amount of the freehold property. Company/Group reviews its assets once in each reporting date.

The most recent valuation was carried out as at 31st March 2019. The details of the valuation are given in Note 11.5 to the Financial Statements on page 113 in this Annual Report.

## Directors' Responsibilities

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

## Corporate Governance

The Company has complied with Corporate Governance Rules laid down by The Institute of Chartered Accountants of Sri Lanka, and Listing Rules of the Colombo Stock Exchange. The Corporate Governance Section on pages 24 to 57 describes the good Corporate Governance Principles adopted by the Company.

## Profit and Appropriations

For the Year ended 31st March	2020 Rs.	2019 Rs.
Group Profit Before Tax for the Twelve Months Ended 31st March after Deducting all Expenses, Providing for Known Liabilities and Depreciation Amounts to	610,717,338	672,129,115
From this has to be deducted the Income Tax Expenses	(183,449,830)	(286,148,529)
Non-controlling Interest	(148,653,435)	(207,123,452)
Making a Profit for the Period	278,614,073	178,857,134
Total Other Comprehensive Income/(Loss)	19,861,147	(15,510,222)
Total Other Comprehensive Income/(Loss) – Non-controlling Interest	2,120,523	71,263,960
To this has to be added a Balance Brought Forward from the Previous Year	2,335,830,615	2,795,477,725
Interim Dividend for the Period – Gross – Rs.0.25 per Share (2018/19 – Rs. 0.65 per share)	(93,907,208)	(244,158,740)
Adjustment on WHT on dividend paid in terms of Bonus Issue	–	(8,788,026)
Adjustment due to Realisation on Revaluation Surplus	25,681,008	24,389,920
Adjustment due to changes in ownership interest in subsidiaries	1,670,160	(9,940,099)
Adjustment on error correction in prior year	–	43,358,242
Adjustment of initial application of SLFRS 16 in 2019/20 (SLFRS 9 and SLFRS 15 in 2018/19), Net of Tax	(582,562,045)	(472,032,584)
Leaving a Total Available for Appropriation	1,987,308,273	2,362,917,310
Transfer to Reserve Fund	(19,452,054)	(27,086,695)
Final Dividend Approved 2019/20 – Nil (2018/19 – Nil)	–	–
Making a total Appropriation of	(19,452,054)	(27,086,695)
Leaving a balance on Group Basis to be Carried Forward of	1,967,856,219	2,335,830,615
The Balance to be Carried Forward on Company Only Basis will be	(476,952,625)	151,601,145

### Dividends

In terms of Article 7 of the Articles of Association of the Company, an interim dividend of Rs. 0.25 per share was paid on 26th May 2020 for the 12 months financial period ended 31st March 2020. The Board signed a Certificate of Solvency stating that the Company would satisfy the Solvency Test immediately after the said distribution is made in accordance with Section 57 of the Companies Act No. 07 of 2007. The Board of Directors obtained a Certificate of Solvency from the Auditors prior to the date of dispatch of the dividend payment.

### Reserves (Excluding Non-controlling Interest)

Group reserves and retained equity as at 31st March 2020 amounted to Rs. 5,943 million vs Rs. 6,317 million as at 31st March 2019. The break-up and movement are shown in the Statement of Changes in Equity in the Financial Statements.

### Stated Capital

As per the terms of the Companies Act No. 07 of 2007, the Stated Capital of the Company was Rs. 626,048,050/- as at 31st March 2020 and was unchanged during the 12 months period. Details are given in Note 21 to the Financial Statements on page 132.

### Commitments and Contingencies

Commitments and Contingent Liabilities of the Group are disclosed in the Note 37 to the Financial Statements.

### Events after the Reporting Period

No circumstances have arisen since the reporting date, which would require adjustment or disclosure except for the details given in Note 39 to the Financial Statements on page 156.

### Statutory Payments

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

### Board Committees

#### Audit Committee

Following are the names of the Directors comprising the Audit Committee of the Board:

Mr. D.K. de S. Wijeyeratne – Chairman  
Mr. D. Sooriyaarachchi  
Mr. M.H. Jamaldeen

The Report of the Audit Committee on page 58 sets out the manner of compliance by the Company in accordance with the requirements of the Rule 7.10 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance.

## Remuneration Committee

Following are the names of the Directors comprising the Remuneration Committee of the Board:

Mr. M.H. Jamaldeen – Chairman

Mr. D. Sooriyaarachchi

Mr. D.K. de S. Wijeyeratne

The Report of the Remuneration Committee on page 59 contains a statement of the remuneration policy. The details of the aggregate remuneration paid to the Executive and Non-Executive Directors during the period under review are given in Note 8 to the Financial Statements on page 109.

## Board Nomination Committee

Following are the names of the Directors comprising the Nomination Committee of the Board:

Mr. A.M. Pandithage – Chairman

Mr. K.D.D. Perera

Mr. M.H. Jamaldeen

The Report of the Board Nomination Committee on page 60 sets out the manner of compliance by the Company in accordance with the requirements of the Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka.

## Related Party Transactions Review Committee

Following are the names of the Directors comprising the Board Related Party Transactions Review Committee:

Mr. D. Sooriyaarachchi – Chairman,

Mr. D.K. de S. Wijeyeratne

Mr. M.H. Wijewardene

By Invitation –

Mr. J.A. Sethukavalar – Director of Singer Finance (Lanka) PLC participating on invitation to represent Singer Finance (Lanka) PLC.

The Board of Directors has given the following statement in respect of the Related Party transactions. The Related Party Transactions

of the Company during the financial year have been reviewed by The Related Party Transactions Review Committee of the Company and are in compliance with the section 9 of the CSE Listing Rules.

The Report of the Board-Related Party Transactions Review Committee on page 61 sets out the manner of compliance by the Company.

## Directors' Indemnity and Insurance

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

## Issue of Listed Debentures

The company has not issued any debentures during the year ended 31st March 2020.

The company has issued 12% three years debentures of Rs. 656.8 million at fixed rate during the year 2018.

## Share Information and Substantial Shareholdings

The distribution of shareholdings, public holding percentage, market value of shares, 20 largest shareholders and record of scrip issues are given on pages 166 to 169.

Earnings per share, dividends per share, dividend pay out and net assets value per share are given in the Financial Highlights on page 4 of this Annual Report.

## Directorate and Shareholding

The names of the Directors of the Company as at 31st March 2020 and their brief profiles are shown on pages 12 to 15 and the Inner Back Cover.

Non-Executive Director Mr S. Goodman ceased to be on the Board with effect from 25th June 2019.

Ms. A.A.K. Amarasinghe appointed as the Alternate Director to Mr. K.D.D. Perera with effect from 8th August 2019.

Ms. O.D. Gunewardene resigned from the Board with effect from 31st December 2019.

Mr. L.N.S.K. Samarasinghe the Alternate Director to Mr. M.H. Jamaldeen ceased to be on the Board with effect from 15th January 2020.

Ms. Gayani de Alwis appointed to the Board with effect from 15th May 2020 as an Independent Non-Executive Director.

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

In terms of Article 24 (10) of the Article of Association of the Company, Ms. Gayani de Alwis being eligible for re-election and the shareholders will be requested to re-elect her at the forthcoming Annual General Meeting.

## Directors' Interests and Interest Register

There were no share transactions by the Directors during the financial year in the Company and the Subsidiaries.

## Directors' Remuneration

Executive Directors remuneration is structured within an established framework by the Board's Remuneration Committee to whom this task has been entrusted. The Directors are of the opinion that the framework assures appropriateness of remuneration and fairness for the Company. The total remuneration of the Executive Directors for the reporting period ended 31st March 2020 is given in Note 8 and 40.3 includes the value of perquisites granted to them as part of their terms of service.

The total Directors fees of Non-Executive Directors for the reporting period ended 31st March 2020 is given in Note 8 is determined according to the scales of payment decided upon by the Board. The Board is satisfied that the payment of remuneration is fair to the Company.

## Directors' Interest in Shares

The following transactions of shares of the Directors/Alternate Directors of the respective companies were reported during the reporting period.

### Singer (Sri Lanka) PLC

	Shareholding 31st March 2020 Number of Shares
Mr. A.M. Pandithage	-
Mr. K.D.D. Perera	6,935,913
Mr. D. Sooriyaarachchi	-
Mr. D.H. Fernando	-
Mr. M.H. Jamaldeen	-
Mr. M.H. Wijewardene (CEO)	-
Mr. S.C. Ganegoda	-
Mr. S.H. Goodman – resigned with effect from 25th June 2019	-
Mr. D.K. de S. Wijeyeratne	-
Ms. Gayani de Alwis – appointed with effect from 15th May 2020	-
Ms. O.D. Gunewardene – resigned with effect from 31st December 2019	-
Mr. K.K.L.P. Yatiwella (Alternate to Mr. S.C. Ganegoda)	-
Mr. L.N.S.K. Samarasinghe (Alternate to Mr. M.H. Jamaldeen) – resigned with effect from 15th January 2020	17,372
Mr. H.P.S. Perera (Alternate to Mr. M.H. Wijewardene)	-
Ms. A. A.K. Amarasinghe (Alternate to Mr. K. D. D. Perera) – appointed with effect from 8th August 2019)	-

### Subsidiaries

As at 31st March 2020	Shareholding of Singer Finance (Lanka) PLC Number of Shares	Shareholding of Singer Industries (Ceylon) PLC Number of Shares	Shareholding of Regnis (Lanka) PLC Number of Shares
<b>Common Directors of the Singer Group Companies</b>			
Mr. A.M. Pandithage	-	-	-
Mr. K.D.D. Perera	-	-	-
Mr. M.H. Wijewardene (CEO Singer Group)	-	-	-
Mr. D. Sooriyaarachchi	-	-	-
Mr. M.H. Jamaldeen	-	-	-
Mr. D.H. Fernando	-	-	-
Mr. D.K. de S. Wijeyeratne	-	-	-
Ms. O.D. Gunewardene (resigned with effect from 31st December 2019)	-	-	-
Mr. S.C. Ganegoda	5,271	-	-
Mr. S.H. Goodman (ceased to be a director with effect from 25th June 2019)	-	-	-
Mr. L.N.S.K. Samarasinghe (Alternate) – resigned with effect from 15th January 2020	355,000	10,670	14,000
Mr. H.P.S. Perera (Alternate)	35,912	-	-
Mr. K.K.L.P. Yatiwella (Alternate)	-	-	-

	Shareholding of Singer Finance (Lanka) PLC Number of Shares	Shareholding of Singer Industries (Ceylon) PLC Number of Shares	Shareholding of Regnis (Lanka) PLC Number of Shares
<b>Directors of Singer Finance (Lanka) PLC</b>			
Mr. M.Y.A. Perera	-	-	-
Mr. J.A. Setukavalar	-	-	-
Mr. M.P.A. Salgado	12,224	-	-
Mr. T.A. Amarasuriya (CEO)	50,155	-	-
Mr. J.M.J. Perera	-	-	-
Ms. D.G. Talpahewa	-	-	-
Mr. L.S.S. Perera	-	-	-
Mr. K.K.L.P. Yatiwella (Alternate)	-	-	-
<b>Directors of Singer Industries (Ceylon) PLC/Regnis (Lanka) PLC</b>			
Mr. V.G.K. Vidyaratne	250,555	260	60,155
Mr. K.D.G. Gunaratne	-	-	-
Mr. N.L.S. Joseph	-	-	-
Mr. K. Kospelawatte	13,699	520	-
Mr. A.C.M. Irzan (Alternate)	-	-	-

## Debentures

There were no debentures held by Directors of the Company.

## Independence of Directors

Mr. D. Sooriyaarachchi  
Mr. M.H. Jamaldeen  
Mr. D.H. Fernando  
Mr. D.K. de S. Wijeyeratne  
Ms. G. de Alwis

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

Although, Mr. M.H. Jamaldeen serves on the Board of Hayleys PLC, the Parent Company, the Board of Directors of the Company has determined that Mr. M.H. Jamaldeen nevertheless be independent as the objectivity of his role is not compromised by being on both Boards:

## Subsidiaries

The names of the Directors holding office at the end of the reporting period ended 31st March 2020 in respect of the subsidiaries are given below:

### Singer Finance (Lanka) PLC

Mr. M.Y.A. Perera – Chairman  
Mr. J.A. Setukavalar  
Mr. M.P.A. Salgado  
Mr. T.A. Amarasuriya (CEO)  
Mr. J.M.J. Perera  
Ms. D.G. Talpahewa  
Mr. L.S.S. Perera  
Mr. M.H. Wijewardene  
Mr. K.K.L.P. Yatiwella  
(Alternate to Ms. D.G. Talpahewa)

### Singer Industries (Ceylon) PLC

Mr. A.M. Pandithage – Chairman  
Mr. D.K. de S. Wijeyeratne  
Mr. M.H. Wijewardene – Group CEO  
Mr. V.G.K. Vidyaratne  
Mr. M.H. Jamaldeen  
Mr. N.L.S. Joseph  
Mr. K.D.G. Gunaratne  
Mr. S.C. Ganegoda  
Mr. K.D. Kospelawatta  
Mr. K.K.L.P. Yatiwella  
(Alternate to Mr. M.H. Wijewardene)

## Regnis (Lanka) PLC

Mr. A.M. Pandithage – Chairman  
Mr. M.H. Wijewardene – Group CEO  
Mr. D.K. de S. Wijeyeratne  
Mr. V.G.K. Vidyaratne  
Mr. M.H. Jamaldeen  
Mr. K.D.G. Gunaratne  
Mr. N.L.S. Joseph  
Mr. S.C. Ganegoda  
Mr. K.D. Kospelawatta  
Mr. A.C.M. Irzan  
(Alternate to Mr. K.D. Kospelawatta)  
Mr. K.K.L.P. Yatiwella  
(Alternate to Mr. M.H. Wijewardene)

## Reality (Lanka) Limited

Mr. A.M. Pandithage – Chairman  
Mr. M.H. Wijewardene  
Mr. S.C. Ganegoda

## Singer Digital Media (Pvt) Limited

Mr. A.M. Pandithage – Chairman  
Mr. M.H. Wijewardene  
Mr. S.C. Ganegoda  
Mr. K.K.L.P. Yatiwella  
Mr. K.D.J.M. Perera

## Singer Business School (Pvt) Limited

Mr. A.M. Pandithage – Chairman  
Mr. M.H. Wijewardena  
Mr. S.C. Ganegoda  
Mr. K.K.L.P. Yatiwella

## Regnis Appliances (Pvt) Limited

Mr. A.M. Pandithage – Chairman  
Mr. M.H. Wijewardena  
Mr. K.D. Kospelawatta  
Mr. S.C. Ganegoda  
Mr. N.M.P. Fernando

## Domus Lanka (Pvt) Limited

Mr. A.M. Pandithage – Chairman  
Mr. M.H. Wijewardena

## Employment

The number of persons employed by the Group and the Company as at 31st March 2020 was 2,926 (2019 – 2,798) and 1,893 (2019 – 1,827), respectively.

## Corporate Governance Directors' Declarations

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

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

The Corporate Governance Report is given under the governance section of this Annual Report.

## Donations (For Approved and Non-Approved Charities/Organisations)

During the year, donations amounting to Rs. 1,426,584/- (2019 – Rs. 466,250/-) were made by the Group and donations made by the Company were Rs. 109,820/- (2019 – Rs. 360,000/-). Donations made by the Group and Company are given in Note 8.

## Transfer to the Second Board

Due to the Non-compliance with minimum public holding requirement in terms of Rule 7.13.1 of the CSE Listing Rules, Company has been transferred to the Second Board with effect from 10th February 2020.

Consequent to the current Stock Market conditions and world economic downturn, rectification of the public holding is not foreseeable in near future. However, the Board of Directors will evaluate the conditions on a monthly basis at its meetings.

## Auditors

The Financial Statements for the period under review were audited by Messrs KPMG, Chartered Accountants who offer themselves for reappointment for the ensuing year. The Directors propose the reappointment of Messrs KPMG, Chartered Accountants as Auditors of the Company for the year 2020/21 subject to the approval of the shareholders at the Annual General Meeting.

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

The audit and non-audit fees paid to the Auditors by the Company and Group are disclosed in Note 8 on page 109 in this Annual Report.

As far as the Directors are aware, the Auditors do not have any relationship or interest in the Company or its subsidiaries. The Auditors have confirmed that they do not have any relationship (other than that of Auditors) with or interest in the Company or any of its subsidiaries other than those disclosed above.

## Notice of Meeting

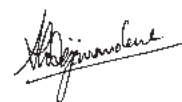
The Forty-Fifth Annual General Meeting will be held at Hayleys PLC, No. 400, Deans Road, Colombo 10, Sri Lanka on 28th July 2020 at 12.00 noon.

The Notice of the Annual General Meeting to the shareholders is given on page 175.

For and on behalf of the Board,



**Mohan Pandithage**  
Chairman



**M.H. Wijewardena**  
Director/Chief Executive Officer



**Hayleys Group Services (Pvt) Ltd.**

Company Secretaries  
Singer (Sri Lanka) PLC

Colombo

14th May 2020

# Statement of Directors' Responsibility

The Directors are responsible under Sections 150 (1), 151, 152 (1), and 153 of the Companies Act No. 07 of 2007, to ensure compliance with the requirements set out therein and to prepare Financial Statements for the 12 months financial period ended 31st March 2020 giving a true and fair view of the state of affairs of the Company and the Group and of the profit of the Company and the Group for the said financial period.

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

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

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

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

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

The Board of Directors declared an interim Dividend for the 12 month period ended 31st March 2020 and paid on 26th May 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. The Solvency Test was satisfied immediately after such distribution in accordance with Section 57 of the Act.

The External Auditors, Messrs KPMG, Chartered Accountants who will be proposed to be reappointed as the Auditors of the Company at the Annual General Meeting were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The Independent Auditor's Report, shown on pages 78 to 81 sets out their responsibilities in relation to the Financial Statements. The Board has recommended that Messrs KPMG be reappointed as Auditors for the year 2020/21.

## Compliance Report

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

By Order of the Board,



**Hayleys Group Services (Pvt) Ltd.**

*Company Secretaries*  
Singer (Sri Lanka) PLC

Colombo

14th May 2020



# Independent Auditor's Report



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

Tel : +94 - 11 542 6426  
Fax : +94 - 11 244 5872  
Internet : +94 - 11 244 6058  
: [www.kpmg.com/lk](http://www.kpmg.com/lk)

## To the Shareholders of Singer (Sri Lanka) PLC Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Singer (Sri Lanka) PLC (the "Company") and the consolidated financial statements of the Company and its subsidiaries (the "Group"), which comprise the statement of financial position as at 31st March 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 82 to 160.

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

### Basis for Opinion

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

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

### Key Audit Matters

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

#### Risk Description

#### Our Response

## 01. Adoption of SLFRS 16 (Leases)

Refer to Note 2.4.6 (accounting policy) and Note 11.20 to these Financial Statements.

SLFRS 16 introduces a new lease accounting model, where lessees are required to recognise a right-of-use (ROU) asset and a lease liability arising from a lease on its balance sheet.

The Group has adopted SLFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1st April 2019. Accordingly, the information presented for prior year has not been restated and continued to be reported, under LKAS 17 and related interpretations. As a result, as at 1st April 2019, the Group recognised ROU assets of Rs. 3,798 million (Company – Rs. 3,376 million), lease liabilities of Rs. 3,984 million (Company – Rs. 3,602 million), and a decrease in retained earnings of Rs. 583 million (Company – Rs. 578 million), net of the deferred tax impact of Rs. 216 million (Company – Rs. 212 million).

Significant judgement is required in the assumptions and estimates made in order to determine the ROU asset and lease liability. The assumptions and estimates include assessment of lease term, the computation of the ROU asset where appropriate and the determination of appropriate discount rates.

The adjustments arising from applying SLFRS 16 are material to the Group, and this disclosure of impact is a key focus area in our audit.

Our audit procedures included;

- Reading a sample of contracts to assess whether leases have been appropriately identified as per the SLFRS 16 requirements.
- Assessing the reasonableness of the methodology of the computation and the determination of lease arrangement excluded from the SLFRS 16 computations.
- Obtaining the Group's quantification of ROU assets and lease liabilities and check the completeness of the computation and for a sample of leases, we agreed the inputs used in the quantification to the lease agreements and performed computation checks while challenging the calculations and discount rate applied. We also check the accuracy of the retained earning adjustments computed by the Group and the Company based on our sample verifications carried out.
- Evaluating the appropriateness of the selection of accounting policies and management approach over adoption and transition applied for SLFRS 16, including the key accounting estimates and judgements made by the management based on the requirements of the new standard.
- Assessing the adequacy of the financial statements' disclosure required by SLFRS 16.

M.R. Mihular FCA  
T.J.S. Rajakarier FCA  
Ms. S.M.B. Jayasekara ACA  
G.A.U. Karunaratne FCA  
R.H. Rajan FCA  
A.M.R.P. Alahakoon ACA

P.Y.S. Perera FCA  
W.W.J.C. Perera FCA  
W.K.D.C. Abeyratne FCA  
R.M.D.B. Rajapakse FCA  
M.N.M. Shameel ACA

C.P. Jayatilake FCA  
Ms. S. Joseph FCA  
S.T.D.L. Perera FCA  
Ms. B.K.D.T.N. Rodrigo FCA  
Ms. C.T.K.N. Perera ACA

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

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.



## 02. Impairment allowance for Trade and other Receivables, Loans and advances, finance lease receivables and hire purchases

Refer to Note 2.4.5 (accounting policy) and Note 18.3 to these Financial Statements.

The Group has recognised impairment provisions relating to Trade receivables of Rs. 921 million (Company – Rs. 789 million), Hire debtors of Rs. 84 million (Company – Rs. 78 million), other receivables Rs. 1,414 million (Company – Rs. 1,412 million), Loans and advances and lease rental receivables amounting to Rs. 757 million (Company – Nil).

Impairment allowances represent management's best estimate of the losses expected within receivables as at the financial position date. They are calculated for specific assets and on a collective basis for portfolios of receivables of a similar nature.

The calculation of impairment allowances is inherently judgemental for any institution and the Group use subjective assumptions/judgements made to determine the classification category (e.g. business model and SPPI assessment), and ECL modelling (e.g. macroeconomic inputs) as per the requirements of SLFRS 9.

With respect of Singer Finance (Lanka) PLC, a subsidiary, the determination of impairment allowances using the expected credit loss model is subject to a number of key parameters and assumptions, including the identification of loss stages, estimates of probability of default, loss given default, macroeconomic forecasts, exposures at default and discount rate, adjustments for forward-looking information and other adjustment factors. In particular, the determination of the loss allowances is heavily dependent on the external macro environment and the Company's internal credit risk management strategy.

Further, COVID-19 outbreak resulted in loss of income for majority of the corporates as well as for the individuals which increases the credit risk and the outbreak significantly affected on the macroeconomic forecasts which affects the ECL adjustment.

Given the level of significant management judgement involved in the estimates and the subjective nature of such judgements involved, impairment of trade receivables, loans and advances, finance lease receivable and hire purchase is considered as a key audit matter.

Our audit procedures included:

- Challenging the appropriateness of the selection of accounting policies based on the requirements of the SLFRS 9, our business understanding and industry practice.
- Evaluating the appropriateness of the management approach over the application and use of practical expedients applied for SLFRS 9.
- Assessing management's processes, systems and controls implemented over impairment assessment.
- Identifying and testing the relevant key controls and evaluating the completeness, accuracy and relevance of data used.
- Involving our IT specialists to assess the logics and compilation of the overdue information of loans and advances, finance lease receivables and hire purchases.
- Evaluating the appropriateness of the assumptions used based on our knowledge and information of the client and the industry and assessing whether the macroeconomic factors have been used with the latest available information to ensure that the latest economic forecasts have been used pursuant to the COVID-19 outbreak for the ECL adjustment.
- Evaluating and testing the mathematical accuracy of models applied and post-model adjustments.
- Assessing the completeness, accuracy and relevance of the disclosures required by SLFRS 9 for adoption and transition.

## 03. Carrying value of Inventory

Refer to Note 2.5 (accounting policy) and Note 16 to these Financial Statements.

The Group has recognised a total inventory provision of Rs. 1,001 million (Company – Rs. 958 million) in arriving at a total inventory value of Rs. 16,047 million (Company – Rs. 14,273 million)

The Group has significant levels of inventories and significant management judgments are taken with regard to categorisation of inventories into obsolete and/or slow moving and which should be therefore be considered for provision. Estimates are then involved in arriving at provisions against cost in respect of slow moving and obsolete inventories to arrive at valuation based on lower of cost and net realisable 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 would potentially on the net realisable value adjustments.

Given the level of significant management judgements and estimates involved this is considered to be a key audit matter.

Our audit procedures included:

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



## Risk Description

## Our Response

## 04. Contingent liability on deemed VAT assessment

Refer to Note 37.4 in these Financial Statements.

The Group has tax assessments which requires disclosures in the financial statements. The Assessment Notice received by Singer (Sri Lanka) PLC, relating to Deemed VAT is significant.

Commissioner General of Inland Revenue has issued Assessment Notices on Singer (Sri Lanka) PLC pertaining to an additional VAT Liability/Payment on account of Deemed VAT for seven quarters for the period 1st January 2014 to 30th September 2015. The assessment was for a Deemed VAT payment of Rs. 1,076 million and Penalty of Rs. 423 million totalling to Rs. 1,499 million. Commissioner General of Inland Revenue has given the determination on the appeal. Accordingly, Rs. 791 million of Deemed VAT liability and penalty of Rs. 395 million totalling to Rs. 1,186 million is payable as a Deemed VAT liability for seven quarters for the period 1st January 2014 to 30th September 2015. The Company after carefully reviewing the advice of tax consultants, is of the opinion that there is no basis for the Company to be made liable for Deemed VAT and accordingly Company has decided to appeal to the Tax Appeal Commission against the determination. Hence, no provision has been made in the financial statements.

The outcome of the Deemed VAT assessment is uncertain and it requires the management to make significant judgements and estimates in relation to the likely outcome of these tax issues and exposures.

Given the significant value relating to the Deemed VAT assessment and judgemental nature of this contingent liability, this is considered to be a key audit matter.

Our audit procedures included;

- Discussions with management and those who charged with governance to understand the nature and status of tax assessment and to understand the latest updates with respect of the matter.
- Inspecting correspondence provided by the management, with tax consultants and lawyer's opinions obtained by the management in assessing the likelihood of outflow of resources have become probable.
- Assessing the adequacy and appropriateness of the Group's disclosure on Deemed VAT assessment in accordance with applicable accounting standards.

## 05. Disclosure relating to COVID-19

Refer to Note 38 to the financial statements for the detailed disclosure.

Note 38 in these financial statements, describes the impact of COVID-19 outbreak to the current year financial statements and the possible effects of the future implications of COVID-19 outbreak on Singer (Sri Lanka) PLC Group's future prospects, performance and cash flows. Management have described how they plan to deal with these events and circumstances as the outbreak is prevailing at the time of finalising these financial statements.

We identified the disclosure of estimation uncertainty and implications of COVID-19 as a key audit matter because the assessment involves consideration of future events which are inherently uncertain, and involves significant management judgement in assessing future projections.

Our audit procedures included;

- Obtaining the Company's profitability and cash flow projections covering a period of not less than 12 months from the reporting period end date and challenging the key assumptions used in preparing the projections and inquiring the management plans and strategies on credit risk, liquidity risk and the exchange rate risk management evaluating the reasonability of the management plans highlighted.
- Evaluating the appropriateness of the assumptions used for the estimates and assessing whether the estimates reflected the latest economic conditions pursuant to the COVID-19 outbreak.
- Inspecting the availability of the credit facility arrangements for the Group/Company to manage the liquidity on a short term and long-term basis assessing the implication of these on the Company's liquidity;
- Assessing the adequacy of the financial statements disclosures in relation to the impact of the uncertainty of COVID-19.

## Other Information

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

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

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

When we read the annual report, if we conclude that there is a material misstatement there in, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance but is not a

guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

## Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this Independent Auditor's Report is 3272.



**CHARTERED ACCOUNTANTS**

Colombo, Sri Lanka.

14th May 2020

# Statement of Profit or Loss and Other Comprehensive Income

For the Year ended 31st March	Note	Consolidated		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>Revenue</b>	3	54,751,037,759	58,505,395,240	44,125,910,546	43,617,889,429
Cost of Sales		(36,537,976,063)	(41,139,965,111)	(31,128,174,786)	(31,320,692,490)
Direct Interest Cost		(1,829,081,937)	(1,265,014,487)	–	–
<b>Gross Profit</b>		16,383,979,759	16,100,415,642	12,997,735,760	12,297,196,939
Other Income	5	292,672,573	338,061,691	300,079,494	590,066,636
Selling and Administrative Expenses		(11,543,425,085)	(11,657,818,073)	(9,810,423,822)	(9,971,711,415)
Impairment Loss on Trade Receivables	8.1	(1,011,144,168)	(783,298,336)	(630,876,357)	(474,683,286)
<b>Operating Profit</b>		4,122,083,079	3,997,360,924	2,856,515,075	2,440,868,874
Finance Income	6	255,306,149	207,670,679	362,085,921	453,906,643
Finance Cost	7	(3,455,805,108)	(3,240,746,377)	(3,323,287,328)	(2,774,862,229)
<b>Net Finance Cost</b>		(3,200,498,959)	(3,033,075,698)	(2,961,201,407)	(2,320,955,586)
VAT, NBT/DRL on Financial Services		(310,866,782)	(292,156,111)	(51,000,000)	(31,200,000)
Profit/(Loss) Before Tax	8	610,717,338	672,129,115	(155,686,332)	88,713,288
Income Tax (Expense)/Reversal	9	(183,449,830)	(286,148,529)	168,425,711	51,837,151
<b>Profit for the Year</b>		427,267,508	385,980,586	12,739,379	140,550,439
<b>Other Comprehensive Income</b>					
<b>Items that will not be Reclassified to Profit or Loss</b>					
Revaluation of Property, Plant and Equipment		–	882,824,365	–	453,751,963
Remeasurement of Employee Benefit Obligation	27	30,476,732	(21,158,221)	20,170,902	(26,947,676)
Related Taxes					
Tax on Other Comprehensive Income	9.4	(8,495,062)	5,871,651	(5,647,853)	7,545,349
Deferred Tax on Revaluation of Property, Plant and Equipment	9.4	–	(247,190,822)	–	(127,050,550)
<b>Other Comprehensive Income for the Year, Net of Tax</b>		21,981,670	620,346,973	14,523,049	307,299,086
<b>Total Comprehensive Income for the Year, Net of Tax</b>		449,249,178	1,006,327,559	27,262,428	447,849,525
<b>Profit Attributable to:</b>					
Owners of the Company		280,734,596	250,121,094	12,739,379	140,550,439
Non-controlling Interests		146,532,912	135,859,492	–	–
		427,267,508	385,980,586	12,739,379	140,550,439
<b>Total Comprehensive Income Attributable to:</b>					
Owners of the Company		300,595,743	799,204,107	27,262,428	447,849,525
Non-controlling Interests		148,653,435	207,123,452	–	–
		449,249,178	1,006,327,559	27,262,428	447,849,525
Earnings per Share – Basic (Rs.)	10.2	0.75	0.67	0.03	0.37
Dividend per Share (Rs.)	33	–	–	0.25	0.65

Figures in brackets indicate deductions.

The Notes on pages 89 through 160 form an integral part of these Financial Statements.

14th May 2020  
Colombo

# Statement of Financial Position


As at 31st March	Note	Consolidated		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>Assets</b>					
Property, Plant and Equipment	11	6,911,740,557	6,704,648,597	3,651,860,201	3,498,021,139
Right-of-use Assets	11.20	4,448,559,937	–	3,986,189,712	–
Intangible Assets	12	255,320,410	268,296,168	196,451,084	201,000,888
Investment in Subsidiaries	13	–	–	2,968,023,473	2,900,872,703
Other Non-current Assets	14	61,917,822	63,219,072	–	–
Other Investments	15.1	113,257,548	17,061,300	17,020,000	616,202,652
Trade and Other Receivables	18.1	11,330,017,048	11,478,309,145	833,200,903	1,432,236,418
Deferred Tax Assets	26	155,733,779	–	773,456,037	264,757,033
<b>Non-current Assets</b>		<b>23,276,547,101</b>	<b>18,531,534,282</b>	<b>12,426,201,410</b>	<b>8,913,090,833</b>
Inventories	16	16,047,455,850	14,125,716,969	14,273,238,762	12,135,241,818
Loans Due from Related Parties	17	–	–	446,000,000	1,215,819,977
Income Tax Receivables	31	349,991,650	70,953,640	401,786,969	240,187,686
Trade and Other Receivables	18.2	23,558,796,593	22,672,158,380	12,424,217,535	12,860,387,063
Amounts Due from Related Parties	19	33,426,043	–	32,055,166	3,310,666
Other Financial Assets	35.2	27,087,623	85,648,063	27,087,623	85,648,063
Deposits with Banks		101,393,805	83,323,972	–	–
Other Investments	15.2	693,692,876	623,372,330	600,090,000	312,090,000
Cash and Cash Equivalents	20.1	629,294,907	1,849,642,830	394,858,144	1,337,712,692
<b>Current Assets</b>		<b>41,441,139,347</b>	<b>39,510,816,184</b>	<b>28,599,334,199</b>	<b>28,190,397,965</b>
<b>Total Assets</b>		<b>64,717,686,448</b>	<b>58,042,350,466</b>	<b>41,025,535,609</b>	<b>37,103,488,798</b>
<b>Equity</b>					
Stated Capital	21	626,048,050	626,048,050	626,048,050	626,048,050
Capital Reserves	22	1,092,441,629	1,118,122,637	1,142,409,257	1,158,333,041
Statutory Reserves	23	182,548,200	163,096,146	–	–
Revenue Reserves	24	4,667,856,219	5,035,830,615	2,223,047,375	2,851,601,145
<b>Total Equity Attributable to Owners of the Company</b>		<b>6,568,894,098</b>	<b>6,943,097,448</b>	<b>3,991,504,682</b>	<b>4,635,982,236</b>
<b>Non-controlling Interests</b>		<b>1,619,012,451</b>	<b>1,508,546,318</b>	<b>–</b>	<b>–</b>
<b>Total Equity</b>		<b>8,187,906,549</b>	<b>8,451,643,766</b>	<b>3,991,504,682</b>	<b>4,635,982,236</b>
<b>Liabilities</b>					
Interest-bearing Loans and Borrowings	25	8,175,498,544	10,640,159,470	6,154,765,222	7,373,929,275
Lease Liability – Non-current	11.21	4,274,662,903	–	3,855,725,216	–
Employee Benefit Obligations	27	900,984,244	871,971,129	636,683,474	630,757,966
Security Deposits	28	1,394,610,994	1,388,433,021	1,329,962,876	1,332,128,051
Deferred Tax Liability	26.1	–	246,869,202	–	–
Other Financial Liabilities	35.1	1,979,088,700	804,555,534	–	–
Deferred Revenue	30	91,724,769	85,928,321	91,724,769	85,928,321
Other Non-current Liabilities	29.2	81,590,330	143,126,349	81,590,330	143,126,349
<b>Non-current Liabilities</b>		<b>16,898,160,484</b>	<b>14,181,043,026</b>	<b>12,150,451,887</b>	<b>9,565,869,962</b>
Trade and Other Payables	29	9,321,683,961	7,321,038,205	6,636,833,030	5,114,175,723
Deferred Revenue	30	174,836,880	188,044,737	167,724,663	182,534,759
Dividends Payables	32	123,813,837	88,496,948	39,150,190	49,212,196
Amounts Due to Related Parties	34	226,735,602	256,020,866	3,418,630,322	2,762,311,876
Other Financial Liabilities	35.1	5,034,997,425	5,148,467,467	–	–
Lease Liability – Current	11.21	544,294,253	–	512,501,477	–
Interest-bearing Loans and Borrowings	25	21,725,176,176	19,491,167,297	12,607,357,238	13,376,313,438
Bank Overdrafts	20.2	2,480,081,281	2,916,428,154	1,501,382,120	1,417,088,608
<b>Current Liabilities</b>		<b>39,631,619,415</b>	<b>35,409,663,674</b>	<b>24,883,579,040</b>	<b>22,901,636,600</b>
<b>Total Liabilities</b>		<b>56,529,779,899</b>	<b>49,590,706,700</b>	<b>37,034,030,927</b>	<b>32,467,506,562</b>
<b>Total Equity and Liabilities</b>		<b>64,717,686,448</b>	<b>58,042,350,466</b>	<b>41,025,535,609</b>	<b>37,103,488,798</b>

The Notes on pages 89 through 160 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.

  
**Lalith Yatiwella**  
 Finance Director

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

  
**Mohan Pandithage**  
 Chairman  
 14th May 2020  
 Colombo

  
**Mahesh H. Wijewardene**  
 Director/Group Chief Executive Officer

# Statement of Changes in Equity

## Consolidated

	Note	Stated Capital Rs.	Statutory Reserve Fund Rs.
<b>Balance at 31st March 2018</b>		626,048,050	136,009,451
Adjustment on Error Correction		-	-
Adjustment of Initial Application of SLFRS 9 Net of Tax		-	-
Adjustment of Initial Application of SLFRS 15 Net of Tax		-	-
<b>Adjusted Balance as at 1st April 2018</b>		626,048,050	136,009,451
Realisation on Revaluation Surplus		-	-
Transferred to/(from) during the Year		-	27,086,695
<b>Total Comprehensive Income for the Year</b>			
Profit for the Year		-	-
<b>Other Comprehensive Income</b>			
Revaluation of Property, Plant and Equipment		-	-
Remeasurement of Defined Benefit Obligation		-	-
<b>Related Taxes</b>			
Tax on Other Comprehensive Income		-	-
Deferred tax on Revaluation of Property, Plant and Equipment		-	-
Total Other Comprehensive Income for the Year		-	-
<b>Total Comprehensive Income for the Year</b>		-	-
<b>Transactions with Owners of the Company, Recognised Directly in Equity</b>			
<b>Distributions to Owners of the Company</b>			
Dividend Paid in Terms of Bonus Issue		-	-
Interim Dividend – 2018/19	33	-	-
<b>Total Distributions to Owners of the Company</b>		-	-
<b>Changes in Ownership Interest in Subsidiaries</b>			
Effect of Change in Holdings in Subsidiaries		-	-
Total Transactions with Owners of the Company		-	-
<b>Balance at 31st March 2019</b>		626,048,050	163,096,146
Adjustment of Initial Application of SLFRS 16 Net of Tax		-	-
<b>Adjusted Balance as at 1st April 2019</b>		626,048,050	163,096,146
Realisation on Revaluation Surplus		-	-
Transferred to/(from) during the Year		-	19,452,054
<b>Total Comprehensive Income for the Year</b>			
Profit for the Year		-	-
<b>Other Comprehensive Income</b>			
Remeasurement of Defined Benefit Obligation		-	-
<b>Related Taxes</b>			
Tax on other Comprehensive Income		-	-
<b>Total Other Comprehensive Income for the Year</b>		-	-
<b>Total Comprehensive Income for the Year</b>		-	-
<b>Transactions with Owners of the Company, Recognised Directly in Equity</b>			
<b>Distributions to Owners of the Company</b>			
Interim Dividend – 2019/20	33	-	-
<b>Total Distributions to Owners of the Company</b>		-	-
<b>Changes in Ownership Interest in Subsidiaries</b>			
Effect of Change in Holdings in Subsidiaries	40.1	-	-
<b>Total Transactions with Owners of the Company</b>		-	-
<b>Balance at 31st March 2020</b>		626,048,050	182,548,200

Figures in brackets indicate deductions.

The Notes on pages 89 through 160 form an integral part of these Financial Statements.

Attributable to Equity Holders of the Company					
Revaluation Reserves Rs.	General Reserves Rs.	Retained Earnings Rs.	Total Rs.	Non-controlling Interest Rs.	Total Rs.
577,919,322	2,700,000,000	2,795,477,725	6,835,454,548	1,349,113,961	8,184,568,509
–	–	43,358,242	43,358,242	6,069,758	49,428,000
–	–	(283,954,015)	(283,954,015)	(21,946,844)	(305,900,859)
–	–	(188,078,569)	(188,078,569)	–	(188,078,569)
577,919,322	2,700,000,000	2,366,803,383	6,406,780,206	1,333,236,875	7,740,017,081
(24,389,920)	–	24,389,920	–	–	–
–	–	(27,086,695)	–	–	–
–	–	250,121,094	250,121,094	135,859,492	385,980,586
784,157,271	–	–	784,157,271	98,667,094	882,824,365
–	–	(21,499,348)	(21,499,348)	341,127	(21,158,221)
–	–	5,989,126	5,989,126	(117,475)	5,871,651
(219,564,036)	–	–	(219,564,036)	(27,626,786)	(247,190,822)
564,593,235	–	(15,510,222)	549,083,013	71,263,960	620,346,973
564,593,235	–	234,610,872	799,204,107	207,123,452	1,006,327,559
–	–	(8,788,026)	(8,788,026)	(1,230,244)	(10,018,270)
–	–	(244,158,740)	(244,158,740)	(78,922,778)	(323,081,518)
–	–	(252,946,766)	(252,946,766)	(80,153,022)	(333,099,788)
–	–	(9,940,099)	(9,940,099)	48,339,013	38,398,914
–	–	(262,886,865)	(262,886,865)	(31,814,009)	(294,700,874)
1,118,122,637	2,700,000,000	2,335,830,615	6,943,097,448	1,508,546,318	8,451,643,766
–	–	(582,562,045)	(582,562,045)	(5,217,815)	(587,779,860)
1,118,122,637	2,700,000,000	1,753,268,570	6,360,535,403	1,503,328,503	7,863,863,906
(25,681,008)	–	25,681,008	–	–	–
–	–	(19,452,054)	–	–	–
–	–	280,734,596	280,734,596	146,532,912	427,267,508
–	–	27,553,818	27,553,818	2,922,914	30,476,732
–	–	(7,692,671)	(7,692,671)	(802,391)	(8,495,062)
–	–	19,861,147	19,861,147	2,120,523	21,981,670
–	–	300,595,743	300,595,743	148,653,435	449,249,178
–	–	(93,907,208)	(93,907,208)	(31,299,327)	(125,206,535)
–	–	(93,907,208)	(93,907,208)	(31,299,327)	(125,206,535)
–	–	1,670,160	1,670,160	(1,670,160)	–
–	–	(92,237,048)	(92,237,048)	(32,969,487)	(125,206,535)
1,092,441,629	2,700,000,000	1,967,856,219	6,568,894,098	1,619,012,451	8,187,906,549



Company						
	Note	Stated Capital Rs.	Revaluation Reserves Rs.	General Reserves Rs.	Retained Earnings Rs.	Total Rs.
<b>Balance as at 31st March 2018</b>		626,048,050	847,555,412	2,700,000,000	626,088,413	4,799,691,875
Adjustment of Initial Application of SLFRS 9 Net of Tax		–	–	–	(179,321,855)	(179,321,855)
Adjustment of Initial Application of SLFRS 15 Net of Tax		–	–	–	(188,078,569)	(188,078,569)
Adjusted Balance as at 1st April 2018		626,048,050	847,555,412	2,700,000,000	258,687,989	4,432,291,451
Realisation on Revaluation Surplus		–	(15,923,784)	–	15,923,784	–
Profit for the Year		–	–	–	140,550,439	140,550,439
<b>Other Comprehensive Income</b>						
Revaluation of Property, Plant and Equipment		–	453,751,963	–	–	453,751,963
Re-measurement of Employee Benefit Obligation		–	–	–	(26,947,676)	(26,947,676)
<b>Related Taxes</b>						–
Tax on Other Comprehensive Income		–	–	–	7,545,349	7,545,349
Deferred Tax Relating to Revaluation of Land		–	(127,050,550)	–	–	(127,050,550)
<b>Total Other Comprehensive Income</b>		–	326,701,413	–	(19,402,327)	307,299,086
<b>Total Comprehensive Income for the Year</b>		–	326,701,413	–	121,148,112	447,849,525
<b>Transactions with Owners of the Company, Recognised Directly in Equity</b>						
<b>Distributions to Owners of the Company</b>						
Interim Dividend – 2018/19		–	–	–	(244,158,740)	(244,158,740)
<b>Total Distributions to Owners of the Company</b>		–	–	–	(244,158,740)	(244,158,740)
<b>Balance as at 31st March 2019</b>		626,048,050	1,158,333,041	2,700,000,000	151,601,145	4,635,982,236
Adjustment of Initial Application of SLFRS 16 Net of Tax		–	–	–	(577,832,774)	(577,832,774)
<b>Adjusted Balance as at 1st April 2019</b>		626,048,050	1,158,333,041	2,700,000,000	(426,231,629)	4,058,149,462
Realisation on Revaluation Surplus		–	(15,923,784)	–	15,923,784	–
Profit for the Year		–	–	–	12,739,379	12,739,379
<b>Other Comprehensive Income</b>						
Remeasurement of Employee Benefit Obligation		–	–	–	20,170,902	20,170,902
<b>Related Taxes</b>						
Tax on Other Comprehensive Income		–	–	–	(5,647,853)	(5,647,853)
<b>Total Other Comprehensive Income</b>		–	–	–	14,523,049	14,523,049
<b>Total Comprehensive Income for the Year</b>		–	–	–	27,262,428	27,262,428
<b>Transactions with Owners of the Company, Recognised Directly in Equity</b>						
<b>Distributions to Owners of the Company</b>						
Interim Dividend – 2019/20		–	–	–	(93,907,208)	(93,907,208)
<b>Total Distributions to Owners of the Company</b>		–	–	–	(93,907,208)	(93,907,208)
<b>Balance at 31st March 2020</b>		626,048,050	1,142,409,257	2,700,000,000	(476,952,625)	3,991,504,682

Figures in brackets indicate deductions.

The Notes on pages 89 through 160 form an integral part of these Financial Statements.



# Statement of Cash Flows

For the Year ended 31st March	Note	Consolidated		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>Cash Flows from/(used in) Operating Activities</b>					
Profit/(Loss) before Income Tax Expense		610,717,338	672,129,115	(155,686,332)	88,713,288
<b>Adjustments for:</b>					
Depreciation on Property, Plant and Equipment	11.8/ 11.16	654,721,731	579,242,530	496,206,822	453,474,284
Amortisation of Intangible Assets	12.8	21,540,065	21,698,455	11,703,720	11,947,021
Amortisation of Leasehold Rights	14	1,301,250	1,301,250	–	–
Depreciation of Right-of-use Assets	11.20.1	853,156,080	–	779,950,800	–
(Gain)/Loss on Disposal of Property, Plant and Equipment	5	2,601,141	279,943	(2,536,365)	483,591
Changing Fair Value of Derivative (Assets)/Liabilities	8	58,560,440	(93,985,573)	58,560,440	(93,985,573)
(Gain)/Loss on Disposal of Shares	5	–	–	–	(14,049,303)
Interest Expense	7	3,437,999,682	2,982,850,322	3,323,287,328	2,762,897,456
Interest Income	6	(128,837,610)	(135,350,578)	(235,617,382)	(453,906,643)
Provision on Inventory	16.1	96,787,024	172,995,327	88,810,647	174,028,852
Impairment on Trade and Other Receivables	18.3	1,011,644,170	783,159,310	630,876,357	474,683,286
Dividend Income	5	(240,800)	(206,400)	(181,894,611)	(462,621,207)
Provision for Employee Benefit Obligations	27	154,248,199	144,669,128	109,635,988	103,310,278
<b>Operating Profit Before Working Capital Changes</b>		6,774,198,710	5,128,782,829	4,923,297,412	3,044,975,330
(Increase)/Decrease in Inventories		(2,018,525,905)	(1,725,002,433)	(2,229,063,725)	(1,567,989,606)
(Increase)/Decrease in Debtors Falling due After One Year		148,292,097	(2,317,799,858)	599,035,515	(92,800,964)
(Increase)/Decrease in Debtors Falling due Within One Year		(2,515,335,218)	(3,149,966,224)	(758,550,560)	(1,436,627,030)
(Increase)/Decrease in Dues from Related Parties		(33,426,043)	788,000	(28,744,500)	182,085,361
Increase/(Decrease) in Dues to Related Parties		(29,285,264)	14,543,920	656,318,443	(102,344,235)
Increase/(Decrease) in Security Deposits		6,177,973	189,305,688	(2,165,175)	133,000,718
Increase/(Decrease) in Trade and Other Payables		1,939,109,723	(786,452,908)	1,461,116,729	(884,046,810)
Increase/(Decrease) in Deferred Liabilities		(7,411,410)	(61,290,490)	(9,013,648)	(66,800,467)
<b>Cash Generated from (used in) Operations</b>		4,263,794,663	(2,707,091,476)	4,612,230,491	(790,547,703)
Finance Costs Paid		(2,740,793,104)	(2,898,211,752)	(2,753,691,853)	(2,725,558,465)
Employee Benefits Paid	27	(94,758,352)	(88,501,201)	(83,444,280)	(73,509,140)
Income Tax Paid	31	(657,732,644)	(676,392,678)	(295,453,251)	(237,898,052)
<b>Net Cash from/(used in) Operating Activities</b>		770,510,563	(6,370,197,107)	1,479,641,107	(3,827,513,360)

For the Year ended 31st March	Note	Consolidated		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>Cash Flows from Investing Activities</b>					
Acquisition of Property, Plant and Equipment and Intangible Assets		(917,856,007)	(742,257,768)	(690,813,193)	(465,178,897)
Proceeds from Disposal of Property, Plant and Equipment		44,876,869	50,307,074	38,405,891	43,746,800
Proceeds from Disposal of Shares/Investment in Debentures in Subsidiary Company		–	38,398,914	–	38,398,914
(Acquisition)/Disposal of Marketable Securities		(166,516,794)	48,010,310	311,182,652	–
Investment/(Withdrawal) of Bank Deposits		(18,069,827)	(1,819,959)	–	–
Net Cash Flows from Loans Given to Related Companies		–	–	702,669,207	2,000,000
Interest Received	6	128,837,610	135,350,578	235,617,382	453,906,643
Dividend Received	5	240,800	206,400	181,894,611	462,621,207
<b>Net Cash Flows used in Investing Activities</b>		<b>(928,487,349)</b>	<b>(471,804,451)</b>	<b>778,956,550</b>	<b>535,494,667</b>
<b>Cash Flows from Financing Activities</b>					
Proceeds from Interest-bearing Loans and Borrowings		48,377,023,041	59,084,657,217	31,235,678,817	38,845,046,568
Repayment of Interest-bearing Loans and Borrowings		(48,671,589,454)	(52,626,136,881)	(33,221,169,731)	(34,903,680,972)
Net Settlements to Lease Creditors	11.21	(1,302,631,328)	–	(1,196,285,588)	–
Increase in Customer Deposit Liabilities		1,061,063,124	723,383,081	–	–
Net payment to Minority Shareholders		(31,299,327)	(78,922,778)	–	–
Dividends Paid		(58,590,320)	(534,079,903)	(103,969,214)	(509,262,040)
<b>Net Cash Flows Generated from Financing Activities</b>		<b>(626,024,264)</b>	<b>6,568,900,736</b>	<b>(3,285,745,716)</b>	<b>3,432,103,556</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>(784,001,050)</b>	<b>(273,100,822)</b>	<b>(1,027,148,059)</b>	<b>140,084,863</b>
Cash and Cash Equivalents at the Beginning of the Year		(1,066,785,324)	(793,684,502)	(79,375,917)	(219,460,779)
<b>Cash and Cash Equivalents at the End of the Year</b>	20.2	<b>(1,850,786,374)</b>	<b>(1,066,785,324)</b>	<b>(1,106,523,976)</b>	<b>(79,375,916)</b>

Figures in brackets indicate deductions.

Cash and cash equivalents in the Statement of Financial Position comprise cash at banks and in hand and short-term deposits with a maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

The accounting policies and notes as set out on pages 89 through 160 form an integral part of these financial statements.

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## 1. Corporate Information

### 1.1 Reporting Entity

#### 1.1.1 General

Singer (Sri Lanka) PLC is a public limited liability company incorporated and domiciled in Sri Lanka. The Registered Office of the Company is located at No. 112, Havelock Road, Colombo 05 and the principal place of business is situated at the above address.

In the Report of the Directors and in the Financial Statements, “the Company” refers to Singer (Sri Lanka) PLC as the Holding Company and “the Group” refers to the Consolidated Financial Statements of Singer (Sri Lanka) PLC and its Subsidiaries, Singer Finance (Lanka) PLC, Singer Industries (Ceylon) PLC, Regnis (Lanka) PLC, Reality (Lanka) Limited, Regnis Appliances (Pvt) Limited, Singer Digital Media (Pvt) Limited, Singer Business School (Pvt) Limited and Domus Lanka (Pvt) Limited.

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

Hayleys PLC together with its subsidiaries, Volanka (Pvt) Limited, and Carbotels (Pvt) Limited, acquired on 15th September 2017 a total of 231,864,362 ordinary shares in Singer (Sri Lanka) PLC, constituting approximately 61.73% of the total shares in issue at a price of Rs. 47/- per share, making Hayleys PLC the ultimate controlling party of Singer (Sri Lanka) PLC with effect from 15th September 2017.

Consequent to the purchase of 210,587,766 shares, a mandatory offer was made by Hayleys PLC on 31st October 2017 as Hayleys PLC triggered the Company Take-overs and Mergers Code 1995, published under the rules made by the Securities and Exchange Commission of Sri Lanka under Section 53 of the Securities and Exchange Commission of Sri Lanka, Act No. 36 of 1987 as amended, and in terms of Rule 31 (1) (a) of the Code. Accordingly subsequent to the mandatory offer, Hayleys PLC, with parties acting in concern holds 304,108,410 shares constituting approximately 80.96% of the total shares in issue.

On 15th October 2018, Hayleys PLC purchased the balance 35,562,883 (9.47%) ordinary shares held by Retail Holdings (Sri Lanka) BV in Singer (Sri Lanka) PLC at a price of Rs. 47.00 per share upon Retail Holdings (Sri Lanka) BV exercising their option to sell its shares to Hayleys PLC as previously agreed. After accepting this offer, Hayleys PLC together with its Group Companies holds 90.43% (80.96% previously) of Singer (Sri Lanka) PLC.

#### 1.1.2 Consolidated Financial Statements

The Consolidated Financial Statements of Singer (Sri Lanka) PLC as at and for the year ended 31st March 2020 comprise the Company and its Subsidiaries namely, Singer Finance (Lanka) PLC, Singer Industries (Ceylon) PLC, Regnis (Lanka) PLC, Reality (Lanka) Limited, Regnis Appliances (Pvt) Limited, Singer Digital Media (Pvt) Limited, Singer Business School (Pvt) Limited and Domus Lanka (Pvt) Limited.

#### Subsidiaries

##### *Singer Finance (Lanka) PLC*

Singer Finance (Lanka) PLC, was incorporated on 19th April 2004 under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 07 of 2007 and its commercial operations commenced on 8th July 2004. Singer (Sri Lanka) PLC owns 79.93% of its equity shares.

##### *Singer Industries (Ceylon) PLC*

Singer Industries (Ceylon) PLC was incorporated on 13th December 1963 and re-registered under the Companies Act No. 07 of 2007 and its commercial operations commenced on 13th December 1963. Singer (Sri Lanka) PLC owns 87.7% of its equity shares.

##### *Regnis (Lanka) PLC*

Regnis (Lanka) PLC was incorporated on 8th October 1987 under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 07 of 2007 and its commercial operations commenced on 8th October 1987. Singer (Sri Lanka) PLC owns 58.3% of its equity shares.

##### *Reality (Lanka) Limited*

Reality (Lanka) Limited was incorporated on 29th September 2006 under the Companies Act No. 17 of 1982 and its commercial operations commenced on 29th September 2006. Singer (Sri Lanka) PLC directly, and indirectly owns 92.2% of its equity shares.

##### *Regnis Appliances (Pvt) Limited*

Regnis Appliance (Pvt) Limited was incorporated on 18th January 2010 under the Companies Act No. 07 of 2007 and commenced its commercial operations on 1st October 2010. Singer (Sri Lanka) PLC owns 58.3% of its equity shares.

##### *Singer Digital Media (Pvt) Limited*

Singer Digital Media (Pvt) Limited was incorporated on 16th May 2014 under the Companies Act No. 07 of 2007 and its

commercial operations commenced on 8th July 2014. Singer Digital Media (Pvt) Limited is a fully-own Subsidiary.

##### *Singer Business School (Pvt) Limited*

A fully-owned Subsidiary, Singer Business School (Pvt) Limited was incorporated on 5th May 2015 under the Companies Act No. 07 of 2007 and its commercial operations commenced on 5th May 2015.

##### *Domus Lanka (Pvt) Limited*

Domus Lanka (Pvt) Limited was incorporated on 4th January 2018 under the Companies Act No. 07 of 2007.

##### *Associates (Equity Accounted Investees)*

Associate companies of the Group, whose results have been included in the Consolidated Financial Statements are: Telshan Network (Pvt) Limited.

All above companies are incorporated in Sri Lanka.

#### 1.1.3 Principal Activities and Nature of Operations

##### The Company

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

##### Subsidiary

##### Singer Finance (Lanka) PLC

The principal activities of the Company consist of finance leasing, hire purchase financing, gold loan, financing of consumer durables under loan scheme and granting loans, factoring, credit card, authorised foreign currency dealer and mobilising fixed deposits and savings.

Singer Finance (Lanka) PLC (“Company”), regulated under the Finance Business Act No. 42 of 2011, was incorporated on 19th April 2004 as a public limited liability company domiciled in Sri Lanka under the

provisions of the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 07 of 2007.

#### **Subsidiary**

Singer Industries (Ceylon) PLC

The principal activities of the Company are assembling sewing machines and manufacturing of cabinets and stands for sewing machines.

#### **Subsidiary**

Regnis (Lanka) PLC

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

#### **Subsidiary**

Reality (Lanka) Limited

The principal activities of the Company are renting of company property and property development.

#### **Subsidiary**

Regnis Appliances (Pvt) Limited

Principal activities of Regnis Appliances (Pvt) Limited are manufacturing and assembling of Washing Machines, producing plastic components for Refrigerators and Plastic Chairs.

#### **Subsidiary**

Singer Digital Media (Pvt) Limited

The principal activity of the Company is marketing mobile and smartphones.

#### **Subsidiary**

Singer Business School (Pvt) Limited

The principal activity of the Company is provisioning of educational services.

#### **Subsidiary**

Domus Lanka (Pvt) Limited

Domus Lanka (Pvt) Limited was incorporated on 4th January 2018 (formerly known as D.V.D. Lanka (Pvt) Limited. The principal activity of the Company is carrying on the business of designing, manufacturing, and trading furniture. However no commercial operations have been commenced as of the reporting period.

#### **1.1.4 Parent Enterprise**

The Company's Parent undertaking is Hayleys PLC.

#### **1.1.5 Number of Employees**

The number of employees of the Group as at the end of 31st March 2020 was 2,926 (2019 – 2,798) and the Company 1,893 (2019 – 1,827).

### **1.2 Basis of Accounting**

#### **1.2.1 Statement of Compliance**

The Consolidated Financial Statements of the Group and the separate Financial Statements of the Company have been prepared and presented in accordance with the Sri Lanka Accounting Standards (hereinafter referred to as SLFRSs/LKASs) issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirements of the Companies Act No. 07 of 2007. This is the first set of Group's annual Financial Statements in which SLFRS 16 – "Leases" has been applied. The related changes to significant accounting policies are described in Note 2.4.6.

#### **1.2.2 Responsibility for Financial Statements**

The Board of Directors is responsible for preparation and presentation of the Financial Statements of the Company as per the provisions of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards. The Directors' responsibility over financial statements is set out in detail in the Statement of Directors' Responsibility.

#### **1.2.3 Approval of Financial Statements**

The Financial Statements for the year ended 31st March 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 14th May 2020.

#### **1.2.4 Basis of Measurement**

The Financial Statements have been prepared on Accrual basis and under the Historical Cost convention, except for Financial Instruments reflected as fair value through profit or loss, items of Property, Plant and Equipment, which are measured at fair value and Defined Benefit Plans which are measured at present value of the Retirement Benefit Obligations as explained in the respective Notes to the Financial Statements.

#### **1.2.5 Functional and Presentation Currency**

The Financial Statements are presented in Sri Lankan Rupees which is the functional currency of the Company and its Subsidiaries.

#### **1.2.6 Rounding**

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

#### **1.2.7 Use of Estimates and Judgements**

The preparation of the Financial Statements in conformity with SLFRSs/LKASs requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following Notes:

- Note 11 – Valuation of Land and Buildings, ROU assets and ROU liability
- Note 12 – Measurement of Intangible Assets
- Note 16 – Provision for Inventories
- Note 18 – Impairment of Trade and other receivables
- Note 9/26 – Current Tax and Deferred Tax assets and Liabilities
- Note 27 – Measurement of Employee Benefit Obligations
- Note 29 – Provision for Warranty
- Note 36 – Financial Instrument
- Note 37 – Commitments and Contingencies

#### **Measurement of Fair Value**

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

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

Further, the external valuers are involved for valuation of significant assets, such as land and building. Selection criteria for external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with the external valuers, which valuation techniques and inputs to use for individual assets

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

- **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. 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 liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

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

## 1.2.8 Materiality and Aggregation

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

## 1.2.9 Offsetting

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

## 1.2.10 Going Concern

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

## 1.2.11 Comparative Information

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

## 2. Significant Accounting Policies

The Group applied SLFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under LKAS 17 and related interpretations. The details of the changes in accounting policies are disclosed in Note 2.13. Additionally, the disclosure requirements in SLFRS 16 have not generally been applied to comparative information.

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

## Other Significant Accounting Policies not Covered with Individual Notes.

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

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when it is:

- Expected to be settled in the normal operating cycle

- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

## 2.1 Basis of Consolidation

### 2.1.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group "controls" an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of Subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date when control ceases.

### 2.1.2 Non-Controlling Interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

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

### 2.1.3 Loss of Control

When the Group loses control over subsidiary derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity. Any surplus or deficit arising on the loss of control is recognised in the profit or loss. Any interest retains in the previous Subsidiary, is measured at fair value as at the date that control is lost.

### 2.1.4 Interest in Equity Accounted Investees

The Group's interest in equity-accounted investees comprise interest in Associate. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in Associates are accounted for using the equity method. They are initially recognised at cost, which include transaction cost. Subsequent to initial recognition the Consolidated Financial Statements includes the Group's share of profit or loss and Other Comprehensive Income of equity accounted investees, until the date on which significant influence ceases.



### 2.1.5 Acquisition of ownership without Changes of Control

The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction in accordance with SLFRS 10 Consolidated Financial Statements. Any excess or deficit of consideration paid over the carrying amount of the non-controlling interests is recognised in equity of the parent in transactions where the non-controlling interests are acquired or sold without loss of control. The Group has elected to recognise this effect in retained earnings. With respect to the subsidiary to which these non-controlling interests relate, there were no accumulated components recognised in OCI. If there had been such components, those would have been reallocated within equity of the parent.

### 2.1.6 Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the Consolidated Financial Statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## 2.2 Foreign Currency Transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit and loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

## 2.3 Property, Plant and Equipment

### 2.3.1 Recognition and Measurement

Items of Property, Plant and Equipment are measured at cost/fair value, less accumulated depreciation and any accumulated impairment losses.

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

#### (a) Cost Model

The Group applies the cost model to Property, Plant and Equipment except for freehold land and buildings.

#### (b) Revaluation Model

The Group applies the revaluation model to the entire class of freehold land and buildings. A revaluation is carried out when there is a substantial difference between the fair value and the carrying amount of the property, and is undertaken by professionally qualified valuers. Group reviews its assets once in two years.

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

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

#### (c) Subsequent Costs

The cost of replacing part of an item of Property, Plant and Equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Group and its cost can be measured reliably.

The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of Property, Plant and Equipment are recognised in profit and loss as incurred.

#### (d) Depreciation

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

The estimated useful lives are as follows:

Freehold Buildings	Over 38 to 50 years
Motor Vehicles	Over 5 to 7 years
Furniture and Equipment	Over 10 years
Plant and Machinery	Over 10 years
EDP Equipment	Over 5 to 10 years
Improvement on Leasehold Premises	Over 4 to 10 years
Shop Furniture and Equipment	Over 7 years
EDP Equipment – Computer Servers	Over 7 years

Depreciation of an asset commences when the asset is available for use and ceases at the earlier of the date the asset is classified as held-for-sale and the date that the asset is derecognised.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

#### (e) Derecognition

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gains and losses on derecognition are recognised (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) in the Statement of Profit or Loss. Gains are not classified as revenue.

### 2.3.2 Intangible Assets

#### (a) Recognition and Measurement

An intangible asset is recognised if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 38 – on "Intangible Assets". Intangible assets with finite useful lives are measured at cost, less accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

**(b) Subsequent Expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands are recognised in profit or loss as incurred.

**(c) Amortisation**

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. Amortisation expense on intangible assets with finite lives is recognised in profit and loss on a straight-line basis over the estimated useful lives, from the date they are available for use.

The estimated useful lives of intangible assets with finite lives are as follows:

The Class of Intangible Assets	Useful Life
Computer Software	10 years
Other Intangible Assets Externally Acquired	5 years

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised.

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

Intangible assets with indefinite useful lives represent trade marks purchased and were recorded at cost. These intangible assets are assessed for impairment annually.

**(d) Derecognition**

Intangible assets are derecognised on disposal or when no future economic benefits are expected from its use. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

**2.4 Financial Instruments****(a) Financial Assets****(i) Recognition and Measurement**

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

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

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

**(ii) Classification and subsequent measurement of financial assets**

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

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

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

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

Group financial assets classified and measured at amortised cost are limited to its non-current financial Assets – Investments in debt instruments, other receivables, short-term investments and cash and cash equivalent.

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

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

The Group has not designated any debt instruments as FVOCI.

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

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

The Group has not designated any equity investments as FVTPL.

**• Financial assets – Business Model Assessment**

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

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



of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the 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;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

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

The Group has got trade and other receivables, loans due from related parties and amounts due from related parties as financial assets at amortised cost.

**(b) Financial Liabilities**

**Classification, subsequent measurement and gain and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and gains and losses, including

any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**(iii) Derecognition**

**Financial assets**

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

**Financial liabilities**

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

The Group has got trade and other payables, Amounts due to related parties, other financial liabilities and interest-bearing borrowings as financial liabilities at amortised cost.

**(iv) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and

it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### 2.4.1 Non-Derivative Financial Liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Group classifies non-derivative financial liabilities into other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise interest-bearing borrowings, bank overdrafts, amount due to related parties, security deposits, trade and other payables and other financial liabilities due to customers.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the Statement of Cash Flows.

### 2.4.2 Derecognition of Financial Liability

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expired. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset or settle the liability simultaneously.

### 2.4.3 Derivative Financial Instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

### 2.4.4 Stated Capital

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

### 2.4.5 Impairment

#### (a) Financial Assets

The Group except for Singer Finance (Lanka) PLC recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at amortised cost
- equity investments measured at FVOCI

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

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

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

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

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

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

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

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

The maximum period considered when estimating ECLs is the maximum contractual period over which the 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 Group assesses whether financial assets carried at amortised cost and equity investments at FVOCI are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default in payments
- the restructuring of a loan or advance by the 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.

As at the year end the Group did not have assets categorised as FVOCI.

#### • Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. For corporate customers, the 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.

### Singer Finance (Lanka) PLC

The Company recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- lease and loan receivables;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

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

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

The Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Company does not apply the low credit risk exemption to any other financial instruments. Financial instruments for which a 12-month ECL is recognised are referred to as "Stage 1 – Financial Instruments".

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as "Stage 2 – Financial Instruments".

### Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- **financial assets that are not credit-impaired at the reporting date:** as the present value of all cash shortfalls (i.e. the difference between the cash flows due to

the entity in accordance with the contract and the cash flows that the Company expects to receive);

- **financial assets that are credit-impaired at the reporting date:** as the difference between the gross carrying amount and the present value of estimated future cash flows;
- **undrawn loan commitments:** as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawdown and the cash flows that the Company expects to receive; and
- **financial guarantee contracts:** the expected payments to reimburse the holder less any amounts that the Company expects to recover.

The key inputs used for measurement of ECL is likely to be the term structures of the following variables:

### Probability of Default (PD)

PD estimates are estimates at a certain date, which are calculated based on statistical models, and assessed using various categories based on homogeneous characteristics of exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. The Company forecast PD by incorporating forward-looking economic variables (unemployment, GDP growth, inflation rate, interest rate and using lag effect of these variables).

### Loss Given Default (LGD)

LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties.

### Exposure at Default (EAD)

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount.

The Company has used these parameters from internally-developed statistical models using historical data. All inputs were adjusted to reflect forward-looking information and future economic scenarios.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

**The mechanics of the ECL method are summarised below:**

- **Stage 1:** The 12 month ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 month ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12 month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.
- **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- **Stage 3:** For loans considered credit-impaired the Company recognises the lifetime expected credit losses. The method is similar to that of Stage 2 assets, with the PD set at 100%.

### Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

### Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to

as “Stage 3 – financial assets”). A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial re-organisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower’s condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 180 days or more is considered credit-impaired even when the regulatory definition of default is different.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Company considers the following factors.

- The market’s assessment of creditworthiness as reflected in the bond yields.
- The rating agencies’ assessments of creditworthiness.
- The country’s ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as “lender of last resort” to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position.

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost as a deduction from the gross carrying amount of the assets;

- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Company cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Company presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI. no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

#### *Write-off*

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. Recoveries of amounts previously written off are included in “impairment losses on financial instruments” in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

#### **2.4.5.1 Impairment of Non-Financial Assets**

The carrying amount of the Group’s non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists or when annual impairment testing for an asset is required, then the asset’s recoverable amount is estimated.

For impairment testing, assets are grouped into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash flows of other assets or other cash-generating units (CGU). Goodwill arising from business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of combination.

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

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

### **2.4.6 Leases**

#### **2.4.6.1 Leases**

(a) Company as a Lessee

Policy applicable from 1 April 2019

##### *Definition of a Lease*

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

On transition to SLFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SLFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under LKAS 17 and IFRIC 4 were not reassessed for whether there is a lease under SLFRS 16. Therefore, the definition of a lease under SLFRS 16 was applied only to contracts entered into or changed on or after 1 April 2019.

The Group applied SLFRS 16 using the modified retrospective approach and there by the comparative figures were not restated and continues to be reported under LKAS 17.



*(i) As a lessee*

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from Group's existing financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;

- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Right-of-use assets are measured at:

- Their carrying amount as if SLFRS 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application: the Group applied this approach to its largest property lease;

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying SLFRS 16 to leases which was previously classified as operating leases under LKAS 17. In particular, the Group;

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment)
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate caption in the statement of financial position.

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

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

*(ii) As a lessor*

At inception or on modification of a contract that contains a lease component, the 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 sublease separately. It assesses the lease classification of a sublease 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 sublease 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 on a straight-line basis 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 sublease entered into during current reporting period that resulted in a finance lease classification.

The Group presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate caption in the statement of financial position.

#### Policy applicable before 1st April 2019

For contracts entered into before 1st April 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right-of-use of the asset if one of the following was met:
- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output

#### (i) As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line

basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

#### (b) Leases – Company as a Lessor

The Group leases out its investment property, including own property to its individual companies within the Group which shall be eliminated in the Group level.

The Group is not required to make any adjustments on transition to SLFRS 16 for leases in which it acts as a lessor, except for a sublease.

The Group subleases some of its properties. Under SLFRS 16, the head lease and sublease contracts were classified as operating leases. On transition to SLFRS 16, the right-of-use assets recognised from the head leases are presented in investment property, and measured at fair value at that date. The Group assessed the classification of the sublease contracts with reference to the right-of-use asset rather than the underlying asset, and concluded that they are operating leases under SLFRS 16.

#### 2.4.6.2 Finance Leases

##### (a) Finance Leases – Company as a Lessee

Finance leases that transfer substantially all risks and benefits incidental to ownership of the leased item to the Company, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

##### (b) Finance Leases – Company as a Lessor

When the Company is the lessor under the finance leases the amounts due under the finance leases, after deduction of unearned charges, are included in "lease rentals receivables", as appropriate. The finance

income receivable is recognised in "interest income" over the periods of the leases so as to give a constant rate of return on the net investment in the leases.

## 2.5 Inventories

Inventories are measured at the lower of cost and net realisable value, after making due allowances for obsolete and slow-moving items. Net realisable value (NRV) is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. Group assess the NRV by giving consideration to future demand and condition of inventory and make adjustments to the value by making required provisions.

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

Raw Materials	At actual cost on first-in first-out basis
Finished Goods (Excluding Factory)	Weighted average cost
Finished Goods and Work-in-Progress at Piliyandala Factory	At the cost of direct materials, direct labour and an appropriate proportion of fixed production overheads, based on normal operating capacity
Goods-in-Transit	At actual cost
Supplies and Parts	Weighted average cost
Repossessed Goods	75% of its weighted average cost

## 2.6 Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably in accordance with LKAS 37 on "Provisions, Contingent Liabilities and Contingent Assets". The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at the date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined based on the present value of those cash flows.

### 2.6.1 Provisions for Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighing of all possible outcomes against their associated probabilities. Provision is utilised to settle the actual claims made by the customers.

### 2.6.2 Dividend Payables

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are recommended and declared by the Board of Director.

### 2.6.3 Deposits due to Customers

These include term deposits and certificates of deposits of Singer Finance (Lanka) PLC.

Subsequent to initial recognition, deposits are measured at their amortised cost using the effective interest method, except where the Company designates liabilities at fair value through profit or loss. Interest paid/payable on these deposits recognised in profit or loss.

### 2.6.4 Capital Commitments and Contingencies

Capital commitments and contingent liabilities of the Group are disclosed in the respective Notes, to the Financial Statements.

## 2.7 Employee Benefits

### 2.7.1 Defined Benefit Plan

The Group net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefits that employees have earned in current and prior periods discounting that amount.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in OCI. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then – net defined liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit

payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

The liability is not externally funded.

### 2.7.2 Defined Contribution

#### Plans – Employees' Provident Fund/Mercantile Services Provident Society and Employees' Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Employees are eligible for contributions to Employees' Provident Fund/Mercantile Services Provident Society and Employees' Trust Fund in line with the respective statutes and regulations. The Company contributes 12%, 12% and 3% of gross emoluments of employees to the Employees' Provident Fund, Mercantile Services Provident Society and the Employees' Trust Fund, respectively and is recognised as an expense in profit and loss in the periods during which services are rendered by employees.

### 2.7.3 Short-Term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be measured reliably.

## 2.8 Statement of Profit or Loss and Other Comprehensive Income

### 2.8.1 Revenue Recognition

#### Performance obligations and revenue recognition policies

The Group/Company recognises revenue from contracts with customers when control of the goods or services is transferred to the customer at an amount that reflects the consideration that the Group is to be entitled in exchange for those goods or services. Determining the timing of the transfer of

control of goods or services, at a point in time or over time, requires judgements taking into consideration the nature of goods or services that Group/Company offers.

Some contracts include multiple deliverables. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin.

The Group/Company disaggregate its revenue into following categories based on the nature, amount, timing of revenue and cash flows arising from contracts with customers.

- Sale of good (normal trading)
- Hire purchase sales
- Consignment arrangement
- Non-cash consideration
- Extended warranties
- Right to return goods
- Volume rebates
- AC project division
- Customer loyalty programme
- Principal versus agent evaluation
- Free services

Under Disaggregation of revenue add this point to the table

### 2.8.2 Disaggregation of Revenue

SLFRS 15 requires an entity to disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group/Company's contracts with customers are in similar nature and revenue from these contracts are not significantly affected by economic factors apart from the product and service categories. The Group/Company believes objective of this requirement will be met by using two types of categories – timing of revenue and type of goods and services delivered (Note 3.b).

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition
Sale of goods (Normal trading)	Company sells goods to the customers on cash or credit basis. At the time of delivery of the goods to the customers, Company meets its performance obligation.	Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customer, usually on delivery of the goods. Sales are measured at the fair value of the consideration received or receivable excluding amounts collected on behalf of third parties (e.g. sales taxes) and variable consideration (e.g. discounts and rebates). The Group/Company estimate an amount of variable consideration by using the expected value method which is the sum of probability weighted amounts in a range of possible considerations.
Non-cash Consideration	Offering the customers a scheme where they can exchange old products for new products.	As per <b>para 66</b> , the transaction price for contracts in which a customer promises consideration in a form other than cash, an entity shall measure the non-cash consideration (or promise of non-cash consideration) at fair value at the point of sale.  As per <b>para 67</b> , if an entity cannot reasonably estimate the fair value of the non-cash consideration, the entity shall measure the consideration indirectly, by reference to the stand-alone selling price of the goods or services promised to the customer (or class of customer), in exchange for the consideration at the point of sale.
Extended Warranties	Company provides the same service as of a standard warranty and only the time period is extended.  Customer can extend the warranty period by paying an additional amount.	If the warranty is considered to be a PO, then the entity shall allocate a portion of the transaction price to the service performance obligation, by applying the stand-alone selling price of the service element ( <b>SLFRS 15. B29</b> ).
Right to Return Goods	These returns are made only in situations where there is a defect in the products sold.	An entity does not account for its stand-ready obligation to accept returns as a performance obligation ( <b>SLFRS 15. B22</b> ).
Consignment Arrangement	Delivering the goods to another party but retain control of the goods. – e.g. delivering a product to a dealer or distributor for sale to an end customer. PO does satisfy on delivery of the products to the intermediary.	Revenue is recognised at the point of sale to an end customer net of commission expense.
Volume Rebates	Items such as volume rebates and price offs, result in variable consideration. It is because the revenue can vary if it is contingent on the occurrence or non-occurrence of future events.  Transaction price shall be the expected amount to be entitled to by the Company.	When estimating the transaction price, an entity shall estimate variable considerations using an appropriate method stated in SLFRS 15.53, – Expected value method – Most likely amount
AC Project Division	Singer SL provides AC equipment and installation services to the customers.	Company shall adapt a suitable measurement basis to recognise revenue over time.
Customer Loyalty Programme	The loyalty points provide a material right to customers that they would not receive without entering into a contract.  Additionally, the price that they will pay on exercise of the points on future purchases, is not the stand-alone selling price of those items.	Company shall estimates the stand-alone selling price of the loyalty points, based on the likelihood of redemption and needs to allocate the transaction price between the products and the points on stand-alone selling prices.
Hire Purchase Sales	Variable Consideration. – Significant Financing Component	Company shall include in the transaction price, some or all of an amount of variable consideration estimated in accordance with <b>para 53</b> , only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised, will not occur when the uncertainty associated with the variable consideration is subsequently resolved.  When estimating the transaction price, an entity shall estimate variable considerations using an appropriate method stated in SLFRS 15.53, – Expected value method – Most likely amount  Entity shall adjust the promised amount of consideration for the time value of money, if that contract contains a significant financial component.
Income on <i>Suraksha</i> and Service Fees	When the Company sells goods under hire purchases, an additional fee is charged as <i>Suraksha</i> and service fee. This fee is calculated based on the value of the product. The Company meets its performance obligations over period of hire purchase contact	Revenue is recognised over the period of hire purchase contact using effective interest rate. Unrecognised income is accounted for as unearned income.



Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition
Principal Versus Agent Evaluation	Company acts as an indent agent for certain brands.  The Company provides the following types of services by acting as an agent for various financial service providers; – Bill Collection – Money Transfers	SLFRS B38, if another entity assumes the entity's performance obligations and contractual rights in the contract so that the entity is no longer obliged to satisfy the performance obligation to transfer the promised goods or service to the customer (i.e. the entity is no longer acting as the principal), the entity shall not recognise revenue for that performance obligation.  Instead, the entity shall evaluate whether to recognise revenue for satisfying a performance obligation to obtain a contract.
Free Services	Company provides three free services within the standard warranty period.	Free service shall be identified as a separate PO and revenue shall be allocated appropriately and recognised when the free service is provided.

### 2.8.3 Revenue Recognition Policy of Singer Finance (Lanka) PLC

Revenue is recognised to the extent that it is probable that control will pass to the customer and the revenue and associated costs incurred or to be incurred can be reliably measured. The following specific criteria are used for the purpose of recognition of revenue.

#### (a) Interest Income and Expense

Interest income and expense are recognised in profit or loss using the Effective Interest Rate (EIR) method. The EIR is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the EIR, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the EIR includes transaction costs and fees and points paid or received that are an integral part of the EIR. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability. Interest income and expense presented in the Income Statement include:

- Interest on financial assets and financial liabilities measured at amortised cost calculated using EIR method;

#### (b) Over Due Interest

Over due interest have been accounted for on a cash received basis.

#### (c) Fees and Commission Income and Expense

Fees and commission income and expense that are integral to the EIR on a financial asset or liability are included in the measurement of the EIR. Other fees and commission income are recognised as the related services are performed.

#### (d) Net Gain/(Loss) from Trading

Net gain/(loss) from trading comprise gains less losses related to trading assets and liabilities, and include all realised and unrealised fair value changes and dividends.

### 2.8.4 Regulatory Provisions

#### (a) Deposit Insurance Scheme

In terms of the Finance Companies Direction No. 2 of 2010 – “Insurance of Deposit Liabilities” issued on 27th September 2010 all Registered Finance Companies are required to insure their deposit liabilities in the Deposit Insurance Scheme operated by the Monetary Board in terms of Sri Lanka Deposit Insurance Scheme Regulations No. 1 of 2010 issued under Sections 32A to 32E of the Monetary Law Act with effect from 1st October 2010.

Deposits to be insured include demand, time and savings deposit liabilities and exclude the following.

- Deposit liabilities to member institutions
- Deposit liabilities to Government of Sri Lanka
- Deposit liabilities to shareholders, Directors, Key Management Personnel and other related parties as defined in Finance Companies Act Direction No. 03 of 2008 on Corporate Governance of Registered Finance Companies
- Deposit liabilities held as collateral against any accommodation granted
- Deposit liabilities falling within the meaning of dormant deposits in terms of the Finance Companies Act, funds of which have been transferred to Central Bank of Sri Lanka Registered Finance Companies are required to pay a premium of 0.15% on eligible deposit liabilities as at end of the month to be payable within a period of 15 days from the end of the respective month.

#### (b) Debt Securities Issued and Subordinated Term Debts

These represent the funds borrowed by the Company for long-term funding requirements. Subsequent to initial

recognition debt securities issued are measured at their amortised cost using the effective interest method, except where the Company designates debt securities issued at fair value through profit or loss. Interest paid/payable is recognised in profit or loss.

### 2.8.5 Reserve Fund

Singer Finance (Lanka) PLC is maintaining a reserve fund in compliance with Direction No. 01 of 2003 – Central Bank (Capital Funds) issued to Finance Companies and it will be used for only the purpose specified in the said Direction above. The details of the reserve fund are disclosed in Note 23.1.

### 2.8.6 Expenditure Recognition

- Expenses are recognised in profit and loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to income in arriving at the profit for the year.
- For the purpose of presentation of the Income Statement, 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.

### 2.8.7 Net Finance Cost

Finance income comprises interest income on funds invested interest income from related parties and which is recognised as it accrues in profit or loss, using the effective interest rate method.

Finance cost comprises interest payable on borrowings, interest on security deposits interest expense on related party and interest expense on lease liability. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in net gain or net loss position.

## 2.8.8 Income Tax

Income tax expense comprises both current and deferred tax. Income tax expense is recognised in profit and loss, except to the extent that it relates to items recognised directly in equity, or in Other Comprehensive Income.

### (a) Current Tax

The current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

### (b) Deferred Taxation

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset deferred tax assets and liabilities and when the deferred tax relates to income tax levied on the same tax authority on the same taxable entity or on different tax entity but then intends to settle relevant tax liabilities and assets on a net basis or their tax assets and liabilities will be simultaneously realised.

Tax withheld on dividend income from Subsidiaries and Associates is recognised as an expense in the Consolidated Income Statement at the same time as the liability to pay the related dividend is recognised.

## (c) Value Added Tax (VAT) on Financial Services

The value base for the computation of value added tax on financial services is calculated by adjusting the depreciation computed on rates prescribed by the Department of Inland Revenue to the accounting profit before Income Tax and emoluments payable.

Emoluments payable include benefits in money and not in money including contribution or provision relating to terminal benefits.

## (d) Nation Building Tax on Financial Services (NBT)

With effect from 1st January 2014, NBT of 2% was introduced on supply of financial services via an amendment to the NBT Act No. 09 of 2009. NBT is chargeable on the same base used for calculation of VAT on Financial services as explained in Notes to the Financial Statements.

As per Notice published by the Department of Inland Revenue dated 29th November 2019, NBT was abolished with effect from 1st December 2019.

## (e) Crop Insurance Levy

As per the provisions of the Section 14 of the Finance Act No. 12 of 2013, the CIL was introduced with effect from 1st April 2013 and is payable to the National Insurance Trust Fund. Currently, the CIL is payable at 1% of the profit after tax.

## (f) Debt Repayment Levy (DRL)

As per the Finance Act No. 35 of 2018, with effect from 1st October 2018, DRL of 7% was introduced on the value addition attributable to the supply of financial services by each financial institution. DRL is chargeable on the same base used for calculation of VAT on financial services.

As per notice published by the Department of Inland Revenue dated 20th January 2020, DRL was abolished with effect from 1st January 2020.

## (g) Withholding Tax on Dividends Distributed by the Company

Withholding tax that arises from the distribution of dividends by the Company is recognised at the time the liability to pay the related dividend is recognised.

## 2.9 Events After the Reporting Period

All material events after the reporting date have been considered and where necessary adjustments made in these Financial Statements.

## 2.10 Earnings Per Share

The Group presents basic Earnings Per Share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the Profit or Loss attributable to ordinary shareholders of the Company by the weighted number of ordinary shares outstanding during the period.

## 2.11 Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating results are reviewed regularly by the Group Chief Executive Officer to make decisions regarding resources to be allocated to the segments and to assess its performance and for which discrete finance information is available.

Segment results that are reported to the Group CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire Property, Plant and Equipment and intangible assets other than goodwill.

Segment information is presented in the respective Notes to the Financial Statements.

## 2.12 Statement of Cash Flows

The Cash Flow Statement has been prepared using the indirect method.

## 2.13 Changes in Accounting Policy

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

### Impact on transition

Previously, the Group classified property leases as operating leases under LKAS 17.

On transition to SLFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

Statement of Financial Position	As at 1st April 2019	
	Group Rs.	Company Rs.
<b>Assets</b>		
Right-of-use Assets	3,797,815,627	3,376,431,516
Deferred Tax Assets	215,853,239	212,067,178
Trade and Other Receivables	(616,949,626)	(563,848,298)
<b>Total Assets</b>	<b>3,396,719,240</b>	<b>3,024,650,396</b>
<b>Equity and Liabilities</b>		
Revenue Reserves	(582,562,045)	(577,832,774)
Non-controlling Interest	(5,217,815)	–
Lease Liability	3,984,499,100	3,602,483,170
<b>Total Liability</b>	<b>3,396,719,240</b>	<b>3,024,650,396</b>

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1st April 2019. The weighted-average rate applied is 13.1%.

Operating lease commitments at 31st March 2019 as disclosed under LKAS 17 in the Group's Consolidated Financial Statements	Rs. 970 million
Discounted using the incremental borrowing rate as at 1st April 2019	13.1%
Finance lease liabilities recognised as at 31st March 2019	–
Recognition exemption for leases of low-value assets	–
Recognition exemption for leases with less than 12 months of lease term at transition	–
Extension options reasonably certain to be exercised	–
Lease liabilities recognised as at 1st April 2019	Rs. 3,984,499,100

For the impact of SLFRS 16 on profit or loss for the year, see Note 11.22

## 2.14 Standards Issued but not yet Effective

The following amended standards and the interpretations are not expected to have a significant impact on the Group's consolidated 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).

### 3. Revenue

#### (a) Revenue Streams

For the Year ended 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Revenue from Contracts with Customers	54,751,037,759	58,505,395,240	44,125,910,546	43,617,889,429
<b>Total Revenue</b>	<b>54,751,037,759</b>	<b>58,505,395,240</b>	<b>44,125,910,546</b>	<b>43,617,889,429</b>

#### 3.1 Revenue from Contracts with Customers

Sale of Goods	46,825,719,930	51,191,440,621	40,526,871,286	40,103,798,429
Rendering of Services (Note 3.2)	7,925,317,829	7,313,954,619	3,599,039,260	3,514,091,000
	54,751,037,759	58,505,395,240	44,125,910,546	43,617,889,429

#### 3.2 Rendering of Services

Interest Income on Hire Purchase	2,847,218,255	2,787,475,281	2,845,935,948	2,780,170,190
Interest Income on Leasing	2,952,142,868	2,630,826,396	–	–
Interest Income on Loans	973,674,110	837,927,774	–	–
Service Income	1,152,282,596	1,057,725,168	753,103,312	733,920,810
	7,925,317,829	7,313,954,619	3,599,039,260	3,514,091,000

#### (b) Disaggregation of Revenue from Contracts with Customers

In the following table, revenue from contracts with customers is disaggregated by major products, service lines and timing of revenue recognition.

For the Year ended 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>(i) Major Products/Service Lines</b>				
Consumer Electronics	6,859,209,706	6,482,904,635	6,859,209,706	6,480,471,000
Financial Services	7,925,317,829	7,313,954,619	3,599,039,260	3,514,091,000
Furniture	2,686,993,488	2,681,806,000	2,686,993,488	2,681,806,000
Home Appliances	17,720,767,530	17,202,756,000	17,712,877,903	17,196,056,000
IT Products	14,431,827,370	19,461,519,686	8,143,824,292	8,383,589,429
Sewing	2,175,615,732	2,585,372,000	2,175,615,732	2,585,372,000
Other	2,951,306,104	2,777,082,300	2,948,350,165	2,776,504,000
<b>Revenue from Contract with Customers</b>	<b>54,751,037,759</b>	<b>58,505,395,240</b>	<b>44,125,910,546</b>	<b>43,617,889,429</b>

For the Year ended 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>(ii) Timing of Revenue Recognition</b>				
Products Transferred at a Point in Time	44,498,784,984	49,579,451,838	38,199,936,340	38,168,005,287
Products and Services Transferred Over Time	10,252,252,775	8,925,943,402	5,925,974,206	5,449,884,142
<b>Revenue from Contracts with Customers</b>	<b>54,751,037,759</b>	<b>58,505,395,240</b>	<b>44,125,910,546</b>	<b>43,617,889,429</b>

### (c) Contract Balances

Following table provides information about receivables, contract liabilities from contracts with customers.

For the Year ended 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Receivables which are included in "trade and other receivables"	32,677,892,811	30,543,423,054	11,549,065,258	11,366,139,631
<b>Contract Liabilities (Note 29.1)*</b>	<b>24,685,002</b>	<b>36,921,881</b>	<b>24,685,002</b>	<b>36,921,881</b>

\*Contract Liabilities primarily relate to the advance consideration received from customers for air conditioning installation projects, for which revenue is recognised over time.

## 4. Operating Segment Information

### 4.1 Segment

Group has following seven strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately as they require different technology and marketing strategies.

Segment	Products and Services
Consumer Electronics	Televisions, Audios, DVD and Other Electronic Products
Financial Services	Leasing, Hire Purchase, and Loans
Furniture	Wood and Layered Furniture, Sofa Sets, Steel Furniture, and Mattresses
Home Appliances	Refrigerators, Washing Machines, Deep Freezers, Bottle Coolers, Air Conditioners, Fans, Small Appliances, and Kitchen Ranges
IT Products	Laptops and Smartphones
Sewing	Domestic and Industrial Sewing Machines, and General Merchandise
Other	Motor Bikes, Bicycles, Water Pumps, Paddy Threshers, and Tractors

### 4.2 Segmental Analysis of Revenue is as follows:

For the Year ended 31st March	Consolidated		Company	
	2020 Rs. '000	2019 Rs. '000	2020 Rs. '000	2019 Rs. '000
Consumer Electronics	6,859,210	6,482,905	6,859,211	6,480,471
Financial Services	7,925,318	7,313,954	3,599,039	3,514,091
Furniture	2,686,993	2,681,806	2,686,993	2,681,806
Home Appliances	17,720,768	17,202,756	17,712,878	17,196,056
IT Products	14,431,827	19,461,520	8,143,824	8,383,589
Sewing	2,175,616	2,585,372	2,175,616	2,585,372
Other	2,951,306	2,777,082	2,948,350	2,776,504
	<b>54,751,038</b>	<b>58,505,395</b>	<b>44,125,911</b>	<b>43,617,889</b>

### 4.3 Segmental Analysis of Profit/(Loss) Before Tax is as follows:

For the Year ended 31st March	Consolidated		Company	
	2020 Rs. '000	2019 Rs. '000	2020 Rs. '000	2019 Rs. '000
Consumer Electronics	870,066	386,481	869,925	386,481
Financial Services	1,868,126	2,177,218	573,743	675,248
Furniture	152,663	129,265	152,663	129,265
Home Appliances	1,322,489	1,020,715	1,126,501	842,142
IT Products	596,476	833,759	276,582	173,468
Sewing	154,351	125,090	149,892	133,571
Other	168,815	107,925	156,190	98,706
Dividend	241	206	181,895	462,621
Gain on Sale of Shares in Subsidiary	–	–	–	14,050
Impairment Loss on Trade Receivables	(1,011,144)	(783,298)	(630,876)	(474,683)
<b>Operating Profit</b>	<b>4,122,083</b>	<b>3,997,361</b>	<b>2,856,515</b>	<b>2,440,869</b>
Net Finance Cost	(3,200,499)	(3,033,076)	(2,961,201)	(2,320,956)
VAT, NBT/DRL on Financial Services	(310,867)	(292,156)	(51,000)	(31,200)
<b>Profit/(Loss) Before Tax</b>	<b>610,717</b>	<b>672,129</b>	<b>(155,686)</b>	<b>88,713</b>

**4.4** There are no separately distinguishable assets and liabilities for the above segments.

### 5. Other Income

For the Year ended 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Dividend Income – Quoted	–	–	52,894,611	198,601,207
– Unquoted	240,800	206,400	129,000,000	264,020,000
Gain/(Loss) on Disposal of Property, Plant and Equipment	(2,601,141)	(279,943)	2,536,365	(483,591)
Gain on Sale of Shares in Subsidiary (Note 5.1)	–	–	–	14,049,303
Miscellaneous Income	217,812,035	259,479,830	38,427,639	35,250,696
Income from Financial Services	77,220,879	78,655,404	77,220,879	78,629,021
	<b>292,672,573</b>	<b>338,061,691</b>	<b>300,079,494</b>	<b>590,066,636</b>

### 5.1 Gain on sale of shares in subsidiary company

On 31st August 2018. The company disposed 2,754,174 shares of its subsidiary Singer Finance (Lanka) PLC (1.36%) to general public for a consideration of Rs. 38.3 million, which has resulted in diluting its ownership of company from 81.29% to 79.93%.

### 6. Finance Income

For the Year ended 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Interest Income – Related Parties	–	–	184,214,481	387,330,579
– Others	93,399,793	83,820,431	17,224,548	22,711,282
Unwinding Interest Income on Interest Free Employee Loans	35,437,817	51,530,147	34,178,353	43,864,782
Foreign Exchange Gain	126,468,539	72,320,101	126,468,539	–
	<b>255,306,149</b>	<b>207,670,679</b>	<b>362,085,921</b>	<b>453,906,643</b>

## 7. Finance Cost

For the Year ended 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Interest Expense on Overdrafts and Loans	(2,642,884,509)	(2,834,533,161)	(2,382,221,506)	(2,345,567,629)
Interest Expense on Lease Liabilities (Note 21)	(633,291,522)	–	(572,372,615)	–
Interest Expense on Security Deposits (Note 28)	(161,823,651)	(148,317,161)	(155,610,640)	(146,162,296)
Foreign Exchange Loss	(17,805,426)	(257,896,055)	–	(11,964,773)
Interest Expense on Related Party Payables	–	–	(213,082,567)	(271,167,531)
	(3,455,805,108)	(3,240,746,377)	(3,323,287,328)	(2,774,862,229)
<b>Net Finance Cost*</b>	<b>(3,200,498,959)</b>	<b>(3,033,075,698)</b>	<b>(2,961,201,407)</b>	<b>(2,320,955,586)</b>

\* Finance Cost (Note 7) Less Finance Income (Note 6).

## 8. Profit Before Tax

For the Year ended 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>Stated After Charging all Expenses Including the Following:</b>				
Executive Directors' Emoluments	128,064,650	108,140,247	93,785,367	72,346,480
Non-Executive Directors' Fees	18,593,968	16,918,890	8,564,699	8,522,000
Auditors' Remuneration – Statutory Audit	6,105,000	5,725,000	2,205,000	2,100,000
– Audit-Related Services	1,931,187	750,000	225,000	225,000
– Non-Audit Services	905,129	375,000	–	–
Impairment on Trade and Other Receivables (Note 18.3)	1,011,644,170	783,159,310	630,876,357	474,683,286
Provision on Inventory (Note 16.1)	96,787,024	172,995,327	88,810,647	174,028,852
Amortisation of Intangible Assets (Note 12.8)	21,540,065	21,698,455	11,703,720	11,947,021
Depreciation on Property, Plant and Equipment (Note 11.2/11.10)	654,721,731	579,242,530	496,206,822	453,474,284
Depreciation on Right-of-use Assets (Note 11.20.1)	853,156,080	–	779,950,800	–
Personnel Costs (Note 8.2)	6,251,898,640	6,114,251,526	5,008,114,468	4,924,654,157
Operating Lease Rentals	–	1,155,691,416	–	683,045,000
Donations	1,065,260	466,250	109,820	360,000
Royalty	608,262,268	649,952,432	490,287,894	484,717,794
Gain/Loss on Derivative	58,560,440	(93,985,573)	58,560,440	(93,985,573)
Disposal (Loss)/Gain on Property, Plant and Equipment (Note 5)	(2,601,141)	(279,943)	2,536,365	(483,591)

### 8.1 Impairment on Trade and Other Receivables

For the Year ended 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Impairment (Reversal) for Hire Purchase Receivables (Note 18.3)	(6,665,980)	14,854,732	(4,973,713)	17,380,351
Impairment for Lease Receivables (Note 18.3)	212,907,393	143,871,915	–	–
Impairment for Loan Debtors (Note 18.3)	147,171,353	140,642,025	–	–
Impairment for Trade Debtor (Note 18.3)	167,980,473	222,052,712	148,247,278	195,425,983
Impairment for Other Debtors (Note 18.3)	489,750,929	261,876,952	489,750,929	261,876,952
Impairment (Reversal) for Intercompany Receivable	–	–	(2,148,137)	–
	1,011,144,168	783,298,336	630,876,357	474,683,286



## 8.2 Personnel Costs

For the Year ended 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Staff Costs	5,534,681,189	5,506,018,143	4,423,936,713	4,435,268,258
Provision for Employee Benefit Obligations	154,248,199	144,669,128	109,635,988	103,310,278
Defined Contribution Plan Costs – EPF, ETF and MSPS	562,969,252	463,564,255	474,541,767	386,075,621
	6,251,898,640	6,114,251,526	5,008,114,468	4,924,654,157

## 9. Income Tax Expense/(Reversal)

For the Year ended 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>Current Income Tax Expense</b>				
Current Tax Expense (Note 9.1)	434,059,717	477,606,668	148,339,472	143,238,137
Under/(Over) Provision in Respect of Previous Year (Note 31)	(80,393,237)	104,474,835	(14,485,504)	12,102,703
<b>Tax on Dividend Income</b>				
WHT on Dividend Received from Subsidiary Companies	25,028,154	69,992,896	–	–
	378,694,634	652,074,399	133,853,968	155,340,840
<b>Deferred Tax</b>				
Expense/(Reversal) (Note 9.2)	(195,244,804)	(365,925,870)	(302,279,679)	(207,177,991)
	183,449,830	286,148,529	(168,425,711)	(51,837,151)

## 9.1 Reconciliation Between Accounting Profit and Taxable Profit

For the Year ended 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Profit/(Loss) Before Tax	610,717,338	672,129,115	(155,686,332)	88,713,288
Aggregate Accounting Profit	610,717,338	672,129,115	(155,686,332)	88,713,288
Aggregate Disallowable Expenses	5,200,642,588	7,587,638,561	869,901,137	1,318,882,157
Aggregate Tax Deductible Expenses	(4,125,451,631)	(6,570,053,369)	(184,430,976)	(896,030,671)
Income Not Liable for Tax	–	–	–	–
Tax Losses B/f	13,860,390	12,637,687	–	–
Adjust : Tax Loss Claimed During the Year	(3,461,590)	(12,637,687)	–	–
Tax Loss Carried Forward	139,168	13,860,390	–	–
Qualifying Payments Relief for Investments	(355,454)	–	–	–
Unrealised Profit	1,475,876	2,163,404	–	–
	1,697,566,685	1,705,738,101	529,783,829	511,564,774
<b>Taxable Profit 20%</b>	76,652,153	–	–	–
<b>Taxable Profit 28%</b>	1,620,914,532	1,705,738,101	529,783,829	511,564,774
	1,697,566,685	1,705,738,101	529,783,829	511,564,774
Current Income Tax 20%	15,330,431	–	–	–
Current Income Tax 28%	418,729,286	477,606,668	148,339,472	143,238,137
<b>Current Income Tax</b>	434,059,717	477,606,668	148,339,472	143,238,137

The Group tax expense is based on the taxable profit of each company in the Group. Singer (Sri Lanka) PLC and six subsidiary companies – Singer Finance (Lanka) PLC, Regnis (Lanka) PLC, Singer Industries (Ceylon) PLC, Reality (Lanka) Limited, Singer Digital Media (Pvt) Limited, and Singer Business School (Pvt) Limited are liable to pay Income Tax at 28% on taxable profit and Regnis Appliances (Pvt) Limited is liable at a rate of 20%.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

## 9.2 Deferred Tax Expense/(Reversal)

For the Year ended 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Deferred Tax Charge/(Credit) Arising due to – Origination and Reversal of Temporary Differences (Note 26.1)	(188,638,976)	(356,631,694)	(296,087,096)	(200,985,408)
Deferred Tax Impact on Unrealised Profit in Inventory (Note 26.1)	(413,245)	190,793	–	–
Deferred Tax Impact on Realisation of Revaluation Surplus (Note 26.1)	(6,192,583)	(9,484,969)	(6,192,583)	(6,192,583)
	(195,244,804)	(365,925,870)	(302,279,679)	(207,177,991)

**9.3** Deferred Tax has been computed using the enacted tax rates of 28% and 20% applicable for the entities in the Group.

## 9.4 Tax Recognised in Other Comprehensive Income

	For the Year ended 31st March 2020			For the Year ended 31st March 2019		
	Before Tax Rs.	Tax Expense Rs.	Net of Tax Rs.	Before Tax Rs.	Tax Expense Rs.	Net of Tax Rs.
<b>Group</b>						
Revaluation Gain on Property, Plant and Equipment	–	–	–	882,824,365	(247,190,822)	635,633,543
Actuarial Gain/(Loss) on Employee Benefit Obligations (Note 27)	30,476,732	(8,495,062)	21,981,670	(21,158,221)	5,871,651	(15,286,570)
	30,476,732	(8,495,062)	21,981,670	861,666,144	(241,319,171)	620,346,973
<b>Company</b>						
Revaluation Gain on Property, Plant and Equipment (Note 22.1)	–	–	–	453,751,963	(127,050,550)	326,701,413
Actuarial Gain/(Loss) on Employee Benefit Obligations (Note 27)	20,170,902	(5,647,853)	14,523,049	(26,947,676)	7,545,349	(19,402,327)
	20,170,902	(5,647,853)	14,523,049	426,804,287	(119,505,201)	307,299,086

## 10. Earnings Per Share

**10.1** Basic Earnings per Share is calculated by dividing the profit for the year attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

**10.2** The following reflects the income and share data used in the Basic Earnings per Share computations:

For the Year ended 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>Profit Attributable to Ordinary Shareholders</b>				
Profit for the year (Rs.)	427,267,508	385,980,586	12,739,379	140,550,439
Profit Attributable to Ordinary Equity Holders of the Parent (Rs.)	280,734,596	250,121,094	12,739,379	140,550,439
<b>Weighted Average Number of Ordinary Shares</b>				
Weighted Average Number of Ordinary Shares	375,628,830	375,628,830	375,628,830	375,628,830
<b>Basic Earnings per Share (Rs.)</b>	0.75	0.67	0.03	0.37

## 11. Property, Plant and Equipment

### 11.1 Gross Carrying Amounts – Consolidated

	Balance as at 1st April 2019 Rs.	Additions/ Transfers Rs.	Increase/(Decrease) in Revaluation Rs.	Disposals/ Transfers Rs.	Balance as at 31st March 2020 Rs.
<b>At Cost</b>					
Motor Vehicles	265,668,865	19,432,809	–	67,290,487	217,811,187
Furniture and Equipment	400,946,121	119,186,806	–	61,411,677	458,721,250
Plant and Machinery	1,468,092,965	32,761,717	–	55,076,230	1,445,778,452
Culinary School Equipment	75,814	–	–	–	75,814
E.D.P. Equipment	543,726,401	128,378,428	–	26,232,111	645,872,718
Shop Furniture	709,163,712	80,090,923	–	–	789,254,635
Shop Equipment	1,148,142,139	206,448,554	–	–	1,354,590,693
Improvements on Leasehold Premises	1,046,636,618	326,799,266	–	54,165,575	1,319,270,309
	5,582,452,635	913,098,503	–	264,176,080	6,231,375,058
<b>At Valuation</b>					
Freehold Land	2,904,178,451	–	–	–	2,904,178,451
Freehold Buildings	1,281,732,693	515,120	–	–	1,282,247,813
	4,185,911,144	515,120	–	–	4,186,426,264
<b>Gross Carrying Amount Excluding Capital WIP</b>	9,768,363,779	913,613,623	–	264,176,080	10,417,801,322
Machinery and Equipment	5,800,284	43,747,336	–	32,633,491	16,914,129
Improvements on Leasehold Premises	19,541,333	4,363,957	–	19,799,725	4,105,565
<b>Total Capital Work-in-Progress</b>	25,341,617	48,111,293	–	52,433,216	21,019,694
<b>Total Gross Carrying Amount</b>	9,793,705,396	961,724,916	–	316,609,296	10,438,821,016
	Balance as at 1st April 2018 Rs.	Additions/ Transfers Rs.	Increase/(Decrease) in Revaluation Rs.	Disposals/ Transfers Rs.	Balance as at 31st March 2019 Rs.
Total Gross Carrying Amount	8,162,196,681	915,486,587	882,824,365	192,143,854	9,768,363,779

### 11.2 Depreciation and Impairment Losses – Consolidated

	Balance as at 1st April 2019 Rs.	Charge for the Year Rs.	Disposals/ Transfers Rs.	Balance as at 31st March 2020 Rs.
Freehold Buildings	7,648,264	54,219,444	–	61,867,708
Motor Vehicles	149,119,797	17,177,163	31,420,960	134,876,000
Furniture and Equipment	258,500,025	31,233,522	59,772,186	229,961,361
Plant and Machinery	663,299,004	100,715,018	55,076,230	708,937,792
Culinary School Equipment	75,814	–	–	75,814
E.D.P. Equipment	320,370,741	64,527,020	24,506,466	360,391,295
Shop Furniture	444,236,392	81,715,471	–	525,951,863
Shop Equipment	592,159,557	157,352,128	–	749,511,685
Improvements on Leasehold Premises	653,647,206	147,781,965	45,922,228	755,506,943
<b>Total Depreciation and Impairment Loss</b>	3,089,056,800	654,721,731	216,698,070	3,527,080,461
	Balance as at 1st April 2018 Rs.	Charge for the year Rs.	Disposals/ Transfers Rs.	Balance as at 31st March 2019 Rs.
Total Depreciation and Impairment Loss	2,651,651,659	579,542,530	141,837,389	3,089,056,800

### 11.3 Carrying Amounts

As at 31st March	Group	
	2020 Rs.	2019 Rs.
At Cost	2,787,182,001	2,518,736,842
At Valuation	4,124,558,554	4,185,911,755
<b>Total Carrying Amount of Property, Plant and Equipment</b>	<b>6,911,740,555</b>	<b>6,704,648,597</b>

**11.4** During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 911,357,488/- (2018/19 – Rs. 915,486,587/-) on cash basis. Further, Rs. 2,256,134 worth of Property, Plant and Equipment have been recognised through inventory during the year.

**11.5** Lands and Buildings were revalued during the financial year 2018/19 by Messrs Chulananda Wellappili, an Independent Valuer. Who holds a degrees of BSc State Management and Valuation. MSc Town and Country Planning and PG.Dip in Regional Planning. Further, he is a Graduate member of Institute of Valuers of Sri Lanka, A member of Institute of Town and Country Planning Sri Lanka, Senior Certified Valuer of International Real Estate Institute of USA. A Corporate member of Institute of Revenues, Rating and Valuations of UK. The results of such revaluation were incorporated in these Financial Statements from its effective date which is 31st March 2019. The surplus arising from the revaluation was transferred to a revaluation reserve.

**11.6** The carrying amount of the revalued assets that would have been included in the Financial Statements had the assets been carried at cost less accumulated depreciation would be as follows:

As at 31st March 2020	Carrying Amount Rs.
Land	112,593,796
Building	337,602,186
<b>Total Carrying Amount</b>	<b>450,195,982</b>

**11.7** The amount of the Property, Plant and Equipment includes fully-depreciated assets value would be as follows:

As at 31st March	2020 Rs.	2019 Rs.
Fully Depreciated Assets	1,787,601,730	1,319,162,323

**11.8** Depreciation charge for the year is included in the following line items in the Statement of Profit or Loss:

For the Year ended 31st March	2020 Rs.	2019 Rs.
Cost of Sales	145,875,953	125,378,081
Administration Expenses	508,845,778	453,864,449
	654,721,731	579,242,530

## 11.9 Gross Carrying Amounts – Company

	Balance as at 1st April 2019 Rs.	Additions/ Transfers Rs.	Increase/(Decrease) in Revaluation Rs.	Disposals/ Transfers Rs.	Balance as at 31st March 2020 Rs.
<b>At Cost</b>					
Motor Vehicles	248,490,372	19,432,809	–	61,890,487	206,032,694
Furniture and Equipment	271,036,447	58,843,455	–	57,224,448	272,655,454
Plant and Machinery	390,864,084	3,458,812	–	–	394,322,896
Culinary School Equipment	75,814	–	–	–	75,814
E.D.P. Equipment	426,205,145	102,151,699	–	21,709,858	506,646,986
Shop Furniture	709,163,712	80,090,923	–	–	789,254,635
Shop Equipment	1,148,142,140	206,448,554	–	–	1,354,590,694
Improvements on Leasehold Premises	853,752,276	215,489,158	–	33,006,161	1,036,235,273
	4,047,729,990	685,915,410	–	173,830,954	4,559,814,446
<b>At Valuation</b>					
Freehold Land	1,095,758,450	–	–	–	1,095,758,450
Freehold Buildings	764,353,023	–	–	–	764,353,023
	1,860,111,473	–	–	–	1,860,111,473
<b>Total Gross Carrying Amount</b>	5,907,841,463	685,915,410	–	173,830,954	6,419,925,919
	Balance as at 1st April 2018 Rs.	Additions/ Transfers Rs.	Increase/(Decrease) in Revaluation Rs.	Disposals/ Transfers Rs.	Balance as at 31st March 2019 Rs.
Total Gross Carrying Amount	5,124,602,256	459,376,292	453,751,963	129,889,048	5,907,841,463

## 11.10 Depreciation and Impairment Losses – Company

	Balance as at 1st April 2019 Rs.	Charge for the Year Rs.	Disposals/ Transfers Rs.	Balance as at 31st March 2020 Rs.
Freehold Buildings	–	33,876,423	–	33,876,423
Motor Vehicles	128,157,513	16,468,402	26,020,960	118,604,955
Furniture and Equipment	216,572,328	16,365,459	57,224,448	175,713,339
Plant and Machinery	222,470,568	24,717,558	–	247,188,126
Culinary School Equipment	75,814	–	–	75,814
E.D.P. Equipment	248,669,473	48,069,264	21,709,860	275,028,877
Shop Furniture	444,236,391	81,715,471	–	525,951,862
Shop Equipment	592,159,559	157,352,128	–	749,511,687
Improvements on Leasehold Premises	557,478,679	117,642,117	33,006,161	642,114,635
<b>Total Depreciation and Impairment Losses</b>	2,409,820,325	496,206,822	137,961,429	2,768,065,718
	Balance as at 1st April 2018 Rs.	Charge for the year Rs.	Disposals/ Transfers Rs.	Balance as at 31st March 2019 Rs.
Total Depreciation and Impairment Loss	2,042,004,694	453,474,284	85,658,653	2,409,820,325

## 11.11 Carrying Amounts

For the Year Ended 31st March	2020 Rs.	2019 Rs.
At Cost	1,825,625,151	1,637,909,664
At Valuation	1,826,235,050	1,860,111,475
<b>Total Carrying Amount of Property, Plant and Equipment</b>	<b>3,651,860,201</b>	<b>3,498,021,139</b>

**11.12** During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 683,659,276/- (2018/19 – Rs. 459,376,292/-) on cash basis. Further, Rs. 2,256,134/- worth of Property, Plant and Equipment have been recognised through inventory during the year.

**11.13** Lands and Buildings were revalued during the financial year 2018/19 by Messrs Chulananda Wellappili, an Independent Valuer. Who is holdings a degrees of BSc State Management and Valuation. MSc Town and Country Planning and PG.Dip in Regional Planning. Further, he is a Graduate member of Institute of Valuers of Sri Lanka, A member of Institute of Town and Country Planning Sri Lanka, Senior Certified Valuer of international Real Estate Institute of USA. A Corporate member of Institute of Revenues, Rating and Valuations of UK. The results of such revaluation were incorporated in these Financial Statements from its effective date which is 31st March 2019. Such assets were valued on contractors method for existing use basis. The surplus arising from the revaluation was transferred to a revaluation reserve.

**11.14** The carrying amount of the revalued assets that would have been included in the Financial Statements had the assets been carried at cost less accumulated depreciation would be as follows:

As at 31st March 2020	Carrying Amount Rs.
Land	100,851,000
Building	268,429,761
<b>Total carrying amount</b>	<b>369,280,761</b>

**11.15** The amount of the property, plant and equipment includes fully-depreciated assets value would be as follows:

As at 31st March	2020 Rs.	2019 Rs.
Fully Depreciated Assets	1,489,544,449	1,008,975,247

**11.16** Depreciation charge for the year is included in the following line items in the Statement of Profit or Loss.

For the Year Ended 31st March	2020 Rs.	2019 Rs.
Cost of Sales	47,761,742	38,361,507
Administration Expenses	448,445,080	415,112,777
	496,206,822	453,474,284

## 11.17 Information on the Freehold Land and Buildings of the Group

Location	Extent (Perches)	Buildings (Square Feet)	Value per Perch Rs.	Value per Square Feet Rs.	Cost or Revaluation of Land Rs.	Cost or Revaluation of Buildings Rs.	Total Value Rs.
<b>Attidiya</b> No. 190, Main Road, Attidiya, Dehiwala	6.2	2,260	3,000,000	4,050	18,600,000	9,153,000	27,753,000
<b>Ahangama</b> No. 24A, Matara Road, Ahangama	14	1,630	1,800,000	4,188	25,200,000	6,825,875	32,025,875
<b>Ambalantota</b> Main Street, Ambalantota	6.6	1,885	2,500,000	2,800	16,500,000	5,278,000	21,778,000
<b>Ambanpola</b> No. 108, Yaluwewa, Ambanpola.	10	–	200,000	–	2,000,000	–	2,000,000
<b>Balangoda</b> Ratnapura Road, Balangoda	6.2	2,080	3,250,000	3,713	20,150,000	7,722,000	27,872,000
<b>Bandarawela</b> Main Street, Bandarawela	4.1	2,660	2,500,000	4,327	10,250,000	11,510,000	21,760,000
<b>Borella</b> D.S. Senanayaka Mawatha, Borella	4.64	2,310	15,000,000	4,000	69,600,000	9,240,000	78,840,000
<b>Chilaw</b> Bazaar Street, Chilaw	13.05	4,120	3,250,000	3,800	42,412,500	15,656,000	58,068,500
<b>Colpetty</b> No. 143, Galle Road, Colombo 03	3.35	1,440	17,000,000	4,275	56,950,000	6,156,000	63,106,000
<b>Eheliyagoda</b> Ratnapura Road, Eheliyagoda	5.73	1,660	2,000,000	2,600	11,460,000	4,316,000	15,776,000
<b>Embilipitiya</b> Colombo Road, Pallegama, Embilipitiya	4.6	2,070	3,500,000	3,825	16,100,000	7,917,750	24,017,750
<b>Galle</b> Main Street, Galle	2.84	2,250	4,000,000	4,050	11,360,000	9,112,500	20,472,500
<b>Galle</b> No. 13 and 15, Wackwella Road, Galle	12	–	4,500,000	–	54,000,000	–	54,000,000
<b>Gampaha</b> Colombo Road, Gampaha	17.87	7,870	3,500,000	3,840	62,545,000	30,220,800	92,765,800
<b>Hikkaduwa</b> Galle Road, Hikkaduwa	8.74	2,400	2,750,000	3,400	24,035,000	8,160,000	32,195,000
<b>Kadawatha</b> Kandy Road, Kadawatha	3.8	1,150	2,171,053	10,417	8,250,000	11,980,000	20,230,000
<b>Kadawatha</b> No. 430/1, Ganemulla Road, Ihala-Karagahamuna, Kadawatha	4.38	–	2,380,137	–	10,425,000	–	10,425,000
<b>Kalawana</b> No. J63A, Watapotha Road, Nivithigala, Ratnapura	258.66	–	27,063	–	7,000,000	–	7,000,000
<b>Kandy</b> No. 129, Kotugodella Veediya, Kandy	9.55	2,900	4,500,000	2,400	42,975,000	6,960,000	49,935,000
<b>Kandy – Mega</b> Sirimavo Bandaranaike Mawatha, Kandy	15.7	12,840	2,338,535	5,400	36,715,000	69,336,000	106,051,000
<b>Katugastota</b> Madawala Road, Katugastota	4.875	1,620	2,073,077	4,163	10,106,250	6,743,250	16,849,500
<b>Kirindiwela</b> Gampaha Road, Kirindiwela	8.1	2,940	2,500,000	3,375	20,250,000	9,922,500	30,172,500
<b>Kurunegala</b> Bodhiraja Mawatha, Kurunegala	7.66	2,810	3,500,000	3,563	26,810,000	10,010,625	36,820,625
<b>Maharagama</b> High Level Road, Maharagama	6.2	2,700	6,000,000	4,000	37,200,000	10,800,000	48,000,000



Location	Extent (Perches)	Buildings (Square Feet)	Value per Perch Rs.	Value per Square Feet Rs.	Cost or Revaluation of Land Rs.	Cost or Revaluation of Buildings Rs.	Total Value Rs.
<b>Wellampitiya</b>							
No. 51/57, Brandiyawatta, Wellampitiya	10	–	350,000	–	3,500,000	–	3,500,000
<b>Matara</b>							
Anagarika Dharmapala Mawatha, Matara	10	3,520	3,780,000	4,125	37,800,000	14,520,000	52,320,000
<b>Middeniya</b>							
Katuwana Road, Middeniya	8.25	2,670	1,800,000	3,230	14,850,000	8,624,100	23,474,100
<b>Moratuwa</b>							
No. 17, New Galle Road, Moratuwa	13.09	2,990	3,000,000	1,938	39,270,000	5,793,000	45,063,125
<b>Mount Lavinia</b>							
Galle Road, Mount Lavinia	7.5	1,900	4,500,000	3,919	33,750,000	7,445,625	41,195,625
<b>Mount Lavinia – Mega</b>							
Galle Road, Mount Lavinia	18.47	15,500	5,000,000	5,355	92,350,000	83,006,466	175,356,466
<b>Nawalapitiya</b>							
Kotmale Road, Nawalapitiya	4.7	2,760	2,703,128	2,600	12,704,700	7,176,000	19,880,700
<b>Negombo</b>							
Greens Road, Negombo	6	2,040	4,000,000	3,375	24,000,000	6,885,000	30,885,000
<b>Nuwara Eliya</b>							
Kandy Street, Nuwara Eliya	4.65	1,700	4,000,000	3,750	18,600,000	6,375,000	24,975,000
<b>Panadura</b>							
Galle Road, Panadura	6.15	2,940	3,000,000	3,600	18,450,000	10,584,000	29,034,000
<b>Pettah</b>							
Peoples Park, Bodhiraja Mawatha, Colombo 11.	81.2	872	–	–	–	–	–
<b>Piliyandala</b>							
Gonamaditta Road, Piliyandala	1,144.35	118,450	200,000	2,892	228,870,000	342,566,563	571,436,563
<b>Pussellawa</b>							
Nuwara Eliya Road, Pussellawa	12.43	3,295	2,000,000	3,506	24,860,000	11,553,094	36,413,094
<b>Ratnapura</b>							
Colombo Road, Ratnapura	5.8	3,075	3,500,000	3,800	20,300,000	11,685,000	31,985,000
<b>Ratmalana</b>							
No. 52, Ferry Road, Off Borupana Road, Ratmalana	705	120,615	600,000	2,136	423,000,000	257,612,915	680,612,915
<b>Ratmalana</b>							
No. 02, 5th Lane, Ratmalana	362.5	75,365	2,626,483	2,161	952,100,000	162,900,000	1,115,000,000
<b>Ratmalana</b>							
No. 435, Galle Road, Ratmalana	50	–	4,527,000	–	226,350,000	68,650,000.00	295,000,000
<b>Tangalle</b>							
Matara Road, Tangalle	4.6	1,285	3,000,000	2,975	13,800,000	3,822,875	17,622,875
<b>Trincomalee</b>							
North Coast Road, Trincomalee	5.58	2,335	3,500,000	3,858	19,530,000	9,007,874	28,537,874
<b>Trincomalee</b>							
Nayanmarthidal, Thampalakamam, Trincomalee	60	–	66,667	–	4,000,000	–	4,000,000
<b>Wellawatta</b>							
Galle Road, Wellawatta	4.6	2,700	12,000,000	2,600	55,200,000	7,020,000	62,220,000
		425,608			2,904,178,451	1,282,247,813	

## 11.18 Information on the Freehold Land and Buildings of the Company

Location	Extent (Perches)	Buildings (Square Feet)	Value per Perch Rs.	Value per Square Feet Rs.	Cost or Revaluation of Land Rs.	Cost or Revaluation of Buildings Rs.	Total Value Rs.
<b>Ambalantota</b>							
Main Street, Ambalantota	6.6	1,885	2,500,000	2,800	16,500,000	5,278,000	21,778,000
<b>Balangoda</b>							
Ratnapura Road, Balangoda	6.2	2,080	3,250,000	3,713	20,150,000	7,722,000	27,872,000
<b>Bandarawela</b>							
Main Street, Bandarawela	4.1	2,660	2,500,000	4,327	10,250,000	11,510,000	21,760,000
<b>Borella</b>							
D.S. Senanayaka Mawatha, Borella	4.64	2,310	15,000,000	4,000	69,600,000	9,240,000	78,840,000
<b>Chilaw</b>							
Bazaar Street, Chilaw	13.05	4,120	3,250,000	3,800	42,412,500	15,656,000	58,068,500
<b>Colpetty</b>							
No. 143, Galle Road, Colombo 03	3.35	1,440	17,000,000	4,275	56,950,000	6,156,000	63,106,000
<b>Eheliyagoda</b>							
Ratnapura Road, Eheliyagoda	5.73	1,660	2,000,000	2,600	11,460,000	4,316,000	15,776,000
<b>Galle</b>							
Main Street, Galle	2.84	2,250	4,000,000	4,050	11,360,000	9,112,500	20,472,500
<b>Gampaha</b>							
Colombo Road, Gampaha	17.87	7,870	3,500,000	3,840	62,545,000	30,220,800	92,765,800
<b>Hikkaduwa</b>							
Galle Road, Hikkaduwa	8.74	2,400	2,750,000	3,400	24,035,000	8,160,000	32,195,000
<b>Embilipitiya</b>							
Colombo Road, Pallegama, Embilipitiya	4.6	2,070	3,500,000	3,825	16,100,000	7,917,750	24,017,750
<b>Kadawatha</b>							
Kandy Road, Kadawatha	3.8	1,150	2,171,053	10,417	8,250,000	11,980,000	20,230,000
<b>Kandy – Mega</b>							
Sirimavo Bandaranaike Mawatha, Kandy	15.7	12,840	2,338,535	5,400	36,715,000	69,336,000	106,051,000
<b>Katugastota</b>							
Madawala Road, Katugastota	4.875	1,620	2,073,077	4,163	10,106,250	6,743,250	16,849,500
<b>Kirindiwela</b>							
Gampaha Road, Kirindiwela	8.1	2,940	2,500,000	3,375	20,250,000	9,922,500	30,172,500
<b>Kurunegala</b>							
Bodhiraja Mawatha, Kurunegala	7.66	2,810	3,500,000	3,563	26,810,000	10,010,625	36,820,625
<b>Maharagama</b>							
High Level Road, Maharagama	6.2	2,700	6,000,000	4,000	37,200,000	10,800,000	48,000,000
<b>Matara</b>							
Anagarika Dharmapala Mawatha, Matara	10	3,520	3,780,000	4,125	37,800,000	14,520,000	52,320,000
<b>Middeniya</b>							
Katuwana Road, Middeniya	8.25	2,670	1,800,000	3,230	14,850,000	8,624,100	23,474,100
<b>Mount Lavinia</b>							
Galle Road, Mount Lavinia	7.5	1,900	4,500,000	3,919	33,750,000	7,445,625	41,195,625
<b>Mount Lavinia – Mega</b>							
Galle Road, Mount Lavinia	18.47	15,500	5,000,000	5,355	92,350,000	83,006,466	175,356,466

Location	Extent (Perches)	Buildings (Square Feet)	Value per Perch Rs.	Value per Square Feet Rs.	Cost or Revaluation of Land Rs.	Cost or Revaluation of Buildings Rs.	Total Value Rs.
<b>Nawalapitiya</b> Kotmale Road, Nawalapitiya	4.7	2,760	2,703,128	2,600	12,704,700	7,176,000	19,880,700
<b>Negombo</b> Greens Road, Negombo	6	2,040	4,000,000	3,375	24,000,000	6,885,000	30,885,000
<b>Nuwara Eliya</b> Kandy Street, Nuwara Eliya	4.65	1,700	4,000,000	3,750	18,600,000	6,375,000	24,975,000
<b>Panadura</b> Galle Road, Panadura	6.15	2,940	3,000,000	3,600	18,450,000	10,584,000	29,034,000
<b>Pettah</b> Peoples Park, Bodhiraja Mawatha, Colombo 11.	81.2	872	–	–	–	–	–
<b>Piliyandala</b> Gonamaditta Road, Piliyandala	1,144.35	118,450	200,000	2,892	228,870,000	342,566,563	571,436,563
<b>Pussellawa</b> Nuwara Eliya Road, Pussellawa	12.43	3,295	2,000,000	3,506	24,860,000	11,553,094	36,413,094
<b>Ratnapura</b> Colombo Road, Ratnapura	5.8	3,075	3,500,000	3,800	20,300,000	11,685,000	31,985,000
<b>Tangalle</b> Matara Road, Tangalle	4.6	1,285	3,000,000	2,975	13,800,000	3,822,875	17,622,875
<b>Trincomalee</b> North Coast Road, Trincomalee	5.58	2,335	3,500,000	3,858	19,530,000	9,007,875	28,537,875
<b>Wellawatta</b> Galle Road, Wellawatta	4.6	2,700	12,000,000	2,600	55,200,000	7,020,000	62,220,000
		219,847			1,095,758,450	764,353,023	

## 11.19 Measurement of Fair Value

### (i) Fair Value Hierarchy

The fair value of property was determined by external independent property valuer having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for all of properties has been categorised as Level 3 fair value based on the input to the valuation technique used.

### (ii) Valuation Technique and Significant Unobservable Inputs

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

Valuation Technique	Significant Unobservable Inputs	Interrelationship between Key Unobservable Inputs and Fair Value Measurements
Land value is based on the market prices of each land respectively. Value of property is considered as summation of Land and Building value.	<ul style="list-style-type: none"> <li>Market value of land (price per perch). Valuer has used range of prices for respective lands based on their recently transacted cost.</li> </ul>	The Estimated fair value would increase (decrease) if –
Contractors Method: The contractor's method works on the basis that a property's value can be equated to its cost. Valuer assess the cost of the building if it would have constructed in current year, and deduct margin for usage of the property based on their year of construction.	<ul style="list-style-type: none"> <li>Construction cost per Square feet of a building.</li> <li>Depreciation rate for the usage of assets.</li> </ul>	<ul style="list-style-type: none"> <li>Market value per perch was higher (lower)</li> <li>Cost per square feet was higher (lower)</li> <li>Depreciation rate for usage lower (higher)</li> </ul>

## 11.20 Right-of-use Asset

### 11.20.1 Right-of-use Asset – Entity as a lessee

Asset	Cost			Depreciation			Carrying Value	
Details	Balance as at 1st April 2019 Rs.	New Lease Rs.	Balance as at 31st March 2020 Rs.	Balance as at 1st April 2019 Rs.	Charge for the Year Rs.	Balance as at 31st March 2020 Rs.	1st April 2019 Rs.	31st March 2020 Rs.
<b>Consolidated</b>								
Building	3,797,815,627	1,503,900,390	5,301,716,017	–	853,156,080	853,156,080	3,797,815,627	4,448,559,937
<b>Total</b>	3,797,815,627	1,503,900,390	5,301,716,017	–	853,156,080	853,156,080	3,797,815,627	4,448,559,937
<b>Company</b>								
Building	3,376,431,516	1,389,708,996	4,766,140,512	–	779,950,800	779,950,800	3,376,431,516	3,986,189,712
<b>Total</b>	3,376,431,516	1,389,708,996	4,766,140,512	–	779,950,800	779,950,800	3,376,431,516	3,986,189,712

With adoption of SLFRS 16 from 1st April 2019, lease rentals paid in advance has been reclassified to right-of-use assets.

## 11.21 Consolidated – Lease Liability

Details	Balance as at 1st April 2019 Rs.	New Lease Additions Rs.	Interest Charge Rs.	Payments Rs.	Balance as at 31st March 2020 Rs.
Building	3,984,499,100	1,503,797,862	633,291,522	(1,302,631,328)	4,818,957,156
<b>Total</b>	3,984,499,100	1,503,797,862	633,291,522	(1,302,631,328)	4,818,957,156
					Rs.
Lease Liability Due within one year					544,294,253
Lease Liability Due after one year					4,274,662,903
					4,818,957,156

## Company – Lease Liability

Details	Balance as at 1st April 2019 Rs.	New Lease Additions Rs.	Interest Charge Rs.	Payments Rs.	Balance as at 31st March 2020 Rs.
Building	3,602,483,170	1,389,708,996	572,372,615	(1,196,285,588)	4,368,226,693
<b>Total</b>	3,602,483,170	1,389,708,996	572,372,615	(1,196,285,588)	4,368,226,693
					Rs.
Lease Liability Due within one year					512,501,477
Lease Liability Due after one year					3,855,725,216
					4,368,226,693

**11.21.1** The following table sets out a maturity analysis of lease payments, after the reporting date:

### Aging Analysis for Lease – Consolidated

	1 year Rs.	1-5 year Rs.	Over 5 Year Rs.	2020 Total Rs.
<b>Based on SLFRS 16</b>				
As at 31st March 2020	544,294,253	3,146,547,183	1,128,115,720	4,818,957,156
	544,294,253	3,146,547,183	1,128,115,720	4,818,957,156

### 11.21.2 Aging Analysis for Lease – Company

	1 year Rs.	1-5 year Rs.	Over 5 Year Rs.	2020 Total Rs.
<b>Based on SLFRS 16</b>				
As at 31st March 2020	512,501,477	2,994,002,214	861,723,002	4,368,226,693
	512,501,477	2,994,002,214	861,723,002	4,368,226,693

### 11.22 The following are the amounts recognised in profit or loss:

As at 31st March 2020	Group Rs.	Company Rs.
Depreciation Expense of Right-of-use Assets	853,156,080	779,950,800
Interest Expense on Lease Liabilities	633,291,522	572,372,615

### 11.23 The following provides information on the Group's variable lease payments, including the magnitude in relation to fixed payments

For the Year ended 31st March 2020	Group		Company	
	Fixed Payment Rs.	Variable Payment Rs.	Fixed Payment Rs.	Variable Payment Rs.
Fixed Rent	1,302,631,328	–	1,196,285,588	–
	1,302,631,328	–	1,196,285,588	–

## 12. Intangible Assets

For the Year ended 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Trade Mark (Note 12.1)	93,512,500	93,512,500	93,512,500	93,512,500
Software (Note 12.2)	115,375,990	128,351,748	56,506,664	61,056,468
Other Intangible Assets Externally Acquired (Note 12.3)	46,431,920	46,431,920	46,431,920	46,431,920
	255,320,410	268,296,168	196,451,084	201,000,888

### 12.1 Trade Mark with Infinite Useful Life

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>Cost</b>				
As at the Beginning of the Year	93,512,500	93,512,500	93,512,500	93,512,500
As at the End of the Year	93,512,500	93,512,500	93,512,500	93,512,500
Less: Accumulated Impairment Losses	–	–	–	–
<b>Net Carrying Amount</b>	<b>93,512,500</b>	<b>93,512,500</b>	<b>93,512,500</b>	<b>93,512,500</b>

Trade mark consists of SISIL brand name Rs. 55,000,000/- (Note 12.4) and UNIC brand name Rs. 38,512,500/- (Note 12.5). Please refer Notes 12.4 and 12.5 for SISIL and UNIC impairment respectively.

## 12.2 Software

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>Cost</b>				
As at the Beginning of the Year	391,171,177	382,493,545	233,583,167	227,780,562
Acquired/Incurred During the Year	8,564,307	8,677,632	7,153,916	5,802,605
<b>As at the End of the Year</b>	<b>399,735,484</b>	<b>391,171,177</b>	<b>240,737,083</b>	<b>233,583,167</b>
<b>Amortisation</b>				
As at the Beginning of the Year	262,819,429	241,120,974	172,526,699	160,579,678
Amortisation Charge for the Year	21,540,065	21,698,455	11,703,720	11,947,021
<b>As at the End of the Year</b>	<b>284,359,494</b>	<b>262,819,429</b>	<b>184,230,419</b>	<b>172,526,699</b>
<b>Carrying Amount</b>				
As at the Beginning of the Year	128,351,748	141,372,571	61,056,468	67,200,884
<b>As at the End of the Year</b>	<b>115,375,990</b>	<b>128,351,748</b>	<b>56,506,664</b>	<b>61,056,468</b>

## 12.3 Other Intangible Assets Externally Acquired

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>Cost</b>				
As at the Beginning of the Year	78,431,920	78,431,920	78,431,920	78,431,920
Acquired/Incurred During the Year	–	–	–	–
Capitalised During the Year	–	–	–	–
<b>As at the End of the Year</b>	<b>78,431,920</b>	<b>78,431,920</b>	<b>78,431,920</b>	<b>78,431,920</b>
<b>Amortisation</b>				
As at the Beginning of the Year	32,000,000	32,000,000	32,000,000	32,000,000
Amortisation Charge for the Year	–	–	–	–
<b>As at the End of the Year</b>	<b>32,000,000</b>	<b>32,000,000</b>	<b>32,000,000</b>	<b>32,000,000</b>
<b>Carrying Amount</b>				
As at the Beginning of the Year	46,431,920	46,431,920	46,431,920	46,431,920
<b>As at the End of the Year</b>	<b>46,431,920</b>	<b>46,431,920</b>	<b>46,431,920</b>	<b>46,431,920</b>

Other intangible assets externally includes Sony distribution rights amounting to Rs. 46,431,920/- and Hayleys brand amounting to Rs. 32,000,000/-. Hayleys brand is fully amortised as at 31st March 2020. Refer Note 12.6 and 12.7 for amortisation of Hayleys and impairment of Sony.

## 12.4 SISIL Trademark

The Company had acquired the “SISIL” trademark in December 2000, amounting to Rs. 55 million. The Management is of the opinion that the aforementioned trademark has an indefinite useful life as their associated brand awareness and recognition has existed over 50 years and the Company intends to utilise the said trademark for the foreseeable future. There are no legal, regulatory, contractual, competitive, economic or other factors that may limit its useful life and accordingly, the carrying amount of this trademark is determined after testing for impairment annually. Following assumptions are made to test for any impairment as at 31st March 2020:

Annual Sales Growth for Next Five Years	12%
Gross Margin	26%
Discount Rate	10%
Indefinite Growth Rate after Year 2025	2%

## 12.5 UNIC Trademark

The Company had acquired the “UNIC” trademark in 2006 amounting Rs. 38,512,500/-. This trademark is also considered to have an indefinite useful life due to the factors mentioned in the preceding paragraph and accordingly, the carrying amount of this trademark is determined after testing for impairment annually. Following assumptions are made to test for impairment as at 31st March 2020:

Annual Sales Growth for Next Five Years	12%
Gross Margin	29%
Discount Rate	10%
Indefinite Growth Rate after Year 2025	2%

## 12.6 Hayleys Brand Name

The Company took over the showrooms, retail operation of the Hayleys Electronic Retail Limited, from 2nd January 2008 and agencies of Philips and Kenwood from Hayleys Electronic Limited for Rs. 32 million. The entire purchase consideration is treated as Goodwill and is amortised over the determined useful life of five years commencing from the period beginning 1st January 2009.

## 12.7 SONY Distribution Rights

The Company had acquired the distribution rights of brand “SONY” in 2014 amounting Rs. 46,431,920/-. This assets are now carried at cost subject to annual impairment test and carrying amount as at 31st March 2020 is Rs. 46,431,920/-. This distribution right also considered to have an indefinite useful life due to the factors mentioned in the preceding paragraph accordingly, the carrying amount of this trademark is determined after testing for impairment annually. Following assumptions are made to test for impairment as at 31st March 2020:

Annual Sales Growth for Next Five Years	12.0%
Gross Margin	22.0%
Discount Rate	10.0%
Indefinite Growth Rate after Year 2025	2.0%

## 12.8 Amortisation Charge for the Year

For the Year ended 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Amortisation of Software	21,540,065	21,698,455	11,703,720	11,947,021
	21,540,065	21,698,455	11,703,720	11,947,021

## 13. Investment in Subsidiaries – Company

As at 31st March	Country of Incorporation	Number of Shares		Carrying Value	
		2020	2019	2020 Rs.	2019 Rs.
Quoted					
Singer Finance (Lanka) PLC	Sri Lanka				
Investment at the Beginning of the Year		161,513,035	164,267,209	1,427,934,310	1,452,283,921
Investments Made During the Year		-	-	-	-
Investments Disposed During the Year		-	(2,754,174)	-	(24,349,611)
Investment at the End of the Year		161,513,035	161,513,035	1,427,934,310	1,427,934,310
Singer Industries (Ceylon) PLC	Sri Lanka				
Investment at the Beginning of the Year		3,373,967	3,373,967	692,407,683	692,407,683
Investments Made During the Year		-	-	-	-
Investment at the End of the Year		3,373,967	3,373,967	692,407,683	692,407,683
Regnis (Lanka) PLC	Sri Lanka				
Investment at the Beginning of the Year		6,568,461	6,568,461	722,530,710	722,530,710
Investments Made During the Year		-	-	-	-
Investment at the End of the Year		6,568,461	6,568,461	722,530,710	722,530,710



As at 31st March	Country of Incorporation	Number of Shares		Carrying Value	
		2020	2019	2020 Rs.	2019 Rs.
Non-quoted					
Singer Digital Media (Pvt) Limited	Sri Lanka				
Investment at the Beginning of the Year		500,000	500,000	5,000,000	5,000,000
Investments Made During the Year		–	–	–	–
Investment at the End of the Year		500,000	500,000	5,000,000	5,000,000
Singer Business School (Pvt) Limited	Sri Lanka				
Investment at the Beginning of the Year		500,000	500,000	5,000,000	5,000,000
Investments Made During the Year		500,000	–	5,000,000	–
Investment at the End of the Year		1,000,000	500,000	10,000,000	5,000,000
Reality (Lanka) Limited	Sri Lanka				
Investment at the Beginning of the Year		4,800,000	4,800,000	48,000,000	48,000,000
Investments Made During the Year		62,151	–	62,150,770	–
Investment at the End of the Year		4,800,000	4,800,000	110,150,770	48,000,000
Total Investment in Subsidiaries				2,968,023,473	2,900,872,703

During the year, the Company has further invested in Singer Business School (Pvt) Limited with 500,000 number of ordinary shares without changing its holding.

During the year the parent company has further invested Rs. 62,150,770/-, resulting increasing the shareholding of its subsidiary to 92.24% from previous 88.21%. The resulting gain has been recognised in Equity.

## 14. Other Non-current Assets

### Prepaid Operating Leases – Leasehold Right

Prepaid operating lease relates to operating lease paid in advance for the land acquired by Regnis Appliances (Pvt) Limited from Board of Investment (BOI) in Sri Lanka. The Group amortise the leasehold land over the lease period of 50 years, on a straight-line basis. The reconciliation of prepaid operating lease is as follows: The subsidiary has made a request to cancel the rent agreement from relevant authorities and hence, the same has not been considered for SLFRS 16 adjustment.

As at 31st March	Consolidated	
	2020 Rs.	2019 Rs.
<b>Cost</b>		
At the beginning of the year	65,062,510	65,062,510
Acquired during the year	–	–
<b>At the end of the year</b>	<b>65,062,510</b>	<b>65,062,510</b>
<b>Amotisation</b>		
At the beginning of the year	1,843,438	542,188
Amotised during the year	1,301,250	1,301,250
<b>At the end of the year</b>	<b>3,144,688</b>	<b>1,843,438</b>
<b>Carrying value</b>	<b>61,917,822</b>	<b>63,219,072</b>

## 15. Other Investments

### 15.1 Non-current Financial Assets

Non-quoted	Number of Shares		Consolidated		Company	
			Amount		Amount	
	As at 31st March 2020	As at 31st March 2019	As at 31st March 2020 Rs.	As at 31st March 2019 Rs.	As at 31st March 2020 Rs.	As at 31st March 2019 Rs.
<b>a. Equity Investments at Fair Value through Other Comprehensive Income (FVOCI)</b>						
Equity Investment Lanka Limited	1,665,000	1,665,000	17,020,000	17,020,000	17,020,000	17,020,000
Credit Information Bureau of Sri Lanka	100	100	41,300	41,300	–	–
			17,061,300	17,061,300	17,020,000	17,020,000
<b>b. Financial Assets at Amortised Cost</b>						
Investment in Treasury Bonds	–	–	96,196,248	–	–	–
Fixed Rate 9.95% Senior Unlisted, Unsecured Redeemable, Rated Debentures Redeemable on 18th June 2020	–	–	–	–	–	450,000,000
48 Months 12% Secured Debentures Redeemable on 6th April 2020	–	–	–	–	–	150,000,000
(Less) Impairment Provision on Investment in Debentures	–	–	–	–	–	(817,348)
			96,196,248	–	–	599,182,652
<b>Total Other Investments</b>	–	–	113,257,548	17,061,300	17,020,000	616,202,652

### 15.2 Short-term Investments

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>a. Financial Assets at Amortised Cost</b>				
Investment in Treasury Bills	548,582,608	529,920,590	–	–
Investment in Treasury Bonds	145,110,268	93,451,740	–	–
36 Months 11.5% Secured Debentures Redeemable on 6th April 2019	–	–	–	312,090,000
Fixed Rate 9.95% Senior Unlisted, Unsecured Redeemable, Rated Debentures Redeemable on 18th June 2020	–	–	450,090,000	–
48 Months 12% Secured Debentures Redeemable on 6th April 2020	–	–	150,000,000	–
	693,692,876	623,372,330	600,090,000	312,090,000

Further, details relating to fair valuation and carrying value is provided in Note 36 to these Financial Statements.

## 16. Inventories

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Raw Materials	1,316,568,023	1,103,130,403	376,402,182	270,592,000
Work-in-Progress	155,322,633	176,221,424	69,156,189	74,591,000
Finished Goods	12,511,962,659	11,941,110,167	12,030,397,578	10,970,091,634
Supplies and Parts	730,452,897	647,659,048	715,055,343	633,329,719
Goods-in-Transit	2,412,565,962	1,238,774,794	2,040,199,527	1,055,824,318
	17,126,872,174	15,106,895,836	15,231,210,819	13,004,428,671
Less: Provision on Inventory (Note 16.1)	(1,000,807,225)	(904,020,201)	(957,972,057)	(869,161,410)
Unrealised Profit in Inventory	(78,609,099)	(77,133,223)	–	–
Consignment Inventory	–	(25,443)	–	(25,443)
<b>Total Inventories</b>	<b>16,047,455,850</b>	<b>14,125,716,969</b>	<b>14,273,238,762</b>	<b>12,135,241,818</b>

### 16.1 Provision on Inventory

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Balance at the Beginning of the Year	904,020,201	731,024,874	869,161,410	695,132,558
Amount Recognised During the Year (Note 8)	96,787,024	172,995,327	88,810,647	174,028,852
<b>Balance at the End of the Year</b>	<b>1,000,807,225</b>	<b>904,020,201</b>	<b>957,972,057</b>	<b>869,161,410</b>

## 17. Loans Due from Related Parties

As at 31st March	Relationship	Consolidated		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Regnis (Lanka) PLC	Subsidiary	–	–	46,000,000	150,000,000
Reality (Lanka) Limited	Subsidiary	–	–	–	62,150,767
Singer Business School (Pvt) Limited	Subsidiary	–	–	–	5,000,000
Singer Finance (Lanka) PLC	Subsidiary	–	–	400,000,000	1,000,000,000
(-) Provision for Impairment		–	–	–	(1,330,790)
		–	–	446,000,000	1,215,819,977

### Singer Finance (Lanka) PLC

Company granted this facility based on the fund requirement of Singer Finance (Lanka) PLC and will be recovered on demand. Interest is charged based on the incremental borrowing rate prevailed in the respective month + 2.25%.

### Regnis (Lanka) PLC

Company granted this facility based on the fund requirement of Regnis (Lanka) PLC and will be recovered on demand. Interest is charged based on the incremental borrowing rate prevailed in the respective month + 0.5%.

## 18. Trade and Other Receivables

### 18.1 Non-current

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Hire Debtors – Instalment Receivables	414,219,697	489,531,443	411,750,134	485,038,473
Less: Unearned hire debtors interest income	(52,921,913)	(44,715,142)	(52,537,926)	(43,736,178)
Provision for Impairment (Note 18.3)	–	(2,470,564)	–	(2,470,564)
	361,297,784	442,345,737	359,212,208	438,831,731
<b>Lease Rental Receivables</b>				
Gross Instalments in Lease	12,083,490,033	11,685,901,512	–	–
Rental Received in Advance	–	(89,159)	–	–
	12,083,490,033	11,685,812,353	–	–
Less: Unearned Income	(2,656,365,208)	(2,674,594,017)	–	–
	9,427,124,825	9,011,218,336	–	–
<b>Loan Debtors</b>				
Consumer and Personal Loans	1,145,117,490	1,068,634,832	–	–
Rental Received in Advance	–	–	–	–
Less: Unearned Loan Interest Income	(163,612,663)	(96,935,776)	–	–
	981,504,827	971,699,056	–	–
<b>Other Debtors</b>				
Rent Paid in Advance	256,840,001	747,600,000	253,260,842	747,600,000
Other Receivables	2,506,338	–	2,506,338	–
Loans to Employees (Note 18.4)	300,743,273	305,446,016	218,221,515	245,804,687
	560,089,612	1,053,046,016	473,988,695	993,404,687
	11,330,017,048	11,478,309,145	833,200,903	1,432,236,418

## 18.2 Current

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>Hire Debtors</b>				
Hire Debtors – Instalments Receivables	8,993,388,532	8,704,710,568	8,984,303,255	8,683,389,508
Rental Received in Advance	–	(84,188)	–	–
Less : Unearned hire debtors interest income	(1,336,125,341)	(1,400,039,779)	(1,335,312,531)	(1,398,448,965)
Provision for Impairment (Note 18.3)	(84,119,843)	(90,961,816)	(77,671,350)	(82,385,651)
	7,573,143,348	7,213,624,785	7,571,319,374	7,202,554,892
<b>Lease Rental Receivables</b>				
Gross Instalments in Lease	8,120,742,194	7,333,492,114	–	–
Less : Unearned Income	(2,239,215,035)	(2,146,116,729)	–	–
Provision for Impairment (Note 18.3)	(349,994,251)	(248,345,207)	–	–
	5,531,532,908	4,939,030,178	–	–
<b>Loan Debtors</b>				
Consumer and Personal Loans	4,825,374,839	3,432,153,576	–	–
Less : Unearned Loan Interest Income	(300,013,162)	(264,926,628)	–	–
FD Loans	94,751,099	68,229,423	–	–
<b>Net Receivable</b>	4,620,112,776	3,235,456,371	–	–
Less : Provision for Impairment (Note 18.3)	(406,618,643)	(323,203,252)	–	–
	4,213,494,133	2,912,253,119	–	–
<b>Trade Debtors</b>				
Trade Receivables	5,511,261,180	5,811,614,548	4,407,885,925	4,370,734,959
Less : Provision for Impairment (Note 18.3)	(921,466,193)	(758,362,703)	(789,352,248)	(645,981,951)
	4,589,794,987	5,053,251,845	3,618,533,676	3,724,753,008
<b>Other Debtors</b>				
Advance and Other Receivables	2,552,722,627	2,734,863,828	2,421,584,573	2,600,357,987
Less : Provision for Impairment (Note 18.3)	(1,414,252,685)	(924,243,104)	(1,412,430,811)	(922,921,231)
	1,138,469,942	1,810,620,724	1,009,153,762	1,677,436,756
Shipping Guarantees	–	–	–	–
Prepayments	408,774,318	619,011,838	146,122,383	163,192,642
Loans to Employees	103,586,957	124,365,891	79,088,340	92,449,765
	512,361,275	743,377,731	225,210,723	255,642,407
	23,558,796,593	22,672,158,380	12,424,217,535	12,860,387,063

## 18.3 Provision for Impairment

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>Provision for Impairment – Hire Debtors</b>				
Movement				
Balance as at the Beginning of the Year	93,432,380	64,886,178	84,856,215	53,096,143
Impact of Adopting SLFRS 9 – “Financial Instruments”	–	27,523,634	–	26,701,301
Provided/(Reversal) During the Year	(6,665,980)	14,854,732	(4,973,713)	17,380,351
Write-off/Transfer During the Year	(2,646,557)	(13,832,164)	(2,211,152)	(12,321,580)
<b>Balance as at End of the Year</b>	<b>84,119,843</b>	<b>93,432,380</b>	<b>77,671,350</b>	<b>84,856,215</b>
<b>Provision for Impairment – Lease Rental Receivable</b>				
Movement				
Balance at the Beginning of the Year	248,345,208	126,311,107	–	–
Impact of Adopting SLFRS 9 – “Financial Instruments”	–	46,251,037	–	–
Provided During the Year	212,907,393	143,871,915	–	–
Write-off/Transfer During the Year	(111,258,350)	(68,088,853)	–	–
<b>Balance at the End of the Year</b>	<b>349,994,251</b>	<b>248,345,206</b>	<b>–</b>	<b>–</b>
<b>Provision for Impairment – Loan Debtors</b>				
Movement				
Balance at the Beginning of the Year	323,203,252	168,104,070	–	–
Impact of Adopting SLFRS 9 – “Financial Instruments”	–	62,265,251	–	–
Provided During the Year	147,171,353	140,642,025	–	–
Write-off/Transfer During the Year	(63,755,962)	(47,808,094)	–	–
<b>Balance at the End of the Year</b>	<b>406,618,643</b>	<b>323,203,252</b>	<b>–</b>	<b>–</b>
<b>Provision for Impairment – Trade Debtors</b>				
Movement				
Balance at the Beginning of the Year	758,362,703	293,771,484	645,981,951	234,945,963
Impact of Adopting SLFRS 9 – “Financial Instruments”	–	246,301,807	–	219,373,305
Provided During the Year	167,980,473	222,052,712	148,247,278	195,425,983
Write-off/Transfer During the Year	(4,876,983)	(3,763,300)	(4,876,981)	(3,763,300)
<b>Balance at the End of the Year</b>	<b>921,466,193</b>	<b>758,362,703</b>	<b>789,352,248</b>	<b>645,981,951</b>
<b>Total Provision for Trade Receivables</b>	<b>1,762,198,930</b>	<b>1,423,343,541</b>	<b>867,023,598</b>	<b>730,838,166</b>
<b>Provision for Impairment – Other Debtors</b>				
Movement				
Balance at the Beginning of the Year	924,243,104	666,561,993	922,921,232	665,101,091
Provided During the Year (Note 18.3.1)	490,250,931	261,737,926	489,750,929	261,876,952
Write-off/Transfer During the Year	(241,350)	(4,056,815)	(241,348)	(4,056,812)
<b>Balance at the End of the Year</b>	<b>1,414,252,685</b>	<b>924,243,104</b>	<b>1,412,430,813</b>	<b>922,921,231</b>
<b>Total Provision for Impairment</b>	<b>3,176,451,615</b>	<b>2,347,586,645</b>	<b>2,279,454,411</b>	<b>1,653,759,397</b>

**18.3.1.** Impairment for other debtors Rs. 489,750,929/- has been disclosed under Note 8.1 and balance Rs. 500,002/- of the Group has been disclosed under administrative expenses of the Statement of Profit or Loss and Other Comprehensive Income.

## 18.4 Loans to Employees

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Balance as at the Beginning of the Year	428,665,434	395,999,119	338,254,452	335,587,340
Loans Granted During the Year	68,521,647	193,240,400	–	126,460,000
Less: Repayments	(93,934,702)	(159,427,610)	(40,944,597)	(123,792,888)
Unwinding of interest	1,077,851	–	–	–
<b>Balance as at the End of the Year</b>	<b>404,330,230</b>	<b>429,811,909</b>	<b>297,309,855</b>	<b>338,254,452</b>
Due Within One Year	103,586,957	124,365,893	79,088,340	92,449,765
Due After One Year	300,743,273	305,446,016	218,221,515	245,804,687

## 18.5 Maturity Analysis of Hire Purchase, Lease and Loans

### Consolidated – As at 31st March 2020

	Less than 3 Months Rs.	3-12 Months Rs.	1-3 Years Rs.	3-5 Years Rs.	Over 5 Years Rs.	Total Rs.
Hire Debtors	734,013,833	6,840,471,469	359,684,044	271,786	–	7,934,441,132
Lease Rental Receivables	1,980,332,381	3,679,531,945	6,999,541,984	2,289,383,261	9,896,162	14,958,657,733
Loan Debtors	1,777,221,618	2,517,606,338	728,360,819	170,572,810	1,273,375	5,194,998,960
	4,491,567,832	13,037,609,752	8,087,586,847	2,460,227,857	11,105,537	28,088,097,825

### Consolidated – As at 31st March 2019

	Less than 3 Months Rs.	3-12 Months Rs.	1-3 Years Rs.	3-5 Years Rs.	Over 5 Years Rs.	Total Rs.
Hire Debtors	2,866,548,769	4,436,453,886	352,118,564	849,303	–	7,655,970,522
Lease Rental Receivables	1,612,711,611	3,326,229,408	6,873,472,451	2,110,972,176	26,862,868	13,950,248,514
Loan Debtors	425,057,532	2,487,195,587	329,994,550	640,921,909	782,597	3,883,952,175
	4,904,317,912	10,249,878,881	7,555,585,565	2,752,743,388	27,645,465	25,490,171,211

### Company – As at 31st March 2020

	Less than 3 Months Rs.	3-12 Months Rs.	1-3 Years Rs.	3-5 Years Rs.	Over 5 Years Rs.	Total Rs.
Hire Debtors	731,343,766	6,839,975,609	359,212,207	–	–	7,930,531,582
	731,343,766	6,839,975,609	359,212,207	–	–	7,930,531,582

### Company – As at 31st March 2019

	Less than 3 Months Rs.	3-12 Months Rs.	1-3 Years Rs.	3-5 Years Rs.	Over 5 Years Rs.	Total Rs.
Hire Debtors	2,857,154,007	4,433,932,341	350,300,275	–	–	7,641,386,623
	2,857,154,007	4,433,932,341	350,300,275	–	–	7,641,386,623

## 19. Amounts Due from Related Parties

As at 31st March	Relationship	Consolidated		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Hayleys PLC	Parent	2,593,459	–	2,593,459	–
Singer Business School (Pvt) Limited	Subsidiary	–	–	–	3,310,666
The Kingsbury PLC	Affiliate Company	1,168,243	–	1,168,243	–
Rileys Ltd.	Affiliate Company	200,200	–	200,200	–
Mabroc Teas (Pvt) Ltd.	Affiliate Company	220,566	–	220,566	–
Logiwiz Ltd.	Affiliate Company	164,382	–	164,382	–
Hayleys Travels and Tours (Pvt) Limited	Affiliate Company	2,523,708	–	1,152,831	–
Hayleys Freezone Limited	Affiliate Company	282,390	–	282,390	–
Hayleys Energy Services Lanka (Pvt) Ltd.	Affiliate Company	7,271	–	7,271	–
Hayleys Consumer Products Ltd.	Affiliate Company	2,772,636	–	2,772,636	–
Hayleys Agriculture Holdings Ltd.	Affiliate Company	1,972,767	–	1,972,767	–
Hayleys Advantis (Pvt) Ltd.	Affiliate Company	1,842,173	–	1,842,173	–
Hayleylines Ltd.	Affiliate Company	483,900	–	483,900	–
Hayles North South Line (Pvt) Ltd.	Affiliate Company	908,970	–	908,970	–
Haycarb Value Added Products (Pvt) Ltd.	Affiliate Company	106,294	–	106,294	–
Haycarb PLC	Affiliate Company	454,418	–	454,418	–
Fentons Limited	Affiliate Company	6,190,470	–	6,190,470	–
Energynet (Pvt) Ltd.	Affiliate Company	814,048	–	814,048	–
Dipped Products PLC	Affiliate Company	2,096,269	–	2,096,269	–
Creative Polymats Ltd.	Affiliate Company	73,940	–	73,940	–
Cosco Lanka (Pvt) Ltd.	Affiliate Company	398,990	–	398,990	–
Hayleys Aventure (Pvt) Ltd.	Affiliate Company	158,590	–	158,590	–
Amaya Hills Hotel	Affiliate Company	472,966	–	472,966	–
Amaya Beach Hotel	Affiliate Company	3,511,694	–	3,511,694	–
Advantis Projects And Engineering (Pvt) Ltd.	Affiliate Company	970,490	–	970,490	–
Alumex PLC	Affiliate Company	1,126,106	–	1,126,106	–
Hayleys Fiber PLC	Affiliate Company	479,379	–	479,379	–
Hayleys Fabric PLC	Affiliate Company	1,431,724	–	1,431,724	–
		33,426,043	–	32,055,166	3,310,666



## 20. Cash and Cash Equivalents

Components of Cash and Cash Equivalents

### 20.1 Favourable Cash and Cash Equivalents Balances

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Cash at Banks	219,163,225	749,758,092	61,176,167	527,301,613
Cash in Hand	410,131,682	1,099,884,738	333,681,977	810,411,079
	629,294,907	1,849,642,830	394,858,144	1,337,712,692

### 20.2 Unfavourable Cash and Cash Equivalent Balances

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Bank Overdrafts*	(2,480,081,281)	(2,916,428,154)	(1,501,382,120)	(1,417,088,608)
<b>Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement</b>	<b>(1,850,786,374)</b>	<b>(1,066,785,324)</b>	<b>(1,106,523,976)</b>	<b>(79,375,916)</b>

\* All the overdraft interest rates are linked to AWPLR.

Refer the Note 25.5 for overdraft facility limits.

## 21. Stated Capital

As at 31st March	2020	2019
Number of Shares – Ordinary Shares (Nos.)	375,628,830	375,628,830
Rupees – Ordinary Shares (Rs.)	626,048,050	626,048,050

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

## 22. Capital Reserves

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Revaluation Reserve (Note 22.1)	1,092,441,629	1,118,122,637	1,142,409,257	1,158,333,041

### 22.1 Revaluation Reserves Attributable to Equity Holders

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Balance at the Beginning of the Year	1,118,122,637	577,919,322	1,158,333,041	847,555,412
Revaluation Gain on Property, Plant and Equipment	–	784,157,271	–	453,751,963
Deferred Tax on Revaluation Gain on Property, Plant and Equipment	–	(219,564,036)	–	(127,050,550)
Realisation of Revaluation Surplus	(25,681,008)	(24,389,920)	(15,923,784)	(15,923,784)
<b>Balance at the End of the Year</b>	<b>1,092,441,629</b>	<b>1,118,122,637</b>	<b>1,142,409,257</b>	<b>1,158,333,041</b>

The revaluation reserve relates to revaluation of freehold land and buildings and represents the fair value of the land and buildings as at the date of revaluation.

## 23. Statutory Reserves

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>(a) Reserve Fund</b>				
Reserve Fund (Note 23.1)	182,548,200	163,096,146	–	–
	182,548,200	163,096,146	–	–

### 23.1 Reserve Fund

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Balance at the Beginning of the Year	163,096,146	136,009,451	–	–
Transfer of Surplus During the Year	19,452,054	27,086,695	–	–
Balance at the End of the Year	182,548,200	163,096,146	–	–

The balance in the Reserve Fund will be used only for the purposes specified in the Central Bank Direction No. 01 of 2003. The Reserve Fund is maintained in compliance with Direction No. 01 of 2003 Central Bank of Sri Lanka (Capital Funds) issued to finance companies.

As per the said Direction, every licensed finance company shall maintain a reserve fund and transfer to such reserve fund out of the net profits of the each year after due provisions has been made for taxation and bad and doubtful debts on following basis:

Capital Funds to Deposit Liabilities	Percentage of Transfer to Reserve Fund
Not less than 25%	5%
Less than 25% and not less than 10%	20%
Less than 10%	50%

Accordingly, Singer Finance (Lanka) PLC has transferred 5% of its net profit after taxation to the Reserve Fund as Company's Capital Funds to Deposit Liabilities, belongs to not less than 25%.

## 24. Revenue Reserves

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>Summary</b>				
(a) General Reserve (Note 24.1)	2,700,000,000	2,700,000,000	2,700,000,000	2,700,000,000
	2,700,000,000	2,700,000,000	2,700,000,000	2,700,000,000
(b) Retained Earnings	1,967,856,219	2,335,830,615	(476,952,625)	151,601,145
	1,967,856,219	2,335,830,615	(476,952,625)	151,601,145
<b>Revenue Reserves</b>	<b>4,667,856,219</b>	<b>5,035,830,615</b>	<b>2,223,047,375</b>	<b>2,851,601,145</b>

### 24.1 General Reserves

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

The movement of general reserve is as follows:

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Balance at the Beginning of the Year	2,700,000,000	2,700,000,000	2,700,000,000	2,700,000,000
Transferred from Retained Earnings	–	–	–	–
<b>At the End of the Year</b>	<b>2,700,000,000</b>	<b>2,700,000,000</b>	<b>2,700,000,000</b>	<b>2,700,000,000</b>

## 25. Interest-Bearing Loans and Borrowings

### 25.1 Loans and Borrowings – Consolidated

Year Ended 31st March	2020 Amount Repayable Within 1 Year Rs.	2020 Amount Repayable After 1 Year Rs.	2020 Total Rs.	2019 Amount Repayable Within 1 Year Rs.	2019 Amount Repayable After 1 Year Rs.	2019 Total Rs.
Debentures (Note 25.2)	1,489,740,766	654,765,222	2,144,505,988	97,210,000	2,137,906,386	2,235,116,386
Bank Loans (Note 25.3 a, b)	18,844,331,235	6,371,753,322	25,216,084,557	18,554,647,218	7,197,055,004	25,751,702,222
Securitisation Loans (Note 25.4)	1,056,800,000	1,148,980,000	2,205,780,000	568,920,960	1,305,198,080	1,874,119,040
	21,300,872,001	8,175,498,544	29,566,370,545	19,220,778,178	10,640,159,470	29,860,937,648
Accrued Interest for Interest Bearing Loans and Borrowings	334,304,175	–	334,304,175	270,389,119	–	270,389,119
	21,725,176,176	8,175,498,544	29,900,674,720	19,491,167,297	10,640,159,470	30,131,326,767

### 25.2 Debentures – Consolidated

	As at 1st April 2019 Rs.	New Issues Rs.	Redemption Rs.	As at 31st March 2020 Rs.
Fixed rate Senior, listed, Unsecured, Redeemable, Rated Debentures Redeemable on 28th September 2021	656,800,000	–	–	656,800,000
Fixed Rate Senior, Listed, Secured, Redeemable, Rated Debentures Redeemable on 6th April 2019	409,300,000	–	(409,300,000)	–
Fixed Rate Senior, Listed, Secured, Redeemable, Rated Debentures Redeemable on 6th April 2020	590,700,000	–	–	590,700,000
Fixed Rate Senior, Listed, Secured, Redeemable, Rated Debentures Redeemable on 16th June 2020	1,500,000,000	–	–	1,500,000,000
Transaction Cost	(9,593,614)	–	6,689,602	(2,904,012)
Less: Investment in debenture in subsidiary	(912,090,000)	–	312,000,000	(600,090,000)
	2,235,116,386	–	(90,610,398)	2,144,505,988

### 25.3 Bank Loans – Consolidated

	Balance as at 1st April 2019 Rs.	Loans Obtained Rs.	Repayment Rs.	Balance as at 31st March 2020 Rs.
<b>(a) Bank Loans Repayable Within One Year – Consolidated</b>				
Bank Loans	18,554,647,218	43,534,133,499	(43,244,449,482)	18,844,331,235
	18,554,647,218	43,534,133,499	(43,244,449,482)	18,844,331,235

The bank loans repayable within one year consist of short-term loans obtained from Hatton National Bank PLC, People's Bank, Nations Trust Bank PLC, Commercial Bank of Ceylon PLC, Sampath Bank PLC, Seylan Bank PLC, Standard Chartered Bank Sri Lanka Limited, National Development Bank PLC, Deutsche Bank Sri Lanka and Bank of Ceylon.

These loans bear interest rate between 9.29% to 12.95% and due for settlement at maturity.

**(b) Bank Loan Repayable After One Year – Consolidated**

Company	Lender	Repayment	Security	As at 31st March 2020 Rs.	As at 31st March 2019 Rs.
Singer (Sri Lanka) PLC	Standard Chartered Bank mauritius (Fixed Rate)	Quarterly	Negative Pledged	–	220,375,004
Singer (Sri Lanka) PLC	Commercial Bank of Ceylon PLC (Variable Rate – Linked to AWPLR)	Annually	Negative Pledged	–	1,250,000,000
Singer (Sri Lanka) PLC	Commercial Bank of Ceylon PLC (Fixed Rate)	Quarterly	Negative Pledged	2,000,000,000	–
Singer (Sri Lanka) PLC	Commercial Bank of Ceylon PLC (Variable Rate – Linked to AWPLR)	Quarterly	Negative Pledged	1,000,000,000	2,000,000,000
Singer (Sri Lanka) PLC	Sampath Bank PLC (Variable Rate – Linked to AWPLR)	Quarterly	Negative Pledged	750,000,000	1,750,000,000
Singer (Sri Lanka) PLC	Hatton National Bank PLC (Variable Rate – Linked to AWPLR)	Quarterly	Negative Pledged	500,000,000	1,500,000,000
Singer (Sri Lanka) PLC	Sampath Bank PLC (Variable Rate – Linked to AWPLR)	Monthly	Negative Pledged	1,250,000,000	–
Singer Finance (Lanka) PLC	Seylan Bank PLC (Variable Rate – Linked to AWPLR)	Monthly	Lease Receivables	283,420,000	383,380,000
Singer Finance (Lanka) PLC	Bank of Ceylon (Variable Rate – Linked to AWPLR)	Monthly	Lease Receivables	358,333,322	–
Singer Finance (Lanka) PLC	Commercial Bank of Ceylon PLC (Variable Rate – Linked to AWPLR)	Monthly Repayment	Lease Receivables	230,000,000	–
Singer Finance (Lanka) PLC	Sampath Bank PLC (Variable Rate – Linked to AWPLR)	Monthly	Lease Receivables	–	93,300,000
				<b>6,371,753,322</b>	<b>7,197,055,004</b>

**25.4 Securitisation Loans – Consolidated****(a) Securitisation Loans**

	As At 1st April 2019	New Issues/ Accrued Interest	Redemption	As At 31st March 2020
Securitisation	1,874,119,040	1,004,556,220	(672,895,260)	2,205,780,000
<b>Total</b>	<b>1,874,119,040</b>	<b>1,004,556,220</b>	<b>(672,895,260)</b>	<b>2,205,780,000</b>

**(b) Securitisation Loans**

Company	Trustee	Repayment	Security	As at 31st March 2020	As at 31st March 2019
Singer Finance (Lanka) PLC	Hatton National Bank PLC	Structured	Lease and Hire Purchase Receivable	270,000,000	461,880,737
Singer Finance (Lanka) PLC	Hatton National Bank PLC	Quarterly	Lease and Hire Purchase Receivable	682,500,000	1,112,238,303
Singer Finance (Lanka) PLC	Hatton National Bank PLC	Monthly	Lease and Hire Purchase Receivable	1,253,280,000	300,000,000
				<b>2,205,780,000</b>	<b>1,874,119,040</b>

**25.5 Bank Facilities – Consolidated**

	As at 31st March 2020		As at 31st March 2019	
	Utilised Rs.	Total Facility Rs.	Utilised Rs.	Total Facility Rs.
Overdrafts	2,480,081,281	3,640,000,000	2,916,428,154	3,220,000,000
Term Loans	6,371,753,322	8,901,000,000	7,197,055,004	7,828,333,336
Short-term Loans and Current Portion of Long-term Loans	18,844,331,235	23,892,383,619	18,554,647,218	18,744,772,224
<b>Total Debt Facility</b>	<b>27,696,165,838</b>	<b>36,433,383,619</b>	<b>28,668,130,376</b>	<b>29,793,105,560</b>
Guarantees	1,654,757,138	2,010,300,000	561,769,119	1,800,000,000
Letter of Credits	3,063,475,427	8,747,642,631	4,319,720,459	7,275,605,110
<b>Total Debt and Other Facilities</b>	<b>32,414,398,403</b>	<b>47,190,726,250</b>	<b>33,549,619,954</b>	<b>38,868,710,670</b>

## 25.6 Interest-bearing Loans and Borrowings – Company

As at 31st March	2020 Amount Repayable Within 1 Year Rs.	2020 Amount Repayable After 1 Year Rs.	2020 Total Rs.	2019 Amount Repayable Within 1 Year Rs.	2019 Amount Repayable After 1 Year Rs.	2019 Total Rs.
Debentures (Note 25.7)	–	654,765,222	654,765,222	–	653,554,271	653,554,271
Bank Loans (Note 25.8 a, b)	12,500,435,262	5,500,000,000	18,000,435,262	13,266,614,322	6,720,375,004	19,986,989,326
	12,500,435,262	6,154,765,222	18,655,200,484	13,266,614,322	7,373,929,275	20,640,543,597
Accrued Interest for Interest Bearing Loans and Borrowings	106,921,976	–	106,921,976	109,699,116	–	109,699,116
	12,607,357,238	6,154,765,222	18,762,122,460	13,376,313,438	7,373,929,275	20,750,242,713

## 25.7 Debentures – Company

	As At 1st April 2019 Rs.	New Issues Rs.	Redemption Rs.	As At 31st March 2020 Rs.
Fixed Rate Senior, Listed, Unsecured, Redeemable, Rated Debentures Redeemable on 28th September 2021	656,800,000	–	–	656,800,000
Transaction Cost	(3,245,729)	–	1,210,951	(2,034,778)
	653,554,271	–	1,210,951	654,765,222

## 25.8 Bank Loans – Company

	As at 1st April 2019 Rs.	Loan Obtained Rs.	Repayment Rs.	As at 31st March 2020 Rs.
<b>(a) Bank Loans Repayable within One Year – Company</b>				
Bank Loans, Short-term Loans and Current Portion of Long-term Loans	13,266,614,322	27,985,678,817	(28,751,857,877)	12,500,435,262
	13,266,614,322	27,985,678,817	(28,751,857,877)	12,500,435,262

The bank loans repayable within one year consist of short-term loans obtained from Hatton National Bank PLC, Nation Trust Bank PLC, Commercial Bank of Ceylon PLC, Sampath Bank PLC, Deutsche Bank Sri Lanka, Seylan Bank PLC, Standard Chartered Bank Sri Lanka Limited, and People's Bank. These loans bears interest rate between 9.29% to 12.95% and due for settlement at maturity.

### (b) Bank Loan Repayable After One Year – Company

Lender	Repayment	Security	As at 31st March 2020 Rs.	As at 31st March 2019 Rs.
Standard Chartered Bank Mauritius (Fixed Rate)	Quarterly	Negative Pledged	–	220,375,004
Commercial Bank of Ceylon PLC (Variable Rate – Linked to AWPLR)	Annually	Negative Pledged	–	1,250,000,000
Commercial Bank of Ceylon PLC (Fixed Rate)	Quarterly	Negative Pledged	2,000,000,000	–
Commercial Bank of Ceylon PLC (Variable Rate – Linked to AWPLR)	Quarterly	Negative Pledged	1,000,000,000	2,000,000,000
Sampath Bank PLC (Variable Rate – Linked to AWPLR)	Quarterly	Negative Pledged Over Fixed Assets of the Company	750,000,000	1,750,000,000
Hatton National Bank PLC (Variable Rate – Linked to AWPLR)	Quarterly	Negative Pledged	500,000,000	1,500,000,000
Sampath Bank PLC (Variable Rate – Linked to AWPLR)	Quarterly	Negative Pledged	1,250,000,000	–
			5,500,000,000	6,720,375,004

## 25.9 Bank Facilities – Company

	As at 31st March 2020		As at 31st March 2019	
	Utilised Rs.	Total Facility Rs.	Utilised Rs.	Total Facility Rs.
Overdraft	1,501,382,120	2,240,000,000	1,417,088,608	2,195,000,000
Term Loans	5,500,000,000	5,500,000,000	6,720,375,004	6,628,333,336
Short-term Loans and Current Portion of Long-term Loans	12,500,435,262	19,538,383,619	13,266,614,322	17,105,377,334
<b>Total Debt Facility</b>	<b>19,501,817,382</b>	<b>27,278,383,619</b>	<b>21,404,077,934</b>	<b>25,928,710,670</b>
Guarantees	1,654,457,138	2,010,000,000	561,769,119	1,800,000,000
Letter of Credit	2,452,166,196	7,630,000,000	3,621,720,459	7,130,000,000
<b>Total Debt and Other Facilities</b>	<b>23,608,440,716</b>	<b>36,918,383,619</b>	<b>25,587,567,512</b>	<b>34,858,710,670</b>

## 26. Deferred Tax Assets/(Liabilities)

### 26.1 Deferred Tax

As at 31st March	Note	Consolidated		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Balance at the Beginning of the Year		(246,869,202)	(467,235,592)	264,757,033	69,642,532
<b>Acquisition from Business Combination</b>					
Prior Year Correction		–	(19,222,000)	–	–
Amount (Originating)/Reversal During the year – Recognised in Profit or Loss	9.2	188,638,976	356,631,694	296,087,096	200,985,408
Amount (Originating)/Reversal During the year – Recognised in Statement of Other Comprehensive Income Profit or Loss	9.4	(8,495,062)	5,871,651	(5,647,853)	7,545,349
Deferred Tax Relating to Revaluation of PPE	9.4	–	(247,190,822)	–	(127,050,550)
Deferred Tax Impact on Realisation of Revaluation Surplus	9.2	6,192,583	9,484,969	6,192,583	6,192,583
Differed Tax Adjustment on SLFRS 9 and 15		–	114,981,691	–	107,441,711
Differed Tax Adjustment on SLFRS 16		215,853,239	–	212,067,178	–
Deferred Tax Impact on Unrealised Profit in Inventory	9.2	413,245	(190,793)	–	–
<b>Balance as at the End of the Year</b>		<b>155,733,779</b>	<b>(246,869,202)</b>	<b>773,456,037</b>	<b>264,757,033</b>

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

Deferred tax is computed using the tax rate which was enacted by the end of the Reporting period which is 28% and Regnis Appliance (Pvt) Ltd. at 20%.

## 26.3.1 Consolidated

	As at 31st March 2020		As at 31st March 2019	
	Assets Rs.	Liabilities Rs.	Assets Rs.	Liabilities Rs.
<b>(a) Composition of Deferred Tax</b>				
Property, Plant and Equipment	–	1,347,321,355	–	1,361,085,819
Intangible Assets	–	36,063,094	–	34,029,561
Lease Rentals	167,989,636	–	1,007,876	133,123,515
Tax Losses	4,523,248	–	954,073	–
Provision for Inventories	290,855,407	–	275,554,201	–
Provision on Receivables	759,479,202	–	656,954,137	–
Employee Benefit Obligations	251,817,189	–	257,787,290	–
Provision for Warranty	64,453,566	–	89,112,116	–
	1,539,118,248	1,383,384,449	1,281,369,693	1,528,238,895
<b>Net deferred tax</b>	155,733,779	–	–	246,869,202

## 26.3.2 Company

	As at 31st March 2020		As at 31st March 2019	
	Assets Rs.	Liabilities Rs.	Assets Rs.	Liabilities Rs.
<b>(a) Composition of Deferred Tax Asset</b>				
Property, Plant and Equipment	–	663,621,554	–	683,818,578
Intangible Assets	–	18,584,063	–	17,608,992
Provision for Inventories	268,232,176	–	243,365,195	–
Provision on Receivables	638,247,235	–	463,052,631	–
Employee Benefit Obligations	178,271,373	–	176,612,230	–
Leases Receivables	308,611,065	–	–	–
Provision for Warranty	62,299,805	–	83,154,547	–
	1,455,661,654	682,205,617	966,184,603	701,427,571
<b>Net Deferred Tax</b>	773,456,037	–	264,757,033	–

## 27. Employee Benefit Obligations

	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>As at 31st March</b>				
Present Value of Unfunded Gratuity	900,984,244	871,971,129	636,683,474	630,757,966
<b>Total Present Value of the Obligation</b>				
<b>Provision for Retiring Gratuity</b>				
At the Beginning of the Year	871,971,129	794,644,981	630,757,966	574,009,152
Adjustment Due to Transfer of Employees Out of Company	–	(13,970,000)	(95,298)	(13,970,000)
Actuarial (Gain)/Loss on Obligation	(30,476,732)	21,158,221	(20,170,902)	26,947,676
Current Service Costs	58,331,419	57,258,140	40,252,655	40,169,233
Interest Costs	95,916,780	87,410,988	69,383,333	63,141,045
	995,742,596	946,502,330	720,127,754	690,297,106
Benefits Paid During the Year	(94,758,352)	(74,531,201)	(83,444,280)	(59,539,140)
<b>At the End of the Year</b>	900,984,244	871,971,129	636,683,474	630,757,966

The Group and Company maintains a non-contributory defined benefit plan providing for gratuity benefits payable to employees who will get eligible upon their retirement.

As at 31st March 2020, the gratuity liability was valued under the Projected Unit Credit (PUC) method by a professionally qualified actuary Mr. Pushpakumar Gunasekara of Smiles Global (Pvt) Limited who is qualified Actuary, Associate of the Institute of Actuaries of Australia (AIAA).

Following key assumptions were made in arriving at the above figures:

	2020	2019
<b>(a) Rate of Discount</b>	10.0% p.a. (net of tax)	11.0% p.a. (net of tax)
<b>(b) Salary Increment Rate</b>		
Year 1	9%	10%
Year 2+	9%	10%
<b>(c) Retirement Age</b>		
All Staff Members (Other than Factory Non-management Staff)	60 years	60 years
Branch Managers	55 years	55 years
Factory Non-management Staff – Singer Industries (Ceylon) PLC	60 years	60 years
Other Factory Non-management Staff	60 years	55 years
<b>(d) Staff Withdrawal Rates</b>		
	2020	2019
Singer Finance (Lanka) PLC	16%	18%
Regnis (Lanka) PLC	4%	5%
Regnis Appliance (Pvt) Ltd.	6%	5%
Singer Digital Media (Pvt) Ltd.	9%	5%
Singer (Sri Lanka) PLC (Branch/Other staff)	8%-10%	10% -8%
Singer (Sri Lanka) PLC – Factory	4%	2.50%
Singer Industries (Ceylon) PLC	4%	8%

(e) Assumptions regarding future mortality are based on A1967/70 Mortality Table, issued by the Institute of Actuaries, London. The demographic assumptions underline the valuation are with respect to retirement age, early withdrawal from service and retirement on medical grounds.

The expense so recognised is included in following lines of selling and administrative expenses in the Income Statement.

	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
For the Year ended 31st March				
Cost of Sales	41,108,681	19,587,673	12,264,082	10,961,702
Selling and Administration Expenses	113,139,518	125,081,455	97,371,906	92,348,576
	154,248,199	144,669,128	109,635,988	103,310,278

## 27.1 Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Consolidated		Company	
	As at 31st March 2020		As at 31st March 2020	
	Increase Rs.	Decrease Rs.	Increase Rs.	Decrease Rs.
Discount Rate (1% Movement)	(16,896,988)	18,626,030	(31,031,884)	34,365,317
Future Salary (1% Movement)	18,344,730	(16,932,511)	35,142,009	(32,270,380)



## 28. Security Deposits

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Balance at the Beginning of the Year	1,388,433,021	1,199,127,333	1,332,128,051	1,199,127,333
Contribution During the Year	181,130,303	138,960,799	152,061,844	84,810,694
Interest Charges (Note 7)	161,823,651	148,317,161	155,610,640	146,162,296
Recoveries	(193,401,965)	(43,263,080)	(193,401,965)	(43,263,080)
ESD Releases	(143,374,016)	(54,709,192)	(116,435,694)	(54,709,192)
<b>Balance at the End of the Year</b>	<b>1,394,610,994</b>	<b>1,388,433,021</b>	<b>1,329,962,876</b>	<b>1,332,128,051</b>

## 29. Trade and other Payables

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Trade Payables	7,097,672,024	4,606,937,484	4,807,071,730	3,218,426,890
Value Added Tax Payable/(Receivable)	(23,184,332)	52,964,929	(67,555,774)	(11,478,512)
MSPS Payable	70,894,597	38,937,714	70,543,858	38,417,044
ETF Payable	16,197,192	8,919,478	16,099,864	8,919,478
Advances Received from Customers (Note 29.1)	412,425,658	287,775,219	393,827,357	257,382,652
Accrued Expenses	854,831,590	1,314,537,396	769,159,669	1,048,277,442
Other Payables	733,466,210	810,047,047	506,777,327	400,376,205
Warranty Provisions – Current (Note 29.2)	159,381,022	200,918,938	140,908,999	153,854,524
	<b>9,321,683,961</b>	<b>7,321,038,205</b>	<b>6,636,833,030</b>	<b>5,114,175,723</b>

### 29.1 Advance Received From Customers

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Contract Liabilities	24,685,002	36,921,881	24,685,002	36,921,881
Other Advances	387,740,656	250,853,338	369,142,355	220,460,771
	<b>412,425,658</b>	<b>287,775,219</b>	<b>393,827,357</b>	<b>257,382,652</b>

### 29.2 Warranty Provision

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Balance at the Beginning of the Year	344,045,287	141,647,324	296,980,873	99,374,992
Reclassification	–	137,645,787	–	137,645,787
Provision Made During the Year	(654,059)	148,950,254	9,197,639	113,004,086
Utilised During the Year	(102,419,876)	(84,198,078)	(83,679,183)	(53,043,992)
<b>Balance at the End of the Year</b>	<b>240,971,352</b>	<b>344,045,287</b>	<b>222,499,329</b>	<b>296,980,873</b>

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Due After One Year	81,590,330	143,126,349	81,590,330	143,126,349
Due Within One Year	159,381,022	200,918,938	140,908,999	153,854,524
	240,971,352	344,045,287	222,499,329	296,980,873

\* Warranty provisions have been recognised for expected warranty claims on products based on the historical claims. See the accounting policies in Note 2.6.1.

### 30. Deferred Revenue

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Balance as at Beginning of the Year	273,973,058	246,289,945	268,463,080	246,289,945
Adjustment on Initial Application of SLFRS 15	–	226,619,389	–	226,619,389
Reclassification	–	(137,645,787)	–	(137,645,787)
Amounts Recognised During the Year	151,069,331	105,722,629	162,278,117	106,942,451
Amounts Transferred During the Year	(158,480,740)	(167,013,118)	(171,291,765)	(173,742,918)
<b>Balance as at the End of the Year</b>	<b>266,561,649</b>	<b>273,973,058</b>	<b>259,449,432</b>	<b>268,463,080</b>
Due Within One Year	174,836,880	188,044,737	167,724,663	182,534,759
Due After One Year	91,724,769	85,928,321	91,724,769	85,928,321
	266,561,649	273,973,058	259,449,432	268,463,080

**30.1** Deferred revenue includes deferred service fee on air conditioners, *Sanasuma* Extended Warranty Scheme and amount deferred on motor bike services income as at 31st March 2020.

### 31. Income Tax Payables/(Receivables)

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Balance at the Beginning of the Year	(70,953,640)	(46,635,361)	(240,187,686)	(157,630,474)
Charge for the Year (Note 9)	459,087,871	547,599,564	148,339,472	143,238,137
(Over)/Under Provision in Respect of Previous Year (Note 9)	(80,393,237)	104,474,835	(14,485,504)	12,102,703
Payments Made During the Year	(657,732,644)	(676,392,678)	(295,453,251)	(237,898,052)
<b>Balance at the End of the Year</b>	<b>(349,991,650)</b>	<b>(70,953,640)</b>	<b>(401,786,969)</b>	<b>(240,187,686)</b>

### 32. Dividend Payables

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Unclaimed Dividends	123,813,837	88,496,948	39,150,190	49,212,196
	123,813,837	88,496,948	39,150,190	49,212,196

### 33. Dividends

As at 31st March	Company	
	2020 Rs.	2019 Rs.
<b>Ordinary Shares</b>		
Interim Dividend 2019/20 – Rs. 0.25 (2018/19 – Rs. 0.65)	93,907,208	244,158,740
	93,907,208	244,158,740
Dividend Per Share (Rs.)	0.25	0.65

### Compliance with Section 56 and 57 of Companies Act No. 07 of 2007

As required by Section 56 of the Companies Act No. 07 of 2007, the Board of Directors of the Company satisfied the solvency test in accordance with Section 57, prior to recommending the interim dividend for the Financial Year 2019/20. A statement of solvency completed and duly signed by the Directors on 31st March 2020 has been audited by Messrs KPMG, Chartered Accountants.

### 34. Amounts Due to Related Parties

#### 34.1 Amounts Due to Related Parties – Trade

As at 31st March	Relationship	Consolidated		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Singer (Sri Lanka) PLC					
Hayleys PLC	Parent Company	15,673,548	–	9,374,869	–
Singer Industries (Ceylon) PLC	Subsidiary Company	–	–	29,789,146	65,450,436
Regnis (Lanka) PLC	Subsidiary Company	–	–	342,219,157	667,743,445
Regnis Appliances (Pvt) Limited	Subsidiary Company	–	–	90,990,291	213,374,482
Reality (Lanka) Limited	Subsidiary Company	–	–	2,981,059	–
Singer Finance (Lanka) PLC	Subsidiary Company	–	–	184,150,084	78,738,426
Singer Business School (Pvt) Ltd.	Subsidiary Company	–	–	4,988,418	–
Singer Digital Media (Pvt) Limited	Subsidiary Company	–	–	2,543,075,244	1,482,650,928
Hayleys Travels (Pvt) Ltd.	Affiliate Company	13,186,824	–	13,186,824	–
Toyo Cushion Lanka (Pvt) Ltd.	Affiliate Company	25,675,558	–	25,675,558	–
DPL Universal Gloves (Pvt) Ltd.	Affiliate Company	511,506	–	511,506	–
COSCO Shipping Lines Lanka (Pvt) Ltd.	Affiliate Company	210,183	–	210,183	–
Fentons Limited	Affiliate Company	58,717	–	58,717	–
Energy Net (Pvt) Ltd.	Affiliate Company	22,658,958	–	22,658,958	–
Logiwiz Limited	Affiliate Company	45,645,785	–	45,645,785	–
Creative Polymats Ltd.	Affiliate Company	5,188,331	–	5,188,331	–
Vallibel One PLC	Affiliate Company	11,274,390	–	11,274,390	–
		140,083,800	–	3,331,978,520	2,507,957,717

## 34.2 Amounts Due to Related Parties – Non-trade

As at 31st March	Relationship	Consolidated		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Hayleys PLC	Parent Company	65,316,759	200,549,783	65,316,759	198,883,053
Hayleys Advantis Limited	Affiliate Company	9,281,915	24,132,979	9,281,915	24,132,979
Volanka (Pvt) Limited	Affiliate Company	2,898,936	7,537,234	2,898,936	7,537,234
Hayleys Aventura (Pvt) Limited	Affiliate Company	2,632,979	6,845,718	2,632,979	6,845,737
Carbotels (Pvt) Limited	Affiliate Company	2,420,214	6,292,554	2,420,214	6,292,558
Hayleys Agriculture Holdings Limited	Affiliate Company	2,367,021	6,154,255	2,367,021	6,154,255
Mr. K.D.D. Perera	Key Management Personnel (KMP)	1,733,978	4,508,343	1,733,978	4,508,343
		86,651,802	256,020,866	86,651,802	254,354,159
<b>Total</b>		<b>226,735,602</b>	<b>256,020,866</b>	<b>3,418,630,322</b>	<b>2,762,311,876</b>

## 35. Other Financial Liabilities/(Assets)

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Deposits from Customers (Note 35.1)	7,014,086,125	5,953,023,001	–	–
Derivative Financial Liabilities (Note 35.2)	(27,087,623)	(85,648,063)	(27,087,623)	(85,648,063)
	6,986,998,502	5,867,374,938	(27,087,623)	(85,648,063)

### 35.1 Deposits from Customers

Balance at the Beginning of the Year	5,953,023,001	5,229,639,918	–	–
New Deposits	4,632,801,000	5,673,100,303	–	–
Capitalisation of Interest	406,081,440	309,184,127	–	–
	10,991,905,441	11,211,924,348	–	–
Repaid Deposits	(3,959,146,000)	(5,242,547,096)	–	–
Less: Investment in Fixed Deposits in Subsidiary	(18,673,316)	(16,354,251)	–	–
Balance at the End of the Year	7,014,086,125	5,953,023,001	–	–
<b>Payable Within One Year</b>	<b>5,034,997,425</b>	<b>5,148,467,467</b>	<b>–</b>	<b>–</b>
<b>Payable After One Year</b>	<b>1,979,088,700</b>	<b>804,555,534</b>	<b>–</b>	<b>–</b>
<b>Deposit Classification</b>				
Fixed Deposits at Amortised Cost	6,916,751,596	5,899,267,301	–	–
Saving Deposits	97,334,529	53,755,700	–	–
	7,014,086,125	5,953,023,001	–	–

### 35.2 Derivative Financial Liabilities/(Assets)

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>Fair Value of Cross Currency Interest SWAP</b>	<b>(27,087,623)</b>	<b>(85,648,063)</b>	<b>(27,087,623)</b>	<b>(85,648,063)</b>

During 2017/18 period Company has entered into a borrowing contract with Standard Chartered Bank (Mauritius) Limited to borrow a USD 10 million loan and agreed to repay the loan in USD at an interest rate of 3 Months LIBOR + 3.5%. In order to mitigate the currency and interest rate risks, company has entered to a separate cross currency interest rate SWAP with Standard Chartered Bank (Sri Lanka) Limited. Accordingly, the instalments are fixed to be settled Sri Lanka Rupees. Derivative financial liabilities include the fair value of cross currency SWAP as at 31st March 2020. The resultant fair value of the cross currency interest SWAP is accounted as a derivative assets in these financial statements.

Derivative liabilities include the fair value of cross currency SWAP as at 31st March 2020.

## 36. Financial Instruments

### Financial Risk Management

#### Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

The note presents information about Group's exposure to each of above risks, the Group's objectives, policies and processes measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout these Consolidated Financial Statements.

#### Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risks limits and controls and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors oversees how Management monitor compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Company's Directors are assisted in their oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of the risk management controls and producers, the result of which are reported to the Company's Directors.

#### Credit Risk

Credit risk is the risk of financial loss to the Group if a customer of counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade and other receivables.

#### Treasury Bills

Singer Finance (Lanka) PLC invests not less than 5% of the average of its month end total deposit liabilities and borrowings of the 12 months of the proceeding financial year in Treasury Bills to comply with the Central Bank of Sri Lanka Direction No. 02 of 2020 issued on 31st March 2020.

#### Trade and Other Receivables

The Group's exposure to credit risk relates to sale of products on instalment credit/hire purchase which is an integral part of the business of the Group.

The Group's exposure to credit risk on instalment credit/hire purchase contracts is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risks of the country in which customers reside, has a lesser influence on credit risk.

Geographically, there is no concentration of credit risk. Goods are sold, subject to collateral undertakings so that in the event of non-payment, the Group can have a secured claim. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposure and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

#### Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Impact of credit risk of COVID-19 is disclosed in Note 38.

#### Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposure within the acceptable parameters, while optimising the return.

## Currency Risk

The Group is exposed to currency risk on purchases that are denominated in a currency other than the respective financial currencies of Group entities. The currency in which these transactions primarily are denominated in US Dollars. The currency risk is limited by the short-term nature of the period between the dates of the purchase and settlements of the related liability. Impact of credit risk of COVID-19 is disclosed in Note 38.

## Interest Rate Risk

The Group manages interest rate risk on borrowings by using a combination of fixed and floating interest rate.

## Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risks is assigned to Senior Management within each business unit. This responsibility is supported by the development of overall Group standards for the managements of operational risk in the following areas:

- Requirements for the appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by internal audit. The results of internal audit reviews are discussed with the management of the business unit to which they relate, Senior Management of the Group and the Board of Directors.

## Credit Risk

### Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

As at 31st March	Carrying Amount – Consolidated		Carrying Amount – Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Trade and Other Receivables	34,888,813,641	34,150,467,525	13,257,418,438	14,292,623,481
Cash at Bank	629,294,907	1,849,642,830	394,858,144	1,337,712,692
Amounts due from Related Parties	33,426,043	–	32,055,166	3,310,666
Loans due from Related Parties	–	–	446,000,000	1,215,819,977
Other Financial Assets	834,038,047	726,081,693	617,110,000	928,292,652
Deposits at Bank	101,393,805	83,323,972	–	–
	34,486,966,443	36,809,516,020	14,747,441,748	17,777,759,468

The Maximum exposure to credit risk for receivables at the reporting date by type of counterparty was:

As at 31st March	Carrying Amount – Consolidated		Carrying Amount – Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Retail Customers	28,088,097,824	25,490,171,209	7,930,531,582	7,641,386,622
Wholesale Customers	4,589,794,987	5,053,251,849	3,618,533,676	3,724,753,008
Others	2,210,920,830	3,607,044,467	1,708,353,180	2,926,483,851
<b>Total</b>	<b>34,888,813,641</b>	<b>34,150,467,525</b>	<b>13,257,418,438</b>	<b>14,292,623,481</b>

## Impairment Analysis

The aging of receivables at the reporting date:

Group	As at 31st March 2020			As at 31st March 2019		
	Gross Rs.	Impairment Rs.	Net Receivable Rs.	Gross Rs.	Impairment Rs.	Net Receivable Rs.
Not Past due	20,570,202,742	(48,338,529)	20,521,864,213	23,168,391,826	(197,247,975)	22,971,143,851
Past due 0-30 Days	7,959,641,523	(115,053,573)	7,844,587,950	4,999,720,394	(142,998,749)	4,856,721,645
Past due 31-120 Days	5,758,483,241	(226,353,696)	5,532,129,545	4,178,363,059	(221,406,838)	3,956,956,221
Past due more than 120 Days	3,776,937,750	(2,786,705,817)	990,231,933	4,151,578,891	(1,785,933,083)	2,365,645,808
<b>Total</b>	<b>38,065,265,256</b>	<b>(3,176,451,615)</b>	<b>34,888,813,641</b>	<b>36,498,054,170</b>	<b>(2,347,586,645)</b>	<b>34,150,467,525</b>

Company	As at 31st March 2020			As at 31st March 2019		
	Gross Rs.	Impairment Rs.	Net Receivable Rs.	Gross Rs.	Impairment Rs.	Net Receivable Rs.
Not Past due	8,350,570,404	(27,304,115)	8,323,266,289	12,115,781,669	(184,996,111)	11,930,785,558
Past due 0-30 Days	3,437,859,673	(81,041,148)	3,356,818,525	938,809,693	(45,780,584)	893,029,109
Past due 31-120 Days	1,316,619,778	(113,013,835)	1,203,605,943	1,176,147,691	(118,910,367)	1,057,237,324
Past due more than 120 Days	2,431,822,994	(2,058,095,313)	373,727,681	1,715,643,824	(1,304,072,334)	411,571,490
<b>Total</b>	<b>15,536,872,849</b>	<b>(2,279,454,411)</b>	<b>13,257,418,438</b>	<b>15,946,382,877</b>	<b>(1,653,759,397)</b>	<b>14,292,623,481</b>

The movement in the allowance for impairment in respect of receivables during the year was as follows:

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Balance at the Beginning of the Year	2,347,586,645	1,319,634,831	1,653,759,397	953,143,197
Impact of Adopting SLFRS 9 – “Financial Instruments”	–	382,341,729	–	246,074,606
Impairment Loss Recognised	1,011,644,167	783,159,310	633,024,494	474,683,286
Amounts Written-off	(182,779,197)	(137,549,225)	(7,329,480)	(20,141,692)
<b>Balance at the End of the Year</b>	<b>3,176,451,615</b>	<b>2,347,586,645</b>	<b>2,279,454,411</b>	<b>1,653,759,397</b>

Total impairment for the year resulted from following counterparties.

As at 31st March	Consolidated		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Impairment for Hire Debtors	84,119,843	93,432,380	77,671,350	84,856,215
Impairment for Lease Rental Receivables	349,994,251	248,345,206	–	–
Impairment for Loan Debtors	406,618,643	323,203,252	–	–
Impairment for Trade Debtors	921,466,193	758,362,703	789,352,248	645,981,951
Impairment for Other Debtors	1,414,252,685	924,243,104	1,412,430,813	922,921,231
<b>Total</b>	<b>3,176,451,615</b>	<b>2,347,586,645</b>	<b>2,279,454,411</b>	<b>1,653,759,397</b>

A committee respective functional managers groups established a credit policy under which each new customer is analysed individually for credit worthiness before the Group's standard payment and delivery terms and conditions offered for wholesale customers, sale limits are established for each customer and reviewed periodically. Any sales exceeding these limits require approvals from Directors based on amount enhanced.

The Group establishes an allowance for impairment that represent its estimate of incurred losses in respect of trade and other receivables.

All bank deposits and current accounts maintained at licensed commercial banks, which are subject to close supervision of Central Bank.

All related party receivables are from subsidiary companies which are controlled by the same Board of Directors of Singer (Sri Lanka) PLC.

## Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Group							
As at 31st March 2020	Carrying Amount Rs.	Contractual Cash Flows Rs.	6 Months or Less Rs.	6-12 Months Rs.	1-2 Years Rs.	2-5 Years Rs.	More than 5 Years Rs.
<b>Non-derivative Financial Liabilities</b>							
Secured Bank Loans	3,652,979,100	4,058,459,779	2,983,226,453	203,480,004	629,920,016	241,833,306	–
Unsecured Bank Loans	21,563,105,457	23,239,173,611	12,616,193,816	4,679,553,767	4,621,382,466	1,322,043,562	–
Unsecured Debenture Issues	654,765,222	774,700,099	39,515,967	39,300,033	695,884,099	–	–
Secured Debenture Issues	1,489,740,766	2,390,223,505	2,390,223,505	–	–	–	–
Bank Overdraft	2,480,081,281	2,480,081,281	2,480,081,281	–	–	–	–
Securitisation	2,205,780,000	2,584,738,480	892,458,479	543,800,000	1,148,480,000	–	–
Trade and Other Payables	9,403,274,291	9,403,274,291	9,321,683,961	81,590,330	–	–	–
Public Deposits	7,014,086,125	8,036,618,484	4,282,032,154	2,366,456,833	503,372,337	707,912,882	15,378,185
<b>Total</b>	<b>48,463,812,242</b>	<b>52,967,269,520</b>	<b>35,005,415,616</b>	<b>7,914,180,967</b>	<b>7,599,038,918</b>	<b>2,271,789,750</b>	<b>15,378,185</b>
<b>Derivative Financial Liabilities</b>							
Interest Rate SWAP	(27,087,623)	(27,087,623)	(27,087,623)	–	–	–	–
<b>Total</b>	<b>(27,087,623)</b>	<b>(27,087,623)</b>	<b>(27,087,623)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
As at 31st March 2019							
	Carrying Amount Rs.	Contractual Cash Flows Rs.	6 Months or Less Rs.	6-12 Months Rs.	1-2 Years Rs.	2-5 Years Rs.	More than 5 Years Rs.
<b>Non-derivative Financial Liabilities</b>							
Secured Bank Loans	2,135,101,795	2,445,118,576	1,784,956,584	114,268,056	335,795,544	210,098,392	–
Unsecured Bank Loans	23,616,600,427	25,963,113,628	13,471,635,362	5,023,751,604	5,083,515,428	2,384,211,234	–
Unsecured Debenture Issues	653,554,271	853,516,099	39,515,967	39,300,033	774,700,099	–	–
Secured Debenture Issues	1,581,562,115	1,959,194,435	167,092,972	692,069,255	1,100,032,208	–	–
Bank Overdraft	2,916,428,154	2,916,428,154	2,916,428,154	–	–	–	–
Securitisation	1,874,119,040	2,176,654,310	433,024,310	372,141,600	1,371,488,400	–	–
Trade and Other Payables	7,464,164,554	7,464,164,554	7,321,038,205	143,126,349	–	–	–
Public Deposits	5,953,023,001	6,827,313,671	4,140,592,184	1,785,099,672	537,648,464	349,373,747	14,599,604
<b>Total</b>	<b>46,194,553,357</b>	<b>50,605,503,427</b>	<b>30,274,283,738</b>	<b>8,169,756,569</b>	<b>9,203,180,143</b>	<b>2,943,683,373</b>	<b>14,599,604</b>
<b>Derivative Financial Liabilities</b>							
Interest Rate SWAP	(85,648,063)	(85,648,063)	–	(85,648,063)	–	–	–
<b>Total</b>	<b>(85,648,063)</b>	<b>(85,648,063)</b>	<b>–</b>	<b>(85,648,063)</b>	<b>–</b>	<b>–</b>	<b>–</b>



Company							
As at 31st March 2020	Carrying Amount Rs.	Contractual Cash Flows Rs.	6 Months or Less Rs.	6-12 Months Rs.	1-2 Years Rs.	2-5 Years Rs.	More than 5 Years Rs.
<b>Non-derivative Financial Liabilities</b>							
Unsecured Bank Loans	18,000,435,262	19,554,061,039	8,931,081,245	4,679,553,767	4,621,382,466	1,322,043,561	–
Unsecured Debenture Issues	654,765,222	774,700,099	39,515,967	39,300,033	695,884,099	–	–
Trade and Other Payables	6,718,423,360	6,718,423,360	6,636,833,030	81,590,330	–	–	–
Bank Overdraft	1,501,382,120	1,501,382,120	1,501,382,120	–	–	–	–
<b>Total</b>	<b>26,875,005,964</b>	<b>28,548,566,618</b>	<b>17,108,812,362</b>	<b>4,800,444,130</b>	<b>5,317,266,564</b>	<b>1,322,043,562</b>	<b>–</b>
<b>Derivative Financial Liabilities</b>							
Interest Rate SWAP	(27,087,623)	(27,087,623)	(27,087,623)	–	–	–	–
<b>Total</b>	<b>(27,087,623)</b>	<b>(27,087,623)</b>	<b>(27,087,623)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

As at 31st March 2019	Carrying Amount Rs.	Contractual Cash Flows Rs.	6 Months or Less Rs.	6-12 Months Rs.	1-2 Years Rs.	2-5 Years Rs.	More than 5 Years Rs.
<b>Non-derivative Financial Liabilities</b>							
Unsecured Bank Loans	19,894,947,658	22,236,336,833	9,744,858,567	5,023,751,604	5,083,515,428	2,384,211,234	–
Unsecured Debenture Issues	653,554,271	853,516,099	39,515,967	39,300,033	774,700,099	–	–
Trade and Other Payables	5,257,302,072	5,257,302,072	5,114,175,723	143,126,349	–	–	–
Bank Overdraft	1,417,088,608	1,417,088,608	1,417,088,608	–	–	–	–
<b>Total</b>	<b>27,222,892,609</b>	<b>29,764,243,612</b>	<b>16,315,638,865</b>	<b>5,206,177,986</b>	<b>5,858,215,527</b>	<b>2,384,211,234</b>	<b>–</b>
<b>Derivative Financial Liabilities</b>							
Interest Rate SWAP	(85,648,063)	(85,648,063)	–	(85,648,063)	–	–	–
<b>Total</b>	<b>(85,648,063)</b>	<b>(85,648,063)</b>	<b>–</b>	<b>(85,648,063)</b>	<b>–</b>	<b>–</b>	<b>–</b>

The outflows disclosed in the above table represent the contractual undiscounted cash flows relating to non-derivative financial liabilities held for risk management purposes and which are not closed out before contractual maturity.

## Market Risk

### Currency Risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows.

	As at 31st March 2020			As at 31st March 2019		
	USD*	CNY**	EURO***	USD*	CNY**	EURO***
<b>Trade Payables</b>	12,188,635	971,350	–	11,381,413	2,027,261	1,028
<b>Net Exposure</b>	<b>12,188,635</b>	<b>971,350</b>	<b>–</b>	<b>17,178,724</b>	<b>1,535,074</b>	<b>17,914</b>

\* USD – United States Dollars

\*\* CNY – Chinese Yuan

\*\*\* EURO – EU Euro

The following significant exchange rates have been applied:

	Average Rate		Year end Spot Rate	
	2020	2019	As at 31st March 2020	As at 31st March 2019
USD	180.28	178.42	189.91	176.13
CNY	25.79	26.14	26.60	26.27
EURO	200.19	201.67	209.42	197.80

## Sensitivity Analysis

A reasonably possible strengthening (weakening) of the USD, CNY or EURO against all other currencies at reporting date would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or Loss		Equity Net of Tax	
	Strengthening Rs. '000	Weakening Rs. '000	Strengthening Rs. '000	Weakening Rs. '000
<b>2020</b>				
USD (5% Movement)	(115,735)	115,735	(83,329)	83,329
CYN (5% Movement)	(1,292.05)	1,292.05	(930)	930
EURO (5% Movement)	-	-	-	-
<b>2019</b>				
USD (5% Movement)	(100,230)	100,230	(72,166)	72,166
CYN (5% Movement)	(2,663)	2,663	(1,917)	1,917
EURO (5% Movement)	(10)	10	(7)	7

## Interest Rate Risk

### Profile

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>As at 31st March</b>				
<b>Fixed Rate Instruments</b>				
Financial Assets	28,088,097,824	25,490,171,209	8,530,621,582	8,553,476,622
Financial Liabilities	(25,299,321,249)	(22,919,484,495)	(15,157,235,262)	(14,143,789,326)
	2,788,776,575	(2,570,686,714)	(6,626,613,680)	(5,590,312,704)
<b>Variable Rate Instruments</b>				
Financial Assets				
Financial Liabilities	(4,371,753,222)	(6,976,680,000)	(3,500,000,000)	(6,500,000,000)
	(4,371,753,222)	(6,976,680,000)	(3,500,000,000)	(6,500,000,000)

## Cash Flow Sensitivity for Variable Rate Instruments

A reasonably possible change of 100 basis points in interest rate at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant:

	Profit or Loss		Equity Net of Tax	
	1% Increase Rs. '000	1% Decrease Rs. '000	1% Increase Rs. '000	1% Decrease Rs. '000
<b>31st March 2020</b>				
Variable Rate Instruments	(43,718)	43,718	(31,477)	31,477
Cash Flow Sensitivity (Net)	(43,718)	43,718	(31,477)	31,477
<b>31st March 2019</b>				
Variable Rate Instruments	(69,767)	69,767	(50,232)	50,232
Cash Flow Sensitivity (Net)	(69,767)	69,767	(50,232)	50,232

## Fair Values

### Fair Values Versus Carrying Amounts

The fair values of financial assets and liabilities, together with the carrying amounts in the balance Sheet, are as follows:

Group								
31st March 2020		Financial Assets/ Liabilities at FVOCI Rs.	Financial Assets at Amortised Cost Rs.	Financial Liabilities at FVTPL Rs.	Other Financial Liabilities Rs.	Total Carrying Value Rs.	Fair Value Rs.	Fair Value Measurement Level Rs.
	Note							
Investment in Equity Securities	15.1	17,061,300	–	–	–	17,061,300	–	Level2
Derivatives		–	–	27,087,623	–	27,087,623	–	Level2
Hire Debtors	18	–	7,934,441,132	–	–	7,934,441,132	–	
Lease Debtors	18	–	14,958,657,733	–	–	14,958,657,733	–	
Loan Debtors	18	–	5,194,998,960	–	–	5,194,998,960	–	
Trade Debtors	18	–	4,589,794,987	–	–	4,589,794,987	–	
Other Debtors	18	–	2,210,920,829	–	–	2,210,920,829	–	
Cash and Cash Equivalents	20.1	–	629,294,907	–	–	629,294,907	–	
Investment in Treasury Bills	15.2	–	693,692,876	–	–	693,692,876	–	Level2
Deposits with Banks		–	101,393,805	–	–	101,393,805	–	
<b>Total</b>		17,061,300	36,313,195,229	27,087,623	–	36,357,344,152	–	
Debentures	25.2	–	–	–	2,144,505,988	2,144,505,988	–	
Bank Loans	25.3	–	–	–	25,216,084,557	25,216,084,557	–	
Bank Overdraft	20.2	–	–	–	2,480,081,281	2,480,081,281	–	
Trade and Other Payables	29	–	–	–	9,403,274,291	9,403,274,291	–	
Dividend Payable	32	–	–	–	123,813,837	123,813,837	–	
Amounts due to Related Parties	34	–	–	–	226,735,602	226,735,602	–	
Deposits from Customers	35	–	–	–	7,014,086,125	7,014,086,125	–	
<b>Total</b>		–	–	–	46,608,581,681	46,608,581,681	–	

Group								
31st March 2019		Financial Assets/ Liabilities at FVOCI Rs.	Financial Assets at Amortised Cost Rs.	Financial Assets/ Liabilities at FVTPL Rs.	Other Financial Liabilities Rs.	Total Carrying Value Rs.	Fair Value Rs.	Fair Value Measurement Level Rs.
	Note							
Investment in Equity Securities	15.1	17,061,300	–	–	–	17,061,300	–	Level2
Derivatives		–	–	85,648,063	–	85,648,063	–	Level2
Hire Debtors	18	–	7,655,970,522	–	–	7,655,970,522	–	
Lease Debtors	18	–	13,950,248,511	–	–	13,950,248,511	–	
Loan Debtors	18	–	3,883,952,175	–	–	3,883,952,175	–	
Trade Debtors	18	–	5,053,251,845	–	–	5,053,251,845	–	
Other Debtors	18	–	3,607,044,467	–	–	3,607,044,467	–	
Cash and Cash Equivalents	20.1	–	1,849,642,830	–	–	1,849,642,830	–	
Investment in Treasury Bills	15.2	–	623,372,330	–	–	623,372,330	–	Level2
Deposits with Banks		–	83,323,972	–	–	83,323,972	–	
<b>Total</b>		17,061,300	36,706,806,652	85,648,063	–	36,809,516,015	–	
Debentures	25.2	–	–	–	2,235,116,386	2,235,116,386	–	
Bank Loans	25.3	–	–	–	25,751,702,222	25,751,702,222	–	
Bank Overdraft	20.2	–	–	–	2,916,428,154	2,916,428,154	–	
Trade and Other Payables	29	–	–	–	7,464,164,546	7,464,164,546	–	
Dividend Payable	32	–	–	–	88,496,948	88,496,948	–	
Amounts due to Related Parties	34	–	–	–	256,020,866	256,020,866	–	
Deposits from Customers	35	–	–	–	5,935,023,001	5,935,023,001	–	
<b>Total</b>		–	–	–	44,646,952,122	44,646,952,122	–	

Company								
31st March 2020								
	Note	Financial Assets/ Liabilities FVOCI Rs.	Financial Assets at Amortised Cost Rs.	Financial Liabilities at FVTPL Rs.	Other Financial Liabilities Rs.	Total Carrying Value Rs.	Fair Value Rs.	Fair Value Measurement Level Rs.
Investment in Equity Securities	15.1	17,020,000	–	–	–	17,020,000	17,020,000	Level2
Investment in Debentures	15.1	–	600,090,000	–	–	600,090,000	–	
Derivatives		–	–	–	27,087,623	27,087,623	–	
Loans due from Related Parties	17	–	446,000,000	–	–	446,000,000	–	
Hire Debtors	18	–	7,930,531,582	–	–	7,930,531,582	–	
Trade Debtors	18	–	3,618,533,676	–	–	3,618,533,676	–	
Other Debtors	18	–	1,708,353,180	–	–	1,708,353,180	–	
Amounts due from Related Parties	19	–	32,055,166	–	–	32,055,166	–	
Cash and Cash Equivalents	20.1	–	394,858,144	–	–	394,858,144	–	
<b>Total</b>		17,020,000	14,730,421,748	–	27,087,623	14,774,529,371	–	
Debentures	25	–	–	–	654,765,222	654,765,222	–	
Bank Loans	25	–	–	–	18,000,435,262	18,000,435,262	–	
Bank Overdraft	20.2	–	–	–	1,501,382,120	1,501,382,120	–	
Trade and Other Payables	29	–	–	–	6,718,423,375	6,718,423,375	–	
Dividend Payable	32	–	–	–	39,150,190	39,150,190	–	
Amounts due to Related Parties	34	–	–	–	3,418,630,322	3,418,630,322	–	
<b>Total</b>		–	–	–	30,332,786,491	30,332,786,491	–	

Company								
31st March 2019								
	Note	Financial Assets/ Liabilities at FVOCI Rs.	Financial Assets at Amortised Cost Rs.	Financial Liabilities at FVTPL Rs.	Other Financial Liabilities Rs.	Total Carrying Value Rs.	Fair Value Rs.	Fair Value Measurement Level Rs.
Investment in Equity Securities	15.1	17,020,000	–	–	–	17,020,000	17,020,000	Level2
Investment in Debentures	15.1	–	912,090,000	–	–	912,090,000	–	
Derivatives		–	–	–	85,648,063	85,648,063	–	
Loans due from Related Parties	17	–	1,215,819,977	–	–	1,215,819,977	–	
Hire Debtors	18	–	7,641,386,623	–	–	7,641,386,623	–	
Trade Debtors	18	–	3,724,853,008	–	–	3,724,753,008	–	
Other Debtors	18	–	2,926,483,851	–	–	2,926,483,851	–	
Amounts due from Related Parties	19	–	3,310,666	–	–	3,310,666	–	
Cash and Cash Equivalents	20.1	–	1,337,712,692	–	–	1,337,712,692	–	
<b>Total</b>		17,020,000	16,849,566,816	–	85,648,063	17,864,224,879	–	
Debentures	25	–	–	–	653,554,271	653,554,271	–	
Bank Loans	25	–	–	–	19,986,989,326	19,986,989,326	–	
Bank Overdraft	20.2	–	–	–	1,417,088,608	1,417,088,608	–	
Trade and Other Payables	29	–	–	–	5,257,302,072	5,257,302,072	–	
Dividend Payable	32	–	–	–	49,212,196	49,212,196	–	
Amounts due to Related Parties	34	–	–	–	2,762,311,876	2,762,311,876	–	
<b>Total</b>		–	–	–	30,126,458,349	30,126,458,349	–	

Where ever the assets and liabilities are not fair valued, it is assumed that the caring value of such assets and liabilities are a reasonable approximation to this fair value as majority of such assets and liabilities are with shorter maturity periods.

## (I) Fair Value Versus Carrying Amounts

The following table show the valuation techniques used in measuring Level 2 fair values, as well as significant unobservable inputs used:

Type	Valuation Technique	Significant Unobservable Inputs
Treasury Bills	Discount Cash Flows	Forecasted Annual Cash Inflows and Outflows
Derivative	The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on forward interest ratio and forward currency rates. Estimated cash flows are discounted using a yield curve constructed from similar sources.	Not Applicable

## 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 to 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 seeks to maintain a balance between higher returns facilitated through a higher level of borrowings and the benefits and security afforded by a sound capital position. The capital structure of the Group consists of debt and equity of the Group. The capital structure of the Group is reviewed by the Board of Directors.

The Group monitors capital using the ratio of net debt to equity. For this purpose adjusted net debt is defined as total liabilities comprising interest bearing loans and borrowings and obligation under finance leases, less cash and cash equivalents.

As at 31st March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Total Borrowings	39,394,842,126	39,000,777,922	20,263,504,580	22,167,331,321
Less: Cash and Cash Equivalents	(629,294,907)	(1,849,642,830)	(394,858,144)	(1,337,712,692)
Adjusted Net Borrowings	38,765,547,219	37,151,135,092	19,868,646,436	20,829,618,629
<b>Total Equity</b>	<b>8,187,906,549</b>	<b>8,451,643,776</b>	<b>3,991,504,682</b>	<b>4,635,982,237</b>
Net Debt to Equity Ratio	4	4	5	4

The regulatory capital requirements for the Finance Companies are set by the Central Bank of Sri Lanka. The details of the computation of risk weighted assets, capital and the ratios of the Singer Finance (Lanka) PLC are given below:

## Capital Adequacy

Capital adequacy is a measure of financial institutions financial strength and stability. This widely accepted concept tries to specify the limit to which a business can expand in terms of its risk-weighted assets. Finance companies in pursuit of business expansion, could engage themselves in activities that regularly change their risk profile. In light of this, regulatory capital requirements have been established to avoid undue expansion beyond specified limits, keeping a hold on companies' exposure to risk. Capital serves as a comfort to absorb unexpected losses, providing a degree of security to depositors and other key stakeholders.

This measure has been introduced by the Central Bank of Sri Lanka to protect the interest of the various stakeholders of the Company. While ensuring the maintenance of confidence and stability of the financial system.

The capital adequacy ratio is calculated as a percentage on Company's capital to its risk weighted assets as specified by the Direction No. 03 of 2018 with effect from 1st July 2018. Previously, Capital Adequacy Ratio was computed based on the Direction No. 02 of 2006 and by the circular issued by the Central Bank of Sri Lanka dated 15th March 2017.

Based on the Direction No. 03 of 2018 the Listed Finance Companies which are having asset base less than 100 billion need to have minimum Core Capital Ratio (Tier-I) of 6.5% and 10.5% based on the Total Capital Ratio (Tier-II). This minimum requirement will increase to 7% and 11% respectively with effect from 1st July 2020.

The core capital represents the permanent shareholders, equity and reserves created or increase by appropriations of retained earnings or other surpluses and the total capital include, in addition to the core capital, the revaluation reserves, general provisions and other hybrid capital instruments and unsecured subordinated debts.

The risk-weighted Assets have been calculated by multiplying the value of each category of asset using the risk-weight specified by the Central Bank of Sri Lanka.

Details of the computation and the resulting ratios are given below.

As at 31st March	Balance		Risk-Weighted Factor %	Risk-Weighted Balance	
	2020	2019		2020	2019
	Rs.	Rs.		Rs.	Rs.
Total Risk-weighted Assets Computation					
Notes and Coins	67,950,030	99,120,778	0%	–	–
Cash Items in the Process of Collection	28,565,436	186,977,852	20%	5,713,087	37,395,570
Fixed Assets	796,210,579	221,000,510	100%	796,210,579	221,000,510
Other Assets/Exposures	654,517,678	518,006,872	100%	654,517,678	518,006,872
Investment in Government Securities	789,889,125	623,372,330	0%	–	–
Bank Deposits	101,393,778	83,323,970	20%	20,278,756	16,664,794
Retail Claims in Respect of Motor Vehicles and Machinery	11,169,782,369	7,935,770,584	100%	11,169,782,369	7,935,770,584
Claims Secured by Gold					
Outstanding Claim Portion up to 70% of the Market Value	218,071,411	145,163,225	0%	–	–
Remaining Outstanding Claim Portion over 70% of the Market Value	121,715,407	5,714,871	100%	121,715,407	5,714,871
Other Retail Claims	8,883,995,714	9,964,474,589	125%	11,104,994,643	12,455,593,236
Other Non-performing Assets					
Specific Provisions are Equal or more than 20%	612,527,985	358,797,879	100%	612,527,985	358,797,879
Total Risk-weighted Assets Computation	23,444,619,512	20,141,723,461		24,485,740,503	21,548,944,317
Risk-weighted Amount for Operational Risk					
Interest Income	3,484,490,754	2,918,214,497	15%	522,673,613	437,732,175
Interest Expenses	(1,624,343,647)	(1,296,290,577)	15%	(243,651,547)	(194,443,587)
Non-interest Income	512,508,361	445,271,279	15%	76,876,254	66,790,692
	2,372,655,468	2,067,195,199		355,898,320	310,079,280
Risk-weighted Amount for operational Risk under the Basic Indicator Approach	–	–	–	3,389,507,811	3,100,792,798
Total Risk-weighted Assets	25,817,274,980	22,208,918,660		27,875,248,314	24,649,737,115
Total Capital Base Computation					
Stated Capital	–	–	–	1,996,444,457	1,996,444,457
Reserved Fund	–	–	–	182,548,200	136,009,451
Published Retained Earnings	–	–	–	1,730,189,688	1,384,394,913
Less:					
Other Intangible Assets (net)	–	–	–	42,276,587	46,293,490
Total Core Capital	–	–	–	3,866,905,758	3,470,555,331
Supplementary Capital	–	–	–	–	–
Total Supplementary Capital	–	–	–	–	–
Capital Base	–	–	–	3,866,905,758	3,470,555,331

## Capital Adequacy Ratio

As at 31st March	2020 %	2019 %
Core Capital Ratio – Core Capital		
– Risk-weighted Assets	13.87%	14.08%
Total Capital Ratio – Capital Base		
– Risk-weighted Assets	13.87%	14.08%

## 37. Commitments and Contingencies – Group/Company

### 37.1 Financial Contingencies

Documentary credits effected for foreign purchases amounting to Group and Company respectively Rs. 3,387,388,771/- (2019 – Rs. 1,723,258,909/-) and Rs. 1,815,499,896/- (2019 – Rs. 1,392,145,399/).

### 37.2 Commitments

There were no significant capital commitments which have been approved or contracted for by the Company/Subsidiary as at reporting date except for following:

As per LKAS 17 Operating Lease commitments as at 31st March 2019 was as follows:

	Within one Year Rs. million	Between one to five Years Rs. million	Over five Years Rs. million	Total Rs. million
Singer (Sri Lanka) PLC	132.7	410.3	337.3	880.3
Singer Finance (Lanka) PLC	16.3	36.5	20.9	73.7
Regnis Appliance (Pvt) Ltd.	16	–	–	16
	165	446.8	358.2	970

As at 31st March 2020, unutilised credit card credit limit is Rs. Nil (2019 – Rs.268,073,446/-) of Singer Finance (Lanka) PLC.

As at 31st March 2020, unutilised revolving loan facility amount is Rs. 255,036,663/- (2019 – Rs.296,662,710/-) of Singer Finance (Lanka) PLC.

### 37.3 Assets Pledged

Singer (Sri Lanka) PLC has given a negative pledge over the bank loans obtained from Standard Chartered Bank Sri Lanka Limited/Mauritius, Commercial Bank of Ceylon PLC, Sampath Bank PLC, Seylan Bank PLC, Peoples Bank, Nations Trust Bank PLC, National Development Bank PLC, The Hongkong & Shanghai Banking Corporation Limited and MCB which has carrying value of Rs. 414,993,037/-, Rs. 8,794,588,669/-, Rs. 4,725,470,713/-, Rs. 230,536,401/-, Rs. 849,683,204/-, Rs. 360,588,160/-, Rs. 4,965,486/-, Rs. 54,645,909/- and Rs. 30,292,758/- respectively as at 31st March 2020.

Singer Finance (Lanka) PLC Company has given a negative pledge amounting to Rs. 12,285,606,329/- over the Company's lease receivable and hire purchase receivable, for the following banks over Loans, Overdrafts, Securitisation and Debentures having a carrying value of Rs. 9,331,493,330/- as at 31st March 2020.

As at 31st March 2020			Outstanding Credit Facility Rs.	Carrying Value Rs.
Commercial Bank PLC	150% of the bank's exposure/not >75% settled	Term Loan	350,000,000	825,000,000
		O/D Facility	200,000,000	
Cargills Bank PLC	130% of the bank's exposure/not >75% settled	MML	200,000,000	260,000,000
Seylan Bank PLC	130% of the bank's exposure, NOT >3 month arrears (90days) and with out three wheel and bike	Term Loan	383,380,000	1,213,394,000
		MML	300,000,000	
		O/D Facility	250,000,000	
NTB	130% of the bank's exposure, NOT >2 month arrears (60days) and with out three wheel and bike	O/D and Loan Facility	1,000,000,000	1,300,000,000
Bank of Ceylon	130% of the SSL's exposure/not >75% settled	MML	300,000,000	985,833,329
		Term Loan	458,333,330	
Sampath Bank PLC	135% of the bank's exposure, NOT >75% Settled, cap out not > 4mn with out three wheel and bike	MML	500,000,000	1,205,955,000
		Term Loan	93,300,000	
		O/D Facility	300,000,000	
NDB	130% of the bank's exposure/not >75% settled	MML	200,000,000	390,000,000
		O/D Facility	100,000,000	
Singer (Sri Lanka) PLC	130% of the SSL's exposure/not >75% settled	MML	400,000,000	520,000,000
Securitisation Loans	130% of the bank's exposure, NOT >2 month arrears(60days)	Loan Facility	2,205,780,000	2,867,514,000
Debenture 2016	130% of the Debenture exposure, NOT >3 month arrears(90days) and not >75% settled		590,700,000	767,910,000
Debenture 2015	130% of the Debenture exposure, NOT >3 month arrears(90days) and not >75% settled		1,500,000,000	1,950,000,000
			9,331,493,330	12,285,606,329

### 37.4 Contingencies

- (a) Commissioner General of Inland Revenue has issued assessment notices on Singer (Sri Lanka) PLC pertaining to an additional VAT Liability/Payment on account of Deemed VAT for seven quarters for the period 1st January 2014 to 30th September 2015. The assessment was for a Deemed VAT payment of Rs. 1,076 million and penalty of Rs. 423 million totalling to Rs. 1,499 million. Commissioner General of Inland Revenue has given the determination on the appeal. Accordingly, Rs. 791 million of Deemed VAT liability and penalty of Rs. 395 million totalling to Rs. 1,186 million is payable as a Deemed VAT liability for seven quarters for the period 1st January 2014 to 30th September 2015. The Company after carefully reviewing the situation and based on the advice of tax consultants, is of the opinion that there is no basis for the Company to be made liable for Deemed VAT. Accordingly Company has decided to appeal to the Tax Appeal Commission against the determination. Hence, no provision has been made in the Financial Statements. The Company previously sought a clarification from the Inland Revenue Department on the interpretation of the Act and did not receive the required clarification. Deemed VAT is removed with effect from 1st January 2016 under VAT Amendment Act No. 20 of 2016.
- (b) Singer (Sri Lanka) PLC has provided bank guarantees amounting to Rs. 292 million to Director General of Customs to clear imports during the years 2008 to March 2020. The bank guarantee related to alleged additional duty payable on imports, claimed by the customs and is being contested by the Company in courts. The Court of Appeal ordered that the Director General of Customs continue with the investigations. The Company being aggrieved by the decision has filed an appeal, which is pending before the Supreme Court. The Company lawyers are of the opinion that there is no basis that the Company is liable for the additional duty. Based on assessment of the probability is higher that the Company would not be required to settle the liabilities. Hence, no provision is made in the Financial Statements.
- (c) Singer Finance (Lanka) PLC has provided letters of guarantee totalling to Rs. 4.5 million against fixed deposits of Rs. 4.7 million.
- (d) Regnis (Lanka) PLC has provided corporate guarantees to banks on behalf of Regnis Appliances (Pvt) Limited amounting to Rs. 410 million for the purpose of obtaining banking facilities.
- (e) Case bearing No. 404 has been filled against Singer Finance (Lanka) PLC by a customer in the District Court of Ampara claiming Rs. 2,000,000/- as damages caused by repossessing and selling of the vehicle leased through the Company. The lawyers of the Company are of the view that the ultimate resolution of this litigation would not likely to have a material impact.
- (f) Regnis (Lanka) PLC cleared a shipment of imported goods during the year 2008 on provision of a bank guarantee amounting to Rs. 6.5 million to the Director of Customs. The bank guarantee relates to alleged additional duty payable on imports which is contested by the Company. The customs inquiry initiated in 2008 is still pending. The Management is of the opinion that there is no basis that the Company is liable for the additional duty and hence, no provision is made in the financial statements.

There have been no material events occurring after the reporting date, which require adjustments to or disclosure in the Financial Statements to or disclosure in the Financial Statements, except for the following:

### 38. Coronavirus (COVID-19) Pandemic

Following the spread of global pandemic COVID-19 in Sri Lanka and due to impose in curfew, Group/Company retail and manufacturing operations were adversely affected from 20th March 2020 to 10th April 2020. Group/Company experienced temporally disruption in retail sales, collections from trade debtors, hire purchase collections and lease instalment collection during this period. Group/Company 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.

Group expects that retail operation will be normalised in the Q2 (FY 20/21) onwards but expect short term immediate adverse impact affecting consumer durable industry result of expected negative sentiment from macro and micro economic factors. Management are in the opinion that Group/Company operation will be operated at full capacity level from month of June onwards. Existing temporally restrictions on importation of some product categories will be effective until 15th July 2020, but Group/Company is having a sufficient stock levels, strong supply chain and local manufacturing facilities which is unparallel to competition, is able to respond to any disruption due to temporally restriction on importation of some product categories. Management expects to obtain extra market share from the fragmented small-scale players as well as main players in the market who will be forced to exit or scale down due to financial constraints, supply chain disruption and consumers looking for safe and trusted products.

Management had carried out a careful assessment and planned as to how the entity will continue its operations in its optimum capacity to generate profits and meet its commitments. Group/Company has performed projections for its profitability and its liquidity based on different scenarios. The projected liquidity positions even in stressed conditions appear to be positive after meeting all commitments that company has to meet including the loan commitments in current terms. Further Group/Company has access to unutilised financing facilities through bank to manage it's liquidity and cash flow requirements if required.



## 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 Group and the company has developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31st March 2020 about future events that the Directors believe are reasonable in the 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, and the effect of those differences may impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses and recoverable amount assessments of non-financial assets.

The impact of COVID-19 on the country's economy and how businesses and consumers respond is uncertain. There could be a possible increase in credit risk due to the loss of income by some of the businesses and the individuals which would delay the settlements of customer dues as well as some of the customers may default its settlements.

Based on the assessments made on the recoverable amounts of non-financial assets, there were no indications that required to make an adjustment into financial statements. This mainly relates to investments in subsidiaries. All company's had adequate net asset values and were having access to funding to continue their business operations.

This uncertainty is reflected in the Group's assessment of expected credit losses from its credit portfolio which are subject to a number of management judgements and estimates. Mainly, the Company reflected the impact of COVID-19 through the macro-economic factor adjustments with respect of the expected credit losses. Assumptions relevant to expected credit loss computations are further discussed in Note 2.4.5 to these financial statements.

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. However, the Company has managed to enter into foreign currency forward hedge contracts in order to mitigate the risk of the adverse exchange rate fluctuations through which the Company had largely managed to offset its exposure on the foreign currency exchange rate increase. The Company would continue to manage the risk through various currency risk management strategies.

## 39. Events Occurring after the Reporting Period

Except for the disclosures made in above in relation post-lockdown financial and economic implication arising from COVID-19 pandemic, there are no material events after reporting date, which require adjustments to or disclosure in the Financial Statements.

## 40. Related Party Transactions

### 40.1 Parent and Ultimate Controlling Party

The Company's parent undertaking and controlling party is Hayleys PLC.

### 40.2 (a) Transaction with Parent Company

Name of the Company	Nature of Transaction	For the Year Ended 31 March 2020 Rs. million	For the Year Ended 31 March 2019 Rs. million
Hayleys PLC	Expenses Reimbursed	16.6	29.06
	Dividends Paid	65.3	169.82

## 40.2 (b) Transactions with Subsidiary Companies

Name of the Company	Nature of Transaction	For the Year Ended 31st March 2020 Rs. million	For the Year Ended 31st March 2019 Rs. million
Regnis (Lanka) PLC	Purchases	3,387.9	3,766.3
	Indirect Taxes	466.7	653.4
	Corporate Guarantees given	455.5	455.5
	Interest Expense	17.9	31.3
	Non-trade Settlement	106.3	209.5
	Trade Credit Settled	4,181.5	4,162.6
	Expenses Reimbursed	86.6	84.7
	Fixed Assets Purchases	0.4	0.6
	Loan Settlement during the Year	104	–
	Balance Payable	342.2	667.7
Singer Industries (Ceylon) PLC	Loan Receivable	46.0	150
	Purchases	474.0	526.0
	Net Finance Income/(expense)	0.2	(0.8)
	Lease Rental Paid	24.8	22.5
	Trade Creditor Settlement	512.7	569.3
	Expenses Reimbursed	23.7	20.5
	Balance Payable	29.8	65.3
Singer Digital Media (Pvt) Limited	Purchases	2,224.0	3,212.8
	Expenses Reimbursed	258.5	183.0
	Net Interest Income/(Expense)	(149.7)	(203.3)
	Royalty Paid through Singer (Sri Lanka) PLC	69.8	123.0
	Loan Granted	7,183.7	11,635.7
	Loan Obtained	8,337.4	11,742.0
	Balance Payable – Loans	2,137	1,050.9
	Balance Receivable – Non-trade	22.0	29.5
Regnis Appliances (Pvt) Limited	Balance Payable – Trade	427.9	461.2
	Purchases	1,633.9	1,629.1
	Trade Settlements	2,002.6	1,887.5
	Expenses Reimbursed	16.6	16.8
	Net finance Income/(Expense)	0.1	0.8
	Non-trade Settlement	20.5	21.0
Reality (Lanka) Limited	Balance Payable	91.0	213.3
	Rent Expense	7.7	7.7
	Loan Receivable	0.0	62.2
Singer Business School (Pvt) Limited	Balance Payable Non-trade	2.9	0.0
	Services Provided	6.80	6.35
	Expenses Reimbursed	0.97	2.81
	Purchases of Fixed Asset	0.55	–
	Balance Payable – Trade	4.9	8.3
	Rent Expenses	0.1	0.0

Name of the Company	Nature of Transaction	For the Year Ended 31st March 2020 Rs. million	For the Year Ended 31st March 2019 Rs. million
Singer Finance (Lanka) PLC	Dividend Received (Gross)		177.7
	Debenture Interest Received	80.7	71.8
	Debenture Interest Income	65.2	99.4
	Withdrawals of Rental Collections from Singer (Sri Lanka) PLC	(2,928.4)	(3,364.2)
	Sales Financed to Purchase Goods from Singer (Sri Lanka) PLC	733.7	733.5
	Loans Settled during the Year (Note 29.6.1)	500.0	625.0
	Loans Obtained during the Year (Note 29.6.1)	1,100.0	625.0
	Purchase of Assets	0.1	–
	Rental Collections through Singer (Sri Lanka) PLC	4,443.5	5,124.4
	Service Charge Expense	33.4	24.8
	Royalty Expense Charged During the Period	48.1	42.1
	Rent Reimbursed	11.8	26.5
	Expenses Reimbursed	556.1	468.5
	Advance Received	41.7	106.6
	Advance Balance Settlement	55.4	13.7

#### 40.2 (c) Transactions with Companies under Common Control of Hayleys PLC

Name of the Company	Nature of Transaction	For the Year Ended 31st March 2020 Rs. million	For the Year Ended 31st March 2019 Rs. million
Hayleys Advantis Limited	Dividend Payable	9.3	24.1
	Sales	3.2	–
Volanka (Pvt) Limited	Dividend Payable	2.9	7.5
Hayleys Aventura (Pvt) Limited	Dividend Payable	2.6	6.8
	Purchases	1.2	–
Carbotels (Pvt) Limited	Dividend Payable	2.4	6.3
Hayleys Agriculture Holdings Limited	Dividend Payable	2.4	6.1
	Sales	1.0	–
Hayleys Travels (Pvt) Limited	Sales	2.5	–
	Purchases	13.0	14.5
Hayleys Fabric PLC	Sales	6.2	–
Alumex PLC	Sales	3.0	–
The Kingsbury PLC	Sales	1.3	–
Hayleys Consumer Products (Pvt) Ltd.	Sales	4.3	–
Fentons Limited	Sales	6.1	–
Energynet (Pvt) Limited	Sales	0.8	–
	Purchases	27.8	–
Dipped Products PLC	Sales	4.1	–
Amaya Beach	Sales	3.5	–

Name of the Company	Nature of Transaction	For the Year Ended 31st March 2020 Rs. million	For the Year Ended 31st March 2019 Rs. million
Toyo Cushion Lanka (Pvt) Limited	Purchases	65.7	22.1
DPL Universal Gloves (Pvt) Limited	Purchases	1.3	–
COSCO Shipping Lines Lanka (Pvt) Ltd.	Purchases	0.2	–
Logiwiz Limited	Purchases	265.1	–
Hayleys Electronic Lighting (Pvt) Limited	Purchases	–	1.1
Rileys Ltd.	Sales	0.2	–
Mabroc Teas (Pvt) Ltd.	Sales	0.2	–
Hayleys Freezone Limited	Sales	0.3	–
Hayleys Lines Limited	Sales	0.5	–
Hayleys North South Line (Pvt) Ltd.	Sales	0.9	–
Haycarb Value Added Products (Pvt) Ltd.	Sales	0.1	–
Haycarb PLC	Sales	0.5	–
Amaya Hills Hotels	Sales	0.5	–
Advantis Project Engineering (Pvt) Ltd.	Sales	1.0	–
Hayleys Fibre PLC	Sales	0.4	–
Hayleys Fabric PLC	Sales	1.4	–
Creative Polymats Ltd.	Purchase	9.6	–

#### 40.2 (d) Transactions with Associate Companies

Telshan Network (Pvt) Limited is an associated company of Singer (Sri Lanka) PLC, with whom Singer (Sri Lanka) PLC or its Subsidiary Companies had no transactions. The amount receivables from or payable by above related parties as at 31st March 2020, are disclosed in Notes 17, 19 and 34 respectively.

#### 40.3 Transactions with Key Management Personnel

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

For the Year Ended 31st March			2020 Rs. million	2019 Rs. million
(i) Transactions with Key Management Personnel or Close Family Members				
Deposits kept by Key Management Personnel or their Close Family Members at Singer Finance (Lanka) PLC			17.3	57
	Group		Company	
For the Year Ended 31st March	2020 Rs. million	2019 Rs. million	2020 Rs. million	2019 Rs. million
(ii) Compensation of Key Management Personnel				
Short-term Employee Benefits	128	108.1	93.7	72.3
Post-employment Benefits Paid	35.2	40	35.2	40

## 41. Non-controlling Interest

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI.

31st March 2020	Singer Finance (Lanka) PLC Rs.	Singer Industries (Ceylon) PLC Rs.	Regnis (Lanka) PLC Rs.	Other Individually Immaterial Subsidiaries Rs.	Total Rs.
NCI Percentage (%)	20.07	12.30	41.70	–	–
Non-current Assets	11,420,616,306	1,494,660,814	1,364,919,515	–	–
Current Assets	11,126,825,486	396,790,331	1,355,990,029	–	–
Non-current Liabilities	4,603,203,100	354,947,015	361,142,356	–	–
Current Liabilities	14,035,056,335	185,981,083	1,007,486,457	–	–
Net Assets	3,909,182,357	1,350,523,048	1,352,280,731	567,232,900	7,179,219,035
Net Assets Attributable to NCI	784,572,899	166,114,335	563,901,065	104,424,155	1,619,012,453
Revenue	4,326,278,569	541,892,151	3,395,816,829	–	–
Profit	389,041,083	16,619,066	109,556,084	–	–
OCI	970,236	2,006,075	1,969,961	–	–
Total Comprehensive Income	390,011,319	18,625,141	111,526,044	–	–
Profit Allocated to NCI	78,080,545	2,044,145	45,684,887	–	–
OCI Allocated to NCI	194,726	246,747	821,474	–	–
Cash Flows from Operating Activities	(972,616,808)	43,888,669	359,568,997	–	–
Cash Flows from Investment Activities	(280,952,826)	(3,222,727)	42,966,395	–	–
Cash Flows from Financing Activities	1,667,143,046	(3,329,518)	(437,939,681)	–	–
Net Increase/(Decrease) in Cash and Cash Equivalents	413,573,411	37,336,424	(35,404,289)	–	–

31st March 2019	Singer Finance (Lanka) PLC Rs.	Singer Industries (Ceylon) PLC Rs.	Regnis (Lanka) PLC Rs.	Other Individually Immaterial Subsidiaries Rs.	Total Rs.
NCI Percentage (%)	20.01	12.3	41.7	–	–
Non-current Assets	10,320,797,812	1,475,340,276	1,404,802,424	–	–
Current Assets	9,218,270,692	384,366,249	1,551,490,880	–	–
Non-current Liabilities	4,756,285,102	382,469,854	340,320,755	–	–
Current Liabilities	11,238,847,877	174,313,129	1,312,606,063	–	–
Net Assets	3,543,935,525	1,302,923,542	1,303,366,485	–	6,150,225,552
Net Assets Attributable to NCI	710,913,466	160,259,596	543,503,824	93,869,432	1,508,546,318
Revenue	3,799,862,979	569,563,309	3,775,421,375	–	–
Profit	541,733,895	(5,029,314)	63,904,711	–	–
OCI	(1,290,192)	183,207,936	113,965,216	–	–
Total Comprehensive Income	540,443,703	178,178,621	177,869,928	–	–
Profit Allocated to NCI	105,855,772	(617,600)	26,652,252	3,969,067	135,859,491
OCI Allocated to NCI	(258,972)	22,497,934	47,530,607	1,494,391	71,263,960
Cash Flows from Operating Activities	(2,542,934,361)	(44,690,625)	(102,346,124)	–	–
Cash Flows from Investment Activities	(2,600,520)	(6,203,201)	(102,346,124)	–	–
Cash Flows from Financing Activities	2,132,622,715	8,572,226	(110,326,261)	–	–
Net Increase/(Decrease) in Cash and Cash Equivalents	(436,312,166)	(42,321,600)	247,374,447	–	–

### 41.1 Business Combinations and Acquisition of Non-controlling Interests

Acquisition of additional interest in Reality (Lanka) Limited on 31st October 2019, the Group acquired an additional 4.0% interest in the voting shares of Reality (Lanka) Limited, increasing its ownership interest to 92.24%. The carrying value of the net assets of Reality (Lanka) Limited was Rs. 161.5 million.

	Rs.
Loan Capitalised as Consideration for Issue of Shares	62,150,770
Carrying Value of the Additional Interest in Reality (Lanka) Limited	63,820,930
Difference Recognised in Retained Earnings	1,670,160

# Supplementary Information 7.

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# Parent, Subsidiaries and Related Companies

Company Name	Principal Activity	Directors
Hayleys PLC Parent Company	<ul style="list-style-type: none"> <li>Global market and manufacturing, agriculture, power and energy, domestic and industrial lighting, transportation and logistics, leisure and aviation, consumer, investments and services</li> </ul>	Mr. A.M. Pandithage – Chairman and Chief Executive Mr. K.D.D. Perera – Co-Chairman Mr. S.C. Ganegoda Mr. H.S.R. Kariyawasan Dr. H. Cabral Mr. L.R.V. Waidyaratne Mr. M.H. Jamaldeen Mr. M.Y.A. Perera Ms. J. Dharmasena Mr. R.J. karunarahaj Mr. K.D.G. Gunaratne Ms. A.A.K. Amarasinghe – (Alternate to Mr. K.D.D. Perera)
Singer Finance (Lanka) PLC Singer – Interest 79.9%	<ul style="list-style-type: none"> <li>Leasing</li> <li>Hire Purchasing</li> <li>Lending and Accepting Deposits</li> </ul>	Mr. M.Y.A. Perera – Chairman Mr. J.A. Setukavalar Mr. M.P.A. Salgado Mr. J.M.J. Perera Mr. M.H. Wijewardene Mr. T.A. Amarasuriya Ms. D.G. Talpahewa Mr. L.S.S. Perera Mr. K.K.L.P. Yatiwella – (Alternate to Ms. D.G. Talpahewa)
Singer Industries (Ceylon) PLC Singer – Interest 87.7%	<ul style="list-style-type: none"> <li>Manufacturing and Assembling Sewing Machines</li> </ul>	Mr. A.M. Pandithage – Chairman Mr. M.H. Wijewardene Mr. V.G.K. Vidyaratne Mr. M.H. Jamaldeen Mr. N.L.S. Joseph Mr. K.D.G. Gunarathne Mr. D.K. de Silva Wijeyeratne Mr. S.C. Ganegoda Mr. K.D. Kospelawatte Mr. K.K.L.P. Yatiwella – (Alternate to Mr. M.H. Wijewardene)

Company Name	Principal Activity	Directors
Regnis (Lanka) PLC Singer – Interest 58.3%	<ul style="list-style-type: none"> <li>Manufacturing Refrigerators</li> </ul>	Mr. A.M. Pandithage – Chairman Mr. M.H. Wijewardene Mr. V.G.K. Vidyaratne Mr. M.H. Jamaldeen Mr. N.L.S. Joseph Mr. K.D.G. Gunaratne Mr. D.K. de S. Wijeyeratne Mr. S.C. Ganegoda Mr. K.D. Kospelawatta Mr. A.C.M. Irzan – (Alternate to Mr. K.D. Kospelawatta) Mr. K.K.L.P. Yatiwella – (Alternate to Mr. M.H. Wijewardene)
Reality (Lanka) Limited Singer – Interest 92.2% (Indirect)	<ul style="list-style-type: none"> <li>Investment on Properties</li> </ul>	Mr. A.M. Pandithage – Chairman Mr. S.C. Ganegoda Mr. M.H. Wijewardene
Regnis Appliances (Private) Limited Singer – Interest 58.3% (indirect)	<ul style="list-style-type: none"> <li>Manufacturing Washing Machines</li> </ul>	Mr. A.M. Pandithage – Chairman Mr. M.H. Wijewardene Mr. S.C. Ganegoda Mr. K.D. Kospelawatte Mr. N.M.P. Fernando
Singer Digital Media (Private) Limited Singer – Interest 100%	<ul style="list-style-type: none"> <li>Marketing Mobile Phones, Computers and Cameras</li> </ul>	Mr. A.M. Pandithage – Chairman Mr. M.H. Wijewardene Mr. S.C. Ganegoda Mr. K.K.L.P. Yatiwella Mr. K.D.J.M. Perera
Singer Business School (Private) Limited Singer – Interest 100%	<ul style="list-style-type: none"> <li>Educational Services</li> </ul>	Mr. A.M. Pandithage – Chairman Mr. M.H. Wijewardene Mr. S.C. Ganegoda Mr. K.K.L.P. Yatiwella
Domus Lanka (Pvt) Limited Subsidiary – Interest 100%	<ul style="list-style-type: none"> <li>Designing, Manufacturing and Trading Furniture</li> </ul>	Mr. A.M. Pandithage – Chairman Mr. M.H. Wijewardene



# A Decade in Perspective

Period Ended	31st March 2020 (12 Months)	31st March 2019 (12 Months)	31st March 2018 (15 Months)	31st December 2016 (12 Months)	31st December 2015 (12 Months)	31st December 2014 (12 Months)	31st December 2013 (12 Months)	31st December 2012 (12 Months)	31st December 2011 (12 Months)	31st December 2010 (12 Months) (Restated)
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
GDP Growth – %	(4.9)	3.2	3.4	4.1	6	7.4	7.3	6	8.3	7
Market Capitalisation Growth – %	(19.20)	(37.81)	(4.44)	(8.48)	17.00	(32.50)	(13.00)	(22.90)	36.10	102.00
<b>Trading Results</b>										
Group Turnover – Net	54,751,038	58,505,395	65,122,305	46,924,144	38,710,834	29,699,602	25,485,561	25,441,494	22,031,653	16,028,534
Profit before Tax	610,717	672,129	2,049,052	3,126,233	1,895,275	1,155,608	728,440	1,777,160	1,990,012	1,167,862
Taxation	183,450	286,149	828,758	768,477	659,236	373,974	206,375	561,451	681,181	499,042
Profit for the Year	427,268	385,981	1,220,295	2,357,756	1,236,039	781,634	522,066	1,215,710	1,308,831	668,819
Total Comprehensive Income for the Year	449,249	1,006,328	691,655	2,623,507	1,206,343	891,279	519,059	1,320,383	1,308,831	–
Property, Plant and Equipment	6,911,741	6,704,649	5,649,424	5,426,841	2,715,401	2,667,909	2,505,355	2,151,208	1,691,107	1,564,240
Investment in Equity Accounted Investees	–	–	–	–	54,831	55,189	53,226	52,663	46,886	23,525
Right-of-use Assets	4,448,560	–	–	–	–	–	–	–	–	–
Other Investments	113,258	17,061	17,061	17,061	17,061	17,061	17,061	17,061	17,061	17,061
Deferred Tax Assets/(Liability)	155,734	(246,869)	(467,236)	124,061	144,913	65,235	9,482	36,358	47,645	10,887
Other Non-current Assets	11,647,255	11,809,824	9,508,817	8,467,619	7,472,596	6,021,845	5,867,311	5,234,046	4,385,767	2,687,281
Total Non-current Assets	23,276,547	18,531,534	15,175,302	14,035,582	10,404,803	8,947,028	8,561,974	7,605,262	6,284,271	4,402,333
Current Assets	41,441,139	39,510,816	35,398,249	28,214,282	21,857,494	18,444,957	16,000,553	13,795,274	11,164,888	8,477,132
Current Liabilities	39,631,619	35,409,664	35,070,354	22,189,446	15,417,138	15,213,903	13,030,817	12,849,830	10,043,948	6,602,195
Net Current Assets	1,809,520	4,101,153	327,895	6,024,836	6,440,356	3,231,054	2,969,736	945,444	1,120,940	1,874,937
Total Assets Less Current Liabilities	25,086,067	22,632,687	15,503,197	20,060,398	16,959,979	12,178,083	11,531,711	8,550,706	7,405,211	6,277,270
Security Deposit	1,394,611	1,388,433	1,199,127	1,018,452	851,794	732,124	651,765	576,648	487,449	403,894
Loans Repayable after One Year	12,450,161	10,640,159	4,319,898	8,381,885	8,091,907	4,226,596	4,334,165	1,633,823	1,110,385	1,287,291
Employee Benefit Obligations	900,984	871,971	794,645	651,144	486,465	383,912	320,033	270,539	204,787	181,876
Other Financial Liabilities Payable after One Year	1,979,089	804,556	411,394	454,013	645,008	798,492	756,232	342,535	503,142	195,995
Net Assets	8,187,907	8,451,644	8,184,568	9,554,905	6,769,985	5,917,169	5,359,975	5,613,235	5,003,643	4,108,876

Period Ended	31st March 2020 (12 Months)	31st March 2019 (12 Months)	31st March 2018 (15 Months)	31st December 2016 (12 Months)	31st December 2015 (12 Months)	31st December 2014 (12 Months)	31st December 2013 (12 Months)	31st December 2012 (12 Months)	31st December 2011 (12 Months)	31st December 2010 (12 Months) (Restated) Rs. '000
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Equity</b>										
Stated Capital	626,048	626,048	626,048	626,048	626,048	626,048	626,048	626,048	626,048	626,048
Capital Reserves	1,092,442	1,118,123	577,919	1,057,964	857,580	870,358	762,034	773,312	655,454	664,542
Statutory Reserves	182,548	163,096	136,009	95,361	37,318	136,128	128,447	78,425	44,408	10,748
Revenue Reserves	4,667,856	5,035,831	5,495,478	6,374,444	4,728,455	3,842,675	3,447,544	3,778,395	3,421,739	2,583,363
Total Equity Attributable to Owners of the Company	6,568,891	6,943,097	6,835,455	8,153,817	6,285,401	5,475,208	4,964,073	5,256,181	4,747,648	3,884,701
Non-controlling Interest	1,619,012	1,508,546	1,349,114	1,401,088	484,584	441,960	395,902	357,054	255,995	224,174
Total Equity	8,187,907	8,451,644	8,184,569	9,554,905	6,769,985	5,917,169	5,359,975	5,613,235	5,003,643	4,108,876
<b>Ratio and Statistics</b>										
<b>Profitability</b>										
Earning per Share – Rs.*	0.75	0.67	2.78	5.65	3.07	1.9	1.23	3.09	3.37	1.78
Net Assets per Share – Rs.*	17.49	18.48	18.20	21.70	16.73	14.58	13.22	14	12.64	10.34
Return on Average Net Assets – %	5.14	4.64	13.76	28.89	19.50	13.90	9.50	22.90	29.30	18.80
<b>Dividends</b>										
Amount – Rs. '000	93,907	244,159	826,383	1,101,845	525,880	313,024	313,024	751,258	939,072	281,722
Per Share – Rs.*	0.25	0.65	2.20	2.93	1.40	0.83	0.83	2.00	2.50	1.50
Cover*	0.14	0.58	1.21	1.00	1.63	1.48	0.96	1.37	1.20	1.50
<b>Others</b>										
Market Price per Share – Rs.	20.20**	25.00**	40.20**	126.20	137.90	117.90	89.00	102.30	132.70	195.00
Price Earnings Ratio	673.33	67.57	15.11	14.31	20.10	31.90	36.90	12.50	14.30	18.30
Annual Sales Growth – %	(6.4)	N/A***	38.78	21.22	30.30	16.50	0.20	15.50	37.30	34.50
Current Ratio	1.05	1.12	1.01	1.27	1.40	1.20	1.20	1.10	1.10	1.30
Average Annual Inflation – %	4.2	4.30	4.20	3.75	0.90	3.30	7.30	7.60	6.70	6.90
Net Income to Net Turnover – %	0.78	0.66	1.87	5.02	3.20	2.60	2.00	4.80	5.90	4.20

\* Information for the previous years have been restated to reflect the subdivision of shares in March 2017.

\*\* Market price per share after 31st March 2018 was after the subdivision of shares.

\*\*\* Not comparable due to change in financial year in 2017/18

# Share Information

## Stated Capital

		31st March 2020	31st March 2019
Stated Capital (Rs.)	:	626,048,050	626,048,050
Number of Ordinary Shares	:	375,628,830	375,628,830
Class of Shares	:	Ordinary Shares	
Voting Rights	:	One Vote per Ordinary Share	

## Stock Exchange Listing

The issued ordinary shares of Singer (Sri Lanka) PLC are listed with the Colombo Stock Exchange of Sri Lanka.

## Distribution of Shareholding – 31st March 2020

Number of Shareholders: 31st March 2020 – 2,819 (31st March 2019 – 2,713).

			Resident			Non-resident			Total		
			Number of Shareholders	Number of Shares	%	Number of Shareholders	Number of Shares	%	Number of Shareholders	Number of Shares	%
1	–	1,000	1,526	413,286	0.11	12	5,457	0.00	1,538	418,743	0.11
1,001	–	10,000	824	3,237,231	0.86	11	41,296	0.01	835	3,278,527	0.87
10,001	–	100,000	385	11,340,104	3.02	8	153,292	0.04	393	11,493,396	3.06
100,001	–	1,000,000	40	9,019,177	2.40	2	329,651	0.09	42	9,348,828	2.49
Over		1,000,001	11	351,089,336	93.47	–	–	0.00	11	351,089,336	93.47
Total			2,786	375,099,134	99.86	33	529,696	0.14	2,819	375,628,830	100.00

Categories of Shares	31st March 2020		31st March 2019	
	Number of Shares	Number of Shareholders	Number of Shares	Number of Shareholders
Individuals	29,948,290	2,632	30,420,624	2,548
Institutions	345,680,540	187	345,208,206	165
<b>Total</b>	<b>375,628,830</b>	<b>2,819</b>	<b>375,628,830</b>	<b>2,713</b>

## Dividends

Interim Dividend 2019/20 – Rs. 0.25 (2018/19 Rs. 0.65)

Final Dividend 2019/20 – Nil (2018/19 – Nil)

## Market Value Per Share

	Twelve Months Ended 31st March 2020 Rs.	Twelve Months Ended 31st March 2019 Rs.
Highest during the Year	39.50 – 28th November 2019	41.00 – 10th April 2018
Lowest during the Year	20.10 – 20th March 2020	24.50 – 12th March 2019
Last Traded Price as of Period Ending 31st March 2020	20.20	25.00

## Twenty Largest Shareholders

Name	As at 31st March 2020	
	Number of Shares	%
1. Hayleys PLC	90,972,930	24.22
National Savings Bank/Hayleys PLC	85,147,054	22.67
People's Bank/Hayleys PLC	85,147,053	22.67
2. Hayleys Advantis Limited	37,127,660	9.88
3. Volanka (Pvt) Limited	11,595,745	3.09
4. Hayleys Aventura (Private) Limited	10,531,915	2.80
5. Carbotels (Pvt) Limited	9,680,851	2.58
6. Hayleys Agriculture Holdings Limited	9,468,085	2.52
7. Mr. Kulappuarachchige Don Dhammika Perera	6,935,913	1.85
8. Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund	2,492,130	0.66
9. Mrs. Mihiri Virani Fernando	1,990,000	0.51
10. Commercial Bank of Ceylon PLC/Andaradeniya Estate Private Limited	669,849	0.18
11. Mrs. Anoma Kamalika Amarasuriya	536,910	0.14
12. Ms. Nai Kaluge Ruvani Hemamala De Silva	397,638	0.11
13. Mr. Nalin Amita De Silva	378,978	0.10
14. Jafferjee Brothers (Exports) Limited	375,600	0.10
15. J.B. Cocoshel (Pvt) Ltd.	334,451	0.09
16. Mr. Abeyesiri Hemapala Munasinghe	328,644	0.09
17. Dr. Ananda Krishnakumar Abeytunga Jayawardene	323,738	0.09
18. Mrs. Enoka Kamali Wickramasinghe	319,857	0.09
19. Mr. Leslie Premal Mendis and Mrs. M.S. Mendis	274,934	0.07
20. Mr. Hemaka Devapriya Senarath Amarasuriya	268,446	0.07
	355,298,381	94.59
Others	20,330,449	5.41
<b>Total</b>	<b>375,628,830</b>	<b>100.00</b>

Name	As at 31st March 2019	
	Number of Shares	%
1. National Savings Bank/Hayleys PLC	85,147,054	22.67
People's Bank/Hayleys PLC	85,147,053	22.67
Hayleys PLC	50,679,271	13.49
Hatton National Bank PLC/Hayleys PLC	40,293,659	10.73
2. Hayleys Advantis Limited	37,127,660	9.88
3. Volanka (Pvt) Limited	11,595,745	3.09
4. Hayleys Aventura (Private) Limited	10,531,915	2.80
5. Carbotels (Pvt) Limited	9,680,851	2.58
6. Hayleys Agriculture Holdings Limited	9,468,085	2.52
7. Mr. Kulappuarachchige Don Dhammika Perera	6,935,913	1.85
8. Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund	2,492,130	0.66
9. Mrs. Mihiri Virani Fernando	1,930,000	0.51
10. Commercial Bank of Ceylon PLC/Andaradeniya Estate Private Limited	669,849	0.18
11. Mrs. Anoma Kamalika Amarasuriya	536,910	0.14
12. Mr. Nai Kaluge Anura Deepal De Silva	441,582	0.12
13. Ms. Nai Kaluge Ruvani Hemamala De Silva	397,638	0.11
14. Mr. Nalin Amita De Silva	378,978	0.10
15. Jafferjee Brothers (Exports) Limited	375,600	0.10
16. Mr. Abeyisiri Hemapala Munasinghe	328,644	0.09
17. Mrs. Enoka Kamali Wickramasinghe	319,857	0.09
18. Mr. Leslie Premal Mendis and Mrs. M.S. Mendis	274,934	0.07
19. Mr. Hemaka Devapriya Senarath Amarasuriya	268,446	0.07
20. Mr. Murtaza Ali Jafferjee	230,600	0.06
	355,252,374	94.58
Others	20,376,456	5.42
<b>Total</b>	<b>375,628,830</b>	<b>100.00</b>

## Share Trading

For the Period Ended	As at 31st March 2020	As at 31st March 2019
Number of Transactions	661	1,735
Number of Shares Traded	561,206	36,380,607
Value of Shares Traded (Rs.)	17,934,222	1,699,125,679

## Public Holdings as at 31st March 2020

The percentage of shares held by public is 7.72% (2019 – 7.72%).

Number of shareholders representing public holdings is 2,810.

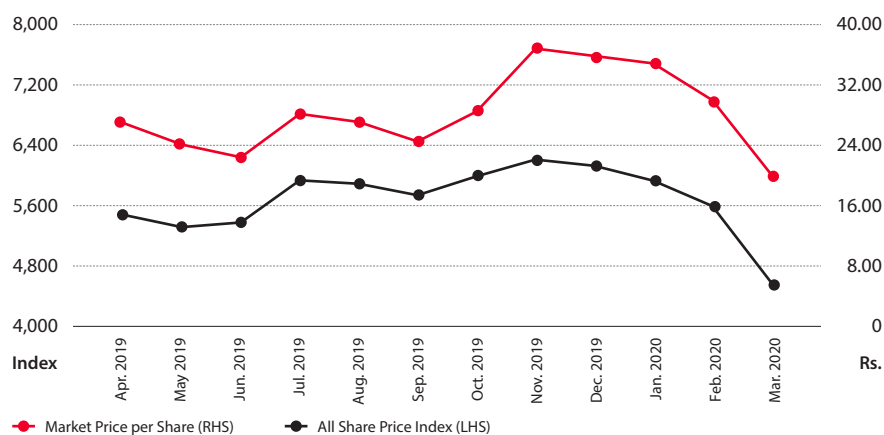
Float adjusted market capitalisation is Rs. 585,770,622.70.

The Company is not in compliance with Option 5 of the Listing Rule 7.13.1 (a) which requires a company with a float adjusted market capitalisation of less than Rs. 2.5 billion to maintain a minimum public holding of 20%.

## Record of Scrip Issues

Year ended 31st March	Issue	Basis	Number of Shares	Cumulative Share Capital Rs. '000
1981	Prior to Public Issue	–	1,855,200	18,552
1982	Public Issue	–	463,800	23,190
1984	Bonus	2:01	1,159,500	34,785
1985	Bonus	3:01	1,159,500	46,380
1989	Bonus	1:01	4,638,000	92,760
1992	Bonus	4:01	2,319,000	115,950
1992	Rights (at Rs. 40.00)	8:01	1,449,375	130,444
1994	Bonus	5:01	2,608,875	156,533
1996	Bonus	9:02	3,478,500	191,318
1996	Rights (at Rs. 50.00)	9:02	1,855,766	209,875
1998	Bonus	11:03	5,723,868	267,114
2000	Bonus	5:01	5,342,276	320,537
2004	Bonus	4:01	8,013,415	400,671
2005	Bonus	4:01	10,016,769	500,838
2006	Bonus	4:01	12,520,961	626,048
2011	Subdivision	1 for 1	62,604,805	–
2017	Subdivision	3 for 1	250,419,220	–
Total number of shares		–	375,628,830	626,048

### All Share Price Index vs Market Price per Share



## Listed Debentures

Details regarding the listed debentures are as follows:

	Interest Rates of Comparable Government Securities as at Issue Date (%)
12% senior rated listed unsecured redeemable on 28th September 2021	9.51

Interest rates of comparable Government securities as at 31st March 2020 were 8.67%.

Debt equity ratio, interest cover and quick assets ratio are given in financial highlights on page 4 of this Report.

# Distribution Network

## Singer Plus Shops

### Ampara

Akkaraipattu  
Ampara 'A'  
Ampara 'C'  
Dehiattakandiya  
Kalmunai 'A'  
Kalmunai 'B'  
Padiyatalawa  
Pottuvil  
Samanthurai  
Uhana

### Anuradhapura

Anuradhapura 'A'  
Anuradhapura 'B'  
Anuradhapura 'C'  
Anuradhapura 'D'  
Eppawela  
Galenbindunuwewa  
Habarana  
Horowpathana  
Kahatagasdigiya  
Kebithigollawa  
Kekirawa  
Kekirawa 'B'  
Medawachchiya  
Nochchiyagama  
Rambewa  
Thambuttegama  
Thambuttegama 'B'  
Thirappane  
Thalawa

### Badulla

Badulla  
Badulla 'B'  
Badulla 'C'  
Bandarawela 'A'  
Bandarawela 'B'  
Bandarawela 'C'  
Diyathalawa  
Girandurukotte  
Hali-Elia  
Mahiyanganaya  
Mahiyanganaya 'B'  
Passara  
Welimada  
Welimada 'B'

### Batticaloa

Batticaloa 'A'  
Batticaloa 'B'  
Chenkaladi  
Kalawanchikudi  
Kattankudy  
Valaichchenai

### Colombo

Angoda  
Athurugiriya  
Attidiya  
Avissawella  
Avissawella 'B'  
Battaramulla  
Battaramulla 'B'  
Boralesgamuwa  
Borella 'B'  
Colpetty  
Dehiwela  
Delkanda  
Gothatuwa  
Homagama  
Homagama 'B'  
Kaduwela  
Kaduwela 'B'  
Katubedda  
Kirulapona  
Kohuwala  
Kotahena  
Kottawa  
Kosgama  
Maharagama 'A'  
Maharagama 'B'

Malabe  
Maradana  
Mattakkuliya  
Moratuwa – Merit  
Milagiriya  
Moratuwa  
Moratuwa 'B'  
Mount Lavinia  
Padukka  
Pelawatte  
Peliyagoda  
Pettah  
Piliyandala 'A'  
Piliyandala 'C'  
Pitakotte

Pliyandala 'B'  
Ratmalana  
Thalawathugoda  
Thimbirigasyaya  
Udahamulla – Merit  
Union Place  
Union Place 'B'  
Ward Place  
Wellampitiya  
Wellawatta

### Galle

Ahangama  
Ambalangoda  
Baddegama  
Elpitiya  
Galle 'A'  
Galle 'B'  
Galle 'C'  
Hikkaduwa  
Imaduwa  
Neluwa  
Pinnaduwa  
Udugama  
Wanduramba

### Gampaha

Delgoda  
Divulapitiya  
Dompe  
Gampaha  
Gampaha 'B'  
Ganemulla  
Ja-Ela  
Ja-Ela 'B'  
Kadawatha 'A'  
Kadawatha 'B'  
Kadawatha 'C'  
Kandana  
Kiribathgoda 'B'  
Kiribathgoda 'C'  
Kirindiwela  
Kirindiwela 'B'  
Kochchikade  
Mawaramandiya  
Minuwangoda  
Minuwangoda 'B'  
Mirigama  
Mirigama 'B'  
Negombo

Negombo 'C'  
Nittambuwa  
Nittambuwa 'B'  
Pasyala  
Pugoda  
Ragama  
Seeduwa  
Veyangoda  
Veyangoda 'B'  
Wattala  
Weliweriya  
Yakkala

### Hambantota

Agunakolapelessa  
Ambalantota  
Ambalantota 'B'  
Beliatta  
Hambantota  
Middeniya  
Suriyawewa  
Tangalle  
Tissamaharamaya  
Tissamaharamaya 'B'

### Jaffna

Chavakachcheri  
Chenkanai  
Chunnakam  
Chunnakam 'B'  
Hospital Road Jaffna  
Jaffna  
Jaffna 'C'  
Manipay  
Nelliady  
Point Pedro  
Puthukkudiyirippu  
Kodikanam

### Kalutara

Agalawatta  
Aluthgama  
Bandaragama  
Beruwala  
Bulathsinghala  
Darga Town  
Horana  
Ingiriya  
Kalutara 'A'  
Kalutara 'B'  
Matugama

Matugama 'B'  
Panadura  
Panadura 'B'  
Wadduwa

### Kandy

Akurana  
Digana  
Digana 'B'  
Discount Shop –  
Katugastota  
Galaha  
Gampola  
Gampola 'B'  
Gampola 'C'  
Geliya  
Kandy  
Kandy 'B'  
Katugastota  
Katugastota 'B'  
Kundasale  
Nawalapitiya  
Peradeniya  
Pilimatalawa  
Pilimatalawa 'B'  
Poojapitiya  
Rikillagaskada  
Wattegama

### Kegalle

Deraniyagala  
Kegalle 'A'  
Kegalle 'B'  
Kegalle 'C'  
Mawanella  
Mawanella 'B'  
Rambukkana  
Ruwanwella  
Ruwanwella 'B'  
Warakapola  
Warakapola 'B'  
Yatiyanthota

### Kurunegala

Alawwa  
Bingiriya  
Galgamuwa  
Giriulla  
Hiripitiya  
Ibbagamuwa  
Kuliyapitiya

Kuliyapitiya 'B'  
 Kurunegala 'A'  
 Kurunegala 'B'  
 Kurunegala 'C'  
 Kurunegala 'D'  
 Maho  
 Mawathagama  
 Melsiripura  
 Narammala  
 Narammala 'B'  
 Nikaweratiya  
 Nikaweratiya 'B'  
 Pannala  
 Polgahawela  
 Pothuhera  
 Polpithigama  
 Rideegama  
 Wariyapola

#### **Matara**

Akuressa  
 Akuressa 'B'  
 Deniyaya  
 Dickwella  
 Dickwella 'B'  
 Hakmana  
 Issadeen Town  
 Kamburupitiya  
 Matara 'A'  
 Matara 'B'  
 Morawaka  
 Urubokka  
 Weligama

#### **Mannar**

Mannar

#### **Matale**

Dambulla  
 Dambulla 'C'  
 Galewela  
 Galewela 'B'  
 Matale  
 Matale 'B'  
 Naula  
 Rattota  
 Wilgamuwa

#### **Moneragala**

Bibile  
 Buttala  
 Kataragama  
 Moneragala  
 Moneragala 'B'  
 Siyabalanduwa  
 Wellaway

#### **Nuwara Eliya**

Ginigathhena  
 Hatton  
 Maskeliya  
 Nuwara Eliya 'A'  
 Nuwara Eliya 'B'  
 Nuwara Eliya 'C'  
 Pussellawa  
 Talawakelle

#### **Polonnaruwa**

Aralanganwila  
 Bakamuna  
 Hingurakgoda  
 Hingurakgoda 'B'  
 Kaduruwela 'A'  
 Kaduruwela 'B'  
 Medirigiriya  
 Minneriya  
 Polonnaruwa  
 Welikanda

#### **Puttalam**

Anamaduwa  
 Chilaw  
 Chilaw 'B'  
 Dankotuwa  
 Norochchola  
 Puttalam  
 Wennappuwa  
 Nattandiya

#### **Ratnapura**

Balangoda  
 Balangoda 'B'  
 Dehiowita  
 Eheliyagoda  
 Eheliyagoda 'B'  
 Embilipitiya  
 Embilipitiya New Town  
 Embilipitiya 'C'  
 Eheliyagoda Budget Shop  
 Godakawela  
 Godakawela 'B'  
 Kahawatta  
 Kahawatta 'B'  
 Kuruwita  
 Nivitigala  
 Pelmadulla  
 Pelmadulla 'B'  
 Ratnapura 'A'  
 Ratnapura 'B'  
 Ratnapura 'C'  
 Kalawana

#### **Trincomalee**

Kanthalai  
 Trincomalee 'A'  
 Trincomalee 'B'  
 Vakara

#### **Vavuniya**

Mallavi  
 Murunkan  
 Parakramapura  
 Vavuniya  
 Vavuniya 'B'

#### **Kilinochchi**

Kilinochchi  
 Kilinochchi 'B'

#### **Mullaitivu**

Mullaitivu

#### **Samsung Showroom**

Nugegoda  
 Ratmalana

#### **Singer Homes**

Anuradhapura  
 Badulla  
 Chilaw  
 Godagama  
 Kadawatha  
 Kalutara  
 Kandy  
 Kegalle  
 Kotte  
 Matale  
 Matara  
 Negombo  
 Ratmalana  
 Ratnapura

#### **Mega**

Beko & Sony  
 Boralesgamuwa  
 Colpety  
 Gampaha  
 Kalutara  
 Kandy  
 Kandy Mall  
 Kiribathgoda  
 Kottawa  
 Kurunegala  
 K-Zone – Ja-Ela  
 K-Zone – Moratuwa  
 Singer Warehouse  
 Maharagama  
 Malabe

Mt. Lavinia  
 Negombo  
 Nugegoda "A"  
 Nugegoda "B"  
 Panadura  
 Peliyagoda  
 Rajagiriya  
 Thalawathugoda  
 Thurstan Road  
 Wattala  
 Kaduwela  
 Shangri-La  
 Shangri-La-Huawei

#### **Approved Dealers**

##### **Ampara**

Hingurana

##### **Anuradhapura**

Galnewa  
 Wilachchiya  
 Settikulam

##### **Badulla**

Ettampitiya  
 Haldeemmulla  
 Haputhale  
 Hasalaka  
 Meegahakivula  
 Udupussellawa  
 Ududumbara  
 Tissapura

##### **Colombo**

Hanwella  
 Moragahena

##### **Galle**

Batapola  
 Karadeniya  
 Pitigala  
 Talgaswala  
 Uragasmanhandiya  
 Yakkalamulla  
 Labuduwa  
 Habaraduwa

##### **Gampaha**

Katana  
 Marandaghamulla

##### **Hambantota**

Ranna  
 Walasmulla  
 Weeraketiya

#### **Kalutara**

Baduraliya

#### **Kandy**

Alawathugoda  
 Galagedara  
 Kadugannawa  
 Menikhinna  
 Polwatta  
**Kegalle**  
 Bulathkohupitiya  
 Hemmatagama  
 Kotiyakumbura

#### **Kurunegala**

Abanpola  
 Dummalasuriya  
 Katupotha

#### **Matale**

Pallepola

#### **Matara**

Pitabeddara  
 Telijjawila  
 Thihagoda

#### **Moneragala**

Badalkumbura  
 Thanamalwila  
 Medagama

#### **Nuwara Eliya**

Walapane

#### **Polonnaruwa**

Diyabeduma  
 Jayanthipura  
 Diyasenpura

#### **Puttalam**

Hettipola  
 Kobeigane

#### **Ratnapura**

Kiriella  
 Pallebadda  
 Rakwana

#### **Trincomalee**

Muttur

#### **Other**

Apparel Solutions and  
 Katunayake Duty Free Store



# Service Network and Fashion Academy Network

## Service Centres

### Aluthgama

Siri Electricals  
Sola Edge Cooling & Power Solution  
Eranda Malti Electrical  
Nanayakkara Electronics  
Dinan Machine Centre  
Amal Ref & Electricals  
Kool Tech Engineering  
Silver Dale Electronics  
Cool Line Air Condition  
Ruwan Sofa Work Shop  
Sausiri Electricals  
Air Cool  
Pradeep Ref & Electricals Engineering  
Anjana Electricals  
Benaragama Engineering  
Mendis Coolsolution  
Gulf Motors  
Premalal Motor  
Suranjith Motors  
Lak Motors  
kavindi Electricals

### Ampara

Aira Motors  
Musthafa Motors Mec  
Aruna Ref and Electrical  
Eastern Tech Institute  
Janudha Ref & Electrical  
Chil Air  
Sahana Motors  
Isuru Sameera Cushion Works  
E Sampath Asela  
Magic Cool Aircon  
Ameesha Electrical  
Duminda Ref & Electrical  
Hi Tech Electronics  
Cool Air Ref & Electrical  
Speed Cool  
R M M Sofa Repair  
Air Golden Enterprises  
S.R. Vikum Prasanna  
Isuru Electrical  
Techno cool

### Anuradhapura

Luck cool Ref Engineers

Malik Ref Electricals  
Indunil Ref  
Buddhika Electricals  
B.T. Technology  
Sumudu Electricals  
Sumedha Electronics  
Pujana Electrical & Cellular  
Ransri Electronics  
Wimalaweera Industries  
J C Lanka Machinery  
Dream Home Furniture  
Neel Motors  
New Gihan Service  
Ruwani Trade Centre  
D.J. Furniture

### Badulla

Shenu Electricals  
Tharindu Electricals  
Cool Air Engineering  
Aruna Electricals  
Hiruna Electronics  
Sameera Cooling Service  
Refco Electrical  
Mohan Motors  
Gunathilake Motors  
Piyal Motors  
Wasantha Sofa  
Kesala Electricals  
Hemantha Motors  
Weerathunga Smart Ref  
Ravi Service Technology  
Sewing Tech Machine Service  
Dias Electricals  
Wasantha Mechanical & Electrical  
Rajapakshe Electricals  
Tele Lab

### Colombo

Chamath Enterprises  
Chirathma Electrical  
Dineth Electronics  
Dinu Electrical  
Econ Air  
Electro Cooling  
Electro-Frost  
Kulasiri Furniture  
Ref Air Engineers

Samagi Ref Center  
Sharp-Electronics  
SK Electrical  
Sna-Ref-Air  
Supertech-Ref Engineers  
Tech-Way-Services  
J A R Associates  
SSB Enterprises  
Arctron Ref Engineers  
Kapila Machine Repair  
Asanga Machines

### Jaffna

Ambiha Electricals  
City Link Coolers  
SSV Cool Air Service  
NPM Electricals  
Cool Air Kings  
Snow Eagles [Ref & Air Con Engineers]  
TNR Electricals & Electronics  
The Best Chill Air Conditioning  
Pacifia Cool Mount Engineering (Pvt) Ltd.

### Kandy

Chilled Air  
Cool Mart  
Edirisinghe Electricals  
Frank Hood Works  
Hesara Enterprises  
I Tec Electronics  
Janka Electricals  
Jayasooriya Sewing Machine  
Lakmal Electricals  
Leshani Electronics  
Lional Wijesinghe  
Micro Electricals  
Neon Electricals  
New Sameera Electricals  
New Vision Electronics  
Ominda Technical Service  
Prabath Electrical,  
S D S Electronics  
Sampath Electrical Engineers  
Sandamini Multi Electrical Engineers

Senadeera Ref Centre  
Sewing Machine Service Centre  
Shehan Multi Service  
Sisilto Electricals & Technical Services  
Srimal Electricals  
Sru Electricals  
Super Air Electrical Works  
Super Electronics and Air Technics  
Tech Mart Ref Engineers  
Techno Ref & Air Enterprises  
Thaprobane International  
Thushara Electronics  
Thushara Engineers & Motor Works  
Vimod Electricals

### Kuliyapitiya

Adhikari Electricals  
Anuradha Electrical  
Chandana Motor Garage  
CS Ref Engineers  
Dasuna Motors  
Freezair  
High Cool Engineer  
Janaka Electronic  
Mahesh Electrical  
Modern Air Condition  
Nethushi Taylors & Machine S/C  
New Leeds Electronic  
Nipuna Auto Mobile  
Prabath Ref & Air  
Ravindra Motors  
Sahana Motors  
Samodha Electronic  
Sanjeewa Auto Works  
Sathsara Auto Works  
Sisira Furniture  
SPL technologies  
Sri Ishara Madushika Furniture  
Techno Frost  
Wijesinghe Motors  
World Air Conditioner  
Wasantha Air Condition  
Isuru Engineering

### Maharagama

Easy Cool  
Hasitha Electricals  
Zenon Sewing Machine Repair  
Ranmadu Sewing Engineering  
Kulasiri Fernando  
Life Cool  
Nuwan Engineering  
Prasad Ref  
Ruwan Electricals  
Smart Ref  
Super Cool  
Tech Max  
Techni Cold  
Ushan Electricals

### Matara

Janapriya Electronics  
Lal Electronics  
New Shiney Electronics  
Sigma Electronics  
Lion Electronics  
Chaminda Air Ref Engineering  
New Freeze Air  
Penguin International  
Prince Electricals  
Uduwella Ref  
Nilanka Pathirana Ref centre  
Ruhunu Ref & Air Services  
Sampath Engineering Works  
U D Ref Engineering  
Max Cool Electricals  
Thisara Ref & Electricals  
Emano Air Cooler  
Super Cool Air  
Priyantha Ref Engineers  
Rohan Ref Centre  
C.J. Electricals  
Isuru Aero Tec  
Hemantha Motors  
Janahitha Motors  
Rahula Motors  
Sarani Motors  
Sampath Motor Service  
Victor Cycle Works  
Nuwan Motors

Lal Honda Service  
G.A. Auto Electricals  
Sarani Diesel Work  
Dharshana Industries  
SD Machine Service  
Centre  
Dammika Sewing  
Machine Service  
Lalith Cushion Works  
Jayoda Cushion Works

#### **Pasyala**

Aloka Engineering  
Ariyathilaka Electrical &  
Engineering  
Aysha Ref & AC  
Engineering  
Cellnet Lanka Technology  
Cool Plus  
Deepthi Sewing Machine  
Service  
Herath Electricals &  
Ref Center  
Jayalath Sewing Machine  
Service Center  
Jeewan Cool Air  
Kavia Engineering  
Kavindu Ref N Air  
New PC House  
Nishani Motors  
P P Wickramasinghe  
Pradeep Ref Engineers  
Raja Motors  
S T S Technical Service  
Saleena Electronics  
SD Machine  
Silicone Electronics  
Sisira Furniture  
Sumith Motor Works  
Susantha Ref Electricals  
Technico Electronic  
Techno Ref & Air  
Enterprises  
Thilak Electricals  
Thilake Machine  
Zuhail Brothers

#### **Polonnaruwa**

Ashoka Ref  
DJ Engineers  
J & P Electronics  
Mahaweli Electronics  
Mayura Ref & Electricals  
Mudalige Electronics  
Thilak Electronics  
Subasinghe Ref Engineers  
Dilenatharu Cushion  
Works  
Nipuna Marasinghe  
Ref Cool

Prasanna Electronics  
Manjula Ref & Cool  
Yehara Sewing Machines  
I Mec Engineering  
Ananda Electricals  
Chaminda Sewing  
Mechanics  
Niluka Ref & Electricals  
Karunaratne Motors  
Thilanka Motors  
Udarata Motors  
Janith Motors  
Priyankara Motors  
Sampath Motors  
Udaya Motors  
Indika Motors  
Bandula Motors

#### **Ratnapura**

Highcool Air & Ref Centre  
High Frost  
Pathirana Ref Engineering  
Star Ref Electricals  
Sanjaya Electronics  
Quick Cool  
Senadeera Multi Ref  
Solanta Electronics  
Samagi Diesel  
Engineering  
SM Electricals  
Indika Ref Engineers  
Ranjith Electronics  
Amangi Electronics  
Smart Wood Creation  
Shashei Service  
D G Services  
Newnet Computers  
Disara Furniture  
New Air Tech

#### **Vavuniya**

Ayesha Electricals  
Emil Electronics  
Luxman Ref & Electrical  
Daikin Electro Mechanical  
Majee AC & Electrical

#### **Europa Spears**

Sisila Technicals  
Express Air Conditioner &  
Refrigerators  
Raj Motor Winding

#### **Air Conditioning Division**

AD Ref Electricals  
Air Mech Engineers  
Anujaya Enterprises  
C & D Ref Engineers  
Cool Way  
Dhanushka Ref

Duminda Ref Engineering  
Electro Frost  
ER Engineers  
Kool Rite Services  
Kool Tech Engineers  
Leondce Holdings (Pvt)  
Ltd.  
Melona Aircon Services  
New Ashen Electricals  
New Dynamic Ref  
Engineers  
Powerlink Electro  
Mechanical  
Qualit Cool  
R&T Ref Engineering  
Re Cool  
Ref Air Electricals  
Royal Cool  
Sandaruwan Cool  
Engineers (Pvt) Ltd.  
Sewwandi Ref Engineers  
Shine Air Conditioners/  
Super Cool  
Sri Lankan Engineering  
Sun Ref Engineers  
Suncool Enterprises  
Tech Way Services  
Tempcool Engineering  
Yellowma Air conditioning  
Zurich Mec Engineers  
Elect Air Engineering  
Ushan Ref  
Rathna Technical  
Maintenance  
Eco Green Energy  
Green Aircondition  
service  
Keen Air  
Metro Engineeering  
Ref & Air Con center  
PR. Creations &  
Refrigeration (Pvt) Ltd.  
Dandy Coolant Air  
Conditioners  
Hydro Air Con Services  
Vishu Air Cool  
Geliator Engineers

#### **Repair Product Centre – Hokandara**

Sampath Electrical  
K Tronic  
Ultra Cool  
T.S. Electronic  
Kumara Electronics  
Nova Technology  
Sunimal Perera  
Pradeep Chaminda Perera  
D.R.S. De Silva

S.H. Kariyawasam  
Hiru Service  
Shanika Electronics  
KV Electronics  
Super Tech Ref  
S N Computer System

#### **Mobile Phone Service Franchise Agents**

Apogee International

#### **Computers Service Franchise Agents**

ATN Computers  
Shadow Computer and  
Video House  
NetPLUS Technologies  
MC Link  
SP Computers  
Western Digital Computer  
System & Electronics  
Gold Lion Electronic  
Comtal Manpower  
System  
Leem Technology  
NW Net Computer  
System  
Eteam Technologies  
Ez Tech Computers  
Rapid Computer System  
R & D Engineers  
Cosmo Computers  
Cure Computer  
Eye Computers  
AVN Computers  
ST Computers  
PC Systems  
A Soft Computer  
Sabaragamuwa IT  
Solution  
Techno World  
Bestway Computer  
SSR Computer Solutions  
Progress Computer  
Technology  
CK Electronics  
Sayantech Computer  
G.P.W. Electronics  
Supreme Tech Computers

#### **Fashion Academies**

Ambalangoda  
Ampara  
Angoda  
Anuradhapura 'B'  
Avisawella  
Baddegama  
Badulla 'B'  
Bandarawella

Battaramulla  
Borella  
Chilaw  
Dambulla  
Dickwella  
Eheliyagoda  
Embilipitiya  
Galewela  
Galle 'B'  
Gampaha  
Gampola  
Hatton  
Hingurakgoda  
Homagama  
Horana  
Ja-Ela  
Jaffna-hospital Road  
Kaduwela  
Kalutara 'A'  
Kandana  
Kandy  
Katubedda  
Katugastota  
Kirindiwela  
Kurunegala 'A'  
Mahiyangana  
Malabe  
Maradana  
Matara 'A'  
Mawanella  
Mega – Nugegoda 'B'  
Mega – Thalawathugoda  
Mega – Kandy  
Mega – Kiribathgoda  
Mega – Mount Lavinia  
Minuwangoda  
Nawalapitiya  
Negombo  
Nittambuwa  
Nuwaraeliya 'A'  
Panadura  
Peliyagoda  
Pelmadulla  
Pilimathalawa  
Piliyandala 'B'  
Polonnaruwa  
Rathnapura 'A'  
Ruwanwella  
Shomes – Kegalle  
Singer Finance  
Wellawatta  
Tissamaharama  
Union Place  
Warakapola  
Wellawaya  
Wennappuwa

# Glossary

## Accounting Policies

Specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

## Acid Ratio

Current asset less inventory divided by current liabilities.

## Amortisation

The expense of writing off over a fixed period, the initial value of an intangible asset such as goodwill, patents etc.

## Available-for-Sale

All assets not in any of the three categories namely held to maturity fair value through profit or loss and loan and receivables. It is a residual category does not mean that the entity stands ready to sell these all the time.

## Borrowings

All interest bearing loans, fixed deposits and saving deposits.

## Capital Employed

Total of interest bearing loans and borrowings, bank overdraft and total equity.

## Capital Reserves

Reserves identified for specific purposes and considered not available for distribution.

## Cash Equivalents

Liquid investments with original maturity periods of three months or less.

## Contingent Liabilities

Conditions or situations at reporting date the financial effect of which are to be determined by future events which may or may not occur.

## Credit Rating

An evaluation of a corporate's ability to repay its obligations or the likelihood of not defaulting, carried out by an independent rating agency.

## Current Ratio

Current assets divided by current liabilities. A measure of liquidity.

## Debt

Total liabilities, excluding deferred income.

## Debt to Equity

Total borrowings less cash and cash equivalents divided by total equity.

## Debt Ratio

Total liabilities divided by total assets.

## Deferred Taxation

The net tax effect on items which have been included in the Income Statement, which would only qualify for inclusion on a tax return at a future date.

## Dividend Cover

Profit attributable to ordinary shareholders divided by gross dividend. Measures the number of times dividend is covered by distributable profit.

## Dividend Payout

Dividend per share divided by earnings per share of the Company.

## Earnings Per Share

Profits attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.

## Equity

Shareholders' funds.

## Fair Value

Fair value is the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

## Financial Instruments

Financial instrument is any contract that gives rise to both financial assets in one entity and a financial liability or equity instrument in another entity.

## Gearing Ratio

Proportion of borrowings to capital employed.

## Gross Dividend

Portion of profits inclusive of tax withheld, distributed to shareholders.

## Held-to-Maturity

Debt assets acquired by the entity with positive intention to be held-to-maturity.

## Interest Cover

Profit before tax plus net finance cost divided by net finance cost. Measure of an entity's debt service ability.

## Impairment

This occurs when recoverable amount of an asset is less its carrying value.

## Market Capitalisation

Number of shares in issue multiplied by the market value of a share at the reporting date.

## Net Assets Per Share

The equity attributable to owners of the Company divided by the weighted average number of ordinary shares in issue.

## Non-controlling Interest

Equities in subsidiary not attributable, directly or indirectly to a parent.

## Price Earnings Ratio

Closing market price of a share divided by earnings per share as at reporting date.

## Related Parties

Parties who could control or significantly influence the financial and operating policies of the business.

## Return on Average Net Assets Equity

Profits for the year divided by average total equity.

## Revenue Reserves

Reserves considered as being available for distributions and investments.

## Segment

Constituent business units grouped in terms of similarity of operations and location.

## Value Addition

The quantum of wealth generated by the activities of the Group measured as the difference between turnover and the cost of materials and services bought in.

## Working capital

Capital required to finance the day-to-day operations computed as the excess of current assets over current liabilities

# Notice of Annual General Meeting

**SINGER (SRI LANKA) PLC**  
(Company Registration No. PQ 160)

NOTICE IS HEREBY GIVEN THAT THE FORTY- FIFTH (45th) ANNUAL GENERAL MEETING OF SINGER (SRI LANKA) PLC will be held on Tuesday 28th July 2020 at 12.00 noon at Hayleys PLC at No. 400, Deans Road, Colombo 10, Sri Lanka.

1. To receive, consider and adopt the Annual Report of the Board of Directors and the Statement of Accounts for the 12 months ended 31st March 2020 with the Report of the Auditors thereon.
2. To elect Ms. H.M. Gayani de Alwis, who has been appointed as a Director by the Board, Since last Annual General Meeting.
3. To re-elect, Mr. S.C. Ganegoda, 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 authorise Directors to determine contributions to Charities.
5. To reappoint Messrs KPMG, Chartered Accountants as the Auditors of the Company for the year 2020/21 and to authorise the Directors to determine their remuneration.

By Order of the Board,  
Singer (SRI LANKA) PLC

## **HAYLEYS GROUP SERVICES (PVT) LTD.**

*Secretaries*

Colombo  
3rd July 2020

### **Note:**

1. A shareholder is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Shareholder of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at No. 400, Deans Road, Colombo 10, Sri Lanka or must be emailed to [sinslagm@secretarial.hayleys.com](mailto:sinslagm@secretarial.hayleys.com) not less than forty eight (48) hours before the time fixed for the Meeting.
2. Please refer the "Circular to Shareholders" dated 3rd July 2020 and follow the instructions to join the meeting physically or virtually.



# Form of Proxy

Singer (Sri Lanka) PLC

(Company Registration No. PQ 160)

I/We\* ..... (full name of Shareholder\*\*)

NIC No./Reg. No. of Shareholder (\*\*) ..... of .....

..... being Shareholder/Shareholders\* of SINGER (SRI LANKA) PLC hereby appoint:

..... (full name of proxy holder\*\*)

NIC No. of Proxy holder (\*\*) ..... of .....

..... or, failing him/them,

ABEYAKUMAR MOHAN PANDITHAGE of Colombo (Chairman of the Company) or failing him, one of the Directors of the Company as my/our\* proxy to attend and vote as indicated hereunder for me/us\* and on my/our\* behalf at the Forty-Fifth (45th) Annual General Meeting of the Company to be held on Tuesday 28th July 2020 at 12.00 noon and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

	For	Against
1. To adopt the Annual Report of the Board of Directors and the Statements of Accounts for the 12 months ended 31st March 2020 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To elect Ms. H.M. Gayani de Alwis, who has been appointed as a Director by the Board, Since last Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. S.C. Ganegoda, who retires by rotation at the Annual General Meeting, a Director in terms of Article 24 (4) of the Article of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. To authorise Directors to determine contributions to Charities.	<input type="checkbox"/>	<input type="checkbox"/>
5. To reappoint Messrs KPMG, Chartered Accountants as the Auditors of the Company for the year 2020/21 and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

(\*\*) The proxy may vote as he thinks fit on any other resolution brought before the Meeting of which due notice has been given. As witness my/our\* hands this ..... day of ..... 2020.

Witnesses:

Signature: .....

Signature of Shareholder

Name: .....

Address: .....

NIC No: .....

Notes:

- \*Please delete the inappropriate words.
- 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.
- A shareholder is not entitled to appoint more than one proxy to attend on the same occasion.
- Instructions are noted below.
- This Form of Proxy is in terms of the Articles of Association of the Company.
- Please refer the "Circular to Shareholders" dated 3rd July 2020 and follow the instructions to join the meeting physically or virtually.

**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 [sinslagm@secretarial.hayleys.com](mailto:sinslagm@secretarial.hayleys.com) not less than forty eight (48) hours before the start of the Meeting.
2. In perfecting the Form of Proxy, please ensure that all requested details are filled in legibly including mandatory details. Kindly sign and fill in the date of signing.
3. If you wish to appoint a person other than the Chairman of the Company (or failing him, one of the Directors) as your proxy, please insert the relevant details at (1) overleaf. The proxy need not be a member of the Company.
4. Please indicate with an "X" in the space provided how your proxy is to vote on the resolutions. If no indication is given, the proxy in his discretion will vote as he thinks fit.
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 authorised Fund Manager/Banker with whom the account is maintained.

# Corporate Information

## Name of the Company

Singer (Sri Lanka) PLC

## Legal Form

Public company with limited liability. Incorporated as a public company in Sri Lanka on 30th December 1974 under the Companies Ordinance and Re-registered under the Companies Act No. 07 of 2007 on 13th June 2008.

Founded in 1877 as a Branch of Singer Sewing Machine Company, USA the shares of the Company are listed on the Colombo Stock Exchange.  
Accounting Year: 31st March.

## Registered Office

**Singer (Sri Lanka) PLC**  
No. 112, Havelock Road,  
Colombo 05,  
Sri Lanka.  
Phone: +94 11 231 6316 (13 lines)  
Facsimile: +94 11 242 3544  
Email: singer@singersl.com  
Website: www.singer.lk

## Company Registration Number

New – PQ 160  
Old – PBS 802 (S.P.)

## Tax Payer Identification Number

124008026

## Bankers

Bank of Ceylon  
Commercial Bank of Ceylon PLC  
Deutsche Bank Sri Lanka  
Hatton National Bank PLC  
MCB Bank Sri Lanka  
Nations Trust Bank PLC  
NDB Bank PLC  
Pan Asia Bank PLC  
People's Bank  
Seylan Bank PLC  
Sampath Bank PLC  
Standard Chartered Bank (Sri Lanka) Limited  
The Hongkong & Shanghai Banking Corporation  
Union Bank PLC

## Auditors

**KPMG**  
Chartered Accountants  
No. 32A, Sir Mohamed Macan Markar Mawatha,  
P.O. Box 186,  
Colombo 3,  
Sri Lanka.

## Registrars

**Hayleys Group Services (Pvt) Limited**  
No. 400, Deans Road,  
Colombo 10,  
Sri Lanka.

## Company Secretaries

**Hayleys Group Services (Pvt) Limited**  
No. 400, Deans Road,  
Colombo 10,  
Sri Lanka.

## Lawyers

**Neelakandan & Neelakandan**  
Attorneys-at-Law & Notaries Public  
M&N Building (Level 5), No. 2, Deal Place,  
Colombo 3,  
Sri Lanka.

## Directorate

Mr. A.M. Pandithage – Chairman (Executive)  
Mr. K.D.D. Perera – Co-Chairman (Non-Executive)  
Mr. M.H. Wijewardene – Chief Executive Officer  
Mr. D. Sooriyaarachchi  
Mr. D.H. Fernando  
Mr. M.H. Jamaldeen  
Mr. D.K. de. S. Wijeyeratne  
Ms. O.D. Gunewardene  
(Resigned with effect from 31st December 2019)  
Mr S.C. Ganegoda  
Mr. S.H. Goodman  
(Resigned with effect from 25th June 2019)  
Ms. Gayani de Alwis  
(Appointed with effect from 15th May 2020)  
Mr. K.K.L.P. Yatiwella  
(Alternate to Mr. S.C. Ganegoda)  
Mr. H.P.S. Perera  
(Alternate to Mr. M.H. Wijewardene)  
Ms. A.A.K. Amarasinghe  
(Alternate to Mr. K.D.D. Perera) –  
Appointed with effect from 8th August 2019  
Mr. L.S.N.K. Samrasinghe  
(Alternate to Mr. M.H. Jamaldeen) –  
resigned with effect from 15th January 2020

## Senior Management

Mr. M.H. Wijewardene – Chief Executive Officer  
Mr. J. Mendis – Director – Credit  
Mr. H.A.P.S. Perera – Factory Director – Piliyandala Factory  
Mr. K.K.L. Yatiwella – Finance Director  
Mr. L.A.D.K. Perera – Director – Information Technology  
Mr. K.D. Kospelawatta – Factory Director –  
Regnis (Lanka) PLC  
Mr. B.T.L. Mendis – Director – Commercial  
Mr. K.D.J.M. Perera – Director – Operations  
Mr. T. Amarasuriya – Chief Executive Officer –  
Singer Finance (Lanka) PLC  
Mr. V. Tennakoon – Director – Sales  
Mr. R. Kulasuriya – Director –  
Human Resources and Business Integration  
Mr. V.J.S. Perera – Director – Marketing  
Mr. S.D. Mayadunne – Deputy Factory Director –  
Singer Industries (Ceylon) PLC  
Mr. A.P. Manorathna – Deputy Director – Services  
Mr. D.B. Wijesundara – Deputy Director – Marketing  
Mr. M.M.C. Priyanjith – Head of Risk Management  
Mr. Mohamed Irzan – Head of Treasury and  
Investor Relations  
Mr. G.A.K. Weerasuriya – Senior Manager Inventory  
Mr. A.U. Karunaratne – Senior Manager –  
Merchandising and Promotions  
Mr. T.G.S. Perera – Senior Manager – Field Inventory  
Operations  
Mr. I.A.S. Kolombage – Commercial Manager  
Mr. V. Gomes – Head of Financial Services  
Mr. W.L.I.A. Gunathilake – Business Development  
Manager – Mega and Singer Homes Channel

Mr. K.R.L. Perera – Group Administration Manager  
Mr. A.R.N.P.K. Wijesundara – Sales Manager –  
Agro and Transportation  
Mr. S.H. Perera – Senior Manager – Budget and Planning  
Mr. T.J. Martyn – Senior Manager – Apparel Solutions  
Mr. A.A. Sathiyamoorthy – Senior Manager – Trade Credit  
Mr. P. Jayatilake – Marketing Manager  
Mr. T.L. Senaviratne – Senior Manager –  
Information Technology  
Mr. D.D.W. Dassanayake – Senior Manager – Credit  
Mr. K.P. Peramunugamage – Head of Business School  
Mr. L.R.P. Perera – Business Development Manager –  
Retail (North)  
Mr. N.I. Kuruppuarachchi – Senior Manager – Legal  
Mr. S. Serasinghe – Senior Manager – Distribution  
Mr. N.B. Ranasinghe – Senior Manager –  
Revenue and Margin  
Mrs. P.T.K. Liyanage – Finance Manager  
Mr. R.B. Gaspe – Business Development Manager –  
E-Commerce  
Mr. K.I.S. Perera – Business Development Manager –  
Whole Sale (South)  
Mr. E.R.A. Silva – Business Development Manager –  
Institutional Sales  
Mr. K.D.S. Kanishka – Senior Manager – Promotions  
Mr. T.U.S. Peiris – Business Development Manager –  
Retail (South)  
Mr. S.M.D.S.K. Jayatilake – Senior Manager –  
Human Resources  
Mr. M. Hanas – Business Development Manager –  
Digital Media  
Mr. G.T. Galagederage – Senior Manager –  
Research and Development  
Dr. M. Balasuriya – Head of Regulatory and Quality  
Assurance  
Mr. U. Ganehiarachchi – Business Development  
Manager – Whole Sale (North)  
Mr. M.M.P. Silva – Business Development Manager –  
Retail Operations  
Mr. G.J.L. Arunajith – Head of Logistics



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